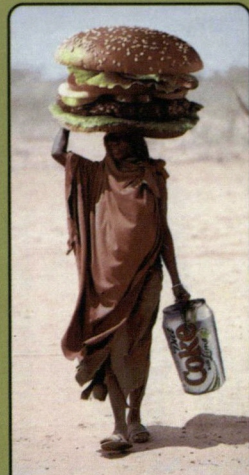




Globalisation and Economic Growth of North East India



Adv. Imotemsu Ao

Globalisation is a buzzword nowadays, and when used in an economic context, it refers to the reduction and removal of barriers between national borders in order to facilitate the flow of goods, capital, services and labour. Although, considerable barriers remain to the flow of labor. Agriculture accounts for more than a third of Assam's income and employs 69 percent of total workforce. Assam's biggest contribution to the world is its tea. Assam produces some of the finest and most expensive teas in the world. In the last decade, according to recent analysis, Assam's economy is showing signs of improvement. When we talk about global village, connectivity is the basic need that really matters.

Arunachal Pradesh's gross state domestic product for 2004 was estimated at \$706 million in current prices. The failure of Arunachali people to hold their leaders accountable has led to tremendous drains on the economy and a crumbling infrastructure.



Imotemsu Longkumer Ao is an expert in the areas of environmental science and juridical studies.

He has been associated with many environment related programmes and projects in India in general and Nagaland in particular. He is the Registrar / Director of The Global Open University Nagaland established by the Government of Nagaland through the State Legislature (Act 3 of 2006). He has been responsible for developing campuses at Dimapur, Kohima and Wokha for launching vocational and job oriented programmes for the young boys and girls from Nagaland.

He has successfully organised many national as well international seminars and symposia on different burning issues of North-East. He has also been associated with leading international organisations like the UN affiliated International Association of Educators for World Peace (IAEWP), Commonwealth of Virtual Education & Research (COVER) and the Commonwealth of Distance Education (CODE).

He has authored many books including Drug Abuse; Rural Development in North-East India; Rethinking Tribal Culture and Development; Globalisation & Economic Growth of North-East India; and Tribal Education in India. He has also been a Member of the Editorial Team of many Encyclopaedias related to Ecology and Environment, Disaster Management, Sustainable Development, Criminology, Forensic Sciences etc.

He has participated in many Congresses and Summits held between 2000 and 2011 including the World Environment Congress, Indian Summit on Global Warming Reduction, and the World Management Congress.

He has received many national as well as international Awards & Appreciations instituted by reputed transnational bodies on peace studies and conflict resolution.

GLOBALISATION AND ECONOMIC GROWTH OF NORTH EAST INDIA

Adv. Imotemsu Ao



JNANADA PRAKASHAN (P&D)

in association with

**CONFEDERATION OF
INDIAN UNIVERSITIES
NEW DELHI**

Published by :

JNANADA PRAKASHAN (P&D)

4837/2, 24, Ansari Road, Daryaganj

New Delhi-110002

Phone : 011-23272047

Mobile : 9212137080

Email: jnanadabooksdelhi@yahoo.com

Website: www.jnanadabooks.com; text.ind.in

Assisted by :

TEXT BOOK PROMOTION SOCIETY OF INDIA

4837/2, 24, Ansari Road, Daryaganj

New Delhi-110002

Phone : 011-23272047

Mobile : 9212137080

338.95416

20

© Confederation of Indian Universities, New Delhi

Edition: 2011

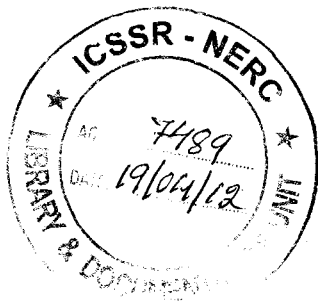
Globalisation and Economic Growth of North East India

ISBN: 978-81-7139-476-0

Typesetting by :

Vardhman Computers

New Delhi-110 017, India



Published by Mrs. S. Chowdhary for M/s. Jnanada Prakashan (P&D)
Daryaganj, Ansari Road, New Delhi-110002, India and printed at
Balaji Offset, Navin Shahdara, Delhi-110032, India.

CONTENTS

<i>Preface</i>	(v)
1. Development of North East India	1
2. Modern Economic Growth	14
3. The Economy of Assam	50
4. The Problem of Political Stability in North East India	117
5. Ideology and Religion Movements in North East India	144
6. Bangladesh-China-North East India: Opportunities and Anxieties	170
7. Global Governance for Sustainable Development	182
8. Illegal Immigration into North East India	189
9. The Rural Non-Farm Economy: Arunachal Pradesh	201
10. India in a Globalised Economy	217
11. India's Economic Rise and Impacts on East Asia	240
<i>Bibliography</i>	268
<i>Index</i>	274

1

DEVELOPMENT OF NORTH EAST INDIA

Introduction

The development and growth of a nation greatly depends upon proper utilisation of its human resources. To utilise these resources, there is a need to convert human beings into human resources. Since the basic objective of development of a nation is to improve the welfare of the people, every nation strives hard not only to increase her wealth and productive resources but also to ensure better standard of living of her citizens by providing them with adequate food, clothing, house, medical facilities, education, etc. However, technical considerations of the means to achieve human development and the use of statistical aggregates to measure national income and its growth have at times obscured the fact that the primary objective of development is to benefit people. National income figures, though useful for many purposes, neither reveal its composition nor its real beneficiaries. Of course, people want higher incomes as one of their options; it is neither the sum total of human life nor the end in itself. Thus, expansion of output and wealth is only a means; end of development is the welfare of human beings. To measure the welfare of the people UNDP in its first report on human development introduced the concept and its measurement. It was introduced as a composite measure of economic progress and human welfare and intended to be a better substitute to Per Capita Income

(measure) that could neither capture nor exhibit exact level of development of human beings nor that of nations. The measure is popularly known as Human Development Index (HDI).

Recent development experience has underlined the need for paying a close attention to the link between economic growth and human development because many fast-growing developing countries having high GNP growth rates have failed to reduce the socio-economic deprivation of substantial sections of their population. At the same time some low-income countries have achieved high levels of human development by skillfully using the available means to expand basic human capabilities. Countries like Georgia, Indonesia and Jamaica having very low per capita GDP (PPP US \$ 2560, 2940 and 3720) could achieve high levels of human development (0.746, 0.682 and 0.757) whereas South Africa in spite of having a very high per capita GDP (PPP US \$ 11290) achieved relatively a low level of human development (0.684) showing in table 1. Therefore, the emphasis was shifted from per capita GDP to HDI.

Table 1
Per capita GDP and Human Development in India and Abroad

<i>Country</i>	<i>Per Capita GDP (PPP US \$)</i>	<i>HDI Value</i>	<i>HDI Rank</i>
Norway	29,620	0.944	1
Mauritius	9860	0.779	62
Jamaica	3720	0.757	78
Maldives	4798	0.751	86
Georgia	2560	0.746	88
Sri Lanka	3180	0.730	99
South Africa	11,290	0.684	111
Indonesia	2940	0.682	112
India	2840	0.590	127

Source: Human Development Report 2003, UNDP.

In the last two decades human development index has been used very widely by the governments of various nations

for planning purposes. Various scholars and organisations have also undertaken a number of research studies using the index to focus the magnitude of human development of various sections of society in different countries. This has helped a lot in formulating plans for improving the life of the neglected sections of the societies in different countries. Keeping all these points in view the present study was undertaken on the status and progress of human development in a backward region like North East India comprising eight States which is predominantly a region of tribal people.

Measurement of Human Development

Though HDI was proposed by UNDP in 1990, many criticisms were raised against its construction and robustness in the subsequent periods. As a result some improvements were brought out in its construction in the subsequent reports of UNDP in 1991, 1994 and 1999. It is now in its present form as a composite index of three basic components of human development, *viz.*, longevity, knowledge and standard of living. Longevity is measured by life expectancy. Knowledge is measured by a combination of adult literacy having one-third weight and mean years of schooling with two-third weight. Standard of living is measured by purchasing power, based on real GDP per capita adjusted for the local cost of living (purchasing power parity or PPP). The HDI sets a minimum and a maximum for each dimension and then shows where each country stands in relation to these scales. It is expressed in terms of a numerical value between 0 and 1. The scores for the three dimensions are then averaged in an overall index. The latest formula used for the first two individual indicators {Life Expectancy Index (LEI) and Education Index (EI)} is as follows:

$$\text{LEI or EI} = \frac{X_i - \text{Min}(X_i)}{\text{Max}(X_i) - \text{Min}(X_i)}$$

The income indicator (GDP Index) is calculated using the following formula:

$$\text{GDPI} = \frac{\text{Log}(X_i) - \text{Log}\{\text{Min}(X_i)\}}{\text{Log}\{\text{Max}(X_i)\} - \text{Log}\{\text{Min}(X_i)\}}$$

Finally the HDI is calculated by taking the average of these three indices (LEI, EI and GDPI).

For the construction of the dimension indices maximum and minimum values have been fixed as (HDR 2003):

SCALING NORMS OF HDI

(Used by UNDP)

<i>Indicators</i>	<i>Maximum Value [Max (X₀)]</i>	<i>Minimum Value [Min (X₀)]</i>
Life Expectancy at Birth (Years)	85	25
Adult Literacy Rate (%)	100	0
Combined Gross Enrolment Ratio (%)	100	0
GDP Per Capita (PPP US \$)	40,000	100

In this regard some changes in the formula of HDI were brought out by the Planning Commission, Government of India in the National Human Development Report (NHDR, 2001). A composite health index consisting of life expectancy with a weight of 65 per cent and infant mortality rate with a weight of 35 per cent was proposed. Similarly, in case of composite index on educational attainment, while literacy rate was given a weight of 35 per cent, the indicator capturing intensity of formal education (based on current enrolment rates in successive classes at school level) was assigned 65 per cent weight.

In case of indicator on economic attainment namely, inequality adjusted per capita consumption expenditure, an adjustment for inflation over the period was made to make it amenable to inter-temporal and inter-spatial comparisons. The maximum and minimum values for each dimension as used in NHDR are:

SCALING NORMS OF HDI

(Used by Planning Commission of India)

<i>Indicators</i>	<i>Maximum Value [Max (X0)]</i>	<i>Minimum Value [Min (X0)]</i>
Life Expectancy at Age 1 (years)	80	50
Infant Mortality Rate (per thousand)	—	20
Literacy Rate (for 7 +Years)	100	0
Adjusted Intensity of Formal Education	7	0
Per Capita monthly Consumption Expenditure in Rupees (at 1983 prices)	325	65

Implications of the Study

As far as the use and importance of the study on human development of the north eastern region is concerned it has a great role to play in planning. Since HDI offers an alternative measure for GNP by measuring the relative socio-economic progress of the people, it would enable the State Governments to evaluate the progress of their States and help to determine the priorities for policy intervention.

Overview of Literature

There are two types of literature available on human development—one on the methodological aspects and the other on empirical evidence. As far as methodological aspect is concerned numerous efforts have been made to remedy the defects of the traditional measure of economic development and to suggest composite indicators that could serve as either complements or alternatives to this [AID (1970), UNRIS (1970), Adelman and Morris 1973, UN (1975), OECD (1976) and UNESCO (1977), Morris, D.M (1979)]. Since the publication of first HDR in 1990 the trend has been towards improvement of the method of measurement of human development and so far there have been three successive attempts in this regard in 1991, 1994 and 1999 by UNDP.

Some of the important works on the other aspects of the literature on human development in the context of India are as follows:

Dalal in his edited volume pointed out that Indian development goals have been in tune with the Human Development Report. There has however been a significant failure in the implementation of well-constructed policies as a result of lack of political will and administrative inefficiency.

The NHDR compiled the HDI, GDI, and HPI for the entire country. However, the data for North Eastern States were prepared by taking the data of Assam (one of the big State in the region) as a representative one. Kumar ranked 17 Indian major States by constructing the HDI using UNDP's methodology. He compared the rankings of these states with the rankings of the countries appeared in the report of UNDP. The absence of disaggregated data on health and life expectancy for the union territories and the North Eastern States of India prevented him in the computation of the HDI for these regions.

The study of Kumar revealed that States like Haryana and Punjab despite being relatively high-income States were facing the problem of serious gender inequality in basic capabilities (Kumar 1996). There were 13 countries in the world that had a lower value of GDI than that of the States like Bihar and Uttar Pradesh which pointed to the seriousness of the problem of human development at the global level.

Vyasulu and Vani conducted a study of human development in Karnataka using HDI. While making concluding remarks they suggested that sustained political support to an across-the-board improvement in each district was essential if the HDI was to show improvement.

Zaidi and Salam in their study correlated various indices denoting life expectancy, educational attainment and real GDP per capita to other parameters of the economies of 15 major States of India for finding out the causes of varying values of these indicators in different States. The study revealed that public expenditure had a more close association with

educational attainment than it had with life expectancy as the latter is influenced by multiplicity of factors like heredity, race, climatic and environmental factors apart from public expenditures on health, nutrition and sanitation etc.

Viswanathan in her study, for the State of Madhya Pradesh, highlighted the fact that higher incomes do not always yield higher human development, and that higher human development does not always mean equal benefit to men and women. The study of NCAER in 1994 revealed that although relative differentials existed, absolute deprivation was high in most parts of rural India. Among the social groups, the poor spent disproportionately large amounts on health and education.

NIRD conducted a study for the major states of India for the years 1961, 1971, 1981 and 1987-88 (NIRD 1999). The study revealed that HD scores had gone up in all the states over time. The poverty stricken States like Bihar and U.P. were at the lower rung and Gujarat made considerable progress on HDI. The ranking of States on HDI changed significantly during the last three decades. Gender discrimination was conspicuous in 14 States except Kerala and Karnataka. Rao made an attempt to bring out the insights provided by the human development report for the State of Karnataka. His study revealed that the State was lagging behind even in achieving what is regarded as minimum essential norms of human development.

Mahanty conducted a study with an alternative set of indicators for Andhra Pradesh for the years 1982-83, 1987-88 and 1992-93 using five different methods of index. He found that while the pattern of human development was relatively stagnant, some districts were lagging behind.

The review of literature on human development reveals that not a single study has been undertaken to focus on the status and trend of human development of the region using human development index. Therefore, the present work would be first of its kind in the region and would aim at testing the following hypotheses:

1. Human development and its growth in North East India are too low as compared to many countries of the world.
2. There exists yawning gap between females and males; the rural-urban gap and State-wise variation is significant over time in the region.

The findings of the study would thus be of much help to the Governments of various States in formulating their plan and policies for the welfare of the people in the region.

General Scenario in N.E. Region

North Eastern India having a population of 39.04 million is basically a region consisting of eight States, namely Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. Among these eight States four States are having tribal population in majority, specifically Mizoram (94.5%), Nagaland (89.1%), Meghalaya (85.9) and Arunachal Pradesh (64.2%). The region had a literacy rate of 65.77 per cent as against the all India average of 65.2 per cent. However, literacy rate varied from State to State in the region from a lowest figure of 54.74 per cent (Arunachal Pradesh) to the highest figure of 88.49 per cent (Mizoram). Per capita net State Domestic Product in the States varied from lowest figure of Rs. 1675 in Assam to highest figure of Rs. 3571 in Arunachal Pradesh and average of Rs. 2223 in the region in the year 1997-98 at 1980-81 prices. Per Capita Monthly Consumption Expenditure (PCMCE) was as low as Rs. 147.52 in 2000 at 1983 prices. Assam had the lowest PCMCE of Rs. 99.81 as against highest PCMCE of Rs. 228.04 in Nagaland. 34.69 per cent of people in the region were below poverty line in 2000 as against a national average of 26.1 per cent. Highest percentage of people was estimated to be below poverty line in Sikkim (36.55%) and lowest percentage in Mizoram (19.49%).

Human Development in N.E. Region

According to Human Development Report 2003, India had a long way to go as far as human development was concerned.

When Norway had a HDI values of 0.944 and 21 other countries in the world were having HDI values above 0.9 the corresponding figure in India was 0.590. Though India is a fast growing developing nation it was placed in the 127th rank at the global level. Even small neighbouring countries in Asia like Mauritius (0.779), Maldives (0.751) and Sri Lanka (0.730) have surpassed India in this regard. India has been witnessing a very poor growth in human development. HDI value in 1975 which was 0.411 in India was increased to only 0.476 in 1985 and further to 0.590 in 2001. Thus, the country witnessed an annual growth of merely 1.4 per cent on an average in a period of 26 years from 1975 to 2001.

The findings of the Planning Commission, Government of India on the magnitude and growth of human development has been quite different from that of the UNDP probably because of differences in their methodology of estimation. HDI value which was estimated to be 0.302 in 1981 improved to 0.381 in 1991 and subsequently to 0.472 in 2001 (NHDR 2001). When UNDP estimates showed a relatively high human development (0.590) with low annual growth (1.4%), estimates of Planning Commission showed a low human development (0.472) with a high annual growth (2.3%) over time.

Rural-urban disparity which was quite low in 1981 (0.179) and 1991 (0.171) which instead of improving got deteriorated and it stood at 0.204 in 2000 (Table 3, 4 and 5). Gender disparity continued to be at a staggering rate. When male literacy rate was 75.6 per cent female literacy was 54.0 per cent in 2001. Besides, there have been a wide spread disparity across the States in the country. The HDI varied between highest values of 0.638 in case of Kerala to the lowest value of 0.365 in Bihar.

As far as North East India is concerned the situation has been no different. During 1981 HDI value varied from a lowest figure of 0.242 in Arunachal Pradesh to a highest figure of 0.461 in Manipur. Similarly in 1991 the lowest and highest figures were 0.328 (Arunachal Pradesh) and 0.548 (Mizoram). The region witnessed further improvements in the last decade

of the twentieth century. Assam witnessed a lowest HDI value of 0.362 and Mizoram the highest value of 0.552.

There has been a yawning gap between urban and rural areas. Human development in rural areas of the region has been consistently lower than that of the urban areas. The rural-urban disparity index varied from a lowest figure of 0.113 in Manipur to the highest figure of 0.234 in Tripura in 1981. The situation did not improve much in 1991 and also in 2000. In 2000, the highest disparity was observed in Assam (0.283) and lowest in Sikkim (0.175). The position of Meghalaya in this regard is worth mentioning. Her rank in rural-urban disparity deteriorated over time. Though Meghalaya occupied 3rd rank among all the States in the region in 1981, hers deteriorated to last (8th) rank in 1991 and subsequently to 2nd last in 2000.

Contrary to popular perceptions, the status of women in the region is far from being on an equal footing with that of men. Particularly gender disparity has been consistently very high in Tripura and Assam. It was lower in three states, namely, Manipur, Meghalaya and Nagaland in the year 1981 as compared to all India average situations. In 1991 only two states such as Manipur and Meghalaya were better off. Extent of gender disparity has been varying widely from one state to another in the region. Surprisingly when gender disparity has been decreasing over time in all the States in the region it has deteriorated in Nagaland.

Conclusion

Indian economy in spite of being a fast growing developing economy and pursuing the policy of liberalisation and globalisation since early eighties she has not been able to achieve much on account of human development and welfare. Human development index is below 0.6 in India and much below in its North Eastern Region. Rural-Urban disparity, gender disparity and uneven human development across the States in the region are quite significant. The disturbing trend of increasing gender disparity in Nagaland and escalating rural-urban gap, particularly in the States of Assam and

Meghalaya is a matter of concern. Therefore, there is an urgent need for taking appropriate action in this regard.

Table 1
Per Capita GDP and Human Development in
India and Abroad

Country	Per Capita GDP (PPP US \$)	HDI Value	HDI Rank
Norway	29,620	0.944	1
Mauritius	9860	0.779	62
Jamaica	3720	0.757	78
Maldives	4798	0.751	86
Georgia	2560	0.746	88
Sri Lanka	3180	0.730	99
South Africa	11,290	0.684	111
Indonesia	2940	0.682	112
INDIA	2840	0.590	127

Source: Human Development Report 2003, UNDP.

REFERENCES

- Anand, S. and M. Ravallion. 1993. "Human Development in Poor Countries: On the Role of Private Incomes and Public Services", *Journal of Economic Perspectives*, Vol.7, pp.133-150.
- Anand, Sudhir and Amartya Sen. 1993 "Human Development Index: Methodology and Measurement", Human Development Report Office, Occasional Paper No. 12, United Nations Development Programme, New York.
- Bardhan, Kalpana and Stephan Klasen. 1999. "UNDP's Gender-Related Indices: A Critical Review", *World Development* 27 (6): 985-1010.
- Chakravarty, S.R. 2000. "A Generalised Human Development Index", Review of Development Economics, Manuscript No. 9165, Acceptance date: 23 August.
- Chaubey, P.K. 2002. "The Human Development Index: A Contribution to its Construction", *Indian Journal of Economics*, Vol. 83, No. 328, pp. 95-100.

- Dalal, K. L. (eds) 1991. *Human Development—An Indian Perspective*, Based on the papers presented in the National Symposium held in New Delhi.
- Desai, M. 1991. "Human Development: Concept and Measurement", *European Economic Review*, Vol. 35, pp. 350-357.
- Dholakia, R.H. 2003. "Regional Disparity in Economic and Human Development in India", *EPW*, September 27, 2003.
- Government of India, 2002. *National Human Development Report 2001*, Planning Commission, New Delhi.
- Haq, Mahboob Ul. 1995. *Reflections on Human Development*, OUP, New York.
- Haq, Mahboob Ul. 1976. *The Poverty Curtain—Choices for the Third World*, Columbia University Press, New York, p. 35.
- Hicks, D.A. 1997. "The Inequality Adjusted Human Development Index: A Constructive Proposal", *World Development*, Vol. 25, No. 8, pp. 1283-1298.
- Jain, L.C. 1991. "Human Development in Rural India—A Blue Print", in K.L. Dalal (eds.) *Human Development—An Indian Perspective*, Based on the papers presented in the National Symposium held in New Delhi, March.
- Mahanty, Ghanshyam. 2000. "Human Development in Andhra Pradesh: A District Level Analysis", *The Indian Journal of Labour Economics*, Vol. 43, No. 2.
- N.I.R.D. 1999. *India Rural Development Report 1999: Regional Disparities in Development and Poverty*, Hyderabad, p. 86.
- Nagar, A.L. and S.R. Basu. 2000. Weighting Socio-Economic Indicators of Human Development, ICSSR Project Report submitted to NIPFP.
- Pal, S.P. and D.K. Kant. 1993. An Alternative Human Development Index, *Margin*, Vol. 25, No. 2, Part-II (Special Issue on Human Development).
- Rao, V.M. 2000. "Towards Human Development: Glimpses from India and Selected States", *The Indian Journal of Labour Economics*, Vol. 43, No. 2, pp. 327-338.
- Tilak, J.B.G. 1991. "Human Development Index of India", *IASSI Quarterly*, Vol. 10, No.2, pp. 132-138.
- United Nations Development Programme, 2003. *Human Development Report 2003*, Oxford University Press, New York.

-
- Vijayabhaskar, M., Padmini Swaminathan, Anandhi S, Gayatri Balagopal, 2004. "Human Development in Tamil Nadu", *EPW*, February 21, 2004.
- Viswanathan, Renuka. 1999. "Human Development Report for Madhya Pradesh—Some Hidden Truths", *EPW*, May 29.
- Vyasalu, V. and Vani, B. P. 1997. "Development and Deprivation in Karnataka: A District Level Study", *EPW*, November 15.
- Zaidi, N.A. and Salam, M.A. 1998. *Indian Journal of Economics*, Vol. 78, No. 371, April.