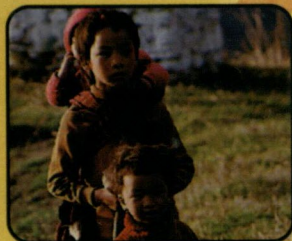
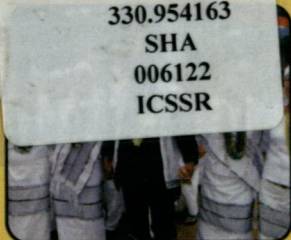


Economy of ARUNACHAL PRADESH

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Manish Sharma

ECONOMY OF ARUNACHAL PRADESH

About the Book: Arunachal Pradesh is one of the North Eastern State of India obtained the statehood in 1987. Thenceforth, it is trying to get on the right momentum of development through different plans and policies with 10,91,117 numbers of population and average growth of population 26.21 as per 2001 census. Economy of this tribal state is generally characterized by the low productivity in agriculture sector, low level of industrialization, poor infrastructural and entrepreneurial preparedness and weak social capital.

Economy of Arunachal Pradesh is changing fast due to various exogenous and endogenous determinate and determinant variables, posing some new problems but at the same time suggesting some new prospects also. Keeping in view the push and pulls on the economy due to economics reforms under new regime of liberalization and globalization. Contributors have contributed on different aspect of Arunachal economy in such a way that all the leading issues of the economy as well as the non-economic issues influencing the economy of the state can be discussed and analyzed to get a complete picture of Arunachal Economy.

ECONOMY OF ARUNACHAL PRADESH

About the Editor:

Manish Sharma (b.1967, Kolkata), is prolific writer which is discernable from his more than two dozens articles in different journals and edited volumes of repute. After completing his B.Sc. from Scottish Church College, Kolkata, he acquired M.A., M.Phil. and Ph.D. degrees from R.D. University Jabalpur. Besides, he has also PG Diploma in Tribal Studies and Master in Population Science from IIPS Mumbai, to his cr dit, which finds relevance in his writing on demography, health and other related issues by following an integrated interdisciplinary approach. Recently he has completed an ICSSR, New Delhi sponsored project on Health Seeking Behaviour among the Tawang Monpas of Arunachal Pradesh.

ECONOMY OF ARUNACHAL PRADESH

Problems, Performances and Prospects

Manish Sharma



DVS PUBLISHERS

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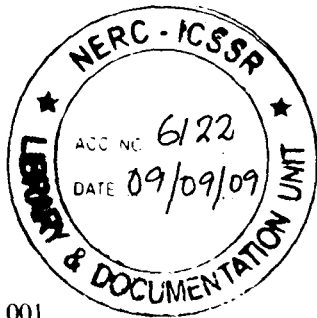
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Introduction

This volume attempts to study economic situation of Arunachal Pradesh, which has undergone a remarkable change since independence. With the exposure of traditional socio-economic institutions to modernity, there have been a lot of complications and complexities due to gradual incorporation and integration of two different situations. This volume provides an analysis of these situations, and throws light on future prospects also.

With a short span of time, Arunachal Pradesh has attained an impressive development in its economy, despite of huge diversity in terms of its topography, climate, social structure and economy. Though a little work had been done for the development of the state, erstwhile NEFA but the pace was accelerated actually after obtaining the statehood and at present the state is having 12.7% growth in total NSDP at current prices and 5.05% at constant prices resulting 11% increase in per capita NSD during the year 2002–03.

Development is a continuous process and affected by different aspects of the society. It becomes more complex phenomena, while we study it for a tribal society, because it involves variation of social processes, social patterns, socio-economic interactions and organisations. To analyse and interpret the process and performance of economic development, we have to understand the nature of social changes also. Like any other developing society in transition. Arunachal Pradesh too has undergone the complex processes of evolution, diffusion, acculturation, integration, contradiction and conflict. The exogenous or heterogeneous sources include those which came as a result of cultural contact, through *westernisation*, *hinduisation* and *christianisation* among the tribes and sub-tribes, following its own tradition, history, dialect and believes (Naksang, 2001).

It's History in Brief

The history of writing Arunachal Pradesh is of recent origin. Earlier, the traditional societies of this part of the land were clubbed as *Kirata* or *Mongoloid*. The written records of their historic existence are found from the days of the Ahom rule in Assam. "They were well known for their ferocity, cruelty on enemies and unruliness. Ferocious and turbulent they were, but there is no evidence that they were headhunters like that of the Mizo or the Naga and the likes. They were illiterates, primitive and abhorred outside contacts. During the Ahom rule, they raided. The Ahom rulers had to make conciliation by regularly paying them a kind of political tax known as *posa*. At this time, the land of these tribes was known as Abor Hills, Dafla Hills, Mishimi Hills etc." (R. Borgohain, 2001, 19–20).

The British colonial administrator after several expeditions humbled them but at the cost of several lives of the British officers in the hands of these turbulent tribes. The British continued to administer these tribal territories as 'Frontier tracts'. Then came the Independent National Government of India. In 1954, the Frontier Tracts administered as 'Excluded Areas' became NEFA (North-East Frontier Agency). The Chinese aggression in 1962 was an eye opener incident to the Government of India. Since Arunachal was the immediate victim, the NEFA administration was to be reorganized to restore confidence of the people in this border state. The Government in order to bring the people closer to the mainstream gave NEFA a Union Territory status in 1972. In February 1987, Arunachal attained its statehood without any hitch. From the Ministry of External Affairs, it entered into the Ministry of Home affairs. Arunachal became an important member in the family of Indian nation (R. Borgohain, 2001, 19–20).

Today with increasing globalisation and liberalisation and fast spread of modern English education, the indigenous population is exposed to too many options and consequently there is existence of healthy competition amongst people of various faith. Members of dominant tribal communities feel that by virtue of their strength in legislature they should be given an upper hand in decision making, on the other hand the smaller tribes and sub-tribes feel neglected politically and economically. While some

tribal groups who had come in contact with the wider society first have achieved higher rate of literacy and income. There are numerous other tribes and groups such as *Bokars*, *Rmos*, *Polibos*, *Tagins*, *Sulungs*, *Mijis*, etc. who are still very backward in terms of their representation in government jobs, educational institutions and other mercantile activities (Naksang, 2001: 25).

The breakdown in modernisation process have been contributed by factors such as introduction of so-called liberal democracy without a civic culture, bureaucratisation without universalistic justices, verbalisation of welfare ideology without its implementation, change in society without change in the growing stratified tribal social system. As a consequence Arunachal today is being flooded with social problems such as corruptions, nepotism, bribery, redtapism, white collar crimes, alcoholism, drug addiction and so on. The politics of tribe and region, forward and backward, indigenous and non-indigenous faith, minority and majority, tribal and non-tribals etc. are growing into a dangerous proportion in the hitherto existing *island of peace*. Hence, here, all other important agents of social change—the media, the judiciary, educational institutions, the modern technology and various role models have very special roles to play (Naksang, 2001, 24–32).

Negative sides of development are also observed by some scholars like letting and subletting of agricultural fields on contract basis, emergence of new system of slavery (Hatowa System), increasing gap between haves and have-nots (Das, S.C., 2001) which may overshadow the growth and happiness of the state.

The views of development as suggested (Sen, A., 1999) as an integrated process of expansion of substantive freedoms should integrate economic, social and political considerations that permits simultaneous appreciation of the vital role of many different institutions, including market and market related organisations, government and local authorities. In this book above views have been considered and chapters have been selected accordingly to discuss the economic development of Arunachal Pradesh.

Overview

In the first chapter, Geo-Economic description of the state has been discussed as a back-drop which provides the foundation for

discussion of situation, problems and prospects of primary, secondary and tertiary sectors of Arunachal Economy. The post independence scenario and perspectives on these sectors of economy have been discussed from chapter two to chapter fifteen. No economy can grow or develop until sound social and political institutions are developed. Hence, the roles of democracy, literacy and gender aspects have also been discussed to understand the economy. Finally a couple of papers have been included at last to get overall account of the economy of the state.

In the first paper entitled "Geo-economic Setting of Arunachal Pradesh", **H.N. Bora** has attempted to bring out a comprehensive geo-economic background of Arunachal Pradesh which has still remained a 'terra incognita' due to its isolated location in the northeastern most corner of the country. In introductory part, the paper aptly provides a detailed account of geo-political evolution of the state in order to understand the emergence of the state as a distinct geo-political entity. Arunachal Pradesh encompassing the largest area among the northeastern states has a unique geographical character based on its geo-physical setting, climate, vegetation, natural resources, ethnic composition, population distribution and regional economy. The paper also provides an insight into the complex ecological setting of the state, which affects human habitation and adaptation, settlements, economic activities, connectivity, social intercourse, etc. This paper also highlights the problems and prospects imposed by geography on the economic growth and development of the state.

Still Economy of Arunachal Pradesh may be termed as Tribal Economy as agricultural activities play a major role in the economy. Agriculture accounted for 27% of the Net State Domestic Product of Arunachal Pradesh and 63% of total workers are engaged in agricultural activities. Agrarian transformation is taking place in the state in terms of product, productivity, cultivation method, property right and technology. Government is also making efforts through different policies to improve the situation of this key sector of the economy. **Deepak Mishra** in his paper "Agrarian Transformation in Mountain Economies: A Note on Arunachal Pradesh" has investigated some aspects of unprecedented change at different levels of agrarian transformation within one or two decades. He has systematically analyzed the dynamics of agrarian structure and performance. He has also posed

some questions in the background of given transformation in the agrarian sector of the state. In absence of availability of reliable data and analytical study, this paper becomes an important writing to understand the agrarian situation in the state.

In the paper entitled "Changing Pattern of Industrialisation in Arunachal Pradesh: Some Basic Issues" **M.A. Salam** tries to raise some basic issues which are to be taken care of for the successful industrialisation process in Arunachal Pradesh. He has also tried to sum up the structural change in Arunachal Pradesh during the post independence phase of the state by giving a background understanding of the prevalent situation. He very cogently sums up the strategies of industrialisation under two phases before the 1970's and after the 1980's. And finally the author raises the issues, which are to be settled for better industrialisation process in the state.

Topography of Arunachal Pradesh is neither suitable for extensive agricultural activities nor for industrial development. Moreover state's low NSDP aggravates the prospects of further development along with low level of employment. Basically the state's economy is more or less dependent on Central Government's assistance and fund. To be a self-sufficient state in terms of revenue and employment, Arunachal Pradesh should take initiatives in the sector like information technology. **Manish Sharma** in his paper "Problems and Prospects of Employment Generation through Information Technology in Arunachal Pradesh" argues in favour of the hypothesis that information technology may be a major sector to provide substantial number of employment in the state. He has also discussed the rationale behind it and the problems and prospects of this sector and for that he has suggested certain points also.

After Independence Arunachal Pradesh has witnessed different phases of development in modern sense, inspite of various geo-socio-economic constraints. The tribal-agrarian economy of Arunachal Pradesh is in transitional phase and hence, the role of banking and other financial institutions are getting a lot of importance. **D.K. Chakraborty** through his paper "Banking in Arunachal Pradesh — Current Scene and Prospects" attempts to examine the status of banking operations and the prospects of the same and suggest that, banks and other financial institutions can play a major role in the process of balanced development of the

state.

It is a general impression that an economy like that of Arunachal Pradesh is highly dependent of Grants-in-aid and loans from Centre, since own tax and non-tax revenue of the state is very less. And, given the pressure from developed states like Gujarat, Andhra Pradesh and Maharashtra on the Finance Commission for their share, it is now high time for the undeveloped states to review their fiscal situation. **Ratul Mahanta** and **Daisy Das** in their paper entitled "Fiscal Situation in Arunachal Pradesh: Performance and Corrective Efforts" try to analyse the performance of state's public finance over the years and sources of fiscal imbalances in the state. Some of the interesting findings of their paper are that ratio of Central Transfer (CT) to Gross State Domestic Product (GSDP) is very high for Arunachal Pradesh in comparison to other states of India and moreover in the last decade trend of central transfer is decreasing and amount of borrowing is increasing leading to a large burden on state finance. They have also suggested some fiscal reform measures for improving the state's fiscal position.

The disintegration of socialist blocks, active role accorded to the market and enthusiastic reception of foreign capital have been the events which dominated the closing decade of the past century. Moreover with the introduction of LPG policy in India and given geo-economic structure of Arunachal Pradesh, cross border trade is regaining its importance. **M.A. Salam** in his paper "Cross Boarder Trade and Entrepreneurship in Arunachal Pradesh: A Perspective on Challenges and Opportunities" opines that on the event of globalisation, geo-political growth zone emerges and opening up of the border trade becomes imperative, consequently dilapidated traditional trade routes are urged to get revived. Through his paper he tried to visualize in perspective the challenges and opportunities posed by such changes and their implications on the entrepreneurship of Arunachal Pradesh.

Though a section of planners and policy makers are discussing more on new vistas of development of hill state's like, Arunachal Pradesh. They are talking of IT sector, Tourism sector, Agro-based industries sector or what not? But there are other section of thinkers too, who feel that reviving indigenous trade in Arunachal Pradesh may be of great help to hit the target of economic development of the state and that seems partially real-

istic, when we look at the rural people, their folk culture and economy. **Dr. A.K. Thakur** comes from later group of the thinkers. Thakur in his paper "Reviving Indigenous Trade in Arunachal Pradesh, Some Aspects of Research and Action" highlights some aspects of indigenous trade, pointing out some problematic area of the study also. He considers the "Look East Policy" of Government of India as an important step towards this direction and feels that role of SAARC, SAPTA and ASEAN can be harnessed to improve the situation and to revive the indigenous trade and trade routes.

No economic system can attain a balanced development without a systematically structured and sound political system. India is a democratic country and all the developmental policies and plans are resultant of awareness towards democratic rights of the people and Arunachal Pradesh's development is a fine example of this. It is indisputably acknowledged that discourse of democracy not only structures and shapes development but also is structured and fashioned by it. In other words the relationship between is dialectical and recursive. Modern democratic experimentation in Arunachal Pradesh started in postcolonial phase under the patronage and tutelage of Indian state. In order to capture the complexities and subtleties of democratic practices in Arunachal Pradesh, one has to audit it simultaneously in the larger context of Indian democratic framework and the western model (from which it was originally borrowed). **Amarnath Mohanty** in his paper entitled "Democracy and Development in Arunachal Pradesh" has opined that because of not so favourable socio economic and cultural conditions of the state, democratic practices have acquired a different form and look, and have given rise to certain peculiarities and specific trends in development pattern.

A.K. Bhanja through his paper "Participation of Women in Democratic Governance: A Case study of Arunachal Pradesh" has highlighted on certain specific and significant issues related to representation of women in power, policy and decision-making. He observes that gender differentiation is a global phenomenon and India is not an exception to it. This is also true in the case of Arunachal Pradesh. To support his observation he has examined sex wise status of voters and electoral candidates for Legislative Assembly and Parliament Members from

Arunachal Pradesh. He finds that women participation is much low than required level in political process in Arunachal Pradesh and has concluded that situation improving over the time. Without proper representation of women in democratic system and political bodies, socio-economic development cannot be achieved either qualitatively or quantitatively. Hence, this study is important enough to understand the role of women in development.

No economy can be developed unless there is a sound base of non economic factors like social, cultural and political institutions. Therefore to look into the process and mechanism of development and causes of slow or less development of an economy, we have to analyse educational attainment of the society because education is an end in itself and means for realizing other rights. Education and economic development are interdependent on each other and hence, a study on this topic becomes relevant. **Shilpi Mishra** and **Pralip Nazary** try to highlight the gender perspective of schooling in Arunachal Pradesh through their paper entitled "Gender Perspective of Schooling of Children in Arunachal Pradesh". In this paper they have tried to find out the factors affecting children for never been to school and its theoretical linkage with poverty alleviation with the help of NHFS-2 data. Further, their study reveals that there is a negative relationship between economic condition of the household and schooling of children and suggests that there is an urgent need to accelerate the economic development.

Northeastern Council (NEC) was established in accordance with North-East Council Act of 1971 to expedite the process of economic development of the region. NEC has emphasized on different developmental and infrastructural activities such as industrial development, power projects and training etc. Advisory role of the NEC is of much relevance for Arunachal Pradesh since its inception. **P.P. Buragohain** through his paper "North Eastern Council and Its Role in the Economic Development of Arunachal Pradesh" has highlighted the role and activities of NEC in Arunachal Pradesh over the periods. He has also analyzed critically the functioning of NEC with some suggestions.

A classical view of urbanisation characterizes an urban place as an economic parasite thriving on the agricultural surplus

produced in its hinterland (R. Ramchandra). Today, the city is a focal fruit of productive activities; it exists and grows on the strength of the economic activities existing within it. Since urbanisation in Arunachal Pradesh is not natural but imposed one as town status is given to the district headquarters mostly. But the fact is true that towns are playing an important role in the development of Arunachal Pradesh through different mechanisms. **Manish Sharma** in his paper "Process and Situation of Urbanisation in Arunachal Pradesh" discusses the causes, nature, salient features and consequences of urbanisation in brief to understand urbanisation and urban development in Arunachal Pradesh.

K.D. Gaur and **Rachita Rana** in their paper "A Note on Economic Development of Arunachal Pradesh" try to provide an overall picture of the economy of Arunachal Pradesh. They have used data from different Government publications.

Sondip Chakraborty in his paper "Tribal Economy of Arunachal Pradesh: A Case Study of Anjaw District" has discussed the economy of a tribe of Lohit district of Arunachal Pradesh. This micro study throws sufficient light to understand the nature of Arunachal economy as a whole.

On the basis of the discussion in the chapters of the book we may conclude that inspite of several constraints and inadequacy of certain factors, the over all economic condition of the state and its steady growth are satisfactory and still there is a huge potential to grab higher level of development.

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