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LOCATING THE STATE OF INDUSTRIAL DEVELOPMENT IN NORTH EAST INDIA: PROBLEMS AND PROSPECTS

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ABSTRACT **DOI No: 10.36713/epra20733** **Article DOI: https://doi.org/10.36713/epra20733**

North East India is a region that comprises of eight Indian states: Arunachal-Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura-holds immense industrial potential due to its rich natural resources, strategic location and demographic advantages. Besides, these advantages the region remains industrially backward, posing various socio-economic problems. This paper seeks to examine the current state of industrialization in the region, analyzing the disparities in industrial growth among the states, investment trends, and employment in MSMEs. Attempt has been made to explore the impact of industrial policies, particularly the Industrial Policy of 1997 and 2007, promoting industrialization in the region. The study has also highlights the main obstacles to the industrial expansions and talk about industrial prospects of the region.

KEY WORDS: ***North East India, Industrialization, Industrial Development, Economic growth, Industrial Policy***

INTRODUCTION

North East India is a region that comprises of eight Indian states: Arunachal-Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura. The region accounts for 7.4% of the total population, characterized by large rural population, the region has been historically marginalized and faces several developmental challenges. However, in recent years, there has been a growing interest in the region's large percentage of indigenous tribal communities and large area under forests. The region is known for its diverse ethnic groups, languages, cultures, and traditions, as well as its rich natural resources and biodiversity. Despite its immense economic potential, particularly in the industrial sector current state of the industrial development in the region is not up to the mark.

The status of economic development of any society is primarily determined by the pace of industrial development of that particular society. As the numbers of people engaged in this sectors increase the society tend to move forward towards the development processes. Because of its unique geological, economic, and socio cultural features, the economy of NER has distinct identity. The regions industrial sector had been concentrated around a few specific industries such as; tea, coal, jute, forests, petroleum, tourism etc. The region also share international boundaries with China, Bangladesh, Myanmar, Nepal and Bhutan and is considered to be of vital geopolitical and economic importance. Hence the region serve as an international corridor acting as a gateway to Southeast Asia and fosteri ng economic and strategic ties.

OBJECTIVES

The objectives of the present paper are as follows--
a) To examine the state of industrialization in the region.
b) To study the impact of industrial policy in the region

c) Discuss the various types of industrial backwardness and industrial prospects of the region.

METHOD AND METHODOLOGY

The nature of proposed study is descriptive, analytical and it is mainly based on secondary data. Data has been collected from secondary sources like books, research journals, magazines, reports and concerned web sites. Only appropriate secondary data are undertaken for the purpose of the study in order to make the study simple.

DISCUSSION

In the North East, industrialization is still in its infancy. The only major industries currently operating in the area are tea, coal, petroleum, paper and cement. The tea industries employ a sizeable labor force. The construction of tea plantation and oil industry in the upper Assam region more than a century ago, or throughout the nineteenth century, laid the foundation for the regions industrial growth along the contemporary line. Unfortunately, the area hardly managed to attain the intended Industrial growth in the following periods, even though it had a rich natural resources base and a lengthy history. As a result, NER continued to lag behind many other states of the country in the sphere of development of this sector even after completion of so many decades of planning.

The regions geographical isolation and the lack of significant industrial investment during the planning periods are among the primary cause of its industrial backwardness. Because private industrial investment carries a high degree of risk, there is virtually little of it over the whole North East region. Since the area is a border zone, these includes both market and political risk as well as natural hazards.

Of late, efforts are being made for gearing up of all industrial activities with a view to create a strong industrial base in the region. Over the years a few large and medium size enterprise are set up in this region particularly in Assam and Meghalaya, however these numbers are very less.

The state of industrial development in the North Eastern region can be well explained with the help of table in the following sections-

1. STATE WISE REGISTERED MSME IN NER (2022)

STATES	MICRO	SMALL	MEDIUM	TOTAL
A.P	5142	168	19	5329
ASSAM	153938	5255	396	159589
MANIPUR	38487	395	16	38898
NAGALAND	8796	113	9	8918
MIZORAM	8892	130	6	9028
TRIPURA	15298	465	30	16793
SIKKIM	3741	90	11	3842
MEGHALAYA	6363	243	29	6635
NER	240657	6859	516	248032
ALL INDIA	12011480	429823	39585	12480888

Source: Handbook of Statistics on Indian states.

From the above table we can say that state of industrialization is not uniform across the NE states, among the NER state Assam registered highest number of MSME followed by Manipur and Tripura. Micro industrial unit is higher in all the states followed by Small and Medium. Although medium industrial unit is very less in numbers, which is inhibited by various socio-economic factors; such as-lack of credit, infrastructural problems, lack of market and distribution channels, inefficient manpower, natural hazards etc.

2. STATE WISE INVESTED CAPITAL (2014-15 to 2019-20)

YEAR	A.P	ASSAM	MANIPUR	MEGHALAYA	MIZORAM	NAGALAND	SIKKIM	TRIPURA	NER
2014-15	43043	2582876	17943	431206	_	30996	272474	49917	3428455
2015-16	46834	3960000	19671	400194	_	32584	433619	64121	4957023
2016-17	35726	3736145	20218	480468	_	33164	868943	69609	5244273
2017-18	33113	3660320	22625	495077	_	32133	890869	76863	5211000
2018-19	27829	3954367	22511	491441	_	31530	972075	77676	5577429
2019-20	27817	4173065	21645	478469	5844	25893	970232	81688	5784653

Source: Handbook of Statistics on Indian states

Above table shows that state wise invested capital is highest in Assam and lowest in Mizoram as of 2019-20 data. The rate of invested capital is not same for all the states, some states shows a positive growth where some states shows a fluctuations in investment in capital growth. Expenditure made by state and central government are the primary source of capital investment, where as private investment in the industrial sector in the region is not satisfactory, this leads to industrial backwardness of the region. Private investment require a conducive environment for the capitalist to invest, whereas NER fails to provide such environment due to various socio-economic and infrastructural as well as natural challenges.

3. STATE WISE NUMBER OF WORKERS ENGAGED IN MSME (2014-15 to 2019-20)

YEAR	A.P	ASSAM	MANIPUR	MEGHALAYA	MIZORAM	NAGALAND	SIKKIM	TRIPURA	N.E.R.
2014-15	2925	163348	6568	11870	_	4843	11100	26256	226910
2015-16	2660	173328	6982	10812	_	4867	9158	23677	231484
2016-17	2569	181098	6942	10517	_	5109	13372	29565	243563
2017-18	2671	180489	7334	10758	_	5227	15069	23393	244941
2018-19	2470	200433	7558	10802	_	5073	17241	21731	265308
2019-20	1975		5675	10365	1417	4951	17482	10338	281339

Source: Handbook of Statistics on Indian states

As the numbers of workers engaged in industrial sectors increase the society tend to move towards the development processes. Hence more numbers of workers engaged in MSMEs indicates positive sign. Among the North Eastern states, Assam shows the highest numbers of workers engaged In MSMEs as compared to other North Eastern states. Because , 61.48% of MSMEs units concentrated in Assam and the rest 38.52% is located in the rest of the North Eastern states.

PROSPECTS OF INDUSTRIAL DEVELOPMENT IN NER: The NER of India has a tremendous potential for industrial development, given its rich and untapped natural resources, skilled labor force, and strategic location.

The industries of the region can be broadly classified as-

1) Agro based industries. 2) Forest based industries. 3) Textile based industries

4) Mineral based industries. 5) Other industries.

Here are some of the prospects of industrial development in the region.

1. Natural resources: As we have already mentioned NER is rich in natural resources such as oil, gas, coal, limestone, forestry etc. The region also has vast potential power generation, making it in attractive destination, for energy-intensive.
2. Strategic location: The NER strategic location provides easy access to the markets of South-east Asia, making it a potential hub for trade and commerce. Obviously the region is only route to connect China.
3. Government support: The government has been promoting industrialization in the NER through various policies and scheme. We have discussed about such industrial policy in the later part of this paper.
4. Demographic dividend: The NER region constitute 39 Million (7.4% of total population) population having large proportion in the working wage groups (15-64), has a skilled labor in traditional industries such as handloom, handicrafts and sericulture in emerging industrial sectors.

INDUSTRIAL POLICY AND THE NE REGION

With a view to promote industrialization in the region, the central Government as well as state govt. have undertaken various plans for the development of industrial estate to provide basic infrastructural facilities. GOI announced various policy measures to improve the industrial development of the region. In 1997 government announced first such policy measure to tackle the industrial development problems in the region.

INDUSTRIAL POLICY 1997: The industrial policy of 1997 was an important step towards promoting industrialization and economic development in the NE region of India. The policy aimed to address the challenges faced by the region, including its remote location, poor infrastructure and lack of industrial development. The policy focused on promoting the growth of industries in the region by providing various incentives and facilities. Some of the key features of the policy are:

1. Setting up of industrial estates and growth: The policy aimed to set up the industrial hub and growth centre in the NER to provide infrastructure facilities to industries.
2. Fiscal incentives: The policy provided various fiscal incentives to attract FDI in the region, including tax holidays or rebates or exemptions.
3. Capital investment subsidy: The policy provided a capital investment subsidy to new industrial units.
4. Focus on traditional industries: The policy also focused on promoting earlier traditional industries such as- handloom, handicraft, sericulture etc…

The Industrial policy 1997 played a pivotal role to promoting the industrial development in the region. The policy helped in attracting investment to the region, creating employment opportunities, and promotion of various industries. During 1994 the region (excluding Sikkim because Sikkim joined NER lately) accounted 166 numbers of large and medium scale industries, but this number increase significantly after the announcement of Industrial policy 1997. In 2006-07 this number rise to 24.78 lakh and in 2015-16 it was 29.19 lakh(as per 73rd Round NSSO).

2. INDUSTRIAL POLICY 2000: Failure of previous industrial policy 1997 made realization of implement another new industrial policy. GOI announced such Industrial policy in 2007, aiming build on the success of the earlier policy 1997 to further promote industrialization and economic development in the whole region. After adoption of industrial policy 2007 it has led to increase in numbers of industrial unit in the region and has generated job opportunities for the local people. Policy has also improved the infrastructure facilities in the region. Some of the key successes of the policies are as follow-

1. The industrial policy attracted significant amount of foreign investment in the region.

2. The policy has helped to improve the infrastructure facilities in the region, better road facilities, connectivity, power generation, telecommunication etc..

3. Improve ease of doing businesses: The policy facilitate the ease of doing business by simplifying procedures and providing single window clearance to establish a new start-up.

4. Skill development: The Industrial policy 2007, have special emphasis on the skill development, it helped to creation of better employment in the workforce.

5. Entrepreneurship promotion: The policy has promoted entrepreneurship by setting up industrial parks and providing financial support and marketing support to new business unit.

PROBLEMS ASSOCIATED WITH INDUSTRIALIZATION IN NER:

The NER is comparatively backward in respect of industrialization. Despite of having rich natural resources, the region could not do well in the proper industrialization. The primary reasons that are associated with lack of industrial development in the region are as follow—

1. Lack of capital.
2. Geographical isolation.
3. Lack of market
4. Lack of credit facility.
5. Lack of infrastructure facilities.
6. Lack of technical personnel.
7. Lack of proper fiscal incentives.
8. Investment risk arising from natural calamities.
9. Low level of public sector development.
10. Lack of efficient administrative machinery
11. Lack of skilled workers.
12. Disturbed law & order condition.
13. Old and obsolete machineries.
14. Lack of good marketing agencies and other distribution channels.

Besides above mentioning reason there are other various factors that are associated with low industrialization in the region.

CONCLUSION

It can be conclude from the above discussion that despite having abundance in natural resources and various industrial development measure undertaken by the Central govt. as well as state govt. the NER failed to realize the desired goal of industrial development. The pace of industrial development of the NER is not satisfactory Assam is to some extent advanced in respect of industrialization in this connection. The regions untapped natural resources has been unused or not utilized properly, this again aggravate the development process.

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