

THE STATE POLICY TOWARDS DEVELOPMENT AND
INDUSTRIALISATION SINCE INDEPENDENCE

- 4.1 POLICY SHIFTS TOWARDS DEVELOPMENT SINCE INDEPENDENCE
- 4.2 DEVELOPMENT PLANNING FOR THE BACKWARD HILL AREAS
- 4.3 STATE POLICY TOWARDS INDUSTRIALISATION

It has already been pointed out that the Raj had followed the policy of isolation towards the frontier tribes. Of course, such a policy was not unique to the frontier tribes (i.e. tribes of present day Arunachal Pradesh) alone, the colonial rulers encouraged isolation of the aboriginals in other parts of the country as well. The creation of 'Excluded Areas' and 'Partially Excluded Areas' under the Government of India Act, 1935, and the inclusion of the areas inhabited by the aboriginals therein had been the outcome of this policy.

In fact, the policy of isolation towards the Indian aboriginals simultaneously served both the imperial interest of

'divide and rule' and the curious interest of the anthropologists. While the former intended to keep the aboriginals outside the national freedom struggle, the latter preferred isolation for them as they were obsessed with the idea that the contact with the so called civilized societies could sound the death knell of the aboriginal tribes.

Nevertheless, there were no dearth of examples where colonial rulers committed ethnocide in order to exploit the resources and aboriginal manpower. The large-scale employment of the aboriginals from the eastern and central provinces in the tea-plantations of north-east India under the naked exploitation of the European planters may be cited in this context. The indirect rule of the tribal areas through their traditional institutions had largely moulded the tribal socio-political autonomy in favour of colonial interest. Wherever the British interest was resisted, government did never hesitate to resort to military action and to extend administrative control over formerly independent tribal regions so that resource exploitation could continue through legal means¹. The socio-political autonomy of the aboriginals was allowed only to that extent that it served the colonial interest of the Raj. Also, the policy of isolation enabled the government to administer these areas at least cost and without any statutory commitment.

In Independent India, the relative isolation of the

tribals had been and is still being viewed as the problem of nation building. The promoters of the British policy like Dr. Hutton, Perry, Grigson, and Reid including Elwin were severely criticized². Following the world-wide debate as to what should be the attitude of the technologically developed complex societies towards the simple tribal structures co-existing within the same political boundary, two different alternatives to the policy of isolation, i.e. either assimilation or integration, have been forwarded and discussed. In view of the fact that the tribal socio-economic structures, culture and value systems, way of life are totally different from that of the non-tribal complex societies, and any attempt towards forced assimilation may be counterproductive in the long run -- the policy of integration instead of assimilation got world-over recognition from both the academic as well as administrative circles. The fundamental distinction between assimilation and integration seems to lie with the cultural identity. While the former approach involves a total loss of cultural identity for the group that is being assimilated and its absorption into the dominant group³, the latter calls for economic, political, and administrative integration within a framework of cultural plurality where the minorities can join the majorities without losing their linguistic, religious, and other cultural traits. Independent India has also, by and large, adopted this integration approach towards her tribal minorities. In the light of this general background we shall now examine the

evolution and change in the policy of the Government of India towards development and industrialisation of Arunachal since Independence.

4.1 POLICY SHIFTS TOWARDS DEVELOPMENT SINCE INDEPENDENCE

Along with the present day Nagaland, Mizoram, and North Cachar Hills of Assam, the frontier tract of Arunachal Pradesh was also treated as 'Excluded Areas' during the colonial regime. The policy towards these and other 'Partially Excluded Areas' falling in the then undivided Assam was largely formulated on the basis of the Report of the North-East Frontier (Assam) Tribal and Excluded Areas Sub-Committee headed by G.N. Bardoloi, popularly known as Bardoloi Committee, constituted by the Advisory Committee on Fundamental Rights, Minorities, Tribal Areas, etc. of the Constituent Assembly of India following the recommendations of the Cabinet Mission⁴. The Committee felt that the 'hill people have not yet been assimilated with the people of the plains of Assam' and 'the future of these hills now does not seem to lie in absorption' rather 'the evolution should come as far as possible from the tribe itself but it is equally clear that contact with outside influences is necessary though not in a compelling way'⁵. The Committee noted the anxiety of the hill people about their land and their fear of exploitation from the plainsmen and advocated for sufficient measures to protect the tribal right in land and to control the immigration of the non-tribals into the hill areas⁶. It also suggested to recognise

'susceptibilities and the legitimate desires and needs of the hill people'⁷ into the centrally managed reserved forests. In regard to jhuming, the Committee strongly felt that, jhuming should be discouraged and stopped whenever possible, no general legislative bar can be imposed without taking local circumstances into account⁸. So far the administration of the frontier tract is concerned, it suggested that the area should remain under central rule as it is at least for sometime to come. The central Government should administer the area through the Government of Assam as its agent. The committee urged to 'greatly accelerate' the pace of extension of administration into the hitherto unadministered vast frontier tract and recommended that 'Assam should take over the administration of that area by the issue of a notification' as soon as the whole territory is brought under regular administration⁹. It cautioned that 'it would be mistake to stop' Posa and any such measure might hostile the frontier tribes who used to receive it since long past¹⁰. The Committee also favoured a policy of least interference regarding the tribal customary laws and local institutions. It recommended that 'the hill people should have full powers of administering their own social laws, codifying or modifying them'. It held that except criminal cases of a serious nature like murder and offences against the state, all other should be left to the tribal councils or chiefs to be dealt with in accordance with custom¹².

Thus, Bardoloi Committee recommended for protection of tribal right on land and forest and also for tribal customs and traditions. It sought economic and administrative integration of the frontier allowing the scope for cultural plurality to co-exist with them. The Committee neither justified the continuation of the Inner Line nor did it oppose but emphasized the importance of controlling the immigration of the non-tribals in the hills. It advocated a change not suddenly brought to them from outside but a gradual change from within. The report of the Committee may well be seen as a trend-setter in that the subsequent detail of the developmental policy towards this frontier was based on the framework chalked out by it.

Just after the Independence in 1947, the administration of the frontier tract was vested in the Government of Assam. But in 1950 while the constitution of India was adopted, the Government of Assam was relieved and the whole administrative responsibility was transferred to the Governor of Assam as the Agent of the President. Laws made by the Assam Legislative Assembly were not applicable to the Frontier Tract. Parliament had been made the authority to formulate laws for it¹³. The Inner Line promulgated in 1873 was not withdrawn and the frontier was kept under the Ministry of External Affairs.

The sequence of development of Arunachal (then known as

North East Frontier Tract) since Independence may well be depicted in three distinct phases, viz., (a) the Frontier Phase (1947-62), (b) the Transitional Phase (1963-71) and (c) the Modern Phase (1972 onwards).

THE FRONTIER PHASE (1947-62)

At the fag end of British rule, the administration came to realize the geo-political importance of the North-East Frontier Tract. The happenings of the second world war had created a sense of awareness about the security of British India. The urgency for the revision of the previous policy of isolation towards the Frontier Tract was felt and discussions were held about the line of development that might be streamlined in this area. But this idea could not materialise in the face of fast changing post-war political situations.

With the Chinese appearance in eastern Tibet in 1950, New Delhi realised that it could no longer remain as a forgotten frontier¹⁴ and hence quickly launched a 'forward policy' to push up the administration into the interior of the hills and to bring the entire hitherto unadministered territory upto the McMahon Line under regular administration. Prior to 1947, there were only five administrative centres beyond the Inner Line, viz. Pasighat, Dirang, Trizino Nafra, Hayuliang and Walong. Except Pasighat that started

functioning as an administrative centre since 1911, the other four centres were opened in 1944. During 1948-52 a total of about six million rupees was spent exclusively for the establishment of new administrative nuclei¹⁵. In 1953, the Frontier Tract was brought under the country's First Five Year Plan. The programme of administrative expansion was pursued althrough the first three successive Plans. The lion's share of the plan outlays was devoted to open up the territory through the development of roads, transport and other communications. As the road construction was a costly as well as time consuming affair, nucleus administrative centres set up in the inaccessible areas were communicated through airways. The number of administrative centres increased to 82 in 1964¹⁶.

The attempt of bringing the unadministered areas in the frontier had got a great fillip during the fifties -- the decade of Tibetan unrest against Chinese Government. As many as 14 administrative nuclei were established in 1959¹⁷ -- the year of Chinese occupation of Tibet. All these indicate that while China was busy in revolutionising her south eastern frontier, Indian administration was rushing towards the disputed McMahon Line leaving no scope for China to counterclaim the Frontier Tract. The Government of India's acceptance of the Chinese suzerainty over Tibet may well be meaningful if interpreted in the light of her interest in the Frontier Tract.

In order to consolidate the rapid expansion of the administration, the North-East Frontier (Administration) Regulation Act was promulgated in 1954. The Act renamed the frontier as North-East Frontier Agency (NEFA) and rearranged the territorial administrative structure. The whole territory was divided into six 'Frontier Divisions', viz., Kameng, Subansiri, Siang, Lohit, Tirap and Tuensang Frontier Division. Each division was placed under a Political Officer with a skeleton staff needed for a single line administration. However, in 1957, Tuensang was ceded out from NEFA and joined with Nagaland.

In contrast to this territorially expansionist policy, the Government of India followed a policy of least intervention in regard to the socio-political autonomy, a revivalist approach towards tribal customs and traditions, arts and culture, and a protectionist-welfare approach towards economic development of the tribes of NEFA. The administration worked through and in collaboration with the traditional Village Councils and office of the Chiefs. The customary powers of the Village Councils, Saonburas, and the Chiefs regarding crime and punishment, village administration, village land and forests, and other areas of village life were not disturbed. Though the Regulation I of 1945 remained as the basic legal document for NEFA where the spheres of judicial powers were clearly divided between the traditional tribal

institutions and the officers of the frontier administration, the latter hardly interfered in the judicial matters unless compelled by circumstances.

In the field of culture, attempts were made to develop the tribal dialects having no scripts of their own by using Devanagari¹⁸. The local languages were made the medium of instruction in the primary stages and efforts were directed to provide 'a written literature of their own' by recording the tribal songs, poetry, legends etc.¹⁹

'A careful watch' was maintained in order to restrict all kinds of religious activities other than the practice of tribal religion. No religious bodies 'whether they be Buddhists, or Hindus, or Christian Evangelists were allowed to settle, own land, or 'make public propaganda' without prior approval of the local administration²⁰. The NEFA administration also emphasized the need to restrict the activities of the American Baptist Mission which was believed to offer 'tacit support to the activities of anti-government organisations²¹. Various programmes had been undertaken to encourage, revive, and develop the tribal dress, dance, songs and other cultural festivities. The administration had a firm belief in the saying that 'the tribal that dances does not die'²². It committed : 'we should do what we can to stimulate, or

revive the dance in those tribes where it is weak, and encourage and develop it where it is strong.²³ Similarly, it emphasized : 'we should create in our schools an atmosphere in which a child will be proud to dress his hair in his own tribal fashion and wear his or her own ornaments' and 'the traditional hats'.²⁴ So far the change in culture is concerned, the administration held that 'change will come everywhere even in the remotest places and our task is not to check it but to guide it' in order to help them to evolve a 'truly tribal' culture.²⁵

In the field of economic development, the NEFA administration stressed on the gradual opening up of the territory by constructing roads, bridges, airstrips, etc. and the extension of basic amenities of life such as health and educational facilities. The lion's share of the successive Plan allocations were directed to these ends. Apart from them, priority was also attached to the economic services like agriculture, forestry, industry, cooperation etc. In case of agriculture, efforts were directed towards the development of land for WRC. This programme involved two important implications. Firstly, it would lead to an increase in the agricultural production, and secondly the practice of settled cultivation would stabilise the migratory population associated with jhuming. Provisions were made to supply agricultural inputs in some pocket areas. Demonstration farms were set up in few places to

encourage the local tribal folks in undertaking modern agriculture , horticulture, pisciculture and animal husbandry were also introduced in certain parts for test²⁶.

In the case of industry, emphasis was laid on the revival and development of traditional tribal handicrafts. Programmes were undertaken to establish a number of "Craft Training cum Production Centres as well as marketing of craft goods. The Inner Line Regulation was strictly followed in order to encourage the local tribals in trade and business. The administration imposed a ban on a number of goods, e.g., cosmetic products like lipstick, face powder, creams etc.; hosiery products like coats, trousers, shirts, blouses etc.; mill cloth of any kind; intoxicating items like liquor, ganja, opium, etc.; and cheap calendars and pictures of low taste in order to protect local handicrafts as well as tribal taste and culture²⁷. For effective implementation of this protective policy, non-tribal businessmen were deported from many areas of NEFA and the development of cooperatives was emphasized to ensure the supply of essential articles. To carry on all these developmental activities at the grass-root level, the Community Development Programme, introduced in NEFA in 1952, was deemed to be the best model of operation. In fact community Development Blocks were coterminous with the administrative centres and the responsibility of organising all the activities were vested with the administrative officers.

Thus Community Development Blocks were viewed as the nuclei of development. Throughout the successive Plan periods a great emphasis was laid on this programme in order to consolidate the areas newly brought under the sphere of regular administration²⁸.

This quick administrative expansion associated with the revivalist-protectionist approach towards tribal development in NEFA is often known as Nehru-Elwin Policy. It may be noted that the framework of the policy was first outlined by the Bardoloi Committee at a time while neither Nehru nor Elwin played any appreciable role²⁹. In fact Elwin was entrusted to look after the tribal affairs in NEFA in 1953 by Nehru as a mark of recognition of his dedicated work among the tribes of Central India. Moreover, the change in Elwin's approach towards the tribal problem in India from complete isolation as reflected from his proposal for the creation of 'National Park'³⁰ as the sanctuary for the tribes to relative isolation³¹ and then further to temporary protection³² seemed largely due to the ground work of the Bardoloi Committee. Similarly Nehru's famous 'five fundamental principles'³³ for tribal administration and development may well be traced to the report of the Committee. The contribution of Sir Akbar Hydari and Jairamdas Daulatram, both of whom were Governor of Assam, and N.K. Rustomji and K.L. Mehta, the two Advisers to the Governor of Assam, in formulating the details of this policy should not go unrecorded. In

fact it was this band of people who contemplated the early policy of the Government of India towards the development of the frontier tribes. Of course, Elwin played the key role since 1953 and largely moulded the Government's policy in the light of his lifelong experience and research in tribal affairs in India. In fact, his 'Philosophy for NEFA' is basically an elaboration of 'The Policy of the Government of India for the Administration of NEFA' released a year before the publication of the former.

THE TRANSITIONAL PHASE (1963-71)

The so-called Nehru-Elwin Policy followed during the Frontier Phase had its own limitations. The speed at which the administration penetrated into NEFA was not maintained in integrating its people with the 'mainstream'. Rather the revivalist-protectionist approach had an inherent isolationist overtone that stood between tribals and non-tribals as well as hills and plains. After the Indian debacle in the Sino-Indian border conflict in 1962, this policy came under sharp criticism. Its effectiveness in securing the north-eastern border of the country was questioned from different quarters. The policy began to change since 1963 and was largely abandoned subsequently after the demise of both the articulators -- Nehru and Elwin, in 1964.

As a measure to protect the security of the borders a

number of schemes were taken up since 1963 to fill the unoccupied and vacant pocket areas along the frontier. In one of its reports, NEFA administration defended the schemes for the settlement of agrarian communities, ex-servicemen, ex-Assam Rifles personnel, East Pakistan refugees, ex-NEFA employees and others in NEFA on the following grounds :

- i. A population vacuum near the border may result in attempt by hostile neighbour to take advantage of the situation.
- ii. A settled community along the border will be a positive deterrent against the temptation of China.
- iii. The actual presence of a settled community along the borders would further reduce the scope of any border dispute.
- iv. A progressive community will boost up the morale of local inhabitants and inspire greater zeal for accelerated economic progress.
- v. The settlement of people belonging to mixed community in NEFA may help towards emotional integration of NEFA people with the rest of the country³⁴.

Accordingly a massive resettlement programme was undertaken particularly in the north-eastern part of the Agency. Out of 2275 families who were brought to settle in NEFA initially, 90 per cent of them had been the East Pakistan refugees, i.e., the

Chakmas. Among others, some Deori and Ahom families were made to shift from Assam plains to Khagam and M'Pen areas of the Tirap Frontier Division. The Chakmas were rehabilitated in Khagam, Miao, M'Pen, Kharsang and Chowkham areas of the territory. Subsequently a team of ex-Assam Rifles families and another group of ex-NEFA employees had been resettled in the Vijoynagar and Bhalukpung areas respectively³⁵. Apart from them, Tibetan refugees were also allowed to settle in some parts of NEFA. This programme of resettlement that continued till the end of the Fourth Five Year Plan was clearly a major shift in favour of defence requirements in contradistinction with the earlier Nehru-Elwin Policy towards tribal development in NEFA.

Meanwhile, important changes had been made in the realm of administrative structure of the Agency. According to the recommendations of the Ering Commission, appointed in 1964 which had submitted its report in early 1965, the charge of the Agency was transferred from the External Affairs Ministry to the Home Ministry in 1965. In the same year all the five 'Frontier Divisions' were given the status of districts and the offices of the Political officers, Additional Political Officers and Assistant Political Officers were redesignated as Deputy Commissioners, Additional Deputy Commissioners and Assistant Commissioners respectively³⁶. The system of Single Line administration introduced in 1954 was largely

modified in 1966 and considerable number of fresh appointments were made in order to speed up the developmental activities. Efforts were made to push up the administrative headquarters that were operating from foothills into the interior of NEFA. In 1967, following the recommendations of Ering Commission, the North-East Frontier Agency Panchayat Raj Regulation was passed to be implemented in 1969 resulting into a four-tier democratic institutional structure with Agency Council at the top followed by Zila Parishads, Anchal Samities and Gram Panchayats at the bottom³⁷. It may, thus, be noted that immediately after the Sino-Indian border conflict, attempts had been made for quick political integration of NEFA through the superimposition of 'mainstream' political structure over her traditional autonomous socio-political institutions which exhibits a clear break with the Nehru-Elwin Policy.

The religious policy of the Government of India also underwent a sea-change after 1962. Instead of prohibiting the entry of unknown religious bodies, Government invited the Ramkrishna Mission to work among the tribals of NEFA. In one of her letter late Prime Minister Indira Gandhi requested Swami Ranganathananda to extend some missionary work in NEFA. But due to the lack of manpower the Mission authority could not comply with this request. Later while the Mission closed its branches operating in Burma, Mrs. Gandhi, in anticipation that 'several experienced workers may become

available now, again wrote both to Swami Ranganathananda and Swami Abhayananda requesting them to start a small mission in NEFA³⁸. Accordingly the Mission started a school at Along in 1966 and subsequently extended its network in other parts of NEFA as well.

It may be noted that apart from Ramkrishna Mission, a few other Hindu religious organisations were also allowed to penetrate NEFA since the late sixties. In 1966 a group of Akhil Bharatiya Vidyarthi Parishad (ABVP) workers headed by Padmanabha Achariya visited different parts of NEFA in order to extend their organisational network³⁹. They even succeeded to enroll some of the NEFA youths into their organisational register. It may be mentioned that along with Kalka Apung, Tumbung Tayang, the present Chief Minister Gegong Apang was also an ardent activist of ABVP for quite sometime during the sixties⁴⁰. It may also be noted that a group of workers from Auroville, an organisation that preaches the teachings of Shri Aurobindo, also visited NEFA in 1968⁴¹. But unlike the Hindu and pro-Hindu organisations, the Christian Missions did not find any easy entry in NEFA. Perhaps the bitter experiences of Nagaland and Mizoram which did not readily lend themselves to be integrated with India and the suspicious belief of provocation by the Church to the secessionists had worked behind the virtual ban of their activities in NEFA.

On the other side, the policy towards medium of

instruction had also undergone a significant change. The early policy of using Devanagari scripts for tribal dialects for which there were no scripts had been withdrawn on the face of mounting opposition from the Assamese in 1959. Adoption of Devanagari scripts and introduction of Hindi as a compulsory subject were viewed against the constitutional promise of progressive integration of NEFA with Assam. In place of Devanagari, Assamese scripts had been adopted for tribal dialects in order to satisfy Assamese aspirations. As per the provisions made in 1959, local languages were retained as the medium of instruction at the lower level, but at the middle and higher level it would be Assamese. The teaching of Assamese was made compulsory right from the primary level and Hindi gained the status of an additional subject only⁴². However, after 1962 this position was again rearranged in favour of Hindi. Apart from the areas along the northern border where Hindi was taught intensively, it was again made compulsory to be instructed from Grade-3 in all other areas as well along with Assamese and English that begin in Grade-1 and Grade-4 respectively⁴³. Thus, immediately after Sino-Indian border conflict, the Nehru-Elwin revivalist approach seemed to have been replaced by the policy of integration along the Hindi-Hindu line.

Besides quick politico-administrative and cultural integration, rapid economic development was viewed as the necessary

pre-condition for the security of north-eastern borders of the nation. As the lion's share of the resources allocated to NEFA during the Third and three successive Annual Plans had been directed to defence need, little could be achieved in the field of economic development during this phase. In order to make the forthcoming Plans fruitful in achieving comprehensive development of the Agency, the National Council of Applied Economic Research (NCAER) was requested in 1964 to undertake a techno-economic survey of the territory and to recommend suitable programmes to be undertaken in different sectors for future development. The Council in its report, published in 1967, recommended action in three areas on a priority basis (a) transport-access both to and within the region, (b) development of natural resources--culturable land, forests and livestock and (c) improvement in human resources--education and health programmes⁴⁴. For Agricultural development it advocated a large scale terracing programme⁴⁵ and promotion of horticulture⁴⁶ in the Agency. In view of meagre local demand, the Council suggested a future strategy of resource-based industrialisation and emphasized the full exploitation of the rich forest and water resources of NEFA⁴⁷. It observed that 'in a manpower-hungry economy, a bar to immigration only results in stunted economic growth'⁴⁸. As a result it advocated for 'a relaxation of the Inner Line Regulations' backed by measures to protect the tribal interest in a fast changing situation⁴⁹.

Meanwhile, in 1966, the Committee on Plan Projects in the Planning Commission had appointed a 'Study Team on Tribal Development Programmes' in NEFA in order to 'make detailed and specific recommendations regarding programmes of development to be carried out during the Fourth Five Year Plan'. The Team, under the Chairmanship of P. Shilu Ao, former Chief Minister of Nagaland, had submitted its report in 1968 where it almost echoed the suggestions of NCAER⁵⁸. Accordingly, developmental activities were speeded up through Central investment in NEFA since the Fourth Plan. The total expenditure in NEFA increased from about 9 crores in the Third Plan to about 22 crores in the Fourth Plan, i.e., about 145 per cent increase in total expenditure. Thus the Nehru-Elwin policy of gradual integration was largely abandoned after 1962 in favour of progressive politico-economic and cultural integration of NEFA in order to expedite the process of transformation of the traditional tribal socio-economic bases. Since then this new policy of progressive integration towards NEFA is being pursued till date.

THE MODERN PHASE (1972 ONWARDS)

Apart from the external threat across the border, in view of the fast growing ethnic aspirations for self-government among the various tribal groups like the Khasis, Garos, Mizos, and Nagas, Government of India had to reorganise the political boundary of undivided Assam through a series of Parliamentary Acts enacted

during 1962 to 1972. The process of disintegration of Assam (caused due to the identity assertion of different tribal minorities of the hill districts in response to the attempts of forced Assamisation through the imposition of Assamese language upon them) started with the creation of Nagaland as a separate state in 1963 and culminated in the incorporation of the North-Eastern Areas (Reorganisation) Act, 1971. The Act gave birth to one more fulfilled state, i.e., Meghalaya and two Union Territories i.e., Mizoram and Arunachal Pradesh from the womb of constitutionally defined political boundary of Assam along with conferring the statehood to Manipur and Tripura. Thus, inspite of clear constitutional promise for final integration of NEFA with Assam, the Act had formally delinked the former and made it a Union Territory of Indian Republic under the new name of Arunachal Pradesh in 1972. It may be noted that unlike the other hill tribes of the region, the people of NEFA hardly voiced for a separate homeland for themselves. Rather than popular public demand, the strategic importance of this territory, the growing unrest among the tribal minorities elsewhere in the region, and the failure of Assamese sub-nationalism in accommodating the tribal aspirations--all these factors seemed to have been instrumental in delinking Arunachal from Assam.

The policy of progressive integration adopted during the transitional phase was pursued vehemently after 1972. The Agency Council constituted during the late sixties was soon converted into

Pradesh Council and then to Provincial Legislature in 1975⁵¹. The first election to the Legislative Assembly based on universal adult franchise was held in 1980 leading to the emergence of party line politics. This superimposition of parliamentary democracy upon its traditional counterpart, and the beginning of party line politics cutting across the ethnic boundaries impinged the final blow to both the age-old insular tribal socio-political institutions and the revivalist Nehru-Elwin policy as well. In order to avoid social tension the transformation from the old to the new order was brought in such a way that the nobles and privileged of the old order were largely accommodated into the new set up without inflicting any harm to their interest. Meanwhile, following the Arunachal Pradesh (Reorganisation of Districts) Act, 1980, four more new districts were constituted out of the previous five thereby raising the number of districts to nine⁵². Presently, this number has gone up to twelve⁵³. The politico-administrative restructuring of Arunachal took a final shape with the achievement of statehood in 1987.

In the field of language and religion, preceding two decades witnessed a rapid integration. Following the popular demand of the local people English was adopted as the medium of instruction along with Hindi. In fact, Assamese was replaced by Hindi even in the sphere of inter-tribal communication. Extension of Television transmission facilities even in the far-flung border areas and fast

growing video hall business have popularised Hindi all over the territory. Hindi movies are also displayed in the bordering villages by the defence officials. Apart from Hindi, Sanskrit is also being introduced in academic curriculum recently. Similarly, following rapid growth of activities of the Hindu missions, many of the Hindu gods and goddesses seems to have been adopted by the local tribal population. Not only the pupils reading in the Hindu missionary schools but in other Government schools as well take active part in the worship of goddess Saraswati, the Hindu goddess symbolising learning and knowledge. Though Hindu Missions do not formally convert the tribals, in many areas loosely organised tribal religious practices are viewed to be one of the various shades of Hinduism.

The efforts towards speedy political and cultural integration were associated with programmes for rapid modernisation of stagnant traditional tribal economies. The total plan expenditure increased from around 22 crores in the Fourth Plan to around 65 crores in the Fifth, 221 crores in the Sixth and to around 569 crores in the Seventh Plan which is more than 25 times of the expenditure incurred in the Fourth Plan. The lion's share of the Plan fund was directed towards the construction activities including roads, bridges, buildings, etc. With the attainment of the status of Union Territory, the entire administration operating from various

outside places was pushed inside Arunachal. The construction of temporary capital complex at Naharlagun and permanent complex at Itanagar as well as the construction of district and sub-divisional headquarters called for a massive investment from central exchequer.

Two basic objectives have been emphasized in the field of agriculture. These were (i) the attainment of self-sufficiency in food production, and (ii) the diversification of agriculture along commercial lines⁵⁴. To achieve the former the programmes of land development, i.e., conversion of jhum land into WRC/TRC, was given the top priority in all the successive plans. In fact the programmes of land development in Arunachal were emphasized right from the beginning of the planning era in order to stabilize the local jhumias which was thought to be the precondition for undertaking any development work in this territory. With the increasing global awareness for the conservation of vegetal cover and protection of ecology, the programmes of switching over from jhuming to permanent cultivation have been getting more and more importance. While a total of 4529 hectares of land was brought under permanent cultivation during the sixties, the same had gone up to 26193 hectares during the next decade (Table-4.1).

Similarly, the percentage share of permanent and jhum cultivation to the total 'net area sown' in the State had changed

from 26 and 73 during 1970-71 to 43 and 56 for 1980-81 respectively (Table-4.2).

TABLE - 4.1
Land Development Under Permanent Cultivation in A.P.

Decades	Area developed (in Hectares)
1951-61	6398.00
1961-71	4529.00
1971-81	26193.51
Total	37120.51

Source: (i) J.K. Barthakur, *Swidden to Sedentary Cultivation*, op.cit, p.9, (ii) Govt. of A.P. *Statistical Handbook of A.P., 1972-82*, (iii) S.D. Jha, *The Wealth of Arunachal Pradesh, 1985*, Mittal Publications, Delhi, p. 222.

Note: Land development includes both TRC and WRC lands.

Alongwith such extensive approach, intensive attempts to increase the productivity of land per hectare, as well as per person were taken up. The second objective was emphasized during the Fifth Plan on the basis of positive response towards horticulture that had been found among the local people during the earlier Plans. The development of horticulture was viewed as the substitute of jhuming in those areas where terracing would not be permissible. A national model for agricultural development in the hills has been formulated on the basis of the experience gained mainly from Himachal Pradesh and Uttar Pradesh hills and research activities conducted by Indian Council of Agricultural Research (ICAR). A three-tier vegetation has been suggested by the agricultural scientists, i.e., cultivation of field crops upto 20 to 30 degree gradients, tree crops from 30 to 50

degree gradients, and beyond that forest cover should be maintained undisturbed. This hierarchical vegetational model is believed to be mutually sustainable and economically viable in the hilly region and the administration appears to have been pursuing such a model, as elsewhere, in Arunachal. It may well be pointed out that this state policy towards agriculture has accelerated the process of transformation of land ownership pattern from communal to individual-- the trend which was only dormant among many of the tribal communities⁵⁵ and has already been discussed in Chapter -III.

TABLE-4.2

Net Area Sown Under Permanent and Jhum Cultivation in A.P.

Decades	Net Area Sown in hectare under		
	Permanent	Jhum	Total
1970-71	28,006 (26.36%)	78,220 (73.64%)	1,06,226 (100%)
1980-81	52,012 (43.71%)	66,979 (56.29%)	1,18,991 (100%)

Source: Govt. of A.P., Report on Agricultural Census 1980-81, p. 9.

Note: Figures in the parenthesis indicate the percentage to row total.

For a rapid economic integration, the territory was brought under the sphere of banking activities during this phase. Following the recommendations of Gadgil Study Group of the National Credit Council, and of Nariman Committee, the Reserve Bank of India (RBI) had formulated the Lead Bank Scheme in 1969 where State Bank of India (SBI) was decided to be the Lead Bank for Arunachal,

Meghalaya, Mizoram and Nagaland--all of them being hill states in the north-eastern region of the country.

Accordingly, the SBI undertook a preliminary survey for all the districts in the State in 1972. This survey scheme was prepared by the Division of Special Studies at the Central Office of the SBI, then located at Shillong, and five separate teams were constituted for the five districts which completed their work by 1974. These district survey reports attempted to estimate the overall position of the district economy and assessed the credit demand likely to emerge in the district in near future. In order to extend the banking network 21 areas where market economy had already penetrated or were likely to penetrate in near future were chosen as growth centres⁵⁶.

The SBI opened two bank offices one at Pasighat on December 21, 1970, the first bank branch in the State, and the other at Bomdila on December 28, 1970. In the next year, 3 more branches were established one each at Ziro, Tezu and Khonsa. Along got one SBI branch in 1974. Itanagar branch of SBI was opened in 1974. Deomali came under banking network in 1975. Miao branch of SBI started in 1976⁵⁷. The United Bank of India (UBI) opened its first branch at Namsai in 1977. And within a decade the total number of bank offices increased to 19 (as on March 31, 1980). The programme

of branch expansion got a great fillip during the eighties (Table -4.3). To bring more and more areas of the State under banking net-work a state cooperative bank was formed under the name of Arunachal Pradesh Co-operative Apex Bank (APCOAB) during 1979-80 and in 1983 Arunachal Pradesh Rural Bank (APRB) was floated. The total number of bank offices has increased from 19 in 1980 to 84 in 1989 (as on 7.8.1989). This rapid expansion of commercial banking activities has been instrumental in monetising the age-old isolated tribal communities.

TABLE - 4.3

Growth of Bank Branches in A.P.

Year	No. of branches	Absolute increase	Average population per bank office ('000)
1970	2	--	234
1975	7	5	67
1980	19	12	25
1985	47*	28	13
1989	84*	37	8

* as on 7.8.1989

Source: (i) Govt of Assam, *Progress of Banking in Assam, 1986*; (ii)

SBI, State Level Bankers' Committee (SLBC) Report, 7.8.1989.

Note: Average population per bank for the years 1970, 1975 and 1980 have been calculated on the basis of 1971 Census population and that of for 1985 and 1989 on 1981 Census.

Thus, the policy towards the development of Arunachal since Independence has shifted from revivalist-protectionist approach followed during 1947-1962 to the policy of progressive integration soon after the Sino-Indian border conflict. Since 1972,

this policy of progressive integration has been implemented at such an extensive scale that the line of demarcation between assimilation and integration gets blurred.

4.2 DEVELOPMENT PLANNING FOR THE BACKWARD HILL AREAS

Since the State is extremely industrially backward due to her historical backwardness added with topographical and locational factors, and also due to her belated entry into the process of national development, the main thrust of the successive industrial policies adopted right from 1948 at the national level appears to have very limited fall out in the development of industries in Arunachal. As a result a thorough review of the various industrial policies of the Central Government will be of little use in understanding the process of industrial development in the State. The State has no large scale industry and it has been declared as industrially backward. While for one and a half decades it was Union Territory, the central schemes designed for the industrial development of the backward areas were also extended to Arunachal Pradesh. Hence before spelling out the approach towards industrialisation at different times in the State, we shall review the policy of the Central Government in industrialising the backward areas of the country in general and backward hill areas in particular in this section.

Though the need to promote industrial development in

backward areas of the country was felt from the very inception of national planning, the concrete measures were awaited till the early seventies. Following the observation made in the Industrial Policy Resolution of 1956 that the key factor of regional imbalance in terms of industrial development is the uneven availability of infrastructural facilities,⁵⁸ the First⁵⁹, Second⁶⁰, and Third⁶¹ Five Year Plan documents, emphasized the need to develop such facilities and to provide locational preference for new industrial undertakings in the backward areas to achieve balanced national development. It was only in adherence to the recommendations of the National Development Council (NDC) that the Planning Commission had set up two working Groups, one to identify the backward areas and the other to suggest the nature of incentives to be offered for their industrial development. The former is commonly known as Pande Working Group and the latter as Wanchoo Working Group. Both the Groups submitted their reports in early 1969.

The Pande Working Group used the following criteria in order to identify industrially backward States and Union Territories

- (i) per capita income;
- (ii) per capita income from industry and mining;
- (iii) number of workers in registered factories;
- (iv) per capita annual consumption of electricity;
- (v) length of surfaced roads in relation to population and the area of the state;
- (vi) railway mileage in relation to the population and

area of the state⁶².

As per these criteria, like all other States of NER, Arunachal Pradesh was also declared industrially backward. The Government of India had initially identified 246 districts in the country including both the backward districts in the backward States/Union Territories (UT) and backward districts in relatively industrially advanced States/UTs to qualify for concessional finance facilities from all India term lending institutions. Considering the recommendations of the Wanchoo Working Group, Government also introduced in 1971 the Central Scheme of Investment Subsidy for the new and the existing units undertaking substantial expansion programmes in the centrally selected backward areas and also concession on corporate tax (applicable to 101 districts).

It is noteworthy that no special measures had been undertaken for the hill areas which are subject to different kinds of topographical, climatic and socio-economic factors of retardation, and also remain utterly underdeveloped due to historical reasons as in the case of Arunachal. As a result, like the other north-eastern hill states, Arunachal Pradesh also hardly benefitted by this scheme to develop herself industrially. This straight-jacket approach for industrial development of the backward areas having different degrees of backwardness due to different fundamental factors rather worked in favour of the relatively

advanced States/UTs. It is natural that given the same incentives/facilities, industries generally tend to locate in the areas having better infrastructural facilities, easy accessibility to the market, availability of cheap labour force, and so on. An assessment of the Central Investment Subsidy Scheme by the National Committee on the Development of Backward Areas in 1980 revealed that small number of districts accounted for a substantial share in the benefit, i.e., only 15 districts accounted for over 56 per cent of the Central subsidy out of 101 districts which were eligible to get this facility. And only 3 of these 15 districts belonged to the States/UTs which were classified as industrially backward by the Pande Committee. It had also been observed that most of these districts were in close proximity to relatively developed industrial Centres⁶³. This scheme, however, had subsequently been modified and a number of new districts were included in the list.

The problems of development of backward areas in general and hill areas in particular received increasingly higher attention from the central planners since the Fourth Plan. The Fourth Plan noticed that "the cost of providing necessary infrastructure for further expansion of existing large urban and industrial centres is often much larger than what it might be, if development was purposefully directed to occur in smaller country and rural areas"⁶⁴. In view of this observation, the Plan provided, in

addition to earlier incentive packages, capital subsidy and concessional finance for the development of industries in the backward regions.

The Fifth Plan observed that

the main constraints in the industrial development of backward regions are that the strategy for the development of these areas has not been completely mapped out in terms of the inherent problems which have accounted for industrial backwardness and the organisational arrangements necessary to spearhead and support the industrial development programme in backward areas both at the Centre and in the States are inadequate. An integrated approach covering the creation and expansion of basic infrastructure facilities and the provision of an institutional framework to co-ordinate the essential components of the industrial development programmes constitute the basic pre-requisites for the more rapid industrial growth of the backward areas⁵⁵.

Accordingly, the Plan proposed to create an appropriate machinery in order to undertake feasibility studies and to identify industries in harmony with the needs and potentialities of the backward areas. It also proposed to develop infrastructural facilities and to provide financial, marketing and other services to potential entrepreneurs for setting up new units in the backward areas. The Plan emphasised the role of the State Governments/State level agencies in executing all these programmes.

The Plan also paid special attention to the problems of hill areas of the country. In view of the fact that in such areas higher cost is associated with low return, it proposed to allocate

special central assistance to the hill States. For the States having hill areas, it proposed to liberalise the central assistance in order to enable them to make substantial allocation of funds from their plan resources. The Planning Commission also set up a special cell on hill areas in order to provide assistance to the States in preparing comprehensive development plans for the hill areas.

In fact, the NDC had selected, in 1971, the hill areas lying within the four states of Uttar Pradesh, Assam, West Bengal and Tamil Nadu in order to formulate a comprehensive strategy for economic development. Later, Western Ghat regions were also included. Hill states including Arunachal Pradesh were kept outside this programme as the state plans of these states in their entirety were exclusively meant for such development. But they were advised to follow the broad guidelines of the policy chalked out for the development of the hill areas of the states referred above. So far the development of industries in the hill areas is concerned, the following approach had been adopted.

(i) ".....the major effort in the industrialisation programme of the backward hill areas has necessarily to be based on the exploitation of the raw materials available in plenty and the traditional skills particularly for the development of handloom, village and cottage industries, carpets, etc"⁶⁶

(ii) In view of rugged topography and underdeveloped transportation facilities, raw material based industries may face handicaps in marketing due to heavy incidence of transportation cost. "Hence a special effort has to be made to direct to these areas certain types of footloose industries which produce high-value low-weight products like pharmaceuticals, watches, electronic devices, etc",⁶⁷ which are also congenial from climatic considerations.

(iii) Development of agro-processing units with adequate marketing organisation was emphasised to utilize the vast horticultural potential of the hill areas.

In order to expedite the process of economic development in the states of NER who were lagging far behind the national level, the Government of India constituted the North Eastern Council (NEC) under the North-Eastern Council Act of 1971 -- that formally came into being in the next year. Indeed, the NEC had been the concomitant result of the North-Eastern Areas (Reorganisation) Act of 1971 that had created a few more states and UTs in NER on the basis of ethnic rather than economic considerations. At the same time NEC was primarily created to promote speedy development of the region by coordinating the mutual interests of these tiny economically unviable states and UTs.

Meanwhile, the Industrial Policy Statement of 1977 of the

Janata Government had attached a great importance to balanced regional development and sought to progressively reduce the regional disparities in the country. As policy variables, it proposed to use licensing and financial assistance against the further concentration of industries in areas already developed industrially⁶⁸. However, following the political change in the centre it was replaced in quick succession by a new statement in 1980 which did not dare to use licensing in order to regulate the location of industries. The Industrial Policy Statement of 1980, proposed to use special concessions and facilities as the means to achieve balanced development⁶⁹.

But the efforts that had been made so long for the industrial development of the backward areas did not seem to have produced any significant result. The economies of the backward regions hardly responded to the incentives and measures undertaken through central schemes. The Sixth Plan had noticed that the schemes for giving capital subsidies to the backward districts seemed to have been used to a much large extent by the developed States. To quote :

Regional imbalances in industrial development have not been corrected to the extent required. The expectation that massive investments in Central sector projects would have a wide ranging 'trickle down effect' in stimulating small and ancillary industries has not been realised in many States. Even within States, industries have tended to gravitate towards existing centres, the backward areas remaining substantially untouched. The incentive schemes for attracting industries to backward areas have not been able to

prevent this tendency to an adequate extent. Schemes for giving capital subsidies to the backward districts appear, in retrospect, to have been used to a large extent, in fact, by the developed States⁷⁰

The Government felt that the approach which had so long been followed to develop the backward areas industrially required to be changed and the same approach would not work on an all India basis. Accordingly, in an announcement in April, 1983, the Government of India had classified 301 backward districts in the country into three categories 'A', 'B' and 'C' depending upon the degree of their backwardness⁷¹. As per this classification, all the nine districts of Arunachal (as existing then) fall under category 'A' and except Dibang Valley and Lohit, rest of the districts were declared as No-Industry Districts, i.e., districts having no medium or large scale industrial units⁷². The Government of India declared differential central investment subsidy for these three different categories of districts. For category 'A' districts the limit of central investment subsidy had been 25 per cent of the investment subject to a ceiling of Rs. 25 lakhs, for category 'B' 15 per cent subject to a ceiling of Rs. 15 lakhs and for category 'C' it was 10 per cent subject to a ceiling of Rs. 10 lakhs⁷³.

✓ This policy of financial and fiscal incentives to industrialise the backward areas had been followed uninterruptedly for more than fifteen years even after knowing the fact that it had

limited efficacy to generate adequate growth impulse for achieving the goal. The Seventh Plan was sceptic about the effectiveness of this policy of industrial development of the backward areas. It observed:

There is need to evaluate this scheme and examine whether these have been effective in making an impact on the development of backward areas. It appears that a better course would perhaps be to provide financial assistance for creating the necessary infrastructure in the backward areas without which industry will not be attracted to these areas on the mere strength of subsidies and concessions. A policy for locating industries near the small district towns which have not been industrialised so far might prove effective and will also help the general economic climate for growth in each district. Policies have to be oriented in this direction⁷⁴.

In view of this observation, Government of India, during the Seventh Plan, gradually reduced these fiscal and financial incentives without adequate alternative package of programmes for the development of industries in the backward and hilly regions. The Scheme of Central Investment Subsidy has formally been withdrawn in July 21, 1989⁷⁵. Other instances include reduction in interest differential on term loans in favour of units located in backward areas, reduction in refinance facilities to state financial institutions and withdrawal of income tax concessions. As an alternative, the Government emphasized on the development of 'Growth Centres' in the backward areas as a part of the infrastructural development programme. The old policy was largely abandoned with the abolition of industrial licensing for all projects except a few

related to security and strategic concerns, hazardous chemicals and environmental pollutants, and items of elitist consumption in the latest Industrial Policy Statement of 1991⁷⁶. Though it also mentioned the need to develop the backward areas industrially by providing appropriate incentives, institutions and infrastructure investments⁷⁷, but in the face of quick restructuring of the country's economy and the liberalisation process that has been initiated recently the development of the backward areas through industrialisation under government patronage appears to have lost much relevance for the immediate future.

Thus, a review of the policy of the Central Government towards the industrial development of the backward areas reveals that there has been and still exists a considerable gap between the concern of the Government regarding the industrial development of the backward areas and its active role in achieving this goal. Government's dependence on the market forces and reluctance to use public sector as an instrument in this regard and its failure to use the licensing policy in favour of industrial dispersal -- all these have contributed towards reducing the slogan of industrial development of backward areas largely infructuous.

4.3 STATE POLICY TOWARDS INDUSTRIALISATION

Uptill now, Arunachal has no industrial policy of its own.

In response to a query in this regard, the Deputy Director, Directorate of Industries, has revealed that formulation of an industrial policy for the State is under active consideration of the Government. However, the Directorate runs its present business following the directives issued by both the Central and State Governments from time to time. An attempt is made in this section to examine the strategy and policy followed by the administration from time to time in order to industrialise the territory on the basis of various reports and documents brought out by different administrative and planning departments.

The policy of the erstwhile NEFA administration to industrialise the area can aptly be called as the policy of craft promotion. In 1952, a new section namely the 'Cottage Industries Department' was created within the NEFA administration with the objectives of reviving the indigenous crafts of the local people on the one hand and at the same time introducing certain other crafts, which were hitherto not known to the people, on the other. The essential features of the policy described in one of the departmental reports were⁷⁸:

- (i) to train the tribal adults in different crafts so as to enable them to earn a subsidiary income in addition to their normal agricultural work,
- (ii) to preserve the tribal design and colour, form and style and to help them grow and develop according to

- their tradition and genius,
- (iii) to encourage the traditional industries of the tribal people and to revive them where they have been discontinued and to introduce new crafts wherever necessary for their own development, and
 - (iv) to reduce the long dependency of the people of NEFA on Tibet for their manufacturing goods.

Beside training, production activities were taken up in the later years of operation in order to employ the trained manpower already developed and to meet the local demand for craft goods. The following considerations were made before taking up the production activities⁷⁹ :

- (i) to step up production of articles required by the border people for which originally they were dependent on Tibet,
- (ii) to cover the border areas with the cottage industries work and to provide employment to the tribal artisans,
- (iii) to minimise the import of articles from outside market, and
- (iv) to use the available local raw materials.

Raw Material Procurement and Production Sales Units (Emporium) were also established as the subsidiary to the 'Production Units' to supply raw materials and to sell the products of the different training cum production centres.

The organisational structure, evolved to coordinate the

training, production and marketing of both inputs and outputs, is not less important in this regard. The office of the Chief Industries Officer, with his headquarters at Shillong, as the technical head, used to look after the activities of all the districts of Arunachal Pradesh. At the district level, the Office of the District Industries Officer supervised industrial activities under the administrative control of the Deputy Commissioner⁸⁸. The Central Dyeing Unit, at Rowrah, Jorhat, which was established to look after tribal design, colour and style, was also controlled by the headquarters at Shillong. With this organisational framework, administration attempted to revive the traditional crafts and household industries in the territory.

This policy appears to be an appropriate one during the initial years in a non-monetised and utterly underdeveloped economy. Formulated in continuation of the past practices, it also incorporated some change by introducing a number of new crafts which were hitherto unknown to the local people. But it was followed for more than two decades without any revision to keep pace with the changing economic condition as well as rising expectation of the people in the State.

In fact until seventies, little effort had been made to assess the state's resource availability and their economic

viability, to collect and arrange the basic statistical estimates associated with agriculture, animal husbandry, forestry, village manufacturing and other important economic attributes essential for the formulation of an effective developmental planning. In order to outline the perspective for the development of this territory, a techno-economic survey was conducted by NCAER during the second half of the sixties. NCAER could not formulate any concrete development strategy in absence of basic information but chalked out the broad framework of future development. Considering the strategic importance and the state of underdevelopment of the territory, the Council held the view that the whole developmental programme in Arunachal should be subsidised and directed towards the attainment of self-sufficiency for some time to come⁸¹.

In an attempt to reconcile the national and regional interests, the Council emphasized the development of agriculture, animal husbandry, and fishery to cater the immediate needs of food of the local people and exploitation of forest resources and hydro-power for national interest⁸².

So far as the development of industries are concerned, the Council could not map out the detail industrial potentials in absence of any resource mapping except forest and hydro-power based industries. The exploitation of these two natural resources was duly

emphasized for the future development. It suggested two locations for the establishment of a few large forest-based industries -- one in the eastern part adjoining the industrial zone of Upper Assam and the other in the western part adjoining Tezpur⁸³. The study found little scope for cottage or small-scale industries and hence a low priority was accorded to the cottage industry sector⁸⁴.

It, however, stressed upon the role of Government as an entrepreneur and suggested that 'the whole industrial programme will have to be initiated by the state'⁸⁵.

Another survey, undertaken a few years later by a Study Team sponsored by IDBI and other funding agencies, also emphasized in line with the NCAER study, that the programme of industrialisation in Arunachal should necessarily be resource oriented. In absence of sufficient local demand due to utter poverty and sparse population, 'there is little scope for the development of demand based industries'⁸⁶. 'The only resource which could be exploited at an early date is the forest resource' and in view of 'the shortage of forest-based products in the country' the Team felt the 'urgency of the development of forest based industries'⁸⁷.

Both the studies, by NCAER and by IDBI, advocated in favour of relaxation of the Inner Line which stood as a stumbling

block with regard to immigration of labour force in a labour shortage economy.

However, no attempts had been made to implement the suggestions made in these study reports until the closing years of the Fifth Plan. As a result, efforts to industrialise the State, by and large, revolved round the existing craft centres till the mid seventies. The Fifth State Plan document recognised this stagnant condition in the following words :

Industrial growth is in stagnation in Arunachal Pradesh. Our Planning in this direction is still going on in traditional lines, i.e., the concentration on the age-old cottage industry. The industrial sector has not contributed by any large measure to raise the standard of living of the people of Arunachal Pradesh⁸⁸.

The Fifth State Plan laid emphasis on the (i) attainment of self-sufficiency in agricultural production, (ii) rapid growth in the infrastructure of the territory, specially in the fields of communication and power, (iii) planning for industrial growth, (iv) maximisation of productive employment by stepping up investment in employment intensive programme, (v) extension of basic health and educational facilities to as large a number of persons as possible, and (vi) reduction of intra-state disparities through intensifying developmental activities in the areas near the international border⁸⁹.

In the field of industrial development, the Plan

recognised the need to review the earlier policy of craft revival. But it was observed that though the State possesses available resources which could otherwise be utilised for establishing large/medium scale industries, but the state of infrastructural development would be the major handicap to any such attempt. Hence the development of cottage and small scale industries (SSI) were emphasized. The Programme of building up Industrial Estates, was adopted as a corollary to develop small scale industries. The establishment of Arunachal Pradesh Industrial Development and Financial Corporation Limited (APIDFC) in 1978 marked the departure from the early policy of craft revival. APIDFC was created with the objectives to guide the SSI units/entrepreneurs and to provide them with requisite infrastructural, financial and marketing facilities on the one hand and to undertake industrial ventures on behalf of the State Government either under public sector or joint sector on the other in order to accelerate industrial development in the territory. Another organisation, viz., Arunachal Pradesh Forest Corporation (APFC) was established as a government company in 1977 with the objectives to provide necessary infrastructure to harvest and develop forest produce, to arrange marketing of timber and to promote and run forest based industries.

During 1978-79, the District Industries Centre (DIC) Programme, centrally sponsored, was also introduced in Arunachal in

line with the other parts of the country. The scheme envisaged that every DIC would undertake economic investigation of the potentials for development of the concerned district, entrepreneurial training, supply of machinery and equipments, provision of raw materials, marketing assistance, effective arrangement of credit facilities in order to promote SSIs in the district.

Thus, during the Fifth Plan, the UT Government had laid the foundation of institutional framework for industrial development which had been a part of the overall strategy of the Central Government to progressively integrate this frontier region with the national politico-economic 'mainstream'.

During Sixth and Seventh Plans, these institutions were strengthened so that they can play effective role in industrial development of the territory. The Government also introduced the central scheme of Self Employment of the Educated Unemployed Youths (SEEUJ) through which efforts have been made to provide training and financial assistance to this group so that they can establish small manufacturing units in the territory. Another central scheme of establishing 'Growth Centres' was also implemented in order to provide infrastructural facilities to the SSIs in the State. Besides these efforts of creating a base for the development of small scale

sector, UT Government was also trying to establish some resource based industries particularly cement and paper, in the medium and large sector through the national level government institutions like Cement Corporation of India and Hindustan Paper Corporation respectively⁹⁰. With the achievement of statehood in 1987, the State Government pursued the line of industrial development with added vigour through national and regional industrial organisations, and also attempted to intensify the exploitation of unutilized mineral resources in the State. Besides the Geological Survey of India (GSI), the State Government also established a Mineral Development Corporation in order to accelerate the feasibility studies and commercial exploitation of various minerals in the State⁹¹.

It may be noted that though a vast area of Arunachal remains outside the geological survey, it is believed that the territory is rich in mineral deposits on the basis of already explored mineral base and study of rocks of some area. According to an estimation, more than 70 per cent area of Arunachal had potential for mineral resources to occur and in that the State ranks second in the NER while Meghalaya stands first⁹². A list of mineral deposits, which are considered economically viable and commercially exploitable as per the present state of knowledge, with their estimated reserves is furnished in Table - 4.4.

TABLE-4.4

Economically Viable Minerals of A.P.

Name of the mineral	District	Location	Qty. of reserve (in million tonnes)
Dolomite	Upper Subansiri	Menga	0.70
	West Kameng	Rupa	270.00
Limestone	Dibang Valley	Hunli	13.35
	Lohit	Tidding	0.14
Graphite	Upper Subansiri	Lea-Lamdak	3.30
		Taliha	0.30
	Lower Subansiri	Khetabari	5.20
	West Siang	Tai	10.35
Marble	Lohit	Lalpani	71.00
	Lohit	Tezu river area	30.30
		Dora river area	43.30
	Dibang Valley	Near Pyunli village at 32 km. stone on Hunli road	0.10
Coal	Changlang	Namchik and Namphuk	2.34
Oil	Changlang	Ningru area	90.00
			1.50

Source: Govt. of A. P., Directorate of Industries.

In its approach paper for Eighth Plan⁹³, the first plan formulated by the State Government after the achievement of statehood, the following objectives have been laid down for industrial development of the State.

- (i) Upgradation of the performance of existing industries both in quality and quantity of output through required infrastructural support;
- (ii) Development of skills of the people in different

- disciplines through training and adoption of appropriate technology suitable for industries;
- (iii) Exploitation of natural resources as well as agro-resources available in the State for industrial use through employment and economic oriented projects;
 - (iv) Strengthening of infrastructural supports by setting up Growth Centres, Industrial Estates and developing Industrial Areas;
 - (v) Development of handloom, handicrafts and sericulture;
 - (vi) Intensive development of cane and bamboo industries;
 - (vii) Popularisation of Khadi and Village Industries;
 - (viii) Extension service support to village and small scale industries;
 - (ix) Application of science and technology inputs to increase technical skill, productivity and optimum utilisation of resources;
 - (x) Arrangements for supply of raw materials to the artisans and small scale industries; and
 - (xi) Development of co-operative sector industries.

Forest is an important resource of the State. Already the State is heading towards a kind of specialisation in the forest

based industries. The policy of the State Government towards the development of forest based industries has been spelt out in different Government orders issued from time to time. To resist indiscriminate exploitation of State's valuable forest resources, the Government has constituted a separate state level licensing Committee for wood based industries under the chairmanship of Chief Conservator of Forests⁹⁴. This Committee is empowered to examine and to recommend on all requests for establishment of any wood-based industries (saw mills, veneer and plywood factories) and requests for continuance of existing licences for such industrial units in the State.

The Committee is guided by the policy of the State Government as spelt out in Standing Order No. 4⁹⁵. The main features of this Standing Order are described below :

- (i) The sole responsibility for allowing any new wood-based industrial unit is vested upon the Chief Conservator of Forests (CCF)⁹⁶. The CCF will recommend the application of the entrepreneur to the Licensing Committee after scrutinizing the installed capacity of the plant, availability of raw material for the successful running of the plant, financial arrangement of the project, future expansion programme, type of technology to be used in the plant, etc.
- (ii) No application will be entertained by the Licensing Committee if it is not supported by resource availability. Government has delineated the extent to

which forest resources could be exploited for industrial purpose. It is clearly spelt out that "what is technically available from the forest and what can scientifically be exploited from the forest, alone should be criteria for exploiting timber from the forests. Since the objective is not to denude the forest for the sake of individual interest, the technical availability of raw material cannot be interferred with at any cost and so due care and importance should be paid to it.

- (iii) The Licensing Committee is to look after the interest of the local people while issuing any license for the establishment of wood-based industries. The State Government understands that at the present stage of development it will not be possible to exclude completely the outsiders in developing the industries in the State but their participation should be kept at as minimum as possible and in any case not more than 49 per cent.

Another state level industrial licensing committee has been constituted under the chairmanship of the Secretary, Department of Industries, to control and regulate the industries other than wood-based industries. This Committee has been directed to look after the interest of the local entrepreneurs and to take ecological and locational factors into consideration. Looking after the interest of the local entrepreneurs implies that at least 51 per cent participation of the Arunachalees will be needed for obtaining any industrial licence in the State.

Apart from these, the State Government also offers

different incentives and concessions in order to accelerate industrial development in the State⁹⁷. These are listed below :

(i) SUBSIDY ON COST OF FEASIBILITY STUDIES

(a) FOR LARGE AND MEDIUM INDUSTRIES

The Government of Arunachal Pradesh extends 80 per cent contribution to the cost of preparation of a feasibility study for a proposed unit subject to a maximum of Rs. 2 lakhs when done by an agency approved by the Government. This contribution is treated as equity or interest free unsecured loan for a period of five years from the stage of commercial production to be mutually agreed upon by the Government and the entrepreneur. If the project is not taken up for implementation within the prescribed period then the feasibility study report becomes the property of the Government.

(b) FOR SMALL SCALE AND VILLAGE INDUSTRIES

The Government extends 90 per cent subsidy to the cost of preparation of feasibility study subject to a limit of Rs. 10,000 provided undertaken by an agency approved by the Government. This amount may be paid as an outright grant. If the project is not implemented within stipulated time period, the feasibility report becomes the property of the Government.

(ii) SUBSIDY ON POWER SUPPLY

New units in the large and medium sector may enjoy the benefits of reduced rate of power tariff for the first three years of commercial production. In case of new small scale unit, the

subsidised rate is charged for the first five years of commercial production. The existing units undertaking expansion programme also come under the purview of this power concession. However, supply of power at concessional rate will be applicable to that extent it is required only for actual manufacturing process.

(iii) SUBSIDY ON INDUSTRIAL HOUSING

The Government extends subsidy not exceeding Rs. 20.00 per sq. ft. of building area of residential quarters for workers/staff to new units in large and medium sector. Existing units undertaking expansion programme are also eligible to get this subsidy. A new unit is entitled to this incentive provided the residential quarters are constructed within three years from the date of commercial production. This is, then, treated as an outright grant.

(iv) SUBSIDY ON THE PURCHASE OF NEW DIESEL GENERATING SETS

The Government extends 50 per cent of the capital cost of acquiring new diesel generating sets for the small scale unit. In case of large and medium scale industries, the rate of subsidy is 25 per cent subject to a maximum of Rs. 2 lakhs. This incentive is not admissible to saw, plywood and veneer mills and also to those industries whose annual requirement of power exceed 10 MW.

(v) MANPOWER SUBSIDY

In view of scarcity of trained local manpower, the Government extends Rs. 200.00 per month per head for a period upto one year to each technical hand who is sent for training outside the

State. This subsidy is admissible only once to a person. Non-Arunachalees do not come under this scheme.

(VI) TRANSPORT SUBSIDY

Full transport subsidy for certain types of raw material and finished goods within the State is extended by the Government. This incentive is only admissible if raw materials/goods are procured through APIDFC

Apart from the above incentives, the following facilities are also offered by the State Government :

(vii) EXEMPTION FROM REGISTRATION FEE

The Government does not charge any registration fee from the SSI units.

(viii) EXEMPTION FROM SALES TAX

No Sales tax is levied in the State.

(ix) ALLOTMENT OF GOVERNMENT LAND

Allotment of Government land for establishment of industries is offered to local industrial units on lease at nominal rent.

x) SHEDS IN INDUSTRIAL ESTATES

Sheds in the Industrial Estates in different locations are allotted to the local entrepreneurs at concessional rent.

(xi) CONCESSIONAL LOAN

For development of industries in the State, the Government advances loan to the industrial units/entrepreneurs at 6 per cent

interest per annum. The maximum amount in individual case is Rs. 1.00 lakh.

(xii) PRICE PREFERENCE

In case of Government purchase, $17\frac{1}{2}$ per cent price preference is offered for the products of cottage and tiny sectors, $12\frac{1}{2}$ per cent for SSI sector and $7\frac{1}{2}$ per cent for medium sector industries.

However, the geo-economic disadvantages in industrialising the State appears to be many times higher than the advantages offered by both the Centre and State Governments. As a result, it seems that the present impasse may not easily be resolved in the foreseeable future if left to the forces of market. Under this circumstances, state sponsored development may be viewed as one of the other alternatives. But the State of Arunachal has little resources to support itself. About 85 per cent of the total budgetary expenditure comes from the centre in the form of grants-in-aid⁹⁸. As a result the deficit states like Arunachal will be badly affected by the present liberalising policy of the Central Government which will raise many times the level of competition among the states to attract the entrepreneurs in their respective areas. The surplus states may go ahead by offering better incentives and facilities, while the deficit states having nothing substantial to offer may even experience de-industrialisation.

NOTES AND REFERENCES

1. John H. Bodley, "Alternatives to Ethnocide : Human Zoos, Living Museums, and Real People", in Elias Sevilla-Casas,(ed), *Western Expansion and Indigenous Peoples*, (1977), Mouton Publishers, Paris, pp. 36-7.
2. G.S. Ghurye, *The Scheduled Tribes*, (1963 3rd edition), Popular Prakashan, Bombay.
3. M.N. Srinivas and R.D. Sanval, "Some Aspects of Political Development in North-Eastern Hill Areas of India", in K.S. Singh, (ed), *The Tribal Situation in India*, (1986, reprint), Indian Institute of Advanced Study,(IIAS) Simla, p. 120.
4. Cabinet Mission's Statement of May 16, 1946, Clause (20).
5. Govt. of India, *Constituent Asembly Debates*, Vol. VII, (1948), Appendix-C, Annexure - IV, Report of the Sub-Committee on North East Frontier (Assam) Tribal and Excluded Areas, pp. 109-10.
6. *ibid*, p. 110.
7. *ibid*, p. 111.
8. *ibid*.
9. *ibid*, p. 117.
10. *ibid*, p. 118.
11. *ibid*, p. 111.
12. *ibid*
13. V. Venkata Rao, *A Century of Tribal Politics in North East India (1874-1974)*, (1976), S. Chand & Company Ltd., New Delhi, pp. 325-6.
14. Nari Rustomji, *Enchanted Frontiers*, (1971), Oxford University Press, Delhi, p. 115.
15. J.N. Chowdhury, *Arunachal Through the Ages*, (1982), J. Chowdhury, Shillong, p. 246.

16. NEFA Administration, Statistical Outline of NEFA, April, 1964, pp. 20-23.
17. *ibid.*
18. NEFA Administration, *The Policy of the Government of India for the Administration of NEFA (1956)*, (mimeo) p. 49.
19. *ibid*
20. *ibid*, pp. 17-18.
21. *ibid*, p. 15.
22. *ibid*, p. 23.
23. *ibid*
24. *ibid*, p. 22
25. *ibid*, p. 21.
26. NEFA Administration, *Budget-Brief for 1966-67*, Planning & Development Department, (1966), Shillong, pp. 4-13.
27. NEFA Administration, *The Policy of Government of India for the Administration of NEFA*, *op. cit.*, p. 31.
28. The number of Community Development Block increased from 1 during 1952-53 to 33 during 1962-63 (Planning Commission, *Report of the Study Team on Tribal Development Programme, Annexure-VIII, 1968*).
29. J. N. Chowdhury, "India's Tribal Policy since Independence", in author's *The Tribal Culture and History of Arunachal Pradesh*, (1990), Daya Publishing House, Delhi, pp. 21-44.
30. V. Elvin, *The Saiga*, (1986, reprint), Gian Publishing House, Delhi, p. 515.
31. V. Elvin, "Do we really want to keep them in a Zoo?", in Govt. of India, *The Adivasis*, Ministry of Information & Broadcasting, (1955), pp. 9-22.

32. V. Elvin, "Issues in Tribal Policy Making", in Romesh Thapar, (ed), *Tribe, Caste and Religion in India*, (1977), Macmillan, Delhi, pp. 29-37.
33. Nehru's five fundamental principles are :
1. People should develop along the lines of their own genius and we should avoid imposing anything on them. We should try to encourage in everyway their own traditional arts and culture.
 2. Tribal rights in land and forests should be respected.
 3. We should try to train and build up a team of their own people to do the work of administration and development. Some technical personnel from outside will, no doubt, be needed, especially in the beginning. But we should avoid introducing too many outsiders into tribal territory.
 4. We should not over-administer these areas or overwhelm them with a multiplicity of schemes. We should rather work through, and not in rivalry to, their own social and cultural institutions.
 5. We should judge results, not by statistics or the amount of money spent, but by the quality of human character that is evolved".
- (V. Elvin, *A Philosophy for NEFA*, *op. cit.*, Nehru's foreword to the second edition).
34. NEFA Administration, *Resettlement in NEFA*, (1967), (mimeo), Shillong, pp. 1-2.
35. *ibid*, pp. 3-10
36. V. Venkata Rao, *op. cit.*, p. 325.
37. A. C. Talukdar, *Political Transition in the Grassroots in Tribal India*, (1987), Omsons Publications, Guwahati, pp. 55-56.
38. Svami Suvirananda, "Missionaries of Hope", *The Sentinel*, February 20, 1991. Also reproduced in *Silver Jubilee Souvenir*, Vol. I, 1991-92, Ramkrishna Mission School, Alang.
39. Jogendra Nath, *The Young Panther*, (1987), Omsons Publication, Guwahati, p. 59.

40. *ibid*, p. 60
41. *ibid*, p. 63
42. Leo E. Rose and Margaret W. Fisher, *op. cit.* p. 44.
43. *ibid*, pp. 44-45.
44. National Council of Applied Economic Research (NCAER)
Techno-Economic Survey of NEFA, (1967), New Delhi, p. vi.
45. *ibid*, p. 140
46. *ibid*, p. 141
47. *ibid*, p. 144
48. *ibid*, p. 151
49. *ibid*
50. Planning Commission, *Report of the Study Team on Tribal Development Programmes, NEFA, (1968)*, (mimeo).
51. Chandrika Singh, *Emergence of Arunachal Pradesh as a State, (1989)*, Mittal Publication, Delhi, pp. 131-34.
52. Following are the names of nine districts : West Kameng, East Kameng, Lower Subansiri, Upper Subansiri, West Siang, East Siang, Dibang Valley, Lohit and Tirap.
53. The district of Tawang carved out in 1984 from the West Kameng, and Changlang from Tirap in 1986. Another new district namely Papum Pare is created recently on September 22, 1992.
54. Govt of A. P., *Approach to Fifth Five Year Plan (1974-79)*, Planning and Development Department, Shillong, pp. 12-15.
55. Gurudas Das, "Emerging Land Ownership Pattern and Agrarian Relations among the Tribes of Arunachal Pradesh", paper presented in the seminar on *Constraints of Agricultural Development in North-East India*, July 23, 1990, NEIGSSR, Shillong.

56. SBI, *Lead Bank Survey Reports (1972-74) and Credit Plans (1974-75--1978-79)* for all the then five districts of Arunachal Pradesh, Regional office, Shillong.
57. *ibid*
58. Govt. of India, "Industrial Policy Resolution 1956", as reproduced in Ram K Vepa, *How to Succeed in Small Industry*, (1984), Vikas Publishing House, New Delhi, Appendix-2, pp. 188-96.
59. Govt. of India, *First Five Year Plan*, Planning Commission (PC), p. 442.
60. Govt. of India, *Second Five Year Plan*, PC, p. 37.
61. Govt. of India, *Third Five Year Plan*, PC, p. 149.
62. Govt. of India, *Report on Industrial Dispersal, (1980)*, National Committee on the Development of Backward Areas, PC, p. 11.
63. *ibid*, p. 14.
64. Govt. of India, *Fourth Five Year Plan*, PC, p. 303.
65. Adopted from S. C. Patnaik, *Industrial Development in a Backward Region : Dynamics of Policy*, (1988), Ashis Publishing House, New Delhi, p. 103-4.
66. Govt. of India, *Report on Development of Backward Hill Areas*, (1981), National Committee on the Development of Backward Areas, PC, p. 60.
67. *ibid*
68. Govt. of India, *Industrial Policy Resolution 1977*, as reproduced in *Annual Report of Small Industries Development Organisation 1987-88*, Ministry of Industry, pp. 219-28.
69. Govt. of India, *Industrial Policy Statement 1980*, as reproduced in Ram K Vepa, *op. cit.*, Appendix-3, pp. 197-210.
70. Govt. of India, *Sixth Five Year Plan*, PC, p. 260.

71. Category 'A' includes 134 districts of which 98 have been designated as No-Industry districts. Category 'B' includes 54 and 'C' 3 districts respectively.
72. Industrial Development Bank of India (IDBI), *Scheme For Assistance For Development of Backward Areas, (1987)*, Bombay, pp. 17-36.
73. *ibid*, p. 17.
74. Govt. of India, *Seventh Five Year Plan, PC, Vol. II*, p. 173.
75. J. P. Negi, "Withdrawal of Fiscal Support Hits Industry", *The Economic Times*, August 2, 1991.
76. Govt. of India, *Industrial Policy Statement 1991*, as reproduced in *The Hindu*, July 25, 1991.
77. *ibid*
78. NEFA Administration, *Cottage Industries Department and its Activities, 1962-63*, pp. 1-2.
79. *ibid*, p. 1.
80. *ibid*, pp. 1-2.
81. NCAER, *op. cit.*, P. 131.
82. *ibid*, pp. 128-9.
83. *ibid*, p. 144.
84. *ibid*, P. 133.
85. *ibid*, P. 145.
86. IDBI, *Industrial Potential Survey, Arunachal Pradesh, (1972)*, Bombay, P. 25.
87. *ibid*, P. 39.
88. Govt. of A.P., *Approach to Fifth Five Year Plan Planning and Development Department (P&D)*, Shillong, P. 11.
89. *ibid*, PP. 12-13.

90. Govt. of A.P., *Sixth Five Year Plan*, P&D, Itanagar, PP. 32-33.
91. Govt. of A.P., *Draft Annual Plan, (1990-91)*, P&D, Itanagar, P. 132.
92. GSI, (NER), "Geological Set up and Mineral Resources of North-East India", in Kamal Nandi, (ed), *Resource Potentials of North East India*, Vol. I, (1982), Meghalaya Science Society, Shillong, PP. A1-A8.
93. Govt. of A.P., *Approach Paper for Eighth Five Year Plan*, P&D, Itanagar.
94. Govt. of A.P. order No. IND/DEV/7/83.
95. Govt. of A.P., Memo No. For 152/78/538-588, dated 11.1.1980.
96. The office of the CCF has now been upgraded to PCCF, i.e., Principal Chief Conservator of Forests.
97. Govt. of A.P., Directorate of Industries.
98. Gurudas DAs, "Structural Change in the Economy of Arunachal Pradesh", in *The Journal of North-East India Council for Social Science Research*, October, 1992.