

Poverty Alleviation in ASSAM

Joyeeta Ahmad



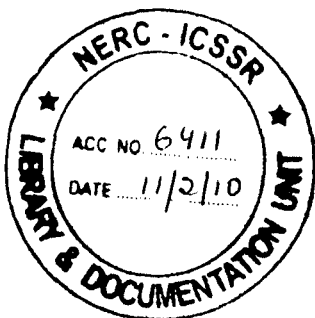
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Chapter I

INTRODUCTION

Among all the states of the Indian Union, Assam stands out as one of the most enchanting and strategically crucial state blessed with diverse and abundant natural wealth. But the abundant natural resources failed to give economic boost to the state, which is economically one of the most backward states of the Union. The state represents a sad story of utter neglect and an in different attitude.¹

A large number of factors have been responsible for the poor economic condition of the state. A natural concomitant of an adverse economic situation is conditions of poverty. There have been large numbers of people living in abject poverty. Lamentably, there have been only scanty efforts to know these reasons let alone to mitigate them. Assam has not been subject of much intense research nor has much literature been produced on it.²

¹ Except for the people who have actually resided or are residents of the state, majority of the people are not much aware about the state. Even the names of the major towns seems unknown to them. It is very ironical that a state that serves the country with lavish supplies of tea and oil remains unrecognized till date. Students coming from Assam and the north east are looked down upon as residents of a backward state. Very few people realize that contribution of Assam to the national economy is no meagre. It retains a historical background which is equally interesting and a source of intense research like the other areas.

² There have very few books highlighting its unique characteristics which distinguish it from other states. Even the school textbooks carry very scanty references about the state as also about the other north-eastern states of the country.

The disadvantageous geographical location and its hilly terrain are the conspicuous reasons for the present economic conditions of the state. Let alone overcoming and even capitalizing the natural barriers, certain artificial impediments can be observed which hinder economic development of the state. Collectively, these produce lopsided economic development of the state and prevailing poverty conditions, which over the years have become the destiny of this north-eastern state.

The present study is a modest attempt to analyze the interplay of factors that caused economic backwardness of the state forcing its people to lead a life of distress and poverty. Some suggestions have also been forwarded which may prove helpful towards economic development of the state and alleviation of poverty of its people has been attempted in the present work.

Besides the present introductory chapter, the book has six other chapters, synoptic view of which is attempted below.

I

A cursory look at the topic of the present study would demand nothing short of a general introduction of the state to which the present study relates. This is necessary because of the relatively indifferent attitude of the people towards the state for ages. Assam, the most beautiful state adorning the north-eastern region of the country is the chief supplier of tea and oil. Beyond this limited knowledge unfortunately, no serious attempts are made to acquire information about the socio-cultural and economic position of the state. To acquaint the readers with adequate information about the state as a whole, the study begins with a general profile about Assam, its people and its economy.

Assam, a land with abundant natural wealth is situated in a picturesque location in the north-east of India. The geographical bearing and international borders have made the

state strategically crucial. Characterized with a diverse terrain, Assam has a composite population whose traditional societies refuse to identify themselves with the national mainstream. Heterogeneity and homogeneity in linguism, racialism and in ethnological groups provide a distinct identity to the state which has unique problems and hence seeks to alienate itself from the motherland. Population in Assam has reached an explosive stage. Both internal as well as external factors are responsible for this unwarranted population growth, immigration from Bangladesh being the external factor.

Modern communication facilities have evaded the state for ages. The hilly terrain of the state adds to the problem as it restricts expansion of rail and roadways. Though construction of railway bridges over the Ganges and the Brahmaputra has eased the situation to an extent yet there is considerable scope of improvement and expansion in surface communication facilities. Nevertheless this land-locked state is in dire need of upgraded communication linkages and unless this takes shape very little can be done to improve the overall situation of the state. There is however a brighter side to the state as it abounds in mineral wealth, diverse fauna, flora and the fertility of the soil has made agriculture the main occupation of the people of the state.

Assam has a long political history which ranges from six centuries of rule by the *Ahoms*, a short span of control by the Burmese and finally ends with British its occupation which continued uninterrupted until the country became independent in 1947. A series of bifurcations preceding the birth of the state harmed the state a lot and sealed the fate of the state for good. This along with other inherent factors created a situation whereby it was pre-destined that Assam would always be plagued by uncontrollable economic maladies.

The social structure of the state is divergent yet composite, being a mixture of traditional tribal, ethnic tribal and hill tribes. The prominent language of the state is Assamese.

Majority of the people live and thrive in the rural areas. Assam has an agrarian economy characterized by a wide variety of agricultural products. Rice is the major crop grown in the state. Tea which is cultivated primarily in the hilly regions of the state is the dominant revenue earning cash crop also contributing to 15 per cent of the world's tea production. A variety of fruit crops also adorn the agricultural scenario of the state.

The wet and damp climate of the state is primarily conducive to rice, tea and jute plantation, though the scourge of annual floods causes tremendous loss to life and property. Crucial elements of the top soil are washed away, thus reducing the productivity of crops. Though subsistence farming constitutes much of the agricultural activity but shifting cultivation is also practiced mainly in the hill areas of the state. *Jhum* or shifting cultivation poses a problem for the state as it is a costly affair.

Besides tea, which has placed Assam on the international map, oil is another important resource produced by the state on a large scale. The state has four refineries of late. Fertilizer factories also occupy a place of prominence. A number of major power stations also adorn the industrial map of the state. Cottage industries have also occupied an important position in the economy of the state. The silk industry is widespread and popular.

Introduction of the state of Assam also deserves a mention about its political structure. Assam has a unicameral legislature. Since its inception, with short spells of rule by regional groupings the Congress party has always cast its spell on the polity. The present state government under the premiership of Tarun Gogoi has been guiding and moulding the destiny of the state since 2001 on the basis of Congress ideology.

II

Assam, a state situated in the extreme North-Eastern region of India presents a paradoxical picture of backwardness and poverty in the midst of immense natural wealth. Nearly 39% of the state's population lives below the poverty line. Poverty is more visible among the small and marginal farmers, tribal and non-tribal peasants, immigrants working on daily-wage basis, agricultural labourers etc. The districts mainly afflicted by poverty are Dhubri, Darrang, Dhemaji, Sonitpur, Cachar, Karimganj, Hailakandi etc.

A number of factors are responsible for poverty conditions in the state. Assam is a geographically isolated state. This fact along with its fragmentation since independence has resulted in marked disruption and economic backwardness and hence poverty. Besides this, heavy pressure of population in the state has resulted in an increased burden on land, a decline in per-capita income and hence poverty.

Increase in population does not directly result in poverty. But there are certain negative features which characterize the state's population and this has resulted in poverty conditions in the state. Dependency ratio is very high in the state. Besides, heavy influx of immigrants in the state from the neighbouring countries and internal migration has disrupted the land-man ratio to such an extent that the percentage of Assamese population has today become insignificant. The immigrant by exercising a dominant control over the economy has become a big burden on its government and its people. This is because the Assamese people have to share the scarce resources and welfare facilities with the immigrants whereas the latter have not been substantially contributing to increase the wealth of the state. In other words, the rate of population increase has exceeded production and this has resulted in poor economic growth and hence poverty.

Excessive dependence of the people of Assam on land has also contributed to the rise of rural poverty. Mounting pressure of population on land resulting in its fragmentation, failure of

land reforms to protect the rural poor, absence of adequate credit facilities and the resultant inability of the farmers to use improved inputs has resulted in lower productivity, lower income and hence more of poverty. The situation could have improved if the state had a strong industrial base. But even the industries of Assam are not in a position to provide an alternative to the people who flock to the urban areas in search of livelihood. Because of various inhibiting factors the industrial sector of the state continues to operate on traditional basis resulting in low productivity and lop-sided industrial development. Such conditions increase the sufferings of the common man and his level of living deteriorates.

Assam's economy, because of being exposed to the worst forms of natural calamities (recurring floods every year, problem of soil erosion, occasional drought), has also resulted in poor economic conditions. These calamities cause extensive losses to the small farmers and have retard economic growth. It is a pity that the government has not at all been serious in tackling these natural disasters.

Another factor contributing to poverty in the state is the absence of adequate infrastructural facilities. In the absence of improved transport and communication facilities there is also less diffusion of ideas and technology and low mobility of people, goods and ideas. The result is stagnation and a situation where people get trapped in a vicious circle of poverty. Dismal power situation in the state has forced industrial units to incur heavy financial losses. This obviously means low wages for the workers or an increase in the problem of unemployment.

Ineffective functioning of the financial institutions in the state has also hindered economic progress in the state. The condition has been worsened by the fact that educational arrangements in the state have failed to supply the skilled personnel required for diverse economic activities. Under such conditions the quality and quantity of output suffers. Low

production is obviously associated with low income and hence poverty.

The colonial nature of Assam's economy has also heightened poverty conditions in the state. The state's economy is dominated by those industries (oil, tea, timber) which were set up by the British rulers. Lack of industrial diversification has posed a serious problem because the existing industries are manned at all levels by personnel other than the local Assamese who remit their incomes to their homes outside the state. The spin off effects of the industries is thus lost. Moreover, absence of a capitalist culture in the entire process of industrialization and in the agricultural sector as well, has made poverty a common phenomenon in the state.

The inefficient functioning of the state government is also to be blamed for increasing poverty conditions in the state. Government personnel take decisions without considering the requirement of the schemes. As such irrelevant decisions are taken which do not help any specific group of the rural poor. Lack of coordination between the administrative agencies and lack of any appropriate planning strategy has created a situation where the entire development process has become a farce. Inbuilt deficiencies in the planning strategy have resulted in wasteful expenditure and an increased burden on the state.

Involvement of the people in the development process is negligible. This is particularly true in the case of rural development where the bureaucrats continue to hold their sway. Absence of active involvement of the people in the grassroots bodies have resulted in negation of development of the farming sector. Land reforms have been only partially implemented thus worsening the situation.

The Central government has also failed to extend assistance to the state. Though the Union government cannot be blamed for poverty conditions in any state but inadequate and reduced central allocations would definitely adversely affect the economic growth and development of the states and this has

been witnessed in the case of Assam. It is ironical that development projects in Assam are usually delayed. For instance, a new bridge over the Brahmaputra River has been the result of long years of struggle and agitation by the local Assamese. Such a negligent outlook by the centre has adversely affected the economy of the state. The consequence is that the people are compelled to lead their lives under poverty and deprivation.

III

The spread of poverty conditions has engulfed nearly the entire country of which Assam constitutes an important part. A problem of such a national magnitude, therefore, calls for an immediate intervention by the Central government and has found reflection in the numerous anti-poverty schemes initiated by it. In view of persistent poverty and growing inequality, multiple approaches embodying well coordinated and definite actions have to be opted for tackling the issue at hand.

We have adopted two broad approaches to alleviate poverty. One is the direct approach which seeks to raise the income-earning potential of the poor through direct intervention and the other is the indirect approach that lays emphasis on increasing the poverty reducing potential of the growth process. This was to be secured via land reform measures and technological upliftment.

Broadly speaking, poverty alleviation programmes in India can be divided into four categories. All these schemes along with their analytical presentation is attempted in this chapter. Strategic interventionist policies are the first among the four-fold categorization of poverty alleviation policies. These policies primarily aimed at bringing about a congenial agrarian situation for the rural poor. It embraces not only the provision of land reforms but also the availability of credit facilities to the poor and the related poor-oriented provisions of subsidized food through a public distribution system.

Land reforms primarily aimed at providing ownership rights to the landless, abolition of intermediaries and the modernization of agriculture. Credit delivery system has also been a useful and helpful component for poverty reduction. It all began with the co-operative credit movement in 1951 which in due course expanded its operation as the key instrument to make available agricultural finance to the rural poor. Land development banks and regional rural banks have also gone a long way in providing institutional credit to farmers, agricultural labourers and rural artisans. An effective way to enhance the real income of the poor is to provide them with sufficient quantities of food grains and other basic items at prices lower than the market. This is the devise of the Public Distribution System (PDS) which though was introduced way back in the 1940's has failed to gain legitimacy and popularity because of its ineffectiveness and corrupt functioning. In the absence of its selective coverage, genuine ration card holders are left behind in the fight for basic commodities. Black marketing of the PDS goods with the inclusion of the non-poor in the coverage of the scheme also reduces impact of much popularized PDS. Unless the shortcomings are eased out, scrapping of the scheme in the light of a better alternative would be a viable option.

Programmes specially targeted for the poor are the second category of programmes to improve the condition of the poor. It incorporates within itself two essential goals. One being an improvement in the access of the poor to assets and augmenting its productivity and the other would be steps to increase the productivity of the main asset of the poor, i.e., their labour through investment in human capital.

Such specific pro-poor programmes have been of three different varieties. As one of its component, Community Based Programmes includes the Small Farmers Development Agency (SFDA) – a target-based approach meant to provide relief to the small farmers, the Drought Prone Area Programme (DPAP) – to promote long term development of local agricultural resources and its allied sectors and the Desert

Development Programme (DDP) – meant to obliterate the adverse impact of desertification and adverse climatic conditions on humans, livestock, crops etc. in the areas covered by it.

Individual targeted income-generating programmes comprise the second component of the specially targeted pro-poor strategy. It incorporates three variants. The Integrated Rural Development Programme or IRDP forms the core of the strategy of rural development. It aims at ameliorating the condition of the extreme poor of rural areas so that they are in a position to raise themselves above the poverty line. It is a comprehensive strategy for alleviation of rural poverty as it seeks to attack the problem from all sides. Training of Rural Youth for Self-Employment (TRYSEM) and Development of Women and Children in Rural Areas (DWCRA) are the other two variants of individual targeted income generating programme. The former is a skill development programme to provide the youth of the poor rural households with technical skills and also to upgrade their traditional skills so that they become technically competent to seek employment in rural industries and trade. DWCRA launched in 1982 sought to augment the income earning opportunities of rural women through collective efforts so that the socio-economic constraints are neutralized.

Still another broad category which falls under the programmes specially targeted for the poor is the wage employment programmes. These programmes are tailored to provide relief to the unemployed poor. The sub-categories of programmes are the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEGP). In the year 1989-90 these two programmes were modified and combined in a new scheme called the Jawahar Rozgar Yojna.

The NREP, a restructured programme was aimed at creating wage employment for the unemployed and underemployed in the rural areas. It was a modified version of the erstwhile Food

for Work Programme which primarily sought to create durable community assets so that the social infrastructure is strengthened. RLEGP a totally centrally financed programme not only sought to expand employment opportunities for the rural poor but it also had as one of its objective to guarantee employment to at least one member of every landless rural household up to 100 days and to create durable assets for strengthening the rural infrastructure.

In view of the glaring shortcomings of both the NREP and RLEGP, the JRY was introduced in 1989 as an outcome of their merger. JRY is an unique scheme as it not only sought to generate additional gainful employment opportunities for the unemployed of the rural areas thriving below the poverty line but it also seeks to strengthen the rural economic infrastructure so that sustained employment is generated.

As poverty in India is an all pervasive phenomena the urban areas have also been afflicted by the menace. To tackle the situation three prominent schemes are in practice Nehru Rozgar Yojana (NRY), one of such scheme is the counterpart of JRY and it has a dual objective of generating wage employment and self-employment opportunities. Prime Minister's Rozgar Yojana (PMRY) has a specific objective of providing sustainable employment opportunities to ten lakh educated unemployed youth in business, small enterprises, manufacturing units and the like. Likewise Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) was launched in 1995 to provide self-employment opportunities via the development of skills. It not only provides financial help but it also seeks to improve the housing conditions of the urban poor. This makes it a novel scheme.

For a holistic study of the anti-poverty policies of the Indian government it is indispensable to take into consideration even the nutritional programmes that are being implemented in the country to augment the nutritional intake of the vulnerable citizens living below the poverty line. These schemes include the Applied Nutrition Programme (ANP), the Supplementary

Nutrition Programme (SNP) and the Mid-day Meal Programme (MMP).

The ANP sought to create a general awareness about the need to consume nutritional food and to make available supplementary food items to the needy. The SNP was a substitute of the ANP. It was an integrated nutritional programme seeking to provide nourished food. The MMP served the dual purpose of enhancing the nutritional status of the poorer sections of the community and it also seeks to encourage the poorer sections to enroll themselves in schools to avail the free lunch covered under the scheme.

The present chapter also covers the approach of the Eighth Five-Year Plan towards poverty alleviation and concludes with the approach of the Ninth Plan towards the same. The new paradigms of development initiated in the Eighth Plan most significantly included a renewed emphasis on employment-oriented growth strategy and a stress on the strengthening of the rural infrastructure.

A unique feature of this Plan consisted in the emphasis on the role of voluntary organizations as efficient delivery mechanism for developmental programmes. Human resource development nonetheless remained the core of the Eighth Plan. The Ninth Five-Year Plan had also stressed on the need to enhance employment opportunities and ensuring a balanced growth of all the regions of the country. A planning process that would encourage participation of the poor sections of the society in particular was also called upon.

In tune with the previous plans, the Ninth Plan also prioritized the growth of agriculture and rural development and called upon the need to provide minimum health services to the socio-economically deprived sections of the society. Any strategy promulgated with the sole objective of poverty reduction is laudable in the context of a poverty ridden country like India. But laws and policies in our country have always looked good in the statute books. Once they reach the stage of implementation they are plagued by irreversible

loopholes and corrupt practices that can easily be overcome once those in authority wake up to the cries of the weaker and poorer sections of the population. More than the numerous varieties of anti-poverty schemes what is needed is honest and dedicated approach to the problem so that a humane solution becomes forthcoming. Unless this becomes a reality anti-poverty schemes will prove to be laudable only on paper and their implementation would have but a marginal impact on the lives of the poor as is the case today.

IV

To combat the existing acute poverty conditions, state government has all along been initiating poverty alleviation strategies. Reduction of poverty has been one of the major objectives of every successive Five-Year Plans except the First Five-Year. The anti-poverty strategies of the Assam government can be placed under various categories. First is the Wage Employment and Infrastructure Development which covers following schemes: (a) National Rural Employment Programme which was meant to provide employment opportunities to the unemployed and under-employed, (b) *Jawahar Rojgar Yojana* meant to provide wage employment to the rural poor, (c) Million Wells Scheme to provide irrigation facilities to the small and marginal farmers, and (d) Employment Assurance Scheme which was meant to provide at least 100 days of unskilled manual work to the rural poor who are really in need of it.

The second category of anti-poverty programmes is the Self Employment Schemes and Programmes for the Development of Entrepreneurship. The schemes under this category are: (a) Integrated Rural Development Programme to provide the poor with productive assets and skills so that they are in a position to earn greater incomes, (b) Training of Rural Youth for Self Employment to provide technical and entrepreneurial skills to the youths of poor rural families, (c) Prime Minister Rojgar Yojana to provide self employment to educated unemployed

youths in small enterprises, business ventures, etc., (d) Development of Women and Children in the Rural Areas to provide seed money for income generating skills and activities to poor and needy rural women.

As the economy of Assam is predominantly agricultural in nature the Assam government has also been initiating several pro-poor measures to alleviate rural poverty among the farmers. Some such measures are:

- (a) *Legislative Measures*: these include a number of acts passed by the state government to protect the interests of the sharecroppers and the landless cultivators.
- (b) *Fixation of Minimum Wages*: the state guarantees the payment of a fixed minimum wage to the agricultural labourers to provide them with some means of production.
- (c) *Special Area Programmes*: these include steps taken by the government to improve the conditions of the small and marginal farmers of some particular areas (for example the SFDA).
- (d) *Land Reclamation and Settlement*: under this scheme excess lands acquired by the government are distributed among the landless agricultural labourers.
- (e) *Rural Employment Programmes*: these include large scale labour intensive works so that the problem of unemployment and under employment is reduced in the rural areas.
- (f) *Organisation of Co-operative Societies*: under this scheme credit and non-credit co-operative societies have been set up to fulfill the requirements of the poor farmers
- (g) *Project for Assisting Small and Marginal Farmers for increased Agricultural Production*: this is a special programme to help the small and poor farmers increase their agricultural output via distribution of mini-kits, extending help to set up minor irrigational projects etc.

A significant percentage of Assam's population belongs to the category of the backward classes who are compelled to live

within various socio-economic constraints which cause poverty. To improve their position the state government has been providing them financial assistance, helping the SC/ST to secure ceiling and surplus land, providing special educational facilities to children of such families, implementing family oriented schemes, providing income-generating assets to them, formulating a 'Tribal sub-plan' to improve the standard of living of the tribal farmers. All such endeavours of the state government have provided substantial benefits to the backward sections of society.

There have been the miscellaneous anti-poverty efforts of the Assam government. Prominent among such measures include the provision of basic health facilities for the downtrodden, provision of job opportunities to the unemployed and misguided youth, the implementation of a fourteen-point socio-economic programme for the benefit of poorest section of society and steps to reduce malnutrition which is so pervasive among the rural households.

Though the Assam government has launched diverse pro-poor policies to alleviate poverty in the state but the problem is still acute. A lot more has to be done in this respect along with steps to be taken to remove the discrepancies which are found in the present schemes. Leakage of funds allotted for poverty alleviation schemes should be arrested on priority basis so that the benefits might reach the target groups. There is also the problem of inadequate allocation of funds for various schemes. Additional funds should be made available to the state by the Centre so that the schemes might be implemented more efficiently.

As unemployment is one important cause of poverty in the state the government should not only check the influx of refugees from the neighbouring countries and also stop inter-state migration but the natural growth of population must also be arrested. As already noted the problem in this state lies in exercising a check on the demand for more new jobs and not the creation of new job avenues. The problem of

unemployment can also be partially solved by taking suitable steps to develop small and cottage industries in the state because Assam has a rich potential and a tradition for their growth. The state should also lay stress on modernization of agriculture so that its rural population increases its productivity and earns good income.

The need of the day is diversification of the industrial sector. This will divert the surplus population to the industries and reduce the problem of rural unemployment which is the root cause of rural poverty. Self-employment ventures should be encouraged by providing institutional finance to the youth in a liberal manner. Finally, the poor of the state should be allowed to participate not only in the implementation stage but also in the formulation stage of pro-poor/ development strategies. This will not only increase the effectiveness of all such schemes but it will also ensure that the benefits which accrue from them actually reach the beneficiaries.

V

This chapter comes closest to the title of the present book as it highlights the economic problems of the state. After a brief introduction of the roots of Assam's economic malaise it proceeds to analyse the agricultural and industrial scenario of the state. Agriculture is the dominant sector of the state's economy as a substantial chunk of the state's population depends directly or indirectly on it. Nevertheless the growth of this sector has always been sluggish which can be attributed to several factors.

An abnormal rise of population exerting enormous pressure on the arable land has resulted in an indefinite process of land fragmentation thereby obstructing the adoption of scientific and sophisticated modes of production techniques. Erratic rainfall in the state also poses a problem as it necessitates the adoption of large-scale and assured irrigation facilities. Preference for minor irrigational projects coupled with lack of synchronization and coordination among the agricultural and

administrative departments to uniformly implement them also contributes to agricultural sluggishness. Lack of irrigational facilities also makes the adoption of adequate sophisticated inputs a distant dream. Non-application of adequate doses of such inputs has made the state chronically deficient in food grains.

Multiple cropping is not in vogue in Assam. Non-application and non-availability of specified types of pesticides also makes the plants vulnerable to a variety of pests and diseases. Coupled with the above deficiencies the practice of using indigenous tilling equipments and the low price for agricultural products make the farmers averse to making substantial investments in the field.

A poor track record of land reform measures contributing to a deficient pattern of landholding structure has also made matters worse for the state and its agricultural sector. The loopholes of the Ceiling Acts have enabled the big landowners to indulge in various manipulations resulting in a situation where non-cultivators have become the masters of large tracts of agricultural land and the rural poor have become all the more poor. Associated with this problem is the problem of land alienation in the state. Alienation of land from the indigenous tribal and non-tribal peasants to the immigrant peasants has contributed to the impoverishment of the rural population.

The *ryotwari* system of land tenure has paved the way for land alienation from the actual tillers to the non-cultivating rural elites of the state. Lack of adequate agricultural credit facilities is also harming the interests of the poor cultivators of the state. Even the established commercial banks in the state have shown reluctance in providing financial facilities to the rural poor. Lack of adequate security for loans and the problem of recovery have been the prime inhibitions in this regard. Deficient marketing of agricultural produce makes the agriculturists in the state susceptible to the whims and fancies of the traders and middlemen. Thus a whole list of negative

factors has cast their spell on the state's agricultural sector thereby preventing it from strengthening its economic base.

After a thorough analysis of the above situation the concerned chapter also looks into the shortcomings of the state's industrial sector. In spite of more than five decades of planning there has been no visible proliferation of industrial business in the state. Except tea, petroleum and plywood industries not much industrial expansion has been witnessed in the state. Lamentably, the state planning board has not been making adequate provision industrial development. State government has not been offering subsidies to those starting industries in the state. Shortage of power, inadequate communication, transport and other infrastructural facilities besides the constant agitation of climate also discourage the prospective industrialists from setting up new enterprises in the state.

The tradition of small and household industries has also prevented the growth of modern industrial enterprises in the state. The industrial environment of the state is not at all congenial even for the growth of local entrepreneurs. But poor and insufficient infrastructural facilities are the most crucial factor hindering industrial prospects of the state and this has been discussed at length in the subsequent chapters.

The road transport system is deplorable; majority of the rural areas are connected with non-metal roads which becomes susceptible to nature's fury during the rainy season. The twin factors of geographical location and a difficult terrain have made the expansion of infrastructural facilities including roads difficult. The rail transport system is also not without problems: overused bogeys, life threatening and wooden bridges, retention of unsophisticated mechanisms and other related problems limit its utility. Even the expansive inland water transport retained by the state suffers from lack of modernization and upgraded facilities.

There also remains shortfall in power supply – quantum of power generated is far too less than its demand. Technical problems and absence of adequate supply of coal and gas have

primarily contributed to the worsening power situation. This chapter also puts forth a bare fact about the local population that goes against the interests of the economy. The people are not much enterprising and 'work culture' is practically non-existent in the state. Many professions are considered taboo for the indigenous people. The forces of customs have also rendered the labour market inelastic.

The chapter concludes with the unsatisfactory working conditions of some of the prominent industries of the state namely tea and petroleum industries so that the common handicaps of the process of industrialization in the state can be highlighted.

VI

Chapter VI begins with a general introduction of the economy of the state and analyzes the developmental efforts initiated by the state government in both the agricultural and industrial sectors of economy. Strategies adopted to improve the working of both these sectors do not have 'poverty reduction' as their explicit objective but it is generally accepted that such measures would result in the dissemination of benefits among the lower strata of the population. As Assam is predominantly an agrarian economy, the attention of those in authority is mainly oriented toward the agricultural sector.

The process of agricultural rejuvenation began with the land reforms in the fifties and these were meant to protect the interests of the sharecroppers. Some of the prominent land reform measures were the Assam *Adhairs* (Sharecroppers) Protection and Regulation Act of 1948 passed to reduce the amount of rent to be paid to the landowners by the sharecroppers, the Assam State Acquisition of *Zamindaris* Act of 1951 meant to legalise the right of the sharecroppers to occupy land, the Assam Fixation of Ceiling of Land Holdings Act of 1956 meant to reduce inequality in land ownership via ceilings, the Assam Consolidation of Holding Act of 1960 which was proposed to prevent fragmentation of land to

promote improved cultivation and the Assam Temporary Settled Areas Act of 1971 which authorized the government to acquire ownership rights of holdings on behalf of the tenants by paying compensation as per rules contained in the provisions.

All the above measures have been only partially successful in protecting the tenants and distribution of surplus lands among the beneficiaries. As an integral part of its policy the state government has also been making investments in the sphere of irrigation. This has not only encouraged multiple cropping but has also marked the use of sophisticated inputs like HYV seeds, fertilizers and pesticides. However, the irrigation facilities are inadequate and the consumption of improved inputs per hectare of gross cropped area is very low. This is primarily because of the traditional attitude of the farmers and their weak financial position.

A realization dawned on the state government to strengthen the financial position of the agricultural poor on a priority basis. This effort found expression in the setting up of co-operative institutions since the initiation of the planning era in 1951 which made productive loans available to the farmers. In recent years the National Bank for Agricultural and Rural Development (NABARD) has been supplementing the task of cooperative bodies by streamlining credit flow to the agricultural sector and by taking over complete control over the operational aspects of rural credit.

Co-operative movement in Assam could not succeed in Assam because of inefficient staff manning the cooperative bodies and also because of the indifferent attitude of the rural people because of their illiteracy.

Assam State Co-operative Marketing and Consumer Federation Ltd. (STATFED) was set up to augment agricultural production. The problem of food scarcity is being met by a balanced production of food and cash crops. Agricultural Farming Corporations have also been set up to provide social

justice to the rural poor along with a comprehensive Crop Insurance Scheme to help farmers in distress.

The state government has also been sensitive to the problems of the farmers in the hilly areas. Thus an Integrated Jhumia Development Programme comprising of both individual beneficiary schemes and plantation schemes has been initiated for the purpose. Diversification of crops is also being encouraged in these areas.

In spite of the above measures the agricultural sector still leaves much to be desired. Consolidation of land holdings should be implemented more earnestly. Flood being an annual ritual, extensive flood control measures are to be implemented with all seriousness. Along with land management techniques the farmers are also to be acquainted with general and technical knowledge concerning farm-related issues.

The present chapter also analyzes the issue of industrial rejuvenation in the state. Assam has always been an industrially starved state. Though the process of industrialization was initiated by the British rulers but certain inherent inhibitions, like the absence of adequate infrastructural facilities, dearth of technical manpower, inadequate capital formation and absence of adequate credit facilities have restricted industrial growth. Even the state planners were reluctant in the initial years of planning to take up the cause of industrialization. It was the Third Five-Year Plan that marked a new beginning in this sector. However, it was not until the Seventh Five-Year Plan that the issue of industrial diversification assumed centre-stage.

The idea of setting up one industrial area at each district headquarter of the state was considered with all seriousness to effect industrial expansion of the state. But it was only with the adoption of industrial resolutions that the seriousness of the Assam government in this endeavor could be judged. December 1986 saw the passing of the new Industrial Policy. This policy laid emphasis on the setting up of industries fed by local resources. Incentives were given to the local

entrepreneurs along with the provision for single window facilities. The year 1991 saw the passage of another industrial policy which sought to diminish the role of the public sector and find a place for the big business houses in the field. Motivating young entrepreneurs by providing them with incentives of diverse character was considered important.

Encouraging industrial growth in a backward state like Assam is a difficult proposition. The state government sought to deal with the problem by extending a number of fiscal incentives to the entrepreneurs. The eighties saw the introduction of a new concept called the 'No Industry District - NID' for inducing industrial growth in backward areas. The resolution of 1997 was a comprehensive package that would encourage industries to strengthen their base and widen employment opportunities. Two significant aspects of the policy of 1997 were: to promote the growth of diverse industries to strengthen the industrial base of the state and secondly to link the economy of the state with the economies of other states.

Open competition was to be the working formula and monopolization of profit was to be done away with. Though the policy resolution of 1997 sought to encourage export-oriented projects but adequate attention was not paid to the development and promotion of village and small scale business enterprises and growth of medium industries particularly food processing units. Non-operational industrial houses were to be revived. Human resource development was another area which had engaged the attention of the framers of the policy resolution of 1997. Infrastructural facilities were also to be improved. Significantly, the state government also sought to continue with its efforts of setting up District Industries Centre (DIC) in newer areas of the backward regions in an attempt to widen the spread of industrialization. In this way, this policy resolution was a marked improvement over the previous policy measures.

Further, it is to be realized that the standard of a state's industrial progress can only be judged by the state of its

prominent industries. Tea, petroleum and plywood industries adorn the industrial map of the state. Tea is the single largest industrial sector of the state providing employment, both direct and indirect, to lakhs of people in the state. It also promotes ancillary industries like plywood, fertilizer etc.

But all is not well with this industry. Tea gardens are ageing; adversely effecting output and an increasing rise in the cost of production along with shrinking markets have created problems for this industry. Intervention of the state government to provide relief to the tea garden owners has not borne much fruit.

Petroleum industries are a real source of income for the state. Taking advantage of its abundant crude oil resources the state has completed the fourth refinery at Numaligarh which has not only augmented employment opportunities but has also created several downstream and ancillary industries. Modernization efforts are on to promote the future prospects of this industry.

Plywood industry, which experienced a boom in the period after independence, is in a sad state today. This industry today is facing a hostile situation because of restriction on the cutting of trees and also because of a reduced forest cover in the state. Rapid plantation of soft wood and adoption of scientific techniques is likely to help this industry in the future.

Leaving the large-scale industries aside, Assam can also boast of a long and healthy tradition of small-scale industries. Growth of such industries not only mobilizes local resources but also opens up employment opportunities. Sericulture and weaving, bell metal and pisci-culture are some of the notable small-scale industries. But they are plagued by a plethora of problems. As the people associated with these industries are illiterate and ignorant they are opposed to modernization. In the absence of financial facilities from commercial banks the problems get multiplied.

To cater to the requirements of the small-scale sector the state government has undertaken a number of initiatives. Assam Small Industries Development Corporation, Assam State Textile Corporation are some bodies set up to strengthen the base of this sector by making it a profitable venture. Arrangements have also been made to provide long-term loans to the artisans besides extending infrastructural facilities to promote their cause. But much needs to be done to promote the all around development of this sector.

Development of a state rests on the soundness of infrastructural facilities provided viz. power, transport and communication banking etc. Infrastructural facilities have never been satisfactory in this remote state of Assam. Geographical isolation and a difficult terrain have been the obstructive factors. Though Assam based on its natural resources has immense potential for generation of power but the absence of a regular supply of coal and other technical deficiencies have resulted in a large gap between the amount of power generated and the demand thereof.

Besides power, transport and communication network is also very fragile in the state. Modernization and upgradation of railways, roads and waterways should be improved. Mere expansion of broad gauge lines is not adequate unless the railway network is made resistant to natural calamities. The state has an extensive road network as it is the most viable alternative to deficient railways. However, the condition of most of the roads is unsatisfactory. Efforts need be taken to improve the quality of non-surfaced roads and to make them resistant to annual floods. Revitalization and upgradation of the state's waterways is also called for.

Thus the economic scenario of the state presents a gloomy picture. But all is not however lost. Attempts are underway to promote all-round growth of the state with a renewed emphasis on the effective utilization of existing natural resources. The new Congress government in the state is committed to a popular oriented regime and has been making

frantic efforts to give a new look to the state's economy. The results seem to be encouraging. It is hoped that the economy of the state will get a boost and the economic miseries of the people will soon be a thing of past.