



IN DEFENCE OF

**REGIONAL
ECONOMIC
DEVELOPMENT
IN INDIA**

A CASE FOR THE NORTH EAST

P.M. PASSAH

**IN DEFENCE
OF
REGIONAL ECONOMIC
DEVELOPMENT IN INDIA**

A Case for the North East

Edited by
P. M. Passah

AKANSHA PUBLISHING HOUSE
NEW DELHI-110 002 (INDIA)

AKANSHA PUBLISHING HOUSE

4649B/21, Ansari Road

Daryaganj, New Delhi - 110 002

Phones: 011-23263193, 9811582579, 9435116718

Fax: 011-23263193

Email: ektabooks@yahoo.com

In Defence of Regional Economic Development in India

© Editor

First Published, 2006

ISBN 81-8370-046-2

[All rights reserved. Including the right to translate or to reproduce this book or parts thereof except for brief quotations in critical reviews.]

[The responsibility for the facts stated, conclusions reached etc. is entirely that of the Editor. The Publisher bears no responsibility for them, whatsoever.]

PRINTED IN INDIA

Published by M.P. Misra for Akansha Publishing House,
New Delhi-110059 and Printed at Tarun Offset Press, Delhi.

*A
Felicitation Volume
in Honour
of
Dr. Basudev Datta Ray
The Secretary
North-East Council for Social Science
Research
A Freedom Fighter, A Teacher par excellence
and
A Champion of the North-Eastern Region*



M. M. Jacob

RAJ BHAVAN
Shilong 793 001
Meghalaya State

Foreword

This publication is a fitting tribute to a selfless scholar, whose contributions are much valued by all. I am glad that a felicitation volume in honor of Dr. Basudev Datta Ray is being brought out. It is also significant that this book is compiled and edited by an eminent Economist, Prof. P.M. Passah. I know Dr. Basudev Datta Ray intimately, for the past many years and I have great appreciation for the remarkable service rendered by him for the cause of promotion of research in various fields. As secretary, North-East Council for Social Science Research, he was always piloting the cause of North Eastern Region. It was his devotion, hard work and a vision that made him to conceive the idea of establishing NEICSSR way back in 1974 and thereafter, conducting large number of seminars, workshops and conferences, on various topics concerning North Eastern States.

His personal rapport with individuals and institutions in the country, enabled him to get prominent scholars, to attend the conferences held in Shillong. He was mainly responsible along with his colleagues to publish a series of publications, on behalf of NEICSSR. About sixty-six seminars and conferences organised by him and his colleagues attracted not only prominent scholars of North Eastern Region but also, from other parts of the country.

I had the good fortune of participating in some of the workshops and seminars in Shillong, during the last few years. The workshops and conferences were very useful and

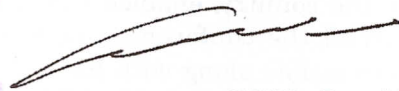
informative and attended by resource leaders competent to handle each topic under discussion. This felicitation volume is a useful publication as it comprises major contributions on topics of great interests in this North East Region as a whole.

Various papers on macro-economic and theoretical overview of the North East, by Amallesh Banerjee and others; Regional trade services and entrepreneurship by A.K. Neog and others; Micro-level studies by N.N. Bhattacharjee and others; socio-political aspects and women issues by Girin Phukon and others; are some of the topics of current interests to the readers. I do not wish to mention all the different topics included in this volume. This volume will be a treasure house to all those who wish to have a feel of North Eastern India.

Not only the choice of topics and themes for various conferences, NEICSSR is to be complimented for publishing many of the conference papers in the past. This publication is unique with a variety of topics from agriculture to industry including many other aspects pertaining to North East India in general.

I am happy that his contribution in social sciences are recognized by his colleagues through the publication of this "Felicitation Volume". I wish all success for this publication. May Dr. Basudev Datta Ray continue to serve the society through the NEICSSR, and I pray God to give him health and happiness to continue this endeavor to impart knowledge through this forum.

My best wishes,



(M.M. Jacob)

Shillong
The 28th June 2005

Preface

In the publication of this volume, the members of the North-East India Council for Social Science Research, Shillong are very proud and happy indeed. They had some time ago proposed to felicitate Dr. Basudev Datta Ray, the founder Secretary of the Council, and to publish a volume in his honour. Dr. Datta Ray deserves congratulations and felicitations not only from the members of the Council but also from all those who know him and his achievements in the field of social science research in the North-East. Many scholars and social scientists, young and old, in the North-East and in other parts of the country, have been provided with an ideal forum in the NEICSSR through the unstinted efforts of Dr. Datta Ray who continues as its Secretary for the last 31 years of its existence.

Dr. Datta Ray is well known as a teacher and research scholar of repute even though he had a chequered career as a student during his young days. At the young age, he joined the ranks of Freedom Fighters who fought for the freedom of India in the early part of the last century. He was born to a humble family at Bankura, West Bengal on the 10th of March 1924. His ancestral home was in a village in the District of Bakarganj, East Bengal where he had a part of his school education. He wrote his Intermediate Examination from Dum Dum Central Jail. He graduated from the Scottish Church College, Calcutta; obtained his M.A. degree in 1949 from the Calcutta University and then came to Shillong in 1950 to join the St. Edmund's College as a Lecturer in Economics and subsequently opened the Department of Political Science in 1962 and headed it till 1985. He was incharge of the

Faculty of Post-graduate studies in Political Science which was functional for seven years from 1973 in the St. Edmund's College. He gave lectures in the I.A.S. Pre-Training Centre as well. He was also a member of the Voluntary Health Association, Meghalaya and the State Resource Centre, N.E.H.U. Dr. Datta Ray obtained, in between, his B.T., LL.B., and Ph.D. degrees from the Gauhati University.

It was in the middle of 1974 that Dr. Datta Ray brought together a number of teachers and social scientists of the North-East in a meeting at Shillong on the 30th June of that year under the Chairmanship of late Prof. V. Venkata Rao of the Gauhati University. The meeting with one accord decided to establish the NEICSSR with the principal objective of undertaking, organising and facilitating research activities in the North-East besides other activities related to research. Earlier he founded the Shillong Political Science Association and the Inter-Disciplinary Forum and guided them for a few years.

Dr. Datta Ray who has been able to effect good rapport with many research centres and institutes both in the North-East and in other parts of the country, is guiding the Council which has since held more than 66 seminars, conferences, symposium, workshops, etc. and published as many research proceedings in the form of Books. Many national and international organizations have been attracted by the fairly high standard of publications of the Council mostly dealing with the question of socio-economic problems and issues of the North East. The Journal of NEICSSR is being published regularly since 1977 under his guidance.

By the 1st of March 1985, Dr. Datta Ray's service in the St. Edmund's College was superannuated but the college authorities continued to assist him and to utilize his service. Immediately in April 1985 he started the Women's College in the St. Edmund's College premises where the new college continued to function upto 1991. He was the founder Principal of the college upto 1992. In fact as the Secretary of the organization known as 'The Shillong Academy', he had earlier helped to revive a dying Secondary School at

Laitumkhrah and made it functional. The School had since shifted to its own campus at Upper New Colony. Dr. Datta Ray was instrumental in organising, as the Rector, both the School and the Women College under the sponsorship of the Shillong Academy, which are now functioning in the same campus. Dr. Datta Ray never retires. From 1993 onwards he has exclusively devoted his time to the cause of the NEICSSR.

He wrote a number of books including the *Assam Secretariat: An Administrative History of North-East India* (1978); *Tribal Identity and Tension in North-East India* (1989); and a volume of *Bengali Poems* (2004). He edited 20 books published by the NEICSSR and authored more than 40 research papers.

As an editor of the book, I am indeed very grateful to the members of the Council for the opportunity they have given me in associating myself with this work, and I join in with all of them in felicitating Dr. Datta Ray, the Secretary of the Council all the time. I am especially grateful to the authors of the Papers contained in this volume for their generous response and for their scholarly researched contribution. It must now be said that this Felicitation Volume is published, to use the words of one contributor, "in honour of Professor B. Datta Ray, a freedom fighter, a teacher *par excellence* and above all, a social scientist with deep concerns for the underdevelopment of the North-Eastern States (Region) of India. This octogenarian thespian has spent over the last three decades in herding the social scientists of the Region into the secular forum of the NEICSSR, of which he is the Secretary General. In times when the polity is fragmented and even this fragmentation is assigned morality and legitimacy, the aging Nehruvian Scholar still spends sleepless nights in building a new India, a dream consigned to ashes of history a long time ago." The title of the book justifies his conscious efforts as the Champion of the North East.

In a very special way, I must express my thankfulness to His Excellency, the Governor of Meghalaya, Shri M.M. Jacob for writing a Foreword to this Volume.

We must also thank M/s. Akansha Publishing House, New Delhi, for agreeing to expeditiously publish this book. Last but not the least our thanks are also due to Mr. Godfrey Pathaw for partly helping in computerised work.

Shillong:
The 30th June 2005

Editor

Contents

<i>Foreword</i>	vii
<i>Preface</i>	ix
<i>List of Contributors</i>	xvii
Introduction	1
— <i>Prof. P.M. Passah</i>	

SECTION-I

MACRO-ECONOMIC AND THEORETICAL OVERVIEW OF THE NORTH-EAST

1. Economic Growth and Sustainability of North-Eastern States	21
— <i>Amalesh Banerjee</i>	
2. Macro-Economic Development in India: With an Overview of North-Eastern Region	35
— <i>Tarun Bikas Lahiri</i>	
3. Producing Economic History of the Tribes of North-East India (An Exercise in the Methodology)	51
— <i>J.B. Ganguly</i>	

SECTION-II

AGRICULTURAL SECTOR AND RURAL DEVELOPMENT IN THE NORTH-EAST

4. The Economic Impasse of North-Eastern Region: A Way Out Through Agriculture	59
— <i>R.K. Choudhury</i>	

5. Rethinking on Agricultural Development Need of North-East Farmers 70
— *D.N. Chakravarty*
6. Poverty in North-East India 79
— *Prabin Baishya*
7. Rural Development and Combating Poverty in Mizoram and Nagaland 87
— *Sukhendu Majumdar*
8. Household Food and Nutritional Security: A Critical Analysis of North-Eastern Hilly Areas 96
— *B.C. Bhowmik*
9. Towards a Strategy for Rural Development 119
— *M.P. Bezbarua*

SECTION-III**INDUSTRIAL ASPECTS**

10. The Fourth Revolution: Industrial Location and Regional Development in India - Implications for the Eastern India 137
— *A.C. Mohapatra*
11. Technical Education for Industrial Growth and Prosperity in North-East India 149
— *S. Aravamudhan*

SECTION-IV**REGIONAL TRADE: SERVICES AND ENTREPRENEURSHIP**

12. Approaching Towards an Open Model of Regional Trade 159
— *A.K. Neog*
13. Importance of Trans-Border Trade in the Economy of the North-East: The Case Study of Arunachal Pradesh 169
— *K. Alam*

14. Higher Education in India with Special Reference to North-East: Problems and Perspective 183
— *X.P. Mao*
15. Role of HUDCO in Housing and Urban Development of N.E. India 199
— *N.C. Das and Nayan Barua*
16. Problems of Indigenous Entrepreneurship in North-East: Economic or Psychological? 207
— *Alok Sen*
17. The Entrepreneurship Question in Assam (A Historical Analysis) 219
— *Gorgy Chakraborty*

SECTION-V**MICRO-LEVEL STUDIES**

18. Settlements of Undivided Kamrup District of Assam 235
— *N.N. Bhattacharyya*
19. Marketing of Arecanut in Assam: A Study in the Lower Brahmaputra Valley Region 249
— *Prasanta Saikia*
20. Educational Development and Health Condition of the Scheduled Tribes of North-East India with Special Reference to Barmans of Barak Valley 260
— *P.J. Goswami*

SECTION-VI**SOCIO-POLITICAL ASPECTS AND WOMEN ISSUES**

21. Politicisation of Economic Disparities in North-East India 277
— *Girin Phukan*
22. Indian Democracy: Some Feelings and Questions of a Commoner from the North East 287
— *M. Kar*

23. The Unhealthy Health Sector and the Women of Assam — <i>Archana Sharma</i>	317
24. Reservation of Seats for Women in Grassroots Democracy: With Reference to Meghalaya — <i>E. Jyrwa</i>	326
25. Empowering Women through Self-Help Group: A Meghalaya Experience — <i>Biloris Lyndem</i>	336
26. A Blueprint for Giving Constitutional Status to Traditional Institutions in Meghalaya — <i>P.M. Passah</i>	344
<i>Index</i>	357

10

The Fourth Revolution: Industrial Location and Regional Development in India—Implications for the Eastern India

—A.C. Mohapatra

Background

Reduction of overt regional disparities, be it per capita incomes or other social indicators, has remained, at least an important objective of Indian planning, right from the First Five Year Plan. However, with gradual but accentuated deregulation of the economy of the country from 1991, the character of planning has changed (or even of Planning Commission itself) from “directive”; to “indicative”; perhaps, more appropriately to “policy making”. The implementation has been left to the realm of market forces, to “the hidden hand”, for that matter. Unlike the nineteen fifties or the sixties, the State cannot be an instrument of industrial decentralisation, the public sector no more the “temples of new India” and thus, at least in the sphere of manufacturing, the State cannot promote (regional) economic justice by reducing economic disparities between regions of India, its avowed policy of half-a-century. Indeed, a number of studies have indicated that it was during the sixties that the only time in the history of Independent India, regional disparities did come down. (Mathur, 1983; Mohapatra, 1978).

Industrial Revolutions

If we are tempted to call the contemporary 'industrialism' as a Fourth Revolution, we might have to resort to a brief narrative and characterisation of the other preceding three; and second, industrialisation of India cannot be viewed away from global industrialisations, though there may be time-lags as well as differences in the pace and impetus in industrialisation, even the implications.

In very broad terms, the First Industrial Revolution that started in end Eighteenth Century Britain and then, spread its wings to the rest of Europe and then to the colonies 'rode on the wings of coal and reached out by the steam propelled railways'. Undoubtedly, it changed the world as never before, not certainly after what the early agriculturists did some ten thousand years ago. It tore asunder the countryside; the economic life was transformed from medieval to modern; hundreds and thousands of cities were built to produce and trade the produce; people moved from rural areas to the cities, permanently; the railway lines defined the corridors of development and path to progress (mostly from a western perspective)¹. It also, ushered in, decisively "Capitalism", the *Laissez Faire* economic system and then unleashed the forces of free market, within the capitalist economies and also at the global level (world market). It also transformed the medieval sociologies of western nations inexorably by sharpening the fault lines between economic classes, the industrial working class and of course, the capitalist entrepreneurs. This was the time too when the early economic ideas (classical) developed to either justify or decry the fast changing economies and societies and in the manner the human hermeneutics was determined (e.g., Adam Smith, Ricardo and Malthus or even, Marx and Engels). Western societies became obsessed with search for (natural) resources and markets at home and abroad (colonies) and battles and wars were fought to access and control resources and markets; conflicts went hand-in-hand with economic prosperity. The railways were at the vanguard of this "civilisational obsession"

and altered regional economies of "home countries" as well as the "colonial economies".² The medieval centres of production (textiles, artisan wares) and regions changed for regions with metallurgical minerals and availability of energy, principally the coal (like the English Mid-lands, German Ruhr or the French Silesia—or as it would happen subsequently to the Bengal-Bihar coal and metallurgical region (Chhotanagpur), as opposed to the demise of Murshidabad textiles, or North Indian and South Indian artisan crafts). Port cities acquired new-found impetus in trade and commerce and ship-building and new ports came about, new entre-ports and trading outposts in colonies (e.g. Calcutta, Bombay and Madras in India; Shanghai and Canton in China; or Alexandria and Mombassa in African continent). In the process, the earlier regions of prosperity, of industry and progress lost out to the new resources, enterprises of new regions—the comparative advantages of the new economies and their location far outweighed locales of an earlier age. This process continued till the end of the nineteenth and the early part of the twentieth centuries, consolidated.

Whereas the First Industrial Revolution rode on the wings of coal and railways, especially a European enterprise, the Second Industrial Revolution (1920s) was about organisational change, scale economies and "rode on the wings of steel and motor car"—the Fordist Enterprise (or as some would prefer to call, Fordist Industrialism, or simply, Fordism), necessarily an American one, at that³. It lasted for half a century (till, early 1970s). Enterprises sought lowering costs through organisational change, especially through integrated large volume, assembly line production system⁴. The days of the producer was over; global competition meant scale and competitive edge and "the consumer has arrived". This also meant new lines of comparative advantages and therefore, some shifts in economic significance; instead of coal and other inputs being moved over long distances (by railways), now gigantic factories came closer to the raw materials and energy.⁵ Metallurgy still dictated use of coal, though other energy sources like cheap oil and electricity were

making alternative sites and regions more attractive. Massive expansion in international trade in natural resources or finished goods demanded enhanced role for ports and not for trading, but for manufacture, metallurgy, shipbuilding, oil-refining and emergence of petrochemicals and sea transportation.⁶ Riding on the economic boom of Post-War reconstruction, increasing economic wealth and incomes, this phase was an affair closed within the OECD and success to a limited extent in the former Warsaw Pact countries, East Germany, Poland and the Soviet Russia. The ex-colonial, Third World remained by and large outside this industrial resurgence, with probable exception of India (in mid-1950s), China or perhaps, Brazil.

The Third Industrial Revolution was about electronic technology, miniaturisation and consumer (white) goods; was visible in early 1970s but from unexpected quarters, Japan and other East Asian nations like South Korea, Taiwan, etc. though with some time-lag. The successes of Japanese car industry and its penetration into the USA and European markets were *passé* and miniaturisations of transistors and semiconductors led to mass production of innovative products like tape recorders, walkmans, calculators, coloured television sets, VCPs and VCRs (now, redundant), optical equipments and so on. Industry leaders like Sony, Toshiba, National expanded their product base in home and abroad—Say's law ruled the roost. The boom in car manufacture and exports to the West continued till about early nineties, but what defined this phase was micro-electronics and a diversity of consumer products. It rode this consumer boom on the rapidly improving economies and personal incomes in the South East and East Asia (later, China too)—the so-called "Tiger Economies" have arrived, indeed have roared; Singapore, Hong Kong, Kuala Lumpur, Taipei, Bangkok, Bussan and Seoul apart from the Japanese Industrial cities became the essence of this revolution. The Western developed nations in Europe and the North America were mere witnesses, and were flooded with the cheap Asian electronics and later collaborated to produce some at home. The Asian developing countries like

India, Indonesia, Philippines were somewhat slow to catch-up. The very nature of the products (low weight and high value) and nature of buyers, dictated manufacturing locations mostly in and around large cities and metropolises, entre-ports with easy access to import of components, like international airports and seaports. But the key was the consumer market and the rapidly changing income profiles, which made it more or less confined to big cities and metropolises with their large populations and high disposable incomes and exposure to new goods on offer. What impact did it have on regional economies? Probably, nothing significant as compared to the preceding two revolutions. This revolution that lasted for two decades (probably, continues as Post-Fordist industrialisation) was largely based on "foot-loose" industries, seeking markets and consumers rather than resources. Electronic skills, designing and marketing skills were the defining principles with large cities as the bases of production and consumption as well. Global trade was important to its progress and prosperity.

Now, we come to the new Industrial Revolution in the early 1990s and we refer to it as the Fourth Industrial Revolution. Indeed, this is not so much about production and sale of manufacturers, but "production of services" catching on what now is referred to as the "quaternary sector"⁷—technology and skill education, R and D and service industries based on IT and communication technology. It started with the PC revolution in the early eighties (in the Silicon Valley, US⁸) and rapidly expanded to the telecommunication, integration of IT networks, satellite communication technologies and the Internet that created enormous demand for skilled engineers and technocrats and also made it possible for large Transnationals to cash on cheap skilled labour in many developing countries through "call centre services", BPOs and host of other technology oriented services. Once more, "Leontief Paradox" became relevant. Developing countries like India, China, Brazil, Russia and many other East European countries (also, Israel) now export services in significant ways not in areas they are thought to have

comparative advantage, but in highly skilled professional service to the West, especially the rapidly expanding businesses in the United States. Though, theoretically this revolution like the preceding post-Fordist electronics revolution is foot-loose (can be located anywhere, or can be moved), in practice, it has and will have profound implications for regional economic development, in large developing countries like India, China, Brazil and many others, clearly the lagging regions would lose out in the race.

Industrialisation of India

In common sense parlance, industry and industrialisation mean manufacturing sector and necessarily, its expansion and its increased contribution in the wealth of the nation. Though prior to the coming of the British, India had a long history of manufacturing probably in many ways superior to the medieval Europe (as China was), the First Industrial Revolution nearly bypassed India, except in a small way in cotton textiles (around Bombay and Ahmedabad and U.P.) and jute manufacturers solely around Calcutta (Bagchi, 1975). The railways did expand rapidly, but more to serve the British military and administrative imperatives than ushering in industrialisation on its wings. There was no shortage of coal, but little capital flowed to manufacturing industries. The British policies rather became instrumental in de-industrialisation of India (Chottopadhyay and Raza, 1975). The Second Industrial Revolution if any, started with Jamshedji Tata's venture of integrated steel production (1917), but nothing much happened till about the early 1950s, when impetus on "capital goods industries and basic industries" under the Mahalonobis plan (Second Five Year Plan) brought significant tangible results (Sengupta and Sdasyuk, 1968:139-72).⁹ Indeed, that was the beginning of industrialisation of India led by the Public Sector under the newly framed Licensing Policy (1956). This had profound regional implications. As compared to the near complete agglomeration of all manufacturing around the three port-metropolises of Calcutta, Bombay and Madras, this phase of

industrialisation did lead to considerable decentralisation of industries, especially into the traditional backward regions, though resource rich, like Bihar, Orissa and Chhattisgarh region, around Hyderabad, Bangalore, Bhopal and many other inland cities, apart from Bengal and Bombay region, which had the traditional advantages. There were natural advantages in addition to public policy on decentralisation—the four steel mills of Durgapur, Bokaro, Rourkela and Bhilai (in addition to TISCO at Jamshedpur, in private sector), HEC at Ranchi, Sindri Fertiliser (Dhanbad), HMT at Bangalore (and HAL) and Hyderabad and BHEL at Bhopal set forth the foundations of an industrialising India. The private sector was still capitalising its traditional advantages in sheltered consumer markets of the metro-centres. The only notable exception in private sector was cement industries in backward areas for obvious locational reasons. Subsequently, oil refining, shipbuilding, petrochemical and other manufacturing industries were added to the public sector list. Necessarily this reflected in the decline in interregional disparities by about the mid-sixties (Mathur, 1984, 2003; Mohapatra, 1978, 1982; Nair, 1982). Whereas there was significant industrial decline in traditional industrial states like West Bengal (particularly visible from the early 1970s), the industrially backward states picked up (Karnataka, Gujarat, Andhra Pradesh, even Delhi, Haryana and Punjab, though at a lower scale, mostly in light manufactures and electrical equipment, auto-ancillary industries, post-Naxalite developments in Bengal).

The Third Industrial Revolution was a miss for India; the country was steeped in bureaucratic red-tapism, excessive controls and political interferences, but most important, the low volumes did not allow for India to become a production base, as compared to many South East Asian countries that particularly benefited from Japanese investments in electronics and white goods industries. The Japanese investors have been by and large wary of investing large-scale in India, for both cultural reasons as well as bureaucratic investment delays that they distaste. Suzuki's small car firm

(1984) was an exception, surprisingly very successful too. The situation has somewhat alleviated in recent times, after a process of deregulation started in 1991, but much needs to be done in that front. The volumes have started improving attracting Japanese as well as American and European investors. But, by and large, this was a phase of missed opportunities.

The Fourth Industrial Revolution

In recent years, 1991 economic reforms shall stand as a water-shed, especially the policies towards economic deregulation, consequent upon scraping of the 1956 Industrial Policy and what otherwise, is known as the "License Raj" (euphemistically, after the British Raj). But, nearly concomitant to these important policy changes in India, was what apparently was happening in the outer-world, the "IT Revolution". This was not so much about the "engineering (hardware) technology", which no doubt is significant, but what the hardware can do—a matter of human ingenuity and creativity—an age of the "code writers", the "wire-men" and the "tele-communicators". With a large pool of trained English speaking artisans of the modernity, India took an early start in providing low-cost on-site core-writers and fixers (of services) to principally US clients in a galloping IT industry and quickly earned reputation of "quality". Within a decade, the industry grew at a rate of nearly 50 percent per annum, compounded, from a few million USD (service exports) in early nineties to currently over 10 billion and expected to reach 50 billion in another decade. However, it was quickly realised by the clients to receive services at Indian bases that will be cheaper than their home country bases, cashing on satellite communication technologies and explosion in telecommunication access riding on the liberalised licensing regime and falling costs of telecommunication. Other services like medical transcription, accounting back offices and banking, customer calling services, consultancies etc. were added and grew fast indeed, providing substantial

employment opportunities to young skilled professionals, from an "unending pool of surplus labour" of India. This had multipliers in other sectors too, particularly in the electronic media industry and entertainment industry. The "ripple effect" to boosting consumer demand and especially in white goods sectors, automobiles were definitely positive.

Undoubtedly, all this is very good for the country as a whole. However, much like the dualism of "India" and "Bharat"¹⁰, there arose significant increases in concentration of incomes, between the rural and the urban at one hand, and between incomes accruing to the old-economy and the new (service) economy¹¹; but most significant for our point of view, is this situation neutral to location and regional economies? Theoretically, IT services are supposed to be location neutral¹², therefore footloose; but in practice there appears strong agglomeration economies¹³ and (skilled) labour locations, especially locations with a headstart, like Bangalore, Chennai, Hyderabad, Pune-Bombay (Mumbai) and to a limited extent in Delhi region. Most beneficiaries regions are in the Western and Southern India, and the least affected by these new service industries is the Eastern and Northern regions and also the North-Central regions of Madhya Pradesh, U.P. and Bihar (including Jharkhand). Though no clear data in this regard is available, it would be safe to assume that in this service sector revolution, probably 80 percent of enterprises and employment are located in those regions with the balance sprinkled across the rest of the country. The medium term forecast would be only for a further regional concentration of the service industries and "divergence" of regional incomes, due to differential rates of SDP growth and service sector employment growth¹⁴.

As pointed out earlier, the industrialisation of the fifties and the sixties did diversify and decentralise manufacturing in India and led to some reduction in regional income inequalities. During the seventies, regional inequalities started growing again, but entirely from a different logic, the highly regional centred "Green Revolution" created widening

of SDP growth rates between the agriculturally progressive and lagging regions (Mohapatra, 1982). During the recent times (from early nineties) the process of accentuation of regional income disparities have continued, but from partly emanating from the "liberalised economic regime" (Mathur, 2003) and the forces of the "hidden-hand"¹⁵ and partly, as we would ascribe to the (Quaternary) Service Sector Expansion (or Revolution)—the division of India between "India" and "Bharat" can only unravel further. Would it be good for India, only time would tell.

REFERENCES

- Bagchi, A.K. (1975), *Private Investment in India (1900-1939)*, Orient Longman, Bombay.
- Chattopadhyay, B. and Raza, Moonis, (1975), "Regional Development: Analytical Framework and Indicators", *IJRS*, Vol. VII(1), pp. 1-35.
- Hobsbawm, Eric J.E. (1968), *Industry and Empire*, Penguin, U.K.
- Krugman, P. (1991), *Geography and Trade*, Leuven University Press, Lguven, Bel.
- Mathur, A. (1983), "Regional Development and Economic Disparities in India: A Sectoral Analysis", *Economic Development and Cultural Change*.
- Mathur, A. (2003), National and Regional Growth Performance in the Indian Economy: Sectoral Analysis, in A.C. Mohapatra and C.R. Pathak (eds.), *Economic Liberalization and Regional Disparities in India*, Star Pub. House, Shillong, pp. 1-41.
- Mohapatra, A.C. (1978), "An Alternative Model of Measuring Divergence-Convergence Hypothesis: A Study of Regional per capita Income in India", *Indian Journals of Regional Science*, Vol.X (2), pp. 39-50.
- Mohapatra, A.C. (1982), *Regional Inequality in India (1960-61 to 1978-70)*, Ph.D. Thesis, North Eastern Hill University, Shillong. (Unpublished).
- Mohapatra, A.C. and J. Dey (2002), "Location, Economic Growth and Trade: Revisiting Economic Geography of South Asia", *National Seminar on Globalisation, Trade and Economic Development of North-Eastern Region of India*, Shillong, November 21-23, 2002 (proc. forthcoming).

- Mohapatra, A.C. and Pathak, C.R.D (eds.) (2003), *Economic Liberalization and Regional Disparities in India*, Star Pub. House, Shillong.
- Munshi, S.K. (1981), "Evolution in Concepts and Practices in Region Formation in India", *Annals (of the NAGI)*, 1 (1), pp. 18-28.
- Nair, K.R.G. (1982), *Regional Experience in a Developing Economy*, Wiley Eastern, New Delhi.
- Sengupta, P. and Sdasyuk, G (1968), *Economic Regionalisation of India*, Census of India (1961), Monograph No. 8, New Delhi.

FOOTNOTES

1. Hobsbawm, Eric, J.E. (1968), *Industry and Empire*, Penguin, UK.
2. S.K. Munshi, (1981), "Evolution in Concepts and Practices in Region Formation in India", *Annals (of the NAGI)* 1(1), pp. 18-28.
3. Nicolas A. Phelps, (2002), "When was Post Fordism? The Uneven Institution of New Work Practices in a Multinational", *Antipode*, 34(2), pp. 205-226.
4. See, e.g. the manner steel manufacturing in the US changed from east coast locations (based on Brazilian Ores) to Chicago-Detroit-Cleveland area, emergence of Ford, GM and Chrysler and integration of steel manufacturing with the motor-cars; emergence of Krupp in Germany and so on.
5. Alfred Weber's localisation was becoming more relevant now than ever before.
6. See the new rise of significance of Tokyo (Yokohama), Osaka and Kobe in Japan, of Hamburg and other traditional European port centres, or even New York and other American ports.
7. The term "quaternary sector" has been in currency for the past two decades to denote, essentially higher education, R&D, and other technology and scientific sectors.
8. Notice, the astronomical rise of Microsoft, e.g.
9. See, Sengupta & Sdasyuk (1968), p. 141, Table 19. Between 1950-51 and 1964-65, Index numbers of agricultural production changed (1949-50=100) 158, industrial production, 238. In key industries, coal from 32.3 to 64.4 mt, Power from 2.3 to 8.6 mKw, Steel from 1.4 to 6.1 mt, Petro-products from 0.4 to 8.4 mt. Aluminium from 3.7 tt to 54 tt etc.

10. Euphemistically referring to the English speaking middleclass and the vernacular, rural based population.
11. Like cosmetics the demand responses to prices work in the reverse way. People prefer to go to the most expensive doctors, or lawyers, further pushing up their prices, governments prefer to hire the most expensive consultants, so also dinners to most expensive restaurants if not for quality of food but for fad and the brand. This may be true for the IT services, where price does not matter—though hard wares are price sensitive like any other commodity.
12. Transport cost is distance neutral, if not zero.
13. External economies of scale arising out of closer physical proximities, (locations), knowledge and skill spread-effects.
14. See, A.C. Mohapatra, and J. Dey (2002), "Location, Economic Growth and Trade: Revisiting Economic Geography of South Asia", *National Seminar on Globalisation, Trade and Economic Development of North-Eastern Region of India*, Shillong, November 21-23, 2002 (proc. forthcoming).
15. Gunnar Myrdal (1957) in his *Economic Theory and the Underdeveloped Regions* anticipated the debilitating effects of market forces on backward regions.