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COMMUNITY DEVELOPMENT IN NORTH EAST INDIA : ISSUES AND CHALLENGES

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Abstract : The North East India is marked by diversity in customs, cultures, traditions and languages. It is home to multifarious social, ethnic and linguistic groups. The North East region is characterised by physical isolation having great distance from the core, high cost of access, sparse population, low GDP per capita, dependence on tertiary sector in the economic structure, limited local economic control, relative neglect by the central government and borderland locations. Development or prosperity encapsulates and represents a multi-dimensional connotation. To capture the multidimensionality of development, this paper visualizes some aspects of development, namely—physical infrastructure, social or institutional infrastructure, industrial performance, human development, privatization of industry and investment and public efforts expressed in terms of government expenditure to facilitate developmental activities. The present paper intends to bring out the position of the North Eastern States vis-a-vis the other states of India in matters of prosperity on the basis of the most recently available as well as comparable data compiled from secondary sources.

Key Words : Development, Caste, Culture**,** Human Development, GDP, Community

Introduction

India's North Eastern Region is a 'rainbow country …extraordinarily diverse and colourful, mysterious when seen through parted clouds'. It stretches from the foothills of the Himalayas in the eastern range and is surrounded by Bangladesh, Bhutan, China, Nepal and Myanmar. It includes the seven sisters - Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura, along with a small and beautiful cousin in the Himalayan fringes, namely, Sikkim. The region is rich in natural resources, covered with dense forests, has the highest rainfall in the country, with large and small river systems nesting the land and is a treasure house of flora and fauna. Marked by diversity in customs, cultures, traditions and languages, it is home to multifarious social, ethnic and linguistic groups (Italian Trade Commission, 2011). The pristine beauty of the eastern Himalayan region charmed India's first Prime Minister, Jawaharlal Nehru who attributed the hills of Meghalaya as 'Switzerland of the East' and Manipur as 'Jewel in the East'. The 'Incredible India Campaign' describes Arunachal Pradesh as the 'Virgin Land', Mizoram as 'Songbird of the East', and Sikkim as the most exquisitely beautiful land. Pristine environment and off-the-beaten path destinations, peripheral and isolated regions located near national borders or in areas of difficult climate and topography has attracted intellectual discourse seeking an alternative development route

to such borderlands (Hall & Boyd, 2005). Such regions are characterised by physical isolation having great distance from the core, high cost of access, sparse population, low GDP per capita, dependence on tertiary sector in the economic structure, limited local economic control, relative neglect by the central government and borderland locations (Wanhill, 1997). These characteristics are aptly found in the North East region of India.

The abundant natural resources have prompted the government to flag 'the paradise unexplored campaign', but lack of vision in planning and management in the development policy of the region has not produced the desired outcome. The region continues to be characterized by low per capita income, low investment, acute unemployment problems, poor communication and infrastructure. The undeveloped condition is attributed to the phenomenon of isolation (physically- administratively in pre-independent India before 1947) and lack of planning and development policy in post independent India. The importance of the region was never more than a military strategic border (Samantha, 1994, Thomas, 2006, NERC, 2005). The alienation led to undeveloped condition and this produced acute unemployment problem that increasingly frustrated the youth. The decline in law and order weakened administrative discipline and depleted human capacity. The needs of the people are not met and the low level of motivation manifested in the mushrooming of insurgent outfits operating as extortionists (Maslow, 1943, Alderfer, 1972). The problem of unemployment and economic underdevelopment sustained and encouraged militant activities, disrupted law and order leading to further deterioration of economy and administration.

The North East has remained one of the most backward regions of the country. The trauma of partition in 1947 not only took the region backwards by at least a quarter of a century, but also placed hurdles on future economic progress. It isolated the region, sealed both land and sea routes for commerce and trade, and severed access to traditional markets and the gateway to the East and South-East Asia – the Chittagong port in East Bengal (now Bangladesh). It distanced the approach to the rest of India by confining connectivity to a narrow 27 km wide 'Siliguri corridor', making it a 'remote land' and constraining access for movement of goods and people. The uneasy relationship with most of the neighbouring countries has not helped the cause of development of the region either with 96 per cent of the boundary of the region forming international borders. Similarly, due to poor infrastructure and governance combined with low productivity and market access, private investment has shied away from the region. Inability of governments to control floods and river bank erosion causes unmitigated damage to properties and lives of millions of people every year in the region. If the quest for ethnic and cultural identities has sowed the seeds, frustration and dissatisfaction from seclusion, backwardness, remoteness and problems of governance have provided fertile ground for breeding armed insurgencies. There is overwhelming dependence on the Central Government for resources. Public investment in the region has sub-optimal productivity due to weak forward and backward linkages.

North Eastern Region: Economic, Social and Demographic Profile

North East of India was one political entity named Assam before the rest of the states were carved out of it. The entire North East of India has been a pot of amalgamation of

different cultures and ethnic groups coming and settling here. Earliest mention of this region was by the Chinese explorer, Chang Kien in 100 B.C. The Periplus of the Erythrean Sea and Ptolemy's Geography also suggest the same. The Australoids or the pre-Dravidians were the earliest inhabitants of this state. Huen Tsang, the great Chinese traveller visited this region in the 7th century (ITC, 2011).

The NER stretches from the foothills of the Himalayas in the eastern range and is surrounded by Bangladesh, Bhutan, China, Nepal and Myanmar. The region has a long international boundary with China and Bhutan in the north, Myanmar in the east, Nepal in the west and Bangladesh in the south and west. Most of the hill States in the region like Arunachal Pradesh, Meghalaya, Mizoram and Nagaland are predominantly inhabited by tribal people with a fairly high degree of diversity even within the tribal groups.

Assam was a founding state of the Union of India in 1947. At that time, the state comprised the whole of the North East region. Subsequently, a number of other North Eastern states were formed of Assam, starting with Nagaland in 1962, Tripura, Manipur and Meghalaya became full-fledged states in 1972. The Union Territory of Mizoram came into being in 1972 and attained statehood in 1987. Sikkim became a state in 1975. The North East Frontier Agency (NEFA) was created in 1955. NEFA was renamed in 1972 and became the Union Territory of Arunachal Pradesh, which became the state of Arunachal Pradesh in 1987.

Socio-Economic Profile

The eight States cover an area of 2,62,179 sq. km. constituting 7.9 per cent of the country's total geographical area, but have only 45.56 million people or about 3.7 per cent of the total population of the country (2011 census). Over 68 per cent of the population of the region lives in the State of Assam alone. The density of population varies from 13 per sq. km. in Arunachal Pradesh to 340 per sq. km. in Assam.

Table-1: General Information on North East Region

States	Total Population (in millions)	ST Population (%)	Literacy Rate (%)	Per Capita NSDP (Rs.) 2003-04	Below PovertyLine (%)
Arunachal Pradesh	1.38	68.8	66.95	21,919	33.47
Assam	31.16	12.4	73.18	15,661	36.09
Manipur	2.72	35.1	79.85	16,299	28.54
Meghalaya	2.96	86.1	75.48	20,775	33.87
Mizoram	1.09	94.4	91.58	30,357	19.47
Nagaland	1.98	86.5	80.11	26,129	32.67
Sikkim	0.60	33.8	82.20	26,215	36.55
Tripura	3.67	31.8	87.75	24,984	34.44
NER	**45.56**	**56.1**	**79.6**	**18,032**	**34.69**
India	**1210.19**	**8.20**	**74.04**	**Rs. 25,968**	**26.10**

Source: North East Vision 2020; Census Report, 2001; Census Report, 2011

Richly endowed with natural resources, the region is identified as one of the world's

biodiversity hotspots; it hosts species-rich tropical rain forests and supports diverse flora and fauna and several crop species. The forest cover in the region constitutes 66 per cent of its total geographical area. Similarly, reserves of petroleum and natural gas in the region constitute a fifth of the country's total potential.

Table-2 : Socio Economic Profile of North East

States	Districts (No.)	Forest Area (%)	Rural Population (%)	Decadal Population Growth Rate	Population Density Person/ sq. km.	Sex Ratio	IMR
Arunachal Pradesh	16	80.5	77.3	25.92	13	893	32
Assam	27	35.3	85.92	16.93	340	935	55
Manipur	9	76.5	69.79	18.65	107	974	11
Meghalaya	7	77	79.92	27.82	103	972	52
Mizoram	8	90.7	48.49	22.78	40	935	34
Nagaland	11	80.3	71.03	-0.47	120	900	21
Sikkim	4	47.3	75.08	12.36	76	875	24
Tripura	4	76.1	73.82	14.75	304	948	29
NER	**86**	**66.1**	**72.6**	**17.34**	**NA**	**-**	**-**
India			**68.84**	**17.64**	**324**	**933**	**44**

*Source: North East Vision 2020; Census Report, 2001; Census Report, 2011; *Forest Survey of India, 2011*

The region is covered by the mighty Brahmaputra-Barak river systems and their tributaries. Geographically, apart from the Brahmaputra, Barak and Imphal valleys and some flat lands in between the hills of Meghalaya and Tripura, the remaining two-thirds of the area is hilly terrain interspersed with valleys and plains. The altitude varies from almost sea-level to over 7,000 meter above the sea-level. The region's high rainfall averaging around 10,000 mm and above creates problems of eco system, high seismic activity and floods.

Table - 3 : State-wise Thrust Areas

Parameter	Thrust Areas
Arunachal Pradesh	Power, Mineral Based Industry, Agriculture, Forest Based Industries, Tourism, Textile
Assam	Tea, Energy, Limestone, Cement, Medicinal Plants, Agriculture & Horticulture
Manipur	Khadi and Village Industry, Handloom, Handicrafts, Sericulture, Food Processing, Bamboo Processing, Tourism
Meghalaya	Agriculture & Food Processing, Horticulture, Mining, Cement, Tourism, Hydroelectric Power, Dairy & Livestock, Handloom, Handicrafts, Steel Processing
Mizoram	Bamboo, Sericulture, Agriculture, Horticulture, Tourism, Food Processing, Khadi and Handloom, Minerals and Stones
Nagaland	Bamboo, Agriculture & Allied Industries, Horticulture, Sericulture, Minerals &Mining, Sericulture, Handloom, Handicrafts, Tourism
Sikkim	Bamboo, Agriculture & Allied Industries, Horticulture, Sericulture Minerals & Mining, Sericulture, Handloom, Handicrafts,Tourism
Tripura	Natural Gas, Food Processing, Rubber, Tea, Bamboo, Handloom, Handicrafts, Sericulture, Tourism, IT, Medicinal Plants

Source: North East Vision 2020

Human Development Index

Following a different methodology, Ministry of Women and Child Development, 2009 brought out a report to update our awareness on gender aspects of human development for India and 35 States and UTs. So far as the HDI scores are concerned, all the north-eastern states (except Assam in 2006) attained higher values as compared to national score.

Table-4 : Human Development in North Eastern States, 2006

State	Human Development Index (HDI) 2006		Gender Development Index (GDI) 2006		Gender Empowerment Measure (GEM) 2006	
	Value	*Rank*	*Value*	*Rank*	*Value*	*Rank*
Arunachal Pradesh	.647	20	.642	18	.469	17
Assam	.595	26	.585	26	.417	26
Manipur	.702	7	.699	6	.418	27
Meghalaya	.629	24	.624	23	.346	34
Mizoram	.688	12	.687	9	.374	32
Nagaland	.700	8	.697	7	.289	35
Sikkim	.665	17	.659	15	.447	23
Tripura	.663	18	.626	21	.382	30
India	.605		.590		.497	

Note:

- The Human Development Index is a composite of variables capturing attainments in three dimensions of human development viz., economy, education and health.
- The Gender Development Index adjusts the average achievements in the same three dimensions that are captured in the HDI to account for the inequalities between men and women.
- The Gender Empowerment Measure focuses on gender inequality in three areas: Political participation and decision-making power; Economic participation and decision-making power and Power over economic resources.
- The Ranks are assigned from the list of 35 numbers of States and Union Territories.

Source: Ministry of Women and Child Development, GOI, 2009

Nagaland and Manipur in 2006 could manage single digit rank in the list of 35 numbers of federal units while Mizoram, Sikkim and Tripura are not lagging much behind. The deterioration of Meghalaya from 13th to 24th position during the decade (1996-2006) is a great concern. However, the poor performance of the most populous state in the region – Assam needs a special attention. GDI reflects almost similar trend. The performance of the only matrilineal state in the country does not bring any surprise as worrisome relative performance in HDI reflects almost parallel deterioration in GDI in Meghalaya (Nayak 2005).

The Gender Empowerment Measure (GEM) focuses on gender inequality in three areas

viz., political participation and decision-making power, economic participation and decision-making power, and power over economic resources. As such, the nation as a whole has long been struggling to fulfil the agenda of women empowerment. All North Eastern states' records in this crucial issue have been simply miserable. Nagaland not only emerged as the worst performer – the rate of progress during the decade is equally disappointing. Meghalaya brings surprise by securing the second worst position in the country in gender empowerment measure. Manipur and Mizoram – the consistently better performers in HDI, GPI and GDI are also seriously lagging behind in empowering women in their respective states (Nayak 2005). Arunachal Pradesh has kept the hope alive for the entire region, which was possible mainly due to the encouraging growth in the index value of *economic participation and decision-making power* during the decade (1996-2006).

Self Help Group Movements in North East India

India's SHG movement has emerged as the world's largest and most successful network of Community Based Organisations. It is predominantly a women's movement though considered as a means of empowerment and financial model of development. The Saving Bank Linkage Programme (SBLP), which is the India's own innovation, has proved to be one of the most effective poverty alleviation and women empowerment programmes.

In the NER, the SBLP began only around 1998-99, but began to take off only from 2003-04 onwards. As can be seen from the Table-5, the number of SHGs credit linked to the bank and the amount disbursed had increased substantially in NER. It has been consistently higher than the all India figures. In terms of spread, it is found that most of the growth has been skewed and concentrated in the two states of Assam and Tripura (Sharma, 2010). These two states account for the bulk of the SHGs credit linkage in the region (more than 85%) as on 31st March, 2010. The strong concentration of SHGs in Assam has persisted over time. In fact, some of the states like Manipur, Meghalaya and Arunachal Pradesh which showed initial promise failed to live up to expectations and have shown disappointing performances in subsequent years.

Table-5: Trend of SHGs linked to Banks under SBLP in India & NER

Year	Number of SHGs		Amount of bank loan outstanding (in Rs. Lakh)	
	India	***NER***	***India***	***NER***
March 2006	22, 38, 565	62, 517	11, 39, 754.30	16, 570.10
March 2007	29, 24, 973	91, 754	12, 27, 770.00	26, 389.00
March 2008	36, 25, 941	1, 03, 424	16, 99, 990.00	35, 563.10
March 2009	42, 24, 338	1, 17, 812	22, 67, 984.30	46, 930.53
March 2010	48, 51, 356	1, 33, 783	28, 03, 828.00	67, 345.45
March 2011	47, 86, 763	1, 23, 425	31, 22, 117.00	71, 213.42
March 2012	43, 54, 442	1, 12, 365	36, 34, 000.00	73, 452.56

Source: NABARD Annual Reports, 2011-12.

The poverty alleviation programme i.e., Swarnajayanti Gram Swarojgar Yojana (SGSY) started almost simultaneously with the SBLP in the NER in the late 90s. It is reported in many studies that the growth of SHGs under the SGSY in the NER was too rapid as compared to the SBLP which resulted clear domination of SGSY in the SHG movement of the region. Sharma (2010) reported that "in some states like Arunachal Pradesh and Nagaland the entire portfolio is almost under SGSY. Even in the state of Assam, where the SBLP movement had taken stronger roots, SHGs under SGSY are still more than those under the SBLP movement. The clear domination and lead taken by the SGSY has been primarily due to the government's patronage and support which provided the funds for its growth and also ensured its subsequent linkages with the banks". This meant that the SHG movement in the region was dominated by the philosophy and processes of the SGSY programme rather than by the SBLP programme.

The state of the SHG movement varies from state to state, and within states from one district to another. The SHG movement is yet to take off in any major way in Arunachal Pradesh. In Manipur too, it is not significant. However, many traditional systems of organising savings and lending still holds way. Sharma (2008) outlines some of the traditional systems of savings and lending prevalent in the states in the region. For instance, Manipur has a wide network of 'marups' started by the Metei community. In Arunachal, the lack of adequate number of formal financial institutions and the thin spread of population make the SHG model irrelevant except a few. In Mizoram, the number of SHGs linked to banks was also very limited. Meghalaya has been the most proactive in the formation of SHGs. This was also the first state in which banks directly started SHGs. In Tripura and Assam, the SHG movement is very successful in terms of quantity. However, the micro finance movement in the NER, as in the rest of the country, has been dominated by SBLP which was initiated by NABARD.

Gross State Domestic Product (GSDP)

The standard of living of the people in the region, as measured by per capita Gross State Domestic Product (GSDP), has lagged significantly behind the rest of the country. It was Rs. 18,027.00 in 2004-05, it was less than the all-State average of Rs. 25,968.00 by 31 per cent. Interestingly, available information shows that at the time of independence per capita income in the undivided State of Assam was higher than the national average by 4 per cent. Thus, even under the British colonial rule the economic performance of the region was better than the rest of the country and this shows its vast developmental potential (DoNER 2008).

During the period 1990-91 to 2004-05, on an average, while the aggregate GSDP of all States in constant prices increased at the rate of 6 per cent per year, the corresponding growth in the region was 4.4 per cent. Similarly, the region's growth rate of per capita income (2.5%) lagged behind the average growth rate of the country (4.0%) during the period by 1.5 percentage points. In 1990-91, the NE Region's per capita income at current prices was lower than the national average by 20 per cent, a gap which is further widened to 31 per cent by 2004-05 (DoNER 2008).

The aggregate picture presented above, however, hides vast differences between the urban and rural areas, the hills and the plains and among the other States. In the region, except for Mizoram, Nagaland and Sikkim which recorded marginally higher growth rates than the country average, per capita income levels in all other States were lower by varying magnitudes. Assam, the largest among the North Eastern States had the lowest per capita income at Rs. 15,661.00 which was lower than the country average by 40 per cent. Furthermore, even in the three States with per capita income levels higher than the national average, much of the income generated was in public administration. This underlines the overwhelming dependence of the population on the government for generating income and a lack of productive economic activities in the primary, secondary and tertiary sectors of the economy.

A comparative analysis of the GSDP (Gross State Domestic Product) across the eight states and the sector wise contribution along with the future projection to enable the region to catch up with the galloping growth of the nation has been depicted below (see Table-5 & 6).

Table - 6 : GSDP of NER states during 2000-2008

Parameter	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura	All India
GSDP as a % of all states' GSDP	0.1	1.8	0.2	0.2	0.1	0.2	0.06	0.3	100
Average GSDP growth rate (%)	12.9	11.2	5.9	10.9	10	12.1	13.9	12.9	11.6
Per capita GSDP (Euro •)	584.136	454.78	411.692	570.988	562.02	389.728	749.97	542.108	758.556

Source: CMIE, 2008 – Centre for Monitoring Indian Economy

Table-7: Projected GSDP Growth Rates of NER States during 2007-2020

States	Growth rate of GSDP in %		
	2007 - 12	2012 - 17	2017 - 20
Arunachal Pradesh	8.751	1.90	14.25
Assam	10.00	16.00	20.25
Manipur	10.75	13.25	15.75
Meghalaya	8.75	11.35	14.25
Mizoram	9.50	9.50	9.50
Nagaland	8.50	8.50	8.50
Sikkim	9.00	9.00	9.00
Tripura	9.00	9.00	11.50
NER	**10.00**	**13.67**	**16.37**
India	**9.00**	**9.00**	**9.00**

Source: http://mdoner.gov.in/index1.asp?linkid=111

FDIs and Externally Aided Projects

During 2000-2009, 40.17 million Euro worth of FDIs have flown into the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura (www.ibef.org). Special Projects are being identified by the Ministry of DoNER (Development of North Eastern Region) including North East State Road Project (NESRP), North Eastern States Trade and Investment Creation Initiative (NES-TICI) and NER Livelihood Project (NERLP) to procure Assistances from ADB (Asian Development Bank) and World Bank.

Trade Performance

The Region has been host to INR 4 Billion (Euro 68.8 Million) worth of Trade for the past few years. 91% of the exports are from Tea and Coal as given in the chart below. The prime importable items are viz., manufactured products, processed food items like fish, dry ginger, yellow peas, cement, etc.

Table - 8 : Leading Exportable items from NER

Exportable Items	Share (%)
Coal	45
Tea	46
Ginger	05
Limestone	03
Others	01
Total	**100**

Source : Planning Commission 2006

Government initiatives

DoNER formed in 2001 - is dedicated solely to the development of the region and to act as the nodal Department of the Government of India. It is catalyzing the focus and efforts in accelerating the development of the region. DoNER is given budgetary allocation for sanction of infrastructure development projects in the North Eastern States. **Non-lapsable Central Pool of Resources (NLCPR)** for the North Eastern Region was put in place in 1998 so that the financial resources from the Government of India meant for North East remain committed to the Region. The broad objective of the NLCPR scheme is to ensure speedy development of infrastructure in the North Eastern Region by increasing the flow of budgetary financing for new infrastructure projects/schemes. Both economic and social infrastructural sectors, such as, power, roads & bridges, education, health, water supply and sports are considered for providing support under the Central Pool.

Out of 982 projects initially taken up for implementation by funding from NLCPR, only 42 projects are entailing an approval cost of Euro 1.26 Billion as of March, 2009. State wise and sector wise break up of number of projects and their approved cost is tabulated in table-9.

North East India – SWOT Analysis

The Strengths

(i) **Human Development Index:** The hill tracts of North East India accounts for 7.8 % of the total land space of India. The colourful diversity of 209 unique ethnic tribes represents 70% of the region's population (Samanta, 1994). The low density population at 45.56 million accounts for only 3. 7 % of the total population of India (2011 census). The low economic load factor on dependency ratio due to active participation of females in economic activities, lower aging ratio than in the country, more male sex ratio and high overall literacy rate above the national level are indicators of high social indices (Samanta, 1994, Nayak, 2005). In terms of Human Development Report 2003 (UNDP 2003), based on the three components of longevity, education and standard of living, the highest value at 0.944 in Norway corresponds to India's figure of 0.59. The highest figure in North East at 0.55 is very close to the national figure (Nayak, 2005).

(ii) **Institutional Support:** The North Eastern Council (NEC) is the regional advisory agency set up in 1972 and it was given an advisory and planning role for the region in 2005 to promote economic development. The establishment of Ministry for Development of North-Eastern Region (MoDONER) at the Central Government in 2004 is a very significant institutional support to help the region in policy formulation and implementation.

(iii) **Policy Support:** With the government's engagement on the 'Look East' policy, the region is gaining importance not only as military strategy but in tapping the economic potential. The government has now included Tourism Development in the region from the 11th Plan period (2007- 2012) onwards.

(iv) **Financial Support:** The numerous financial support and concessions to the regions include (i) earmarking 10% budget allocation from central ministry to support the region; (ii) Prime Minister's economic packages; (iii) special category treatment of the North East states provisioning the additional central plan allocation with grant and loan ratio as 90:10 in place of the general scheme of 70:30 ratio; (iv) tax exemption of tribal areas; (v) subsidies in financing for setting investment project in the region from Ministry of Commerce; and (vi) subsidy in equity support for tourism infrastructure from Ministry of Tourism. The creation of resource base for the region will help prioritization of spending on tourism sector, which previously had been low budgeted.

(v) **Improved Security:** The states of Sikkim, Arunachal Pradesh and Meghalaya are traditionally peaceful. Mizoram has become peaceful, consequent upon its attainment of statehood and the signing of the peace accord, 1986. The Tripuri tribal insurgents of Tripura state, unsatisfied with their impoverished condition also became peaceful after receiving 20 seats reservation in the Assembly representation (Samanta, 1994). The tripartite accord with the Government was signed in 1988. These states are one of the most peaceful states in the country with evidently low crime rates.

(vi) **Strategic Location and Look East Policy :** NER is a rugged territory consisting of 225,000 sq. km. of hills and plains located between Bangladesh, Bhutan, China and Myanmar with 4500 sq. km. of international border. Therefore, there is an extra

advantage for India to utilise this strategic space in the interest of the nation and in the interest of the NER's people. The Look East policy can offer a frame of reference for 'imaging' the North East in a strategic sense.

(vii) Natural Resources: The North East is one of the most picturesque regions of India. Its rivers, hills and valleys are a tourists' paradise. Natural resources like oils, tea and agricultural goods are exported in large quantities. Mineral resources like coal, limestone and uranium can also serve the country's interest.

The Weaknesses

(i) Physical Condition: The single most adverse physical condition is the landlocked nature of the region. The eastern boundary comprising 98% of its border is with China, Myanmar, Bangladesh and Bhutan. Only 2% of the border is marked by a narrow strip at Siliguri in the state of West Bengal which links the remote region to the Indian heartland. The physical disadvantage has been aggravated by partition of India that fractured connectivity causing serious market disruption leading to geo-political and emotional isolation that had already suffered administrative exclusion under the British Raj (Thomas, 2006).

(ii) Absence of Planning and Strategy: The backwardness of the region is mainly attributed to geographical isolation, while some even attribute the alienation to provincial bigotry. But the administrative exclusion by historical circumstances in pre-independence and lack of developmental concern and appreciation of the uniqueness of the region in post-independence reflect lack of economic interest in the region (ICSSR-NERC Report, 2005). Underdevelopment is accompanied by commercial exploitation in forest resources, tea and crude oil. Monopolistic trade practices by investors from outside the region drained the economy, giving rise to market distortion due to inflow of goods and outflow of savings, which in turn led to low credit –deposit ratio, thus hampering investment in the region.

(iii) Poor Governance: With no adequate exposure to basic discipline of administration, the abundant money injected into the economy without due accountability creates a regime of corruption, encourages nexus between politicians, bureaucrats and militant groups that begets mushrooming of more militant outfits attracting unemployed youth who assumed the exploitation as an industry. The interference in the form of strikes paralyses administration, hampers economic activities leading to economic deceleration, acute unemployment problem and fosters growth of insurgency. The distorted market-economy, poor infrastructure and weak governance, lack of accountability mechanism, insurgent problems have left the region undeveloped and insecure.

(iv) Weak Capacity: Weak capacity is well evidenced from the inability of the state governments to make land available in time, lack of expertise to prepare project proposals and delay in implementation of projects (NEC Report, 2007).

(v) Poor Infrastructure: With no resource to invest in physical infrastructure such as power, communication, transport, irrigation and market, frustration by unemployed youths increased.

Table-9: Sector wise Distribution of Sanctioned Projects and Approved cost Under NLCPR (Euro in Millions)

States	Nos.	Economic Sector					Social Sector					Grand Total	Total Cost %
		Agriculture & Allied	*Power*	*Roads & Bridges*	*Irrigation & Flood Control*	*Total*	*Education*	*Water Supply*	*Health*	*Total*	*Misc.***		
Arunachal Pradesh	Number		14.0	39.0	16.0	**69.0**	21.0	11.0	5.0	37.0	3.0	**109.0**	**13.3**
	Cost		25.5	78.0	11.0	**114.5**	25.0	15.0	5.9	45.9	7.5	**167.9**	
Assam	Number		47.0	131.0	40.0	**218.0**	12.0	11.0	7.0	30.0	20.0	**268.0**	**20.2**
	Cost		31.8	82.8	37.3	**151.9**	36.7	16.7	7.2	60.6	42.2	**254.7**	
BTC*	Number		1.0	28.0	2.0	**31.0**	5.0	2.0	7.0	4.0	42.0		**6.13**
	Cost		0.8	49.0	8.4	**58.2**		6.9	7.5	14.4	14.6	**77.2**	
Manipur	Number	1.0	29.0	14.0	2.0	**46.0**	11.0	24.0	13.0	48.0	5.0	**99.0**	**11.8**
	Cost	1.2	55.7	24.1	1.1	**82.1**	9.0	32.0	20.0	61.0	5.0	**148.1**	
Meghalaya	Number		12.0	23.0		**35.0**	16.0	5.0		21.0	6.0	**62.0**	**7.38**
	Cost		35.0	25.0		**60.0**	11.6	15.9		27.5	5.4	**92.9**	
Mizoram	Number	5.0	9.0	17.0		**31.0**	10.0	4.0	4.0	18.0	33.0	**82.0**	**8.37**
	Cost	3.8	27.4	25.7		**56.9**	14.3	15.0	8.6	37.9	10.6	**105.4**	
Nagaland	Number		40.0	39.0	5.0	**84.0**	11.0	3.0	4.0	18.0	5.0	**107.0**	**12.1**
	Cost		29.0	87.7	4.2	**120.9**	12.7	3.3	12.6	28.6	2.9	**152.4**	
Sikkim	Number		11.0	65.0	91.0	**167.0**	9.0	13		22.0	6.0	**195.0**	**8.8**
	Cost		27.4	33.9	5.8	**67.1**	8.7	20.1		28.8	7.1	**103.0**	
Tripura	Number		23.0	4.0	2.0	**29.0**	12.0	5.0	8.0	25.0	2.0	**56**	**12.2**
	Cost		44.1	31.4	2.0	**77.5**	30.3	5.4	27.5	63.2	12.8	**153.5**	
Common to NER	Number					**0**	**2**			**2**	**2**	**4**	**0.27**
	Cost					**0**	**1.93**			**1.93**	**1.53**	**3.46**	
Total	Number	**6**	**186**	**360**	**158**	**710**	**104**	**81**	**43**	**228**	**86**	**1024**	**100**
	Cost	**5**	**276.7**	**437.6**	**69.8**	**789.1**	**150.2**	**130.3**	**89.3**	**369.8**	**99.63**	**1258.6**	
% of Total cost		**0.4**	**21.99**	**34.77**	**5.55**	**62.7**	**11.94**	**10.35**	**7.0954**	**29.39**	**7.916**	**100**	

(*) Projects Retained for Sanction under BTC (Bodo Territorial Council) Package

(**) Includes Projects for Sports, Market Buildings, Construction of Airport, Auditorium

Source: Annual Report DoNER 2008-09

(vi) **Restricted Policy:** The current impediment is the policy of restrictive entry into some states like Nagaland, Mizoram and Arunachal Pradesh, which clearly are peaceful now.

(vii) **Ineffective Environment Laws:** Another weakness is the ineffective enforcement of the environment laws reducing drastically the country's good forest area to only 10% (Mitra, 1998). The region's forest area comprising 66% of the total area in the region is reduced by 2% in the last three decades because of weak enforcement of environment laws resulting in indiscriminate commercial exploitation and inability of the local people to give up the practice of 'slash and burn' (Jhum) cultivation when terrace cultivation, that is an alternative form of cultivation requiring heavy capital input is unaffordable. Another reason of forest degradation has been the mindless clearing of Jungles to clear militant's hideouts.

(viii) **Low Economic Profile:** The region is predominantly an agrarian economy with traditional low investment method. The primary sector in agriculture and mining / quarrying constitutes 35% of the total domestic product which is higher than the national figure of 28.78% during 1991-2001. The secondary sector comprising manufacturing, construction and gas/ electricity supply which provides the capital base of the economy hinges around 18% compared to the national average of 28%. The tertiary sector contributes 47% of the region's net domestic product which is again higher than the all India figure of 43 %. The predominance of primary and tertiary sectors over secondary sector, low urbanization, low real per capita income below the national average and the high percentage of people below poverty line characterized the low economic profile of the region (Samanta, 1994, ICSSR-NERC, 2005).

The Opportunities

(i) **Rich Biodiversity**: The region lies between 21.57 N and 29.30 N Latitudes and between 89.46 and 97.30 E longitudes, and enjoys a pleasant and moderate subtropical climate. Being in the eastern part of the Himalayas, it is considered a cradle of flowering plants harbouring about 8000 species (Sundriyal et.al., 1998). Economic value and importance of biological diversity is enormous even if it is considered only in relation to the production of medicinal drugs. There are two World Heritage sites namely, Kaziranga and Manas (Assam), and the government is looking for more such sites. Exotic and rare species like the Siroy Lilies, Antlered deer and birds of the region have attracted attention of wild life conservation. UNESCO's research programme from January 2001 to December 2005 identified Namdapha and Kameng area of Arunachal Pradesh as hotspot of global diversity with over 100 culturally distinct ethnic societies hosting a wide range of forest types as well as National Parks and Wild Life Sanctuaries (UNESCO, 2005).

(ii) **Abundant Natural Resources**: The forest cover of 65.19% of the total area in the region representing 25.97% of India's forest based on satellite imagery is a tremendous opportunity for earning from ecotourism. Tea cultivation accounts for 55% of the region's area and 53% of the total nation's production; rubber plantation in Tripura and Assam covers only 13% against the potential of 4.5 lacs hectares. The region has

potential for coffee plantation and cultivation of spices. The hydropower potential is estimated at 57,000 Mega Watts (MW) or 60% of the country's 84000 MW at 60% load factor (ICSSR- NERC, 2005), out of which only 2% has been harnessed. The region has abundant resource in coal, oil and gas for thermal power generation.

(iii) Improved Connectivity: The Special Accelerated Road Programme (SARDP) is expected to improve Road connectivity in the region. The National Highway Development Programme (NHDP) linking Gujarat with Tripura through the East-West Corridor will link Porbandar in Gujarat (West) to Silchar (East) which will serve connectivity of the region with the mainland effectively. The construction of 5 airports in addition to the existing 11 Airports, declaration of Guwahati airport as an International Airport and plans for national waterways in Brahmaputra and Barak River will boost infrastructure support for tourism development. The Ministry of External Affairs has been conducting a feasibility study to connect Mizoram with Myanmar and Kolkata port by waterways.

(iv) Favourable foreign policy: India's 'Look East Policy' towards strengthening political-economic cooperation with South East Asia has brought the focus of attention in the region (Singh, 2008), leading to gradual emergence of requisite space for development of the region. The launching of regional economic cooperation with Bangladesh, India, Myanmar, Sri Lanka and Thailand (BIMST) is for promotion of infrastructure, trade, investment, energy and tourism. The proposal for Asian Railway network through Imphal-Tamu Highways and a Gas Pipeline Grid also look promising. Quadrangle regional project in cooperation with Bangladesh, Bhutan, India and Nepal (BBIN) prioritized tourism among other things. Another cross-country sub-regional cooperation having long-term implication is the Mekong-Ganga Initiative (MGI) with Cambodia, China, Laos, Thailand and Vietnam to strengthen friendship, solidarity and cooperation with the Asian region. In this initiative, tourism has been identified as an immediate priority area for joint research in which the region is the gateway to the Mekong Basin Region. To facilitate trade in agriculture and food processing projects with Bangladesh, Bhutan and Myanmar, Export Development Fund has been created to extend financial support to entrepreneurs in the region. India and Myanmar signed a border trade agreement in April 1995 that opened the border town of Moreh (Manipur, India) and Tamu (Burma). Kolodyne multi-model transport link between Mizoram and Sittewe Port in Myanmar will open up new opportunities for tourism between North East India and Myanmar (Thomas, 2006, NEC Report, 2007). Sikkim is expected to become a hub linking Nepal, Bhutan and Tibet through Tawang, Arunachal Pradesh. Nathula in Sikkim has become a tourist destination after reopening of trade with China in 2006. The state of Arunachal Pradesh is keen to reopen its border trade with China via Tibet at border town Tawang. In an effort to enhance trade in the region, both China and India are attempting to repair the Stillwell road of the Second World War era, connecting China (Kunming, Hunan province) and North East India (Ledo, Assam) through Kachin hills of Burma. The government of India has already declared the road as National Highway-153. On April 4, 2006, the Guwahati-Bangkok flight was

inaugurated and the weekly air flights between Yangoon and Calcutta were restored from December 7, 1995 after a gap of more than two decades.

The Threats

(i) **Insurgency**: The mushrooming of insurgent outfits in the North East Region impedes growth and development. It is estimated that a one-day strike causes loss of more than 50 crores of Indian Rupees due to disruption of economic activities (ICCSR-NERC Report, 2005). The Jungles of these states have become hideouts for militants. The militants virtually run a parallel government in these states. The violent secessionist movement since 1953 has posed a serious security threat to both domestic and foreign tourists. Though there had not been a single instance of harassment, not to speak of threat to life to any tourist, the general impression about the deteriorating law and order is enough to ward off tourists (Thomas, 2006).

(ii) **Illicit Drug/HIV Problem**: According to UNDP Report 2006, out of 3.5 million HIV infected in India, over 15000 are in North East India, mostly in Manipur and Nagaland, constituting 8% of India's total (Thomas, 2006). The transmission is reported to be mainly through injection. The high incidence of drug use reflects the vulnerability of the frustrated unemployed youth to the proliferation of arms and drugs trade from across the border. The proximity of the region to the Golden Pentagon Area (formerly Golden Triangle linking, Burma, Thailand, Laos and Vietnam) and the region being used as international route to smuggle opium from Burma which accounts for 80% of South East Asia and 60% of the World's supply; many youths were attracted to the trade profit for purchase of arms. The illicit drugs and arms trade sustained insurgency and the drug addiction had caused rapid spread of HIV/ AIDS in the region. The health negative impact could deter tourist arrivals. Conversely, tourist arrivals may promote the illicit trade causing more social and health hazards as happened in Philippines and Thailand.

Look East Policy

The *Look East Policy* of the Government of India has been evolving since early 1990s and India has significantly deepened her interaction with ASEAN (Association of South East Asian Nations). There has been phenomenal 858% rise of trade (from Euro 1.752 Billion in 1990 to Euro 16.79 Billion in 2005) between India and ASEAN region and 745% rise (from Euro 5084 Billion in 1990 to Euro 49.35 Billion in 2005) between India and East Asian countries as a result of the Look East Policy.

As the North Eastern Region of the country shares a land border with Myanmar, several cross –border development projects in diverse areas such as roads, railways, telecommunications, IT, science & technology and power are underway so as to improve the region's connectivity and market access for the benefit of the North Eastern Region. The *Look East policy* is pursued in a multi – faceted manner. The Government supports the idea of benefiting the remote regions of the North East.

North East Region – Vision 2020

North Eastern Council (NEC) in 2008 released "North Eastern Region - The Vision Document 2020" which narrates a six pronged strategy drawn up by experts and policy makers

of National Institute of Public Finance and Policy for the comprehensive development of the region (http://www.nipfp.org.in). An Investment of Euro 215.44 Billion is required to achieve the required growth of the region in between 11th and 13th Plan (Planning Commission). Seventeen Thematic Groups were constituted to translate the objectives enunciated in the Vision into concrete 'Action Plans'. Following are the six pronged strategies:

1. **Empowerment of people** by maximising self-governance and participatory development through grass-roots planning. Decentralized governance from the village level onward, built with maximum participation of the people should ensure people's role in decision making and help create a responsive system. This should help in creating the provision of public services according to the needs of people and in building of infrastructure to harness the resources of the region for people's benefit.
2. **Creation of development opportunities** for a majority of the people living in villages through rural development initiatives. This calls for a rise in agricultural productivity through an expansion in the area under cultivation and increase in crop intensity. In hilly areas, it is important to expand horticulture, floriculture, plantation crops and organic farming. An expansion in agricultural extension and the creation of cold storages and market infrastructure are necessary to link markets to agriculturally productive areas in the region.
3. **Developing sectors with comparative advantage** so as to utilise the resources of the region productively for the benefit and welfare of the people. In particular, the focus is on agro-processing industries, modernization and development of sericulture, investment in manufacturing units based on the resources available in the region, harnessing the large hydroelectric power generation potential and developing services such as tourism that will help to accelerate development and create productive employment opportunities.
4. **Capacity development of people and institutions** is an extremely important component of the strategy. Human development increases capabilities and with it enhances political and economic freedom of the people. Creating state-of-the-art hospitals and higher educational institutions in the region could also attract people from neighbouring countries to avail the benefits, besides improving education and health security to the people of the region. It is also important to develop people's capacities to equip them to participate productively in economic activities. Capacity building of the institutions should address both government and market institutions. Responsive governance and planning from below require significant augmentation of capacity. Considerable efforts are also needed to create markets and to improve them.
5. **Creating a hospitable investment climate** is equally important. An enabling environment for private investment in the region would require significant public investment to create state-of-the-art infrastructure, especially connectivity both within the region and with the rest of the country, translation of the Look East Policy to promote economic relationships with East Asian and South East Asian economies and beyond, and for ensuring proactive governance. Augmentation of the transport and communication networks and ensuring adequate stable power supply will improve

the quality of people's lives, and attract the private investment needed for development. There is much to be gained by removing trade barriers with the neighbouring countries to enable access to seaports and inland waterways.

6. **Public Private Partnership** is required for realising the vision 2020. In the initial years, much of the investment required for strengthening physical and social infrastructure will have to come from governments—both the Centre and States; and with the passage of time and progress it may be possible to forge public-private partnerships. Ensuring adequate resources for public investment in infrastructure, implementing a framework for private participation in augmenting infrastructure and creating an enabling environment for the flow of private investment to harness the physical resources of the region are the issues that need to be addressed on a priority basis for the welfare of the people. It is also important to ensure—for reasons of both efficiency and accountability—that States in the region do not depend entirely on outside capital, but also generate resources from their own tax and non-tax sources.

People of the region have an ambitious vision: by 2020, they aspire to see their region emerge peaceful, strong, confident, and ready to engage with the global economy. They would like to march on the path of economic, social and cultural progress towards prosperity and well-being, to participate in governance and determine the allocation of public resources and public services they receive. Political empowerment in evolving responsive governance would help to achieve social and economic empowerment as well. They want to banish poverty and illiteracy and ensure that every family in the region has the opportunity to live a healthy and secure life with dignity and self-respect. Moving away from the dependency syndrome, people in the region would like to acquire the capability and self-confidence to shape their own destinies. They would like to enjoy their freedoms – freedom from hunger and poverty, the freedom to exercise choice in their avocations, income-earning and spending decisions, and political, economic and social freedoms without fear. They would like to enjoy peace and achieve sustainable progress and prosperity.

Conclusion

Institutional change supporting economic enhancement and growth at a social level requires economic incentives, supported by political will. With India moving into a new era of economic liberation, the region should not be left out. The framework for development of the region can be broadly based upon four vital components. The first component of this development plan should be social empowerment. It needs to empower rural communities, create sustainable institutions so that they manage common activities around microfinance, livelihoods and natural resource management. The second component needs to be economic empowerment. The objective of this component should ideally be to develop the capacity of rural communities to plan and manage funds for various economic initiatives and common activities for the public. The third component will be partnership development. The objective of this component should be to partner with various service providers, resource institutions and public and private sector organisations to bring resources such as finance, technology, and marketing into the project so that the community groups are able to improve their

livelihoods. The fourth and final component will be project management. This will facilitate various governance, implementation, co-ordination, learning and quality enhancement efforts in the projects.

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