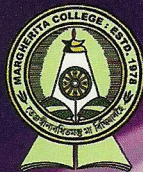


Inclusive Growth

IN NORTH-EAST INDIA

with reference to the Emerging National Pattern



SEMINAR VOLUME



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MARGHERITA COLLEGE
DEPARTMENT OF ECONOMICS

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*"State of Inclusive Growth in the North-East India
with reference to the Emerging National Pattern"*

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WELCOME ADDRESS

Dr. B. Gogoi
Principal,
Margherita College

Honorable -Chief Guest, Sri Subrata Ghose, ED, IOC (AOD) Ltd., Guest of Honors, Prof. G.C.Hzarika, Director, CDC, Dibrugarh University; Mr. Ningthoujam Geoffrey, SDO(C), IAS, Margherita; Distinguished Resource Person Prof. H. Goswami, Dibrugarh University, other dignitaries, learned citizens, invited guests and participants, my dear teachers and students.

Its a great privilege for me to welcome you all to this National Seminar on “State of Inclusive Growth in the North-East India with reference to the Emerging National Pattern”, organized by the Department of Economics, Margherita College. The seminar is jointly sponsored by North Eastern Council, Govt. of India; Indian Council of Social Science Research, North Eastern Regional Centre, University Grants Commission, local industrialists and many such institutions.

The sub-divisional headquarter of Margherita is a small town in the lap of sky-kissing hills of Patkai range stretching along the Assam-Arunachal border. The township of Margherita is located at 27.28^o North latitude of the Equator and 95.68^o East latitude of the Prime meridian on the map of the world. The international border of Indo-Myanmar is close to 70 km from here. The township of Margherita is only 20 km away from Lekhapani near Ledo from where the historic Stilwell road that connects India with China via Myanmar – the centre of what could be the rich economic zone of Southeast Asia. Thus, given proper policy supports, the entire area has high potentiality for economic development through cross-border trade and tourism in the days ahead.

The industrial history of entire Northeastern region of India is very

intimately related to this locality – so much so that Margherita is the pioneer in the industrial map of North-Eastern Region of the country. Lured by plenty of untapped resources, British merchants penetrated into this area for exploration of coal, etc. Subsequently, in 1881 the Assam Railway and Trading (ART) Company was incorporated. Construction of railway lines necessitated the setting up of timber mills as ancillary. Later, tea gardens came up and the vast area of Margherita, formerly known as Makum turned into a paradise for the British merchants. Today, this area is a prominent industrial belt of Assam. Asia's oldest crude oil refinery and currently the oldest functioning refinery of the world operating from the neighbouring town of Digboi, under the management of Assam Oil Division (AOD) of the India Oil Corporation (IOC). The area is also enriched with Coal mines under the management of North Eastern Coal Fields of coal India Ltd. (CIL). In addition to these, there are century-old tea gardens with their processing units operating in this locality. During the last decade, quite a good number of small tea processing units have come up and are operating successfully. These apart, the area is best known for forest based industrial units like saw mills, plywood manufacturing concern and stone crushers.

The greater area of Margherita is a felicitous abode of people from diverse religious, linguistic and cultural origin. The most glaring demographic feature of this locality is its cultural ethos fabricated by numerous ethnic communities of Mongoloid origin; who migrated from the sub-topical hills and valleys of Ho Wang Ho, Yangtze Kiang and Mekong deltas mostly during 448-221 B.C.

Margherita College was established in 1978 and located in the north-eastern state of Assam guarded by the majestic Patkai Hills in the headquarter of Margherita Sub-Division. The college is expected to provide facilities not only for transmission of knowledge in the conventional way but also for maintaining a continuous process of positive interaction among all concerned. Since inception, the college is catering to the academic needs of a diverse population including several indigenous tribal communities in the three disciplines of Arts, Science and Commerce. It has six Career Oriented Courses sponsored by UGC and a study centre of Krisna Kanta Handique State Open University. The college has a strong 65 member faculty with excellent academic and extracurricular records.

As an intellectual centre of the pluralistic society of the region, Margherita College has been playing a pivotal role in the socio-economic

transformation of the society through its various activities. In addition to its Routine Academic exercises, the college organizes many local, state, national and international seminars and workshops in various emerging and thrush areas in order to generate awareness among the different target groups. This seminar on — State of Inclusive Growth in the North-East India with reference to the Emerging National Pattern, organized by the Dept. of Economics, is a part of such activities.

Inclusive growth has become a buzz word in Indian political scenario. The Dictionary meaning of “inclusive” is “including of much or all”. It is seen that rising consumption level leads to income generation and job creation. But the growth is not inclusive. To revive the growth momentum of the economy, the Govt. must take bold steps enhancing inclusiveness. It is acknowledged that India’s growth is driven by domestic demand and therefore the Govt. should intensify its inclusive growth efforts to make rural India more prosperous. Additional spending on some special package will provide an opportunity to enhance the inclusiveness of resulting growth. The package should target the weaker section of the society to make the growth process more inclusive. Expenditure is oriented towards inclusiveness, which helps to stimulate the economy. Thus, keeping in view with this serious topic, the seminar has been organized.

I earnestly hope, the proposed seminar will facilitate an ideal platform where the cross-section intelligentsia will engage in serious discourses on a very sensitive subject. The seminar is expected to take into account the wide extensive impact on non-inclusive growth particularly on the North-East economy in the national context. I am sure, every individual will be more benefitted by the learned deliberations of scholars on “Inclusive Growth” and the wrong perceptions, if any, will be dispelled.

I strongly believe that all the participants will present their ideas and thoughts on the subject with active interaction, arrive at consensus, forward recommendations, adopt resolution and develop an effective message as an outcome of the seminar for the society, particularly to the target groups.

Once again, I welcome you all to Margherita College and request your gracious presence in the entire proceedings of the seminar and extend help to make it a grand success.

Thank you.

OBJECTIVES

Dr. Gautam Purkayastha
Organising Secretary
& HoD, Economics.

Poverty amidst plenty fit into Indian economy, as also for the North East Economy. Economic growth to be meaningful should be balanced – regionally, locally and sectorally.

There is no gainsaying that Our's is a mighty nation of around 110 crore population, only next to China. Indian scientists, technicians, Doctors, teachers are in high demand around the world. Many CMDs of Indian Corporate world earn above 50 millions a month. However, the story of post-Independence planned development is not all rosy. Of the 10 million Indians working abroad, only a small proportion constitutes women. Within India, compared to elite CMDs annual salary of Rs. 50 crore, there are hardworking 400 million people who hardly get Rs. 50 a day, sometimes even after working 10-12 hours.

Wide and extensive diversities can be observed across the regions, castes, class, gender and age-groups. When educated Indians are rated highly at the international market, there are 300 million youths found themselves unemployable anywhere in the country. The manifestations of such non-inclusive growth are rise of naxalism across the nation, secessionist activities, ethnic clashes, malnutrition, high incidence of diseases and mental and environmental pollution.

No denying the fact that an impressive change in the Indian economy has been observed after initiation of the process of Globalization, Privatization and Liberalization. Particularly, in the recent years, the growth rate of GDP has touched to a peak (7-9%), while investment rate (also savings ratio) has also increased to above

one-third of the GDP. In the external sector our exports have increased and the exchange-rate has turned a little in favour of rupee. The corporate sector and multinationals have entered in banking, insurance, agriculture, retail, education and health sector as well. In brief, in almost all the sectors there is a boom in the economy.

However, Regional disparities have increased over the years. Different socio-economic indicators of development reveal wide disparities across the caste, religion, region and gender. For instance, the most poverty stricken regions are those with a predominantly large share of tribal population. Those with higher poverty levels as per the MRP estimates (made by the NSSO, July 2004 – June 2005) include Orissa (39.9%), Jharkhand (34.8%), Bihar (32.5%), Madhya Pradesh (32.4 %), Chhattisgarh (32 %) and Assam.

In 1990-91, the North eastern region's per capita income in current prices was lower than the all-India average by 20%. This difference has increased to 31 % by 2004-05. At the time of Independence, the region's per capita income was higher than the national average. There is also a wide variation in unemployment rates across the states. Measured on current daily status, unemployment ranges from a low of around 3% in Himachal Pradesh and Rajasthan to a high of 12% in Assam/NER.

NE-region and other backward regions are Starved of Funds. In the post-liberalisation period, the NE-region's credit-deposit ratio has steadily slipped to lower level. Globalization has so far created more investment opportunities in metropolitan/big cities at the cost of rural/semi-urban/small towns. During the period of financial sector reforms the credit-deposit ratio in metropolitan/urban areas has increased significantly, at the cost of the countryside. The overall credit-deposit ratio in the pre-dominantly rural NER dropped almost 10 percentage points in just 7 years, i.e., from 39 per cent in 1994 to 28 per cent in 2001 (and further dipped to 26% in 2003). This abnormally low credit-deposit ratio has resulted in a continuous liquid drainage of a few thousand crores of rupees. If the above trend continues unchecked the regional disparities may increase further thereby causing more damages to the institutional arrangements for better distribution of resources in the region.

Infrastructure wise poor regions lagging way behind in the race to attract investment under the open economy regime: Private investment in the NER has not increased much in the post-reform period. Between

August 1991 to September 2001, while only 5 states viz. Maharashtra (20.7%), Gujarat (17.0%), Andhra Pradesh (11.0%), Tamil Nadu (6.4%) and Karnataka (5.0%) accounted for as high as 60.1 per cent of the proposed investment of Rs.10,41,962 crores at the national level, the entire NER received below one per cent of such proposals.

One of the consequences of this non-inclusive growth pattern over the years is the spread of growing dissatisfaction, and sometimes, extremism in certain pocket of the region. The frequent bandhs and economic blockades by various groups – underground and over ground alike — have almost crippled the economy of the region. There were 73 bandhs in Assam called by different organisations between June 1997 and May 1998. According to NEDFi (1999), per day loss in State domestic product of Assam due to bandhs is Rs. 4479 lakhs. The total loss due to bandhs between June 1997 and May 1998 was Rs. 1255 crore. There are a series of indirect costs associated with bandhs – loss of investment environment, cost escalation of on-going projects, loss of educational environment, adds attraction to the easy money culture particularly among the youths, damages to work culture and insecurity to life and tarnishing the image of the region outside NE-region.

Even within the NE-region, wide inequalities can be observed among the different ethnic groups, and also, between tribal and non-tribal population. Among the non-tribal people, tea communities (already agitating for ST status) and Muslim population (particularly immigrants) are socio-economically most backward. These people are characterized by high incidence of poverty, illiteracy, ill-health and high growth of population threatening already very sensitive demographic balance of the region. The proposed seminar will give an opportunity to discuss these issues and may help in evolving ways and means to minimise the increasing tensions in the region.

In the current 5 year Plan, our planners and policy makers fixed their focus on 'Inclusive growth' i.e., to include all the so far excluded 'identities' within the Growth Process. I hope this seminar will help us to understand the root problems in the way of inclusive growth, build awareness, disseminate vital information on 'growth inputs' and release off mounting tension and disbelieve in Government machinery or between mainstream and the periphery.

Thank you.

INAUGURAL SPEECH

Mr. Ningthoujam Geoffrey, IAS
SDO (C), Margherita.

My speech is drawn largely from an article written by a noted economist with Standard and Poor', Asia-Pacific. The article itself is an excerpt from the 8th Dr. R. L. Sanghvi AMA Endowment Lecture, titled 'inclusive growth in India: Dream or Reality?' delivered at the Ahmedabad Management Association, on December 6, 2007. I immensely liked the article and therefore thought it appropriate to share a few of the ideas espoused therein with the distinguished gathering here.

The measurement of the impact of economic activity has undergone paradigm changes from 'growth' to 'development'. Economic growth could not fully capture the benefits of the growth process to the entire population and therefore, the concept of development which encompasses benefits in terms of literacy and good health were evolved. HDI, GDI and other measures were invented. The talk today is of inclusive growth. The concept of inclusive growth encompasses two words – growth and inclusive. Growth, implying expansion of economic activity. Inclusiveness, implying distribution of the benefits of this expansion to the entire population.

The concept of inclusive growth has always been in relevance, but it is in recent years that it has received such a focused attention.

The parliamentary election campaign of 2004, with the NDA's 'India Shining' campaign vs. the UPA's 'Aam Aadmi' campaign, highlighted the perception that the benefits of economic growth were simply bypassing too many people. Perhaps trickle down theory was not working, as some might argue. India shining highlighted the success stories of the face of New India – the IT sector, the manufacturing sector and a host of many other sunrise industries. The Aam Aadmi campaign highlighted the basic

deprivation of the man on the street – his basic requirements of good, clothing shelter, drinking water, sanitation and so on. Development cannot sideline the bottom 290 million population who live on the fringes of society without a decent standard of living exposed to the vulnerabilities of ill-health and ignorance.

That campaign was fought after only one year of 8 per cent plus GDP growth, which came after a relatively sluggish period between 1998 and 2003. But, though several other factors may have influenced the outcome of the elections, the assessment that a widespread feeling of exclusion contributed to the outcome has shaped the broad policy orientation of the United Progressive Alliance government.

This focus towards the concept of inclusive growth is most visibly concretized in the theme of the Eleventh Five Year Plan, which runs from 2007 to 2012. The theme is ‘towards faster and more inclusive growth’, which reflects the need to find a sustainable balance between growth and inclusion.

We spend a lot of time debating the issue of income inequality. Many people view inequality and exclusiveness as being the same thing. However they are not the same. Believing that they mean the same thing may mislead us into prescribing an entirely wrong set of interventions and solutions to address the problem. The solution to the problem might then remain evasive.

The author proposed a definition of inclusiveness that involves four attributes:

- i. Opportunity: the relevant question being ‘is the economy generating more and varied ways for people to earn a living and increase their incomes over time?’
- ii. Capacity: the relevant question being ‘is the economy providing the means for people to create or enhance their capabilities in order to exploit available opportunities?’
- iii. Access: the relevant question being ‘Is the economy providing the means to bring opportunities and capabilities together?’
- iv. Security: the relevant question being ‘Is the economy providing the means for people to protect themselves against a temporary or permanent loss of livelihood?’

Consistent with this definition, inclusive growth is then a process, in which, economic growth, measured by a sustained expansion in GDP,

contributes to an enlargement of the scale and scope of all four dimensions.

To return briefly to the relationship between inequality and exclusiveness/inclusiveness, income enters the picture primarily through the 'opportunity' dimension. However, it is critical to understand that income is the result of an opportunity being exploited.

It depends on a number of factors, including the motivation and performance of the individual himself. In this sense, it is unreasonable to hold the growth or development process itself entirely accountable for the result. It is more appropriate to assess the effectiveness of the process in terms of whether or not it gives a large and increasing number of people legitimate opportunities to earn incomes.

The 'capability' dimension clearly relates to education and skill creation. There are three essential components to any educational process. It must provide a basic set of skills that the individual needs to function within his socio-economic environment – literacy, numeracy and, in today's times, some basic IT capabilities.

It must impart a set of skills that are relevant to the market – in other words, enable the individual to take advantage of opportunities. And, it must give the individual his values, a sense of his place in the larger community and his obligations to it.

'Access' in its broadest sense, might well encompass both opportunity and capability, in the sense of people having access to jobs or education. However, the author prefers to define it in a somewhat narrower sense – it refers to the ability of the system to bring together opportunities and capabilities. From this perspective, it essentially refers to the functioning of labour markets, which are supposed to match demand for labour, or in more contemporary terms, 'human capital', with its supply.

Efficient market mechanisms, either autonomous or supported by appropriate regulation, are at the core of the issue of access, but it is also enhanced by, for example, the ease with which people can move from location to location in search of jobs and, in the process, integrate effectively into the local community and welfare systems.

Finally, the concept of security. Generally speaking, a rapidly growing economy is also a turbulent one. Sectors and companies become obsolete quite quickly and new ones emerge to take their place. Joseph Schumpeter described capitalism as a process of 'creative destruction. The contribution of this turbulence to the growth momentum is unquestionable, but, equally,

its impact on people in terms of predictability and stability of their livelihoods can be quite brutal.

If we are to derive the full benefits of a dynamic and evolving economy, we have to provide a reasonable safety net to people, as they go through temporary ups and downs. Beyond this, in our specific case, is the fact that a majority of our population is still primarily dependent on agriculture, an inherently risky activity.

Shri Kamal Nath, Union Minister of Commerce and Industry, once spoke of the need to take along all segments of the society in India's growth process and suggested a multi-pronged strategy to fulfil this objective. Mr. Nath said the strategy should include the following : increasing employment in the non-farm sector in the rural area; increasing wage levels in rural employment by undertaking various measures to improve productivity levels, promote entrepreneurship among the weaker sections of society; promote industrialization of rural areas with significant backward population; attaining improvement in standards of education at all levels; uplifting infrastructure; and courses and quality of instruction in the vocational education system by stressing on industry-education linkage and providing greater opportunity to the backward sections of the society in employment.

The strategy is seeing its implementation in the various flag-ship schemes of the government of India. Take NREGS for instance. NREGA gives 100 days of guaranteed employment to all rural households willing to undertake unskilled manual labour. The scheme addresses the core issue of unemployment in the rural hinterland. The scheme is demand based. With guaranteed employment, the ensuing income generation will lead to access to better healthcare, time for children to go to school and so on. The scheme also creates assets in the rural areas in the form of roads, irrigational infrastructure, and ecological plantations. And yet the success of the scheme depends on how receptive we as citizens are to the scheme. The scheme is to be implemented at the grassroots by the Panchayati Raj Institutions. In Meghalaya, where there are no Panchayats, the villagers are organized into Village Employment Councils at the Village Level and Area employment Councils at the Village Panchayat Level. The male and female heads of every household constitute the VEC. Representatives from a group of VECs constitute the AEC. In the West Garo Hills, it is pleasing to see the implementation of the scheme being so

well executed there. Right from formulation of the Perspective Plans to execution of works, there is very real involvement of the villagers. On the other hand, in Manipur where there also exist tribal communities with more or less similar social structures, NREGS funds are being siphoned off. There are reports of fund being sanctioned for works in non-existent villages. The absence of peace in Manipur might have significant role to play in the scenario. But thus given opportunities, translation into growth is hampered by obstacles to access existing in the form of insurgency – an issue affecting much of the North East today.

The linkage of insurgency to absence of inclusive growth can be explored through the paradigm of identity. Each of us has various identities – identities in our relationship: for instance, I am a man, I am a son, and someday, I'll be a husband, a father and so on. From beyond the confines of the family, the identity is derived in relation to the community: I am a Meitei, a Vaishnavite Hindu, a Manipuri, a North East Indian, an Indian, an Asian and so on. These facets of cultural identity are critical to balance the economic identity of man – I earn enough for my family/I can provide adequately for the welfare of my people/I am poor/I am neglected/I am alienated, etc. Lack of inclusive growth for a region translates into scarce income or absence of adequate income for a group of people of the region. When income is scarce, economic well-being is threatened. Thus when economic identity is absent, people look to the other identity as a means to secure their identity – cultural identity. People begin to look into their past, highlight occasions of lows in the progress of their civilization and start projecting other relatively affluent groups as the cause of these lows as well as their present state of affairs. When this goes to the extreme and when members of the threatened group shares elements of cultural identity – the net result in many cases is insurgency.

An issue afflicting much of the North East today such as insurgency can thus be seen as a natural consequence of the lack of inclusiveness of growth. Hence the relevance of the subject. Inclusive growth can usher in peace. And when peace is ushered in, through the endeavour of all concerned, this region shall stand apart as one of the sparkling facets of the great nation that India is.

Thank you.

CHIEF GUEST'S ADDRESS

Mr. Subrato Ghosh
Executive Director,
IOCL (AOD), Digboi

At the outset, I would like to express my deep gratitude to Dr. Buddhin Gogoi, Principal, Margherita College and Dr. Gautam Purkayastha, Organizing Secretary & Head of Department of Economics, Margherita College, for having invited me to this National Seminar as a Guest of Honour and giving me the privilege of addressing the august gathering on this occasion.

The North-East India, as we all know, includes the seven sisters – Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura, along with a small and beautiful cousin, in the Himalayan fringes, namely, Sikkim .

The North-Eastern region is covered with dense forests, rich in natural resources and has the highest rainfall in our country. The region is well known, not only, for its diversity in customs, cultures, traditions and languages, but also, for its multifarious social, ethnic and linguistic groups.

North-East has, also, remained one of the under-developed regions in the country because of various reasons. The severe emotional shock caused by the partition of 1947 took the region backwards and put hurdles on future expansion and economic progress, by isolating the region. This, also, resulted in restricted commerce and trade, besides, denying access to traditional markets and the gateway to the East and South-East Asia, the Chittagong Port in East Bengal (now, Bangladesh).

The access to the rest of India was available only through the 27

Kms wide Siliguri Corridor, making the entire North-East a remote land and there were serious constraints experienced for movement of goods and people. International borders form, as much as, 96% of the boundary of the region and uneasy relationship with most of the neighboring countries has made development of the region even more challenging. Because of the above genuine reasons private sector has not been encouraged to make any meaningful investment in the North Eastern region.

As a result, industrialization has been on a low key leading to stagnant economy. To add to the woes, the region has been faced with armed insurgencies mainly due to frustration and dissatisfaction from seclusion, backwardness, remoteness and quest for ethnic and cultural identities together with problems linked to unemployment.

In the NE states, natural disturbances such as floods, lands slides that cause road and rail breaches are regular seasonal occurrences affecting the supply and distribution mechanism. Because of significant linguistic, ethnic and cultural diversity, not only among the people of different states but also within each state in the region, NE region is not a homogenous entity.

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

An integral part of the people's vision of development is of a land living in peace and harmony and free from insurgency. Without peace, progress is not possible. Continuous disturbances in the past have taken a heavy toll on economic progress and people's happiness in the region.

The people of the North East would like peace to return to their lives and development to take precedence over everything else.

The challenges to ensuring peace and progress in the region are formidable. The gap between the region and the rest of the country in terms of various development outcomes, productivities and capacities of people and institutions is large and growing, and has to be bridged. Even within the Region, there are vast differences, particularly between populations living in the hills and in the plains and between those living in the towns and villages. Given the vast disparities within the region, a development strategy will have to be evolved depending upon prevailing resources, conditions and people's needs and priorities. Further, the development strategy for the various tribes in the region will have to be participatory and should be calibrated in their own setting.

An overview of the Indian economy would reveal that India is currently the world's 4th largest economy in terms of purchasing power parity and the 5th largest energy consumer in the world. However due to its high population of 1.10 billion the per capita consumption of energy is at a modest 530 kgs of oil equivalent (kgoe) against a world average of 1800 kgsoe. The standard of living of the people in the NE region as measured by per capita gross state domestic product (gsdp) has lagged significantly by around 31% behind the rest of the country. The NE region lacks behind the rest of the country in several other standard development indicators such as petroleum product consumption, road length, access to health care, power consumption etc

All the above factors have to be taken into account while deciding strategies of inclusive growth. "Inclusive growth" is all about governance as a means of empowering the disadvantaged with the aim of enabling them to overcome their poverty. It states that anything which can be done at a lower level should be done at that level and not at higher level - that will pave the way for the effective implementation of other measures of inclusive growth such as:

- Stepping up investment in rural areas, in rural infrastructure and agriculture;
- Increased credit availability, particularly to farmers and others and offering them remunerative prices for their crops ;
- Increased rural employment including the provision of a unique social safety net, perhaps in the shape of a North-East Rural

Employment Guarantee Programme.

- Increased public spending on educational and healthcare, including strengthening the mid-day meal programme and offering scholarships to the needy;
- Investment in urban renewal, improving the quality of life for the urban poor;

ASSAM OIL'S CONTRIBUTION TOWARDS INCLUSIVE GROWTH OF THE NORTH EAST:

Historical Background:

As you are all aware, it was at Digboi that the Oil Industry in India made its beginning and rightly, Digboi is called the 'Gangotri' of the oil industry in India. Assam Oil, Digboi, has a history, dating back to 1866, when drilling started at Nahorpung, about 48 KM south west of Digboi by McKillop Stewart & Co., Calcutta, seven years after the first oil well was drilled in USA. Though this initial attempt was a failure, oil was struck in 1867 in the second well drilled at a location near Margherita.

In September 1889, the Assam Railways & Trading Company (AR&TC) began drilling in Digboi Area. In November 1890, oil was struck at a depth of 662 feet.. When Digboi Refinery was first commissioned in 1901, petrol driven vehicles were yet to appear on Indian roads. The Refinery produced only Kerosene, Wax Oil, Fuel Oil and Greases with an annual capacity of 28,000 Metric Tonnes. In 1923 Digboi Refinery was rebuilt with enhanced refining capacity to cater to the higher oil field production. After World War II, extensive geophysical surveys over the Brahmaputra Valley led to the discovery and development of Moran and Naharkatiya oil fields. It led to the emergence of Oil India Limited (in 1959), a joint partnership between the Burmah Oil Company and the Government of India. The operations of AOC along with all its assets and liabilities were taken over by the Government of India on 14.10.81. The Government had vested the right, title, interest and liabilities of AOC, in M/s Oil India Limited in-so-far as they related to the business of exploration and production of crude oil and gas. The remaining activities of refining and marketing of POL products were handed over to Indian Oil Corporation Limited. The first commercially successful oil well was drilled in 1889. Digboi refinery was commissioned in Dec., 1901 and the Marketing operations started in Jan., 1902. Burmah Oil Company (BOC), ran

operations at Digboi, as the “Assam Oil Company” till 1981.

“Assam Oil” merged with Indian Oil Corporation and became ‘Assam Oil Division’ (AOD) of Indianoil Corporation Ltd on 14.10.1981. While the Refining and Marketing activities were vested with Indian Oil Corporation Limited, the Drilling, Exploration & Production activities were vested with Oil India Limited.

Digboi Refinery was the oldest and the smallest operating refinery in the country. The Refinery continues to be the smallest operating refinery in the country. A number of modernization projects were taken up and completed after 1981 at the refinery making it one of the most modern and state- of- Art Refineries in India.

Assam Oil Division Of IOC celebrated Centenary in the year 2002, having completed 100 year’s of existence .For over a century now, Assam Oil has been a household name in all the corners of the North east.

The facilities of Digboi Refinery were labour intensive and mostly of the 1928-1940 vintage. These had to be modernized for the company to be competitive and remain in business. Since the take over of Assam Oil on 14.10.1981, almost Rs 1900 Crores have been invested by IOC in building capital assets pertaining to the refinery. In its almost thirty years of existence as a full fledged division of the Indian Oil Corporation, the developments in the Refinery have been the installation of a new Crude Distillation Unit/ Vacuum Distillation Unit , a Catalytic Reformer Unit , a new Delayed Coking Unit, a Hydrotreater unit, a Solvent Dewaxing Unit, Wax Hydrofinishing Unit and a Vacuum Residue Shortpath Distillation Unit. These units replaced older units which had outlived their economic lives. In addition to this, Digboi Refinery MSQ project worth 390 Crores is ongoing. Besides this, projects for ATF production (Rs 7 Crores) , Installation of Environment-friendly Reverse Osmosis unit (Rs 20 Crores) in the refinery are also being envisaged. As of now, there are four operating refineries with total installed refining capacity of 7 MMTPA in the NorthEast. With recent merger of Bongaigaon Refinery into the IOC fold in March, 2009, IOC now owns and operates three refineries with total refining capacity of 4 MMTPA.

While the investments in Digboi Refinery have benefited the people in the hinterland of Digboi, the forays in the marketing activity have benefited the people in all the NE states. At the time of take over by IOC

in 1981, Assam Oil operated a handful of depots with total Tankage of 2.9 Thousand Kiloliters. Today, Assam Oil alone, excluding Marketing division of IOC has a tankage of above 50000 KL and the same is spread in All the states of North East. IOC has carried energy to all the NE states and it is for the local entrepreneurs to make use of the energy available for setting up industries.

Assam Oil Division, along with the Marketing Division of Indian Oil Corporation Limited, is the dominant marketer of petroleum products in the North East. Other public sector oil companies also operate in the region. While Assam Oil Division's operations are spread out even to the remotest locations of the region, the marketing activities of other oil companies have been generally concentrated in the major towns and the high selling areas. Some of the areas in which IOC markets its product are based solely on social considerations and AOD and IOC continue to be present in such areas. However, Private players like Reliance, Essar and Shell are basically coming up in the High demand zones only. Social commitment to the Northeast region and its people has been the guiding factor and Assam Oil has always endeavored to serve the far flung locations and isolated pockets of demand through out the North Eastern region., despite low volumes and high costs involved,

The marketing activities of AOD, have mainly been confined to conventional petroleum products. Within the NE, AOD's activities have expanded over the years. Traditionally AOD had been operating within the NE states. In view of the stagnation in the Petroleum demand which had set in during the early 1990s' AOD started maketing outside NE. With effect from September 1999, AOD started retail marketing outside NE when it commissioned its first Retail Outlet at Dharuherra in Haryana. Thereafter Retail outlets were put up in other states in Northern Region and Eastern region outside North East. As of Now , AOD has retailing activities in Haryana, Himachal Pradesh, Punjab, Rajasthan, Orissa, Jharkhand, Bihar and West Bengal in addition a strong presence in all the seven NE states.

In 1982, marketing of LPG commenced, thereby marking the introduction of LPG into the kitchens of households in the North East. Also with the introduction of LPG in Army cook Houses, AOD contributed towards prevention of felling of trees and ending deforestation for cooking purposes". AOD's first LPG bottling plant was commissioned at Silchar,

1993 and the second LPG bottling plant was commissioned at North Guwahati, in 1995.

Assam Oil's retailing network of 181 Retail Outlets, 330 SKO Agencies, Nil LPG distributorship in addition to One Depot and One Marketing Terminal at the time of take over by IOC has grown by leaps and bounds. As of now AOD has 411 Retail Outlets, 35 Kisan Seva Kendras which include 54 ROs and 2 KSKs outside NE. AOD also operates 400 SKO Agencies and 277 LPG distributorships (including 12 outside NE). After nationalization in 1981, AOD has made investments upwards of Rs 265 Crores till now in creating, augmenting and modernizing its marketing infrastructure, namely petrol pumps, kerosene agencies, terminals, LPG distributorships, LPG Bottling Plants to ensure uninterrupted supplies, despite adverse climatic and geographical conditions, of petroleum products at most economic prices to every nook and corner of the north east. The recent integration of the activities of Marketing Division of IOC, which has been also operating in the region, with that of Assam Oil Division's marketing wing in April, 2008, has further consolidated IOC's marketing operations in North East to serve the customers more effectively.

Inclusive growth would, also, mean empowerment of youth implying putting into them the quality of employability. As a public sector enterprise which operates under various the stipulations of the Government of India, the extent to which direct employment can be generated in a PSU like IOC and more particularly in a small division like Assam Oil Division is guided by the benchmarking of similar enterprises and the various Presidential directives.

Though a Government organization, in the better interest of the nation, Indian Oil's operations in the North East has been constrained to grow at a pace which the market has commercially allowed it to grow. It is the long term sustenance of the organization which is of primary interest and paramount importance – both to the Organisation as well as to the North Eastern region. For reasons which will come out later in this paper, at this point of time, both the economy of the entire North East as well as that of the oil sector in general is embarking on a new economic vision – a vision of faster all round development and higher synergy among sectors. Besides the Tea Industry, the Oil sector has been a harbinger of change and also technology in the Northeast for a long time. We are aware that

the Oil sector has a major role to play in whatever developmental plans are adopted in the NE in all walks of life. In most instances, the oil and energy sector is a facilitator of growth. IOC's Assam Oil Division has been a significant contributor to the exchequer contributing over Rs 248 Crores in the first six months i.e. April'09 to September'09, of the current fiscal itself – Rs 133 Crores to North East State Governments, Rs 50 Crores to outside NE States and Rs 65 Crores to the Central Government.

POL demand is based on growth of other segments of Industry which consumes energy. Presently, North East has a refining capacity of around 7 MMTPA against a demand for petroleum products of around 2.3 MMTPA only.

Approximately 1136 TMT, i.e. about 49.5 % of the consumption is for the Transport Sector, in terms of MS and HSD. Also, around 640 TMT i.e. 28 % of the consumption is SKO and LPG - that is the Cooking Fuel Sector. Around 90 TMT, i.e. around 4 % is ATF. The other products for which bulk consumption is taking place are Bitumen (around 92 TMT, i.e. 4 %) and Furnace Oil (around 16 TMT i.e., 0.2%). The Balance 14 % includes consumption of Raw Petroleum Coke, Captive consumption of Naphtha by Bongaigaon Refinery, Lubricants & Greases, and Solar Oil etc. This shows that there is very little consumption on account of industry in the NE. It also shows that there is no shortage of petroleum products in the NE, since the total refining capacity is far in excess of demand.

Even if the demand for petroleum products rises three fold, the existing refineries are well equipped to meet the demand. If demand in the NE rises beyond the total existing refinery capacity of 7 MMTPA, it will be possible for all the four refineries of the north-east to match capacities with the demand, through de-bottlenecking and expansion. However, expansion in the oil sector and the resultant employment generation in the oil sector, directly as well as indirectly, has been tardy, due to the sluggish growth in the other sectors. If the other sectors grow, the demand for petroleum products will also grow thereby boosting the expansion and growth of the oil sector. This will definitely go a long way in supporting and sustaining higher levels of direct employment in oil sector as also indirect employment through allied sectors.

Inclusive Growth – The Concept

ELEVENTH PLAN STRATEGY FOR INCLUSIVE GROWTH WITH REFERENCE TO RURAL DEVELOPMENT

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Inclusive growth is a process of development which generates opportunities for livelihood, provision for capacity building, easy access to basic amenities and sense of security against all kinds of threats in tandem with sustain and faster growth of GDP.

In spite of achieving impressive annual growth (8.7%) during Xth plan period, the major weakness of India's economy has been not being very inclusive for many groups and regions. Nearly one third of population belonging to different social, economic and occupational groups and regions still lack opportunities for earning a living, means to create or achieve capacity, access to basic amenities and security against loss of livelihood – a safety net.

Such deprivation is evident from the following facts:

- (i) The percentage of population below the official poverty line has come down from 36% in 1993-94 to 27.5% in 2004-05. But this fall is illusory. Because the poverty line on which the estimate of poor is based is the same as it was in 1973-74 when the per capita income was much lower. Therefore the number of poor people remains same around 30 crores in India.

- (ii) The NFHS – 3 shows that nearly 46% of children in 0-3 years age group suffered from malnutrition in 2005-06.
- (iii) The indicators of human development such as literacy, education, mortality and income, though improving, still lag behind several other Asian Countries. The number of illiterate person is more than 30 crores – the highest number in the world. India's position is 134th in Human Development Index prepared by the UNDP for 2009 among the 182 member countries of the UNO.
- (iv) Life expectancy at birth, which is nearly 65 years, is still below the life expectancy of about 80 years found in western countries and 72 years in China.
- (v) Adverse sex-ratio of 933 women per 1000 men is a clear sign of non inclusiveness of growth in India. Child sex-ratio (0-6) has declined from 962 in 1981 to 927 in 2001.
- (vi) The structure of growth also indicates non-inclusive character of development – agricultural growth rates are one fifth of industrial growth rates.
- (vii) India's poverty has its geography, sociology and occupation. Geographically it is imbalance. Inter-state and intra-state variations in SDP indicate regional deprivation. The percentage of poor people in JK is 5.4, in Punjab 8.4 whereas it is 46.4 in Orissa, 41.4 in Bihar. The percentage of poor in rural area is 28.3 whereas in urban area it is 25.7. Sociologically the percentage of rural poor is 28.3 whereas it is 36.8% among the SC population and 43.3% among the STs. The occupational poverty is reflected by the fact that the poverty is concentrated among agricultural labour and artisan households.
- (viii) The employment in the country is increasing but labour force has grown even faster – leading to increase in unemployment.
- (ix) Delivery of essential services at the grass roots level is still poor. The multiplicity of Indian poverty is galore. When sorrow comes it comes in battelion. Indian poor are not only economically deprived but they are also deprived of getting access to health and educational services. It is more intense

among the women in rural area.

Due to its chronic and multi dimensional nature, the poverty in general and rural poverty in particular is being tackled by evolving multi-pronged strategy in the XIth five year plan which is termed as inclusive growth. It is realized that an inclusive growth strategy which focuses only on human capital formation for capacity building or directly targeted poverty reduction is likely to fail. Therefore a three legged strategy is taken in XIth plan – economic growth, income-poverty reduction through targeted programmes and human capital formation. The planners decided to fine-tune some of existing programmes meant for poverty alleviation, directly or indirectly, for implementing the XIth Plan strategy of inclusive growth.

Effective use of NREGA Programmes:

It is realized by the planner that the workfare programmes under NREGA passed in September, 2005 and being implemented since February, 2006 guaranteeing wage employment to the rural poor will be a good instrument for directly reducing poverty in rural areas. Programmes under the Act generate 100 days of wage employment in a financial year to a rural household whose members volunteer to do unskilled manual work. Another objective of the programmes under NREGA is to create assets for strengthening livelihood resource base of the rural poor. But it is found that the execution of the programmes have been facing roadblocks. Several vital provisions of the Act are being flouted at the stage implementation. The illiterate and unorganized poor have failed to realize their rights to wage employment under these programmes. In most cases they failed to articulate demand for job.

The XIth plan aims to plug the loopholes in the implementation of the programmes under NREGA so that they can contribute towards the direct reduction of rural poverty. The plan envisages the following steps for generating awareness among rural communities through Information, Education and Communication about their rights to job under these programmes. For this purpose an amount of Rs. 100000/- (Rupees one lakh) crores has been allocated during the plan period.

- (i) Preparation of a Labour Budget showing the labour requirement against a list of works in district for the next year.
- (ii) Submission of Achievement Records at the end of the year

showing the man-days generated and income earned by the workers and the quantum of asset created in the year to the district authorities.

- (iii) Right to Information Act is to be followed strictly in all matters relating to these programmes.
- (iv) Social Audit by the Gram Sabha is to be made every year about the overall effect of the programme.
- (v) A Grievance Redressal Cell is to be set up in the office of the Programme Officer or in the office of the District Programme Coordinator. The PO/ DPC must review the disposal of complaints on monthly basis.
- (vi) Information and Communication Technology is to be used in the process of implementation and monitoring of the programmes to strengthen the administrative system.

Revamping of Swarnjayanti Gram Swaroggar Yojana (SGSY):

This self-employment programmes introduced in 1st April, 1999 is proposed to be used in implementing the inclusive growth strategy of the XIth Plan. The programme has so far failed to give the desired result. The XIth plan aims to strengthen the programme by revamping the member-owned, member-controlled and member-managed institutions called Self Help Group to enable them to serve the sustainable livelihood and better quality of life. The SHGs are to be strengthened by federating them at village or cluster of villages or block depending on their number. It is further proposed that some SHGs can be encouraged to specialize in producing manufactured goods of high quality for export. The educated members of such SHGs can be trained for this purpose. Several traditional artifacts of the rural areas can be redesigned for export purpose. The management of the programme will also be changed. So long the programme is being handled by the DRDA but the XIth plan proposes to entrust this work to be handled by a National Agency outside the Ministry of Rural Development.

Indira Awaas Yojana (IAY):

The Universal Declaration of Human Rights adopted by the UNO on 10th December, 1948 recognizes housing as a human right. For this

purpose the IAY was launched in India on 1st January, 1996. Since then the Yojana has been facing innumerable problems at its implementation stage. The most important problems arise at the selection of beneficiaries. As per rule the selection is to be made by the Gram Sabha but the studies have shown that 25 to 50 percent of beneficiaries are not being selected judiciously. Local political leaders and the vocal segments of beneficiaries influenced the selection process. Collection of illegal gratification for selection is also found in many studies. Another loophole of the programme is that the beneficiaries who own resources which reduce the total cost of the scheme get the benefit. For example, beneficiaries who have home sites get preference in process of selection of beneficiary for IAY. In India 8 million of the 14 million houseless are those who have no land. These persons are deprived of housing facilities under this Yojana. A poor person having own land get institutional loan easily.

XIth plan has envisaged to bring transparency to this scheme by preparing permanent IAY waitlists. These waitlists have to base on scores given to families as part of the BPL census, 2002.

The fund adequacy for each unit of house is to be enhanced from 25,000 in plains and 27,500 in hills.

Revitalization of Social Assistance Programme (NSAP):

Launched on 15th August, 1995, this social protection programme was to provide assistance to rural poor in case of old age, death of primary bread earner, poor widows and poor women during maternity. This programme includes four schemes – (i) National Old Age Pension Scheme (NOAPS), (ii) National Family Benefit Scheme (NFBS), (iii) National Maternity Benefit Scheme (NMBS), (now Janani Surakhya Yojana under NRHM) and (iv) National Life Insurance Scheme (NLIS).

XIth plan proposes to use this programme for direct reduction of rural poverty and certain modification have been introduced in the scheme. The rate of pension is now enhanced to Rs. 200/- from Rs. 60/- earlier. In some states the state governments have added another Rs. 200/- making the total pension of Rs. 400/- per month. Under NFBS a lump sum amount of Rs. 10,000/- is to be paid to the bereaved household in case of death of the primary bread earner. Under NMBS, the pregnant woman aged 19 and above of BPL family gets an amount of Rs. 500/- per pregnancy for

pre & post natal maternity care upto first two live births. This amount is to be enhanced during XIth plan period. Two life insurance schemes for the poor are being opened by the LIC, Janashree Bima Yojana for the rural poor and the Aam Admi Insurance Scheme for the landless agricultural labour. Under both schemes, premium is shared equally by the Central and the State Governments.

The XIth Plan proposes to inject professional support to the NSAP for ensuring quality, delivery and monitoring and evaluation purposes. Advisory Committees comprising of professional and voluntary organizations are to be set up at Central, State and District levels for continuous review of the performance of NSAP.

Micro, Small and Medium Enterprise Development Programme (MSMEDP):

The XIth plan recognizes MSMEDP as an engine of sustain and inclusive growth for India. Under this programme various micro small and medium industries of rural and urban areas are to be revamped. In this respect the rural handicrafts, primarily the weaving and handloom are to be encouraged. The XIth plan proposes to more than double the production of handicrafts from Rs. 43600 crores in 2007 to Rs. 90412 crores in 2011-12, doubled the exports of handicraft from Rs. 23400 crores in 2007-08 to Rs. 48522 crores in 2011-12 and create almost eleven lakhs additional jobs in this sector.

The Government will partner with good NGOs to ensure and effective implementation of the schemes and policies. All the existing schemes for this sector would be modified and clubbed into seven schemes to improve the delivery of services and effective implementation. These schemes are – (i) Baba Saheb Ambedkar Hasteshilp Yojana, (ii) Design and Technology Upgradation Yojana, (iii) Marketing Support Services and Export Promotion Scheme, (iv) R & D Schemes, (v) Handicrafts Artisans Comprehensive Welfare Scheme, (vi) Human Resource Development and Training Scheme and (vii) Infrastructure Projects Development Schemes.

Bharat Nirman Programmes (BNP):

These are the social infrastructure programmes launched in 2005 for a period of 4 years with an investment of Rs. 174000 crores. The XIth

plan inclusive growth strategy has found an instrument for removal of poverty in these programmes because the analysis of incidence of poverty across India indicates that poverty is very closely linked to the absence of social infrastructure. The Eleventh Finance Commission has constructed an index of infrastructure separately for agriculture, banking, electricity, transport, communication, health and civil administration. It is found that the states, where the sum of the indices of these infrastructures is high, are the states where the percentage of poor persons is less. For example, Punjab with 187.51 index of infrastructure has 9.15 percent poor persons; Kerala with 178.68 index has 13.25 percent poor and Tamilnadu with 149.10 index has 22.85 percent poor; whereas Rajasthan with 75.86 index has 28.71 percent poor and Assam with 77.71 index has 22.33 percent poor. This shows that infrastructure development is a pre-requisite for removal of poverty and the government of India has realized these relationships between infrastructure and poverty. The XIth plan has accelerated the progress of the Bharat Nirman Programmes for achieving its goal of inclusive growth. Under these programmes Irrigation, Roads, Drinking water facilities, Rural electrification, Housing, Rural telephony, National Rural Health Mission, Swarba Sikhya Abhijan, Mid day meal, Total sanitation programme, ICDS, etc., are included.

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