

COMMUNICATES—RELATIONS



Anjan Chakrabarti, Panchali Sengupta

St. Joseph's College (University Section), West Bengal, India

CONTOURS OF DEVELOPMENT IN NORTH-EAST REGION OF INDIA AND QUEST FOR WELFARE STATE

ABSTRACT

It was a daunting task before the Nehru-led government to frame a suitable policy of governance for secluded North-Eastern states which were completely separated from the mainstream British India. Due to the historical background as well as the geographical location of the region the government of India has long been tried to integrate the North-Eastern states with mainland India keeping social and cultural institutions of that region unaltered. With the continuous pursuance of protective and proactive role by the government growth scenario of the North-Eastern states has turned out to be satisfactory. Per-capita income has also been growing at a moderate rate and poverty both in absolute and relative term and inequality are declining. However, the worrying factor is that growth is pronounced where government is acting as principal economic actor. In addition, most of the North-Eastern states have demonstrated very poor fiscal condition and solely relying on central assistance. Economic integration sought under a decentralised development model on the failed promise of bringing equitable development across the North-Eastern states has acted as an incentive to raise the demand for special constitutional arrangements, separate state or country based on ethnicity or identity. Finally, occasional use of coercive forces, doling out of funds, and providing autonomy without accountability are the ad-hoc measures often used by the state to settle the unsettled culturo-social and politico-economic issues rooted in the Indian soil based on the notion of the abortive post-colonial Indian nationhood. Resultantly, the grand Indian nation state would certainly suffer from

hyper-paranoia and a dreamer for “welfare state” will continue to be interrogated amidst the quagmire of movements based on identity and ethnicity.

Key words:

North-Eastern states, welfare state, Five Year Plan, special category states, economic growth, quality of life, ethnicity, identity

1. Introduction

The past colonial rule had left a very hybrid and unnatural territorial structure before India at the dawn of independence in 1947. The country had to experience partition, communal riots, and also made a messy inheritance of few self-governing territories in parts of North-East India and group of princely states with their apprehensions and unwillingness to join in Indian Union. During post-independence period, if one of the challenges before the country was the political and cultural consolidation of the country, the other crucial task was to build the economy from scratch. Indian economy at the time of independence was marked by mass poverty and illiteracy, inequality, high degree of dependence on agriculture, strong presence of feudal relationship in agrarian sector, industrial and technological backwardness and rapidly growing population. To confront the challenges the basic premises of a welfare state has been incorporated in Indian constitution which came into force in January 26, 1950. In the preamble of the constitution and in the form of directive principles, it has been made incumbent upon the state to strive for securing social, economic and political justice for all the citizens, liberty of expression, equality of status and opportunity, eradication of poverty, disease and ignorance, rooting out exploitation, inequality and injustice, and employment, social security and welfare to all. Soon after independence, India also resorted to planned development programmes to bring out the country from shackles of extreme underdevelopment. Consequently, first Five Year Plan was introduced in 1951. To accomplish the overall welfare of the state, initial plan documents put emphasis on achieving economic growth with equity, or in other words, maximizing the potential for economic growth and spreading the benefits of growth to the population.

Planning became more indicative in nature since the introduction of economic reforms and structural adjustment programmes in 1991. The policy of proactive state intervention in all spheres of economic activities was identified as a deterrent to achieving a high economic growth. The production and distribution of goods

and services left in the hand of market forces. Thus, introduction of economic reforms in India marked the beginning of the end of Nehruvian policy of planned economy also the validity of the concept of welfare state has seriously been challenged since However, the economic reforms have mostly bypassed the states of North-Eastern region of India and continued to be guided by the policy which is akin to the basic objectives of a welfare state. Due to the historical background as well as the geographical location of the region the central government has long been tried to integrate the North-Eastern states with national economy. In early plan periods, especially in Second Five Year Plan (1956–1961) and Fourth Five Year Plan (1969–1974) it has been mentioned that “in any comprehensive plan of development, it is axiomatic that the special needs of the less developed area should receive attention. The pattern of investment must be so devised as to lead to balanced regional development”¹. The Plan also aimed at reducing the regional disparities through the identification of backward areas for the purpose of locating new enterprises². In the Fourth Plan, special programmes were undertaken to develop the hilly and tribal areas. It also introduced a number of schemes for the benefit of the rural poor. These policies and programmes were continued in the Fifth Plan as well. Besides, some specific steps such as emphasis on rural electrification, local planning, tax holidays for backward areas etc., were suggested for accelerating the economic development of these areas. The present policy framework has accepted the rights of tribes to retain their way of life and has sought to integrate them through democratic means into the federal frame of the Constitution of India. In general, the economic reforms has bypassed these regions. An attempt has been made by policy makers to work through the unique social and cultural institutions existing in the region, instead of imposing new institutions and this special approach has been adjusted with the central government policies of a regional planning development model. The major assumption of regional planning is that it would permit the transfer of surplus generated in one region to another. This mechanism was expected to increase aggregate national efficiency through optimum resource allocation.

¹ A. Vaidyanathan, *India's Agricultural Development in a Regional Perspective*, Calcutta 1986, p. 8.

² R.S. Tripathi, R.P. Tewari, *Regional Disparities and Development in India*, New Delhi 1993, p. XIX.

2. A cursory look at North-Eastern states

Since the colonial rule had followed a policy of “separatism” / “distinct and isolated administrative areas” to govern these North-Eastern states, it became a daunting task before the Nehru-led government to frame a suitable policy of governance for these secluded North-Eastern states which were completely separated from the mainstream British India. In addition, near absence of cultural and political assimilation of the tribes of the North-East with main-land India and limited impact of Indian freedom struggle on tribal dominated North-Eastern states had made the situation more complicated³. In Nehru’s words, “the essence of our struggle for freedom was the unleashing of a liberating force in India. This force did not even affect the frontier people of in one of the most important tribal areas. Thus they never experienced a sensation of being in a country called India... their chief experience of outsiders was that of British officers and Christian missionaries who generally tried to make them anti-Indian... All this North-East boarder area deserves our special attention, not only the government’s, but of the people of India. Our contacts with them will do us good and will do them good also. They add to the strength, variety and cultural richness of India”⁴. With this conviction, Nehru with an able assistance from Verrier Elwin had laid down the following guiding principles for governance and development for the North-Eastern states of India⁵:

1. People should develop along the lines of their own genius and any imposition on the tribal people should be avoided. Their own traditional arts and culture should always be encouraged.
2. Tribal rights over land and forest should be protected.
3. Efforts have to be taken to train and build up a team of their own people to do the work of administration and development. Some technical personnel from outside will no doubt be needed, especially in the beginning. But introduction of too many outsiders into tribal territory should be avoided.
4. These areas should not be administered areas nor should these areas be overwhelmed with a multiplicity of schemes. Rivalry should be discouraged and the local social and cultural institutions need to be taken into account.

³ B. Chandra, M. Mukherjee, A. Mukherjee, *India since Independence*, India 2008, p. 142.

⁴ *Ibidem*, pp. 142–143.

⁵ V. Elwin, *A Philosophy for NEFA*, Directorate of Research, Government of Arunachal Pradesh, Itanagar 1959.

5. Results should be judged not by statistics or by the amount of money spent but by the quality of human character that is evolved.

– Jawaharlal Nehru

Extracted from the Foreword to *A Philosophy for NEFA*, by Verrier Elwin, 2nd Edition, 1959.

The North-East India is the eastern most region of India connected to East India vis-à-vis mainland India via a narrow corridor called “chicken’s neck” which is squeezed between Nepal and Bangladesh. 98% of North-Eastern region’s border is bounded by India’s international neighbours, namely China in North, Bangladesh in South-West, Bhutan in North-West and Myanmar in East. This made this region strategically very important for the country⁶.

According to Census of India, 2011 the population of North-Eastern region of India stands at 45.48 million and accounts for 7.9% total land space of the country is basically a region consisting of eight States, namely Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim⁷ and Tripura⁸. Among these eight States four States, specifically Mizoram, Nagaland, Meghalaya, and Arunachal Pradesh, are having tribal population in majority.

All the North-Eastern states therefore are treated as “Special Category States” which receive substantial financial and non-financial support from the Central Government. All the North-Eastern states currently receives 90% of their plan assistance as grants and the remaining 10% as loans which is 30:70 for non-Special category states. Special Category States receive preferential treatment in the distribution of normal central assistance from state plans. From the total central assistance available for State plans, funds are earmarked for externally aided projects and special area programmes and special constitutional provisions within the state boundaries⁹. In addition, for the economic and social development of North-Eastern states, North Eastern Council has been constituted in 1971 by the act of parliament of India. The North Eastern Development Finance Corporation Ltd. was

⁶ <http://databank.nedfi.com>.

⁷ Sikkim became an Indian State in 1975 was put under “special category state”. Prior to that Sikkim was under the monarchic rule. In 2003, the state of Sikkim became a part of North-East Council.

⁸ Ibidem.

⁹ A. Chakrabarti, A.S. Chakraborty, *Emergent Development Approach: A Critique of ‘Money-bags’ Centre directed Dole Development in North-East India*, “Indian Journal of Political Science” 2010, Vol. LXXI, No. 2, pp. 547–559.

established in 1995 and in 2001, the Union Government set up the Department of Development of North-Eastern Region and upgraded to a Ministry in 2004 as Ministry of Development of North Eastern Region (DoNER)¹⁰. This ministry looks after the development requirement of this region and also advocates its special needs to other Ministries of Government of India as well as to policy makers. At least ten autonomous council under sixth schedule¹¹ of Indian Constitution were created to strengthen the process independent regional self-governance and socio-economic development. Inner line permit (introduced by the British government during colonial era) has still been continuing so that tribal dominated region remains insulated from the in-migration of people from main land India. The policies of industrial licensing, concessional finance and investment subsidy, growth centres, as well as freight equalization of some major industrial input have also been used to promote economic development. National Committee on the Development of Backward Areas commissioned by Planning Commission in 1981 has identified three types of fundamental backwardness in the region viz. areas of tribal concentration, hill areas and chronically flood affected areas. The whole of the North-East has been categorized as an industrially backward zone.

It is expected therefore, with the continuous pursuance of protective and proactive role by the government, the North-Eastern region of India will be placed at high economic growth path, growth will be self-sustaining and self-regenerating in nature, industrial activities shall expand, central funding shall make the investment-multiplier operative, quality of life shall improve. It is also expected that North-Eastern region will get economically, politically, culturally, and socially integrated with mainland India.

In spite of the fact that North-Eastern states achieved double digit growth and growth rates for North-Eastern states continued to be higher than national average, among the existing states of North-East the demands for separate states or various kinds of territorial/regional autonomy based on identity, ethnicity, and cultural specificity have been on the rise and in most of the cases those movements

¹⁰ <http://www.mdoner.gov.in/>.

¹¹ The Sixth Schedule of the Indian Constitution makes special provisions for the administration of what were then "The Tribal Areas of Assam". In the colonial period those areas were mostly protected enclaves, where tribal peoples could supposedly pursue their "Customary Practices" including kinship and clan-based rules of land allocation including kinship and clan. They were called "backward tracts", later replaced by the term "Excluded Areas" because they were excluded from the operation of laws applicable in the rest of British controlled India. The Sixth Schedule provides for autonomous regions with in those districts with elected councils with powers to regulate customary law, to administer justice in limited cases and to determine the occupation or use of land and the regulation of shifting cultivation.



Map of North-East India

Source: www.mapsofindia.com.

tend to be violent. What is more concerning, some of the states of North-East region even want to secede from India. Demand for “positive discrimination”¹² keeps on mounting. We see “son of the soil policy”¹³ is being religiously followed

¹² Positive discrimination means treating one person more favourably than another on the ground of sex, race, age, marital status, religion, culture, identity, ethnicity, etc. In North-Eastern states, various ethnic groups enjoy job reservation in government sector in their respective states (except in some parts of Assam). People from these regions have been given a reservation of seats in different academic and technical institutions in India.

¹³ Employment and education opportunities should be restricted for the indigenous people of the respective states of the North-East region.

in Sikkim, in North-Eastern states (barring part of Assam) and complete entry barrier for non-native Indians in job-market vis-à-vis labour market with active state sanction. Except Tripura, Arunachal Pradesh and part of Assam, a strong hostility towards the people from rest of India has continuously been manifested overtly or covertly in most of the states.

This paper, therefore, attempts to bring out long term comparable trends (1980–2009) in the development of various North-Eastern States of the country in terms of available and generally accepted development indicators given the constraints of consistency and comparability of data. It has also been probed that rise in growth figures and figures of per-capita income, if any, has made the economy of North-Eastern states self-sustaining and self-regenerating in nature. It has further been attempted to identify the underlying forces behind the growth for all the North-Eastern states. Fiscal condition has also been scrutinised. The basic premise of welfare says that redistribution resources shall not only improve the economic wellbeing but social wellbeing as well. Consequently, social indicators have also been examined to look at the true benefits of economic growth and to validate or invalidate the basic objectives of a welfare state as enshrined in Indian constitution. Again, there is an urgent need to critically examine the policy that has been followed by the Government of India for the socio-political and economic development of the North-Eastern states. Why did the so called “integrationist” approach fail to bring desired result and abet social conflicts based on identity, ethnicity and cultural specificity in the North-Eastern states of India?

3. Growth scenario of North-Eastern states

3.1 Comparative analysis of growth rates of North-Eastern states of India

Compound annual rate of growth (CAGR) of Gross State Domestic Product (GSDP) and per-capita GSDP were calculated for North-Eastern states. Table 1 provides the growth trend of GSDP from 1980–81 to 2008–09. It is to be mentioned that 1980–81 was the base year for GDSP at constant prices for the period between 1980–81 to 1993–94, while for 1993–94 to 1998–99, 1993–94 was used as base year and for 1999 to 2004, the base year was 1999. Finally for 2004–05 and period on wards, 2004–05 was taken as base year. The overall GSDP growth rates have shown a fair degree of variation. While some states have witnessed rapid and phenomenal growth, the rest lagged behind the all-India growth rate. The overall disparity in inter-State growth of GSDP and per capita SDP of States has increased

considerably during the nineties as compared to the eighties. In the nineties the magnitude of disparities was the maximum and at the same time rate of growth for all the North-Eastern states has increased steadily within this decade.

The notable feature is that between 1980 and 1990, Arunachal Pradesh, Mizoram, Nagaland, Sikkim and Tripura achieved growth rate higher than the national average while Assam, Manipur and Meghalaya achieved a growth rate which was less than the national average. However, since 1990 to till date all the North-Eastern states achieved double digit growth and growth rates for North-Eastern states continued to be higher than national average. What are the underlying forces behind this double digit growth for all the North-Eastern states? Now most of the North-Eastern states have low initial values of GSDP and as a result minor increase in absolute figures is generating a high value of GSDP growth in percentage term. Second, Central investments in power, electricity, oil and gas and other infrastructure development are also contributing indirectly to pull up the growth rate. Third, unlike rest of India, the government employment did not shrink in the North-Eastern states (both in absolute and percentage terms) and that possibly contributing to the growth of tertiary sector as well as the over all growth rates. These arguments may further be substantiated when sectoral contributions towards the GSDP will be considered. It is further to be noted that the standard deviation is continuously decreasing (from 4.6 in the eighties to 3 in the nineties and fall again to 2.3) over the decades and this implies that growth rates of North-Eastern state as well as India is converging along the trend, which is indeed a healthy sign.

3.2 Per capita SDP growth rates of North-Eastern states of India

Is high economic growth so achieved (especially since 1990s) by the North-Eastern states contributing to the well being of the people? Growth rate of Per capita SDP and descriptive statistics like coefficient of variation (or CV) of the CAGR of per capita SDP are widely used attributes (in spite of the narrowness of these indicators) to validate the positive or negative impact economic growth on well being of population. The growth of per capita SDP for eight states along with India average is presented in Table 1. In the 1980s, Assam, Manipur, Meghalaya, and Tripura recorded the lowest per capita SDP growth at 2% as against these, the all-India growth rate was 3.4%. Arunachal Pradesh, Assam, Manipur, and Nagaland and have also improved the standard of living by over 10% per annum during the post reform period. Performance of Nagaland is particularly noteworthy, as the growth

rate has jumped from a moderate 4% in the 1980s to 18% in the 1990s. In the last decade, the disparity range has reduced for individual states but overall growth of per-capita income reduced form 1990s and for the India rate has improved only marginally from 6% in the 2000–2009 against 4% in the 1990s.

It may be seen that the regional disparities in standard of living, as measured by per capita SDP at constant prices, have decelerated in the 1990s and 2000 because the CV has been reduced from 87.3 (1980–90) to 23.1 in 1990–2000 and it further reduced to 22.2 in 2000–2009. Second, except Meghalaya, all the North-Eastern states since 1990s has registered doubled digit growth in per-capita SDP and growth rates remained substantially higher than the all India growth rate of per-capita SDP.

While the standard of living improved faster in 1990s in comparison to 1980s in most states, the opposite happened in last decade except Meghalaya. The main reason for this could be the comparatively higher growth of population in these states¹⁴. In Assam, the per capita growth rate declined in spite of a fairly high SDP growth in 2000–2009. The standard of living in the North-Eastern states increased faster in the 1990s possibly due to a combination of slackening of population growth and acceleration of SDP growth.

Table 1. Compound growth rates (in%) of GSDP at constant prices over three decades in North-Eastern states of India

States	Decadal CAGR of GSDP			Decadal CAGR of Per-capita SDP		
	1980–1990	1990–2000	2000–2009	1980–1990	1990–2000	2000–2009
Arunachal Pradesh	8	17	13	5	15	12
Assam	4	18	15	2	16	13
Manipur	5	20	13	2	17	11
Meghalaya	5	23	13	2	8	12
Mizoram*	18	17	10	14	14	7
Nagaland	8	24	16	4	18	10
Sikkim	11	16	14	8	13	13
Tripura	6	21	17	2	19	16
India	5.6	6.03	7	3.4	4	6

¹⁴ Between 1980–81 and 1990–91, the population of North-Eastern states together grew at an average rate of more than 2% per annum. Immigration from Bangladesh and Myanmar is partly responsible for high population growth in this region.

States	Decadal CAGR of GSDP			Decadal CAGR of Per-capita SDP		
	1980–1990	1990–2000	2000–2009	1980–1990	1990–2000	2000–2009
Mean	8.1	19.5	13.9	4.9	15.0	11.8
S.D	4.6	3.0	2.2	4.3	3.5	2.6
CV	56.4	15.3	15.6	87.3	23.1	22.2

Note: *GSDP values at constant prices are not available for Mizoram, for Mizoram GSDP values are taken in current prices.

Source: Calculated from GSDP figures at constant prices, Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India www.mospi.gov.in

3.3 Acceleration and deceleration of growth of GSDP

The method of computing the growth rate for the short term period by using two end observations may be suitable at the national level since the abnormal variations in the performance of the economy of the different states get more or less smoothed over the larger area of the country and as a result the trend of the national economy over time may not reveal any significant distortion

Neither compound annual growth rates (CAGR) nor the exponential form of growth curve can ascertain any acceleration or deceleration in the growth rates over time. To overcome this problem log-quadratic form is proved to be convenient. It can be written in the following form:

$$\ln Y_t = a + bt + ct^2 + u_t$$

If estimated value of c assumes significantly (t-ratio is used as test statistics) positive value then we will be having accelerating growth rate and in case of significantly negative value of c , it will imply deceleration of growth.¹⁵

The resulting log-quadratic estimates are presented in Table 2.

From Table 2, it is clear that Mizoram experienced the highest growth rate in the first decade, Meghalaya remained at top during 1990s, and Tripura achieved the highest growth in the last decade (2000–09). For all the States, growth rates have increased in the decade of nineties (1990–2000) in comparison to decade of eighties (1980–90). A marginal decline has been observed for few states. Overall

¹⁵ V.N. Reddy, *Growth Rates*, "Economic Political Weekly" 1978, No. 19, Vol. 13, pp. 806–812.

Table 2. Ranking based on exponential growth rates^a and acceleration/deceleration of growth rates in North-Eastern states of India

States	(exp grth) & Rank (1980–1990)	(exp grth) & Rank (1990–2000)	(exp grth) & Rank (2000–2009)	Instability Coefficient (c)	Growth pattern
Arunachal Pradesh	(8.2) 3	(15.7) 7	(15.9) 4	0.002 (4.82)*	Acceleration
Assam	(3.5) 8	(16.3) 6	(16.3) 3	0.004 (6.22)*	Acceleration
Manipur	(5.1) 5	(21.2) 3	(15.8) 5	0.008 (1.0)	Acceleration
Nagaland	(7.6) 4	(27.8) 1	(16.5) 2	0.003 (4.18)*	Acceleration
Meghalaya	(4.9) 7	(25.6) 2	(15.2) 7	-0.002 (-8.95)*	Deceleration
Mizoram	(20.8) 1	(16.8) 5	(9.8) 8	0.003 (0.7)	Acceleration
Tripura	(5.4) 6	(14.2) 8	(18.3) 1	0.005 (7.6)*	Acceleration
Sikkim	(11.8) 2	(17.9) 4	(15.6) 6	-0.005 (-0.89)	Deceleration

^a Exponential form of growth curve can be written as

$$Y_t = ae^{bt}v_t$$

This can be transformed linearly as follows

$$\ln Y_t = a + bt + u_t$$

where: Y_t = output a = Constant term t = time (in years) $u_t = \ln v_t$
= error term such that $\ln v_t \sim IND(0, \sigma^2)$

By deducting 1 from the antilog of the estimates of the coefficient of b and multiplying it by 100 we shall calculate growth rate.

Or, Growth rate = (antilog of estimated b - 1) * 100

Notes: exponential growth rates (exp grth) are given in parenthesis with the ranks of the states.

T stats of instability coefficients are also shown in parenthesis

* Significant at 1% level

Source: Calculated from GSDP figures at constant prices, Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India www.mospi.gov.in.

deceleration of growth was observed for the state of Meghalaya and Sikkim (statistically insignificant). Except Sikkim and Manipur, acceleration or deceleration of growth rates of SDP are found to be statistically significant for rest of the North-Eastern states.

A comparison of the position of states in terms of exponential rate of growth of aggregate SDP (in constant prices) in three periods, 1980–90, 1990–2000 and 2000–2009, shows a perceptible change in the rankings of the states over time (Table 2). States like Mizoram and Sikkim were ranked highest for the period 1980–1990, then slide down to bottom of ranking table in the period 2000 to 2009. Tripura and Assam witnessed remarkable transformation, they ranked sixth and eighth position in 1980–90 and made huge improvements and ranked 1st and 3rd in the last decade (2000–2009). In terms of both SDP and SDP growth, all states with a few exceptions (Mizoram) have shown accelerated growth during the 1990s. Many states like Nagaland, Manipur, and Meghalaya have moved up the ladder to reach above or near the all-states average SDP growth. At the same time, deceleration in the growth of high-income state like Mizoram and Sikkim stands out. It should be noted that in the decade of eighties and nineties Mizoram experienced highest per capita SDP growth among all the North-Eastern states but growth rates of SDP consistently declined.

It may be concluded that when growth and development in an economy is considered in regional scale, the question of interest may arise in different ways which either leads to further polarisation and concentration of economic activities by attracting the resources from the periphery or leads to spread of economic activities and trickle down of economic opportunities to the periphery.

4. Sectoral growth rates and sectoral shares

We may now look at the growth of sub-sectors in order to gain more understanding of the sectoral performance (Table 3). Sectoral growth rates are compared with SDP growth rates to identify the sectors those are propelling growth in each decade. Simultaneously, lagging and leading sub-sectors, within the sectors (primary, secondary and tertiary) have been identified to measure the intra-sectoral variations in growth. It may be seen that except for a few states, the share of primary sector has continuously been falling from about one-half in the early 1980s to one third or one-fourth in 2000–2009. In states, such as Sikkim and Tripura, the share of primary sector in SDP has come down to around 25 or 20% by the end of 2009. The drastic reduction in the contribution of primary sector in these states

(by 20–25 percentage point) during this period is partly compensated by the rise in income for secondary sector and partly by the increase in income for tertiary sector. In Assam, where the primary sector has also performed quite well, the share of primary sector in SDP declined more moderately, by about 12%. Even in the other states of North-East Manipur, Arunachal Pradesh, Mizoram, Tripura, and Sikkim – the share of the primary sector has declined significantly over the last two decades. In Arunachal Pradesh, for instance, the share of primary sector, which was nearly 50% in SDP in the early 1980s, has now come down to about 30% in the late 2000–2009. Even though primary sector for all the North-Eastern states has registered a double digit growth since 1990s, a falling share is worrisome because more than 60% of the people are deriving their livelihood from agriculture. This implies fall in per-capita income from agriculture and allied activities. This is also hinting towards marginalisation and casualisation of agricultural workers. This phenomenon is true not only for the North-Eastern states but it is also happening in rest of the Indian states. In Nagaland, an agriculturally backward state, the share of primary sector has increased marginally due to a slower growth of non-agricultural sector. From Table 3, it can be seen that share of secondary sector in Nagaland has remained static consecutively in three decades starting from 1980s. Similar scenario has been observed for Meghalaya also.

Coming to the secondary sector, for the period as a whole (1980 to 2009), the sector recorded a slightly higher rate of growth in 1990s in comparison to 1980s, but average growth rate of secondary sector remained lower than tertiary sector. In the recent decade (2000–09) the growth rate of the secondary sector not only declined sharply but even became much lower than the growth rate of the tertiary sector. Thus in the nineties North-Eastern economy was driven by the high growth of the secondary sector while in the twenty-first century it was pulled down by a low growth rate of secondary sector. This was the general pattern of development, especially in the East Asia. In China, for instance, the secondary sector now contributes almost 50% of GDP. However, in India, at the aggregate level, and also at the regional level and sub-regional level, the tertiary sector became the largest contributor even before the secondary sector predominate the economy.¹⁶ If share of manufacturing declines and services increases at the initial phase of development then economic growth may be of growth retarding type¹⁷.

¹⁶ B.B. Bhattacharya, A. Mitra, *Excess Growth of Tertiary Sector in Indian Economy: Issues and Implications*, "Economic and Political Weekly" 1990, No. 44, Vol. 25, pp. 2445–50.

¹⁷ A. Barua, A. Bandyopadhyay, *Structural Change, Economic growth and Regional Disparity in the North-East: Regional and National Perspectives* [in:] *India's North-East Developmental Issues in a Historical Perspective*, A. Barua (ed.), New Delhi 2005, pp. 239–274.

Table 3. Sectoral distribution and sectoral compound annual growth rates of SDP (1980–2009) in North-Eastern states of India

STATES	ORIGIN OF INDUSTRY	SECTORAL SHARES(Average)			SECTORAL GROWTH (CAGR)		
	SECTORS	1980–90	1990–00	2000–09	1980–90	1990–00	2000–09
ARUNACHAL PRADESH	PRIMARY	48.7	38.1	31.4	8	15	16
	SECONDARY	19.5	24.2	27.4	8	16	22
	TERTIARY	31.7	37.6	41.2	8	22	18
ASSAM	PRIMARY	50.1	47.2	38.1	3	19	9
	SECONDARY	15.3	16.2	16.3	4	20	14
	TERTIARY	34.6	36.6	45.6	5	18	18
MIZORAM	PRIMARY	31.9	30.8	19.7	20	13	2
	SECONDARY	17.7	16.1	15.8	18	14	19
	TERTIARY	50.5	53.1	64.5	18	20	11
MANIPUR	PRIMARY	43.4	35.7	27.7	2	17	13
	SECONDARY	12.9	15.3	25.7	7	26	20
	TERTIARY	43.7	49	46.6	8	19	14
NAGALAND	PRIMARY	30.5	28.2	31	7	25	14
	SECONDARY	14.6	14	14.6	13	12	16
	TERTIARY	54.9	57.8	54.3	7	29	16
MEGHALAYA	PRIMARY	33.8	30.3	29.8	3	23	14
	SECONDARY	19.3	17	18.1	3	21	22
	TERTIARY	47	52.7	52.2	7	22	19
TRIPURA	PRIMARY	47.9	40.7	25.3	3	17	19
	SECONDARY	10.6	10.1	21.7	4	25	15
	TERTIARY	41.5	49.2	53	9	22	17
SIKKIM	PRIMARY	47.4	37.8	20.1	10	8	11
	SECONDARY	19.6	17.5	30.1	12	17	16
	TERTIARY	33	44.7	49.9	12	21	15
INDIA	PRIMARY	24	20	16	4	3	
	SECONDARY	16	16	16	6	7	
	TERTIARY	60	64	68	6.5	7.6	

Note: For India, sectoral data at current price are available up to 2004–05, therefore for last decade 2000–2009, sectoral shares are taken up to 2004–05.

Source: GSDP data at current price (as on 26.11.99), Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India www.mospi.gov.in.

Manipur and Sikkim are the only exceptions where the secondary sector has increased and occupied more than 10% share in SDP in 1990–2009. In no other states, the share of secondary sector has increased above 10%. In Nagaland and Meghalaya, the share of the secondary sector has remained stable around 20% for the last two decades. In Assam and Arunachal Pradesh, the two other industrial states, the share has risen marginally in the last two decades. Surprisingly, secondary sector in Tripura, one of the backward states in North-East region, grew quite rapidly between 1990 and 2009. As a result, the share of the secondary sector in Tripura increased from 13% in 1990–91 to about 24% in 2000–09.

During 1980 to 2009, tertiary sector has recorded high rate of growth. In the eighties, the pattern growth rate of tertiary sector for the individual States remained similar to secondary sector. However, secondary sector failed to maintain the growth rate achieved in nineties and became sluggish in 2000–2009. Unlike primary and secondary sectors, tertiary sector maintained high growth rates in all three decades (except for States like Manipur and Nagaland) and propelled the over all growth of the economy. However, this needs to be confirmed by examining the sub-sectoral growth rates as well.

It has also been noted that the tertiary, rather than the industry, has become the engine of growth in the last two decades. The tertiary sector has recorded the fastest growth in most states, both before and after the reforms. In most states, the share of the tertiary sector now exceeds 50% of SDP. During the last two decades, the tertiary sector has grown notably for Manipur, Meghalaya, Nagaland, Tripura, and Sikkim. With the exception of Nagaland and Meghalaya, the tertiary sector now accounts for almost 60% of SDP and thus the tertiary, rather than the secondary, sector has become the engine of growth in most states.

From the foregoing analysis the general impression that emerges that North-Eastern states are experiencing high rate of growth and since 1990s the growth was initially propelled by secondary sector and latter by tertiary sector and therefore, the economy of this region is on steady growth path. But this over optimism disappears when we look at the major contributors of primary, secondary and tertiary sector. For general information, primary sector consists of agriculture, forestry and logging, fishing and mining and quarrying. The secondary sector consists of manufacturing (registered and unregistered together), construction and electricity, gas and water supply. Transport (railways and transport by other means), storage and communication, trade, hotels and restaurant, banking and insurance, public administration and other services together constitute the tertiary sector.

From Table 4 it is pretty evident that for all the North-Eastern states agriculture is adding most of the income to the primary sector. In secondary sector, where

Table 4. Major sectoral shares of state domestic product under primary sector at current price (base year 1980–81, 1993–94, 1999–00) in North-Eastern states of India

States	Agricultural Shares			Primary Shares		
	1980–90	1990–00	2000–09	1980–90	1990–00	2000–09
Arunachal Pradesh	34.2	28.6	24.8	48.7	38.1	31.4
Assam	34.0	35.7	27.4	50.1	47.2	38.1
Manipur	39.8	30.6	23.6	43.4	35.7	27.7
Meghalaya	28.9	22.5	20.3	33.8	33.3	29.8
Mizoram	23.0	25.9	17.5	31.9	30.8	19.7
Nagaland	23.6	23.9	27.0	30.5	28.2	31.0
Sikkim	46.5	36.3	18.6	47.4	37.8	20.1
Tripura	38.6	33.5	21.2	47.9	40.7	25.3

Source: Calculated from the GSDP data at current prices, Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India www.mospi.gov.in.

most of the States have shown high growth rate and high contribution to the GSDP at current prices, except Assam, much of the contribution to GSDP is coming from construction alone (more than 60%) where the role of Government is strongly felt (Table 5). In contrast, the share of manufacturing, the backbone of secondary sector and indicator for industrialisation is hovering around 2 to 5%. Only Assam is the exception because Assam has a certain degree of manufacturing base and oil and natural gas do generate income for secondary sector. Unlike other North-Eastern states a fair degree of expansion of private sector has also taken place in Assam. This shows the absence of private sector in secondary activities and limited expansion of industrial activities among the North-Eastern States. Similarly, for tertiary sector, 50 to 60% contribution is coming from public administration broadly cover the services of the state government administration and other services (Table 6). Again, other services covers activities pertaining to educational, medical and veterinary, research and scientific, sanitary, recreational, rest of the services, international and extra territorial bodies and lottery services. Therefore, bulk of the income generated under “other services” are primarily coming from government and quasi-government employment This implies that the high share of tertiary sector to GSDP is also arising out of government employment and more precisely where the Government is playing the direct role. In addition, Barring Assam, own tax revenue collection as a percentage of GSDP is abysmally low for the North-Eastern States. Therefore the development process is solely depending

Table 5. Major sectoral shares of state domestic product under secondary sector at current prices in North-Eastern states of India

States	Manufacture			Construction			Secondary		
	1980-90	1990-00	2000-09	1980-90	1990-00	2000-09	1980-90	1990-00	2000-09
Arunachal Pradesh	5.7	4	2.7	13.9	18.1	19.3	19.5	24.2	27.2
Assam	9.5	9	9.8	4.6	5.5	4.9	15.3	16.2	16.3
Manipur	5.7	3.9	6.7	6.3	8.3	16	12.9	15.3	25.7
Meghalaya	3.6	3.6	3.8	12.1	10.2	11.3	19.3	17	18.1
Mizoram	3.8	4.5	1.5	14.8	11.2	11.6	17.7	16.1	15.8
Nagaland	2.4	3.1	1.6	12.6	9.6	11.8	14.6	14	14.6
Sikkim	6	3.7	3.1	13.3	12.4	21.9	19.6	17.5	30.1
Tripura	5.6	3.2	3	4.9	6.8	16.2	10.6	10.1	21.7

Source: Calculated from the GSDP data at current prices, Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India www.mospi.gov.in.

Table 6. Major sectoral shares of state domestic product under tertiary sector at current price (base year 1980-81, 1993-94, 1999-00) in North-Eastern states of India

States	Public Administration			Other Services			Tertiary Sector		
	1980-90	1990-00	2000-09	1980-90	1990-00	2000-09	1980-90	1990-00	2000-09
Arunachal Pradesh	9.8	11.4	15.7	8.5	13.8	11.6	31.7	37.6	41.3
Assam	3.9	6.2	6.5	8	8.9	11.6	34.7	36.6	45.5
Manipur	12.1	13.9	14.7	11.1	11.8	12.2	43.8	49	46.6
Meghalaya	14.4	14.3	13.5	8.4	9.3	8.2	47	52.7	52.2
Mizoram	16	16.4	19.8	11.3	11.8	12	15.5	53.1	64.4
Nagaland	19.1	17.7	13.2	12.6	12.7	8.1	54.9	57.8	54.3
Sikkim	9.8	13.5	16.7	7.6	12.2	14.9	33	44.7	49.9
Tripura	10.7	14.5	14	10.1	17	14.9	41.5	49.2	53

Source: Calculated from the GSDP data at current prices, Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India www.mospi.gov.in.

on Central assistance as grant-in-aid. Any reduction (though it is most unlikely) in it will make the economy of this region more vulnerable. Private sector has not been grown and as a result all these States have failed to create an economy outside

agriculture and for most of these States are still dependent on primitive agricultural methods. The fruit of Government led development has failed to encompass majority of the people of this region.

5. Fiscal condition of the North-Eastern states

While discussing the finances of the North-Eastern States, it has to be kept in mind that many of these States were created only to fulfil the ethnic, political and cultural aspirations of the people. During the reorganization of the North-Eastern states, a pertinent criterion was ignored that the territory in question must have revenue resources to fulfil its administrative as well as non developmental expenditure. It was thought that with their existing potentials in agricultural areas, hydro-electrical power, and natural oil resources; these states would be able to

Table 7. Own tax revenue as percentage of total revenue receipts of the North-Eastern states of India

States/Year	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Arunachal Pradesh	2.15	2.85	6.40	2.77	3.34	3.29	3.13	3.41	3.66	4.15
Assam	25.37	26.45	6.01	25.27	27.36	26.83	25.48	21.92	22.96	36.24
Manipur	4.70	4.33	4.91	4.81	4.67	3.95	4.25	4.20	4.39	5.04
Meghalaya	15.12	11.75	11.24	12.70	13.44	14.46	14.23	13.07	13.14	12.89
Mizoram	1.74	2.20	2.73	2.47	2.64	3.33	3.43	3.53	3.57	3.63
Nagaland	3.69	4.14	4.60	2.90	4.26	4.65	4.29	4.38	4.08	4.35
Sikkim	7.58	10.15	5.09	8.05	6.18	7.50	8.18	7.33	7.46	6.87
Tripura	7.67	8.49	9.74	10.22	9.30	9.79	10.47	10.02	10.85	11.97

Source: Calculated from data of State Budget (various years), Reserve Bank of India, www.rbi.org.in, CAG State Audit Reports.

achieve financial viability after help and protection from the central in the initial years. From the Table 8 and Table 9, it is clearly evident that except Assam, most of the revenue for North-Eastern states are coming as central assistance which they receive by virtue of being special category states. However, this monetary assistance has failed to generate multiplier effect because own-tax revenue as percentage of total revenue receipts for all the North-Eastern states (except Assam) has remained abysmally low.

Table 8. Grants-in-aid from the central government as percentage of total revenue receipts of the North-Eastern states of India

States/Year	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Arunachal Pradesh	79.20	82.24	78.78	79.39	72.55	69.64	74.69	62.85	66.70	75.00
Assam	34.85	35.51	86.19	36.81	35.91	35.67	32.38	32.06	35.76	4.94
Manipur	75.66	81.15	76.67	74.75	74.86	78.72	74.19	75.42	74.07	72.94
Meghalaya	52.90	65.89	67.90	61.99	60.53	57.11	56.29	55.66	57.66	61.37
Mizoram	82.82	87.51	82.71	83.79	82.01	75.75	75.16	72.00	76.00	78.79
Nagaland	85.49	90.26	88.72	83.62	82.80	80.11	80.99	78.28	80.16	82.16
Sikkim	50.56	64.89	27.97	43.51	35.70	32.83	30.03	27.51	33.79	39.93
Tripura	72.14	73.83	71.73	67.26	68.97	74.73	72.97	69.26	68.65	69.13

Source: Calculated from data of State Budget (various years), Reserve Bank of India, www.rbi.org.in, CAG State Audit Reports.

Table 9. The extent of income poverty in North-Eastern states of India

States	Poverty Ratio (%)		Gini Ratio (Based on per-capita consumption expenditure)					
	1993-94	2004-05	1983 (Rural)	1983 (Urban)	93-94 (Rural)	93-94 (Urban)	2004-05 (Rural)	2004-05 (Urban)
Arunachal Pradesh	37.00	9.90	N.A	N.A	0.306	0.279	0.280	0.248
Assam	41.40	20.38	0.192	0.276	0.179	0.290	0.199	0.320
Manipur	15.54	3.35	0.269	0.169	0.154	0.157	0.160	0.177
Meghalaya	21.29	3.11	N.A	N.A	0.281	0.245	0.162	0.263
Mizoram	4.26	1.69	0.141	0.187	0.173	0.182	0.201	0.249
Nagaland	1.68	N.A	N.A	N.A	0.165	0.201	0.229	0.242
Sikkim	29.38	14.33	N.A	0.332	0.212	0.255	0.273	0.257
Tripura	21.29	30.52	N.A	N.A	0.243	0.283	0.219	0.342
All India	35.86	27.47	0.298	0.33	0.286	0.344	0.305	0.376

Source: Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India, www.mospi.nic.in.

Decades have passed after independence but the economies of these regions are still suffering and neither the Central Planners nor the State governments have the ideas when these states would be financially viable. After huge assistance from the part of Union government, the state governments have failed to raise internal resources to meet up their non-developmental expenditure. There has been a tendency to multiply administrative units and employees beyond reasonable

requirements and their main task is to find ways to utilize the central funds. The fiscal stress has seriously constrained many of the States' ability to discharge the primary responsibility of developing social and economic infrastructure. According to the analysis of the Reserve Bank of India, many factors are responsible for wide fiscal gap of these states that includes growing interest burden, increasing pension liabilities, large administrative expenditures, losses incurred by Public Sector Undertakings (PSUs), etc. The situation of North-East appears complicated when they have been compared to all India level and additional factors such as little scope of internal mobilization of resources and large public service employment are making the situation worse.

6. Social indicators of development across the states

It is well acknowledged in development literature that analyses based on the levels of GDP in per capita terms and growth rates of GDP per capita do not capture several important aspects of economic development and well being of the people at the macro or state-level. It has been argued that development must encompass the parameters like increase in life expectancy, access to sanitation, clean drinking water, improvement in health services, reduction of infant mortality, and increase in literacy rate of women, adults and women empowerment and so on so forth. As it is pointed out by J. Drèze and A.K. Sen, "... it is perhaps a mistake to see the development of education, health care and other basic achievements only or primarily as expansions of 'human resources' – the accumulation of 'human capital'¹⁸. However, several scholars have pointed out that higher per capita income is correlated with indicators of the quality of life¹⁹. Since the growth of GDP have gone up significantly over the years for the North-Eastern states, has it trickled down to the extent that various aspects of quality of life have undergone any changes or not. Therefore, changes in literacy rate, poverty ratio, work participation rate (WPR) and Infant Mortality Rates (IMR) over time have been critically examined. Goal of a welfare state and proactive state intervention can become meaningful if these above mentioned socio-economic parameters show improvements over time.

¹⁸ J. Drèze, A. Sen, *India Development and Participation*, New Delhi 2002.

¹⁹ P. Dasgupta, *An Inquiry into Well-Being and Destitution*, Oxford 1993.

6.1 Extent of regional disparities on poverty and consumption expenditure

Poverty has been defined as a condition of life, which is characterized by deprivation of some sort and perceived as undesirable by the persons concerned or others. It is a multidimensional concept and can be measured in terms of income as well as non-income scale. According to the income approach, low income prevents a family from obtaining and enjoying the basic amenities of life including a minimum of food, clothing, and shelter. Non-income approach of poverty, on the contrary, represents social deprivations such as health, education, sanitation, economic vulnerability, information, and participation, political powerlessness, and social disadvantage²⁰. The poverty scenario of India is still bleak in contrast to other neighbouring countries²¹. Though the proportion of people below the poverty line has come down continuously since the mid-1970s, the latest count (2004–05) based on the uniform recall period (URP) consumption procedure, the total number of poor people is reckoned to be 301.72 million.²² There are differences in the incidence of poverty and composition of the poor among the Indian states.

The overall scenario in this regard for North-Eastern states along with all-India trend has been depicted in Table 9. There has been a drop in the poverty ratio from 35.8% in 1993–94 to 27.47% in 2004–05, a fairly significant drop of 8.38% in eleven years. Poverty scenario is not much different for North-Eastern states in comparison to all India²³. Among the states of the North-East, the largest absolute declines have been observed in Assam. A large decline has also been observed in Arunachal Pradesh, Meghalaya, Sikkim, and Manipur, though limited decline was observed in Mizoram and Nagaland. Tripura is the only one among North-Eastern states where an increase in the poverty ratio has been observed between 1993–94 and 2004–05. The magnitude of the decline is bound to be a function of growth and its composition and also of the original income (expenditure) distribution.

²⁰ S. Subramanian, *India's Development Experience*, New Delhi 2001; A.K. Sen, *What is Development About* [in:] *Frontiers of Development Economics: The Future in Perspective*, G. Meier, J.E. Stiglitz (eds.), Oxford 2001.

²¹ S.K. Mathur, *Trade Liberalization and the Poor: A Framework for Poverty Reduction Policies with Special Reference to Some Asian Countries including India*, "Indian Development Review" 2003, No. 2, Vol. 1, pp. 179–230.

²² R.J. Chelliah, K.R. Shanmugam, *Strategy for Poverty Reduction and Narrowing Regional Disparities*, "Economic and Political Weekly" 2007, No. 34, Vol. 42, pp. 3475–3481.

²³ P. Nayak, *A Human Development Approach to the Status of North East*, 2005, available at <http://129.3.20.41/eps/get/papers/0509/0509003.pdf>.

Since such distributions typically tend to be normal, sharp declines are possible when the thick part of the distribution passes above the poverty line.

To summarize, the level of poverty is very low in Mizoram and Manipur and other states have high incidence of poverty and they are also above than that of country's average. Though the incidence of poverty in North-Eastern states has exhibited a downward trend over the years, it is substantially low in contrast to other states of the country. There is also large scale variation in rural-urban area²⁴. The estimates of inequality, as measured by the Gini coefficient, have also been shown in Table 9. Except in urban Tripura and Assam, for North-Eastern States inequality is quite low.

6.2 The extent of disparities on social indicators

The social approach of poverty is more complex and extremely multidimensional in nature. Social poverty reflects lack of education, health, empowerment, participation, etc. But in the present context, we are describing the situation with respect to education and health only. While illiteracy rate has been taken as a parameter under education, infant mortality rate has been taken as a parameter under health. It is to be mentioned that since growth rates of North-Eastern states has been considered for three decades, social parameters have also been chosen for three census years 1981, 1991, and 2001 for comparability.

Among the North-Eastern states, the level of illiteracy is high in Arunachal Pradesh, Meghalaya, and Assam and considerably low in Mizoram, Nagaland, and Tripura. But, over the years, all states accommodate themselves to reduce the level of illiteracy. On the contrary, the level of infant mortality rate is much higher in Assam, Arunachal Pradesh, and Sikkim and lower in Mizoram, Manipur, and Nagaland (Table 10). It is observed that the extent of income poverty is closely linked with social poverty. Where social poverty is high, income poverty also tends to be high and vice versa.

²⁴ J. Ningombam, *Rural Poverty in North Eastern Region: Problems and Prospects*, "Journal Global Economy" 2007, No. 1, Vol. 3, pp. 29–32.

Table 10: The extent of non-income poverty in North-Eastern states of India

Year	States	Literacy	IMR	WPR
1981	Arunachal Pradesh	25.5	126	52.63
	Assam	N.A	106	36.7
	Manipur	49.6	32	43.19
	Meghalaya	42	79	45.92
	Mizoram	74.3	83	48.9
	Nagaland	50.2	68	48.23
	Sikkim	41.6	127	48.3
	Tripura	50.1	130	32.26
All India	43.6	115	36.7	
1991	Arunachal Pradesh	41.6	91	47.46
	Assam	52.9	92	36.1
	Manipur	59.9	28	41.51
	Meghalaya	49.1	80	43.06
	Mizoram	82.3	53	43.37
	Nagaland	61.6	51	44.2
	Sikkim	56.9	60	53.2
	Tripura	60.4	82	31.36
All India	52.2	77	37.5	
2001	Arunachal Pradesh	54.3	44	43.97
	Assam	63.3	78	35.88
	Manipur	70.5	25	44.79
	Meghalaya	62.6	52	41.47
	Mizoram	88.8	23	52.7
	Nagaland	66.6	26	42.74
	Sikkim	68.8	52	48.72
	Tripura	73.2	49	36.29
All India	64.8	71	39.2	

Source: Census of India, 1981, 1991, 2001.

7. Conclusion

Findings from above are conclusively demonstrating few glaring inconsistencies that the North-Eastern states have experienced over last three decades. If we look at growth scenario of the North-Eastern states, it is true the scenario is not that gloomy, against the general claim that the region is neglected and has been kept in isolation. Per-capita income has also been growing at a moderate rate and

poverty both in absolute and relative term is declining but high population growth coupled with immigration from Bangladesh and Myanmar has working as deterrent to realise the benefit of income growth in many of the North-Eastern states. However, the worrying factor is that growth is pronounced where government is the principal economic actor. The mere absence of manufacturing and private sector for a pretty long period and absolute absence of credible alternatives outside agriculture clearly indicate that the central government's monetary assistance and different kinds of regional autonomy and regional development agencies backed by active central assistance failed to create a multiplier effect and did not bring much result to add resilience to these economies. Declining income from agricultural sector and hardly any decline in percentage of people relying agriculture is clearly indicating marginalisation of rural workforce. In addition, most of the North-Eastern states have remained net importer of food and non-food items. As a result, economy of the region has failed to become self-sustaining and self-regenerating in nature. Though quality of life for most of the North-Eastern states has improved but high infant mortality rates, declining work participation rates remained a matter of concern. This frustration has often been manifested in the form ethnicity, identity based movement (mostly violent). Economic integration sought under a decentralised development model on the failed promise of bringing equitable development across the North-Eastern states has acted as an incentive to raise the demand for special constitutional arrangements, separate state or country based on ethnicity or identity. The devolution of funds and creating different mechanism for self-governance has not been linked with grass root level governance and traditional institutions. Important inherent limitations like physical remoteness, hilly terrain, and limited connectivity with rest of the country that the North-Eastern states are continuously facing are yet to be resolved through various development initiatives. Along with physical remoteness, hilly terrain, and limited connectivity with rest of the country, the prolonged insurgency problem in most of the North-Eastern States has also been acting as major hindrance to forge economic, social, and cultural connectivity with main land India and its economy. It also poses doubt on Nehru's integrationist theory and proactive and protective policies framed and implemented by the union government of India. "Economic backwardness" or achieving high economic growth hardly justifies these movements because economic affluence may accentuate identity or ethnicity based movements. Finally, occasional use of coercive forces, doling out of funds, and providing autonomy without accountability are the ad-hoc measures often used by the state to settle the unsettled culturo-social and politico-economic issues rooted in the Indian soil based on the notion of the abortive post-colonial Indian nationhood. This paper

intends to reaffirm that without settling the aforementioned unsettled issues, the Indian state, till date, has been following the policy of adhocism thereby creating the breeding ground for revolution of rising expectation which would ultimately lead to an ever non-ending process of conflict resolution. Resultantly, the grand Indian nation state would certainly suffer from hyper-paranoia and a dreamer for “welfare state” will continue to be interrogated amidst the quagmire of movements based on identity and ethnicity.

REFERENCES:

- Barua A., Bandyopadhyay A., *Structural Change, Economic growth and Regional Disparity in the North-East: Regional and National Perspectives* [in:] *India's North-East Developmental Issues in a Historical Perspective*, A. Barua (ed.), New Delhi 2005.
- Bhattacharya B.B., Mitra A., *Excess Growth of Tertiary Sector in Indian Economy: Issues and Implications*, “Economic and Political Weekly” 1990, No. 44, Vol. 25.
- Chakrabarti A., Chakraborty A.S., *Emergent Development Approach: A Critique of ‘Money-bags’ Centre directed Dole Development in North-East India*, “Indian Journal of Political Science” 2010, No. 2, Vol. LXXI. Chandra B., Mukherjee M., Mukherjee A., *India since Independence*, India 2008.
- Chelliah R.J., Shanmugam K.R., *Strategy for Poverty Reduction and Narrowing Regional Disparities*, “Economic and Political Weekly” 2007, No. 34, Vol. 42.
- Dasgupta P., *An Inquiry into Well-Being and Destitution*, Oxford 1993.
- Drèze J., Sen A., *India Development and Participation*, New Delhi 2002.
- Elwin V., *A Philosophy for NEFA. Directorate of Research, Government of Arunachal Pradesh*, India 1959.
- <http://databank.nedfi.com>.
- <http://www.mdoner.gov.in/>.
- Mathur S.K., *Trade Liberalization and the Poor: A Framework for Poverty Reduction Policies with Special Reference to Some Asian Countries including India*, “Indian Development Review” 2003, No. 2, Vol. 1.
- Nayak P., *A Human Development Approach to the Status of North East*, 2005, <http://129.3.20.41/eps/get/papers/0509/0509003.pdf>.
- Ningombam J., *Rural Poverty in North Eastern Region: Problems and Prospects*, “Journal Global Economy” 2007, No. 1, Vol. 3.
- Reddy V.N., *Growth Rates*, “Economic Political Weekly” 1978, No. 19, Vol. 13.
- Sen A.K., *What is Development About* [in:] *Frontiers of Development Economics: The Future in Perspective*, G. Meier, J.E. Stiglitz (eds.), Oxford 2001.

Subramanian S., *India's Development Experience*, New Delhi 2001.

Tripathi S., Tewari R.P., *Regional Disparities and Development in India*, New Delhi 1993.

Vaidyanathan A., *India's Agricultural Development in a Regional Perspective*, R.C. Dutt
Lectures on Political Economy, Calcutta 1986.