# REGIONAL DEVELOPMENT IN NORTH-EAST INDIA

ISSUES AND PROSPECTS

BIMAL J. DEB, ed

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Issues and Prospects



Bimal J. Deb Editor



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### PREFACE bon mix!

North-East India Council for Social Science Research held a seminar on Problems and Prospects of Balanced Development in North-East India and the Role of North-Eastern Council at Shillong some time back.

North-East India is lagging far behind in structural development of her economy. The present state of underdevelopment is due to (i) inability to take into account the specificity of the socio-economic formation of a large number of ethnic groups of the region, (ii) the backwash effects of national process of development to which North-East is increasingly exposed, (iii) the misutilisation of the regional resource base leading to net transfer of resources from the region accentuating its poverty and severe eco-degradation and (iv) the low level of consciousness and the organization of the people unable to evolve an alternative model.

North-East is unique due to its tradition and community culture. The development model generally applicable for the rest of the country may not be wholly suitable here. The locational disadvantage, communication and transport bottle-neck remoteness from all-India market, all these have made North-East not so attractive for major private investment except in the field of tea plantation industry which is export oriented.

The first scientific attempt of the problems of balanced development was made by NEICSSR in 1975 (Social and Economic Profile of North-East India ed. B. Datta Ray, B.R. Publishing Corporation, Delhi 110052) and the second study made by us in 1983 (Planning in North-East India ed. K. Alam, Omsons, New Delhi 110027). We take this opportunity to express our gratitude to Mr. Hiteswar Saikia, Chief Minister, Assam and to Mr. Lalthanhawla, Chief Minister, Mizoram for their generous patronage to make this study possible.

The present volume is a collection of some of the seminar papers to appreciate the present situation in North-East and some pragmatic policy suggestions to face the issues. Dr. B.J. Deb of North-Eastern Hill University, Shillong, an authority by his own right, agreed to edit this volume. We thank him for it. We are grateful to M/s Reliance Publishing

House, New Delhi and to Dr. S.K. Bhatia, its proprietor for undertaking the early publication of this important volume on North-East India.

suggestions to Lee the issues. Do BJ. Deb of North Letter 11th

Shillong, 30th June 1995 B. Datta Ray
Secretary
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### Regional Profile - An Introduction

### Bimal J. Deb

India's North-East bears a distinct geo-economic and geo-political entity which calls for adoption of a strategy of growth commensurate with economic realities and consistent with the concept of natural region. Admittedly, the state of the economy of the region is an ample testimony to the continuance of subsistence economy with concomitant misdirected efforts and wastage inevitably sacrificing the criteria of efficient management and productivity, the effect of which is all the more evident in the poor standard of living and low per capita income of the people. The level of poverty is much more than what is pronounced primarily due to tribal sense of in-group fellow feeling and social obligation of providing rudiments of social security to the distressed.

In the context of the North-East, the strategy of regional development was mooted more than two decades back, although the follow-up measures do not suggest any seriousness on the part of planners and administrators to drive it to its logical conclusion. It is hardly realised that economic disequilibrium between the different regions of a country constitutes a danger for the whole country. The basis of regional improvement is to make use of planned development and technological progress to correct unfavourable natural conditions. In the case of agriculture of the region it is well known that the practice of shifting cultivation has manifested its devastating effects and despite measures to control the practice, large scale prevalence of it in states like Mizoram and Arunachal Pradesh has made a mockery of such measures. Wanton destruction of forests has irreversibly affected the eco-diversity of the region.

The economic backwardness of the North-Eastern region can however be attributed to multiple factors which together stand to impede the development process in a manner which only neutralised limited governmental efforts and could not obviously

generate the force needed to overcome the deficiencies of a traditional economy. It is no doubt true that successive five year plans have had the effect of containing economic stagnation but the growth rate has been too low to display any perceptible change in several key sectors with the result that abundance of natural resources and comparative advantage of the region remain untapped, let alone any rational use of it. The dominant economy of the region is agricultural in character, which is also in many ways typical of the one-crop system and of an absolute type. Limited application of fertilizer, prodical use of land in shifting cultivation, fragmentary holdings, and lack of irrigation have also hampered agricultural productivity. Industrial activity has been minimal so much so that per capita energy consumption is around 75 KWH compared to the national average of about 235. Private initiative and investment which at one time led to the tremendous growth of tea industry is conspicuous by its absence. Apart from geographical constraints general security considerations arising out of extremist activities, public opposition and employment policies of the governments have created disincentives for industrial entrepreneurs. politicisation of the issue of industralisation has created a big question mark over North-East India's development. Absence of economy of scale, transport bottleneck, marketing problems and other infrastructural disadvantages are cited as impediments to industralisation of the region.

The industralisation of North-East at least on a medium scale would inevitably require private initiative which is currently discouraged by various disincentives but the New Industrial policy has not made any perceptible change in investment climate. The Government has been stressing on the importance of competitive infrastructural facilities for industralisation of the North-East. The Governmental strategy is to encourage industrial activity through growth center schemes, tax holiday for units in backward areas, transport subsidy and introduction of two percent rebate on interest rates. Excise duty exemption and deferred payment too are being considered. All this is however sought to be done outside the operational framework of the NEC. In the absence of investor friendly environment for private sector, the initiative has to lie with the NEC to bring about balanced development of the region. To start with,

low-investment employment generating small industries involving local entrepreneurs may be encouraged

As is well known, industrialisation and the expansion are essential factors in the economic development of a country or for that matter of a region in so far as they raise the production of wealth and the levels of income more rapidly and more surely than any other form of economic activity. In the North-Eastern region infrastructural disadvantages, have partially contributed to industrial backwardness. As the starting point of development in this region is the improvement of agriculture, the expansion of industry and the services have to complement agricultural improvement by increasing the value of the products and by creating new jobs thus ensuring the maintenance of balanced farm structures.

Regional growth is as much a matter of decisions made inside as outside the region. since planning in India is centrally controlled and regulated, the initiative lies with the planning Commission although local leadership has to play a contributory role in the realisation of set objections. The character of regional development is such that "it is a process of integration based upon economic, social and administrative forces." Regional growth is however speeded up by specialization and the creation of economy of scale. John Friedman while synthesizing the literature on the subject stated eight proposition which are as follows:

- Regional economics are open to the outside world and subject to external influence
  - Regional economic growth is externally induced.

-Successful translation of export sector growth into growth of the residentially sector depends on the socio-political structure of the region and the local distribution of income and pattern of expenditure.

- Local political leadership is decisive for successful adaptation to external change. Yet, the quality of leadership depends upon the past development experience of a region.
- Regional economic growth may be regarded, in part, as a problem in the location of firms.
  - Economic growth tends to occur in the matrix of urban

regions. It is through this matrix that the evolving space economy is organised.

- Flows of labour tend to exert an equilibrium force on the welfare effects of economic growth. But contradictory results may be obtained.

-Where economic growth is sustained over long periods, its incidence works towards a progressive integration of the space economy.

Besides the choice of an implementation area consisting of a natural region, what is primarily required is to define the objectives to be achieved by fixing priorities and phasing of the implementation measures. The cooperation of people concerned in the work of improvement and development is essential for maintaining the pace of economic activity. Finally, there has to simultaneous and balanced execution be complementary elements of the programmes of improvement and redevelopment under the authority of an activating and coordinating organisation. Regional development "presupposes an integrated view of all the constituent elements of human activity and calls for coordinated action in all branches of such activity so that overall development results from the simultaneous and harmonious development of its elements." It is therefore, inconceivable that efforts to ensure economic equilibrum of the region should not apply to only one aspect of the economic equilibrium of the region to the exclusion of all the others.

Neglect of the region by the centre is often blatant. The establishment of successive refineries in Assam had to be preceded by agitations demanding such moves. The existing utilization of natural gas is anything but satisfactory and there is no prespective plan to harness the same. The politics centering tea auction center in Assam is too well known. It took nearly four decades to connect Guwahati by broad gauge railway lines. The vast power potential (estimated at 12.5 million kilowatts) of the North-East remains untapped and dismal failure marks the performance of authorities connected with power generation. Air transport is inadequate and primitive and inter-state road communication is bad and hazardous. The Assam Accord economic package is yet to be implemented.

The best example of central indifference is manifested in the

continuance of NEC as a halfway house far short of the expectations generated by the first ever attempt at regional planning in India more than two decades back. Since its birth its wings were clipped by tagging it to the Union Home Ministry instead of keeping it in company with its natural ally, the Planning Commission. The avowed aim of security assistance to states in the maintance of security and public order too has remained a dead letter and was a source of suspicion of the state Governments of the region. Worst still, it tried to have a security adviser in the name of dealing with insurgency as if it had become a super- Government. Even after two decades of functioning it could not produce a blue print of regional development. Instead it has turned out to be a platform of mutual bickerings each state making demands which others found it unable to fulfil. Most of the schemes supported by it were on considerations of expediency and could have been intiated by the respective state Governments. The rationale, goals, priorites and strategy of regional development have been thrown to the fore winds and its contradictory role of being an advisory body as well as a fund allocating body betray a clear departure from sound and recognizable principles of regional development. The recent increase in budgetry allocation will not imply any quantitative change as the determining criteria are not in tune with balanced and committed development of the region.

The creation of North-Eastern Council in 1971 was only a clear recognition of the imperative need for regional economic planning as a strategy of balanced development of the area. This landlocked geographic region was taken to be conterminous with a planning region primarily on the basis of its special characteristics encompassing the seven states whose fate is bound together not only in terms of backwardness but in terms of psychological oneness and solidarity of ten presumed to exist faced with common threat to identity. The socio-political development of the region during the colonial period has also been on the strenght of considerations not made applicable in the rest of the country. Political compulsions too had necessitated the NEC to restrict itself to the North-eastern geographic region although given the free choice of the region, Bangladesh and North Bengal should find a place in it for viability and sustainable development. For political reasons, the inclusion of Bangladesh stands ruled out inspite of the devastating effect of

cultural repercussion. The North Bengal corridor consitutes the economic lifeline of the region. The corridor which is about 20 kilometer wide at its narrowest point and is figuratively called 'chiken's neck' is tenuous and is the only road and rail link for the region with the rest of the country. The backwardness of the area has been a bottleneck not only for development of the transport links to North-East region but also to economic activities of Sikkim. The inclusion of the backward districts of North Bengal will ease the problem of geographic contiguity of Sikkim.

Over the years the central Government accorded primary to political expediency over economic calculation in tackling issues like immigration, cut off date, ethnic violence and photo-identity card which in the past afflicted the whole of North-East. The socio-economic roots of insurgency and autonomy movement has always been overlooked although the theory of relative deprivation may explain the partly possible consequences of continued backwardness. In the process, the repressive state machinery has only alienated people and added fuel to the fire of discontent. Today, the whole of North-East is in firment and various state governments seek legitimacy of their inactivity in the name of insurgency. Politicians in the corridors of power also try to reap political benefit out of the presence of numerous insurgency outfits. Development has thus taken a backseat and a staggering amount is being wasted on the maintenance of security and paramilitary forces. conceding that autonomy movements are often democratic movements, economic development is the only guarantee to political extremism prevalent in the North-East. The carrot and stick policy of the Government has already produced negative results.

The political leadership of the states of the region too have preferred to remain pre-occupied with power politics and have betrayed lack of commitment to economic development of the region as a whole. The development so far has only destroyed the egalitarian base of the tribal society and the emergence of an elite has already brought about social cleavage. Resources mobilisation effort is almost non existent and there is growing opposition to the centre's proposal to open up the region to the economy or to the commonman as debt servicing liabilities take away much of what is shown to be given as grants.

The present work is an attempt to understand the problems of

development in the North-East particularly in the light of the working of the NEC which aimed at providing an impetus to economic growth of the region. The distinctive traits of the region have been analysed and the rationale of regional planning A number of distinguished academicians and highlighted. planners have made valuable assesment of the prevailing scenario including constraints and potentialities. The need of the hour is adoption of regional planning and to remove the situation of underdevelopment prevailing in paradoxical resources abundant region. The focal point of this book is on the NEC which could be the institutional mechanism of development pervading the region. It is obvious that the states of the region will have to rise to the occasion and provide the much needed support through resources mobilization and inter-state amity.

### Balanced Regional Development with Reference to North-East India

### A.K.Neog

### Introduction

This chapter aims to investigate the development trend in Indian economy with particular reference to the North Eastern Region, thereby identifying the regional imbalances, so that the necessary and sufficient development momentum can be set in motion to neutralise the imbalances. Before dealing with balanced regional development it is worthwhile to examine the contents of development. Development implies growth plus change. It may however, be mentioned that the concept of development itself is undergoing metamorphosis in economic dynamics. During 1950s and 1960s the concept implied maximisation of gross national product (GNP) through modern industrilisation. In 1970s it came under sharp criticism as it neglected worker participation (distribution and consumption) which are as important as production. In the Eighties and Nineties human development and ecological balance came to be realised as other important aspects of development strategy in the developing countries. In fact, in the developed countries ecological aspect came to be realised in the Seventies with the publication of the study in 1972 titled 'The Limits of Growth' sponsored by the Club of Rome. Economic growth is a means to a better life and not an end in itself. So, development literature now emphasises a shift from growth to quality of life improvement. Development now includes distribution, worker participation (gender specification), quality of life, environment, etc., . In other words, it now incorporates both quantitative and qualitative aspects.

### Concept Of Balances

The concept of balanced regional development (BRD) has different dimensions like geographic, economic, political, social, ecological, etc. A region is defined as geographic entity. It is

very rare that national geography can be homogeneous in terms resources endowment infrastructure, technology, and ulation. BRD implies uniform development of all the population. regions. Lack of uniformity in the spatial distribution of resources can however be the raison d'etre for regional imbalance. The economic dimension of BRD has got several components, some of which are indicated below. Horizontal versus vertical balance is crucial to economic development. Horizontal imbalance arises due to disparity across the states. This is more in the nature of spatial disparity. As for instance, inequality in per-capital income among the states or disparity in crop productivity among the districts. Vertical imbalance arises when, say state per-capita income is different from the national average or within a state there is disparity across farm sizes viz. marginal, small and large. Balanced development implies not only equal level of per capita income among states vis-a-vis the nation but also eq. 1 rate of growth. In other words, balance should not only be meaningional but also intra-regional. Sectoral balance implies rural-urban balances, balance between primary and secondary sectors (terms of trade). The other such balances could be intra-sectoral balance in the use of modern and traditional technology, spatial balance in the distribution of credit-deposit ratio. The political dimension of BRD in a federal system envisages vertical as well as horizontal fiscal balance and, centralisation and decentralisation balance in decision making. Vertical fiscal balance is a situation in which the Government at each level can command the financial resources in consonance with their expenditure responsibilities. Horizontal balance implies that each state has the capacity to provide the service at a standard comparable to that of other states. Resource allocation among the states should be such as to take into account their needs and capabilities, and to reduce interstate imbalance in the provision of services and level of development. Social aspect of BRD implies establishment of an egalitatian society, social harmony, gender equality, equal access to opportunities, proportional representation to casts and tribes, etc. Since society is unlikely to be homogeneous so imbalance is obvious. Ecological balance implies utilisation of natural resources without environmental degradation and pollution. It calls for environmentally sustainable development sustainable development maintaining inter-generational equity in resource use. Development has therefore to be environment friendly by

striking a balance between the two. It should be recognized that economic development is only a part of the total development of a society. However, due to limitations on knowledge beyond the frontiers of Economics, our analysis is confined to economic imbalance only.

### Regional Background

Regional development is often identified in terms of states. India is a multi-regional country comprising 25 states and 7 union territories, covering 32,87,263 sq km. area with a population over 84.43 crores in 1991. The mainland comprises four regions viz. the great mountain zone, plains of the Ganga and the Indus, the desert region and the Southern peninsula. The north eastern region (NER) comprising falls under the mountain zone. In 1987-88 India's Net National Product (NNP) at current prices was Rs. 257,961 crores. The combined Net State Domestic Product (SDP) of the 7 North-East States at Rs. 8441 crores in that year accounted for 3.27 percent of the NNP.

### Growth And Income Distribution

Let us examine the growth performance. Prior to 1951 India's GNP was annually growing around one percent. Between First and Fourth Five Year Plan period real output grew annually around 3.5 percent. In sharp contrast the growth was around 5 percent during Fifth Plan and 5.5 percent each in Sixth and Seventh Plans. The degree of development as measured by the per capita NNP shows that it rose from Rs. 238.8 in 1950-51 to Rs. 4252.4 at current prices in 1989-90. However, there has been sharp inter- state variations. As for instance, Punjab in 1989-90 has the highest per capita income of Rs. 7081 while Bihar has the lowest at Rs. 2122. There are 8 states with per capita income in 1988-89 above the national average viz. Goa, Punjab, Haryana, Maharashtra, Gujarat, Sikkim, Arunachal Pradesh and Mizoram. The 17 states viz. Assam, Manipur, Meghalaya, Nagaland, Tripura, Andhra Pradesh, Bihar, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal have per capita income lower than the national average (Table-1).

Table 1: Statewise per capita income (PCI) at current prices in 1988-89, compound growth rate of PCI during 1980-81 to 1988-89 withshares in NNP (1988-89) and in population (1991).

State	Per capita	Growth in PCI	NNP share (%)	Population	
05.85	income (Rs.)	(% p.a.)		share (%)	
Goa	6619	9.75	0.26	0.14	
Punjab	6274	11.24	4.00	2.39	
Haryana	5537	11.19	2.80	1.93	
Maharashtra	5363	10.42	12.58	9.33	
Gujarat	4893	12.18	6.23	4.88	
Sikkim	4254	13.26	0.06	0.05	
Arunachal	4236	13.29	0.11	0.10	
Mizoram	4077	17.88	0.08	0.08	
ALL INDIA	3875	11.43	100.00	100.00	
Karnataka	3787	11.41	5.31	5.31	
Tamil Nadu	3677	11.88	6.48	6.59	
Himachal	3622	9.93	0.57	0.61	
W.Bengal	3542	10.76	7.35	8.05	
Manipur	3480	11.76	0.19	0.22	
Nagaland	3464	12.16	0.12	0.14	
Jammu & Kashmir	3420	9.55	0.78	0.91	
Andhra Pradesh	3211	11.13	6.38	7.86	
Meghalaya	3112	10.89	0.17	0.21	
Kerala	3076	9.45	2.88	3.44	
Rajasthan	2923	11.52	3.95	5.20	
Orissa	2793	10.78	2.72	3.73	
Madhya Pradesh	2772	11.23	5.48	7.83	
Assam	2772	11.03	2.12	2.64	
Tripura	2722	9.44	0.22	0.33	
Uttar Pradesh	2444	8.36	11.49	16.47	
Bihar	2111	11.59	5.60	10.23	

Note: Income Data for Mizoram is for 1987-88

Source: Government of India, Economic Survey, 1991-92, Part II

To see the distribution, state income data at current prices of 25 states for 1988-89 as published by the Central Statistical Organisation (CSO) are placed with 1991 share of population in Table 1.1

Table 1.1: Percentage share of net SDP in NNP (1988-89) and in population (1991) of 25 states in India.

Per Capita income (Rs.)	No	. of states		Share in NNP	Population share
2000-2500		2	. 11	17.09	26.70
2500-3000		5		14.49	19.73
3000-3500		6		10.52	12.78
3500-4000		4		19.71	20.56
4000-4500		3		0.25	0.23
4500-5000		1		6.23	4.88
5000-5500		1		12.58	9.33
5500-6000		1		2.80	1.93
6000-6500		1		4.00	2.39
6500-7000	J. P.	1		0.26	0.14
Total	1.0	25	V.	87.93	98.67

Note: Sum of percentage is not equal to 100 as Union Territories are excluded

Source: Table 1

by classifying them into ten categories of per capita income. The first category covers the states with per capita income lying between Rs. 2000 and Rs. 2500. Correspondingly their share in total NNP and country's population are recorded. As for instance, in the first category, two states viz. Uttar Pradesh and Bihar having per capita income Rs. 2444 and Rs. 2111 respectively and combined net SDP of Rs. 52974 crore (17.09 per cent of NNP) are recorded. Table 1.1 shows that rich states have higher share in NNP than their population shares. Eight states viz. Gujarat, Maharashtra, Punjab, Haryana, Goa, Sikkim, Arunachal Pradesh and Mizoram with per capita income falling between Rs. 4000 and Rs. 7000 have 26.12 percent share in NNP compared to their 18.9 per cent population share. This shows the overall imbalance in India's income distribution.

To examine the per capita income growth trend during 1980-81 and 1988-89, the states are classified according to the said income categories in Table 1.2.

Table 1.2: Distribution of 25 Indian states according to annual growth percentage in per-capita income during 1980-81 and 1988-89.

Per Capita	An	nual compound	rate of growth	1(%)	No. Of
income (Rs.)	8 to 10	10 to 12	12 to 14	16 to 18	States
2000-2500	1	1	181 V- 50K	Dence and	2
2500-3000	1	4	-		5
3000-3500	2	.3	1	The state of the s	6
3500-4000	1	3	atrol Indi	dadal na	4
4000-4500	en diland	and English	2	1	3
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Total	6	14	4199	zhadara	25

Note: (i) Data for Mizoram is upto 1987-88

(ii) No state between growth rate 14to 16 percent

Source: Table 1

The states with the lowest annual compound growth rate in per capita income in Uttar Pradesh (8.36 per cent), while Mizoram (1980-81 and 1987-88) registers the highest growth rate of 17.88 per cent. Falling in different income categories, six states registered growth rates between 8 to 10 per cent, fourteen between 10 to 12 per cent, four between 12 to 14 per cent and one at 17.88 per cent. This shows that there is wide variations in the growth rates of the states.

### Imbalance And Concentration

Balanced regional development has been one of the objectives of our planning. To quote from the Draft Third Five Year Plan "Balanced economic development implies that the pattern of investment is so devised that the potential of each region for development is fully utilised and that disparities in level of living, particularly in respect of services like education, water supply and roads are progressively reduced. In an under developed economy, advance towards this objective may be somewhat slow in the early stages of development because of the urgent need to secure the maximum increase possible in national income in relation to the resources available. However, as resources increase and development programmes are enlarged and diversified, stimuli to growth will begin to operate over a

wider area and levels of living will improve in all regions. In this phase of rapid growth of the economy, the question of balanced development has to be viewed from the angle of the relative rate of advance realised in the different parts of the country. It must be realised, however, that such a policy can yield results only over a fairly long period".

To assess the progress of BRD it is necessary to examine the reduction in concentration of development. There are a number of indicators like indices of agricultural and production, employment, investment, irrigation, road mileage, electrification, poverty, literacy, education, health, etc. However, as most of these indicators are likely to be positively correlated with per capita income, so movement in the concentration of income may indicate the trend of BRD. Concentration can be measured by the coefficient of variation and Gini concentration ratio. Reduction in the values of these ratios overtime indicators convergence towards BRD. To observe the trend, we estimate the two ratios in the distribution of per capita income from 1950-51 to 1988-89 among 14 major states viz. Assam, Andhra Pradesh, Bihar, Gujarat, Karanataka, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal (Table 2).

Table 2: Per capita income (Rs) at current prices of 14 states for given years.

State	1950-51	1960-61	1970-71	1980-81	1988-89
Assam	334.6	315	535	1200	2772
Andhra Pradesh	257.5	275	585	1380	3211
Bihar	180.6	215	402	878	2111
Gujarat	381.0	362	829	1951	4893
Karnataka	286.8	296	641	1596	3787
Kerala	303.9	259	594	1494	3076
Madhya Pradesh	235.8	260	484	1183	2772
Maharashtra	373.3	409	783	2427	5363
Orissa	251.8	216	478	1231	2793
Punjab	404.4	366	1070	2675	6274
Rajasthan	256.3	284	651	1222	2923
Tamil Nadu	244.7	334	581	1498	3677
Uttar Pradesh	270.5	252	486	1286	2444
West Bengal	471.4	390	722	1564	3542
All India	238.8	328.2	674.7	1630.1	3875.2

Source: (i) NCAER (1967), Estimates of State Income

(ii) Government of India, CSO

It may be mentioned that in 1950-51, West Bengal with per

capita income of Rs.471.4 was the first state while Bihar with Rs. 180.6 was the last. The All India per capita income was Rs. 238.8. The ratio of highest to lowest per capita income was 2.61. Assam with Rs. 334.6 was above the national average and ranked fifth from the top. Punjab which was second in 1950-51 ranked top in 1988-89 with per capita income of Rs. 6274 and Bihar continued to be last with Rs. 2111 against national average income of Rs. 3875.2. The disparity ratio rose to 2.97. Assam with Rs. 2772 slided down to eleventh position while West Bengal to sixth. Estimates of the two ratios for the 14 states at given points of time are given in Table 2.1.

Table 2.1: Inequality in per capita income (PCI) distribution of 14 states during 1950-51 and 1988-89.

Index of inequality	1950-51	1960-61	1970-71	1980-81	1988-89
Coefficient of variation	0.2515	0.1981	0.2668	0.3110	0.3233
Gini ratio	0.1387	0.1124	0.1427	0.1615	0.1710
Average PCI (Rs)	303.76	302.36	631.50	1541.79	3545.57

Source: Table 2

Both the Index in Table 2.1 shows that after an initial decline in the concentration of per capita income during the first decade (1950-60) of development, inequality has been rising sharply since 1970-71 and mildly thereafter, the ratios remaining higher than 1950-51. Conclusion is therefore inescapable that regional imbalance is widening. This is despite the fact that the Gini concentration ratio in the credit-deposit ratios of the public sector banks of the 14 states declined from 0.2612 in 1969 to 0.1545 in 1991, alongwith the coefficient of variation from 0.4728 to 0.2723.

### North-Eastern Scenario

Focusing on the North-East, it is observed the barring Assam most of the states are late comers to the process of development as they were created subsequent to the first decade of Planning. Nagaland was created in 1963; Manipur, Meghalaya and Tripura in 1972 while Arunachal Pradesh and Mizoram in 1987. In the hill states viz. Arunachal, Meghalaya, Manipur and Nagaland majority of the population is tribal, ranging from around 70 per cent in Arunachal to 94 per cent in Mizoram. In the hill areas population density is very low, infrastructure very weak and production technology is primitive. However, Arunachal,

Mizoram and Nagaland have either higher level and /or rate of growth of per capita income than national average. Hence, purely in per capita income they do not reflect regional imbalance though in several other aspects they do. The level and growth of per capita income of the other four states however is lower than the national average. The estimated growth of per capita income alongwith the growth of regional imbalance measured as the growth in the difference between the State per capita income and per capita NNP with the help of the exponential equation for the period from 1980-81 to 1989-90 are presented in Table 3.

Table 3: Annual exponential growth of per capita income and regional imbalance during 1980-81 and 1988-89.

State	Per-Capita income	Regional imbalance
Assam	9.97	11.68
Manipur	10.11	11.57
Meghalaya	10.12	10.94
Tripura	8.89	14.83
All India	10.36	

Data Source: Govt. of India, Economic survey, 1991-92, Part II From the table the following inferences can be made viz. the growth of per capita income in the four states is lower than the growth of per capita NNP, and the growth in regional imbalance is alarmingly higher than both the state and national per capita income growth. Imbalance has been rising despite the treatment of the North-Eastern states as special category states for plan finance, launching of the subsidy schemes like capital and transport subsidy, concessional finance and role of the North Eastern Council. The imbalance in respect of crop yield, factory sector, literacy, health and other infrastructure can be seen from Table -4 which is self explanatory.

Table 4: State level differentials of selected characteristics for North-East Region in given year.

State	Rice Yield Kg/hect.	Village electrified (%)	per 100	Value added by manufacture*	1 30 11 1 1/4		cy rate (%)
mire me	(1988-89)	(31/3/89)	sq. km. area (31/3/89)	(1986-87)	popu. (1/1/89)	Male	Female
Arunachal	1150	36	8.5	ships Wine	181	51.10	29.37
Assam	1060	89	82.0	1.87	76	62.34	43.70
Manipur	1913	52	29.4	0.01	110	72.98	48.64
Meghalaya	963	39	28.6	0.01	153	51.57	44.78
Mizoram	1073	43	15.5	or inter	200	84.06	78.09
Nagaland	1048	99	47.6	Livin-	146	66.09	55.72
Tripura	1643	52	106.5	0.04	74	70.08	50.01
All India	1688	79	56.1	100.00	92	63.86	39.42

Note: \*Value added is as percent to All India.

\*\*Beds of hospitals, dispensaries and PHCs

Source: Government of India, (i) Indian A griculture in Brief, 23rd edition

> (ii) Statisticaal Pocket Book, India, 1990

(iii) Census of India, 1991

### Concluding Remarks

Balanced regional development can be compatible with maximum national development only under the unlikely circumstances that all regions enjoy an equal and homogeneous share of resources, that all productive activities are subject to constant returns to scale and the society is homogeneous. The chances of configuration of such circumstances is extremely rare and rarer will be the phenomenon that each state will display parallel rate of growth. The course of development in a developing country like India cannot escape inevitability of the Kuznets curve or the inverted-U hypothesis. which states that relative income inequality tends to rise during the early stage of development, reaches a peak and then declines in the later stages. Development of regions and national economy must be viewed as parts of a single process. Correction of regional imbalance however cannot be delayed. The planners must chalk out investment planning so that regional imbalance can be narrowed within a defined time horizon and the backward areas catch up with the national average. Otherwise, laggards

will remain as laggards. In this respect, suggestion made by Prof. Sukhamoy Chakravarty on the Development strategy for the 1980s still remain valid viz. "rapid transformation of the rice economy, especially in the eastern region, where adequate ground water potential exists which can without much difficulty tapped during winter and summer seasons provided supporting infrastructural facilities are created, permitting conjunctive use with surface water". The Eight Plan directional paper also emphasises to accelerate agricultural growth in the eastern region.

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### Planning Regions For Balanced Development In North-East India

### N.N. Bhattacharyya

The North-East India is a region endowed with rich natural resources, but economically backward with intra-regional disparities in levels of development. The states of the regions share certain physical, social and cultural pattern including three types of fundamental backwardness, namely areas of tribal concentration, hill areas and chronically flood affected areas. Physiographically the region is not a homogeneous unit at all and about 60 per cent of it is mountainous, 13 per cent plateaus and 27 per cent plains.

The chapter examines these conditions for the delineation of regions for planning purposes and attempts to suggest a design for integrated economic development of North-East India as a whole, taking a resource development approach. For the purpose of a economic planning for resource development, political divisions or natural divisions may not be suitable because planning has to depend on the availability of adequate resources that can be developed into self sufficient economies. It is from this point of view, an attempt has been made here to redemarcate the North-East India into certain viable planning units and indicates the development potential unitwise.

Methodology: In order to demarcate regions for the purpose of planning, administrative or political units are not helpful because they have been created and changed, according to the political need or administrative convenience. The Brahmaputra valley, the Barak Plain, Meghalaya Plateau, Tertiary hills and basins are the natural regions of India's North-East. The delineation of such natural regions is based on the homogeneity of landscapes with their zonal and local character. Such regions are not helpful for planning purposes because they may not have sufficient resources to develop self-sufficient economies. An

viable for resource development for planning purposes. delineation of planning regions at micro-level for North-East India is made by grouping of areas (not of states) having the common river-basin. A river-basin or a drainage basin is bounded by a ridge line and forms and independent natural unit for surface hydrology. The planning Commission, Govt of India has now adopted a new concept "drainage microplanning unit. There are six drainage basins in North-East India, namely, the Brahamputra basin in the north, the Chindwin in the east, the Barak in the Central part of the region, the Gomti in Tripura and Kanaphuli and Kaladan in Mizoram. There are diverse resources, such as soil8l forest resources, mineral resources, hydel and thermal power potential and agricultural resources in such basins. Although the region as a whole falls under six drainage basins, it may only be divided into two major planning regions namely, the Brahamputrá basin and Barak basin including eastern hills and basins. Each is different from the other in its environmental conditions and resource potentials calling for intelligent planning for resource development at micro-level. In order to evaluate the resources for meeting the needs of the locality the region and the nation as whole; each region may be sub-divided into some micro-economic regions for planning purposes. Thus the Brahamputra Basin can be sub-divided into six micro planning regions.

- (1) Arunachal Pradesh
- (2) Upper North Bank Plain of the Brahmaputra valley,
- (3) Lower North Plain of the Brahmaputra valley,
- (4) Upper South Bank Plain of the Brahmaputra valley,
- (5) Central South Bank Plain and Hills and
- (6) Lower South Bank Plain of the Brahmaputra valley and the Northern part of the Meghalaya.

Similarly the Barak plain and Eastern hills and Basins can be divided into three micro planning units. These are

- (1) Southern part of the Meghalaya state (south of the watershed)
- (2) Cachar Plain and Tripura, and
- (3) Mizoram, Nagaland and Manipur

Such resource development regions are delineated on the basis of indices like natural resources, level and structure of economic development and agricultural potentialities. The existing administrative divisions, revenue divisions, natural regions and planning department zones etc. are not completely ignored.

### Micro-planning Regions

The above micro-planning units are delineated for the evaluation of resources of local, regional and national importance which will provide opportunities to the planner of the country to tackle various development programmes of the North-East India.

Arunachal Pradesh has not yet achieved much progress due to lack of infrastructural facilities, difficult terrain and formidable geopolitical obstacles. The accessibility is very low and so it does not bring spatial integration of resources. The state supports a population of 8.6 lakhs (1991) and the inhabitants are drawn from diverse ethnicity, speaking various languages and living at varied stages of socioeconomic and political development. Since cultivation is primitive in nature, the agricultural lands of the region do not produce enough crops, so the region needs planning for land development and for providing irrigation facilities. Proper care is to be taken so that in the name of agricultural development, ecological balance is not upset. The region has the potentiality of producing sufficient cereals, oil seeds, pulses, vegetables, potatoes and fruits like pine apples and other temperate and sub-tropical fruits. this planning unit has tremendous hydraulic potential and the C.P.W.D. has so far completed some Micro-Hydel Electric Schemes such as Tawang, Ziro, kalaktang, Taksing and Along Hydro-Electric Schemes etc. and some other schemes are in different stages of completion. The nodal centres for its development would be Bandardewa-itanagar and Pachighal region.

The Upper North Bank Plain of the Brahmaputra Valley (Sonitpur, Lakhimpur and Dhemaji district) is delineated by tea of national importance and rice and other food crops of regional importance. Important places like Tezpur, Jamuguri, Chatia, Biswanath-Chariali, Gohpur, North Lakhmipur, Dhemaji, etc. have developed on such agro economic base. Generally, agro oriented industries may be located in such growth centres so that they integrate the development process in their hinterlands.

Tezpur would be future nodal center of national importance because it is already connected with Silghat by the Kalia Bhomora Bridge. The entire region has the potentiality for agricultural development and therefore the region needs modern inputs and innovative measures.

The lower North Bank Plain of the Brahmaputra valley (Darrang district, northern part of Kamrup district, Nalbari, Barpeta, Bangaigaon, Kokrajhar and northern part of Dhubri district) has the agrarian economy with jute production of national importance and food crops of regional importance. Flood hazard is a gigantic environmental problem in the riverine areas of this region. Greater production can only by obtained by increasing yields per hector which require considerable investments in flood control measures including capital equipment. The nodal centres of the region are Mangaldai, Rangia, Nalbari, Barpeta, Barpetaread, Bangaigaon, Kokrjhar and Dhubri. In all the areas of the region, population is dense. Special attention is to be paid to the nodal centres of economic growth with production impulses to their surrounding areas.

The upper South Bank plain of the Brahmaputra valley (Dibrugarh, Tinsukia, Sibsagar, Jorhat and Golaghat district) is delineated by production of oil and natural gas and tea crop of national importance, coal, timber, forest and agricultural products of regional importance. The distribution, quality, quantity and economic usefulness of all these resources are to be assessed for exploitation. The region shows potentiality of petro-chemical and tea industries of national importance based on its resources. Dibrugarh-Tin-Sukia-Digboi-Naharkatia can be called the economic core of the region. In future this economic core area can develop several processing industries and shows the production specialisation cycles, such as petroleum- gas cycle, wood chemical cycle and themal power industry cycle.

The Central South Bank plain and Hills comprise the Karbi Along, North Cachar Hills, Nagaon and Marigaon districts. Here two physically separated tracks are united to form one micro planning unit because the tracks exist close to each other and their economics are interrelated. The two hill districts (karbi Anglong and North Cachar) of Assam have a self-sustained agrarian economy and existing and potential hydro-electric power resources. The varied relief features of these hills must first be evaluated in order to find out stable and non-usable areas.

This can provide infrastructural base to the planner, The Nagaon and Marigaon districts produce jute, tea and varieties of food crops. Thus the whole region has potentiality for developing agro based industries and hydel power etc. The prospective nodal centres are Silighat, Nagaon, Diphu, Haflong, Donkamukan and Marigaon.

The lower South Bank plain of the Brahamputra valley (south Kamrup, Goalpara and southern part of Dhubri districts) and the northern part of Meghalaya (south of the watershed) is delineated by production of sillimanite, horticultural products, forest products and food products. The knowledge of these areas on the basis of such a regionalisation can help in laying down a foundation for economic planning of this entire region consisting of hills and plains. The primary developmental need lies in introducing settled scientific cultivation in the hill areas and making agriculture more productive in the plains. For all the these a comprehensive terrain evaluation is necessary. The whole region has the potentiality of developing industries based on forest and horticultural products and also water resources. The nodal points of the region are Gauhati- Mirza, Goalpara and Barnihat.

The southern part of the Meghalaya has varieties of resources. The region is very rich in coal, limestone, feldspars, glass sand and gypsum. The Tura-Rongrengiri region has the large reserve of unexploited coal and limestone. Similarly, Shillong-Cherapunji has large reserve of coal, limestone, hydel-power resources forests and fruits like oranges, pineapples, banana, pears and plums. Thus the whole region shows the potentiality of developing coal chemical, cement industries, newsprints, fruit preservation industries. But the difficult terrain with high gradients and extensive forests stand in the way of development of transport and communication which retard the economic development. The primary developmental need lies in wholesale improvement of means of transport and communication in the right direction. The region also need some more urban and service centres capable of providing central and social services to support economic growth. The nodal centres for the region would be Tura, Shillong and Cherapunji.

The economy of Cacher Plain and Tripura is agrarian in character with tea, jute, forests and food crops of regional importance. The region has the potentiality of developing paper

and pulp, hardboard and plywood industries, jute industries and fruit preservation industries. The prospective nodal centres may be Silchar, Badarpur, karimganj, Hailakandi, Agartala, Dharmnagar and Udaipur.

The Nagaland, Manipur and Mizoram form one planning unit and this remoter unit of India ranks among the least known parts of the country. The lack of cartographical data is ample proof of the difficulties of the terrain. This is a complex physiographical unit with a monsoon climate.

The altitudination variation is great within short distances and all these factors have led to the prevalence of varied natural vegetation and deep forests. The soils are thin on the uplands and hills. Generally, there are red soils and are poor in many aspects. The soils are relatively deep in the basins and lowlands. The agriculture is mostly crop farming for local consumption. Next to agriculture, forestry is the main land-use in the region. The highland areas of the region have the potentiality of rearing sheep for wool. In future this region may be developed for wood-chemical, hydro-power and industries based on food crops and forest products. The development of such industries based on its resources will demand for construction of more good roads.

### Conclusion

It is observed that the pace of socioeconomic change has not been equal among the various groups in North-East India. Lack of growth of a strong economy, premodern technology of productive economy, slow urbanization etc. have contributed this state of affairs. So the development strategy of the entire region lies on the mutual understanding of different states. The economies of North-East India should be treated as a single economy with free interstate flow of commodities and the development strategy has to be based on the efficient utilisation of its vast unexploited resources as discussed above.

The knowledge of all the above problems, potentialities and prospects for regionalization can help in laying down a strong foundation for planning economic and social welfare for the people of North-East India. To collaborate in development to achieve mutual benefits, all the seven states of the region must work together to find an workable formula for sharing cost and benefits of the development of water, mineral, industrial and

human resources. With systematic development of these resources, the region will become one of the strong economic areas in India.

The above study suggests only broadly generalized macro and micro-planning regions of North-East India possessing diverse type of resources. For greater precision in delineating the network of planning regions of North-East India some more details of the existing and potential resources including detailed social and economic accounts and their developmental possibilities are required and may prove more meaningful. So the NEC can play a great role in this direction. A detailed study can be done with the help of a team-work of economists, Statistians, geographers and other scientists as suggested in the study. Then a network of planning region for resource development may be formulated and implemented in the North Eastern region of India.

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## Development of Institution and Institutionalised Development

(Some Theoretical Postulations On The North-Eastern Council)

### B.S. Butola

Production is ontological to human beings and perhaps human beings are the only living species that have the ability to produce and regulate changes including development. Thus, all changes including those in the human anatomy and physiology and also in the external environment i.e. exclusively in the social environment and significantly in the processes, nature and stages of production and development. Production in a differentiated society is a structured social activity. Therefore, production by a solitary, isolated (culturally and physically) individual outside the society is only a hypothetical situation. The structured form of every social activity presupposes mainly two neccessary conditions namely:- an object and a subject before it embraces other essential components of production i.e. The forces of production and the relations of productions.

Nature in its totality and vitality including its physical and chemical properties and laws, organic and inorganic substances constitute the objective conditions for production and, the human beings particularly their labour power (mental and physical) are the only socially conditioned subjective attribute that transforms the objects of nature into the products of human labour. It is also the single most distinguishing feature of human beings from the other species of the animal kingdom. However, the interaction between the subject and the object for making production a possibility is neither unilaterally spontaneous nor bilaterally conditional and determining respectively. On the contrary it gets articulated and mediated through the dynamic adjustment between the forces of production and the relations of production<sup>1</sup>.

J.V. Stalin: Problems of Leninism, Foreign Language Press, Peking 1976 pp. 856-58

Relations of production in their concrete and structured form constitute the foundation for the evolution of various social institutions. In other words institutions are those essential components in the overall social structure which are evolved for regulating the forces of production in the process of reproducing specific types of relations of production. The adjustment between the institutions (relations of production) and the forces of production (instruments of production) can be both compatible and non compatible. The nature of compatibility/ non compatibility is always determined by the nature of the dynamic organic linkage between the relations of production (as articulated through the institutions) and the other components of social structure including the forces of production. graded society like that of todays' India various echelons of society have organic links with numerous institutions and in their turn these links assign specific class character to an institution. There are certain institutions which are compatible to the ruling class interest while there are other which are evolved to serve the interests of the contending classes. Institutions that are evolved for establishing hegemony seeking legitimacy (through consent or coercion) and appropriating the social surplus from the direct producers for the benefits of the propertied classes and helping them in maintaining the status-quo always remain organically linked with the ruling classes while, the institutions evolved for redistribution of social produce among different sections of the society on the principles of social distributive justice and building counter hegemony are always compatible to change and in the interests of oppressed classes.

Historically it has been observed that the ruling classes and the institutions organically linked with them have always been fetters in the processes of change or in the advancement of forces of production after a certain stage. Therefore, an institution evolved by the ruling classes or by its' manager (like the modern bourgeois state) is primarily for maintaining the status-quo and reproduction of specific relations of production or class relations. It is particularly valid and more explicit in the societies that are at the early stages of their social evolution and civil society and other apparatuses of the modern bourgeois state are still in the primary stages of their development. Such is the situation in the North-Eastern Region of India.

The North-Eastern region of India is perhaps one of the most unique region not only in India but also in the entire world

particularly in terms of the on going historical experiences. Currently this region is going through a process of transition involving a quantum leap over many intermediate stages of its history and socio-political evolution. The leap is from subsistance economy to the high competitive grade consumerism, from ethnic tribal loyalities to modern bourgeois democracy based on adult and universal franchise, from tribal chieftainship to capitalist state and its' apparatuses and from isolated hamlets and villages to high velocity world market forces etc. In the process of this great leap the region as a whole is trying its' best to escape many intermediary stages of its' evolution. Its' still premature to say anything in definite terms about the possible outcomes and history is possibly the best judge to reveal whether it will lead to development or But, the experiences of degradation of the region. development undertaken in the past four decades independence and planning by the central, state and regional level planning bodies have raised serious apprehension about the future of the region.

The North-Eastern Region comprising the seven sister states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura was the last to be integrated in the national and the international market during the third decade of the last century. Since then it had witnessed the imposition of a replica of the development models formulated and designed for the region and societies those were entirely different from it in terms of the socio-environmental co-ordinates. The North-Eastern Region of India which was predominantly a tribal dominated region in the last century had possessed all the characteristics of an egalitarian society. Private property as the basis of social identity and division of labour and economic differentiation in terms of economic classes was virtually nonexistent in greater parts of this region. Introduction of tea plantation and raising the army of wage labourers in the region respectively. With the consolidation of British rule over the region imposition of the western models of so called development went from strength to strength and by the year 1947 i.e. at the time of British departure the tentacles of capitalist exploitation mechanism penetrated deep into the sphere of the exploitation of forest resources, oil exploration trade and transport, industry and agricultural activities. The socio-cultural life of the indigenous people did not remain unaffected by these changes. Church as an institution for the ideological and spiritual control was active in

Development

creating the consent for consolidating the British hold over the region and particularly among the prereligious indigenous ethnic communities and also among the adivasi plantation workers. It had both positive as well as negative contribution to its credit in changing the chain of events in the region thereafter.

August 15,1947 was the major event in the history the North-Eastern Region of India as it was for the rest of the country. The changes that were initiated with the coming of new ruling classes in the independent India were anything but revolutionary in their nature. State sponsored capitalist development remained the hallmark of development in India during the last four decades. State did not only play vital role in perpetuating the capitalist relations of productions but it also created a capitalist protected market and institutions for the same. The concepts of public sector and mixed economy were nothing but a strategy designed for the capitalist development in a post colonial country like India in a monopolistic competitive bi-polar world market. Creation of a powerful middle class that provided the much needed internal market for the development of capitalism in India as well as in the North-Eastern Region was initiated by the British and the trend was strengthened after the independence of the country. State played a vital role in this State did not only protect the indigenous capitalist classes from the ruthless foreign competition but it also provided a protected market, raised an army of bureaucratic managerial and other middle classes and shouldered the responsibilities of creating the much needed social over-head capital power, transport and communication and training and recruiting the enterprenurial skill etc. those proved vital to the development of capitalism in the country as well as in the region. Establishment of the North-Eastern Council (NEC) was also motivated by similar considerations.

The North-Eistem council was established in the year 1971 under the special provision of the Indian parliament "to play a purely economic role in respect of planning and development of seven sister states which face common problems that are beyond the capacity of the individual states to tackle". But, "political compulsions at one time had necessitated the NEC to restrict

<sup>2</sup> The Shillong Times, July 9th 1992

itself to the NE geographic regions as fulfilment of the political aspirations of ethnic minorities was the prime objective and nothing was to be done to generate political distress or overtax the prevailing crises of confidence. Societies and politics in the region however have not remained stagnant and expectations on the NEC have changed from fulfilment of political aspirations to economic upliftment of the people."

Today well after over two decades of its' existence it is purely an empirical work to evaluate the role of NEC in matters of economic and political development of the region. Here an attempt is being made to locate the NEC or for that matter any other institution in the structured organisation of development of the region.

#### North-Eastern Council and The Capitalist State Apparatus

The principle role of the state apparatuses is to maintain the unity and cohesion of a social formation by concentrating and sanctioning class domination and in this way reproducing social i.e. class relations4. The apparatuses are never anything other than the materialisation and condensation of class relation. These do not posses a power of their own but materialise and concentrate class relations which are precisely - what embraced by the concept of power. The function a specific apparatus renders is not sui-genres; on the contrary it is determined by its' relationships with other social classes in the class struggle. The ability of an apparatus to materialise, Thus, societies concentrate and articulate the class struggle. those have attained higher stages of their evolution and have complex social structure have multiple social apparatuses. Therefore the integration of such socities into the complex social system will mean evolution of multiple apparatuses. North-Eastern council along with the other apparatuses of the state acquire enhanced significance in the reproduction and spread of capitalist structure in a predominantly tribal dominated egalitarian society of the North-Eastern Region.

<sup>3</sup> Ibid

<sup>4</sup> Nicos Poulantzas: Classes in Contemporary Capitalism, Verso NLB, p.25 1978.

## The North-Eastern Council and The Neo-bureaucratic Capitalist Class.

Most often it is believed that state has two functions which it performs through its' repressive and ideological apparatuses and the state has no specific economic role. This concept of state is however fallacious. In a competitive capitalist stage the capitalist state always plays an economic role as it is involved in the actual processes of the extended reproduction of capital as a social relation. The economic function is rendered through the taxation, factory legislations, customs duties, construction of economic infrastructures, training the technical skill, and various other methods adopted for capital resource mobilisation and utilisation providing a big market for the private producers. Though, the neo-bureaucratic classes are part of the working classes at least at the economic levels yet, as far as they exercise specific authority and ideological domination over the working classes and help the capitalist classes in their management and appropriation of the social produce and ultimately in their hegemony over other subordinate classes they are part of the ruling classes<sup>5</sup>.

In a region dominated by subsistence economies with the islands of well developed enclaves of capitalist plantations (tea plantations of the North -Eastern Region) and industrial economies the NEC and the other similar institutions are the harbinger of a well develop capitalist class in the region. The development of capitalism in the North-Eastern region of India unlike in the other parts of the country did not take place through the emergence of direct contradictions between capital and labour. On the contrary it was developed due to the emerging contradictions between the managers of the capital and the undifferentiated egalitarian tribal communities of the region. True to the logic of the structure the neo-bureacuratic and managerial capitalist classes are engaged in the reproduction of capitalist relations of production.

Development of capitalism in the North-Eastern Region like in many other parts of the country has taken place not through the inter play and maturing internal contradictions within the pre-

<sup>5</sup> Nicos Poulantzas: "The New Petty Bourgedisie", Class and Class Structure (ed) Alan Hunt, Lawrence and Wishart, London, p.123 1977.

capitalist social formations. On the contrary capitalist relations of production were superimposed from above in the earliest while primitive subsistence economies of the region. The role of national as well as international market forces had been most significant in this respect. The region as a whole is currently passing through an unique experience of transition from primitive subsistence to capitalism. Evolution of institutions like the NEC and others are an important component of this development process. Privatisation of the resources particularly land and forest which were once under the ownership of community, re- organisation of internal capitalist market, mobilisation of internal resources, creation of neo-petty bourgeois class of the bureaucrats and finally state sponsored capitalism through the development of social overhead capital like the rail, road, education and health etc. are all targeted towards this particular objective.

## The North-Eastern Council and The Capitalist Mode of production in The North-Eastern Region.

Capitalism as an economic and social system had changed drastically in its' brief yet eventful history of less than three centuries since the days of mercantilism. State sponsored capitalism or state capitalism is the latest development and phase in the rise of capitalism. It is particularly significant in countries like India where the processes of nation building was preceded by the establishment of the state and in its turn the state is trying its best to build the nation by bringing numerous nationalities under the control of one state. The North-Eastern Region of India as one geo-physical entity has numerous nationalities with equally diverse national aspirations. The process of integration of these nationalities was initiated under the British and the process has gained enhanced significance after the independence of India. In this respect the North-Eastern Council as an apex institution established by the Indian state at the centre for looking into the problems of development in this relatively neglected yet sensitive region has a crucial role to play in bringing these diverse nationalities together and inspire them to participate in the national main stream. Since capitalist path of development is the national mainstream of our country, thus to bring these into the capitalist path of Development in the prime structural mandate before the NEC.

#### Conclusion

It will be fallacious to conclude from the above discussion that the NEC and other similar institutions irresponsible in the creation of capitalist relations of production or in the creation of class division in the region. On the contrary these institutions neither create nor govern the relations of production. These only articulate the class relations. Thus, development in the region through the NEC and other such institutions mean capitalist development and that is the structured mandate of the institutions. Since capitalism has uneven development of the region the issue will have to be taken beyond the scope and purview of these institutions.

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# Regional Development and the North-Eastern Council

B. J.Deb

#### Political Expediency

The overriding political consideration necessitating the creation of the North-Eastern Council indeed taken the wind out of the sail of such a regional development authority, which, although hailed as an innovation in the Indian context could hardly be true to the promises held out and expectations generated in the region. That the North-Eastern Council was conceived in the womb of political expediency by throwing overboard the economic weightage is more than apparent from the queer combination of security need and economic development having no parallel elsewhere in the world and is in clear abdications the powers and authority of the Union government in the security and Planning process.

The political dimension of the happenings in the North-East India arising out of insurgency movement had indeed put at stake the security of India and a mere provision that the Council 'shall review from time to time the measures taken by the State represented in the Council for the maintenance of security and public order'2 without specifically indicating the modalities and interactive channels with the concerned authorities of the Home and Defence Ministries was a shortsighted move. association of the NEC is an advisory capacity in the matter of security was a mere dilution of the issue and was also tantamount to undermining the role of established authorities and forces in the field. The council is, at the same time, bound hand and foot to the Union Home Ministry rather than being a subsidiary to the Planning Commission. This aspect has been flayed by no less a per son than the NEC Chairman who publicly lamented the way in which the NEC was being treated by the Union Home Ministry and the Planning Commission resulting in inordinate delay in initiating the projects and receiving of funds.<sup>3</sup> Another former Chairman D D Thakur expressed eagemess to refurbish

the image of the Council by making it more responsive to the overall needs and aspiration of the people socio-economic development of the region. The very definition of economic region as being coteminous with political boundary was, by its very nature, restrictive of the operational dynamics of a regional development authority. Against this background the creation of the NEC was a conceptual miscarriage. If anything, it could only act as a centralizing force. The expectation undoubtedly was to hold together the North-Eastern States through this forum.

#### Absence of a regional plan

The composition of the Council has been such as to eliminate the much needed service of the professional economists and give preponderance to the IAS officials who can easily overshadow retired and reemployed officials and officials on deputation functioning as advisers. The question of appointment of a permanent full time and competent Chairman for the NEC controversy requires serious consideration. The needless uncertainties and bickerings over the appointment of NEC Chairman in the recent past is a pointer in this direction. very nature of economic development is such that with proper composition a board type structural framework would have made it more as a viable regional planning forum. It is true that at the political level a broad perspective can be superimposed but political considerations surfacing in such meetings tend to make regional planning decomposed. Further, in a country like India where the Planning Commission entrusted with the overall economic development of the country had applied differential criteria in dealing with backward and tribal areas, depriving a forum the benefit of its expertise and supervision in the formulation of regional schemes had the effect of ignoring the very utility of Indian Planning process. The august presence of State Governors and Chief Ministers cannot fill the expertise vacuum. It is surprising that the North-Eastern council has been functioning for more than two decades without any prospective plan of economic development of the region in tune with the constraints and requirements of the region which could obviate the need for mutual bickerings and distrust increasingly evident in the proceedings of the NEC. The root cause of such misunderstanding is to be traced to the absence of any comprehensive and targeted plan of action - a position equivalent to its being a ship without a rudder. It is undoubtedly true that as a body it is handicapped by the provisions of the Act which has

give it an advisory status<sup>5</sup> and not a supervisory one -- a status which seriously affect planning, decision, execution and control processes. Over the years, an adhocism characteristics working and worse still its accountability is not defined. Mere holding of NEC meetings with all fanfare is to say the least counter productive.

#### Imperatives of regional planning

As already indicated, determination of NEC's territorial jurisdiction has not been done either by economic or geographical or geological structure. It is true that the word 'region' can be used in different connotations. Nevertheless, wherever regional development has been sought to the ensured whether in developed or developing countries<sup>6</sup> primacy was accorded to economic criteria so much so that they did justify the formation of a region extending the territory of a State and comprehending supra-State regions. In regional development mechanism transmission of economic growth may pass from one region to another and on the other hand it may be simply development within the region-- the latter being the ostensible objective of the NEC. Even here there are recognised strategies of development. The constraints of development in the North-East India do admit of application of such strategies as have been profitably followed in some of the developing countries. We have to recognise the fact that regional economics are open to the outside world and subject to external influence and regional economic growth is externally induced.8 Further, local political leadership is decisive for successful adaptation to external change.

Regional improvement is governed by certain fundamental principles. They are the product, not of imagination and improvisation, but of experience. The principle have been summarised under five main heads:

- Choice of an implementation area consisting of a natural region whose elements are sufficiently coherent for the action undertaken in each field of activity to have several and complementary effects.

-the definition of the objectives to be achieved and of the programmes designed to achieve them by the choice of priorities and phasing of the complementary measures.

-the direct association of the setting up of the structures

required for improvement and their use through coherent development in the fields of human activity.

-the cooperation of the populations concerned in the work of improvement and development.

-finally, the simultaneous and balanced execution of the complementary elements of the programmes of improvement and redevelopment under the authority of an activating and coordinating organisation.

#### A question of viability

The information and working of the NEC shows that the issue of natural region and the implementation area has not been taken into account. The rationale of this principle is that the coherent elements of a natural region hasten the attainment of the social and economic objectives through the multiplier and cumulative effects of development initiatives. Of late, the North-Eastern Congress (I) Coordination Committee had taken up a pragmatic approach by demanding that "If NEC has to deliver the goods, it has to redefine its jurisdiction to an economic region rather than a political one". 10 While highlighting that the "economic lifeline of the region is provided by the North Bengal Corridor", the NECCC(I) strongly recommended "that the jurisdiction of the NEC be extended to cover the backward districts of North Bengal covering an area of 21,625 sq km for which West Bengal may be included as an Associate Member". 11 The Committee further felt that "with this extension, the problem of geographical continuity of Sikkim with the NEC area would also vanish, and its demand for inclusion as a full member should be conceded".

#### Pitfalls in working

Another important dimension of regional development is that like the life of the region to which it is applied, it is made up of a number of indissoluble elements. It is, therefore, inconceivable that such regional improvement should apply to only one aspect of the economic life of the region to the exclusion of others. Again regional development presupposes an integrated view of all the constituent elements of human activity. Contrary to this, the NEC has been concentrating on sectors like power generation and road development as if they constitute the be all and end all of economic development. Even here if we take the power potential of the region and the actual achievement in harnessing it, the performance is anything but dismal. Further, the schemes

sponsored by the NEC and financial support extended to several State schemes in agricultural and allied fields run short of regional overtones. 12 Such schemes could have been very well undertaken by the concerned State Governments.

As per the provisions of the Act the NEC is expected to discuss and make recommendation with regard to matters of common interest in the field of economic and social planning. Further, in formulating projects of a regional character it has to recommend measures for effecting coordination among the governments of the States concerned in the implementation of such projects. The council shall also recommend the manner in which the benefits therefrom may be shared. It has thus been observed by the NECCC(I) that the working of the NEC has negated the very purpose and essence of regional planning.<sup>13</sup> The NECCC(I) also criticised the NEC's increasing tendency of getting bogged up in schemes devoid of any regional character. The NEC practice of inviting schemes from the individual States is a gross violation of the norms of regional planning. There is also glaring imbalances and disparities in allocation of funds among the member States. The NEC cannot take a defensive role by declaring that it was not envisaged as a funding body. The fact is that it does concern itself with funding even though its financial role has been very much limited by the constraint of resources. Evidently, its funding policy was least aimed at reducing intra-regional imbalances. It is true that the NEC is not an implementing agency but its week monitoring mechanism can be easily circumvented by the implementing agency thus making a mockery of the purposes for which such funds were released. This is apparent from the field of road development where the progress achieved in terms of completion so far has been tardy. The slashing down of the NEC fund is also bound to affect several ongoing projects.<sup>14</sup> The fate of the ambitious Ranganadi HEP Project, for example, is hanging in the balance.

In the NEC meet early this year the Tripura Chief Minister while underlining the need for higher allocation of funds for the NEC called for corrective measures to remove the present economic imbalance among the member States. The failure of the NEC is also apparent from the recent observation of the Deputy Chairman of the Planning Commission that it should now identify the problems of infrastructural development of the region. As a result, while the Mizoram Chief Minister expressed the desire to lift Mizoram out of the NEC, the

Nagaland Chief Minister only demand a change in NEC fund allocation policy on the basis of population.<sup>17</sup> This manifest failure earlier led to the setting up of a ministerial Committee by the Union Government headed by the Home Minister to oversee economic development of the North-Eastern region.<sup>18</sup>

Over the years, the NEC has been functioning like an isolated in the planning process without manifesting its island complementary role in the Indian context, for regional development is also to be viewed as a mechanism of removing the nation's backwardness. The character of regional development is such that it is process of integration with the national economic development. The regional aspect of development planning should help to increase the productivity of the national economy. In the context of modern global development, a regional plan can achieve full significance only as part of a set of national and supranational objectives and these objectives must be reflected in the regional plan. The issue of border trade has to be viewed from this angle. It goes without saying that regional development is aimed at increasing the welfare of a region as expressed by such indicators as income per capita, availability of social services, employment opportunities, greater productivity and level of infrastructural development.

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rth-East India today has acquired an economic identity of its in largely due to the acknowledgement at the national level of imperatives of development overcoming the ageold consints which has traditionally disintegrated its economy from a rest of India. The book examines the crying need of balanced velopment of the region by highlighting the state of the promote infrastructural base, resource mobilization process, man resource management and above all the rising expectance of the people. The critical role of the North-Eastern Council operational dynamic and potentialities have received due atment to facilitate an in-dept understanding of the scenerio. The economic viability and inadequate infrastructure so longueded development and a number of eminent scholars have agested ways and means of overcoming the problems of velopment.

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