https://gospodarkainnowacje.pl

GOSPODARKA I INNOWACJE

LABORATORIUM WIEDZY Artur Borcuch

Volume: 18 | 2021

Economy and Innovation
ISSN: 2545-0573

For more information contact: editor@gospodarkainnowacje.pl

AN ANALYTICAL STUDY OF THE GOVERNMENT POLICIES FOR THE ECONOMY OF NORTH EAST INDIA

Dr. Ajay Kumar Deka
M. Com, B. Lib. Sc., M. Phil, Ph.D., Assistant Professor, Deptt. of Accountancy, Dispur College, Ganeshguri, Guwahati-06, Assam, India

A R T I C L E I N F O.

Keywords: North-East India, Government Policy, Economic Development, Act East Policy, Regional Growth.

Abstract

The economy of North-East India has been shaped by a combination of government policies, geographic constraints, and socio-cultural diversity. This paper analytically examines the effectiveness of governmental strategies aimed at improving infrastructure, connectivity, industrial development, and social welfare in the region. It discusses how policy interventions under initiatives such as the Look East/Act East Policy, financial inclusion programs, and rural development schemes have influenced growth patterns. The study identifies both achievements and persistent challenges, including limited industrialization, inadequate market access, and political instability. The paper concludes that sustained, region-specific policies are essential for balanced and inclusive economic development in North-East India.

http://www.gospodarkainnowacje.pl/ © 2024 LWAB.

Introduction:

North – East India is in the North – Eastern boundary of India, covering with eight states of Indian Union. The region is surrounding by Tibet, Bhutan, Nepal, Myanmar and Bangladesh on all sides except a narrow corridor which connected the region with other states of the Indian Union. North -East region is a beautiful and world bio- diverse region having covered 60% of forest area. Though the region is well endowed with natural resources, the region has been lagging behind than many states of Indian Union.

Troubled by history and geo- politics, the north -east region has remained one of the most backward regions of the country. The trauma of partition of the country in 1947 not only put the clock of economic progress back by over a quarter century.

On the eve of independence, the region was in the forefront of development. The British was aware of its rich resource potential and built the country's second earliest railway line between Dibrugarh and Chittagong in the late 19th century. Well connected to the mainland through undivided Bengal and to the seas through the Chittagong port, the North- east region had significant trade and investment. However, with the partition, the Northeast became completely landlocked and connected to the mainland through a narrow 27kilometer Siliguri corridor. Poor connectivity and transportation costs added to non- competitiveness. Stagnancy, remoteness, poor infrastructure, and non- responsive governance provided a fertile ground for various insurgency groups, creating a vicious cycle of low

Copyright © 2021 All rights reserved International Journal for Gospodarka i Innowacje This work licensed under a Creative Commons Attribution 4.0

investment and growth in the region.

A major precondition for economic progress is promotion of trade and investment, which calls for immediate effort to end the isolation of the region. The economic isolation of the region has led to is lagging behind in development, with per capita income over 30% lower than the average for the country. The Vision 2020 document adopted by the North Eastern Council shows – assuming that India's gross domestic product (GDP) will grow 9% per year in order to catch up with the income level in the rest of the country by 2020 GDP in the region will have to accelerate from the prevailing 5.3% to 12. 9% per year (NEC 2008). This would require a massive increase in investment. The region has vast potential to increase production and trade in a variety of horticultural products, rubber, herbs and spices and move up the value chain and gain competitive advantage to export processed goods (Brunner 2009, Ch. 3 and Arnold 2009). Inaddition to agro-processing, the region can also export handicrafts and environmentally sustainable forest products, coals and crude oil and use its considerable power-generation potential for the benefit of the region's people.

The development of the NER has remained high on the agenda of both the central and the respective state governments. The North -East Council (NEC) has been playing a major role to take a series of projects for the balanced development of the region. The North -Eastern Council is the nodal agency for the economic and social development of the North- Eastern Region which consists of the eight States Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland Tripura and Sikkim.The North-Eastern Council was constructed in 1971 by an Act of Parliament. The constitution of the council has marked the beginning of a new chapter of concerted and planned endeavour for the rapid development of the Region. Over the last thirty-five years, NEC has been instrumental in setting in motion a new economic endeavour aimed at removing the basic handicaps that stood in the way of normal development of the region and has ushered in an era of new hope in this backward area of fullof great potentialities.

The Central government has also set up the Department of Development of North - Eastern Region (DONER) in 2001 and the ministry is mainly concerned with the creation of infrastructure for the economic development of this region.

Objectives of the Study:

The proposed paper's main objectives are taken into accounts of the followings.

1. To highlight the socio- economic development achieved as well as taken for the North- East Region by NEC.
2. To Explain the Developmental activities are undertaken by the Government for the North- East Region and trade relation with neighbouring countries with NER.

Methodology for the Study:

The research paper has been prepared dependent on secondary sources of information. The data are collected from ministry of Development of North Eastern Region as well as various journals published time to time on this regard and also from online information.

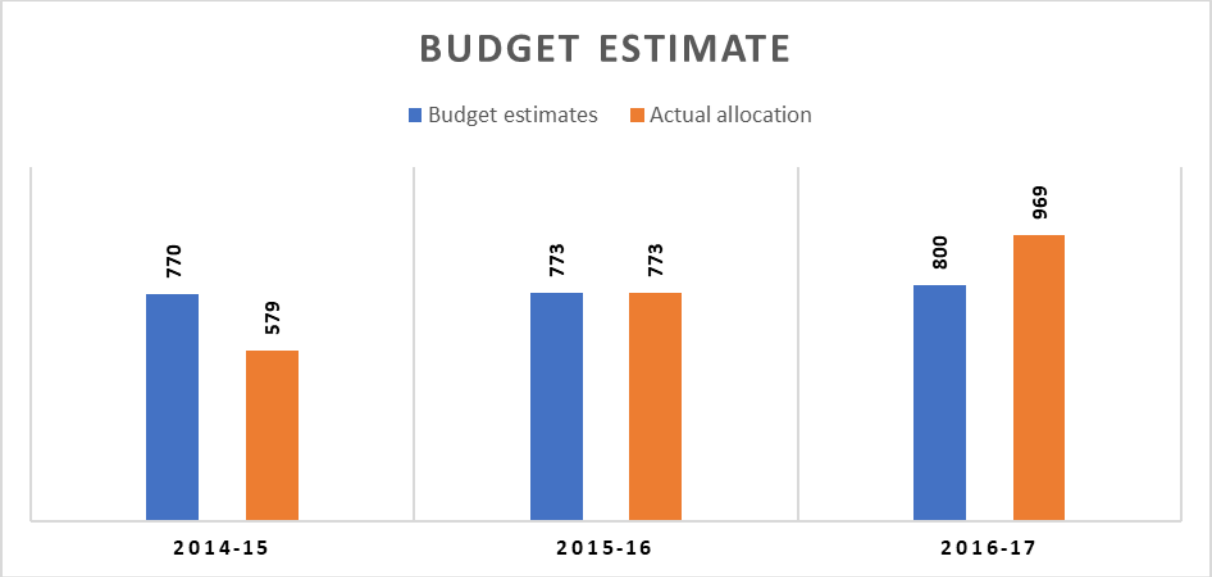
Policy achievement and Recent Major Initiatives of NEC:

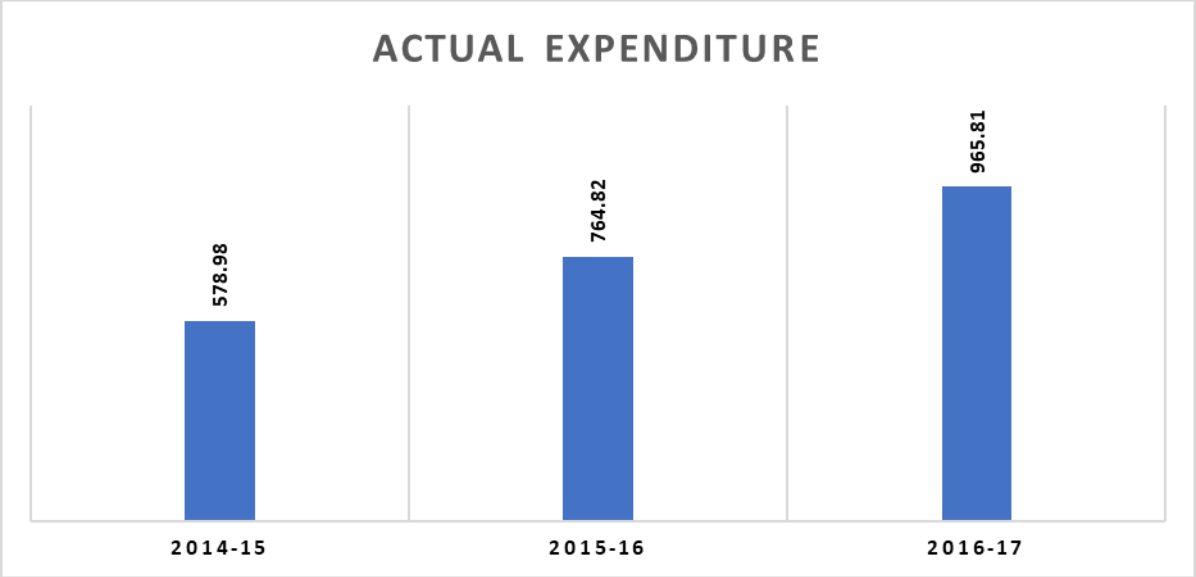
The North Eastern Council has been able to significantly improve its financial performance during the years 2014-15 to 2016-17. The Budget allocation has increased from Rs. 579 crores to 969 crores during the three years period as tabulated below.

Copyright © 2021 All rights reserved International Journal for Gospodarka i Innowacje This work licensed under a Creative Commons Attribution 4.0

Table 1- Budgetary allocation for NEC (Rs. in crores)

Financial Year	Budget estimates	Actual allocation	Actual expenditure	Expenditure overallocation (%)
2014-15	770	579	578.98	100.00%
2015-16	773	773	764.82	98.94%
2016-17	800	969	965.81	99.67%
Total	2343	2321	2309.61	99.51%





Source: Ministry of Development of North – Eastern Region.

Table 1- depicted that for the session 2014-15, budget estimation was 770 crores, gradually this amount has been increased and in 2016-17 session budget estimation was 800 crores. However, for the year 2014-15, actual allocation was 579 crores and it was increased up to 969 crores in 2016-17. The actual expenditure from the budgetary allocation was 578.98 crores in 2014-15 which was increased 764.82 crores and 965.81 in the session of 2015-16 and 2016-17 respectively. It is found that in the session 2014-15, the expenditure over allocation was about 100% and for the next successive years it decreased slightly.

Copyright © 2021 All rights reserved International Journal for Gospodarka i Innowacje This work licensed under a Creative Commons Attribution 4.0

Sector- wise Achievements of NEC:

The NEC has 11 sectors catering to different development needs of the as below.

Major Projects in Agriculture & allied Sector

2014-15

- Expenditure in 2014-15, 2015-16 and 2016-17is Rs. 98.25crores, Rs.105.68 crores and Rs. 205.88 crores respectively.
- Establishment of Hi- Tech Garden of Mandarin Orange, Guava and Large cardamom garden under Tegiso, NayaHappa of Pech Village in Papumpare District, Arunachal Pradesh.
- Organizing 11th State Level Orange Festival & Craft ExhibitionTamenglong District headquarter, Manipur.
- Implementation of NERCORMP- III in different states.

2015-16

- Development of sericulture in Arunachal Pradesh.
- Model Horticulture Centre at three locations- Ngarumphung, Tupul and Haipi in Manipur.
- Establishment of Rootstockbank for Grapes at Mualkawivillage, Champaidistrict and Scion bank and Rootstock bank for Citrus at Maudarh, Lunglei district in Mizoram.
- Establishment of poultry breeding farm- cum- hatchery at Phulbari in West Garo hills district of Meghalaya.

2016-17

- Cultivation of large Cardamom in various districts of Arunachal Pradesh.
- Establishment of poultry, Goatery, Piggery, Dairy, Fisheries as a single component for the community at Mai village, Lower Subansiri district of Arunachal Pradesh.
- Watershed management for sustainable Agriculture production and improved livelihood in Nagaland.
- Integrated agriculture and Horticulture development projects for the state of Manipur Nagaland and Mizoram.

Railways Connectivity for NER:

Major initiative has been taken by the government to develop the railway connectivity of this region. Some Projects have been completed such as Beloni to Sabroom (39.12km) railway line in Tripura has been completed which will help to easy access to southern Tripura and Chattagram Port in Bangladesh. Another completion of project is 25.05 km doubling of Hawaipur to Lumding Section of New Jalpaiguri to Lumding Project – increased line capacity of trunk line.

Some new projects are sanctioned such as-

- Doubling - New Bangaigaon to Agthori via Rangia(142 km) at the cost of Rs.2042.51 Crores.
- Bridges on River Brahmaputra

a) Saraighat Bridge Estimated cost of Rs. 888Crores.

b) Tezpur – Silghat Bridge Estimated cost of Rs.3512 Crores.

- Electrification of entire Railway Network in NER- Length 2352 km, estimated cost of Rs. 2293 crores.

Copyright © 2021 All rights reserved International Journal for Gospodarka i Innowacje This work licensed under a Creative Commons Attribution 4.0

Connecting NER by National Highways

The Government has taken bold Steps for better connection of NER by National Highways, for this purpose 35 projects are awarded to NER of costing Rs.7707 Croresand 536 km length. Some important Projects are -4 Laning of Imphal to Moreh toPkg I(20km) 0f costing Rs.762 Crores. This Project has been done for the Connectivity of India to Myanmar, and Myanmar to Thailand Trilateral Highway. Another National highway connectivity of NER is AizwalTuipangpkg -I (57km) of way of costing Rs, 678 crores to provide access to Kaladan MMTproject.

Three projects are already completed in Arunachal Pradesh Covering 65 km length. They are-

- Hunli to Anini (NH 313) total length of 16 km.
- Singer River to Sizoh Nallah (NH 513) total length is 23 km.
- Pasighat to Pangin of 27 km of highway.

Inland Water Connectivity in NER

The inland waterway connectivity of NER has been developed which has saved the logistic cost. Which helps in bulky cargo and containermovement from Kolkata and Haldia ports to Pandu port in Guwahati. It also developed Indo- Bangladesh Protocol (IBP)Route in Bangladesh at estimated cost of Rs.305.84 crores.

India's Trade with Neighbouring Countries

The scenario of India's trade with neighbouring countries, the NER does not look optimistic. In general, India's exports to South Asian countries as a ratio of total exports from the countryin 2006-07 were just about 5% and its share of imports in total imports was abysmal at 0.8%. In contrast, India exported almost 10% of total exports to Association of Southeast Nations (ASEAN) countries and its imports were close to 9% of the total imports.

Unfortunately, there is no information on volume of trade from the NER with the contiguous countries. However, even at the national level, the volume of trade from NER with the countries contiguous to NER except the PRC is abysmal. Among the other four lowest with Bhutan (0.05%). Imports from these countries were even lower. The highest imports were from Myanmar (0.41%), followed by Napal (0.16%), Bangladesh (0.12%) and Bhutan (0.07%). Even in the case of PRC, much of the trade is through the mainland and there is hardly any contribution from the NER.Of the four neighbouring, NER's potential for trade with Bangladesh, thePRC, and Myanmar is significant.

Myanmar is the only member of ASEAN with which India shares a common land border. In fact, it has contiguity with States of Mizoram and Manipur though, at present, the only functioning trade route through land is Moreh in Manipur and Tamu in Myanmar.

Indian trade volume with Bangladesh is not very significant. India's imports from Bangladesh are abysmal, constituting just 0.1% of total imports. Its exports to Bangladesh are dominated by agricultural commodities and basic textiles although, in recent years, machinery and transport equipment have been gaining importance.

The PRC's importance in world trade has grown in recent years and it has become one of India's major trading partners. In 2006-07, imports from the PRC constituted 9.1% of India's total imports and exports to the PRC were 6.6% of total exports from India. Almost 75% of India's exports consist of mineral ores, chemicals, iron and steel, and India's imports consist mainly of electrical products, mechanical machinery, organic chemicals and silk. Sine 2000-01, India's trade with the PRC has expanded phenomenally and both imports and exports have increased more than 10 folds.

From the development perspective of the NER, it is border trade from the region rather than general trade between the PRC and India that must be considered. In this context, it is important to note that

Copyright © 2021 All rights reserved International Journal for Gospodarka i Innowacje This work licensed under a Creative Commons Attribution 4.0

border trade has now been resumed formally between the two countries via Nathu La pass in Sikkim.

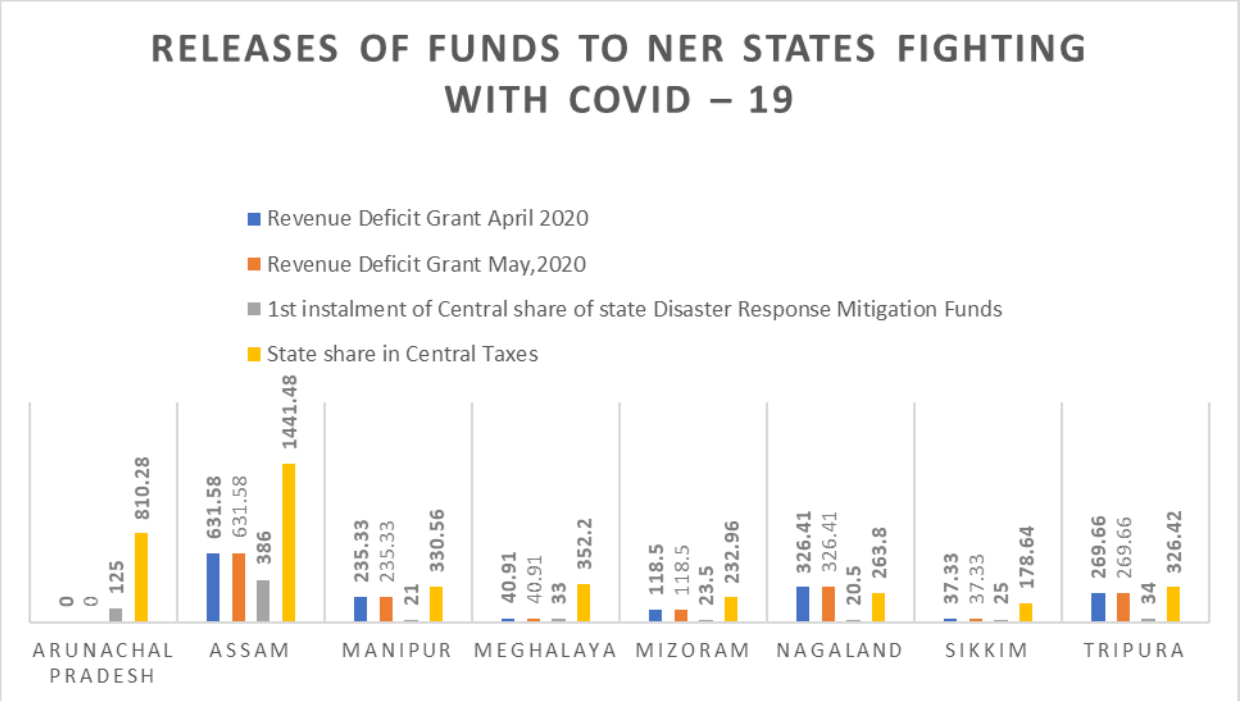
Releases of Funds to NER States Fighting with Covid – 19

During the period of Covid -19, the Ministry of Finance in 2020-21, released a bulky amount of funds to fight with Covid-19.

(Rupees in crores)

Sl No.	State	Revenue Deficit Grant April 2020	Revenue Deficit Grant May,2020	1st instalment of Central share of state Disaster Response Mitigation Funds	State share in Central Taxes	Total
1	Arunachal Pradesh	0.00	0.00	125.00	810.28	935.28
2	Assam	631.58	631.58	386.00	1441.48	3090.64
3	Manipur	235.33	235.33	21.00	330.56	822.22
4	Meghalaya	40.91	40.91	33.00	352.20	467.02
5	Mizoram	118.50	118.50	23.50	232.96	493.46
6	Nagaland	326.41	326.41	20.50	263.80	937.12
7	Sikkim	37.33	37.33	25.00	178.64	278.30
8	Tripura	269.66	269.66	34.00	326.42	899.74
Total		1659.72	1659.72	668.00	3936.34	7923.78

Source: Ministry of Finance 2020-21



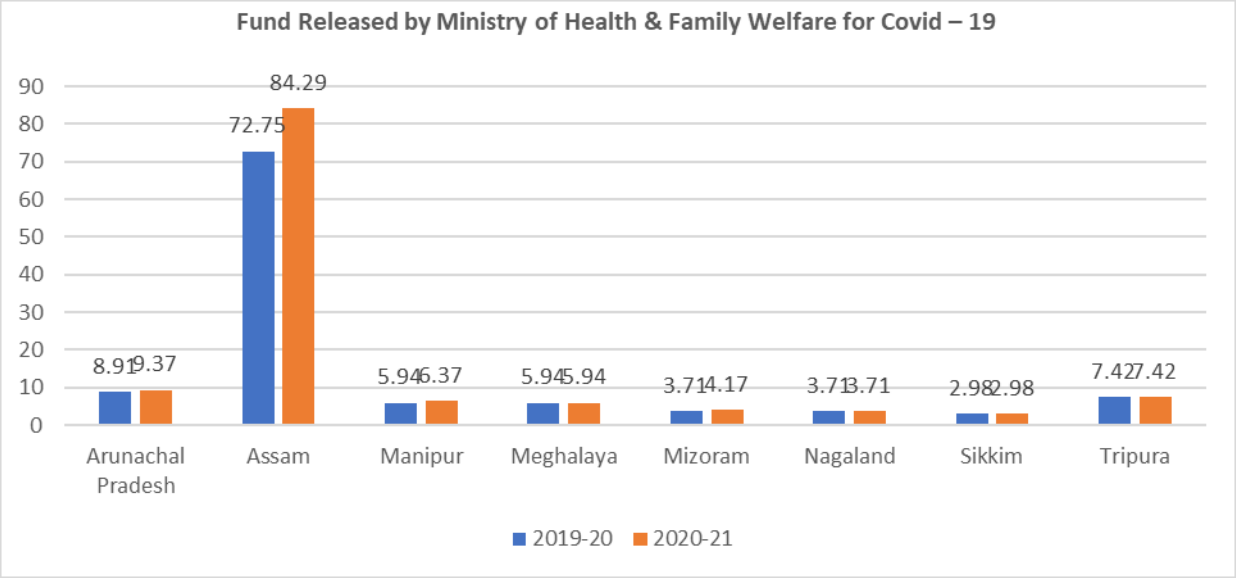
Copyright © 2021 All rights reserved International Journal for Gospodarka i Innowacje This work licensed under a Creative Commons Attribution 4.0

Fund Released by Ministry of Health & Family Welfare for Covid – 19

(Rupee in Crores)

Sl No.	State	2019-20	2020-21	Total
1	Arunachal Pradesh	8.91	9.37	18.28
2	Assam	72.75	84.29	157.02
3	Manipur	5.94	6.37	12.31
4	Meghalaya	5.94	5.94	11.88
5	Mizoram	3.71	4.17	7.88
6	Nagaland	3.71	3.71	7.42
7	Sikkim	2.98	2.98	5.96
8	Tripura	7.42	7.42	14.84
Total		111.34*	124.25	235.59

* Released Fund on 26/03/2020



Conclusion:

The government policies aimed at developing the economy of North-East India have played a significant role in improving connectivity, social welfare, and economic integration with the rest of the country. Initiatives under schemes such as the Act East Policy, North East Industrial Development Scheme, and various rural development and infrastructure programs have contributed to gradual progress. However, the region continues to face challenges like inadequate industrial growth, limited private investment, and geographical constraints. To achieve sustainable and inclusive development, policies must be region-specific, culturally sensitive, and focused on strengthening local resources, entrepreneurship, and human capital. A long-term commitment to balanced planning and continuous evaluation is essential for transforming the economic landscape of North-East India.

References:

1. Development of Commerce, Export, Import Data Bank, http://commerce.nic.in/eidb/ergnent.asp

2. http://www.researchgate.net/publication/258531927_Economic_Governance_in_the_North_East.

3. Error! Hyperlink reference not valid.

Copyright © 2021 All rights reserved International Journal for Gospodarka i Innowacje This work licensed under a Creative Commons Attribution 4.0

4. Error! Hyperlink reference not valid.

5. http://mdoner.gov.in

6. World Bank. (2006) Studies on India Bangladesh Trade.Report No. 37863-BD

7. World Bank. (2006a) Chapter 10 Background Paper No.7

8. Arnold, J.2009. Connectivity and Logistics for the Northeast, and Beyond.

9. Barua, A. ed. 2005. India's North – East- Developmental Issues in a Historical Perspective. New Delhi: Monohar Publication

Copyright © 2021 All rights reserved International Journal for Gospodarka i Innowacje This work licensed under a Creative Commons Attribution 4.0