

**Arunava Mondal**

Research Scholar, Dept. of
International Relations,
Jadavpur University, WB; &
Assistant Professor,
Dept. of Political Science,
**Seth Soorajmull Jalan Girls'
College**, Kolkata
arunavam08@gmail.com

Developmental Thinking on North-East India

Arunava Mondal

Abstract:

In the common parlance North-east has been synonymous with the problem of insurgency and underdevelopment. At the time of independence, the per-capita income of North-East region was 4 percent ahead of rest of India. However, in years after 1947 its economic indices have dwindled and standard of life in the region fallen. In this backdrop the article revisits the aspect of

development in the region in post-independence period going through the different policy paradigm that the state of India adopted towards the regions. Subsequently trying to figure out how has post-independence developmentalist agenda of the state placed the North-East in the economic matrix of the nation India.

Keywords: ethnicity, state, productive force, development

1. Introduction:

Historically looking into North-East if we try to question its state of economy neither the presence of poverty or debt was prevalent in pre-colonial times. On the contrary in many writings of colonial administrators a contended state of existence has been portrayed. This shows that the traditional economy was not impoverished or incapable of meeting the basic requirement of people. The resilience of the traditional economy was in its small-scale operation, use of simple technology and limited exploitation of resources to meet the needs of people.

The notion of development arrived into region with the colonial power and the revenue oriented; resource- intensive policies of the colonial regime which set the tone of underdevelopment in the region. The ideology of improvement based on the principle of extensive resource exploitation for maximizing profit worked against the traditional economy gradually destroyed the time-tested relations of production of the past. This developmentalist approach was taken forward by the post-colonial nation state and gradually in process of post-independence evolution; development became an important tool of political bargain for the state and political elite in the region. As the post-colonial state went forward within the binary of modern-traditional by siphoning capitalism the indigenous economy of the region has been largely kept in isolation. Under neo-liberal framework when a process of re-imagining is taking place under new economics underdeveloped productive force of the region seems to be challenge in front of the state to relocate it out of its peripheral existence.

2. Literature Review:

Gurudas Das (2012)¹ has said in his book *Security and Development in India's Northeast* provides an insightful account of how problem of insurgency has a strong connection to proliferation of economic underdevelopment in the region and which results in deteriorating political stability and finally the co-relation between insurgency, underdevelopment and instability act as a conflicting trap for the North-East region

Bhaumik Subir in *Troubled Periphery* have argued that how ethnicity, ideology and religion have shaped conflicts in the region. It also throws light on how major insurgencies, issues of displacement, weak institutions at the regional level had led to the crisis of development (Bhaumik, 2015)².

Bhattacharjee Govind argued in *Special Category States* that the "special category" status accorded to certain states in the Indian Union allowed for much higher per capita central assistance compared to other states to flow unto these states enabling some of them to march ahead and prompting demands from others for this status. But these special category states were backward due to reasons of geography, while for the states which are demanding this status today, issues linked to governance lay at the root of their backwardness. (Govind, 2016)³

Das Gurudas and Thomas Joshua C. in *Look East to Act East Policy* analyses the instrumental role of Look East Policy in bringing a tectonic shift in India's foreign trade by redirecting the focus the West to East, thus leading to fundamental in the nature of India's Economic interdependence. (Gurudas & Thomas, 2016)⁴

Fernandes, W., & Bharali, G. *Development Induced Displacement and Deprivation in Assam 1947-2000*, gave a vivid imprint through factual presentation the nature of displacement of people in the region for development project. An estimation of land acquired for industries and communication facilities in the region and people's story of deprivation in their loss of ethnic space.(Fernandes & Bharali, 2006)⁵

Mishra K. D. in his article *India's Developmentalism in North-East Region and Its consequences: Identity, Uncertainty and Migration* argued that employment and higher education are two important factors that drives people out of the region in search of better living standard as the process of industrialization is sluggish in the region. The nature of industrialization according to

¹Gurudas., D. (2012). *Security and Development in Northeast India*. New Delhi: Oxford University Press.

²Bhaumik, S. (2015). *Troubled Periphery: Crisis of India's North East*. New Delhi: Sage Publications India.

³Govind, B. (2016). *Special Category States*. New Delhi: Oxford University Press.

⁴Gurudas, D., & Thomas, J. (2016). *Look East to Act East Policy: Implications for India's Northeast*. New York: Routledge.

⁵Fernandes, W., & Bharali, G. (2006). *Development Induced Displacement and Deprivation in Assam 1947-2000: A Quantitative and Qualitative Study of its Extent and Nature*. Guwahati: North Eastern Social Research Centre.

Mishra also lacks the capacity of absorbing white collar jobs in the region as a result the employment indices increase with higher education qualification in North-East.(Mishra, 2019)⁶

Beside data from Handbook of Statistics of Indian Economy and Various Issues of RBI, State Finances: A Study of Budgets, RBI Bulletin & Annual Reports, Ministry of Commerce, Government of India has been used to cite information regarding investment, credit-deposit ratio and fiscal nature of the region.

3. Objectives:

- 1) To understand the Development Trajectory in North-East.
- 2) The role of State in the Developmental Thinking in North-East.
- 3) How re-imagining of North-East is taking place within the Neo-liberal paradigm of Developmental state.

4. Methodology:

The work is based on secondary sources. The paper is descriptive in nature and for the purpose of writing information from books, journal, government report and seminars available in public domain have been obtained. By analyzing data from different reports, surveys and interviews the argument had been presented in the article. In the articles data in the form of tables have been used to reflect upon several indices of development in the region which has been analyzed as a part of the study.

5. Discussion:

The term North-East is used to describe eight states of India namely- Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim. Sikkim is late entry to the list and does not bear geographical contiguity with the North-East region in particular. The Nomenclature "North-East" has a administrative and political implication, where the region as a whole is viewed as one single entity, but in reality the region represents extraordinary diversity in term of ethnicity, economy and ecological existences. The region exhibits varied social composition of population in terms of religion, ethnicity and languages with existences of different and distinctive cultural and institutional pattern within the societies of North-East.

In the administrative and academic circle, the understanding of North-East has often been on the basis of development policy towards the region which has shaped the economic and political

⁶ Mishra, D. K. (2019). India's Developmentalism in Northeast Region and its Consequences. In R. Bhattacharya, *Developmentalism As Strategy* (p. 136). New Delhi: Sage Publication India.

approach towards the region. The development approach of the state towards the region has progressed through different paradigms. In the post-independence decade, the initial approach of the Indian state was based on the ethos cultural plurality, where preferred a policy of minimal intervention and leaving the aspect of development more on the institution of the region. The 1962 war with china changed the trajectory of Indian state towards the North-East as security became a predominant consideration of the state in the region. The deteriorating political condition gave rise to internal security threat and in order the subdue the unrest and prevent the situation from spiraling out of control the state went for granting wider political representation in the region to accommodate political space to more ethnic groups in the region.

From 1980 onwards the Indian state attempted to address the economic backwardness of the region through liberal economic packages and this marked the beginning of the development paradigm in the region. However, problem of corruption, lack of technical expertise and poor resource generation capacity of the states in the region failed to achieve the desired outcome. Thus, since 1990's another dominant thinking about North-East surfaced which became known as Neo-Liberal paradigm. Under Neo-liberal paradigm state became facilitator of the market in the region where North-East was re-conceptualized as a corridor for regional cooperation within the framework of Krugman's idea of new economic geography.

6. Analysis:

Development is more of a process than outcome involving movement from one state of condition to that of other. This change of state is not simply a product of human interaction but also involves interaction with the nature- how natural resource is converted into cultural resource. This process of human interaction has been continuing from time immemorial and only the pace and nature of it has evolved with time, signifying the trajectory of development.

The centrality of development in economics or for that matter the role of state in it is not something that is to be found in the ideological domain of the medieval time. The premise for developmentalist ideology was laid in the Classical political economy with the rise of mercantilism in the seventeenth century that also paralleled the rise of nation-state. The state centric development approach was introduced in North-East by the Colonial regime. During the colonial period a modern-traditional binary was created in the industrial sector within a surplus-subsistence framework. The colonial state from surplus extraction developed the tea plantation and resource extraction industry in the region while keeping the traditional sector isolated and underdeveloped. The post-colonial state of India continued with the modern-traditional binary in the region. The industries developed by the colonial state for surplus generation were either nationalized under the Union government or passed into the hands of corporate house from mainland India without developing any market linkages with the local traditional industries. A

minimal allocation of 1% of total plan allocation did very little to break the binary of modern and traditional in the North-East.

Out of 620 tea gardens in the Brahmaputra valley only 158 were own by Assamese Planters. As the tea trade is controlled by the Tea Board situated in Kolkata, the region also lost its vital share of sale tax on tea. The crude oil that is produced in North-East is of high quality according to international standard, but till 1980 the region was deprived of a refinery and instead oil produced in North-east was send to refinery at Barauni in Bihar from where it was sold. Thus, despite supplying 60% of India's crude oil only 3% as royalty is received from the central government. In this fashion, the process of resource extraction continued where North-East was reiterated to the peripheries of Indian capitalism. In 1960's when India's economy was severely hit by a foreign exchange crisis it was Assam's tea, oil and jute industry that provided the much-needed relief. (Gurudas., 2012) Thus in the post-independence instead of reviving North-East economy on the basis of its resource strength the effort was directed by the state to use the region capacity to strengthen the economy of mainland India by depriving the North-east.

Secondly, one of the major interventions that took place during this period was the change in land holding pattern from community ownership to individual property rights and this had a long and devastating effect on issue of land resource and identity in the region. Most of the communities in the region traditionally adhered to community ownership but within the legal positivism of the modern state a shift took place towards individual ownership, and in most cases these community lands became government property in absence of individual owner. And when these lands were acquired for infrastructural or any development project the people who were dependent on the land were not given any rehabilitation benefits for, they didn't have any legal document to prove their ownership over the land. For instance, according to official documents in the proposed Pagladia Dam in Nalbari District of Assam displaced people were said to be little over 18,000 but in reality the number is more than 105,000, because tribes inhabiting under CPRs were not taken into account. In the table below land used by major medium and Minor water resource projects (in acres) from 1947-2000 has been provided to give an understanding between private land and CPR.

Thirdly, in the paradigm of political representation, in order to suffice the demand for political recognition by different ethnic communities in the region, the Union government formed several provincial political institutions in the region without taking into consideration the economic viability of these states.

Table No. 1. Land used for water projects in North-East (1947-2000)

Category	Private (acres)	CPRs (acres)	NA (acres)
Major	27,970.45	56,788.48	00
Medium	13,864.89	28,149.94	00

Minor	NA	NA	64,534.39
Total	41,835.34	84,938.42	64,534.39

NA- when the land is not certain as revenue or forest land. Source: (Fernandes & Bharali, 2006)⁷

Thus, in the coming decade's fiscal deficit became a common problem for the small states in the region and so most assistance from the Centre was spend on maintaining fiscal balance than investing on development. In an interview, the then Rural Development Minister Venkaiah Naidu Disclosed that North-Eastern states failed to utilize Rs 324 crores provided to them in 2000-01 because the states in the region couldn't meet their share of contribution in the project.⁸

Table No. 2. Major fiscal indicators

Item	Region	1990-2000	2000-2010	2010-2015
GFD (Gross Fiscal Deficit)	NER	3.8	2.9	3.3
Revenue Deficit	NER	-1.4	-1.9	-2.4
Primary Deficit	NER	0.6	-0.1	1.4
Debt-GSDP	NER	29.3	28.9	22.5

Source: Handbook of Statistics of Indian Economy and Various Issues of RBI, State Finances: A Study of Budgets. (RBI, Various Years)⁹

Table No. 3. Devolution and transfer of resource from center to the North-east (1990-91 to 1998-99)(Rs. in crore)

States	Gross Devolution	Annual Average	Ratio of annual net transfer of NSDP (%)
Arunachal Pradesh	5,489.18	609.71	78.05
Assam	25,160.62	2,795.62	16.82
Manipur	5,583.20	620.36	54.14
Meghalaya	4,994.40	554.93	46.53
Mizoram	4,837.87	537.41	96.37
Nagaland	6,607.16	734.13	67.56
Tripura	7,266.94	807.43	55.60

Source Gulshan Sachdeva, Northeast Council, 2002 in (bhaumik, 2015)¹⁰

Fourthly, as said, effort of the state in the initial decades, were not centered on developing the capacity of local and the traditional industries in the region. In the development and Neo-

⁷Fernandes, W., & Bharali, G. (2006). *Development Induced Displacement and Deprivation in Assam 1947-2000: A Quantitative and Qualitative Study of its Extent and Nature*. Guwahati: North Eastern Social Research Centre.

⁸Bhaumik, S. (2015). *Troubled Periphery: Crisis of India's North East*. New Delhi: Sage Publications India.

⁹Reserve Bank of India. (Various Years). *Various Issues of State Finances: A study of Budgets*. Retrieved January 15, 2022, from www.rbi.org.in/Scripts/AnnualPublications.aspx?head=State%20Finances%20:%20A%20Study%20of%20Budgets

¹⁰bhaumik, s. (2015). *Troubled Periphery: Crisis of India's North East*. New Delhi: Sage Publications India.

liberal paradigm the emphasis was more on developing infrastructure of the region. Though infrastructure is an important factor for underdevelopment in the region but it's not the only factor as problem of insurgency, lack of entrepreneurial class and poor credit-deposit ratio has also contributed to underdevelopment of productive forces in the region.

Table No. 4 Credit deposit ratio in North-eastern States

States	Credit-Deposit Ratio (credit as % of Deposit)	
	Year 2004	Year 2012
Arunachal Pradesh	25.4	22.5
Assam	32.5	37.3
Manipur	34.5	30.1
Meghalaya	30.6	25.3
Mizoram	39.3	38.1
Nagaland	17.9	26.8
Tripura	29.2	32.6
North-East	31.2	33.3
National Average is 53.9%		

Source: RBI Bulletin (Reserve Bank of India, 2015)¹¹

As a result, the process of industrialization in North-East has remained poor. Though several attempts from the inception of New Industrial policy of India, 1991 had been taken to woo investors in the region and from outside the region, but results have been far from the desired goal.

Table No. 5. Industrial Entrepreneurs Memorandum (IEM) filed in North-East since 1991

States	IEM Filed from 1991-2014		IEM implemented from 1991 to 2014	
	Numbers	Proposed investment in million Rupees	Numbers	Investment in Million Rupees
Arunachal Pradesh	59	36,065	6	529
Assam	719	295,744	136	15,192
Manipur	11	410	13	385
Meghalaya	299	123,164	39	1,621
Mizoram	3	318	1	28
Nagaland	16	163,276	0	0
Tripura	48	24,475	6	737
Total NER	1,155	643,452	201	18,492
Total India	93,324	93,665,590	9,253	3,719,567

Source: Annual Reports, Ministry of Commerce, Government of India (Promotion, Various Years)¹²

¹¹Reserve Bank of India. (2015). *RBI Bulletin*. Mumbai: Reserve Bank of India.

¹²Department of Industrial Policy & Promotion. (Various Years). *Annual Report on investment under Industrial Entrepreneurs Memorandum*. New Delhi: Ministry of Commerce, Government of India.

Table No. 6. North-Eastern economic structure
(sectoral contribution to NSDP) (figure in percentage) (2005-2008)

States/ Country	Primary Sector	Manufac- turing	Construction	Secondary Sector	Banking	Public Adminis- tration	Tertiary Sector	NSDP
Arunachal Pradesh	32.32	1.87	22.29	25.29	2.35	15.86	42.39	100
Assam	39.43	8.96	5.58	15.31	4.91	6.75	45.26	100
Manipur	28.69	7.02	13.22	20.38	2.40	14.94	50.93	100
Meghalaya	32.30	2.47	10.21	13.02	3.76	13.39	54.68	100
Mizoram	24.28	0.86	11.83	13.90	2.72	19.85	61.82	100
Nagaland	33.35	0.73	11.49	11.57	1.32	12.62	55.08	100
Tripura	25.83	2.47	26.38	31.37	3.52	16.23	47.29	100
India	20.55	15.39	7.20	24.71	6.68	5.64	54.74	100

Sources: Calculated on the basis of data from the Reserve Bank of India (2005) & Central Statistical Organization (2008) (Roy, 2017)¹³

Historical pattern of development around the world suggest that the manufacturing plays a vital role in the process of economic development but in the case of North-East we find that the contribution of manufacturing sector is the least followed by the banking sector. The prominence of the primary sector reflects the backwardness of the region's economy. The important contribution that comes from construction sector is mainly due to the infusion of capital from outside agencies and central assistance.

With growing population, land-man ratio in the region is not going to be favourable for further increase in primary sector and within the framework of an underdeveloped productive force, reliance on other sectors of economy is also not going to be sustainable and this is and will create an employment crisis in the region which is reflected in the pattern of migration from the region.

Table No. 6. Reasons for out-migration (Per 1000 Individuals) in North-East

Reasons	Migrants per 1000 persons
Employment	483
Studies	63
Marriage	394

Source: 64th Round of NSS (Mishra, 2019)¹⁴

Whatever little industrialization is there in the region is insufficient to provide employment to educated youth of the region. From the table below, looking into the employment indices of the

¹³Roy, N. C. (2017). Emerging issues of Human Development in Northeast India. In D. K. Upadhyay, *Rethinking Economic Development in Northeast India: The Emerging Dynamics* (p. 165). New York: Routledge.

¹⁴ Mishra, D. K. (2019). India's Developmentalism in Northeast Region and its Consequences. In R. Bhattacharya, *Developmentalism As Strategy* (p. 136). New Delhi: Sage Publication India.

region we will notice that with higher qualification employment opportunity in the region declines, which is reflective of the relative backwardness of the industries in the region.

Table No. 7. Unemployment by Educational Attainment of Young Population in North East India

Educational Attainment	Rural	Urban
Illiterate	0.93	0.7
Up to primary level	0.76	2.08
Middle	5.44	5.92
Secondary	12.01	7.61
Higher Secondary	13.88	14.76
Graduation & above	17.06	16.79

Source: 68th Round NSS (Mishra, 2019)¹⁵

In the Neo-liberal paradigm where North-East is conceptualized as a space for regional cooperation within the grand-narrative of connectivity, the question remains, how much is North-East going to benefit from such economic mapping. With a poor manufacturing sector North-East as a region has very little to offer and this disadvantageous existence of North-East will only reiterate the region to the peripheries of the economic space it is imagined to be part of.

Table No. 8. Commodity Structure of NER's Border Trade (1998-2013)

Commodity Group	NER's Export (% share in total)	NER's Import (% share in total)
Agro-horticultural and allied products	5.2	39.9
Manufactured goods	6.4	43.0
Ores and Minerals	79.6	13.9
Others	8.8	3.7

Source: Customs data (Das, 2019)¹⁶

7. Conclusion:

The approach of the Indian state towards the North-East region under its developmentalist framework through different paradigm of culture, security, political representation has essential missed on the question of development. Rather under these paradigms the Indian state has only reiterated North-East to its peripheral existence by resource extraction and not developing the indigenous economy of the region. In the paradigms of Development and Neo-liberal the thrust of the Indian state has been on infrastructure development. But it has been proved that by simply

¹⁵Ibid.

¹⁶Das, G. (2019). Development of India's North East: Cross-Border Market, Trade and Sub-Regional Cooperation. In R. Bhattacharya, *Developmentalism As Strategy* (p. 216). New Delhi: Sage Publications India.

improving infrastructure economic growth cannot be achieved. From 1991 onwards through new Industrial policy emphasis has also been given to bring industries to the region, but so far, the achievement in that front has also not been a success story. In this juncture state may look towards a more community inclusive development approach towards the region depending on the strength of the local market and skills available and try to improve the regions trade with neighboring states and then re-imagine it within a broader framework of regional cooperation, otherwise with underdeveloped productive force North-East can never come out of its peripheral legacy and underdevelopment will always remain a soft underbelly to ignite ethnic violence.

Reference:

- Bhattacharjee, G. (2014, october 04). *The Reality of Special Category States*. Retrieved January 03, 2022, from www.jstor.org: www.jstor.org/stable/24480823
- Bhattacharya, R. (2019). *Developmentalism As Strategy: Interrogating Post-Colonial Narratives on India's North East*. New Delhi: Sage Publications.
- bhaumik, s. (2015). *Troubled Periphery: Crisis of India's North East*. New Delhi: Sage Publications India.
- Borgohain, W. F. (2017). Journals of Dispute: Media Coverage of Conflicts in the Northeast. *North Eastern Social Research Centre* , 246.
- Das, G. (2019). Development of India's North East: Cross-Border Market, Trade and Sub-Regional Cooperation. In R. Bhattacharya, *Developmentalism As Strategy* (p. 216). New Delhi: Sage Publications India.
- Fernandes, W., & Bharali, G. (2006). *Development Induced Displacement and Deprivation in Assam 1947-2000: A Quantitative and Quantitative Study of its Extent and Nature*. Guwahati: North Eastern Social Research Centre.
- Govind, B. (2016). *Special Category States*. New Delhi: Oxford University Press.
- Gurudas, D., & Thomas, J. (2016). *Look East to Act East Policy: Implications for India's Northeast*. New York: Routledge.
- Reserve Bank of India. (2015). *RBI Bulletin* . Mumbai: Reserve Bank of India.
- Mishra, D. K. (2019). India's Developmentalism in Northeast Region and its Consequences. In R. Bhattacharya, *Developmentalism As Strategy* (p. 136). New Delhi: Sage Publication India.
- Promotion, D. o. (Various Years). *Annual Report on investment under Industrial Entrepreneurs Memorandum* . New Delhi: Ministry of Commerce, Government of India.
- Reserve Bank of India. (Various Years). *Various Issues of State Finances: A study of Budgets*. Retrieved January 15, 2022, from www.rbi.org.in: www.rbi.org.in/Scripts/AnnualPublications.aspx?head=State%20Finances%20:%20A%20Study%20of%20Budgets
- Roy, N. C. (2017). Emerging issues of Human Development in Northeast India. In D. K. Upadhyay, *Rethinking Economic Development in Northeast India: The Emerging Dynamics* (p. 165). New York: Routledge.