

**ECONOMIC  
PROBLEMS AND  
PLANNING IN  
ASSAM**

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## *Chapter One*

# ***GEOGRAPHICAL BACKGROUND***

### **Introduction**

Assam forms the core of the north eastern region, comprising of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura, besides Assam. There has been a complete change in the geographical boundary of this state since independence. The present Assam consists of 18 districts, including two hill districts and 37 sub divisions, 193 police stations, 120 revenue circles. There are 21,995 villages, 72 towns and one city (Guwahati). It is divided into 135 Community Development Blocks, 31 Mahakuma Parishads and 714 Gaon Panchayats. The state is connected with the rest of the country by a narrow corridor of about 56 km. below the Bhutan foot hills. In terms of population Assam ranks 13th and in terms of geographical area ranks 12th in the country.<sup>1</sup>

### **Location and Boundary**

Assam lies between 24°48' and 27°09' north latitudes and 89°42' and 96°10' east longitudes and covers a land surface of 78,523 sq.km., accounting for 2.4 per cent of the total geographical area of the country and 30.75 per cent of the north eastern region.

The state is bounded on the north by Bhutan and Arunachal Pradesh, on the east by Arunachal Pradesh, Nagaland and Manipur, on

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the south by Nagaland, Manipur, Mizoram, Meghalaya and Bangladesh and on the west by Bangladesh, Tripura and West Bengal.

### **Natural Division**

The state can be divided into two distinct natural divisions, viz., the plains and the hills. The plains division consists of the Brahmaputra and the Barak Valleys and covers 16 districts.\* The hills division consists of the two autonomous districts of Karbi Anglong and N.C. Hills. The two hills districts cover an area of 15,222 sq.km. and accounts for about 19.4 per cent and the plains division covers an area of 63,301 sq.km. and accounts for 81.96 per cent of the total land surface of the state. About 89 per cent of the plains area is in the Brahmaputra Valley and 11 per cent is in the Barak Valley.

The plains division is subject to floods caused by the two major rivers, viz., the Brahmaputra and the Barak rivers. These two rivers cross international boundaries. The Brahmaputra crosses the international boundaries with China, India and Bangladesh and the Barak with India and Bangladesh. The river Brahmaputra flows about 450 km. from east to west through the state with a width of 5 to 8 km. It has more than 35 tributaries. The Barak river has 7 important tributaries.

The hills division comprising of two districts is located on the Shillong plateau and the Barail range. About two-third of the area of the Karbi Anglong district is hilly. The N.C. Hills districts has only about 15 per cent plain area. The average height of the valley is around 900 metres. The highest peak in the hills division is the Chengihchisan (1359 metres) and is in the N.C. Hills district. The Kapili and the Dhansiri are the two main rivers of the hills division.

### **Natural Resources\*\***

The state possesses various natural resources. The main natural resources are mineral, forest and power resources. The state is rich in mineral resources. It is particularly known in the country and outside for her petroleum deposits. Assam was the only oil producing state in

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\* Dhubri, Kokrajhar, Goalpara, Barpeta, Nalbari, Kamrup, Nagoan, Darrang, Sonitpur, Lakhimpur, Dibrugarh, Sibsagar, Jorhat, Golaghat, Cachar and Karimganj.

\*\* Discussed at length in subsequent chapters.

India till the oil fields of Gujrat were discovered. Along with oil, there are reserves of natural gas. There are good reserves of coal in the upper Assam coal fields and in the Karbi Anglong district. Among other minerals, there are clays, feldspar, mica, beryl, gypsum, iron ore, placer gold, pyrite etc. Apart oil, the tertiary coal and limestone are the principal economic minerals for development of mineral based industries in the state. The inferred reserves of coal are the state in 280 million tonnes.<sup>2</sup> The reserves of limestone in the state are estimated at 525 million tonnes.<sup>3</sup>

The quest for oil in India began in Assam since the discovery of the Digboi oil fields in 1898. The estimated reserves of crude oil in the state (as on 1980) are 82.65 million tonnes.<sup>4</sup> Along with the discovery of new oil fields, natural gas reserves have also been discovered in the state. The estimated availability of associated and free gas reserves is 72.8 billion cubic metres and 40 billion cubic metres respectively.<sup>5</sup> There is also an extensive belt of sillimnite rock in the Karbi Anglong district.

Nature has endowed Assam with a rich potential for the development of forests-based industries. However, the area under forest in the state is only 22 per cent,<sup>6</sup> which is far below the national minimum of 33.3 per cent under the productive forests prescribed by the national forest policy.

The forest area in Assam has gradually declined due to many and varied factors, like shifting cultivation in the hill areas and encroachment, primarily by the immigrants from across the border. The forests are rich in flora and fauna. There are different varieties of timber, viz., *sal*, *teak*, *khair*, *titachapa*, *bansum*, *gamari*, *sonaru* etc., bamboo and reed. Besides the varieties of trees, there are a number of orchids found in the forest of the state. There are more than 100 varieties of orchids available in Assam.

Among the fauna, the most attractive is the single horned Indian Rhino (*Rhinoceros unicornis*). Besides this, the Assam forests provide a habitat for a variety of other animals such as the wild elephant, wild buffalo, wild pig, tiger etc. The contribution of forests to the state's domestic product is about 2 per cent only. The revenue earned by the Government from the forest sector was 21.6 crores during 1985-86 as against Rs. 25.2 crores during 1984-85.<sup>7</sup>

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By and large the soils of Assam can be classified into alluvia, red loam and laterites. The soil in the Brahmaputra valley is alluvial. Such kind of soil is most fertile and very responsive to manuring and irrigation. The soil in the Barak valley is gradually laterite. This kind of soil is deficient in potash, phosphoric acid and lime. The hill soils are red and loam and laterite.

#### **Climate and Rainfall**

The climate of Assam is characterised by a fairly long period of monsoon from April to September with relatively high humidity and rise in temperature. There is a variation in temperature between the hills and the plain areas. The average temperature of the state varies from 20°C to 37°C during summer and from 4°C to 19°C during the winter.

There is rainfall both during the spring and monsoon seasons. The approach of the monsoon is marked by strong winds, over cast skies and occasional thunder storms, hailstorms and thunder during April and May. The monsoon starts its full play of heavy showers from June. The annual average rainfall of the state varies between 160 cm and 430 cm depending on place. The annual average rainfall of the state as a whole is about 290 cm with maximum precipitation during June and July. The climatic condition has made Assam immensely suited for the cultivation of paddy.

The rainfall, however, varies from year to year and from place to place. Extensive rainfall during monsoon causes heavy floods and water logging in the plains. Floods annually affect about 10 percent of the total cropped areas, and damage summer and kharif crops. The floods affected around 80 per cent of the geographical area of the state during 1988.

There is very little winter rainfall and the little amount of rainfall during the winter season is generally confined to Upper Assam. The rabi crop is generally starved of rainfall.

#### **Basic characteristics of Assam Economy**

The state exhibits all the characteristics of a backward economy. The basic characteristics of Assam economy can be discussed under the following heads, viz., economic, demographic, geographical, socio-cultural and technological characteristics.

*Economic Characteristics:* The economic characteristics can be divided into (a) General and (b) Sectoral

*(a) General Characteristics*

1. Assam is predominately a rural economy where more than 90 per cent population live in villages and depend on agriculture.
2. Non-farm employment opportunities are largely limited. There is disguised unemployment in the rural sector.
3. Industrial development in Assam is slow. There are only 88 large and medium industries in the state (1985-86). Number of small scale industries is also not large. There are 10,879 units in Assam (1988) and accounts for 0.77 per cent of the total SSI units in the country. There are handlooms and handicrafts which provide part-time employment to a sizeable section of the population.
4. Assam suffers from transport and communication bottle-necks. Historically, Assam and for that matter, the entire north eastern region, has suffered from extremely weak communication linkages with the rest of the country.

At the time of independence, Assam was virtually cut off from the rest of India, until the Assam Rail link was completed.

5. The per capita income is very low both in absolute and relative term, More than 40 per cent of Assam's population lives below the poverty line.
6. Another trait of the Assam economy is the presence of a dualistic economy. There is the market economy in and near the towns and also the subsistence economy at the village level. This dualism has been accentuated by the presence of externally directed enclaves, viz., the oil fields, coal fields and the tea estates. The labour force working in these sectors spends the major share of its wages on imported consumer goods. The profits earned by these enterprises flow out of the state. The net result is an outward flow of wealth away from the state.<sup>8</sup>

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### (b) *Sectoral Characteristics*

(1) "A typical characteristic of the Assam economy is overdependence on agricultural as the principal and main source of income."

As per the 1971 census, 75.69 per cent of the total workers in Assam was engaged in agriculture against the all India average of 72.6 per cent. Agriculture contributes 53 per cent to the state domestic product. The average land holdings are small. The yields are also lower than the all India average. The impact of modern technology is yet to touch the Assam farmer.

The cropping pattern is still predominantly mono cropping. The use of fertiliser and the consumption of electricity for agricultural purpose is negligible. The land-man ratio is very small. The whole agriculture sector is over-crowded. The traditional methods of cultivation exists, both in the plains and the hills. In the hill area, shifting cultivation is still practised to a large extent.

### *Demographic Characteristics*

There has been abnormal growth of population in Assam. The rate of growth of population in Assam for the period 1901 to 1951 was below 20 per cent per decade. The rate of growth has been around 35 per cent every decade from 1951 to 1971. The projected growth of population in Assam during 1971-1981 was 36.05 per cent. Against this, the all India average after 1951 has been around 22 per cent or so every decade. It has now been generally accepted that the abnormal growth of population in Assam has been caused by factors other than the natural growth, that is, by immigration from Bangladesh and Nepal and inter state migration from other states of the country.

### *Geographical Characteristics*

Assam and the rest of the north eastern region are geographically isolated from the rest of the country. Assam has natural resources; but many of its resource potential is yet to be exploited.

The transport and communication bottleneck are hindering the proper exploitation of the natural resources of the state. In Assam only

24 per cent of the villages are connected by all weather transportable roads.

There is a perpetual flood problem. It is a major constraint and deterrent to development. The Brahmaputra with its 35 tributaries and the Barak with its 7 tributaries cause flood havoc in the Barak and the Brahmaputra valleys of the state. Out of the 78.5 Lakh hectares of geographical area of the state, 29 lakh hectares suffer regular visitations of flood. The problem of recurring floods has affected the growth of agricultural production adversely.<sup>10</sup>

Due to transport and communication bottleneck, the size of the market has been adversely affected. Assam and the rest of the north eastern region have been treated as the hinterland of the neighbouring states and have become a traders' paradise.

### *Socio-Cultural Characteristics*

The state is known as a land of slow motion. People here are known for their laziness and love for leisure. The entrepreneurial career is taken here not by choice but by chance. There has, however, been some improvement in the situation in recent years. The inadequate supply of entrepreneurship is a cause of concern for the state. The Sivaraman Committee(1981)<sup>11</sup> and the NISIET Study(1978)<sup>12</sup> mentioned that entrepreneurship in Assam is dormant and planned effort is required for its development.

Assam's population consists of both tribal and non-tribal. Tribal population constitutes more than 10 per cent of the total population of the state. They have their own custom and traditions. At the same time they are an integral part of the great Assamese Society.

### *Technological Characteristics*

There is a poor technological base. There is a lack of adequate infrastructure. The capital-output ratio is also low. There is a lack of adequate trained personnel and technical know how. This has hindered the development of the economy of the state.

### **Conclusion**

Assam possesses many natural resources. The climatic condition of the state is suited for the growth of rice, tea and jute. The agro-climate condition in the hill districts is suitable for the development of horticultural crops. The soils, both in the plains and hills are suitable for the development of agriculture and horticulture. The state possesses mineral and forest resources. These resources can be utilised for the industrial and economic development of the state. In spite of its rich resource endowment the state is industrially backward. It is necessary that scientific estimates of the resources of the state are made and a plan is drawn up for their proper utilisation. This is to be done in such a way so that the benefits of exploitation of resources percolate to the people of the state.

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