



Development Process in North East India

Ram Krishna Mandal



The progress achieved by North-East India especially Arunachal Pradesh from the economic point of view in the short span of few decades is quite impressive. The structural transformation of the Arunachal economy gets manifested through increasing diversification of the workforce, emergence of modern farm and non-farm activities, rapid urbanization, development of transformation and information technology, spread of education and gradual integration with the regional and national economy. The share of the secondary and tertiary sector has gone up, while that of primary sector has decreased during the same period. The decade of the nineties seems to have reinforced the structural imbalances of the state's economy. Apart from the relatively slow growth of NSDP, the dependence of the State on service sector in general and public administration in particular increased substantially. Vast climate variations in Arunachal Pradesh have resulted in existence of almost all types of Herbs and timber wealth ranging from tropical teak in foothills jungles to coniferous and alpine of high mountains

About the Author

Ram Krishna Mandal, the author of 'Developmental Process in North-East India with Special Reference to Arunachal Pradesh' was born in a remote village of West Bengal. Dr. Mandal completed his graduation with honours in Economics from Balurghat College, Balurghat (West Bengal) and did his M.A. in Economics with Distinction, M. Phil. and Ph.D. in Economics, BLIS and B.Ed. from the North Bengal University, Darjeeling (West Bengal). Dr. Mandal has to his credit 55 published research papers in National and International Journals on different issues of national as well as regional importance.

By virtue of his merit and perservance, Dr. Mandal has so far produced eight books : (i) Micro-economic Theory (Atlantic Publishers, New Delhi), (ii) Socio-economic Transformation of Arunachal Pradesh (Omsons Publishers, New Delhi), (iii) Money, Income and Rational Expectations in Indian Economy (Mittal Publications, New Delhi), (iv) Macro-economic Theory (Atlantic Publishers, New Delhi, jointly written), (v) Value Added Tax in North-East India. (Mittal Publications, New Delhi, edited), (vi) Women in North-East India (Mittal Publications, New Delhi, jointly written), (vii) Entrepreneurship and Rural Development in North-East India (DVS Publishers, Guwahati, edited) and (viii) Industry, Trade and Economic Development in North-East India (Mittal Publications, New Delhi, jointly edited). He has three UGC sponsored research projects in his credit. He is also a Post-Doctoral Research Awardee UGC Fellow. Presently, he has been rendering his service as an Associate Professor in Economics in Dera Natung Government College, Itanagar, Arunachal Pradesh.

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North-East India
with Special Reference to
Arunachal Pradesh

RAM KRISHNA MANDAL



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Dedicated to
Prof. Chandan Kumar Mukhopadhyay
with Reverence and Affection

Preface

The present study is an attempt at a comprehensive and critical analysis of socio-economic development of North-East India with special reference to Arunachal Pradesh. So far, whatever information was available about the state's economy was fragmented and not subjected to any critical study. In the present study, taking due account of the factors promoting socio-economic transformation, as well as factors retarding development, attempt has been made to devise ways and means for accelerating the rate of economic growth of the State against the background of the existing structure of the state's economy and the trends of its transformation. The State covers an area of 83,743 sq. kms., which is 2.5 per cent of the total area of the country. Out of its total geographical area, 70 per cent of its topography constitutes broad and narrow valleys, 10 per cent foothills and flat areas and 20 per cent snow clad peak mountainous areas. The agricultural operations are confined to only 5 per cent of the total geographical area, of which 62 per cent to 65 per cent land are under shifting cultivation (*jhum*). The total population as per 2001 census is 10,97,968 which constitutes 0.11 per cent of the national population. Majority of the people (around 85 per cent) live in 3,863 villages and 42 per cent of its people live Below Poverty Line. The State is the richest state in terms of having the highest per capita availability of natural resources, yet it is one of the most economically backward regions in India. Social capital of the State has not been utilized to its fullest capacity due to structural and functional inefficiency of the delivery institutions. The State formed on February 20, 1987 is situated near the tropic of cancer lying between latitudes 26°28'N and 29°30'N and longitude between 91°30'E and 97°30'E on the North-East extremity of India surrounded by Bhutan on West (157 kms.), China on the North and the North-East (1080 kms.), Myanmar on the East (441 kms.) and Assam and Nagaland on the South. The great Himalayan ranges in

the State run from the east of the Bhutan Himalayas to the Tsangpo up to Mishmi hill.

The socio-economic development of the State has not been treated as an isolated phenomenon but as an integral part of the economic development of the country as a whole. The work is based on diverse source materials which consist of official reports, published journals, books and findings of field work. I have weighed my occasional writings in different reputed national journals of the region and found that most of them are either on the social structural aspects or on the social dynamism and rapid regional socio-economic transformation or on the empowerment of women. I have felt the need to put some of them together so as to enable the readers to get an overall idea about the region. Some of them have been updated, revised and edited for the purpose. I hope that the readers will find it relevant for understanding the region in a better way.

I express my deep gratitude to the esteemed editors of the journals and the seminar editors who published my papers on varied topics of national as well as regional importance. I pray to them and take their permission to publish the papers in this volume in the large interest of the academic world. I am also thankful to the individual scholars and the different agencies from whom I have drawn optimum.

I am conscious of the bulk of the work which becomes largely inevitable on account of the intrinsic sweep of the subject. I acknowledge my gratitude to all writers—Indian and foreign, whose books were consulted in the preparation of this volume. I am also thankful to the officers and staff of the Administration in the State without whose sincere cooperation and help, it would not have been possible for me to collect necessary source materials. I am also indebted to the Directorate of Economics and Statistics, Government of Arunachal Pradesh, Librarian of State Central Library, Itanagar, Librarian of Dera Natung Government College Library, Itanagar for permission to use the library facility.

I had a desire to dedicate this volume to the name of my beloved teacher Prof. Chandan Kumar Mukhopadyaya (Department of Economics, NBU) as a token of my regard and respect to him. He gracefully accepted my dedication of this volume to him for which I feel gratified. Before the raw idea of publication took a distinct

shape, a number of my colleagues especially Mrs. Mudhuparna Bhattacharjee, Dr. Rishikesh Mishra, Dr. S.D. Jha, Dr. A.I. Singh, Dr. D. Choubin, Mr. B.L. Behara, Dr. Manisha Mohanty and Dr. D.K. Padhi helped me in various ways to clarify the issues through occasional interaction. For that I am obliged to them and 'others' whose names do not appear in the volume.

I also acknowledge the inspiration received from my colleagues Dr. S.K.Sharma and Mrs. Nibedita Sharma, Associate Professors, Dera Natung Government College, Itanagar. I am also thankful to my students especially the students of B.A.-III Year and B.A.-II Year Honours.

Mrs. Uma Chetry who did the typing all alone of the volume, for which she deserves my special appreciation. I am thankful to Ashok Kumar Mittal, Concept Publishing Company, Pvt. Ltd., New Delhi not only for attractive and quick publication of the book, but also for his various professional advices. Lastly, I am grateful to the members of my family – Mrs. Archana Mandal (Wife) and Miss Anusree Krishna Mandal (Daughter) and Master Avinandan Krishna Mandal (Son) for their untiring support and patience during the work of this volume.

Ram Krishna Mandal

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Development Process in North-East India

Introduction

Previously the North-East Region, i.e., the seven political units was popularly known as the Land of 'seven sisters' consisting of the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. In 1971, following the North-Eastern Reorganization Act, 1971, the State of Assam was constitutionally recognized and Meghalaya, Manipur and Tripura became full-fledged States. But Mizoram and the erstwhile NEFA (present Arunachal Pradesh) were made Union Territories. In 1987, these two Union Territories were elevated to the status of States. These States are comparatively small in area and/or population. It was felt necessary to involve inter-state cooperation in sharing of costs of building basic infrastructure for the development of the region. Consequently, in 1971 another important Act was passed to establish in 1972 the North-Eastern Council (NEC) as an advisory body for formulating regional development plans with these seven States as members. Execution of projects under the plans was, however, the responsibility of the State Governments concerned. But Nagaland decided to remain outside the purview of the NEC.

Recently, the State of Sikkim also has come under the umbrella of this region owing to its proximity to the area and somewhat similar type of developmental and other problems. For the purpose of Developmental Activities, Sikkim has also come under the

purview of the North Eastern Council, which is a Regional Planning Body, by an Act of Parliament, in December, 2002 as per the NEC Reorganization Act. This Act provided for the inclusion of Sikkim as a member of the NEC. Presently, for development purposes the North-Eastern Region (NER) consists of eight States i.e., Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim.



Map 1.1

India has the largest concentration of tribal people anywhere in the world except perhaps in Africa. The tribals are children of nature and their lifestyle is conditioned by the Ecosystem. India, with a variety of ecosystems, presents a varied tribal population throughout its length and breadth. The areas inhabited by the tribal constitute a significant part of the underdeveloped areas of the country. The tribal people live mostly in isolated villages or hamlets. A smaller portion of their population has now settled in permanent villages as well as in towns and cities. On the whole, as per rough estimates, the prominent tribal areas constitute about 15 per cent of the total geographical area of the country. Tribal people over the

years have become the most disadvantaged, exploited and the neglected lot in our society. The tribal basically stand averse to the modern lifestyles and hardly willing to change until and unless they encounter a very strong social mobilization.



Map 1.2

According to Ralph Linton, the legendary and respected anthropologist of mid-20th century, a 'tribe is group of bands occupying a contiguous territory or territories having a feeling of unity deriving from numerous similarities in culture, frequent contacts and a certain community of interests'. Indian tribal society can be underlined as a social group with strict territorial affiliation, possessing characteristics of endogamy, with no specialisation of functions ruled by tribal officers hereditary or otherwise, united in

language or dialect recognising social distance with other tribes.

An enormous section of Indian tribal societal population depends on agriculture as their sole way for survival. Characteristically too Indian tribal society possess their own set of languages, which are unwritten. Hence, the degree of communication both in time and space is predictably narrow. At the same time, tribal societies demonstrate an outstanding economy of design and have a compactness and self-sufficiency surprisingly lacking in modern city society. There are as many as 573 tribes and sub-tribes in India. They have been broadly classified into different classes, groups depending upon their present state of development and factors namely, mode of living in forest, shifting villages, forest villages, community villages and revenue villages. They have got a heterogeneous cultural pattern with variegated economic condition and activities largely based on ecological settings and ethnic environment.

In this era of globalisation, it has become a common practice in developing countries to formulate their developmental plan programmes within the framework of international development discourse. Obviously, these countries broadly lay their emphasis on participatory, decentralised and sustainable development. In other words, there is a shift in development paradigm from top-down to bottom-up, centralised approach to decentralisation and from 'people around development' to 'development around people', i.e, people centred development. Essentially, the focus lies on the participation of the people in the process of their own development. 'Globalisation' defined in broad terms encompasses every aspect of human life. Whether we like it or dislike it, today, globalisation, liberalization and privatization have become the *mantra* for economic development of countries. In recent times, globalization has made its maximum impact on economic integration through free movement of goods, capital, services, information and technology across national boundaries. Economic integration offers vistas of opportunities for individual countries to achieve higher rates of growth, efficient utilization of resources through import of new technology, increased living standards, increased purchasing power, availability of cheap foreign capital, access to larger markets, finances and so on. Toeing to the compulsions of globalisation,

India started its new economic reforms of globalisation in 1991-92, in consultation with the international bank and its policies. Since then India has witnessed rapid and high growth rate of Gross Domestic Product (GDP) which was 5.6 per cent during 1980-90 and 7 per cent during 1993-2001. Over the last four years, the GDP growth rate on average was 8.5 per cent and Government of India is confident of having an average of 10 per cent growth rate during Eleventh Five Year Plan. In addition, India has a very high foreign exchange reserve of \$180 billion till 2007. India is also the fourth largest country to have Rs. 1, 81,566 crores of FDI inflow in 2006. Again, India is placed in fourth position in respect to market capitalization with \$894 billion. As per Forbes latest list of billionaires in 2007, India has 40 numbers of it having combined wealth of \$ 170 billion and total assets of worth Rs. 7.50 lakh crores.

In a country, however, there are heterogeneous constituents along such divides as religions, regions, ethnic groups and many such other factors. In the process of globalisation, all these constituents are required to be integrated to the market forces. Market being competitive in nature, it is but logical to think that all constituents cannot be equal partners given unequal levels of efficiency/skill endowment. There are weaker sections in every developing country. It is evident from the existence of urban-rural divide. Moreover, there are backward communities like tribal people who have their unique way of living. They are undoubtedly weak partners as compared to advanced sections in the country. Many studies are available which substantiate to this point.

Encounter of tribal communities to globalisation through state policies needs to be considered from different angles. The tribal people are tradition bound and their tradition is quite different from that of in the market economy. In a way, it can be stated that their tradition tells on their efficiency/level of skill endowment, which fall short of market requirements. Since independence, the special benefits available to Scheduled Tribes have convinced many groups, that they will enjoy greater advantages if so designated. The Schedule gives tribal people incentives to maintain their identity. A number of traits have customarily been seen as establishing tribal rather than caste identity. These include language, social organization, religious affiliation, economic patterns,

geographic location, and self-identification. Recognized tribes typically live in hilly regions, somewhat remotely located from caste settlements; and they generally speak a language recognized as tribal.

There are five major geographical areas or zones in the country where there is concentration of tribal population. The tribal communities living in each of these zones, by and large, have common racial, linguistic, cultural and even economic characteristics. The five zones, which are thus distinguishable, are the North, North-Eastern, the Central, the Western and the Southern.

There are 533 tribes as per notified Schedule under Article 342 of the Constitution of India in different States and Union Territories of the country with the largest number of 62 being in the State of Orissa. Some of the major tribes of North-Eastern India are as follows. They are Nyishi, Adi, Tagin, Apatani, Wangcho, Dafla, Khampti, Singpho, etc. in Arunachal Pradesh, Boro, Kachari, Mikir (Karbi), Lalung, Rabha, Dimasa, Hmar, Hajong etc. in Assam, Garo, Khasi, Jaintia, etc. in Meghalaya, Chakma, Kuki, Lusai, Liang, Santhal etc. in Tripura, Lusai, Kuki, Garo, Khasi, Jaintia, Mikir etc. in Mizoram, Lapcha, Bhutia, Nepali, etc. in Sikkim.

All the States of this region, except Assam are mostly hilly. Assam is also having hilly regions, but it is comparatively less than the plain areas of the state. The states of this region are very much unique in their own ways. There is a wide variation in the altitude ranging from 300 to 5000 metres. The North-Eastern region of India occupies a strategic geo-political situation due to its international boundaries with Bangladesh, Bhutan, China, Myanmar and Nepal. No doubt, these states constitute a homogeneous natural region of the hills, plains, valleys, flora and fauna and other related geographical features. Though the North-Eastern region reflects some ecological and cultural adaptive contrasts between the hills and the plains, there are also significant elements of continuity in the biological, cultural and social factors between these segments. Also, as per available records, we find a lot of independence and interactions between the hills and the plains in this region.

The North-Eastern mosaic is a replica of the Indian mosaic but with the prominence of some other special ingredients. There are nearly 150 ethnic groups and sub-groups. All the known

anthropological offshoots, e.g., Negroids, Mongoloids, Austro-Asiatic, Tibeto-Burmans, and the equally important Caucasians are here in the North-Eastern part of India with Assam having more than 20 major ethnic groups.

The total Geographical Area (notional area) of the North-Eastern Region including Sikkim is 2,63,179 sq. kms. accounting for 7.9 per cent of the total land space of the country. These eight States of NER together have a total population of 3,88,57,769 as per 2001 Census and constitute about 3.8 per cent of the total population of the country (NEDFi, quarterly data bank, 2005). The State of Assam, though, is the second largest in area, but it is the homeland of the highest number of persons i.e., 68.60 per cent of the population of this region with an equally highest density of 340 persons per sq. km. The State of Arunachal Pradesh is though the largest, but there is only 2.28 per cent of population of this region with a density of 13 persons per sq. km. which is the lowest in this region. North-east region of India with its absolute pristine virginal territory remains completely unexplored. The valley is beautified with lush green vegetation, grandiose mountains and feral rivers. North-east India is also abode of exceptional range of flora and fauna and the brilliant tribal life. North-East Indian tribes are perhaps some of the most mysterious and yet most studied and observed band in the country, with host of things to offer in a slice of everyday life.

“India lives in villages”. Because, 72.18 per cent of its population is living in rural areas and only 27.82 per cent in urban areas. This is also very true for the North-Eastern Region as it is seen that 84.34 per cent of people of this region is living in the rural areas only and 15.66 per cent of people is living in urban areas. One of the bases of Indian economic growth has been the transformation of the hill-forest regions for the use of the mineral resources therein, and the utilization of the hydropower and irrigation potential. These developments have increased power availability, irrigated water to increase agricultural productivity and the development of an industrial base. The benefits of these developments, however, have been largely concentrated among Indians in the plains, including workers who have secured employment. The inhabitants of the hill-forest regions, the indigenous peoples (or Scheduled Tribes as they are legally termed) on the other hand, have had to bear the brunt of

involuntary displacement and destruction of their traditional, livelihoods through mines, dams, etc. (Nathan, Dev. 2009). States viz. Arunachal Pradesh, Meghalaya, Mizoram and Nagaland are tribal dominated states. So far North-East region is concerned, it is a new approach. The region has been neglected even by the centre so long and is lagging behind on all fronts, so far any type of modern resources are concerned. And to talk about the tribal population in the North-East region and the Impact of Globalization on Tribal Women of North-East, is completely a new concept.

It is a homeland of a large number of tribes. In India, there are about 212 major Scheduled Tribes and in North East alone we find more than 145 tribes. The development of villages has become the need of the hour, especially the hill villages in North-East India. However, it goes beyond the conventional development models; it focuses also on social, political, and other aspects of development. Majority of the world's poor live in villages. Basic necessities of life of these people are much lower than that of the people living in the town or city. Definitely, a hill village is different from the village in the valley. So, the tribal hill village, particularly in the North-East is quite different from other villages in the country. They have some uniqueness in their structure, socially, culturally, and economically. Social life here is organized along definite ritual and secular principles, such as those of caste, kinship, economy, politics, and religion. The physical character of the village is influenced by its dynamic interaction with these principles and patterns of settlement. A village could be clustered or dispersed in its settlement pattern. Every village has a definite pattern of social relations based on traditional principles of kinship and marriage, such as those of village exogamy. These relations extend the interactive network and social space of a village well beyond its boundaries into neighbouring. The bond of kinship (real or fictive) and marriage govern not only intra-familial interaction but also that between larger kin groups, often across village boundaries. The typical rural family in rural India is the patriarchal (or it is a matrilineal in the case of Meghalaya) joint family the members of which, even when divided into number of households, live together in the village and own property in common (community land especially in the hill villages in NE). More importantly, unlike in other parts of India

predominantly ruled by orthodox Hindu caste system or hierarchy in the hill villages of NE region, community land plays a vital role in shaping their economy. The economic system of these communities revolves around their social structure. It is the village law or social norm which binds the people of a village. Traditional norms and beliefs deeply rooted in people's minds are more difficult to change than formal laws so that they are likely to become more fetters on modern economic development. Trust is the social capital, which can reduce social transaction cost. Community institutions and organizations are inflexible and fail to adjust to changing economic needs. Traditional norms and conventions in communities have been formed slowly over many, many years.

The share of population of North-East Region (NER), in comparison to all India, increased from 2.89 per cent in 1951 to 3.78 per cent in 2001. Among various states of NER of India, the geographical area of Arunachal Pradesh is the highest at 83,743 sq. kms. In terms of population, Mizoram is the smallest state among NER of India. The decadal growth rate of population (1991-2001) is the lowest in the state of Tripura 16.03 per cent followed by Assam (18.92%) and highest in the state of Nagaland (64.53%) followed by Sikkim (33.06%). The region's growth rate of population (21.61%) is higher than the national average of 21.35 per cent during 1991-2001. The density of the population varies from 13 in Arunachal Pradesh to 340 in Assam followed by 305 in Tripura. The density of the population of the region is 147.65 which are almost half of the national density (324) in 2001 while it was only 34.29 in 1951. The growth of population is shown below in Table 1.1.

The share of population of NER to the total population of India as low as 1.70 per cent in 1901, since then it has been steadily increasing and reached at nearly 3.8 per cent with a total population of 39.04 million, as per 2001 census. The Region is inhabited by more than 150 ethnic groups and sub-groups, constituting almost 30 per cent of the total population. Assam is the most populous State and accounts for about 70 per cent of the Region's population. According to India's Health Ministry, India's population which was 238 million in 1947 touched 1.012 billion in March 2001 and is expected to be 1.263 billion by 2016. The share of population of NER, in comparison to all India, increased from 2.89 per cent in

1951 to 3.78 per cent in 2001. The density of population varies from 13 per sq. km. in Arunachal Pradesh to 340 per sq.km. in Assam.

Table 1.1: Population Trend in North-East Region (in'000).

Year						
State	1951	1961	1971	1981	1991	2001
ANP	—	337	468	632	865	1091
ASM	8029	10837	14625	18041	22414	26638
MNP	578	780	1073	1421	1837	2389
MGH	606	769	1012	1336	1775	2306
MZM	196	266	332	494	690	891
NGN	213	369	516	775	1210	1989
SKM	138	162	210	316	406	540
TRP	639	1142	1556	2053	2757	3191
NER	10260	14501	19582	24752	31547	38495
IND	361088	439235	548160	683329	846303	1027015

Fig. 1.1 shows that the total number of tribal population is 104.66 lakh in 2001 which is approximately 26.93 per cent of the total population. The percentage of Scheduled Tribes varies from 12.41 per cent (Assam) to 94.46 per cent (Mizoram) which are above the country's figure (8.2%). However, more than 80 per cent of the population belong to Scheduled Tribe in the States of Mizoram (94.46%), Nagaland (89.15%) and Meghalaya (85.94%), while in Tripura (31.1%), Manipur (34.2%) and Assam (12.4%), these are below 50 per cent. It is to be noted that although percentage of total tribal population of NER has increased from 25.71 per cent in 1991 to 26.93 per cent in 2001, proportion of tribal population has decreased in some of the States of NER like Arunachal Pradesh, Assam, Manipur in 2001. But the State of Assam though having only 12.41 per cent of its population as tribal, but this number of 33,08,570 tribal population is greater than the total population of any other state of this region.

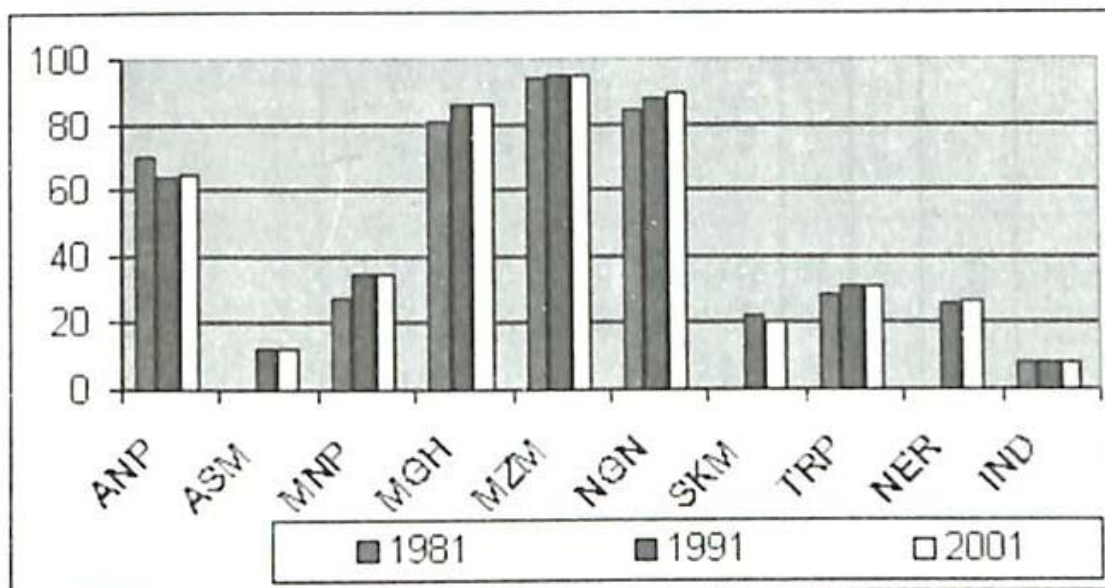


Fig. 1.1: Percentages of ST Population in NER, 1981, 1991 and 2001.

The educational scenario (excluding the children of the age group of 0-6 years) of the North-Eastern Region (NER) is not uniform. It varies from state to state. The people of Mizoram are more educated than the people of any other State of this region and their average percentage of literacy is 88.80 per cent. The percentage of literacy of the rural peoples of Mizoram though a bit low to the level of 81.27 per cent, but it is quite high to the extent of 96.13 per cent for the urban people. In some of the States of North-Eastern Region, though the percentage of literacy is quite high, but the literacy or the level of education alone cannot increase the efficiency of the workforce, quality education, professional courses, proper training facilities, etc. are very much necessary to keep the workforce abreast with the changing Educational and Technological Development. The general demographic profile of NER, 2001 along with educational scenario is shown below in Table 1.2.

Table 1.2: Demographic Profile of NER, 2001.

State	Area in sq. km.	Population			Density per sq. km.	Literacy		
		Total	Male	Female		Total	Male	Female
1	2	3	4	5	7	9	10	11
Arunachal Pradesh	83743	1091117	573951	517166	13	54.74	64.07	44.24
Assam	78438	26638407	13787799	12850608	340	64.28	71.93	56.03
Manipur	22327	2388634	1207338	1181296	107	68.87	72.87	59.70
Meghalaya	22429	2306069	1167840	1138229	103	63.31	66.14	60.41
Mizoram	21087	891058	459783	431275	42	88.49	90.69	86.13
Nagaland	16579	1988636	1041686	946950	120	67.11	71.77	61.92
Sikkim	7096	540493	288217	252276	76	69.68	76.73	61.46
Tripura	10486	3191168	1636138	1555030	304	73.66	81.47	65.41

Source: (i) Census of India, Series-13, Arunachal Pradesh, Provisional Population Totals, Paper-1 of 2001, p.15;

(ii) NEDFi Data Bank Quarterly, Vol. 1, Issue-1, July, 2002. p. 2.

The population including male and female for north-east states as per 2001 census are shown in Fig. 1.2 as under.

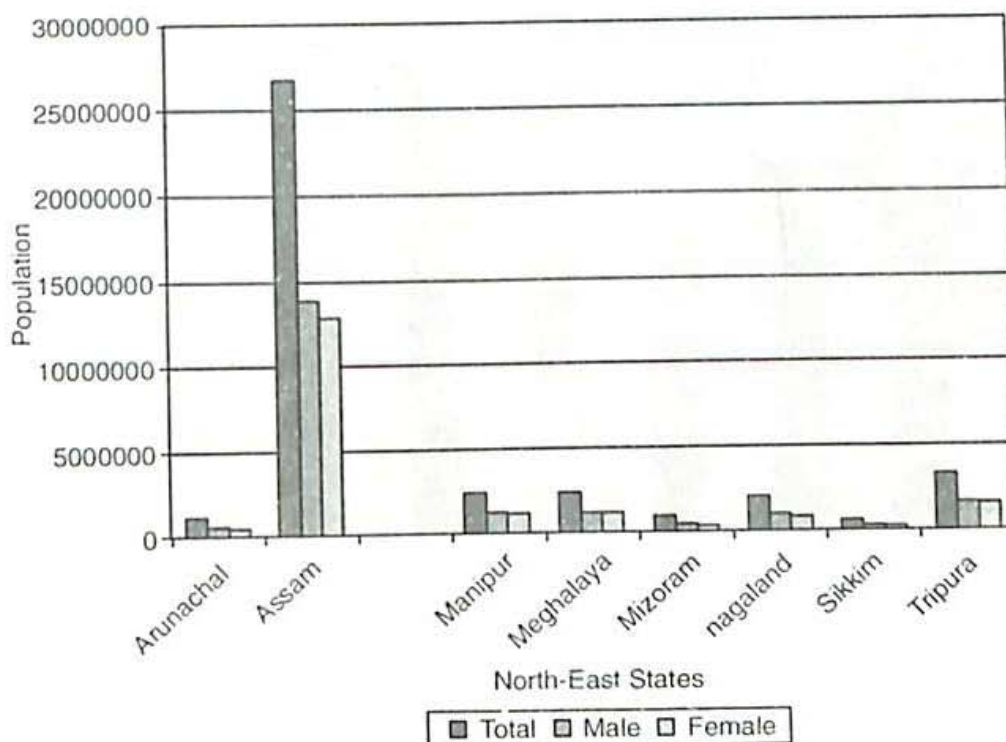


Fig. 1.2: Trend of Growth of Population in North-East States as per 2001 Census.

The area in sq. km. and population per sq. km. i.e., population density in NER as per 2001 census are shown in Fig. 1.3 as under.

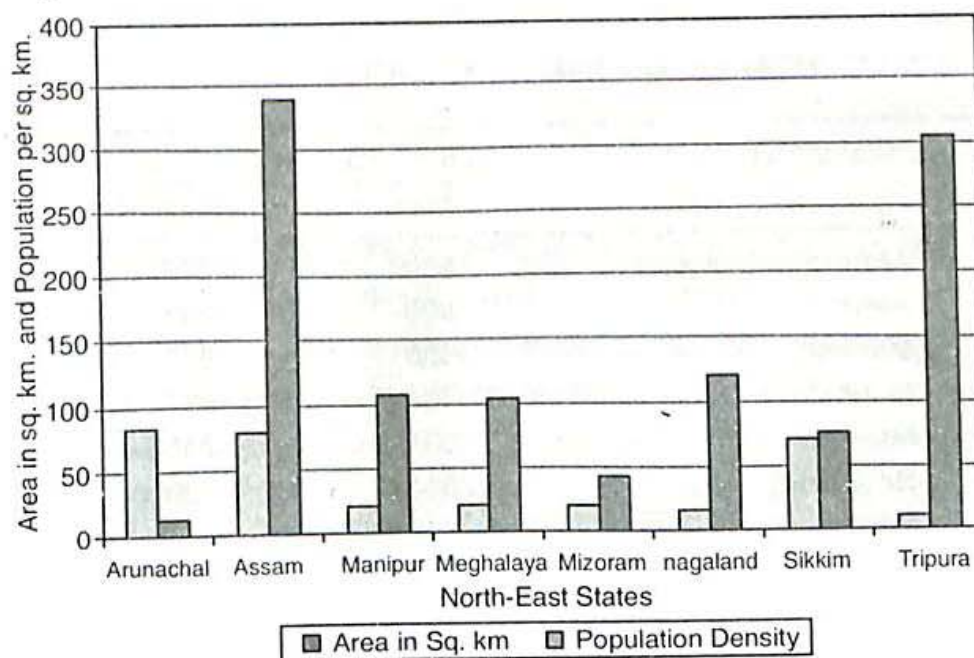


Fig. 1.3: Area and Population Density in NER as per 2001 census.

The literacy in North-East States as per 2001 census is shown in Fig. 1.4.

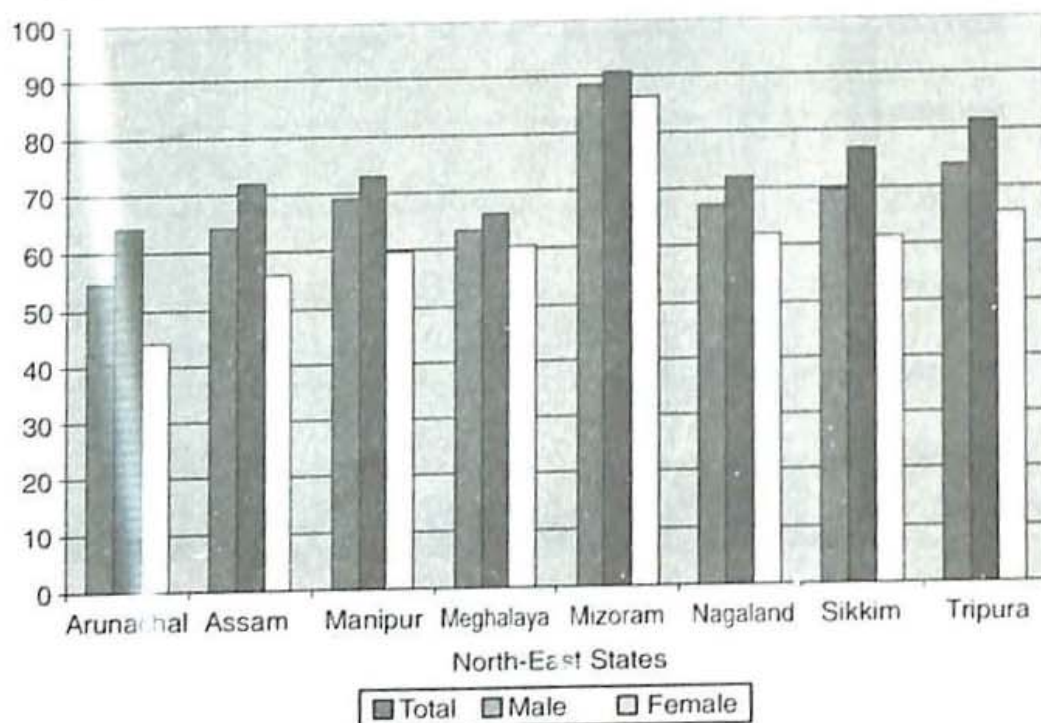


Fig. 1.4: Literacy of Male and Female in NER as per 2001 census.

A Comparative Statement of Sex Ratio in North-East States

A comparative statement of sex ratio in North-Eastern States and India in 1991 and 2001 is shown below in Table 1.3 and in Fig. 1.5.

Table 1.3: Sex Ratio of N-E States and India

States/Country	Sex Ratio	
	1991	2001
Arunachal Pradesh	859	893
Assam	923	935
Manipur	958	977
Meghalaya	955	971
Mizoram	921	935
Nagaland	886	900
Sikkim	878	800
Tripura	945	948
India	927	933

Source: Population Census 1991 and 2001.

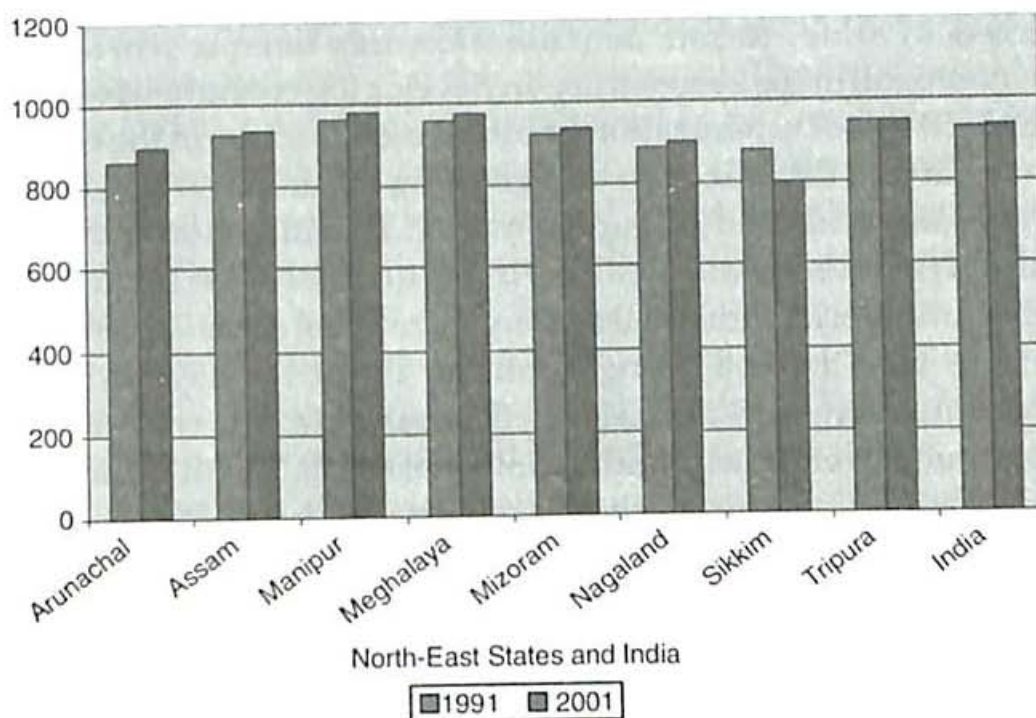


Fig. 1.5: Sex Ratio in North-East States and India.

Sex ratio in Manipur, Meghalaya and Tripura is higher than the All India average in 1991. Sikkim shows the least sex ratio among the North-Eastern States in both the censuses. However, it may be noted that there has been considerable improvement of sex ratio during 1991-2001 in all North-eastern States except Sikkim where sex ratio has declined from 878 to 800.

Sex ratio in Arunachal Pradesh, Nagaland and Sikkim is lower than the All India average in 2001. This may happen due to two reasons: Predominance of male migration and higher female death rate. Moreover, infant mortality among girls may be higher in the hill States. The burden of bearing children at early age, the lesser use of birth control devices, lack of adequate family planning measures, and heavy workload of the female members in the hills may also increase the death rate among the females.

Improvement in sex ratio in Assam, Tripura and Meghalaya over the period is partly due to immigration from other states on account of migration of tea garden labourers and partly due to influx of refugees from neighbouring countries to these states.

Urbanization and Growth of Urban Population

Urbanization, in demographic sense, is an increase in the proportion of the urban population to the total population over a

period of time. Rapid urbanization has been a worldwide phenomenon in the 21st century. In developing countries like India, the challenge of urbanization becomes more serious in the context of unplanned urbanization and growing urban poverty, which is largely an extension of rural poverty. Urbanization generally indicates technological, institutional, educational, communicational, industrial and organizational development from time to time and is being brought about by development, modernization, and migration. It is also closely related with economic development and social transformation of a state or a region and stimulates each other with structural changes on a large scale. Economic development in this regard is generally associated and follows in the company of the growth of urbanization. The trend and pattern of urban growth and pattern of state level migration in the context of growing spatial and economic inequality have also been analyzed in the proceeding sections explaining the increasing pace of mobility of population across the State and from rural to urban areas leading to the emergence of a new urban culture. The general reasons for urbanization thus can be attributed to: (1) the natural increase of the urban population over a period of time, (2) The large scale migration of population from the rural areas of the state itself and immigration from other states to its urban areas (the administrative headquarters). Thus, both the push and pull factors have played their role in the migration of population from the rural to urban areas or from other states to this region on a large scale in the post liberalization period due to educational and employment opportunities as well as expansion of service sectors.

Urbanization in this regard may also be defined as a process that is characterized by transition or take off in which a region/nation can jump out of the transition from total agrarian base to industrial society (Rao *et al.*, 2004). In other words, it is delimited as a process of massive shifts of labour and capital from predominantly rural to urban areas.

In fact, it is in general, have been very helpful in contributing positively to poverty reduction in the rural areas. Different levels of urbanization, however, reflect different degrees of modernization and development in the economy (Prasad, 1995). It is a multi-

dimensional process and largely, it depends upon the incentives for industrial and service sector development. The opinion of Mills Becker (1986), holds that "Urbanization is an inevitable process that is experienced by all nations in their transition from agrarian to industrial and service societies and is a necessary factor behind the economic growth". What is more is that, capital accumulation, technological change and the growth of socio-economic infrastructure seem to be the most important determinants of this shift (Kundu, 2004). They are positively associated with industrial and service sector development in contrast to agriculture.

It is also true that in a growing economy, there is mounting demand of industrial and service sector products. Consequently, there is spontaneous increase in industrial and service sector production and thus, employment generation in the economy. This also follows increase of service facilities for various purposes like the distribution of increased output, financial management through banking and financial institutes as well as civic services for the population experiencing increase in income levels (GoI, 2003). Economic development, therefore, foretells industrialization and that itself promotes the concentration of people in the urban areas, where maximum attempt is made to economize the land inputs (i.e., the land requirement per unit of output being less than the agricultural sector). On the whole, growth of industrialization necessitates urbanization in particular and economic development in general. The growth of urbanization can also enlarge through availability of socio-economic infrastructure in the economy. In the modern world, problem of large urban concentrations not only affects the advanced countries but also all the areas with dense population.

In India, the trend towards concentration of urban population in a small number of large urban centres has been taking shape over a century. While the number of urban centres doubled between 1901 and 1991, urbanization increased eight-fold, resulting in a top heavy urban hierarchy. Future demographic and economic growth is likely to concentrate in and around the large cities in the country having a population of a million people or more. The demographic trends towards urbanization are accompanied by a change in the management and financing of urban development as

a result of liberalization. Decentralization of municipal governance has led to a substantial reduction in budgetary allocations for infrastructural development. Greater reliance is now placed on institutional financing and capital markets for resource mobilization and on private companies for service delivery.

Many researchers and governments in the developing countries considered that the rapid growth of urban population and high primacy (concentration of population and activities in the leading cities) have a major impediment in realizing their development goals of equitable development. Several explicit and implicit policies were adopted by governments of many developing countries for slowing down the urban growth particularly the population growth in large cities, by focusing on reducing the migration to these cities from rural areas. The latest data on world urbanization, however, show that at the beginning of the twenty-first century, a number of developing countries do not have even one-third of their population in urban areas. There is also a considerable slowing down in the rate of urbanization as well as the rate of urban population growth in most of the developing countries in the last two decades. In India, the latest census data also confirms the same.

The rural to urban migration is an important component of urbanization in most of the countries and regions. Both urbanization and migration are regarded as one of the most important indicators of economic development and social transformation of a region. Economic growth is accompanied by a gradual reduction in the relative share of agriculture and an increase in the relative share of industry and services in total output and labour force. This indicates a movement of population from agricultural areas to the industrial centres.

As a result, migration from rural areas to urban areas takes place with the growth of industrial and service sectors. So, migration and urbanization is an integral part of economic development. S. Kuznets emphasized that there is a relationship between migration and economic development that takes place in terms of the selectivity of people. He opines that migrants are dynamic, risk-bearing persons who respond favourably to economic stimuli and have high capacity to detach themselves from traditional surroundings and adapt themselves to unfamiliar environments. Thus, the migrant

people are most productive from the viewpoint of economic development in the sense that they are risk bearing section of population (Mitra, 1997, p. 1).

For understanding the dynamics of urbanization and development, it would be important to analyze the spatial pattern of urban growth in different size classes of towns. During the first four census decades since independence, urban growth has generally been high in relatively backward and less urbanized States. (Kundu, 1994). This is primarily due to the fast growth of small and medium towns and emergence of new towns.

In the instant case of State like Arunachal Pradesh, a sizeable proportion of these fast growing and new towns are circle or block or district headquarters where implementation of government sponsored development schemes are in full swing including the new central scheme popularly known as JNURM (Jawaharlal Nehru Urban Renewal Mission).

The relationship between urban growth and development, in this case, works out to be negative. This can be attributed to government investment in district headquarters and transfer of funds from centre to state and from state to local bodies through a need based or what is popularly known as "a gap filling" approach. (Kundu, 2006). A large part of rural-urban migration into smaller towns from their rural hinterland in backward states like Arunachal can, however, be explained in terms of push factors, owing to lack of diversification of agrarian economy and pull factors, owing to demand of high skill, semi-skilled, and unskilled workforce required for the all round development of the State.

As observed in Table 1.4 above, the urban population of the state in the year 2001 was 20.34 per cent against 27.78 per cent for all India. In terms of absolute numbers, the urban population of Arunachal Pradesh in 2001 was 2,22688 against 285 million of that of India. Since 1961, the urban population has steadily increased and it has shown a considerable rise from negligible share to 20.34 per cent of the total population in 2001.

However, it is also to be taken in view that while the pace of urbanization is growing at a faster rate, this considerable rise in urban population and their livelihood strategies are at different levels of economic development spread over the three different belts

which are territorially different and varies in terms of economic opportunities that the terrain provides. Additionally, the pace of urbanization in the region has never attracted any external investment. The Municipal Act of the state is in the pipeline and this will usher a new era attracting attention of the urban local bodies to provide for the basic amenities that generally follows in other parts of the country.

The pattern and level of urbanization along with the growth of urban population in the entire region of North-Eastern States is shown in Table 1.4 below. The annual exponential growth rate of entire region as compared to all India scenarios is quite misleading. This can be attributed to fast growth of small towns in the region due to influx of internal and international migrants especially in the States of Arunachal, Assam, Mizoram, Meghalaya, Nagaland and Sikkim.

The census-wise increase in percentage of urban population since 1971 is shown below in Fig. 1.6.

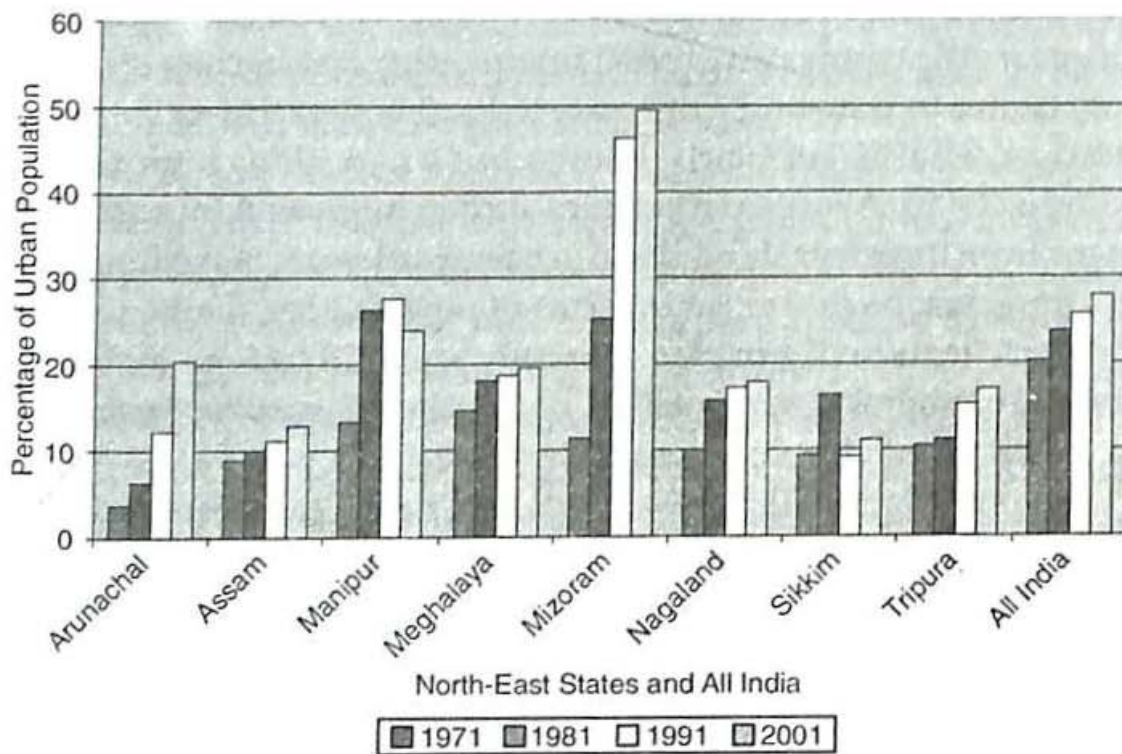


Fig. 1.6: Percentage of Urban Population since 1971 Census.

The rank-wise position of urbanization of North-East States on the basis of percentage of urban population of 2001 Census is depicted in Fig. 1.7 as under.

Table 1.4: Pattern and Level of Urbanization and Growth of Urban Population across N.E. States.

State	Percentage of Urban Population				RANK	Annual Exponential Rate		Growth
	1971	1981	1991	2001		1971-81	1981-91	
Arunachal	3.70	6.32	12.21	20.41	3	8.32	9.28	7.00
Assam	8.82	9.88	11.09	12.72	7	3.29	3.29	3.09
Manipur	13.19	26.44	27.69	23.88	2	9.70	2.98	1.21
Meghalaya	14.55	18.03	18.69	19.63	4	4.87	3.10	3.16
Mizoram	11.36	25.17	46.20	49.50	1	11.79	9.57	3.27
Nagaland	9.95	15.54	17.28	17.74	5	8.49	5.58	5.27
Sikkim	9.37	16.23	9.12	11.11	8	9.55	-3.23	4.83
Tripura	10.43	10.98	15.26	17.02	6	3.26	6.19	2.53
All India	20.22	23.73	25.72	27.78		3.79	3.09	2.73

Source: Calculation on the basis of Population Censuses, 1971, 1981, 1991 and 2001.

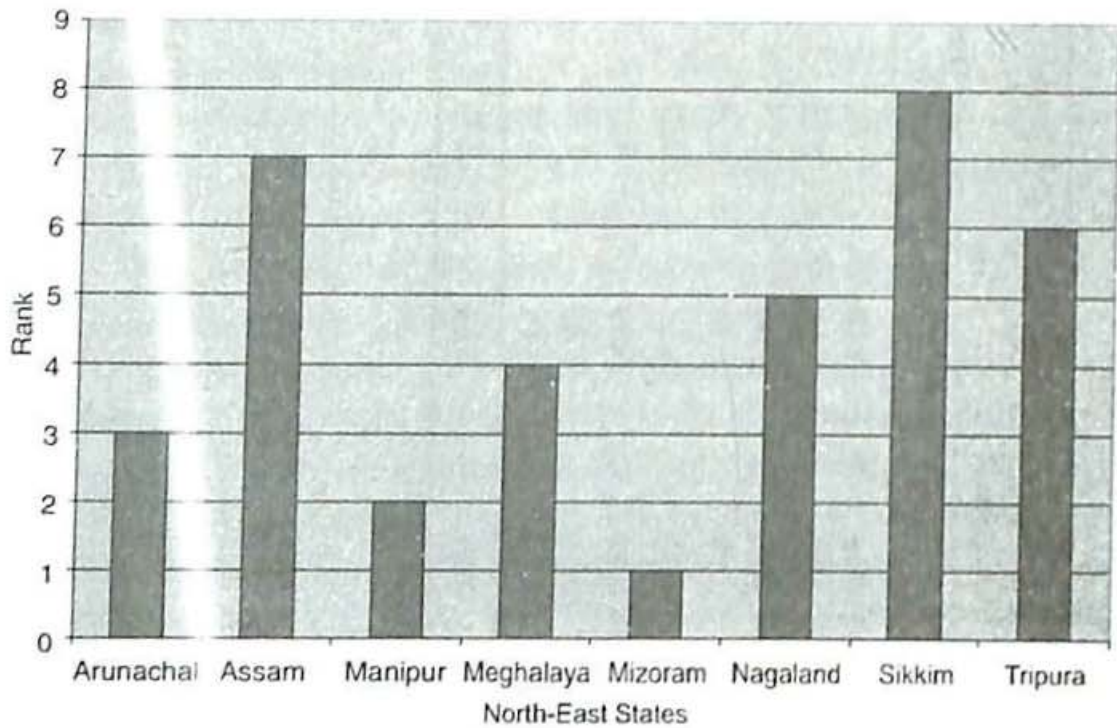


Fig. 1.7: Rank of Urbanisation on the basis of 2001 Census.

The annual exponential growth rates for 1971-81, 1981-91 and 1991-2001 are shown in Fig. 1.8.

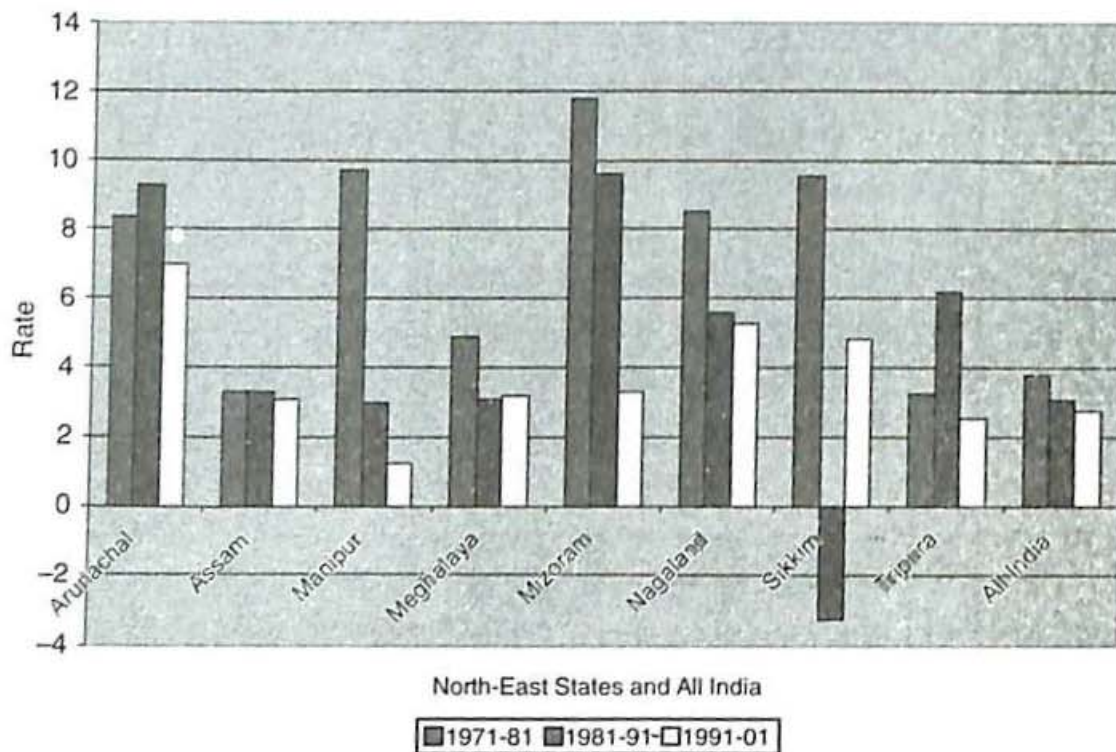


Fig. 1.8: Annual Exponential Growth Rate Population for 1971-81, 1981-91 and 1991-2001.

The impact of globalization on socio-economic life of tribals of North-East cannot be ruled out. If a part of change occurs, evolution and revolution on the totality of life are likely to take place. The impact on traditional lifestyle of tribals is unavoidable, but there is need to prevent loss of indigenous knowledge systems besides ethnicity. When we think of the social problems faced by women, it is true that the women of North-East are deprived of several privileges as enjoyed by their counterparts in advanced states. Education may be one of the major factors for the women of North-East not making much progress in life, especially to fight for the legitimate rights. But much more important is the grip the man exercises over the society through the age old social taboos, forcing the women to play a subdued role in the development process. The women are subjugated to various myths and beliefs and the lack of ignorance about their rights have made their life restricted to doing household duties and raising their family. The workshops is an attempt to focus as the equal participation of women in political, economic, social and cultural life at the national, regional and international awareness among the people which calls for involvement of women in every sphere of social activities. This would encourage the women to have a larger role to play in decision making and making them economically self-reliant. Unless there is a collective wisdom brought about in framing policies suitable for the society in general, the socio-economic status of women will receive a set back.

After the opening of the North-East region some decade past people have been witnessing significant socio-economic and political development and having the influence of new scored high in respect of well-being of women in the region. Socially advanced Meitei dominated Manipur has ranked top followed by tribal dominated Nagaland and Mizoram. Other States except Assam with lack of social and infrastructural development has brought tribal people at the lower standard with existing socio-economic backwardness particularly among the Scheduled Tribes. In-migration has been a major factor of demographic change. This affects the social behaviour, economic condition, employment and even political atmosphere. This migration has affected very badly on the tribal life in North-East region.

The important segment of the tribal society in the North-East region has not been seen quantitatively and qualitatively in proper direction which has resulted in the economic and social backwardness, inspite of many social constitutional guarantees, etc. Of course, with the spread of education and training in States like Assam, Meghalaya, mobility skill and developmental awareness has been seen. So to see the impact of globalization on the tribal women has to be considered keeping in view the area, topography, isolation, communication, infrastructure and introduction of new developmental activities tradition, skill, education, need, etc. Globalization is a new concept so far tribal women are concerned. The tribal women in some of the states and society are so much tradition bound closed, and with difficult natural barriers that they could not think of crossing the village boundary, though they are capable of extending their great help to the society and nation as a whole.

Globalization gives the scope of benefit both ways. It opens the door for restructuring the reformation of the ways for production export, import from outside of the area which has been so long closed, creating isolation and limitation of production export or import of new technology, raw materials, awareness and contact in this region which is a necessity for proper development of the socio-economic life in the tribal society in North-East Region. The dimension of globalization covers the field of social-economic, cultural, technological and environmental. But these days the most emphasis has been given on economic. There are about five processes of globalization so far located on the basis of experience in the last century, (1) creating credit money, (2) growth of importance of knowledge in the system of production, (3) continuing development creating larger share of money from multinational organization, (4) growth of international class and contact with the regional centres or entrepreneurs, and (5) on the whole rise of international, multinational diplomacy and state power.

With this process new type of national and international competition and global production increases and the same is followed on the regional and local level which gives a new approach of thinking. Within globalization some factors like the movement of social and cultural elements, financial flows, eco-system and

financial flows, human resources in the globalization process affecting tribal women; labour migration. India's North-East India witness many different complex demographic and socio-economic and cultural pattern but forms the integral part of their society. Mostly they like villages of course some migration to urban area has also been observed, from interior hill for different purposes. When we see the location of the tribal in all eight states, one has to consider the topographical condition, one group lives near the plains and some are urbanized location, 2nd group may be located in the middle part of the state where communication, contacts from the outside area trade with few small item and the 3rd group is the interior areas where no road, and type of trade less impact of even primary education, lack of awareness of any type of social, political, economic, etc. However, to generate the addition of finance, labour socio-economic, cultural and eco-environment with the globalization process, a new structure of international competition may develop from the growth of global market in this region also and the tribal women have to see the new horizon and approach. Whether, the simple tribal women will gain or lose they are not in a position to forecast now. The tribal society in North-East Region is a male dominated society except some tribes in Meghalaya where women get preference. In such a condition it is difficult for the women to have an independent view. But again when the total tribal group is affected with the world family concept for the development, women too will be affected.

Handloom, handicraft, cottage industries, woollen product, brass metal, cane and bamboo, village industries, agriculture base industries is the field where tribal women are engaged at home along with their household work. The products are limited if proper infrastructures are provided they may increase the production, they will be benefited in the competition with globalization. They gain and add to the knowledge of the world community. Not much impact has been on the surface since there is no easy communication and contact from outside. However, globalization during the modern period of history of the world was attempted at the initiative of the member countries of the Non-aligned Movement in 1975 when they initiated a move in the General Assembly of the United Nations Organization. At their initiative the programme was adopted by

the U.N. General Assembly which included: (i) opening Northern markets to Southern industrial exports, (ii) improving terms of trade for tropical agricultural products and minerals, (iii) better access to international finance, and (iv) creating more normal condition for technology transfer. Simultaneously, the developed industrial countries made a counter move against this programme by taking advantage of stiff rise in oil price and debt trap to impose current pattern of globalization consisting of five monopolies: (a) technological monopoly, (b) control of worldwide financial markets, (c) monopoly access to planet's natural resources, (d) media and communication monopoly, and (e) monopoly of weapons of mass destruction.

In 1991 the industrialized countries fostered their own model of globalization which has become a new mantra for integration of national economics with the world economy. It is being carried out through removal of barriers on the way of flow of trade, capital, technologies and labour across national frontiers with a view to export led growth. The process of globalization started in Indian Economy in 1991 when India joined the World Trade Organization (WTO). Since then, about a decade and half have passed and appraisal of the impact of globalization must be evaluated now to formulate strategic move for the future course of action. Linkage multiplicity, interconnections between the different states, societies, which opens the door for economic, cultural goods, technology, labour etc. may be termed as globalization. This affects greatly the integration in several manners on the national economy, multinational production corporations' foreign direct investments, consumption production etc.

Coming to the question of globalization in the context of North-East Region, we find that the region is lagging behind on all fronts so far as the technology aided articulations of its resources are concerned. The issue is further complicated by the fact that the study of the tribal women in the North-East region is a new concept arising out of the worldwide emphasis over empowerment of women. The declaration of General Assembly of the UNO on the "elimination of discrimination against women" has still to go a long way for empowerment of women. However, we cannot sit idle since women's full services and talents are needed alongside those of men for the

full and complete development of a country, the welfare of the world and the cause of peace. Thinking on this line the Research Centre for the Himalayan and Tribal Regions has ventured under the sponsorship of the North-Eastern Council, Shillong to organize the present national seminar to assess and evaluate the attitudinal, structural and functional impacts of Globalization on Women.

In this context, it is to be noted that social change is possible only by empowering and educating women. Pt. Nehru once said, "to awaken the people, it is women who is meant to be awakened, once she is on the move, the family moves, village moves and the nation moves". Swami Vivekananda also once said, "there is no change for the welfare of the world unless the condition of women is improved. It is not possible for a bird to fly on one wing." Likewise no nation can flourish keeping half of its population in negligence and ignorance, as women constitute half of its human capital. A modern society cannot bring all round development without utilizing the talent of its women.

The full and equal participation of women in political, economic, social and cultural life at the national, regional and international levels and eradication of all forms of discrimination on grounds of sex are priority objectives of the international community. The Vienna Declaration and programme of action, 1993 June and Beijing Resolution, 1995 enunciate the Human Rights of Women, among others to strengthen affirmative action programme in order to increase the number of women serving in decision-making positions at all levels of government. Tribal women have developed their own interesting design of weaving, knitting, carpet making, wood carving, cane and bamboo work, etc., which is locally marketed, and some of them have outside market also, with local materials and skill. The workers are too simple, ignorant of outside developed skills, materials and not capable of competing with developed society. Import of material from outside is cheaper since they have been produced on large scale with ordinary cheap matter, no aesthetic concept which works against the local product. There is every danger of surpassing the local artisan and art materials. But again, if import of new item is done with protection of local indigenous products, capital infrastructure may help on both sides. This implies to tribal women in North-Eastern region. On the other

side, globalization may help women with opening of socio-cultural, political and economic awareness in the region. Women share equal responsibility with man in this tradition bound subsistence economy in all the States in North-East Region. Besides, economic loss or gain, socio-cultural indigenous material etc. is an aspect where there is fear of cultural and economic aggression by developed society on the simple and primitive society, particularly the women. All the tribal women of North-East region have not faced such complex system of global change, and they have retained precious culture. Some of the States have faced such contacts, conversion, assimilation and cultural aggression. They have lost the tribal culture, custom, tradition etc. Neither they could fully merge with the westernized culture or economic system nor they are in position to face the real tribal identity, uprooting them out from own moorings resulting in feeling of separation, frustration, loss of ethical and cultural moorings. It is a difficult deal on every aspect of the tribal women to assess the impact of globalization on tribal women. But one thing is clear that loss and gain has been assessed considering most developed group and the primitivism of the tribal women in North-East region. However, tribal women are gaining with the development of the rest part of the world with the flow of modern facilities available in India now and may extend with the globalization process in the air now. With development and change in the world on all front of life like economy, culture, political, trade, industry, education to the women movement have been noticed for the rights and welfare which indicate all round development and awakening. It may be the distance impact of the world family or globalization. To cope up with the global change, tribal women require infrastructural facilities, mobility, new mechanized training, and socio-economic open contact. For that is required, support of the financial institutions, government's full support, NGO's involvement, education, skill training, etc.

The NER is considered as an undifferentiated unit for all practical purposes. For purposes of the policy, the most of the socio-economic characteristics of Assam, including poverty ratios have been assigned to the remaining states in NE India (GoI, 1993). Even in understanding of development problems and potentials, the region is treated as a homogeneous unit while selecting the sample. It is

evident from India's Human Development Report, 1999 in which all the seven States have been clubbed together into a NER category and data collected from Assam have been made the basis to draw inference on NER as a whole. In fund allocation, the states are not considered separately. Each Central Department/Ministry (except those exempted) is required to earmark at least 10 per cent of Gross Budget support for the Region. Evidently, there have been no serious efforts to understand the region from its heterogeneous reality. Besides, very little data is available across states making the task of interventions equally difficult. The region is bountifully endowed with biodiversity, hydro-power potential, oil and gas, coal, limestone and forest wealth. It is ideally suited to produce a whole range of plantation crops, spices, fruit and vegetables, flowers and herbs, much of which could be processed and exported to the rest of the country and worldwide. Markets must be developed and problems of transportation, power, infrastructure, finance and services overcome. Its natural beauty, serenity and rich flora and fauna invite trekking and tourism. In terms of potentials the following are the strength of this region:

Tea

Northeast produces more than 50 per cent of tea in the country. Tea being an agricultural plantation crop and a major revenue generator, it plays a vital role in improving the socio-economic condition of the States of North-Eastern Region of India. Assam is the largest producer of tea in India. The recent technical survey carried out by the Tea Board indicate that there is possibility of bringing sizeable areas under tea in the States of Nagaland, Meghalaya, Mizoram, Manipur, Arunachal Pradesh and Tripura. As new clones proven for their quality and yield are being used for plantation in these States, the quality of tea to be produced in these regions are expected to be far superior. There is also good scope for producing organic tea from these regions since tea is being planted in virgin areas. In view of the positive developments, there is good scope for export of good quality tea also from the North-Eastern States in the long run. While good quality tea produce is assured in the years ahead, the focus would be on marketing of the output in a more systematic and value added form in order to reach the peak of the value chain both in traditional and non-traditional markets.

Bamboo

Bamboos play an important role in the rural economy. Bamboos are a sub-family of grasses that include over 1,200 species worldwide. 18 genera and 130 species are so far known from India. The region has abundant bamboo resources. The heavy rainfall and temperate climate has assured an abundance of bamboo and cane in the region over the ages. Out of 136 species of bamboos found in India, 63 species in 22 genera are found in Northeast India, spread over an area of 30,500 sq. kms. Distribution patterns of bamboos in the region reveal that the species of *Bambusa*, *Dendrocalamus*, *Dinochloa*, *Cephalostachyum* and *Neohouzeoua* are mostly confined to the lower altitude ranging between sea level and 600 m. above the sea level. Species of *Arundinaria*, *Chimonobambusa*, *Semiarundinaria*, *Sinobambusa*, *Thamnocalamus* and *Phyllostachys* are found in altitudes between 800 and 3500 m. The largest contribution to the growing stock is from *Dendrocalamus strictus* (45%), followed by *Melocanna baccifera* (20%), *Bambusa* bamboos (13%), *D.hamiltonii* (7%) and *B. tulda* (5%), with the rest sharing 6 per cent. About 25 species of bamboo are considered rare in North-east India.

Tourism

The North-Eastern Region of India with its large untapped potential for development of Tourism, still remains in the backward of development in so far as the tourism sector is concerned. The natural wealth of the region should have changed its own face with significant social and economic development. Each of the eight constituent states of the region has too enormous a potential for development of tourism industry. The eight States of the North-Eastern Region form part of the East Himalayan region, which extends from Sikkim eastwards and embraces the Shillong Plateau of Meghalaya. The rich natural beauty, serenity and exotic flora and fauna of the area are invaluable resources for the development of eco-tourism. The Region is endowed with diverse tourist attractions and each State has its own distinct features. The attractions are scattered over the entire region and are largely located in remote areas within highly fragile environments. These attractions and the people of the Region constitute the tourism resources at large.

Handloom and Handicraft

In the North-East States, KVIC took initiative to put foothold of its presence and established its field officials in the entire region. KVI occupy a unique position in the rural economy of this region and collaborative approach has been initiated. Spices Board of India and Khadi and Village Industries Commission (KVIC) have jointly extended financial and technical support for setting up of spices making units in Assam and Arunachal Pradesh. The Central Leather Research Institute (CLRI) under its Leather Technology Mission has extended support for setting up leather products manufacturing projects in Manipur and Nagaland. From time immemorial handloom industry has been playing a vital role in the economy of the north-east region. The traditional skill of handloom weaving was not only a status symbol for the womenfolk but it was also an indispensable aspect of the socio-economic life of the people in this region. The NE has a rich and fairly ancient tradition of handloom weaving. On a conservative estimate there are about 1.3 ml. handlooms and nearly 1.4 ml weavers in the entire region. The total production of handlooms in the NE region is valued around Rs.1145 million on an annual basis. The commercial production of cotton handloom is oriented heavily towards meeting the requirement of the local market. In Assam, items like Gamucha, Chaddhar, Mekhala, Lungi and Dhoti, etc. which are basically the local dresses, dominate the product mix. The pattern is almost identical in the other states. In Arunachal Pradesh the traditional 'Galley' and 'Galluk' account for bulk of the production. In Meghalaya, items like 'dakmanda' (a traditional dress worn by Garo women) 'dhara' or 'jainsems' (worn by Khasi and Jaintia ladies) and dakhana (tribal dresses) are the most popular articles of manufacture. Shawls and skirts are the major items in respect of Nagaland. Near about 70 per cent of the production of cotton handloom fabrics in Manipur, comprise phanek (Lungis) and scarf shawls, though of late, some diversification in the product mix is being undertaken in the state. In Tripura, over 90 per cent of the production is still being accounted for by janata and plain sarees, gamucha and lungis. The Mizo lungi locally known as a 'puan' has a share of over 80 per cent of the total handloom fabric

production in Mizoram. Handloom and Handicraft sector in the Northeast has a strong potential to stand on its own and act as an engine of growth for the entire region. The artisans are endowed with considerable amount of human capital. However, they are constrained by the insignificant size of the market for their product.

Biodiversity

The climatic factors of NER are high humidity (80-90%), frequent and heavy rainfall and moderate to mild temperature without extremes of heat or cold. The average rainfall is heavy but varies from 2,000-12,700 mm. The Brahmaputra flows through to the whole length of Assam valley with alluvial deposits on either side. The NER is an area of rivers, hills and plains, extraordinarily rich in vegetation: a part of the Khasi hills above the pine zone (2,000 m) is considered to be the richest, not only in India, but perhaps in the whole world. The forest of NEI is divided into: (i) tropical wet evergreen forest (5860,000 ha.), (ii) tropical moist forest (5474,000 ha.), (iii) sub-tropical broad leaved forests (300,000 ha.) and (iv) montane wet temperate forest (2628,000 ha.).

Forests are a unique storehouse of plant and animal genetic resources. Their contribution to the country's biological diversity is very significant. Biological diversity acts as an insurance against any possible crisis in food production. Forests meet nearly 40 per cent of the energy needs of the country (above 80 per cent in rural India). They also account for about 25 per cent of our fodder needs. Forest products are crucial to rural and tribal economy of India. While wood is the major forest product, resins, gums, lac and khus are some of the minor forest products. Many of the products provide sustenance to the rural people as a large part of their day-to-day necessities including food and medicines, are met by the forests. The forests are integral to the alleviation of their poverty. For landless families, forest-related activities often constitute the primary source of income.

The northeast India, being at the confluence of three major biogeographical realm of the world, is extremely rich in floral and faunal biodiversity with several endemic species. North-east India is blessed with a wide range of physiography and eco-climatic conditions. The State of Assam has extensive flood plains, while Khangchendzonga in Sikkim stands 8586 m. tall. Cherrapunjee in

the State of Meghalaya holds the record for the highest rainfall in a single month (9,300 mm) as well as the most in a year (26,461 mm) in India, while the nearby Mawsynram has the world's highest average rainfall (11,873 mm). The forests in the region are extremely diverse in structure and composition and combine tropical and temperate forest types, alpine meadows and cold deserts. There are regions, for example, in the State of Sikkim, where the faunal assemblages also change rapidly from tropical to sub-tropical, temperate, alpine and finally to cold desert forms.

Energy

Uninterrupted power supply is one of the crucial prerequisites for the growth of industries in any region/state. The present energy sector, constitute the valuable component of industrial scenario of North-Eastern Region, has the special role to play in the region's economic development. This sector is also deserved as the important component for improving the quality of life of the people. Energy is an economic good and both energy production and energy utilization are the main indicators of a country's progress. The region has an abundant supply of hydro-resources, coal existence, petroleum existence, but of little use of them due to the remoteness from the centre as it is characterized as industrially backward.

In the industrial scenario of Assam, petroleum industry is highly mechanized and highly capital intensive. The petroleum manufacturing sector has long been the most valuable and important source of energy in the economic history of the region. The persistent backward nature of the region stands as a great contrast to its development potential since independence. It is, therefore, due to this reason, special concentration should be drawn on those sectors which has much potentiality to contribute better in the development process. There is the great potentiality of oil sector in Assam to contribute in the national capital formation and in turn may help in achieving the goal of marching towards progress.

Oil Resources

North-east accounts for slightly less than half of the total crude oil production in the country. The North-Eastern Region has been a pioneer in the country in as far as exploration and production of Petroleum is

concerned. Asia's first successful mechanically drilled oil well was drilled in Makum (Assam) way back in 1867. The first commercial discovery of crude oil was however, made in the year 1889 at Digboi (Assam) and this also marked the beginning of oil industry in India. In the year 1959, the Oil India Ltd. (OIL) and Oil and Natural Gas Commission (ONGC) were set up and since then, these two state owned companies have been continuously engaged in the exploration and production of hydrocarbons in the North-East.

In addition, the North-east region is the host to a variety of economic minerals. The important minerals are coal, dolomite, limestone, graphite, marble, etc., besides crude oil and natural gas. Most of the mineral deposits are found in forest area which calls for economic exploitation and development with due regard to ecosystem.

Water Resources

Endowed with a sub (extra) tropical type of monsoonal climate, the region shows remarkable variability of weather and climate on a regional scale and forms a distinct climatic zone within the Indian landmass. Comprising mainly of the basins of three of the large river systems of the world viz. the Brahmaputra, the Barak (Meghna) and the Irrawady, the NER possesses the richest treasure-trove of water resources in India. It possesses about 30 per cent of the total water resources potential and about 41 per cent of the total hydropower potential of India. The per capita and per hectare availability of water in this region is the highest in the country. The NE India is one of the wettest as well as most acutely flood prone zones of the world.

Horticulture

Each state has vast possibilities for growing a range of fruit and vegetables, tuber crops, tapioca and spices. This region is home to certain citrus and rice strains and is yet to be completely mapped for the full range of its bio-diversity. Productivity could also be greatly improved in the case of citrus, pineapple, banana and other varieties through tissue culture and the development of breeder seed farms. Likewise, vegetables Ratoon crops like banana can be replaced by more productive and disease free annuals. The hills

can exploit niche markets and provide off-season fruit and vegetables to the plains, including Bangladesh.

The National Horticulture Board (NHB) has urged the North-east states for "crop zoning" of horticultural products so that it could help boost the product's quality to capture the international market. Addressing the newsmen, NHB managing director, J.N.Chamber said that North-East Region has tremendous potential for horticultural farming and if proper care is taken, it will become the horticulture destination of the world. He visited Assam, Meghalaya, Mizoram and Arunachal Pradesh to acquaint himself with various horticultural schemes and different varieties of unique fruits and vegetables. Special focus was given to the north east for its several unique products, which are not available in other parts of the world (*Arunachal Times*, September 13, 2005).

Floriculture

The North-East region is endowed with the rich natural resources, which needs to be transformed into wealth through entrepreneurship development. Floriculture is a labour intensive economic activity generates large employment opportunities. Hence, Floriculture will be one of the avenues for employment and empowerment for women, unemployed educated youth and development of weaker sections of the society and overall poverty alleviation programmes. Diversification of cut flowers with high value flower crops, which have the export demand, is urgent need of the hour for the Floriculture Industry. Anthurium, which is important exotic commercial cut flower, which can be grown in North-Eastern Region of India (Mizoram, Meghalaya, Nagaland, Arunachal Pradesh). Other crops like orchids, gerbera, liliun, bird of paradise, etc. can be cultivated successfully in this region. Government of India has also declared some of the hill states as Special Economic Zones (SEZ) for Floriculture due to certain strategic advantages in Sikkim and Jammu and Kashmir for Floriculture, Uttarakhand for growing Gladiolus flower crop. The potentials of Commercial Floriculture are increasingly recognized and the expectations are that the Floriculture is an important growth engine for sustainable and widespread development, augmenting economic opportunity, income and employment in hilly states of the region *viz.*, Arunachal

Pradesh, Mizoram, Nagaland, Meghalaya and Sikkim. The economy of the north-east people can be strengthened through the Floriculture Village or cluster village model for rural development in areas with good accessibility. This involves the sustainable use of natural resources and introduction of the market driven non-farm enterprises business opportunities through post harvest processing and value addition to primary products through cultivation of commercially important flower crops suitable to the region.

Trade

The North-Eastern region of India has often been visualized as the remote landlocked backward region of a dynamic economy. The difference between the potential and actual economic performance is most startling for the region that has large international borders with several neighbours like Bangladesh, Bhutan, China, Myanmar and Nepal. The North-East region of India comprising of eight states has a unique geographical configuration with 98 per cent of its borders shares with neighbouring Asian countries. This along with the fact, that most of these states distinctly vary in terms of their ethnic composition, political ideologies, socio-economic characteristics and cross border interactions make a major differences in the national and local perspectives of borders. The most critical aspects of the border trading regime is to bring forth the genuine traders who are looking forward to a sustainable exchange of goods and services with the neighbouring countries. The 'Look East Policy' of the Union Government and the emerging trends of sub-regional cooperation among Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand Economic Cooperation (BBIMNSTEC) and South Asia Growth Quadrangle (SAGQ) have in them cross border policy intervention with a view to harness the comparative advantages of all the eight North-Eastern States. The 'Look-East Policy' of India is of added importance to this region that all goods from and to India in the trade relation with South-East Asian market have to pass through this region and hence, it will reap an extra advantage of commercial transaction benefits. The then Indian Prime Minister, Atal Bihari Vajpayee's Southeast Asian tour to participate in the Association of Southeast Asia Nations (ASEAN) summit in Bali, Indonesia on 7th and 8th

October, 2003, marks the success of a decade-long shift in Indian foreign policy—known as the “Look East” strategy—initiated by former Prime Minister, Narasimha Rao in the early 1990s. On November 23, 2004, Prime Minister, Manmohan Singh flagged off the first ever India-ASEAN car rally in Guwahati. The non-competitive rally, organised by CII, has emphasized India’s new found stress on the ‘Look East’ policy signifying new trade initiatives with the country’s eastern neighbours and ASEAN nations. The Indo-ASEAN car rally has revived the speculation on vast possibilities of reaping benefits from trade that could take place between the north-eastern states and South-East Asian nations. If the concerned governments, particularly that of India, Myanmar and Thailand, and local authorities of these countries are serious about their declared intentions, then these new initiatives would indeed rediscover, renew and rejuvenate the age-old cultural and historical ties between the peoples of South-East Asian nations. In turn, greater interaction would undoubtedly boost trade, commerce and tourism prospects in the entire region.

The ‘Look East Policy’ when successfully implemented will make NE Region the gateway of India to Asian countries. It is a fact that once trade with Myanmar is in full swing, it could enter the South East Asian market. Since all goods from and to India have to pass through the north-eastern region, the latter will certainly develop commercially through the ‘Look East Policy’ of the Government. With Myanmar being an ASEAN member, common markets of as many as 500 million consumers are at the doorstep of North-Eastern region for which Myanmar will be the entry point to South-East Asian market. However, to achieve the end, it is not only that the road conditions have to be improved but also that the already experienced frequent disruption of transport due to agitations and militant activities of insurgent groups have to be brought under control. The most urgent need at this moment is to develop Special Economic Zones (SEZ) at appropriate places of the region to start with the trade ventures.

There is no doubt that this vast population could have great advantage for establishing any kind of trade and commerce. But the vary geographical condition basically the rivers and mountains of the country stand as a barrier and create geopolitical tensions which ultimately act as most disadvantages factors in creating a conducive

atmosphere in the path of developing trade relation among those countries. But in the recent developments in the field of communication and technology, some visible changes are taking place. Now, the NER have felt the need of the hour regarding the modern facilities of lives. They have realized that in order to develop the economy of the nation, the border trade could be an effective solution. Border trade would help to great extent in the field of economic development and also the route between production points of India to the Northern district of Myanmar via North-East region is economic viable as it is much shorter than sea route.

The term 'development' is used for the process of allowing and encouraging people to meet their own aspirations. It, therefore, must relate to transforming the entire society enmeshing together its economic, social, political and administrative aspects on all round balanced upward change (Basu, A.R., 1985).

Epstein (1972) rightly pointed that the study of development requires the simultaneously analysis of a large number of variables and relationships on both the individual and the social level in the several major institutions of any community. Development process has to be ultimately assessed for impact on quality of life and human well-being.

Vidyarthi (1981) defines development as 'growth' plus 'change'. It involves material and human factors. He is of the view that the economic approach of development is not acceptable for an anthropologists who firmly believes that socio-cultural factors are integral part of the dynamics of growth and that social change is not a simply a non-functional effect of planning. Thus, development is a holistic phenomenon.

Belshaw (1977) described development as an increase in the capacities of the society to organise for its own objectives and to carry out its programmes more effectively. From this point of view, development is an organised activity and a multi-dimensional process to improve the social, cultural, economic and human conditions of the people for balanced growth of the society.

What Happens?

All the States in the NER are Special Category States whose Development Plans are centrally financed on the basis of 90 per cent

Grant and 10 per cent loan. Further, the Special Category States are allowed to use up to 20 per cent of the Central Assistance for Non-plan expenditure. Development of NER has always remains high on the agenda of both the Central Government and the respective States Government. The North-East Council (NEC) which was set-up in 1972 has been playing a major role. As a regional planning body, it has taken up a series of projects for balanced regional development of the region. To provide further focus to the development initiatives of this region, the Government had also set-up Department of North-East Region (DONER) in 2001.

Per capita devolution of Central Assistance to the state plans in NER is among highest in the country; the average per capita Central Assistance for State plans in NER was placed at Rs. 1,546 in 2001-02 as compared to Rs. 356 at the All-India level. The Government of India has also been providing special Central Assistance in respect of some of the States in the region for special programme such as the Hill Area Development Programme (HADP) and Border Area Development Programme (BADP). Other policy initiatives includes announcement of a new industrial policy for NER (December, 1997) which encompassed a comprehensive incentive package to stimulate development, creation of non-lapsable central resource pool (1998-99) to ensure speedy development of infrastructure in NER, the PM special packages. In addition, Projects of inter-State nature in the Region are funded through by the North-Eastern Council (NEC), which has a separate additional budget for the purpose. Thus, this region is not lacking in policy attention and programmes. The flow of funds is also not a problem.

The regional economies are simple, heavily deficit and dependent on the rest of the country for many basic needs. All states in north-eastern region are special category states whose development plans are almost entirely centrally financed on the basis of 90 per cent grant and 10 per cent loan. The development funding pattern for the special category states accords them built-in preferential treatment. There is no agricultural surplus and limited capital formation and entrepreneurial skills. Assam has seen development activities around tea, oil and timber; the region is, however, basically pre-industrial despite a number of saw mills and plywood factories, a few cement plants and other miscellaneous

enterprises apart from oil and coal. Handlooms and handicrafts, once the pride of the North-east, are on the decline but have a considerable potential if it is given contemporary functionality through design, marketing and other inputs. After independence, some efforts were made to diversify the economic activities, but industries that came up were mostly remaining concentrated in certain pockets of Assam. The prospects for modern industries are not encouraging, as there is a lack of local or regional markets and distance from the main land of the country. Another important reason for the economic stagnation of the north-eastern region is the socio-economic resistance of the people and the structural rigidity of the society. Development has been a major casualty of insurgency and rampant violence. Hence, the region continues to remain mainly dependent on subsistence agriculture. Further, the agriculture has not undergone any significant transformation and the most primitive farm practices of slash and burn (jhum) is still dominating the sector. It is an irony that despite being an agriculture economy, the northeast remains food deficient.

The hilly States of Northeast are the most densely administered region of the country. Uncontrolled and unproductive employment in government sector resulted in the stagnation of the development process. On the whole, the economy of this region reflects underdeveloped agrarian societies with very weak industrial sector and inflated services (government) sector. Today, the saturation point has reached in most of the North-East States. The region is bountifully endowed with rich mineral deposits, hydropower potentials, forests, bio-diversity, etc. It is ideally suited to produce a whole range of plantation crops, spices, fruit and vegetables, flowers and herbs much of which could be processed and exported to the rest of the country and worldwide (Shukla Commission, 1997). But the region is considered as one of the backward regions of the country. It indicates that a high percentage of households is lying below poverty line. It varies between 55.48 per cent in Meghalaya and 78.39 per cent in Arunachal Pradesh. The unemployment problem in the region is also higher than the national scenario. A study of Srivastav and Dubey (2003) shows that in the age group of 15-23 years in NER in 1993-94, 8.70 per cent of the rural youths and 12.62 per cent of all the urban youths are unemployed as against all

India level of 7.8 per cent and 11.36 per cent respectively. Out of the total unemployed youths in this age group in the region, the urban unemployed youths constituted 66.99 per cent as against all India level of 37.74 per cent. Contrary to unemployment situation, there is demand for labour from outside as the intensity of development activities increases with successive plan periods. In another study, Dutta (2003) has found the per capita Net Domestic Product of the north-eastern states lying below the national level. In 1996-97 the all India per capita NDP at current prices was Rs. 12,237 while that of Arunachal Pradesh was Rs. 10,205, Assam Rs. 6,663, Manipur Rs. 7,510, Meghalaya Rs. 8,474, Mizoram Rs. 9,758, Nagaland Rs. 9,985 and Tripura Rs. 5,083.

Corruption

The local tribal people especially in Arunachal Pradesh do not pay income tax. The National Government is extending liberal financial aid to the state for her socio-economic development. An appreciable amount of this state sponsored for investment finds channelized to a new category of contractor-entrepreneur-politicians. This newly emerged neo-rich class has been to control a good amount of what is known as the 'black money'. A chunk of this is being spent in acquiring luxurious items (Sinha, 1994). All the states of North-eastern region depend on the financial aids of the centre. 90 per cent of their states' budget comes from the centre. In addition to that, funds for different developmental activities of the north-east states are granted by the centre. Hardly, a nominal amount of these funds are utilized for the concerned activities. Most of the funds are channelized by the officers or political leaders from top to bottom. This is the real economic scenario of the north-east states.

Some people within a very short period of time have experienced income and wealth inequalities to a high degree. Very few of them have been found to become very rich overnight and enjoy luxurious life and prefer conspicuous consumption which has been adversely affecting the rest of the society. The income inequalities in the north-east states' society are very much strong. Some are very rich and some are very poor. Some peoples in rural areas are living on self-growing food and common property resource forest product without functioning of money. The presence of high degree of corruption at

all levels and existence of underground economy has also gone against in development of market economy. The consumer durables and non-durables are purchased by the easily earned money or easily available credit (consumption loans) from the markets located in big cities of the country or some growing urban centres in the State. This has regrettably led to the emergence of the consumption economy without the economy of production and hence obstructed the growth of market economy.

Development Policy

The term 'economic development' is generally used in many other synonymous terms such as economic growth, economic welfare, secular change, social justice and economic progress. As such, it is not easy to give any precise and clear definition of economic development. But in view of its scientific study and its popularity, a working definition of the term seems to be quite essential.

Economic development, as it is now generally understood, includes the development of agriculture, industry, trade, transport, means of irrigation, power resources, etc. It, thus, indicates a process of development. The sectoral improvement is the part of the process of development which refers to the economic development. Economic development is a long process in which several forces and factors of production work together to bring about an economic change for the betterment. The chief objective of an economic development is to maximize the production of consumer goods and services in the society which will positively increase the economic welfare of masses in general.

'Development' is generally used in connection with the poor or underdeveloped regions. Development differs from economic growth in that it pays attention to the conditions of production; for example, the environments affected by economic activity, and to the social consequences, for example, income distribution and human welfare. Stemming from Enlightenment notions of the use of the modern, scientific mind for improving existence, development entails human emancipation in two senses: liberation from the vicissitudes of nature through advanced technology and self-emancipation, that is, control over social relations, conscious control over the conditions under which human nature is formed. In both

senses, development entails economic, social, and cultural progress, including, in the latter sense, finer ethical ideals and higher moral values. Development means improvement in a complex of linked natural, economic, social, cultural, and political conditions. Developmentalism is the belief in the viability and desirability of this kind of economic progress. A resource-rich region can be developed only when it is exploited efficiently in right direction. The NE region especially the hill areas are poor in the midst of abundant resources due to non-exploitation, under-exploitation or non-utilization of resources.

For rural development to succeed in a global environment, three things are essential: human capital, physical infrastructure, and adequate financing. For human capital and infrastructure (public capital) are critical components of sustainable community development. However, they feel that the third element should be social capital. Communities that have thriving social networks and institutions and good human capital will have adequate financing as well. Another component, which is very much talked about today, is social capital. Importance of infrastructure in the development of village economy is accepted by everyone, but the equally important factor which is not noticed by everyone is the social norms.

As for improvement of social capital, T. W. Schultz's research suggests that economic growth is largely the result of investment in the human capital. He further argues that increase in the capital income-ratio is largely due to human capital development, not material capital (i.e., reproducible, non-human capital), which was originally thought to account for all increases in income and subsequent economic growth. Investment in human knowledge and skill is the critical determinant of economic growth and is necessary if regions lacking human capabilities ever expect to attract and fully benefit from infusions of new capital. No matter how powerful the computer hardware or how user-friendly the software, most functions provided by computers still require hands-on human contact to be productive.

Development in north-east India is lopsided with disproportionate growth of the service sector, for the development that has taken place in the region is largely government sponsored. A high percentage (more than 50%) of working population is

recorded as cultivators and agricultural labourers. In agriculture related activities, the percentage of female workers is higher than the male workers. Conversely, the percentage of male main workers exceeds the female workers in 'other services' category. A comparative high percentage of female workers in household industry category implies the traditional nature of industrial activities in rural areas. It can also be seen in the table of reference that the percentage of people engaged in 'other services' is much higher in urban areas. In other words, service sector is more developed in urban areas. It can be argued that the service sector has developed around government jobs which are mainly concentrated in urban areas. It can also be noted that in NER most of the urban centres are Administrative centres. There are many such centres which are not recognized as urban centres and, therefore, the service sector in such places is enumerated in rural sector. This implies that except the government jobs in Administrative centres, there are no, or very less of, other activities under otherwise very low intensity of 'other services' category in rural areas. Conclusively, there is a rural-urban difference in the level of development as reflected in differences in percentage of main workers in different activities and the economy in general is not diversified with a high percentage of workers in agricultural related activities and a comparatively low percentage of workers in 'household industry', and 'other services' categories. In the last category, however, a high percentage is attributed to government sector only.

In the industrial field, the region has only 1.8 per cent of the registered factories employing less than 2 per cent of the factory workers of the country (Datta Ray and Baishya, 1998). The spirit of entrepreneurship has not emerged to take up the challenges of industrialization and the constraints to entrepreneurship lies more in socio-cultural domain (*ibid.*) than in economic explanation. Besides socio-cultural constraints, there are also infrastructural bottlenecks. Evidently, the space of industrialization is slow (Shukla Commission, 1997). The indices of investment incentives are also not encouraging. Almost every item of mass consumption and every item of conspicuous consumption is imported from the rest of the country. Arunachal Pradesh, Nagaland, Mizoram,

Meghalaya, Manipur and Tripura still do not produce 'universal intermediaries' like cement, iron and steel, chemicals, machine tools, etc. which Ganguly considered to be one of the important contributing factors to the low rate of growth in terms of industrial employment. The economic policy since 1991 has left the major initiative for economic development to private sector. Even the infrastructural development responsibility is being entrusted to private initiatives. Under this situation, the development issue in north-east India bears scrutiny, for the new development paradigm focuses on enlarging people's choices (UNDP, 1990) through participation in order to ensure equitable and sustainable development.

The issue of development in North-East India draws attention to the 'problems of social, political, economic and cultural engineering of our diverse society' (Haksar, 1984). The region has its own peculiarities and its rich natural resources, but comparatively economic backwardness. The reason of comparatively poor performance lies at the root of financial crisis threatening these States (Bhattacharjee, 2002). There is a great deal of racial, linguistic and ethnic diversity, presenting complex problems to regional and national partnership in development efforts and of regional and national integration. The region is further burdened with problems relating to the assertion of national, sub-national and ethnic identity and to refugee issues. The insurgency problem and the recurring floods/natural calamities annually require a lot of financial resources meant otherwise for development purposes.

The issue of development in the north-eastern region is more of challenges than of opportunities in this era of globalization. There is a shift in development paradigm along with the process of globalization that emphasizes on 'reversals' of the approach, more precisely, 'putting the last first'. Put otherwise, the new development paradigm that has emerged and is taking shape right from early 1990s, precisely with the first Human Development Report of 1990, emphasizes on 'enlarging people's choices'. Bottom-up approach to development gets into practice within the theoretical and empirical frame of good governance, decentralized and micro-level planning, and for a participatory development. Obviously, the context is rural

development as policy and practices, and also as process *vis-à-vis* globalization.

But the challenges are tough. In one way or another they relate to the theoretical and practical problems of development in a diverse society. In spite of 'reversals', the core-periphery syndrome is not only in the application of international development discourse to such less development areas and peoples as in the case of NER, but in all such efforts directed from central authority through bureaucracy. In an obvious line of reasoning it can be stated that the involvement of bureaucracy in the development process at various levels and bureaucratic misunderstanding of peripheral issues affects the process itself. Liberalization prescribes state interventions at selected sectors to correct market irregularities that create and widen existing social inequalities. Bureaucracy requires an understanding not only of the functioning of market under liberalization but of peripheral issues of the nation in relation to developed countries and within these countries. A balance has to be sought in perspectives of development at three levels, international development perspectives, national perspectives and perspectives of people at peripheral level. Government has its own agenda, perspectives and priorities, compulsions and constraints and programmes and above all a bureaucracy as functional machinery. Bureaucracy, however, functions within a professional frame, and bureaucrats have their mind set in appreciating people's development perspectives. Obviously, there remains a gap; put simply, a misunderstanding by bureaucracy of development perspectives of the people that differ greatly from national and international perspectives and from their own professional understanding. Because of bureaucracy and their professionalism, ideologies of the core always dominate that of the periphery. The strength of professionalism is specialization. Simplification and assimilation remain dominant 'through training and rewards, conservative and well defined and therefore is stable' (Chambers). This stability makes the new requirements, which are associated with new development paradigms of rural development, instable and weak, and thus render rural development plans and policies ineffective.

According to Schumpeter economic development and growth are two different things. By the former he means qualitative

development of the economy and by the latter the quantitative changes as brought about by population growth. The economic development is also meant as increased national income and wealth, which can be possible from increased aggregate production. Production is the function of land, labour, capital, technology, organization and enterprise. The growth of output is relative and responsive to the rate of changes in the productive factors. The structural determinants of economic development are: (1) the rate of capital formation, (2) capital output ratio, (3) rate of growth of population, and (4) socio-economic environment. The rate of economic development and growth depends on the plans for expansion of the various growth agents. Their simultaneous attempts to carry out those plans based on anticipations about economic environment in future and the actual rate of growth that result from these activities, which, in turn, determine the plans and activities of succeeding plan periods need no elaboration.

The investments through Five Year Plans have, no doubt, resulted into physical achievements which are clearly visible in relation to the level of development existing during 1947 in North East. Under the label of development, the changes may be grouped into two: (1) Changes in the growth agents, and (2) Changes in general with a view to attempting objective analysis and arriving at valid conclusions, the resulted change in growth agents during all the previous plan periods are more relevant and important to account for. This is why the changes in growth agents may only be referred to which are defined by Leibenstein as, "the quantum of capacities residing in the members of the population to carry out growth contributing activities. The outcome of such growth contributing activities is to increase the quantum of productive capabilities of the population, their entrepreneurial capabilities, their skills, their stock of knowledge etc."

The central theme of the above definition is to build up productive capabilities in the manpower. Necessarily, the human capital is the foremost capital for any development. Mr. J. Panda and P. K. Sahu note, that the "process of acquiring and increasing the number of persons who have the skill, education and experience which are crucial for economic and political development should be vitalized." Human capital formation is thus associated with

investment in man and his development as a creative and productive resource. Simultaneously, the physical means of development are equally important by dint of which the creative capabilities of human factor result into economic growth and so on. In view of this, the changes, on account of above plan investments, which have taken place with regard to infrastructural facilities and resource development in North-East economy may specifically be taken into consideration because only they can sustain changes and help bring desirable changes in future years to accelerate development.

Even today, the economy of Northeast has not been able to fully overcome the gravitational pull of stagnation. Its economy is faced with vicious circle on demand side as well as supply side. There is no denying the fact that its economy is constrained with low income followed by inadequate size of market, low and poor inducement to invest, lagging capital formation and low productivity. Thus, Northeast economy is passing through the preparatory stage of economic development. Now, how to break the deadlock of vicious circle is the main concern.

In order to have better grasp of the economy of Northeast it may be imperative to refer to Rosenstein Rodan, who remarks that the gravitational pull of stagnation in a given economy can be overcome by means of concerted attempt with due regard to complementary investments in different fields. He says, A big push must jerk the economy out of the grip of the forces of stagnation—a large expenditure in social and economic overheads to invest in various industries. He further says that big-push can also help overcome the inadequacy in the size of market created by the low per capita income and constrained consumer's basket. The complementary investment can help a lot in generating external economics which may sustain the development activities and propel the economic growth further. This changed situation may pave way for the economy heading towards market oriented industrialized one. Such transformation in the economy may automatically further lead to desirable changes in the outlook of the people and motivate them towards honorific activities, and more drive them towards risk taking profit earning and monetary gains. Structurally only such changes in the outlook of the masses can precede economic growth in a given economy successfully. In this regard, some achievement

has been made, yet much is to be achieved in Northeast economy.

The immediate requirement in Northeast economy is to break the growth barriers on priority. In order to translate the above idea into practice and break the deadlock of vicious circles the 'system approach' may be adopted, in view of which the whole economy may be distributed into the following five broad sectors: (A) Infrastructure comprising: (i) social and economic overheads—transport, communication, energy and power, (ii) services—education and training, consultancy services, physical services e.g. maintenance and repair of capital equipments, entrepreneurial motivation, institutional facilities, etc. (B) Resources comprising: (i) manpower, (ii) physical resources—forest, mineral, agriculture, livestock, others, and (iii) financial—farm and non-farm; (C) Production comprising: (i) primary—agriculture, animal husbandry and veterinary, fisheries, forestry, and (ii) secondary industries (D) Social Services comprising: (i) mass literacy, (ii) rural water supply, (iii) village approach roads, (iv) village electrification, (v) public health, hygiene and sanitation, (vi) rural housing, etc. (E) Miscellaneous; which may fulfil the requirement of nucleus plan, big-push, complementary investment, generation of external economics, minimum critical effort and bring about sustainable changes.

In the light of the above referred system approach the investment criteria of scarce means which have alternative uses may be projected practically so that maximum possible utility is derived from Leibenstein remarks, "Not everything can be done at once. A certain expenditure stretched over ten years may be more effective than the same expenditure spent all at once or all in one year. This implies that the critical minimum effort viewed as a minimum of all possible efforts that would lead to sustained real income growth involves an optimum time pattern of expenditure or effort." Besides, further in the light of the above deliberations the plan investments may be preferred on the following considerations:

1. Projects/schemes having total linkages, backward linkages, and forward linkages, relating to promotion of social and economic overheads, production and productivity may be preferred to.

2. Projects /schemes having potential of ensuring faster economic growth with socio-economic justice e.g. dotting up of labour intensive industries etc. may be desirable.
3. Projects/schemes having potential of promoting growth agents viz. hydel projects roads and communication etc. may be preferred to.
4. Projects/schemes envisaged to promoting concentration of activities along with generating external economics instead of diverting activities during the given period in view of proportionate size of the plan in relation to total absorbing capacity of the economy may merit all due consideration and preference.
5. Projects/schemes having regard to existing set of circumstances under which they are to be operated may be preferred to.

The economic thinkers right from the Mercantilists to Karl Marx and Keynes also paid their attention to the problem of economic development, but they dealt merely with the problems which were static in nature and largely related with the Western European countries. The main objective of Keynesian economics was to help advanced countries to get out of depression. In the forties, they were otherwise busy in Second World War, and therefore, had no time to think of the economic development of the backward economies in the world. After the Second World War, the leaders of the Asian and African countries desired to promote rapid economic development in their countries because they felt that poverty anywhere is a threat to prosperity everywhere. Meier and Baldwin rightly remark, "A study of the poverty of nations has even more urgency than a study of the Wealth of Nations."

With the publication of Keynes' General Theory of Employment, Interest and Money in 1936, a revolutionary change in economic thinking has come forward so far. The problems of underdeveloped countries like poverty, hunger, high death rate due to chronic diseases, illiteracy and lack of opportunity for self-employment have attracted economists now to study them deeply and find their solutions. People in these countries in general suffer from the problems of starvation and illiteracy, and they look enviously towards the high and very prosperous societies of the developed countries. It is with this view that their mind has become

development -biased. People in the developed countries also realize that their interests coincide with the development of poor countries.

Most important feature of underdeveloped countries is their dependence on vicious circles of poverty which may be considered as the highest bottleneck in the process of their economic development. Poverty is not only distressing but it is also demoralizing. A poor man is one who is regarded as a disgrace to the society and a cause of humiliation to himself, and who is unable to have proper food and a suitable house. Neither he helps himself, nor he is able to serve others. He is burden on society. A poor man always finds himself having been caught in a vicious circle of poverty. Since, he lacks the means to prosper, he remains poor. What is true to an individual is also true to the country as a whole. Since, an underdeveloped economy lacks the proper and modern means of economic development, its economic development becomes an uphill task. Since its rate of investment and growth potential is so little, it has to remain poor.

We find circular relationships, known as the "vicious circles of poverty" which reveal the low level of economic development in Less Developed Countries (LDCs). Prof. Nurkse defines the concept of "Vicious Circles of Poverty" in these words: "It implies a circular constellation of forces tending to act and react upon one another in such a way, as to keep a poor country in a state of poverty. Although it is not easy to break the vicious circle, yet it should be broken from both ends. The supply of savings both from domestic and foreign resources must be raised by the state under a suitable monetary and fiscal policy, so as to increase the level of investment in the country. As we know, the low level of real income, resulting in low productivity is a very important point both on the demand and the supply sides. Of these two ends, the supply side is more difficult to break than the demand side. In other words, it is obviously easy to create demand for capital but it is not easy to increase the level of capital formation and hence to make up the shortage of capital. But the lack of natural resources along with other deficiencies can be ultimately removed, provided the people are educated and the problem of capital formation is solved successfully.

According to Malthus, the process of economic development is not automatic or natural. But it requires consistent efforts on the

people's part. He conceives that the economy is likely to have slumped many times before achieving its optimum level of development, and do not point out any phase of the stationary state. For him, the process of development is, thus, not a smooth functioning of various economic activities, but it is merely an activity of ups and downs in the economy. Malthus recognizes progress of wealth as economic development of a country. The wealth of a country is dependent both on the quantity of goods and their valuation. But "the wealth of country does not always increase in proportion to the increase in value, because an increase in value may sometimes take place under an actual diminution of commodities." According to Malthus, the underdeveloped countries have dualistic economies where the agriculture sector retards the development of the industrial sector, because the former operates subject to the Law of Diminishing Returns while the latter works under the Law of Increasing Returns. His division and analysis of an underdeveloped economy is rather realistic. Similarly, his analytical approach to study the causes of poverty in the poor economies is also highly realistic even in the modern times.

According to the most of the economists, the economic development is to be ensured through a more efficient allocation of resources. They are, therefore, chiefly concerned with short-run problems and most of them are interested in the interrelations with the various sectors of the economy at a particular point of time rather than analyzing their behaviour over a long period of time.

Marx believes that the 'mode of production' is the base to change the human behaviour. The mode of production and the relations of production determine the structure of the class in a society. Under capitalism, this structure consists of the 'haves' and 'havenots', i.e., the small rich and dominant class of exploiters and the poor and exploited workers among the masses. The class struggle between the two brings a change in the material forces of production and, thus, the society also undergoes a change.

Labourers are largely exploited for the interest of the capitalist which led to the concentration of capital in the hands of a few people. "Even today, in most of the underdeveloped countries that are politically free, wages are nearly at the subsistence levels; the increasing misery of masses is visible; the chronic and disguised

unemployed exists; the problem of under-consumption is universal and the society is sharply divided into two classes—the rich and the poor masses.” As we know, in the Marxian model of development, the dualistic economy has been emphasized, which consists of a capitalist sector and a subsistence agriculture and small-scale sector. Marx calls them two departments. The basic strategy of planning in these countries has been to promote these two sectors—industrial and agriculture simultaneously, so as to achieve the rapid economic growth and create larger opportunities of employment within the economy.

The Schumpeterian theory of development lies in the breaking up of the circular flow with an innovation in the form of a new product by an entrepreneur for the purpose of earning profits. The circular flow can be broken up by entrepreneurs raising the level of investment in the economy. The bank credit can help largely in this context. Once the new innovations prove to be more profitable and quite successful, other entrepreneurs also follow them. Again, Leibenstein’s thesis is more realistic and has more relevance than Rosenstein-Rodan’s “big push” theory. A big push for the rapid economic development is impracticable in underdeveloped countries for capital deficiency, whereas Leibenstein’s thesis which emphasizes the critical minimum effort, broken up into a series of smaller efforts to lead the economy on the way to sustained economic development, has rather much relevance in underdeveloped countries. This theory also includes the idea of demographic transition and population control which is the main problem of most of the underdeveloped economies.

No underdeveloped country possesses capital and other resources in such quantities as to invest simultaneously in all sectors. Therefore, investment should be made in a few selected sectors or industries for their rapid development, and the economies accruing from them can be utilized for the development of other sectors. Thus, the economy gradually moves from the path of unbalanced growth to that of balanced growth. Economists like Singer, Kindleberger, Streeten, etc., have expressed their views in favour of the unbalanced growth doctrine which are in fact the criticisms of the theory of balanced growth. It is, however, Hirschman who has propounded the doctrine of balanced growth in a

systematic manner. According to Hirschman, investments in strategically selected industries or sectors in the economy will lead to new investment opportunities and so pave the way to further economic development. He maintains that "development has of course, proceeded in this way, with growth being communicated from the leading sectors of the economy to the followers, from one industry to another, from one firm to another." He regards development as a "chain of disequilibria" that must keep alive rather than eliminate the disequilibria, of which profits and losses are symptoms in a competitive economy.

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