

POLICIES OF GOVT. OF INDIA AND INDUSTRIAL DEVELOPMENT OF NORTH EAST STATES OF INDIA (F.Y.1997 TO 2017)

By Dr. Ajay Nanaji Saratkar

Asstt. Professor, Yashwantrao Gudadhe Patil Memorial College of Arts, Commerce & Science, Nagpur

Abstract:

North-east region of the India contains eight states Arunachal, Assam, Manipur, Meghalaya, Nagaland, Sikkim and Tripura sharing international boundary with the Neighborhood Countries like China, Bangladesh, Bhutan, Nepal and Myanmar. This paper focuses on policies implemented by the Government of India and policies accepted by the north-eastern state governments for their improvement. This policy is also focusing on the improvement in industrial, agro industry, farming, transportation, employment and economical sector with contribution of state level administration. Since 1971 North Eastern region was controlled under NEC (North Eastern council) for development of states. Government of India concentrates on this region with special ministry. The grants are distributed for all the eight states coming under north eastern states. Paper reviews on incentives distributed by the Central Government and ongoing changes in business since previous 20 years. This paper studies importance of this area in revenue generation, tax incentives and investment in different sectors by public and private authority to develop local employability.

Keywords: India, Central Government, industrial, incentives, north east region, improvement, employment

Introduction:

Up to 18th century Ahom kingdom existed around and upper part of Burma. This kingdom has taken assistance of British East India Company based at Calcutta. War in between Burmese and British East India company in 18th century; the Ahom king ceded part of his territory to Company. Since year 1838 to 1955 kingdom of Ahom and British working for North East region tried to improve economical and social existence of the area. Assam was ruled as part of Bengal province until 1874 to 1924. Again its part of East Bengal and then Assam (added with hill kingdoms Khasi and Jaintia) had separate Governor General. Here Lusahi (Mizo) and (Nagaland) Naga hills have its own kingdoms not added in this formation.

- 1) As per demography of north eastern province 7.8% area was covered by 8 states (Till 2002, 7- states) with 2.55 million sq. km. with 4.7 Cr. People with Assam is the big state with 3.13 Cr. people recorded in census 2011. As per aim of the paper, lot of the changes were done by the state Government in cooperation with central Government; improved transportation, industrialization. North Eastern area is important for study because of some specific characteristics such as regional imbalances, demographical geographical advantages, uneven distribution of natural resources, quality and quantity of infrastructure, non-availability of skilled manpower and leadership role played by the regional politicians. As a result of these disparities, the governments are confronted with annoyance of the people located in the undeveloped regions and they are obliged to find ways and means to implement appropriate policy measures to correct the regional buckle. An effort to mitigate regional imbalances, the Government announced a new North-East Industrial Policy in December 1997 for promoting industrialization in the North-Eastern region. The Policy has provided various concessions to industrial units in the North Eastern Region, e.g., development of industrial infrastructure, subsidies under various schemes, excise and income tax exemption for a period of 10 years, etc. North Eastern Development Finance Corporation Ltd. has been designated as the nodal disbursing agency under the Scheme. Since 1997 government of India increased their concentration and started working on investment in specific schemes for the area to improve economical condition in north east part of country. The government of India implemented its first scheme for period from 1997-2007. The second scheme was implemented from Year 2007 to year 2017 and third one is in existence from Year 2017 to 2022.

Review of literature:

- 1) Gurudas Das, "Understanding the Underdevelopment of North-Eastern region of India", Journal of Indian Anthropological Society, Vol. 29, No. 1 & 2. Here Author concentrated widespread insurgency, political turmoil and social tensions, developmental funds are being diverted for the maintenance of law and order which only makes the situation worse. The operation of banking activities, laying of railway tracks, operations of the oil and tea companies, etc., constitute a major challenge for the development process.
- 2) Sanjib Baruah: Durable Disorder: Understanding the Politics of Northeast India. New Delhi: Oxford, 2005, p. 78. Author concentrates on Assam and national politics, title of the book supports the main arguments of the content of this work which implies that the issues the Northeast as a distinctive region is facing are permanent and persistent in the near future.
- 3) Dr.L.G.Burange (Department of economics, Mumbai University): A review of India's industrial policy and performance (January 2011) working paper (ISSN 2230-8334): This paper is organized in six sections. The second section briefly reviews and elaborates the important industrial policy resolutions. Section three assesses the comparative performance of the industrial sector over the three major periods of study based on changes in policy Governments. Section four deals with the foreign direct investment in India. Section five briefly examines the performance of small-scale industrial sector.

- 4) Alokesh Barua and Santosh Kumar Das (2008): 'Perspectives on Growth and Development in the Northeast': This paper critically examines the relevance of the 'Look East Policy' for the industrialization of the northeastern region of the India.
- 5) Akshay Mathur: 'A Winning Strategy for India's North-East' in his paper concentrated on the ignored region politically and economically for a long time, and partly because the complex social and cultural dynamics have made it difficult to integrate the region with the rest of the country. However, India can never achieve sustained high economic growth or become a powerful integrated nation if it continues to think of developing NE as a rural infrastructure project.

Research methodology:

Objectives:

As per title of the paper objectives as follow:

- 1) To study on North Eastern region (with their 8 states) of the India.
- 2) To study on statewide economical improvement in North Eastern area.
- 3) To study the schemes implemented by central government for progress of states in industrial sector.
- 4) To study on local employment opportunities due to scheme implementation.
- 5) To study on Contribution of North East state governments in progress of states in industrial sector.

Hypothesis:

Hypothesis 1:

H0: The Indian Governmental policies did not improve North East states in development of industrial sector.

H1: The Indian Governmental policies improved North East states in development of industrial sector.

Hypothesis2:

H0: The Indian Government policies did not improve infrastructure and employment, in North east region

H1: The Indian Government policies have improved infrastructure and employment in North east region.

Scope of study: Eight North Eastern states namely Arunachal Pradesh, Assam, Manipur, Meghalaya, and Nagaland, Mizoram, Sikkim and Tripura and policies of Indian Government for industrial sector.

Secondary data:

Secondary Data collected from sources such as Central Government Reports, Research papers, journals, News papers, and economical reports, various reports from national and international seminars etc.

Data analysis:

Secondary data from various resources are collected from authorized reports and analyzed for data interpretation.

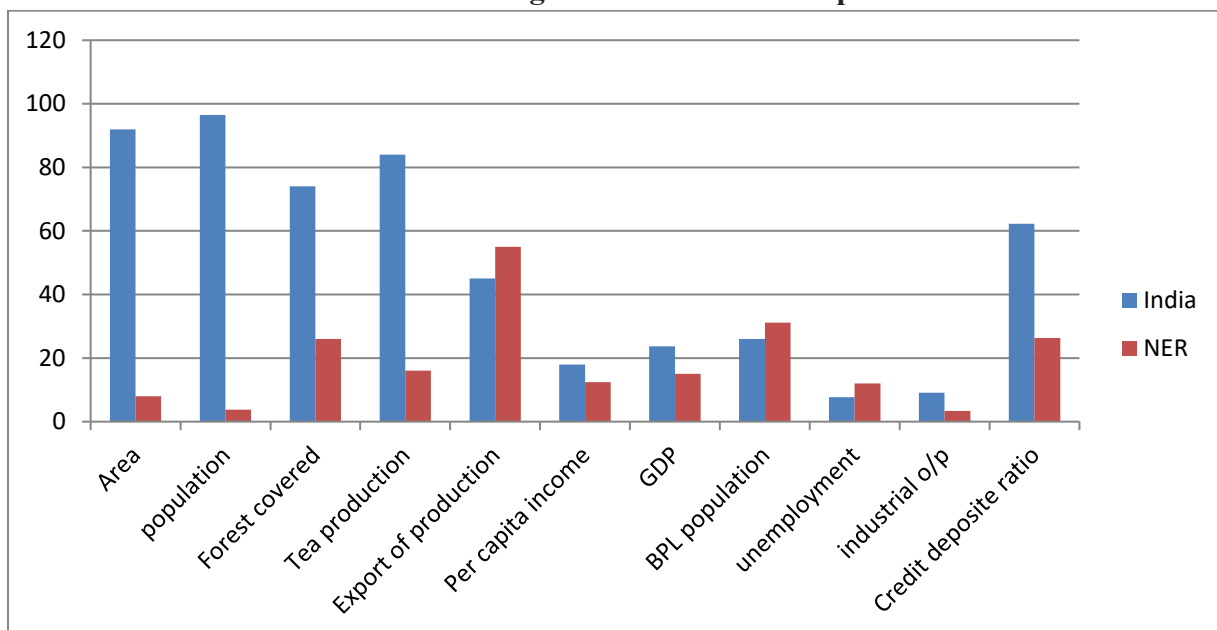
Limitations of study:

- 1) This study is only from secondary data.
- 2) Governmental reports and journals data is taken for explanation.
- 3) Study is limited to the north east states in India.
- 4) Only impacts on Industrial sector due to central government schemes have been analyzed.
- 5) Government incentives and employment have been studied from secondary data.

Analysis of data

As per objectives of study each and every state in north east region of India is taken into the consideration. Central government concentrates on the border areas of these states because lot of migration and crises that have impacted on the economical condition of the country. Due to this government declared lot of the programs and incentives for fulfillment of needs. The Ministry of Commerce & Industry, Department of Industrial Policy and Promotion (DIPP), Government of India, New Delhi announced the “North East Industrial Policy 1997”, vide its Notification dated December 24, 1997. The operations of NEIP (North East industrial policy) 1997 implemented for a period of 10 years from December 24, 1997 to December 23, 2007. Under the program following objects were targeted for development. Development of Industrial Infrastructure Growth Centers (GCs), Integrated Infrastructure Development Centers (IIDCs), ii) Range of Fiscal Subsidies/Incentives of longer duration (up to 10 years) and iii) Natural Resources concentrated / Employment intensive Sectors for development.

Chart no: 1: Position of North East Region and India for the period from 1997-2007



Courtesy: Tata economic consultancy services report for NER (FY- 1997-2007)

Interpretation: As per above columns chart studied here, percentages of the NER and India have been taken into the consideration. Data taken for chart is authorized data from

economical report. Area of NER has not changed since 1950. There were positive changes shown in figure after implementation of the scheme.

- 1) Tea productions have good incentives declared by the central government. So tea produced in that area was 16% as compared to the total production (84%) of India.
- 2) As regards BPL (below poverty line) population of north east area was 35% as compared to 26% BPL population in India. Prior to the scheme implementation, difference was more than nine percentages.
- 3) There was good impact of schemes on the north east region which had improved GDP (8.7%).
- 4) Unemployment position in North East shows 14% as compared to 9% in the India.

**** North East Industrial and Investment Promotion Policy NEIIPP (2007-2017):**

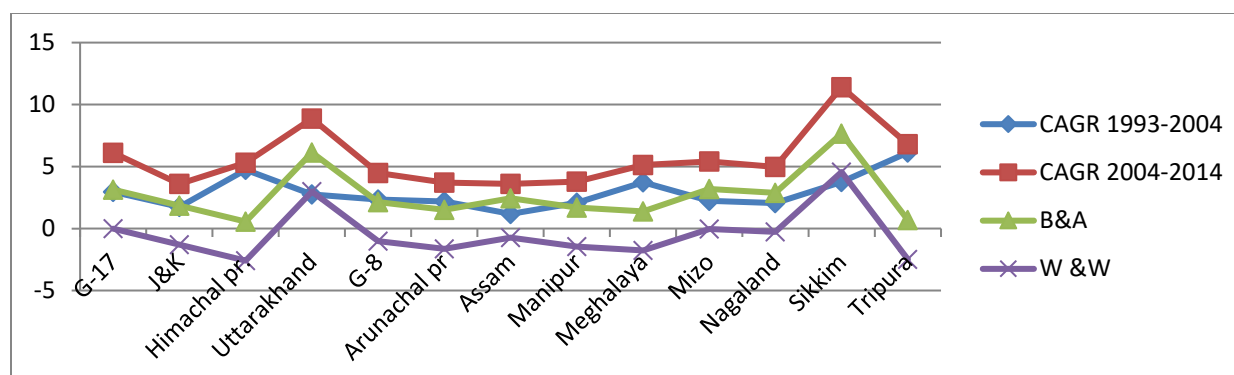
After expiry of NEIP, 1997, on March 31, 2007, the Government of India announced (NEIIPP), 2007 for the seven North Eastern states which were eligible for NEIP, 1997 and Sikkim. This policy was for a period of 10 years from April 1, 2007 to March 31, 2017.

Table: 1: PCNSDP and Group (treatment)

States/Regions (1)	CAGR for 1993- 94 to 2003-04 (2)	CAGR for 2004-05 to 2014-15 (3)	B&A (4)	W&W (5)
G17	2.96	6.11	3.85	NA
J & K	1.74	3.60	1.86	-1.30
Himachal Pr.	4.74	5.31	0.56	-2.59
Uttarakhand	2.74	8.87	6.13	2.98
G8	2.33	4.47	2.14	-1.02
Arunachal Pr.	2.18	3.70	1.52	-1.63
Assam	1.18	3.61	2.43	-0.73
Manipur	2.09	3.79	1.70	-1.45
Meghalaya	3.74	5.13	1.39	-1.76
Mizoram	2.23	5.41	3.19	0.03
Nagaland	2.06	4.96	2.89	-0.26
Sikkim	3.75	11.41	7.66	4.51
Tripura	6.13	6.80	0.68	-2.48

Courtesy: Source: Planning Commission of India -2014

Line of chart: 1: PCNSDP and Group treatment G17-G8-North east states.



Courtesy: Planning commission of India- 2014

Above table and line of chart shows information about i) PCNSDP: Per Capita Net State Domestic Product, ii) CAGR: Compound Annual Growth Rate, iii) B&A: difference between CAGR (Before and After) frame analysis for pre and post period. iv) W&W: Difference between CAGR of G11 and G17 with and without frame work, gives increase and decrease in PCNSDP as result of policy. G: (group of states recognized under 8-11-17).

Interpretation:

- 1) CAGR 1993-2004 shown with light blue line below 5 and above 5 crosses at the end with Himachal (4.74), Sikkim, Meghalaya (3.74) and Tripura (6.13) crossed line of G17 and G8.
- 2) CAGR 2004-2014 was more above the line of CAGR 1993-2004 compound annual growth rate improved. Jammu Kashmir and now Himachal-Pradesh lagged behind in upper group but Uttarakhand has done well. In lower all states are doing much better but in comparison with Sikkim and Meghalaya CAGR, were lagging behind.
- 3) Sikkim was doing well in this chart as well as Meghalaya was ahead in the CAGR but in PCNSDP was negative .

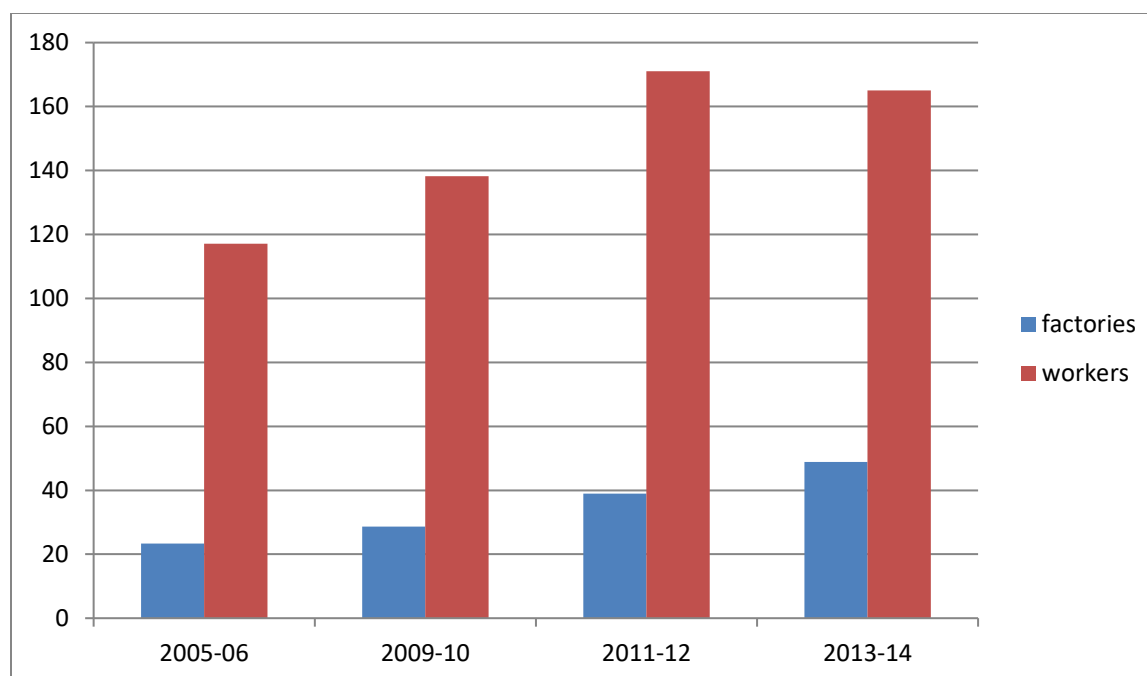
Table: 3: North east (5) states factories and workers data since 2005-2014

SL. NO	STATES	2005-06		2009-10		2011-12		2013-14	
		F (10 ²)	W(10 ³)	F(10 ²)	W(10 ³)	F(10 ²)	W(10 ³)	F(10 ²)	W(10 ³)
1	Assam	18.64	110.036	22.47	125.759	30.19	150.065	35.18	157.687
2	Manipur	DNA		DNA		1.02	4.552	1.45	4.988
3	Meghalaya	1.18	7.071	1.20	7.626	1.41	9.320	6.29	2.401
4	Sikkim	DNA		.46	4.854	.61	7.138	DNA	
5	Tripura	3.56	DNA	4.71	DNA	5.77	DNA	5.94	DNA
Total		23.38	117.107	28.84	138.239	39.00	171.075	48.86	165.076

Source: Statistical handbook of Assam, Manipur, Meghalaya, Sikkim and Tripura,

F: Factories, W: Workers

Column chart: 2: North East five states factories versus worker



Source: Statistical handbook of north east 5 state data (Total considered)

Interpretation:

- 1) Factories versus worker data considered for study since 2005 to 2014 and five states of north east region were taken from statistical handbook.
- 2) As per column chart shown in above figure for 5 north east states there was gradual increase in factory numbers with increase in workers due to the schemes applied by the central government since 2007-2017.

In 2005 factories in Assam, Meghalaya and Tripura in all sectors were 23.38 hundred. Skilled unskilled employees were more than 1.17 Lakh. Whereas in 2013-14 figure of factory reached to the 48.86 hundred. Other than Sikkim, capacity of worker reached to 1.65 Lakh. Workers of Tripura not added but there was addition in employability due to development in industrial sector.

Conclusion:

Uttarakhand and Sikkim have been benefited as a result of this policy but some north east states such as Arunachal Pradesh, Manipur, Meghalaya and Tripura the policy had a negative effect. Under the erstwhile scheme, North East Industrial and Investment Promotion Policy (NEIIPP), 2007 scheme which ended on 31st March, 2017, a total no. of 27,644 industrial units, were set up. These generated employment for 2, 28,224 people and attracted an investment of `11,466.22 crore in NER states up to 31.03.2017

To promote industrialization in North Eastern Region, the Government of India has notified North East Industrial Development Scheme (NEIDS) - 2017 for the States of North East Region.

References:

- 1) Sanjib Baruah. Durable Disorder: Understanding the Politics of Northeast India. New Delhi: Oxford, 2005, p. 78.
- 2) Gurudas Das, "Understanding the Underdevelopment of North-Eastern region of India", Journal of Indian Anthropological Society, Vol. 29, No. 1 & 2.
- 3) Dr.L.G.Burange :A review of India's industrial policy and performance (January 2011) working paper in Economics Department Mumbai University (ISSN 2230-8334).
- 4) Government of India (2005), Handbook of Industrial Policy and Statistics, Office of Economic Adviser, Ministry of Commerce and Industry, New Delhi.
- 5) Alokesh Barua Santosh Kumar Das: 'Perspectives on Growth and Development in the Northeast: Margin- The Look East Policy and Beyond' The Journal of Applied Economic Research 2:4 (2008): 327–350 SAGE Publications Los Angeles/London/New Delhi/Singapore.
- 6) Dutt, Romesh (1990), 'The Economic History of India', Vol. 2. New Delhi: Low-Price Publications.
- 7) Khanna, Sushil (2005), 'Economic Opportunities or Continuing Stagnation', Seminar 550(June): 22–7.
- 8) Akshay Mathur* Jindal Journal of International Affairs / Vol. 1 page no.270-298 VOLUME 1, ISSUE 1, OCTOBER 2011- paper on 'A Winning Strategy for India's North-East'