



PROSPECTS AND PROBLEMS FOR INDUSTRIAL GROWTH IN NE REGION OF INDIA

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Abstract

The North East India, popularly known as NE India is comprises eight states i.e. Assam, Arunachal Pradesh, Mizoram, Manipur, Meghalaya, Tripura, Nagaland and Sikkim. These states are geographically separated and isolated from other parts of India. The economy of North east India has got its definite identity due to its peculiar physical, geographical and socio-cultural nature. The NER of India covers an area of 2.62 lakh sq. km. It accounts for 7.9 percent of total geographical area of the country. With a total population of 49 million (2011), it accounts for 3.7 percent of total population of India. After completing over its 72 years of independents also the region has still very poor in road, rail and other communication facilities and underdeveloped in several other grounds. Government of India have been expressing its utterance for the development of this region at political level since its independence, but fruits of development are still far away. In this paper an attempt will be made to highlights the problems and opportunities for growth and development of the region.

Key Words: Geographical, Underdevelopment, Political, Communication, Problems, Opportunities

Introduction

Pre-British periods, India was more industrially advance than the economy of other West European countries. The Britishers systematically destroy the industrial base of Indian. After Independence, Indian Government has been undertaking different measures for development of Industrial sector so as to development of economy of the country. For plan development of the nation, central government took different policy measures under its different five year plans. Accordingly, special initiatives were also being taken up for speedy development of underdeveloped areas. Considering the slow economic development in North Eastern Region (NER), besides plan development initiatives, Government of India took special initiative for this region from 1971 onwards with the formation of NEC (North-Eastern Council) in that year. Since that the NEC have been playing significant role in the industrial and other development of the region. But still, the region is remains underdeveloped in terms of GDP & GNP, Industrialisation, transport & communication and in other areas. The present Corona Virus Pandemic and Lockdown further worsened the conditions of the region. This paper made an attempt to highlights some prospects for this region and problems to achieve this prospects.

Brief Profile of NE Region of India

The North East India popularly known as NE India (also known as eight sisters) is comprises eight states i.e. Assam, Arunachal Pradesh, Mizoram, Manipur, Meghalaya, Tripura, Nagaland and Sikkim. This region is geographically separated and isolated from other parts of India. The western side of the North East is connected to the eastern part of the Indian subcontinent by a narrow land corridor, referred to as the Siliguri Neck of "Chicken's Neck". All the eight states of the region reflect ecological and socio-cultural contrasts between the plains and the hills with some elements of similarities. The North East is one of the most bio-diverse regions in the world. The region surrounded by international boarder of Bangladesh, Nepal, Bhutan, China and Myanmar and hence the development of this region especially road and communication, is strategically very much important for security of the nations in general and NER in particular.

The economy of North East India has got its definite identity due to its peculiar physical, economic and socio-cultural characteristics. The NER of India covers an area of 2.62 lakh sq. km. It accounts for 7.9 percent of total geographical area of the country. With a total population of 49 million (2011), it accounts for 3.7 percent of total population of India.

Per capita income of the NE region stood at Rs.132625.00 against all India rate of Rs. 135048.00 per year. Significant fact is that per capita income of Sikkim is more than doubled i.e 3.17 lakhs, than any other NER



states. Per capita Income of Manipur is Rs. 65000.00 only which is the lowest among the NER states. If we exclude Sikkim, per capita income of other seven states of NER is at Rs. 106285.71 which is far below the national average. Main occupation of about 80 percent of population of NER is agriculture. But the region is rich in natural resources like forest, crude oil, mineral etc.

The chronic underdevelopment that characterizes the NER even after seven decades of independence is an indicator to the lack of vision of successive governments at the Centre. It shows how lack of a sustained focus has prevented development of the region, besides significant reserves of human and natural resources. While of late the region is starting to figure in the Centre's scheme of developments, yet, disturbingly, the liberal flow of funds has not translated into visible development on the ground. This reflects poor vision, long-term planning, viable project evaluation and foolproof implementation.

In the following pages of the paper an attempt will be made to discuss some major issues related to prospect and problems for the development of the NER.

Prospect of NER

Prospect of the NER can be discussed by classifying the different business activities into five different sectors as follows;

Sector-wise Prospects

Industrial Sec. Market & Trade Sec. Agricultural Sec. Tertiary/Service Sec. Tourism Sec.

Primary

Secondary

Industrial Sector

Industry is further classified as primary and secondary according to nature of activities.

- a. **Primary Industry Sector:** Primary industries are basically developed on natural resources and living species which are reproduced for earning profits by selling them. Natural resources available in NER can broadly be classified as a) Mineral resources like- coal, crude oil, natural gas, limestone etc., b) Forest resources like- timber, bamboo, cane, reed, sand and stone chips and animals, and c) Water Resources. NER are quite rich with its deposits of above resources which may provide ample scope for industrialisation through its full & proper utilisation. Forest resources also help for generation of self employment by starting cottage and small scale industries. The environment and climatic condition of NER are favourable for life stocks/animal rearing etc.
- b. **Secondary Industry Sector:** In secondary industry, materials are to be processed and reproduced as semi-finished or finished products which have already been produced at the primary stage. Secondary industry can again be classified as Manufacturing and Construction industries. The products of primary industries are generally used as raw materials by manufacturing industry. The significant amount of stock of various raw materials provides opportunities for development and promotion of Thermal and Hydro power project, Oil and Gas related industry like- exploration of crude oil, fertilizer, soap making, paints, candle, plastic etc, Cement, Cotton and Textile industries etc. As the region has poor infrastructural position there are vast scopes for development of construction industry. In fact, development of such industry can help for development of the region.



Market & Trade Sector

Trade, the purchase and sale of goods and services is essential parts for the economic development of the region which will helps for easy access to products by the customers as well as distribution of product to different markets. Strategically, the region is covered by national and international boundary of number of international countries, Over 98 percent of NE boundaries are international boundaries. Based on this scope, the region could be made a trading and commercial hub of Southeast Asia. Act east policy of the government of India will further extend the scope for international market as this region could have the entry point of Asia Nations.

Agricultural Sector

Agriculture is the back bone of the Indian economy and about 70 percent of total population gets their lively-hood from agriculture and NE also do not have its exception. NE are producing both food and cash crops. Main food crops include rice, wheat, pulses, potato, maize etc. The principal cash crops are tea, jute, oilseeds, tobacco, sugarcane etc. Tea is already established as the most popular and export earning agricultural based industry of Assam. However, the region can leads for growth and development of agricultural based industry like- jute, coffee, rubber and oil-plam, milk production etc. besides other agricultural food production.

Tertiary or Service Sector

Tertiary or service sector is another significant area where entrepreneur can establish their livelihood. Activities of this sector include transportation, banking, insurance, warehousing and advertising etc. These activities will helps to smoothens the flow of goods and services from the manufacturer/producers points to those who use them. Thus, equal development of this sector along with other sector is very much important as other sectors are dependable in this sector.

The region has ample scope for the development of tertiary or service sector. Development of this sector will provide fuels to industrial development by providing support services to primary and secondary sectors. In fact it is said that service industry are the backbone of all business activities.

Tourism Sector

The region has rich heritage monuments, beautiful hilly mountains and natural outlook which can attract the national and international tourist. Though all the eight states have the possibility of tourist attractions, only Sikkim get some advancement in this regard as a result their per capita income also significantly good. Due to lake of basic facilities like hotel, transportation, site development and beautification, information and communication this sectors unable to attract tourist. Club with service sector, tourism sector have the scope for blooming the region.

From the above discussion it is clear that the region have more potential for its economic development. It has the vest scope not only for industrial and allied development. The region is richer in social, cultural and other fields like human talent in certain aspect. The region is proud for producing talents in sports and games. Mary Com, Baisung Bhutia, Jayanta Das, Hima Das are some of the few name which may mentioned in this regards. These persons develop their skill with very limited facilities. Thus, if facility provided to others, the region can produced more talents in future. The success achieved by different persons are very limited and still there are hope and scope for all-round development of the region if the proper environment is created jointly by state and central government at political, practical and economic level with pragmatic solution. In the following paragraph some of the important hurdles for underdevelopment of the region are highlighted so that corrective measures can be undertaken.

Problems

Problems faced for development of NE Region of India are discussed in the following paragraphs.

1. Infrastructure and communication bottlenecks

Adequate infrastructure is the prime requirement for growth and development of a region. Being a geographically isolated from other parts of the nation, NE have very poor infrastructure facilities. Even

head quarter of almost all states of NE except Assam, yet not linked with rail and express highways which are treated as most significant, convenient, frequent and easy accessible means of transportation. Lack of good road and rail connectivity is one of the biggest problems of NE India. The quality of roads, even the national highways in many parts are in dismal condition. It is a rather very common sight to see landslides, potholes, falling rocks etc in our highways, many of which become extremely dangerous to travel, especially during the monsoon. Only 3 states of the NE are connected by broad gauge railway that also in Meghalaya and Arunachal Pradesh a very little part covers without touching their capital cities. The region has lack of decent airport so also batter communication facilities.

2. Poor investment & credit facilities

Capital is considered to one of the most important elements for economic development. Low per capita income leads for low capital formation which results for poor investment capacity of people. Investment both from government and private sectors are mostly insufficient. Outside investors are not interested to invest their capital in this region because due to lake of basic facilities and risk. Government also failed to facilitates the outside investors for greater benefits of this region. Banking and other financial institutions which is considered as one of the important and cheapest sources of fund especially for cottage and small enterprises have also failed to cater the needs of the entrepreneur.

3. Un-utilization and underutilisation of resources

It is cleared from the above discussion that the region has sufficient reservoir of various resources. These resources are either unutilised or underutilised due to lack of smooth communication and infrastructural facilities, investment, and entrepreneurial inability or lack of knowledge for proper utilisation of such resources.

4. Technical knowledge of people

People of NE have lack of technical knowledge and expert idea for promoting industry by utilising available resources. Absence of technical personnel within the region has force to depend on outsider. Due to dearth of technical personnel, development activities are suffering because of huge delay in the commissioning of the project.

5. Political willingness

Lack of political willingness of regional and national political persons are the another major causes for underdevelopment of this region. From the independence, central government have announced and undertaken numbers of lucrative project for the development of the region. But, most of the project failed to benefits the people due to delay in completion or non-completion of the project. For example, meter gauge conversion from Lumding-Silchar project is completed over more than 8 years delayed. Similar challenges are also there in the Jiribam-Imphal and Silchar-Aizawl railway link etc. Similarly, other projects have also been delayed especially the Saurashtra-Silchar East West corridor, Lower Subansiri Hydroelectric Project and many more projects failed to complete even in revised fixed date due to political-social nexus.

6. Lack of entrepreneurial ability

According to Joseph A Schumpeter “the function of entrepreneurs is to reform or revolutionize the patter of production by exploiting an invention or more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way by opening up a new source of supply of raw materials or a new outlet for products, by reorganising an industry and so on”. Local people of the region have lack of entrepreneurial, promotional and innovative idea and hence available resources of the region are remained unexplored, unutilised and underutilised or miss utilised.



7. **Geographical conditions**

NER is geographically separated from the other parts of the country. The region comprises high hilly terrain and thick forest and number of rivers etc, which is the major bottleneck for infrastructure development.

8. **Technological backwardness**

Technological advancement is at the heart of development process. Over the decades most of the production of this region carried out with traditional or outmoded technique because of which lower volume and higher cost of production per unit. Though the nation as a whole achieved its success to develop and utilised modern sophisticated technique of production in different fields, NER failed to get any significant benefits from this. Even in agriculture, which provides subsistence to more than half of the population, are also using backward technique.

9. **Lack of proper marketing facilities**

Though the region has the scope for progressing with international tread, due of poor infrastructural facilities most of the producers failed to get proper market of their product. Lack of proper marketing facility is stand as the obstacle for industrial development. Problems of market are not only for raw materials and productive goods but also for acquiring proper machinery and equipment for industries. This problems further getting more fuel because of increasing the competition among the big industrial sectors developed outside this region. The national and international industrialist using this region as the market for productive goods and the local producers failed to compete with them.

10. **Investment risks**

Strategically investors found more risk to invest in this region as the about 98 percent of boundary are covered by international boarder. Moreover heavy risk involve because of natural calamities like flood, land slide etc and extremist problems. Private sectors investment in this region is significantly low due to high investment risks.

From the above discussion it is clear that the region has failed to achieve its development because of numbers of problems right from poor investment to lack of political interest and extremism. In 1971, the Central government has set up the **North Eastern Council** covering all states of the region. The main purposes for constituting NEC was to look into the matters that were holding back the progress of the NER region and then take the necessary action against the bottlenecks. The council has to its credit a lot of achievements mostly in electricity, education, sports and employment generation. The council has funded projects producing around 250 MW of electricity, taken up major highway and bridge building projects and funded many engineering and medical colleges etc. The council have been funding the various development projects in all the eight states which includes project related to agriculture and allied services, power, irrigation, flood control and MSW, industries, tourism, human resource development and employment, science and technology and information and public relation.

To promote development in NER, Ministry of Development of North East Region (DoNER) was established by the Central government. Ministry of DoNER is responsible for the matters responsible to the planning, execution and monitoring the development schemes and project of the North East Region. Its vision is to accelerate the pace of socio-economic development of the region so that it may enjoy growth parity with the country. DoNER in coordination of NEC, NEDFI (North East Development Finance Corporation Ltd.) and central government, have been supporting to the implementation of various projects for infrastructural and economic development of the region. The central government has also developed and implemented North East Industrial and Investment Promotion Policy (NEIIPP) in 2007 to provide concessions and subsidies for the various industries of NER. These are the some of the significant measures undertaken by government for growth and development of the region. But, the region could not achieve it desired goal till today. This is mainly because lack of political willingness,



lack of people awareness, and finally lack of proper implementation and utilisation of different measures available for it.

Constant landslides, floods, challenging terrain are the major hindrances for infrastructure development and good rail or road connectivity in the NE region. This results for high prices of essential commodities, difficulty in providing good health care to the people of the remote places, agriculture and industrial development. Communication and transport, health and sanitation, power production and supply, agricultural modernization, flood control, erosion and land slide, technical education, employment generation, industrialization, social unity, terrorism are problems of this region which are to be realized the governments to solve the problems.

DoNER Ministry decided to launch a “Make in North East” campaign by finalising a plan for appoint a brand ambassador for this region. Make in North East initiative will in the long run seek to promote exclusive north east expertise in areas like tea processing, organic farming, food processing, exploitation of wind power through wind mills, Ayush and wellness therapies like spas among others. The real fact is that, central government have not laps to formulate policy and other initiative for the development of the region but their implementation is significantly poor because of which the region is remains underdeveloped.

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