



## ECONOMIC CONUNDRUM OF NORTH EASTERN INDIA

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### Abstract

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*The North Eastern States of India have a defined uniqueness and peculiarity in their existence. Remotely located, smaller in size and dictated by cultural and tribal affinities these states have undergone substantial socio - political turbulences before reaching their current state. Always, an integral part of India somehow the natives of this region have carried a strange feeling of alienation against the Indian sentiment. While with passage of time this feeling may be on verge of mitigation these states are now faced with a stark reality of Economic backwardness and lack of development in comparison with rest of India as a whole. The prevalence of large-scale unemployment, drug abuse amongst youth and lack of skill development renders the population quite vulnerable, to exploitation by vested elements thereby steering them towards insurgency & terrorism. In my frequent visits to the region I have come across various sections of population who are deprived of realistic and basic HDI entitlements. Moreover, a strange sense of helplessness looms large wherein the people find themselves trapped in a vicious circle of poverty, lack of basic facilities and little development compounded by the elements of insurgency, terrorism, corruption and rampant parallel black economy. This vicious circle has placed the entire North Eastern Region at a very critical juncture highly vulnerable to external abetment and influences. There exists a critical economic conundrum which restricts actual growth benefits from reaching the true beneficiary thereby creating further resentments against the state. A simple demography that takes pride in its tribal customs and cultural strength some how is not getting its dues thereby creating an adverse environment. This study aims to identify the relevance of these states, especially the economic aspects, and suggest an action plan to achieve holistic development of the region.*

## Introduction

”India will be successful when UP, Bihar, West Bengal and seven sisters of North East India are strengthened. India cannot develop till the Eastern part of the country develops”.

- Narendra Modi  
PM of India

“During the past few years North East India has emerged as one of the biggest destinations for Child Trafficking”.

- Kailash Satyarthi  
Noble Prize Winner on  
10 Oct 2014

The above two quotes amply describe the prevailing situation of economic backwardness, governance deficit, widespread lawlessness and lack of accountability in the North Eastern states of India – popularly known as seven sisters. The states of Assam, Nagaland, Arunachal Pradesh, Mizoram, Tripura, Manipur & Meghalaya depict the seven sister states which are both bound & divided by tribal culture, mutual affinity yet intolerant and geographically connected to rest of India by a narrow Siliguri corridor of 20 by 22kms.

The region, in Government parlance referred as North Eastern Region (NER) truly represents a peculiar geographical and political identity of the country which also shares an international border of 5182 kms (about 99% of its total geographical boundary) with various South East countries as under:-

- (a) China in North :3.61,395 Kms.
- (b) Myanmar in East : 1,596 Kms
- (c) Bangladesh in South West : 992 Kms.
- (d) Nepal in West : 97 Kms.
- (e) Bhutan in North West: 455 Kms.



The NER constitutes an area of 262,184 Sq Kms which is approximately 8% of that of India. Officially recognised under the North Eastern Council, constituted in 1971, these states have a net population of **5,16,70,000 (2022)** i.e. approx.3.6 % of India's overall population. The city of Guwahati (Capital of Assam) referred as the gateway to NER is the largest metropolis in the region.

Historically, the NER has been a segmented zone due to various factors primarily due to the socio - cultural and politico - economic dimensions. Almost all states in NER have witnessed turbulent times with overriding dominance of insurgency & terrorism rendering them quite forbidden and remote in eyes and views of public & administrative machinery. The core concern of insurgency in these states revolved around the 'Son of the Soil' feeling deprived of his rights, entitlements and authority over his land, comprising of forests, along with unabated interference in his tribal customs and pride. The Mizo and Naga insurgencies, referred to as mother of all insurgencies, have had a substantial drain on the economic resources, men & material of the Security Forces and administrative set up of Indian state before the situations can be considered as near normal. While an uneasy calm prevails in bulk of the NER as of now the current turmoil in Manipur has raised doubts about the socio - political stability highlighting the fragile social fabric of the region. Since the socio - political fragility of the NER is a difficult proposition and requires a dedicated analysis same is beyond the scope of this specific study wherein the primary focus has been centered around the Economic aspects which have hindered growth, development and equal opportunities to the region. Undoubtedly, the socio-political structure, as such, has had a major impact on the Economic domain of the region which have been suitably encompassed in this study.

### **Objectives of the Study**

The study aims to highlight the "Economic Conundrum' in North East states of India duly encompassing the following aspects:-

- (a) Geo strategic importance of North East states (Seven sisters) for India.
- (b) Current economic and HDI status of North Eastern States vis-à-vis rest of India and Primary causes for the same.
- (c) Remedial Action plan to mitigate the low economic performances and initiation of holistic development in stipulated timelines.

### **Methodology of Study**

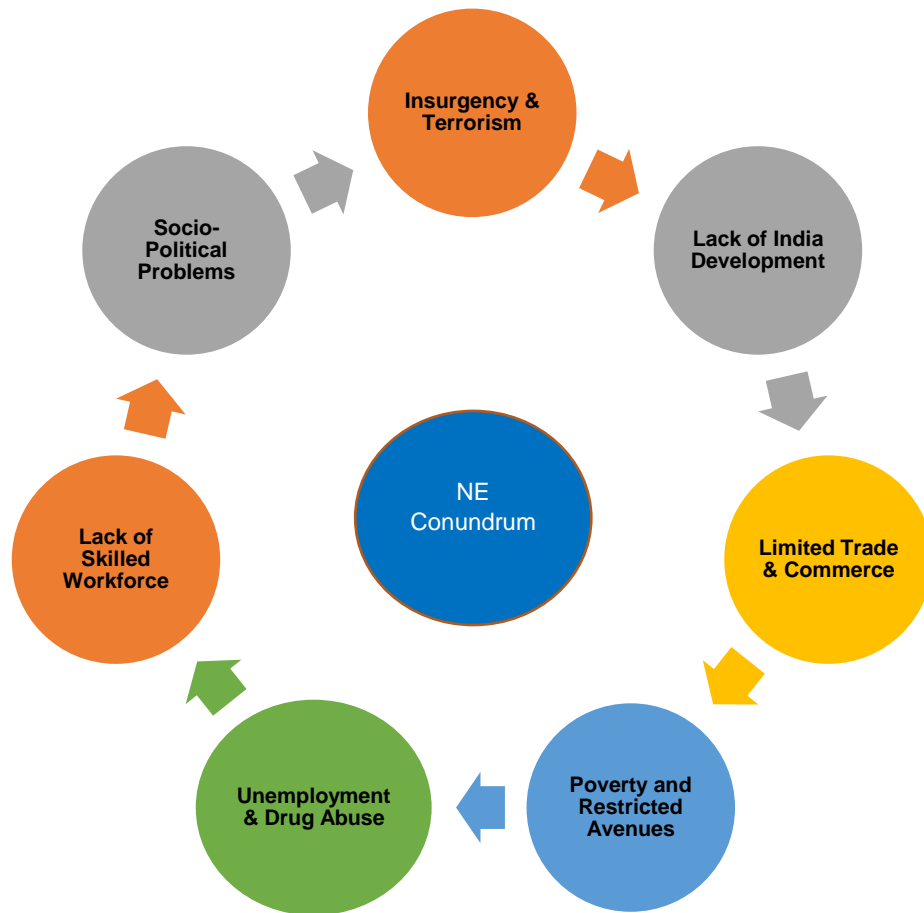
This study is based on personal experience and vast exploration of the North Eastern region with close interactions with NGOs, Social Organisations and select Government officials. Sequential narrations by some surrendered terrorist leaders in Manipur and Nagaland have also formed an important basis of the study. In addition, the views of mainstream politicians and prominent people from cross section of society (judicial officers, media, traders and farmers) have been incorporated to arrive at logical conclusions. Data & Statistical interpretations from previous basic studies and YOJANA have been duly incorporated in the study.

### **Why is North Eastern Region Critical to India's Security?**

One of the primary reasons of specifically focussing on the NER is its criticality that it has on India's overall security. Geographically a bit adrift from main land this sensitive region has multiple landlocked borders with India's neighbourly states which renders this region highly vulnerable to external influences and abetments. With China's expansionist policies amply evident, the vulnerability of NER gets substantially exposed wherein the existing border dispute with China alongwith its open support to North Eastern terror groups are stark realities as of now. While China as a strategic threat to India is one aspect, it's influence and efforts to dominate the governments & policies of smaller states like Myanmar, Nepal & Bhutan further complicate the security concerns for India. All these smaller neighbours of India adapt to pro-China (anti India) policies as a quid - pro quo in return of economic aid or commitment to some development projects by China. Such stances by these neighbour states facilitate growth of terror outfits / sanctuaries, drug trafficking, weapons smuggling, human trafficking, counterfeit Indian currency, illegal migrants and black economy in the North Eastern states of India leading to an economic drain and thereby creating a Conundrum in this sensitive region. Moreover, the Siliguri corridor also known as 'Chicken's neck' is the only land connect (having the narrowest area of 20 - 22 Kms) that binds the NE region to rest of India. This section being a geo-political and geo- economical corridor is highly vulnerable to external interferences thereby making it a vital area in India's security considerations. In addition to the geo-strategic aspects highlighted above the region, as such, has had a strange grouse against mainland India primarily due to a perceived step-motherly treatment to the NE states by the Centre. This feeling of alienation of some sections of NE demography also assumes critical significance when India's strategic security is holistically considered. Thus, the North Eastern states by virtue of their vulnerability form a critical dimension of India's security consideration and therefore assume the focus which is being endeavoured in this study.

### **Where do the NE states stand as of now?**

The NER in India is geographically unique region bereft with long delays in transit & travel, congested roads to remote locations and limited connectivity which have imposed a peculiar constraint on growth. This in turn has restricted trade, economic activities and overall development in the region. One can clearly say that currently the NER is embedded in a vicious circle of Poverty, Unemployment, Lack of Infrastructure, Parallel black economy caused by remoteness and geographical peculiarities as depicted under:-



This prevailing conundrum with highly intricate & inter tweaked factors has restricted the economic growth on nearly all aspects wherein maximum NE states figure below the national averages on economics / development indices. Currently 70% of the region's population depends on agriculture as the main source of livelihood. While the region is endowed with natural resources like oil, gas, coal and mineral deposits with substantial hydro-electric potential the NER continues to trail behind many Indian states. A critical analysis of Agriculture in NER also highlights gross shortcomings with huge restrictions imposed by terrain, small land holdings used for step farming and poor conventional methods of farming with low adoption of improved technology. In fact, some regions in NE despite being totally dependent on agriculture are seen as highly primitive in approach and much below the anticipated yields / outputs.

#### Current Standing of NE States on National Pedestal:-

(a) **Poverty Impact:** The percentage of population falling below the poverty line is a crucial indicator of any states economic prowess and development as a whole. The table below is a representation of Indian states' status as per the Multidimensional Poverty Index, which pegs the performance of North East India against that of other states of Mainland India.

State/UT	% of population State/UT specific poverty line		% of population living below the Multidimensional Poverty Index in 2023 <sup>[5]</sup>
	Rural	Urban	
States			
Kerala	0.76	0.32	0.55
Goa	1.90	0.12	0.84
Sikkim	3.75	0.51	2.60
Tamil Nadu	2.90	1.41	2.20
Punjab	4.74	4.76	4.75
Himachal Pradesh	5.23	2.96	4.93
Mizoram	10.77	0.58	5.30
Andhra Pradesh	7.71	2.20	6.06
Haryana	8.41	4.26	7.07
Karnataka	10.33	3.22	7.58
Telangana	7.51	2.73	5.88
Maharashtra	11.49	3.07	7.81
Tripura	16.47	4.69	13.11
Uttarakhand	10.84	7.00	9.67
Manipur	10.95	3.43	8.10
State/UT	% of population State/UT specific poverty line		% of population living below the Multidimensional Poverty Index in 2023 <sup>[5]</sup>
	Rural	Urban	
Gujarat	17.15	3.81	11.66
West Bengal	15.15	5.04	11.89
All India	19.28	5.27	14.96
Arunachal Pradesh	15.14	5.90	13.76
Nagaland	19.88	6.14	15.43
Odisha	17.72	5.42	15.68
Rajasthan	18.62	4.54	15.31
Chhattisgarh	19.71	4.59	16.37
Assam	21.41	6.88	19.35
Meghalaya	32.43	8.14	27.79
Madhya Pradesh	25.32	7.10	20.63
Uttar Pradesh	26.35	11.57	22.93
Jharkhand	34.93	8.67	28.81

State/UT	% of population State/UT specific poverty line		% of population living below the Multidimensional Poverty Index in 2023 <sup>[5]</sup>
	Rural	Urban	
Bihar	36.95	16.67	33.76
Union Territories			
Andaman and Nicobar Islands	2.71	1.60	2.30
Lakshadweep	0.36	1.32	1.11
Puducherry	0.71	0.91	0.85
Delhi	2.57	3.45	3.43
Jammu and Kashmir	6.10	1.09	4.80
Chandigarh	3.88	3.51	3.52
Dadra and Nagar Haveli	12.27	5.67	9.21
Daman and Diu	—	—	9.21

(b) **Per Capita Income:** Per capita income is a key metric that governs an individual's capacity to secure his own welfare and optimise his growth potential. While India is the 5<sup>th</sup> largest economy in the world, it has the lowest per capita income of all G-20 states. The table as shown below depicts the inter-state variation in PCI that also shows a poor performance for the NORTH EASTERN INDIAN STATES.

State/ UT	Per Capita Income (INR) 2020-21 (based on current price)	Per Capita Income (\$) 2020-21 (based on current price)
Goa	₹4,31,351	\$5,821
Sikkim	₹4,12,754	\$5,570
Delhi	₹3,44,136	\$4,644
Chandigarh	₹2,92,977	\$3,964
Karnataka	₹2,36,451	\$3,191
Haryana	₹2,35,707	\$3,101
Telangana	₹2,31,103	\$3,119
Gujarat	₹2,12,821	\$2,872
Tamil Nadu	₹2,12,174	\$2,863
Puducherry	₹2,06,888	\$2,792
Kerala	₹2,05,067	\$2,767
Maharashtra	₹1,93,121	\$2,606
Arunachal Pradesh	₹1,92,360	\$2,596
Himachal Pradesh	₹1,83,333	\$2,474
Uttarakhand	₹1,82,698	\$2,466
Andhra Pradesh	₹1,76,707	\$2,385
Punjab	₹1,49,894	\$2,023
India	₹1,45,679	\$1,966
Mizoram	₹1,44,394	\$1,949
Nagaland	₹1,23,385	\$1,665
West Bengal	₹1,21,267	\$1,637
Tripura	₹1,19,789	\$1,617
Rajasthan	₹1,15,933	\$1,565
Chhattisgarh	₹1,04,943	\$1,416

Madhya Pradesh	₹1,04,894	\$1,416
Jammu & Kashmir-UT	₹1,02,803	\$1,387
Odisha	₹1,01,501	\$1,370
Manipur	₹87,832	\$1,185
Assam	₹86,857	\$1,172
Meghalaya	₹84,638	\$1,142
Jharkhand	₹71,071	\$959
Uttar Pradesh	₹61,666	\$832
Bihar	₹43,605	\$588

(c) **Unemployment Rate** : Articles 21 and 19 of the Indian Constitution secure for a citizen the fundamental right to work and to secure a livelihood for himself/herself. While there has been a lot policy effort in this respect, the final outcome remains mixed bag, as is depicted below against the Indian unemployment rate of 7.7%, where again the North East India fairs poorly.

#### **Why have the NE states lagged behind?**

While the crucial aspects have already been amplifical in the NE conundrum depicted above, some of the key factors which actually have led to an economic slack in NER are as under :-

(a) **Remoteness, Inhospitable Terrain & Hostile Climate.** The NER beyond Guwahati starts getting remoter as we navigate into the interiors. With limited roads and no railways beyond Assam the accessibility to remote areas is a major handicap for development. Moreover, the hilly inhospitable terrain interspersed with rivers, valleys, hills and jungles imposes a tremendous penalty on any economic activity and development in the region. The problem gets further compounded due to hostile climate infused with excessive rainfalls, flash floods and earthquakes.

(b) **Insurgency and Prevalence of Parallel Black Economy** ; The baggage of insurgency has been a curse on almost all NE states either directly or indirectly. The terrorist organisations have established a near parallel economy which impacts the actual economy. Nefarious activities like illegal tax collections from traders, contractors and even government servants coupled with huge drug trafficking alongwith illegal trade along porous borders have ruined the scope of any development or investment projects.

(c) **Unskilled Human Resources** : With basic amenities like education, health and skilling avenues being a far fetched reality in NER, the human resource is by & large unskilled. As per available inputs on Development & Employment generation potential the seven sisters in the preceding decade (2011 - 2021) had close to only 2.6 million job opportunities vis a vis 17 million job seekers. Even in this approximately 50% of job opportunities are confined to



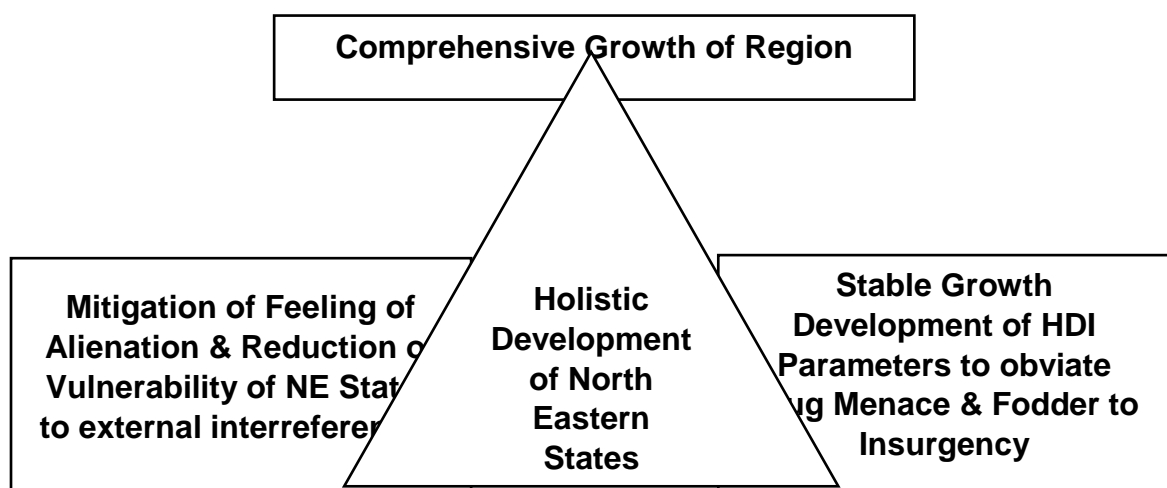
Assam only. This mismatch reminds us of the vicious circle quoted above wherein unemployment lends the region into drug abuse and terrorist fodder.

(d) **Border Trade in a Land Locked Region :** Due to the geographical constraints the NE region is entirely land locked with land borders with various countries. While Globalisation and Free Trade should have been the key highlights of NER, it is the vice versa that is true as of now. Legal trade between NE states and neighbouring countries via the established trade points is barely 17.6% of the actual transactions. Porous borders, lack of Border pickets and unmanned areas over inhospitable terrain actually witness illegal and unauthorised border trade thereby contributing to the parallel economy. This further restricts investment opportunities by potential investors in the region while promoting smuggling and illegal trade practices.

(e) **Lack of Governance & Accountability.** Somehow due to the prevailing long spells of insurgency and political instability, governance, as such, has taken a back seat and no accountability of the system / rule of law was visible in most of the NE States. Only the states of Assam, Meghalaya and Arunachal Pradesh can claim to have a stable political and administrative set up. The other States comprising of Nagaland, Manipur and Tripura have been bereft with insurgency issues on a frequent basis. This has set in a lack of accountability culture where development, growth and basic parameters of Human Development have been compromised. Since the executors of public policies and development work have not been able to create a viable atmosphere , economic activities have either not progressed or have progressed mainly on wrong and parallel tracks.

### **Suggested Road Map for Resolution of Economic Crisis and Facilitation of Time Bound Development**

Having identified the root causes of lack of development and prevailing economic crisis it is essential that a dedicated roadmap for holistic growth of the North Eastern States be adopted to address the three vertices of the triangle:-



The action plan to achieve the above three focus areas can be converted into **‘Ten Point Road Map’** for implementation in Short term, Mid term and Long term timelines as under :-

- (a) **Augmentation of NE Council with a Dedicated ‘Task Force’ for Policy Implementation in Mission Mode.** While the NE council is a relevant body aimed at policy formulation it needs to be augmented with an ‘Administrative Task Force’ for implementation of Development Works in the region in Mission Mode, This ‘Task Force’ should comprise of dedicated high profile Technocrats from various domains, including Civil Servants of Central & State Services, to achieve designated projects in stipulated timelines. To function as a ‘One Window Platform’ for all mandatory clearances, this ‘Task Force’ should monitor the implementation and timely fruition of projects through earmarked Project Monitoring Groups in concerned states. This will set in accountability and mitigate the problem of diversion of development funds to other avenues by State governments.
- (b) **Infrastructure & Physical Development for Enhanced Connectivity including Internal Waterways :** A boom or spurt in economic activities is highly dependant on the lateral and vertical connectivity in the region. While Inter state connectivity should be developed under the Task Force in NE Council the lateral Intra state connectivity should be formulated and given to State Governments for implementation in fixed time frame. NE states do have a potential of Inland waterways which can be developed for alternate & speedy connectivity. This mega plan will generate substantial employment in the region in a visible timeframe of three to five years.
- (c) **Promotion of Local Potential & Skills.** Specific programmes & skilling curriculum needs to be implemented by honing the local talent and skill for growth of Tourism and diversified Agriculture products. Implementation of Food processing of Forest products, Organic farming and Bamboo products will boost the agricultural yields in a big way. Region wise processing of food industries will accrue handsome dividends in short periods.
- (d) **Power Projects in PPP Mode :** Hydro and Hydel projects in PPP mode will generate additional power for optimal utilisation and commercial purposes. Viable Industries will then get attracted towards these local employment avenues giving an overall fillip to Quality of life and Economic prowess in the region.
- (e) **Development of Critical HDI Parameters :** Needless to reiterate the overall importance of Education and Health accessibility to all inhabitants of the region. These factors will boost the image of NE in outer world while giving the requisite confidence to locals.

- (f) **Skill Development of Human Resource** : The skilling of NE people has to match their natural flair wherein focus on Hospitality, Fashion, Martial Arts and Tourism should be maintained for quick skill development of people especially the youth. Private sector should be roped in for CSR initiatives and Skilling as per employment requirements.
- (g) **Curbing of Drug Menace**, Parallel economy and Overall Improvement of Law & Order will pave way for quick growth and accountable development of the region.
- (h) **Protection and Respect for Tribal Identity & Traditions** : All development and economic growth can fructify if the concerned stakeholders can participate in the entire process. This will entail policy implementation keeping the 'Son of Soil' concept in mind wherein the tribal identity will be protected against deterioration.
- (i) **Promotion of Sports** : North Eastern's are excellent sportspersons excelling in various fields. We can create more Mary Koms, Chanu Mirabais and various others if dedicated sports programmes are undertaken in the region. In addition to talent promotion it will also generate employment in the region with local youth getting engaged in constructive activities.
- (j) **Border Trade** : Post the stabilisation of Law & Order with zero corruption border trade with neighbouring countries contiguous to NE states can be regulated through controlled mechanism to boost the economic status speedily.

## Conclusion

The critical and sensitive nature of NE states is well established. Unfortunately due to various policy constraints and lack of priorities the region has not received its dues in various arena, Concerted efforts with a strong political will can achieve holistic development in a time bound manner leading to higher satisfaction levels and better quality of life. A 'whole of government' approach can yield positive outcomes in near future and pull the NE states out of poor economic conundrum.

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