



GLOBALISATION AND ITS IMPACT ON THE ECONOMY OF THE NORTHEASTERN REGION

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ABSTRACT: The economy of the North East suffers from many issues since independence due to its geographical isolation and corrupt government bodies. The main reason for the downgrade of the economy of that area is the lack of proper administration of the central bodies. The introduction of the New Economic Reforms though considered bliss for the economy of the North East Region however the answer to this question is quite controversial and complex.

KEYWORDS: Globalisation, North East India, agriculture, economy, problem and prospects.

INTRODUCTION: Northeast India (officially North Eastern Region, NER) is the easternmost region of India representing both a geographic and political-administrative division of the country. It comprises eight states – Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim.

The region shares an international border of 5,182 kilometres (3,220 mi) (about 99 per cent of its total geographical boundary) with several neighbouring countries – 1,395 kilometres (867 mi) with Tibet Autonomous Region (after the Chinese occupation of Tibet) in the north, 1,640 kilometres (1,020 mi) with Myanmar in the east, 1,596 kilometres (992 mi) with Bangladesh in the south-west, 97 kilometres (60 mi) with Nepal in the west, and 455 kilometres (283 mi) with Bhutan in the north-west. It comprises an area of 262,230 square kilometres (101,250 sq. mi), almost 8 percent of that of India.

The states of North Eastern Region are officially recognised under the North Eastern Council (NEC), constituted in 1971 as the acting agency for the development of the north eastern states. Long after induction of NEC, Sikkim formed part of the North Eastern Region as the eighth state in 2002. India's Look-East connectivity projects connect Northeast India to East Asia and ASEAN. Guwahati city in Assam is called the Gateway to the North East and is the largest metropolis in North East India.

The economic foundation which was laid previously was restructured in 1991 under P.V Narasimha Rao's government with the introduction of what is known as LPG i.e., the Globalisation, Liberalisation and Privatization programme with the help of reform measures. This resulted in the development and competitiveness of the market economy. However, urbanization became a growth trend in India but with the rural and remote areas out of focus, a crisis was seen and the gap between the rich and the poor people increased and the same was visible in the regional disparity.

The sad reality was that not all states in India grew uniformly after economic Globalisation. Even though all the states of India welcome economic reforms however not everyone managed to taste the fruit of it. Many states of India remained underdeveloped and economically backward. This was a result of political instability and infrastructural barriers.

In the case of NER, for a long period of time, the political movements in these states have proved to be problematic and were often corrupted. This resulted in the formation of different states in the post-independent period. The unit state was shattered into states which were created out of Assam under the North Eastern Area Reorganisation Act 1971 and the process was completed with the creation of Arunachal Pradesh in 1981. The pathetic outcome was that all the other states of the North Eastern Region became geographically smaller.

Back then few policies were introduced such as Look East Policy, Vision Policy 2020 etc. but were not reluctant enough to achieve the desired growth rate.

In this regard of Globalisation, some sectors were heavily benefited such as the agricultural sector, horticulture, floriculture etc. however sectors such as small handloom industry etc which is primarily labour intensive cannot compete with the heavy scale industry which is mostly comprised of capital intensive such as in China and U.S.A.

The total area and total population in the area can be shown with the help of the table:

Table 1

Area and Population of North East India (2001 Census)

State	Area (sq. km.)	Population	Density per sq km	Decennial Growth Rate (1991-2001)	Sex Ratio	Literacy Rate
Arunachal Pradesh	83,743	10,97,968	13	26.94	893	54.3
Assam	78,438	2,66,55,528	340	18.92	935	63.3
Manipur*	22,327	22,93,896	103	24.88	978	70.5
Meghalaya	22,429	23,18,822	103	30.65	972	62.6
Mizoram	21,081	8,88,573	42	28.84	935	88.8
Nagaland	16,579	19,90,036	120	64.46	800	66.6
Sikkim	7,096	5,40,851	76	33.25	875	68.8
Tripura	10,486	31,99,203	305	16.03	948	73.2
India	32,87,240	102,87,37,436	313	21.54	933	64.8

Source: GOM. 2005. Statistical Abstract of Manipur, Directorate of Economics & Statistics, pp. 29-31.

Note: * Excludes population for Mao-Maram, Paomata and Purul sub-division of Senapati District.

From the above table, it can be witnessed that the decennial growth rate recorded in most of the states of North East India during the previous decade is higher than the national level of 21.54 per cent. Nagaland recorded the highest growth rate (64.46 per cent), also the highest among the states of the Indian union, followed by Sikkim (33.25 per cent) and Meghalaya (30.65 per cent). Only Tripura (16.03% per cent) and Assam (18.92 per cent), two of the most populated states, have recorded lower growth rates than all India level.

The region is richly endowed with biodiversity, hydro-potential, minerals like oil and natural gas, coal, limestone, dolomite, graphite, quartzite, sillimanite etc. which can be mainly found in Meghalaya, North Chachar hills of Karbi Anlong, Bogamati and forest wealth. Out of the total forest area in India, about 25 per cent of the forest area can be found in the area of North East. Over 10 per cent of forest products requirement in the country are met from this region which consists of varieties of timber and non-timber products such as Gamari, Sal, Teak etc. The region has a very high potential to generate hydropower i.e. about 80 per cent of the total hydropower potential in the country. Arunachal Pradesh alone is expected to generate 2,67,474 MW i.e. 30 per cent of the total available in the country.

With the varied geo-climatic condition, the region is ideally suited for horticulture, floriculture and other plantation crops. A variety of fruits like pineapples, banana, orange, lemon, mango, papaya etc. grow abundantly in the region. The region is famous for the most number of orchids such as foxtail orchids etc. in the country. Tea is the major plantation crop grown in the region and is the largest producer in the country contributing over 95 per cent of the total production. The region is also richly blessed with varieties of medicinal plants having high value in the international market which can be mainly found in Mayang. But, due to the lack of proper infrastructural facilities, transport and communication system and geographical isolation and corrupt political condition of the region these resources largely remained unused and hardly recognised.

Table 2

Human Development and Infrastructure Index

Category	Human Development Index	Infrastructure Index
High	Mizoram	
High Middle	Manipur, Nagaland, Sikkim	
Middle	Arunachal Pradesh, Meghalaya, Tripura	
Lower Middle	Assam	
Low		Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura

Source: Report of the Twelfth Finance Commission, p 61.

The region lacks basic infrastructure to utilise the available resources and fuel the economy forward. An examination of the infrastructure index—a composite profile of the availability of physical, social and institutional infrastructure available in the states revealed that all the states of the region are at the lowest rung in respect of the infrastructure index ladder. It shows that the level of infrastructural development in the region is almost negligible.

In terms of the human development index—a composite index capturing the three dimensions of human development viz. economic, education and health—the region have done reasonably better than most of the states of the Indian union. Among the eight states, Assam ranked the lowest, which has been placed in the lower middle category and Mizoram in the high category while the rest of the states are either in the high middle or middle category. The success of these states in this regard is mainly induced by the education sector. Apart from Arunachal Pradesh, Assam and Meghalaya the literacy rate in the remaining states, as shown in Table 1, are higher than the national average.

The economy of the region chiefly depends on the agriculture sector contributing over 40 per cent of the income and employing about 70 per cent of the total working population. Although the NSDP share of the agriculture sector has turned down to about 30 per cent, the population dependent upon this sector continued to remain high even in the post-globalization period. The disdain in the NSDP's share of the agriculture sector has been compensated by the increase in the share of the service sector. That is, the service sector growth rate during the corresponding period is commendable. Nevertheless, the industrial sector in the region continued to be in pitiable condition. Industrially the region is one of the most backward regions in India. Only Assam, and to some extent Meghalaya, have moved ahead of the rest of the states in terms of industrial development whose industrialization centred on tea, oil and timber.

An examination of the overall annual compound growth rate of NSDP in the region revealed that there is a slight improvement in post-globalization period though differs from state to state.

Table 2

Annual Compound Growth Rate of NSDP & Per Capita Income of NE States

(at 1993-94 prices)

State	NSDP			Per Capita Income		
	1980-1990	1991-2002	1980-2002	1980-1990	1991-2002	1980-2002
Arunachal Pradesh	8.386	3.517	6.811d	5.027	1.421	4.09d
Assam	3.254	2.417a	2.823d	1.139	0.770a	0.960
Manipur	4.49	5.095a	4.649	2.094	3.080a	2.371a
Meghalaya	4.626a	6.747a	5.483a	2.009a	3.515	2.928a
Mizoram	19.737	15.073	17.501a	15.380	12.316	14.577
Nagaland	5.624	7.428a	6.2a	3.232	2.296	2.460
Sikkim	11.41*	6.323**	NA	8.543a*	3.254**	NA
Tripura	5.111a	8.512a	6.715a	2.461	7.185a	4.536a
All India	5.455	6.025	5.591	3.230a	4.020a	3.476a

Source: http://mospi.nic.in/rept%20_%20pubn/ftest.asp?rept_id=nad03_1993_1994&type=NSSO

Note: * At 1980-81 prices, ** From 1993 to 2002 only, † at Current Price, a denotes Acceleration, d denotes Deceleration

During the decade of 80s only Arunachal Pradesh and Nagaland experienced higher annual compound growth of NSDP than the national level. However, in the post-globalization period i.e. 1991-2002, Meghalaya, Nagaland and Tripura have performed better than the national level. The growth rate experienced in these states is not only higher but also accelerating. Though the NSDP growth rate of Manipur is lower than the national level but higher than the previous decade and is accelerating. While Assam's growth rate is lower in the post-globalization but grows at an accelerating rate which is a positive sign. In the post-globalization period, the growth performances in the region have improved marginally. The higher growth rate of NSDP in the region is mainly induced by the higher and accelerating growth rate of service sector.

The higher growth rate of NSDP experienced in some of the states is not commensurate with the growth rate of per capita income. The per capita income growth rates of all the states, barring Tripura, falls below the national level in the corresponding period. While Arunachal Pradesh, Assam and Nagaland have worsened, the performance of Manipur, Meghalaya and Tripura seem to be relatively better than the previous decade. The lower growth rate of per capita income experienced may be attributed to high growth rate of population, particularly poorer section of the society.

Table 3

Current Daily Status (CDS) Unemployment Rates (per 1000) by sex in NE state

State	1993-94				2004-05			
	Rural		Urban		Rural		Urban	
	Male	Female	Male	Female	Male	Female	Male	Female
Arunachal Pradesh	19	4	18	73	16	11	26	119
Assam	70	124	65	256	60	87	81	140
Manipur	10	22	50	31	19	11	55	81
Meghalaya	6	2	16	41	2	7	37	39
Mizoram	10	5	4	5	8	3	13	22
Nagaland	21	6	69	67	40	22	47	104
Sikkim	6	17	19	49	29	21	33	55
Tripura	34	104	82	215	122	374	189	589
All India	56	56	67	105	80	87	75	116

Sources: NSSO (1997): Employment and Unemployment in India, 1993-94, 50th Round, Report No. 409.

NSSO (2006): Employment and Unemployment Situation in India, 2004-05, 61st Round, Report No. 515.

In the absence of major industrial establishment and other employment opportunities in the region unemployment rate, particularly urban educated youths, is not only high but also increasing rapidly. According to the Current Daily Status (CDS)⁷, as shown in the Table 3, unemployment level in the urban area is highest in

Tripura followed by Assam which is also higher than the national level. In the remaining states, though lower than the national average, what is more intriguing fact is that the volume of unemployment in absolute term is growing in the post globalization period. It is this section of the society which becomes easy prey to the negative elements like insurgency and drug abusing.

Table 4

Percentage of Population below the Poverty Line and Per Capita Consumption Expenditure

State	Percentage of Population below the Poverty Line			Per Capita Consumption Expenditure (Rupees per month)		
	1983	1993-94	1999-2000	1983	1993-94	1999-2000
Arunachal Pradesh	40.88	39.35	33.47	-	343.75	672.31
Assam	40.47	40.86	36.09	117.87	280.42	473.42
Manipur	37.02	33.78	28.54	133.25	305.79	596.36
Meghalaya	38.81	37.92	33.87	-	390.00	639.13
Mizoram	36.00	25.66	19.47	142.73	472.59	935.53
Nagaland	39.25	37.25	32.67	-	454.48	1005.99
Sikkim	39.71	41.43	36.55	-	321.12	559.97
Tripura	40.03	39.01	34.44	-	367.43	589.50
All India	44.48	35.97	26.10	125.13	328.18	590.98

Source NHDP, pp. 147, 164-166.

The percentage of population living below the poverty line in the region continued to remain high. Only Mizoram seems to have done exceptionally well in poverty eradication where the percentage has declined from 36 per cent in 1983 to 19.47 per cent in 1999-2000. In the remaining states there is only a marginal decline in poverty ratio. In 1983, the percentage of population living below the poverty line at national level is much higher than that of all the states of the region. It is just the reversal in 1999-2000-all the states other than Mizoram have higher percentage than national level of 26.1 per cent. Over one-third of the population is still consists of the most vulnerable section of the society. Further, an examination on the per capita per month consumption expenditure revealed that the inequality in the per capita monthly consumption expenditure has also increased in spite of the improvement in the growth performance in the post globalization period.

In 1993-94, Assam has the lowest per capita per month consumption expenditure followed by Manipur and Sikkim. These three states are even lower than the national level of Rs. 328.18 per month. However, in 1999-2000, only Assam and Sikkim experienced lower per capita per month consumption expenditure than that of national level of Rs. 590.98 per month. The increase in consumption expenditure in the globalization era is quite impressive. At the same time, inequality in consumption expenditure, as revealed by the Gini coefficient⁸, has also increased in most of the states which is an indication of widening disparities among different sections of the society. This implies that the benefits of higher growth rate experienced, though marginally, in the post reform period have not been tickled down to the poorer sections of the society in the desired pace and the problem of income inequality within the state has worsened.

An overall scenario of the region in the post globalization period is not very impressive as in the case of other region of the Indian union. This may be attributed to the prevailing geo-political condition in the region and attitude of the central government in tackling the issues of the region. In the following section we shall examine some of the issues and challenges which required an immediate attention.

The Confrontation with

Being one of the most failed to care of regions of the Indian union, overall state of affairs in the region is quite alarming. The unattended issues and problems of the past are being accumulated, multi-layered and have become multifarious. Over and above, the mounting pressures of emerging challenges of rapid transformation need to be countered. The clock is ticking fast and situation in the region is very delicate which may explode anytime from now if not tackled carefully. At this juncture the old habit of alibis and hinting would only aggravate the maladies of the past and swell negative elements of the globalization. Instead, it is the time to think and act collectively.

The region has more issues to be addressed and challenges to face than any other parts of the country. Of which, the three most important areas which require immediate attention are insurgency, infrastructure and governance. All the other issues are derivatives which would dry up once these three are addressed.

Guerrilla-welfare

The problem of insurgency in the region has a long history. The insular politics and Delhi centric approach of the Indian government is at the core of much of the discontents, widespread criticism, feelings of subjugation and notion of being colonized. There is a constant fear in the minds of the people that their identity is being eroded due to the submergence into the vast ocean of Indian humanity.⁹ The people of the region started alienating themselves and the feeling of self-determination started to germinate. With the aim of preserving their own identity various ethnic groups inhabiting in the region, undisturbed for centuries, began to differentiate among each other severing the local ties and affinities and started to struggle with arms.¹⁰ Thus, insurgency has mushroomed in the region and the secessionist movements, either for sovereignty or for separate homeland, began to lock horns leading to a vertical division among various ethnic groups.

Therefore, prior to any policy programme to resolve the problem of insurgency in the region, the political processes that has been framed and pursued to convert a breeding ground of insurgencies must be reversed first. Simultaneously, the attitude and security obsess mindsets of the central government should also change and embrace the region with open arms so as to restore the lost confidence of the common people.

Insurgency is the major problem inflicting the region. With the passage of time, it has increasingly become more complex and difficult to understand as their objectives, role and activities varied widely. In the name of nationalist movement, they were involved and interfered in every state's affairs including household chores, like a moral police, of their people. Each insurgent group runs parallel government. In a way, apart from Sikkim and Arunachal Pradesh, all the remaining states have multiple governments [N Bhupendra Singh].

Conclusion:

The North Eastern Region of India is highly benefited by Globalisation in respect of marketable agricultural surplus, exportation of bamboo and cane crafts, increase in horticultural production, tea exportation, timber and non-Timber production. Along with development of various industries and international markets can be witnessed post Globalization in the region.

Hence the conclusion remains in the weighing of the losses or the profits of Globalisation in terms of North East India. Therefore the economy suffers from coin-side view ironically.

Sources:

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