

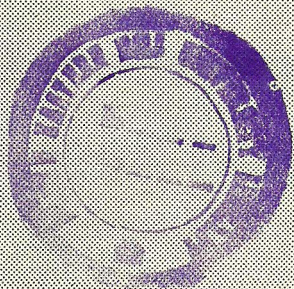
**PLANNING
AND
DEVELOPMENT
OF ASSAM**

NE
330.954162
BAR; 2

P. C. Barua

F 235
648

PLANNING AND DEVELOPMENT OF ASSAM



P. C. Barua

MITTAL PUBLICATIONS

NEW DELHI - 110 059 (INDIA)

geir

NE
330.954162
BAR;2

First Edition, 1992

©1992 by NEIBM
All rights reserved

ISBN 81-7099-357-1

NEIBM LIBRARY
No. 199462
Date 17/5/98
Class by [Signature]
Sub heading by [Signature]
Enter by [Signature]

Published by K. M. Rai Mittal for Mittal Publications, A-110, Mohan Garden,
New Delhi - 110 059 Phones: 5552070 5592070

Typeset by Jasdeep Composers, New Delhi - 110 018

Printed in India at New Gian Offset Press, Delhi - 110 035

CONTENTS

<i>Acknowledgement</i>	..	vii
<i>List of Tables</i>	..	viii
<i>List of Appendices</i>	..	x
Prologue	..	1
1. The State Economy	..	6
Physio-Geographical Outline—Administrative Setup— Demographic Feature—Mineral Resources—Land and Agriculture—Forest Resources of Assam— Livestock Resources and Animal Husbandry— Status of Horticultural Development—Index of Industrial Production—Some Important Industries— State Income		
2. Industrial Developemnt in Assam	..	41
Large and Medium Scale Industries—Major Milestones— Ancillary Development—Growth of Small Scale Industries (SSI)—Employment Composition by Groups of Industries Survey of Industries—Entrepreneurial Development— Industrial Sickness—Some Causes for Retarded Industrial Growth		
3. Infrastructure	..	65
Transport and Communication—Power—Finance		
4. State Planning and Industrial Policy Development	..	73
Review of Strategies adopted for—Industrial Development— Review of Sectoral Priority in Assam—State Planning for Industrial Sector—Industrial Policy Resolution 1986— An Analysis of Some of the Promotional Measures—		

District Industries Centre—Various Incentive Schemes of State Government—Special Incentive for "No Industry"—District and Electronic Industry		
5. Findings and Recommendations for Thrust Area for Economic Development	..	100
General—Infrastructure—Finance—Marketing— Suggested Industry in Different Sectors		
<i>Appendices</i>	..	111
<i>Bibliography</i>	..	142
<i>Index</i>	..	145

ACKNOWLEDGEMENTS

North Eastern Institute of Bank Management acknowledges with gratefulness that an opportunity was given to us for preparing this study. We specially acknowledge the help and guidance received from Dr. R. H. Patil and also from Dr. S.K. Sharma.

My personal thanks are also to the associates who did the field work and helped in getting various data.

P.C. BARUA
Director

LIST OF TABLES

1.1.	Administrative Setup in Assam	7
1.2	Trends in Population: Assam and India (1901-1981)	8
1.3	Distribution of Area and Population and Literacy Standard Assam	9
1.4	Estimated Live Birth and Death Rates in Assam and India	11
1.5	Occupational Classification of Workers in Assam according to 1971 Census	13
1.6	Percentage Distribution of Cultivators and Agricultural Labourers among Workers	14
1.7	Distribution of Workers expressed as Percentages to the Total Working Population	15
1.8	Production of Crude Oil in Assam (Oil and ONGC Fields)	18
1.9	Production of Coal (in million tonnes)	20
1.10	Current Production (1986-87) of Coal from the Various Assam Fields	20
1.11	Land Use Pattern in Assam (1975-76 and 1980-81)	22
1.12	Production of Some Important Crops in Assam	24
1.12(a)	Cost Item and Costs	26
1.13	Yield Rate of Principal Crops, Assam and India	27
1.14	Index of Agricultural Production in Assam and India	28
1.15	Index of Industrial Production in Assam	34
1.16	The Production Trend of Some of the Important Industries in the State 1983-85	35
1.17	Index of SDP (Assam) and NNP (India)	38
1.18	Growth of Per Capita SDP of Assam	39

1.19	Growth of Per Capita NDP of Assam	39
2.1	Districtwise Distribution of Factories 1984	44
2.2	Number of Registered Factories in Assam	47
2.3	Modern Small Industries registered with Directorate of Industries in Assam	49
2.4	Comparative Picture of Registered SSI Units in Assam vis-a-vis Some Developed States	50
2.5	Industries Groupwise SSI Units in Assam	52
2.6	Workers in Registered Factories 1983 and 1987 (Estimated)	54
2.7	Annual Survey of Industries (Summary Results) Assam and India	54
2.8	Districtwise and Yearwise Distribution of Entrepreneur	55
3.1	Road Length in Assam PWD including N-H way (in Km)	66
3.2	Export as well as Sale of Goods within India	
3.3	Total Letters of Intent issued and Industrial Licences granted to N.E. Region and Assam by Govt. in 5 years 1981-1985	72
4.1	State Plan Expenditure/Outlay in Industries Sector	79
4.2	Districtwise Disbursement of Transport Subsidy Beneficiary units	86
4.3	Districtwise Disbursement of CIS and number of Units during 1987-88	86
4.4	Margin Money/Seed Money Disbursed by DICs	87
4.5	Rural Artisan Programme (RAP) of DICs	89
4.6	Achievement of DICs in Assam	90
4.7	Performance of DIC Programme	92
4.8	Financial Assistance sanctioned by Banks/ Financial Institutions and Subsidy extended through DICs	93
4.9	New Units Established—Industrywise Classification	94
4.10	Performance under 'SEEUY' Scheme during 1983-84 and 1986-87	96

LIST OF APPENDICES

Appendix I	: Import of Goods from Other Parts of India to N.E. Region	..	112
Appendix II	: Per Capita NDP of India and SDP of Assam	..	115
Appendix III	: A Brief Note on the Important Programmes for Agricultural Development in Assam	..	116
Appendix IV	: Package of Delicensing of Industries and Incentives	..	121
Appendix V	: Bank Finance for Working Capital Need	..	124
Appendix VI	: Suggested Areas and Industries for Fund Deployment	..	125
Appendix VII	: CFTRI Recommendations	..	130
Appendix VIII	: Assam at a Glance	..	132
Appendix IX	: Perspective Plan Model for Assam upto 2000 AD	..	137
Appendix X	: Incidence of Rural Poverty in Assam (1986-87)	..	139

PROLOGUE

Economic development is a combination of economic growth with social change. Recent decades have witnessed an upsurge of interest in the process of economic development in every corner of the globe.

Rapid economic growth has been achieved through a structural change. Transformation from an agricultural dominant economy to that of an industry dominant economy resulted in achievement of economic growth to a large part of the world now described as the Developed Countries as against the Developing World. But the growth process of the Developed World has proved that economic growth is not only a question of quantum increase in the factors of production but it involves significant changes in the way those factors of production are mobilised and utilised.

According to Friedrich List, a 19th century economist, a process of development emanates from an agricultural stage through an agricultural-industrial stage and finally to an agricultural-industrial-commercial stage. In the present day context, the process of development has been described as being comprised of three main phases:

1. The pre-industrial phase in which economy is based on agriculture, mining, etc.
 2. The industrial phase in which a significant shift occurs from agriculture to industry.
 3. The post-industrial phase in which economy becomes
-

mainly a service economy.

Judging in this context, the economy of Assam can be described as one in the first phase of development. The need for a shift beyond this stage is being felt, but not yet achieved.

Economic development implies the process of securing levels of productivity in all sectors of economy and this in turn, is a function of the level of technology. Natural resources no longer can be considered a fixed constraint on economic development. Resources may be "used up", additional resources may be discovered or acquired, and finally, different types of resources become usable and resources may be taken up and utilised as technology progresses.

To achieve plan objectives, productive employment, increase in productivity plays a vital role in the process of development. The future is necessarily unpredictable, but, as of now, the ability of man to accommodate himself to resource scarcity by the substitution of other factors of production and by development of resource saving technology has been dominant.

Therefore, considerable achievement is possible only through emphasis on productivity of various factors including labour even though the economy may still be dependent on the old resources and existing/traditional technology. Taking the example of Tea Industry where productivity improvement has there is ample scope for growth and development in Assam in most other sectors of economic activities.

A state or a region dependent only on the primary produce tends to suffer economic instability. Agriculture has certain inherent drawbacks and hence cannot by itself act as the agent for stabilising state or national income. Crop fluctuations, price variations due to factors beyond the control of the producer subject the economy as a whole to instability. Development of manufacturing and other industries act as the balancing factor. Emergence of 'growth poles', 'growth centres', 'growing points' have demonstration effects on other sectors of the economy and create avenues for host of tertiary activities.

The economy of the country suffers very badly from imbalanced economic growth of its various parts. A conscious economic policy to minimise the disparities among the various parts has, therefore, been accepted at the national level as a

main plank of planning for development.

Dependence of the state for virtually every consumption need and the inputs for its established industries (Appendix - I) drain away the fruits of the limited production in the area. Unless these consumer goods and raw materials are produced locally to the maximum extent possible, local resource generation will be well nigh impossible. Import substitution can help in national balance of payment problem. At regional level it is needed to counter unbalanced growth of the various parts of the country and within the divisions in a part of the country. Thus, industrial development is a compulsion which can create chain reactions for faster economic growth.

But, although it has been the policy of the government to remove regional imbalances and to reduce the disparities with regard to the level and the rate of development amongst the different regions through planned economic development, the progress of the economy of Assam appears to be tardy and halting. In fact, Assam appears to be sliding back in respect of development and a process of deceleration is occasionally discernible not only in terms of end results but also in terms of the availability of critical inputs that are indispensable for rapid development.

The unsatisfactory performance of the State economy can be substantiated through the fact that the growth of State Domestic Product (SDP) could not keep pace with that of Net National Product (NNP) except in the initial period of the planning era. In case of per capita income too, the State of Assam has fallen behind the corresponding figures for the rest of the country. (Appendix II).

The objective of this report is to provide with information and a background note to help planners and financial institutions to develop their investment and development policies.

Nature and Strategy of Industrialisation

An appropriate strategy for industrialisation needs to be based on various considerations such as assessment of the natural resources, the available human capital, the current structure of the economy and the techno-economic constraints. Certain questions should be posed:

- (i) Whether industrialisation should be perused independently of agriculture which is the existing main source of livelihood, or along with agriculture.
- (ii) Whether household and small industries should be given precedence over large industries.
- (iii) Whether investment on human capital should get priority over that on physical capital.
- (iv) Whether technological shifts should hinge around the traditional skills already possessed by the work force or whether an entirely new technological base should form the core of development.
- (v) Whether there is scope for exploiting the existing linkage pattern through which to maximise growth potential of the state, and what is the strategy to be adopted.

Linkage with Agricultural Development

It has to be appreciated that industrialisation in a primarily agrarian economy like Assam cannot proceed at a very fast pace without development of agriculture. Developed agriculture provides raw materials and markets for industries and food surpluses to workers engaged therein. Most important, a prosperous agricultural sector is needed for market support to industry and services.

If industrialisation is expected to take place primarily under the private initiative within the context of a natural process of growth, then the development of agriculture should precede that of industry. It is, however, possible for the Government to modify this natural process through appropriate policy measures specially through programmes of public investment to promote the growth of industries.

Attempts to industrialise without waiting for prior agricultural growth would require development of infrastructure facilities and strengthening of marketing and storage arrangements for both inputs and output.

Also needed would be training for skill formation and technological improvement on a large scale as well as its upgradation for raising productivity of local industries to enable them to face competition from industries culture. Industrialisation, therefore, need not wait till the agricultural

revolution is completed or sufficiently advanced.

It will be relevant to state at this point that productivity decline or retardation of the economy need not necessarily be the fault of the outdated technology or old equipment. It often has roots in outdated leadership and management.

Industrialisation plans without waiting for agriculture to catch up does not imply that the development of agriculture be neglected. Both the processes are to be carried out simultaneously in such a manner that they are closely integrated and in that process assist each other. It is only by utilising the inter-sectoral linkages that an optimum use can be made of local resources, physical as well as human, and the process of development speeded up.

This is the policy base that is suggested for development of the state, and for that matter for any other part of the North-Eastern Region.

Terms of Reference

Analysis of economic growth trends in Assam with main emphasis on industrial growth

- Identification of factors particularly responsible for slow and unsatisfactory industrial growth in the State, with special reference to opportunities available/that can be created.
- Identification of thrust/promising areas for accelerated industrial growth in organised, small-scale and tiny sectors.
- Fresh approaches/concrete measures that may be necessary to expedite and sustain increasing levels of industrial activity.
- Policy needs for achieving realisable rates of growth in the industrial sector.
- Institutional requirements/re-orientation which may be required to promote and support a more enterprising process of industrialisation in the State.

Effective planning for development may be possible only if there is an understanding of the mosaic of the area concerned. The mosaic of the North East as a whole, and of Assam in particular, is so complicated that it often misleads researchers and planners as well as the Administration. A general survey shows that the State has abundant resources which the local population and Government have failed to exploit appropriately. While it is true that the region is rich in resources, the constraints on exploration and exploitation of these resources are not easily surmountable. Research is needed to develop solutions of its peculiar problems.

A tendency for generalised developmental prescriptions often misleads planners and administrators whose understanding of problem is greatly influenced by observation and experience of other not so complicated areas.

The book aims at presenting a picture of the effective resources of the State of Assam and of the trends in policies of the Government as well as trends of consumption and production. It is hoped, that the book will be found highly useful for those who look for a resource base and direction in the development of Assam.

Rs. 190

Prof. P. C. Barua (b. 1926) passed M.A. (Economics) in 1951 with First position in the University and M.S.S. (equivalent to M. Phil.) from the Hague in Public Administration. While in Netherlands, he had an opportunity to learn under the Nobel laureate Professor Tinburgent and the eminent Sociologist, late Prof. D. P. Mukherjee.

He served the Petroleum Industry for more than 20 years as a senior executive following which he joined National Productivity Council as its first Regional Director for The North East. He later joined the North Eastern Institute of Bank Management as Director and Professor. During this assignment, he wrote this book, sponsored by Industrial Development Bank of India. As National Productivity Council Director, Prof. Barua has been responsible for conducting and guiding more than a hundred studies relating to the Region, most of which were sponsored by the North Eastern Council.

Prof. Barua had been the Hon. Secretary of Assam Productivity Council for about 10 years and currently he is the Chairman of A.P.C. Consultancy Committee which is carrying out a number of studies for the NEC and the State Governments of the Region. He also was the Chairman of Gauhati Management Association of the Indian Society for Training and Development (Assam Chapter) and holds few other important voluntary assignments. A regular contributor to papers and to Seminars/ Workshops, his contributions have found place in many publications of repute. His latest edited publication is Development Planning of North-East India (Mittal Publications, New Delhi, 1991). Prof. Barua is a member of the Commerce Faculty of Gauhati University.

ISBN 81-7099-357-1

*Some Outstanding Multi-disciplinary Studies
on the North East India*

- North-Eastern Economy: Problems & Prospects—A. K. Agarwal, Rs. 180
- Anatomy of Rural Poverty in Assam—A. Ahmed, Rs. 175
- Gazetteer of Bengal and North-East India—B. C. Allen et. al., Rs. 500
- Manipur: Past and Present (The Heritage and Ordeals of a Civilization) (3 Vols.)—N. Sanajaoba (Ed.), Rs. 500 (Vol. I), Rs. 550 (Vol. II), Rs. 750 (Vol. III)
- Tribes of Indo-Burma Border—S. N. Barua, Rs. 375
- Wealth of Arunachal Pradesh—S. D. Jha, Rs. 275
- Tribes and Castes of Manipur: Description and Select Bibliography—Sipra Sen, Rs. 395
- Towards Poverty Alleviation Programmes in Nagaland and Manipur—B. K. Roy Burman, Rs. 75
- Social Movement in Manipur—N. Joykumar Singh, Rs. 190
- Tribes of Nagaland: Select Bibliography—Sipra Sen, Rs. 175
- Tribes of Meghalaya—Sipra Sen, Rs. 125
- History of American Baptist Mission in North East India (2 Vols.)—Milton S. Sangma, Rs. 160 (Vol. I), Rs. 250 (Vol. II)
- Tripura Administration: The Era of Modernisation—B. K. Battacharyya, Rs. 180
- Development Planning of North-East India (Agricultural, economic, environmental, financial, industrial, manpower and rural)—P. C. Barua (Ed.), Rs. 250
- Mizoram Under British Rule—Suhash Chatterjee, Rs. 110
- Sikkim Since Independence—Arnat Datta, Rs. 210
- Assam Muslims: Politics and Cohesion—Bimal J. Dev & Dilip K. Lahiri, Rs. 110
- British Administration in North-East India—Meena Sharma Barkakati, Rs. 165
- Anal: A Transborder Tribe of Manipur—Gangmumei Kabul, Rs. 70
- History of Christian Missions in Manipur and Other Neighbouring Countries—K. M. Singh, Rs. 325
- Political and Economic Development of Mizoram—R. N. Prasad & A. K. Agarwal, Rs. 250
- North-East Frontier of India—Alexander Mackenzie, Rs. 250

MITTAL PUBLICATIONS

NEW DELHI-110059 (INDIA)