

**POLITICS OF DEVELOPMENT PLANNING: AN ANALYTICAL
STUDY ON THE SOCIO-ECONOMIC DEVELOPMENT OF
NAGALAND DURING EIGHT AND NINTH FIVE-YEAR PLAN
(1992-2002).**

DOCTOR OF PHILOSOPHY

IN

POLITICAL SCIENCE

BY

KEKUCHOL PUSA



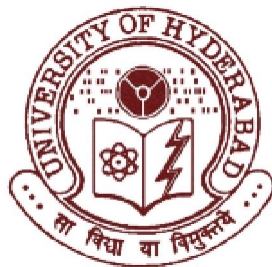
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THIS THESIS IS DEDICATED TO THE FOND MEMORY

OF

MY BELOVED PARENTS

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Declaration

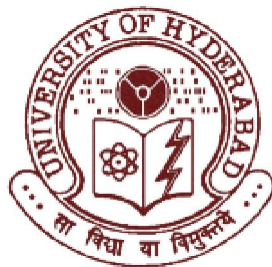
*I hereby declare that the work embodied in this dissertation entitled, “**Politics of Development Planning: An analytical study on the socio-economic development of Nagaland during Eight and Ninth Five-Year Plan (1992-2002)**” carried out by me under the supervision of Dr.K.Y.Ratnam, Reader, Department of Political science, University of Hyderabad, is original and has not been submitted so far, in part or in full, for any Degree or Diploma of any other University or Institution.*

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This is to certify that this dissertation entitled “Politics of Development Planning: An analytical study on the socio-economic development of Nagaland during Eight and Ninth Five-Year Plan (1992-2002)” is a bonafide record of work done by Kekuchol Pusa, a student of Ph.D. under my guidance and supervision during the academic session 2004-2010, in the Department of Political Science, School of Social Sciences, University of Hyderabad.

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ABBREVIATIONS AND ACRONYMS

AC	: Area Council
BDO	: Block Development Officer.
BPL	: Below Poverty Line
BCR	: Balance from Current Revenue
BMS	: Basic Minimum Services
CSS	: Centrally Sponsored Schemes
CPS	: Central Plan Schemes
CDP	: Community Development Programme
DDI	: District Domestic Income
DDP	: District Domestic Product
DIC	: District Industries Center.
DONER	: Development of North-Eastern Region
DPDB	: District Planning and Development Board
DPB	: District Planning Board.
EFC	: Eleventh Finance Commission
GB	: Gaun Burah
GSY	: Gram Swarozgar Yojana
IAY	: Indira Awas Yojana
JGSY	: Jawahar Gram Samridhi Yojana
DRDA	: District Rural Development Agency
DWCRA	: Development of Women and Children in Rural Areas
EFC	: Eleventh Finance Commission
EAS	: Employment Assurance Scheme
FC	: Finance Commission
FDI	: Foreign Direct Investment
GSDP	: Gross State Domestic Product
HA	: Hectare
IRDP	: Integrated Rural Development Programme
IAY	: Indira Awas Yojana

IDI	: Infrastructure Development Index
JRY	: Jawahar Rozgar Yojana
JGSY	: Jawahar Gram Samridhi Yojana
KW	: Kilo Watt
LADP	: Local Area Development Programme
MW	: Mega Watt
MT	: Million Tonnes
NREP	: National Rural Employment Programme
NREGA	: National Rural Employment Guarantee Act
NDC	: National Development Council
NEC	: North-Eastern Council
NEFA	: North-East Frontier Agency
NHTA	: Naga Hills Tuensang Area
NSDP	: Net State Domestic Product
ONGC	: Oil and Natural Gas Commission
PHC	: Primary Health Centre
PMGY	: Prime Minister's Gramodaya Yojana
PMRY	: Prime Minister Rozgar Yojana
PSUs	: Public Sectors Units
REGS	: Rural Employment Guarantee Scheme
SSI	: Small Scale Industries
SAY	: Samgra Awas Yojana
SGSY	: Swarnajayanti Gram Swarozgar Yojana
SIRD	: State Institute of Rural Development
SRDA	: State Rural Development Agency
SDPDB	: Sub-Divisional Planning and Development Board
TFC	: Tenth Finance Commission
TRYSEM	: Training of Rural Youth for Self-Employment
VDB	: Village Development Board
VC	: Village Council
VCFC	: Village Common Fund Committee

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INTRODUCTION

This chapter is divided in to two sections. The first section briefly discusses about the emergence of National Planning Commission and its functions and the introduction of the First Five-Year Plan on 1st April 1951 and the constitution of National Development Council on 7th October 1967 and its functions. The second part of this chapter includes statement of the problem, terms and concepts, review of literatures, aims and objective, methodology, area and period of study, hypothesis and scheme of chapters.

Nagaland is situated approximately between 25° 11' 55" and 27° 2' 10" North latitude and between 93° 0' 20" and 95° 17' 10" East longitude. After Sikkim, this is the second smallest state of India covering an area of 16,579 square kilometers. It is almost triangular in shape, lying at about an angle of 45 degree.¹ It is one of the North-Eastern most states of India, sharing the international border with the adjacent nation Burma (Myanmar) on its maximum part of the south-east.² Geo-politically Nagaland is very much sensitive state as the nations like Burma in the East; China is being close in the North and Bangladesh near to its western Borders. The population of Nagaland according to 2001 census is 19,88,626 with a decennial growth rate of 64.41 percent. About 82 percent of the people live in the rural areas and 87.86 percent of the population in the state are tribal. The sex ratio of the state is 909 female per 1000 males and the density of population in the state is 120 per square kilometer recorded to be one of the lowest in the country.

Historical Background of Planning in India:

India achieved her independence from British yoke on 15th August, 1947 as an impoverished and exploited country³. This hard earn political independence was significant. But equally important was to attain economic prosperity, self-sufficiency, and healthy and comprehensive development of the whole country. For all this a proper planning for all round development was essential. Thus the need of comprehensive Planning for development was realized by leaders of national movement even before

¹ Sipra Sen, Tribes of Nagaland, New Delhi, Mittal Publication, 1987, p.3.

² It is bounded by the states of Assam on the west from North-West to South-West and Manipur on the south, Burma on the East and Arunachal Pradesh on the northern part of the eastern border, See Ibid, n.1, p.3.

³ K.N.Dubey, in K.N.Dubey.(ed), Planning and Development in India, New Delhi, Ashish Publishing House, 1990, p.22.

independence. As the mass organization that represented the Indian mass, the Indian National Congress in 1938 set up a National Planning Committee with Pt. Jawaharlal Nehru as the Chairman and K. T. Shah as the general secretary.⁴ The Committee enlisted eight members of eminence in different fields; eight sub-committees were formed to carry out detail studies of economic and social position of the country in various aspects.⁵ Lastly two more sub-committees were added; one was to report on census and statistics and other on principles of Planning.

However, the appointment of National Planning Committee at that time was more on political ground rather on economic, while evaluating the importance of National Planning Committee, Choudary observed that the “construction of the National Planning Committee was just a dummy show of the Soviet Planning system. It was a challenge to the British Government that India too can think of her economic progress. That we are conscious of our difficulties and if the government did not come in for rescue the political and social leaders of the country were capable enough to shoulder the task. It was made a means to amplify that the government, had already taken enough opportunity of our ignorance which people were not ready to tolerate any longer, and the Indian National Congress fighting for political freedom would take up the economic battle too”.⁶

Even before the publication of the Report of National Planning Committee in 1945, eight industrialists from Bombay came out with a plan popularly known as Bombay Plan.⁷ This plan was published in January 1944. The plan envisaged a ‘balance economy’ in fifteen years (1945-60) through rapid industrialization and tripling the national income from Rs.2,200 crores to Rs.6,600 crores. After three months of publication of the Bombay Plan in April 1944, the Postwar Reconstruction Committee of the Indian Federation of Labour appointed a special committee to draw a plan for India.

⁴ H.K.Paranjape, The Planning Commission, A Descriptive Account, The Indian Institute of Public Administration, New Delhi, September, 1964, p.5

⁵ The eight sub-committees were to report on: (i) agriculture and subsidiary activities, (ii) industrialization and the scope of different branches of industries, (iii) demographic relations (iv) commercial and financial problems, (v) transport and communication (vi) public welfare services, (vii) female education and women’s role in planned economy and (viii) a special committee was appointed after the end of II World War to examine the sterling balance, disposal of war plants, investment of foreign capital and civil utilization of war time hospitals. See K.N.Dubey (ed), n.3, p.22.

⁶ R.Chaudary, The Plans for Economic Development, Calcutta, Bookeland Publishers, 1959, p.23

⁷ R.K.Lekhi, Planning in India, New Delhi, Crown Publication, 1988, p.8

The Plan was drafted by M. N. Roy and is known as People's Plan.⁸ Another draft known as "The Gandhian Plan" was prepared by Shriman Narayan.⁹ Unlike Bombay Plan, the People's Plan foresaw that the backbone of Indian economy was agriculture. Hence in foreseeable future the development of country would depend on agricultural development. This committee also visualized four time increase in per capita income in 10 years. All the plans of pre-independence days were too ambitious and the targets fixed in them were hypothetical not based on practical field work. It is well known fact that a plan in the absence of field experience is only an academic exercise. Therefore after the Independence a number of pilot projects were undertaken for the formulation of feasible and practicable plan for the country.

India inherited numerous problems of colonial past which were further aggravated by the partition of the country that generated a great influx of refugees from Pakistan. The rehabilitation of refugees, food shortage problem, procurement of agro-industrial raw materials were major issue, before the newly established government. The presence of as much as 562 princely states which followed their own chosen course, posed great challenge not only for the planning and development but also for the independent existence of the country. Despite all the great challenges a few major steps were taken in right direction of planning and development. Firstly, Panchayat Raj Act was enacted for the constitution of Village Panchayats. The Village Panchayats were empowered for village development and for levying local taxes. The founding fathers of Indian Constitution placed economic and social planning in the concurrent list of 7th Schedule and it falls in the jurisdiction of centre and states both particularly on such issues as criminal, commercial and educational matters.¹⁰

In order to provide economic integration at macro level a major step was taken for the formation of Planning Commission for National Planning in India by a resolution of Parliament on 15th March, 1950¹¹ with its function of: a) formulation of five year plans for the most effective and balanced utilization of country's resources b) working out plan priorities c) assessment of national resources and devising means of augmenting them d)

⁸ Ibid, p.9

⁹ H.K.Paranjape, n.4, p.6

¹⁰ Lawrence Saez, Federalism without a Centre, the Impact of Political and Economic Reform on India's Federal System, New Delhi, Sage Publications, 2002, p.36

¹¹ Government of India, Cabinet Secretariat, Resolution No. 1, p.50

the determination of best machinery to secure the successful implementation of the plans e) and periodic evaluation of the progress of plan with a view to suggesting adjustment if necessary.¹² It is important to note that Planning Commission is not a statutory body. It is a product of a simple resolution of the Parliament. The head of the Planning Commission is the Prime Minister who is the Chairman. It has a Deputy Chairman and the subject matter specialist of high repute as member. The Commission assesses the resource, demand and supply, projects, long and short terms objectives and targets, and allocates resources to different ministries, states and union territories. It calls the draft plans of different ministers and different states for discussion and investigation on which the Commission has the final words. Even for the state list programmes the approval of Planning Commission is essential.

In India the real planning and development started on 1st April 1951 when the First Five-Year Plan (1951-56) was launched.¹³ In the beginning of planning, economic development was provided top-most priority. The First Five-Year Plan was framed to double the country's per capita income by 1976. It was assumed that the greater the size of national cake larger would be the share of individual. Keeping the old tradition of the country, agriculture was considered the back-bone of Indian economy and mother factor for the development. The major thrust was given on the agricultural development.

Another important institution of planning i.e. National Development Council (NDC) was established by a cabinet resolution in 1952 to facilitate the cooperation of the states in the process of planning and development.¹⁴ It was recommended in the First Five-Year Plan that "in a country of the size of India where the states have under the Constitution full autonomy within their own sphere of duties, it is necessary to have a forum such as like National Development Council at which, from time to time the Prime Minister of India and the Chief Ministers of the states can review the working of plans and its various aspects."¹⁵ National Development Council was constituted as the most important institution for ensuring all India support for the National Plan.

¹² K.N.Dubey, n.3, p37.

¹³ P.B Desai, Planning in India 1951-1978, Uttar Pradesh, Vikas Publishing House, 1979, p.27.

¹⁴ The Council with the Prime Minister as its Chairman, comprises the Chief Ministers of States and the Deputy Chairman and the members of the Planning Commission See Ibid, p.28

¹⁵ The First Five-Year Plan-A Draft Outline, p.253.

National Development Council was reconstituted on 7th October, 1967. It consists of the Prime Minister, all Union Cabinet Ministers, Chief Ministers of all states and Union Territories and the Members of Planning Commission. The functions of National Development Council are firstly, to prescribe guidelines for the formulation of the National Plan, including the assessments of resources for the plan, secondly, to consider the National Plan as formulated by Planning Commission, thirdly, to consider important questions of social and economic policy affecting national development, and lastly, to review the working of the Plan from time to time and to recommend such measures as are necessary for achieving the aims and targets set out in the national plan, including measures to secure the active participation and co-operation of the people, improve the efficiency of administrative service, ensure the fullest development of the less advanced regions and section of the community and through sacrifice borne equally by all citizens, build up resources for national development.¹⁶

The functioning of the Council under the chairmanship of the Prime Minister with the Chief Ministers of the states as its members since its inception in 1952 reveals that “there is hardly any matter of importance which it is not competent to discuss.”¹⁷ The Council was created mainly with the purpose of securing the cooperation of states in planning. However, for several reasons, the role of National Development Council has remained a subdued one. The Chief Ministers are generally not able to present a united front and the meetings of the National Development Council are conducted in a hurried way and are called for a very short period leaving no time for detailed discussion.¹⁸ This shows that the role of the states in the planning process is confined merely to bargaining for more financial resources and higher allocations. Their role in the basic task of planning such as that of plan formulation continues to be negligible. As noted by D. R. Gadgil, the state plans are not made as the result of any wide consultation or effort at coordination. There is no specific definition of the objectives of state planning and no thinking out of a strategy appropriate to it. This follows from the fact that the state plans are prepared, basically in the same manner as the state annual budget. The departmental

¹⁶H.K.Paranjape, *The Re-organized Planning Commission; A study in the implementation of administrative reforms*, New Delhi, The Indian Institute of Public Administration, 1970, pp.8-9.

¹⁷ Fadia, B, *State Politics in India*, New Delhi, Radiant Publication, 1984, p.128

¹⁸S.K.Misra and V.K.Puri, *Economics of Development and Planning (theory and Practice)*, Mumbai, Himalaya Publishing House, 2001, p.736.

proposals in relation to each section and sub-section are formulated in the departments, and put together by the heads of departments and forwarded to the secretariat. The plan is then prepared in the sense of being pieced together in the Secretariat.”¹⁹

By mid-sixties of the political change in the country witnessed a great change in planning and development strategy. India also faced a few abnormal situation in the form of Indo-Pak war (1965) and severe droughts (1965-66).²⁰ The food problem was aggravated in 1966 and the import of food grain reached all time high i.e., 10.4 million tonnes.²¹ These factors necessitated a greater emphasis on agriculture to solve the immediate problem of food requirements. The strategy of Five-Year Plan was suspended and short term annual plans were started. It is a well established fact of planning that short term plan is most efficient way of solving the immediate problem. Three annual plans 1966-67, 1967-68 and 1968-69 were undertaken. In these annual plans a great emphasis was laid on agriculture development with emphasis on increase of production through the provision of stepping in institutional finance, introduction of high yielding variety (HYV) seeds and development of minor irrigation. About 17.27 percent of the total plan outlay of the country was spent on agriculture, much higher proportion in comparison to that of First Plan (14.85), Second Plan (11.52) and Third plan (12.59).²²

During this period number of new programs for agricultural development was introduced. The most important was the introduction and adoption of Green Revolution Technology-the basket technology of irrigation, fertilizers and new variety of seeds.²³ However, the basket of new agricultural technology namely tractors as well as oil and electric pumps used for irrigation were scale biased. The small and marginal farmers who could not adopt these innovations were marginalized. This gave birth to large farmers that pocketed the fruits of development and adopted urban way of life with high

¹⁹ D.R.Gadgil, “District development Planning” in C.D.Wadhva (ed), Some Problems of India’s Economic Policy, New Delhi, Tata Mc Graw-Hill Publishing Company Ltd, 1977, p.203.

²⁰ Mahesh Chand and Vinay Kumar Puri, Regional Planning in India, New Delhi, Allied Publishers Private Limited, 1983, p.64.

²¹ K.N.Dubey, n.3, p.30.

²² Ibid, p.31

²³ The notable factor of this programme was that it was most beneficial for assured irrigation areas where potential to increase agricultural production was greater. Especially wheat producing areas were benefited most and Green Revolution for all practical purposes became wheat revolution. Secondly the chief beneficiaries of all new agricultural programmes were the cultivator’s especially big farmers who owned the land for cultivation.

consumerism. It was but natural that inequality between rural rich and rural poor increased tremendously.

Further, the adoption of Integrated Rural Development Programme as new strategy of development was a great landmark. It envisages three-fold integration, firstly, spatial integration of urban places and rural areas through the creation of a hierarchy of service centres from metropolis to village level as a channel for development innovations. This arrangement discards the urban and rural dichotomy and believed in trickle-down impact of urban places to rural surrounding areas. Certainly this vision is an improvement over the Community Development Programme in which urban places were kept out of the blocks. Secondly, the element of integrated development strategy is functional integration again based on service centre hierarchy. All the functions and services cannot be provided at every place. The strategy requires a thorough survey of the area to determine the existing functional gaps and requirements of introduction of various functions at various centres for the smooth development. Lastly, the most important element of this strategy is administrative integration of all the functionaries who are associated with implementation of various development programmes at grass-root level. The establishment of District Rural Development Agency is a positive step in this direction and there are 52 departments associated with development programs at district level.

Thus the overview of planning and development spectrum in India reveals that Indian planning developed in accordance with the need of time, place and situations. The country was successful in evolving a planning agency which stood to the test of time. The central planning agency formulated a number of appropriate strategies for development and produced best planning documents acclaimed all over the world. Even then in most part of the country development remained an old story of underdevelopment. Most of the people could not be benefited from the development programmes. Still some regions and sizeable section of the population could not be integrated in the planning process. A number of big industrial projects established in backward regions with the expectations to work as a catalytic-agent of development did not show sign of trickle down impact. The fruit of much talked green revolution remained confined to assured canal irrigated tracts

and to large farmers of the areas and there may be no denial of the fact that rich people and better off regions are the chief gainer in the process of development.

All this raises a number of pertinent questions like to what extent the poor people and poor regions gained in planning process. What underlying process accounts for such a balance-sheet? Where have we gone wrong? Which strategy would be appropriate for not only accelerating the process of development but also for distributive justice in the states? How a development plan is drawn and executed to be economically viable, socially desirable and ecologically compatible for small states in North East India? The main aim of this study is to understand some of these questions in the light of Nagaland, one of the underdeveloped states in North-East India. Thus the Politics of Development Planning: An analytical study on the socio-economic development of Nagaland during Eight and Ninth Five-Year Plan (1992-2002) has been undertaken as the research topic.

Understanding Terms and Concepts:

Planning: the Concept and Meaning

The term 'Planning' is used in so many different ways that there is often perplexity about what people actually mean when they talk about Planning or when they use words such as 'plans' and 'planners'. Moreover, many of its uses are so broad that the basic elements of planning are difficult to identify and it cannot easily be distinguished from related activities, such as policy-making or plan implementation. It was partly this confusion over the use of the term planning which led one writer on the subject to call his article 'if planning is everything, may be its nothing',²⁴

There are, as we have already indicated, innumerable definitions of planning. Most textbooks on the subject offer new definitions and many national policy documents or statements by individual political leaders introduce their own definitions to suit the particular image of planning which we wish to convey. According to Dicken, "Planning is the making of major economic decisions what and how much is to be produced, how, when and where it is to be produced, to whom it is to be allocated, by the conscious decision of a determinate authority, on the basis of comprehensive survey of the

²⁴ Wildavsky, A, If planning is everything, may be its nothing', Policy Sciences, Vol. 4, 1973, pp.127-53.

economic system as a whole.”²⁵ Planning generally defined as a ‘continuous process which involves decisions, or choices, about alternative ways of using available resources with the aim of achieving particular goals at some time in the future’. This definition attempts to incorporate the main points included in most other definitions and thus to convey the most important elements of the concept of Planning. In order to explore the nature of planning in more details, we shall now briefly examine each of these basic elements in turn.

Basic Elements of Planning:

President Nyerere of Tanzania while launching his country’s Second Five-Year Plan expressed very clearly one of the most important elements of planning. Planning involves making decision about which of a number of course of action to adopt – in other words, making choices.²⁶ Planning, he said, ‘means choosing between many desirable activities because not everything can be done at once.’²⁷ The relationship between planning and decision-making is an important and much of the theoretical literature on planning is concerned with the alternative approaches to decision-making. The factors which are taken in to account, particularly, while making decisions and the sequence of actions within the decision-making process. Furthermore, many of the specified techniques used by planners are designed to improve the way in which decisions are made. We shall examine many of these techniques and the nature of the decision-making process as we go on here to look at the other basic elements of planning.

Planning as a means of Allocation of Resources:

The important element of planning is that it is connected with the allocation of resources. We use the term ‘resources’ here to refer to anything which is considered by those making decisions to be of potential use in achieving a particular objective.²⁸ Moreover, it also recognizes that the definition of what is resource and what is not a

²⁵ M.L.Jhingan, *The Economics of Development and Planning*, Delhi, Konark Publishers, Revised Edition 1994, p.504.

²⁶ J.K.Nyerere, *Freedom and Socialism: Uhuru na Ujamaa*, Nairobi Oxford University Press, 1996, p.78.

²⁷ Ibid, n.26, p.79.

²⁸ This definition thus includes not only natural resources (land, water, mineral wealth and so on) but also manpower (or ‘human’ resources), capital resources (such as roads, buildings and equipment) and finance.

resource may vary depending on the user's objective and perception of its value and the ability to make use of it. Planning involves making decisions about how to make the best use of the available resources. Consequently, the quantity and quality of these resources have a very important effect on the process of choosing between different courses of action. On the one hand, the fact that there are almost always limits to the quantity and quality of resources available, is the main reason why planning involves deciding which of a number of desirable courses of action should be given priority. Thus Nyerere, emphasized that limitations of such resources as finance and skilled manpower made planning particularly important for Tanzania.²⁹

Planning as a means of Achieving Goals:

It is not enough to say that planning involves making decisions about the use of resources because the 'best' use of any particular set of resources will depend very much on what one is trying to achieve. The concept of planning as a means of achieving goals raises issues relating to the nature of the goals and the process of goal formulation. One of the problems which planners often have to face is that their goals are not adequately defined and often they are too vague. For example, the goal of 'increasing agricultural production' would not provide much guidance for the agricultural planners. In other cases the goals are unrealistic, given the resources available to achieve them.

Let us look at the relationship between planning and the achievement of goals in a more complex planning situation, that of agricultural planning. Agricultural planning involves making decisions about the type of agricultural activities to be developed, the location of these activities, the methods of production to be used, the type of infrastructure and extension services required, and so on. But it is very difficult to make these kinds of decisions unless what one is trying to achieve. For instance, is the aim to increase domestic food production or to increase the production of export crops? And is it more important to maximize output per hectare or to ensure an equitable distribution of the benefits from agricultural production? This example illustrates the importance of having some sort of goal, since there would be little point in planning a journey unless one knows what one's destination was.

²⁹ J.K. Nyerere, n.26, p.82.

Types of Planning: Annual and Perspective

On the basis of time period, planning may be annual or perspective. Annual planning implies the splitting up of a long period plan into short period. For instance, within the broad framework of a five year plan, it may be necessary to draw up annual plans of development. This means that the various five year plan targets are split up to annual targets for the purpose of implementation. The annual plan is really the national economic budget for a period of one year.

Perspective Planning implies the long term planning of the economy say for 15-20 years period. Under long range targets are set in advance for a period covering from 15-25 years. The perspective plan plays more attention to physical targets than to financial targets. Broad objectives and targets to be achieved over a long period are laid out and then the long-term plan is split up to four, five or six years plans. Thus a perspective plan refers to the objectives and targets to be achieved through planning over a long period. It is necessarily split up to shorter period plans say five year plans. The five year plan is again split up in to annual plans so that each annual plan fits in to the broad framework of the five year plan which may be a part of a perspective plan. According to Timbergen, “the main purpose of a perspective plan is thus to provide a background to the shorter term plans so that the problems that have to be solved over a long period can be taken in to account in planning over a shorter period”.³⁰ Planning is a continuous movement towards desired goals and because of this all major decisions have to be made by agencies informed of their goals and the social purpose behind them. Indeed perspective planning is the essence of the planning process.

Project and Sectoral Planning:

The term ‘project’ is used here to refer to an activity, or set of related activities, which is planned and implemented as an identifiable whole. It usually has a specific geographical location and it often has a clearly defined time-span. It includes the more obvious kind of project, identifiable as a physical object-such as a road, dam, school, hospital or housing complex. And less obvious kind such as, a project to improve

³⁰ R.L.Goal, Economics of Growth and Planning, New Delhi, Meenakshi Prakashan, 1989, p.417.

nutrition or commercialize livestock production in a particular area.³¹ The important thing about project planning is that its boundaries are relatively clearly defined and it can be undertaken in isolation, irrespective of any other form of planning activity.

Sectoral planning means planning for a particular part or sector of a country's development. It is usually possible to identify a number of different functional sectors which normally correspond with the division of the government into ministries, departments, divisions or other organizational units. Thus sectoral plans could be prepared for sectors such as agriculture, education, health, transport, housing and so on. Sectoral plans are normally prepared for the whole country or for all parts of the country to which they are applicable. Sometimes they are produced independently of each other, while in other cases they may be coordinated by some sort of national planning agency, usually as part of a national development plan.³²

Planning, Planners and Plans:

The concept of planning is a complex process of decision-making involving a wide range of interrelated activities and conducted at a variety of different spatial and operational levels. The relationship between planning and planners often causes confusion. There is a tendency to regard planning as something that is done by a special group of people called 'planners' and thus to assume that no one other than planners can plan and therefore, there can be no planning if there are no 'planners'. Firstly, it is important to recognize that planning, in the sense used here, can be practiced by a wide range of individuals and groups or organizations. In this sense the world is full of 'planners' and anyone who is involved in planning is a 'planner'. But there is also a special cadre of professional planners who because of their professional training or the particular positions which they occupy have a special role to play in the planning process. In order to avoid confusion, we shall use the word planner to refer only to these professional planners, not to anyone involved in anyway in planning. It is very important that other people including politicians, administrators, and the general public are also involved and the main role of the professional planner is to act as a coordinator,

³¹ Diana Conyers and Peter Hills, *An Introduction to Development Planning in the Third World*, New York, John Wiley and Sons, 1984, p.193.

³² *Ibid*, n.31, p.197.

collecting and analyzing the information and proposals for action provided by the others, rather than actually making all the decisions himself. Moreover, it should also be recognized that planning can, in fact, take place without any professional planners, although their existence can enhance the planning process in many ways.³³

Planning is sometimes regarded as the process of producing a ‘plan’, in the sense of a physical document which incorporates the findings or proposals resulting from the planning process. There are two misconceptions involved here. Firstly, the production of a ‘plan’ should not be regarded as the purpose of planning. The purpose of planning exercise is to achieve the particular goals which were identified or prescribed before the exercise began and the ‘plan’ should be regarded merely as a means of expressing the way in which these goals will be achieved.³⁴

Planning, Policy-making and Implementation:

Policy-making involves making decisions about the general direction in which change or development occur. The decisions which have direct or indirect implications of a controversial, sensitive, value-laden or ‘political’ nature, can best bring about these changes or developments, how they should be undertaken, and implementation is the actual execution of these courses of action. In order to illustrate this distinction, let us look at the process of formulating plans for the housing sector in an imaginary country. In this case, the process of policy-making might result in a decision to meet urban housing needs primarily through the provision of site-and-service schemes, where the government provides site supplied with basic services on which people then build their own houses. Planning would then involve in making decisions about the schemes to be established and where to locate, type of services to be provided, and the way in which they develop the sites. It would also include decisions about how much the schemes will cost, how funds will be obtained, and who will be responsible for their organization and implementation. Finally, the implementation stage would consist of the actual establishment of the schemes, including preparation of sites, provision of services and selection of occupants.

³³ Ibid, n.31, p.14.

³⁴ Ibid, n.31, p.14.

Thus the relationship between the three activities of planning, policy-making and implementation is useful as a starting point for discussing the theoretical boundaries of planning and the role of the planner. However, it has some serious limitations when one looks in more detail at the nature of these activities. It then becomes apparent that it is seldom possible to draw clear boundaries between policy-making, planning and implementation or between the roles of the politicians, the planner and the administrator. In the first place, planning and policy-making are not always clearly separable activities, one follows the other. If we go back to the example of the site-and-service schemes, although the basic policy decision is the decision to meet housing needs by the provision of site-and-service schemes, many subsequent policy decisions have to be made during the stage which we have called planning.³⁵

One indication of the relationship between policy-making and planning is the role of policy-making in the formulation of the goals of planning. The formulation of goals generally involves making policy decisions about the nature of the development one is aspiring to achieve, although it is-at least in theory-possible to conceive of goals which do not have any significant policy component. The close relationship between planning and policy-making is also reflected in the fact that plan documents frequently include a mixture of 'policies' and 'plans' and often the two cannot easily be separated.³⁶ Similarly the distinction between planning and implementation is not as clear-cut as one might think. Planners also have an important role to play during and after the implementation stage in monitoring implementation progress and making consequent adjustments to plans-and even to policies-as and when required. For example, monitoring the implementation of the first site-and-service schemes might suggest the need to modify the plans for future schemes or even to reconsider whether site-and-service schemes are really the answer to urban housing problems.³⁷

³⁵Other policy decisions which may have to be made in this example include decisions about what standards of services should be provided on the site and on what criteria should be used in selecting the occupants. It should be noted here that the question of what is not a policy issue depends very much on what sort of issues happen to be especially controversial, sensitive or 'political' in any particular situation. See Ibid, n.31, p.16.

³⁶Furthermore, most plan documents and other forms of plans-including the obvious but very important example of annual budgets-have to receive political approval and are, therefore, in a sense policy documents. See Ibid, n.31, p.16.

³⁷ Ibid, n.31, p.17.

Finally, the division of responsibility between politicians, planners, and administrators is a gross over-simplification of reality. For instance, planners play an important role in policy-making by providing much of the information used to make the policy decisions and by offering advice based on their own assessment of the situation. Similarly, both politicians and administrators should, as we suggested in the previous section, be involved in planning. Politicians often provide information, guidance, and- in many cases-actual directives about alternative courses of action, based either on the views of the people they represent or on their own personal preferences; and provide practical advice on the implementability of alternative proposals. The administrators' involvement is very important because they are the people who will have to implement the plans and they are unlikely to be enthusiastic about the implementation if they consider the plans to be unworkable or undesirable.³⁸ The ongoing dialogue between planners and other long-term policy-makers, those in charge of short-term economic policies has been much weaker than desirable, because the planners have been too busy building a long-term development strategy and the other long-term policy makers in different ministries and wings of the government have been too busy as well as to maintain an ongoing dialogue with those involved in solving day to day, short-term problems. As a result some incompatible government policies have involved.³⁹

Development and Underdevelopment:

In order to understand the various interpretations of the terms 'development' and 'underdevelopment' it is first necessary to consider the meaning of the word 'develop', from which the word stem. Dictionary definitions of the verb 'to develop' suggest that it means to change gradually, progressing through a number of stages towards some sort of state of expansion, improvement, or completeness or a state in which the subject's true identity is revealed.⁴⁰ The application of the word 'develop' and the related words 'developed' and 'development' to countries was rapidly followed by the introduction of

³⁸ Ibid, n.31, p.17.

³⁹ S.Gupta, Indian Plans: Retrospect and Prospects in Devendra Thakur (ed) Planning and Development of Key Sectors in India Volume I, New Delhi, Deep and Deep Publications, 1991, p.625.

⁴⁰ Wilber,C.K. and K.P.Jameson, 1979, 'Paradigms of Economic Development and Beyond' in Jamesson, K.P. and C.K. Wilber (ed) Directions in Economic Development Notre Dame, University of Notre Dame Press, pp.1-41.

the terms 'underdeveloped' and 'underdevelopment' to describe a lack of development. It is important to note that the terms 'development' and 'underdevelopment' may be used in two related but significant different ways. On the one hand they may be used to refer to a state of being. Thus 'development' is used to mean the state of being developed, while 'underdevelopment' refers to a state of being underdeveloped or not developed.

During the late 1960's and much of the 1970s the word 'underdevelopment' tended to be replaced by more euphemistic terms, such as 'developing', 'less developed' or 'low income'. These terms were regarded not only as less derogatory but also as more optimistic, in the sense that they implied that the countries concerned were on the road to development. The expression 'the Third World' was also introduced as an alternative way of referring to these countries, the 'first' and 'second' worlds being the developed nations of 'the West' and 'the East' respectively. Although the choice of terminology is to a great extent a matter of personal preference or current 'fashion', the introduction of particular terms does reflect significant changes in thinking about development and underdevelopment.⁴¹

Thus, development is a multifaceted process. It imbibes economic, social, political and ecological dimension. Maintaining integrative, synthesis and holistic approach of geography, Gosal and Krishna observed that development in geographical parlance denotes the quality of functioning of a regional system in terms of economic progress, social advancement, political maturity and environmental conservation⁴². In short, development process of any area should be adjudged by its economic efficiency, social desirability and environmental compatibility.

Growth and Development:

Growth in real per capita income has more generally been accepted as an index of economic development of a country. As Dan Ushe puts it "to economists, journalists, historians, politicians and the general public, the rate of economic growth is a summary measure of all favorable developments in the country. We are pleased when economic

⁴¹ Diana Conyers and Peter Hills, n.31, p.23.

⁴² Gosal, G.S. and G.Krishna, Regional Disparities in levels of Socio-Economic Development of Punjab, Delhi, Vishal Publication, 1984, p.54.

growth occurs and displeased when it does not”.⁴³ But economists have begun to question this relationship and as Amartya Sen puts it “development is not the same thing as economic growth.”⁴⁴ Economic development is synonymous with a general rise in standard of living; an increase in the per capita income may not accomplish it. Sen sighted an example of United Arab Emirates whose per capita income of 22, 70 dollars, appears at the top of the ladder. But, it is doubtful if the standard of living of an average United Arab Emirates is higher than that of an average ‘American’, because it is doubtful if the income generated in United Arab Emirates has percolated down to the different sections of the society. In other words, a continuous rise in the real per capita income may be indicative of the ‘growth’ of the economy, but not of its development. Growth means more output. Development implies not only more output but also different kinds of output than were previously produced, as well as change in the technical and institutional arrangements by which output is produced and distributed. Growth involves changes in overall aggregate such as height or weight, while development includes changes in functional capacities-physical coordination, learning capacity or ability to adapt to changing circumstances.⁴⁵

Development Planning:

Development planning is meant to develop the economy as a whole. It involves “the application of a rational system of choices among feasible courses of investment and other development actions.”⁴⁶ Under development planning, the government formulates a development plan for the whole country. It includes consideration of the most important economic aggregates such as total saving, investment, output, government expenditure and foreign transactions. It also explores sectoral relationships in the overall framework of the economy. In particular, it lays down investment priorities for the public sector. Development Planning is primarily related to the development activities of underdeveloped countries since such countries have a number of economic, social and political obstacles to development. Lewis observes in this connection: “Good policies

⁴³ I.C.Dingra, Indian Economic Problem, New Delhi, Sultan Chand and Sons, 1987, p.11.

⁴⁴ Ibid, n.43, p.11.

⁴⁵ Ibid, n.43, p.12.

⁴⁶ A.Waterstone, “Lessons of experience,” in Leading Issues in Economic Development, Gerald M.Meier, (ed), 1970.

help, but do ensure success. Development Planning is in this respect like medicine; the good practitioner knows some useful tricks; but it is still the case that many patients die who are expected to live, and many live who are expected to die.”⁴⁷ The specific objective of development planning may vary with changing social, political and economic values and standards at different time periods in different societies. However, they all aim at reducing the economic disparities among different regions and different sections of the society.⁴⁸

The Region:

It is very difficult to define region because the concept has been used by different people to mean different things. The concept is generally linked with ‘space’ and has special dimensions, though it is sometimes also used as something subjective (a mental construct) or “spaceless”. The followers of the subjective approach treat region only as an ‘idea’ by accepting the nation as the need be, independent of considerations of space. This concept is favored by many economists engaged in the formulation of regional growth theory. However, for most geographers and public in general, region is an objective reality linked with space and defined in terms of space. The major problem in such an analysis is the ambiguity that surrounds the term ‘region’. Thus, sometimes part of a district (sometimes even a village) is called a region, sometimes a district is taken as region. Sometimes a state and sometimes a group of states (or parts of them) are regarded as a region. However, if one states clearly the object of one’s enquiry the confusion can be considerably reduced, for depending on the purpose of one’s enquiry the definition (or more accurately, the delimitation) of region will vary. As far as the methods of delimiting a region are concerned they can be grouped under three categories: homogeneity, nodality and programming. The homogeneity refers to one or combination of physical, economic, social or other characteristics; the nodality emphasizes usually around some central urban place, and the third is programming or policy-oriented concerned mainly

⁴⁷ W.A.Lewis, Development Planning, New Delhi, Conark Publishers, 1966, p.156.

⁴⁸ R.N.Haldipur, Some Dimensions of Planning, the Indian Journal of Public Administration, July-Sept., 1973, Vol. XIX, No.3.

with administrative coherence or identity between the area being studied and available political institutions for effecting policy decisions.⁴⁹

Planning Regions:

To define regions for planning purposes, administrative convenience assumes paramount importance. This is so because in actual implementation of development plans, the existing administrative boundaries cannot be easily ignored. In fact, it is generally these boundaries that have to be accepted as demarcating the different regions. Political realities and availability of data for specific administrative units only make this practically essential.⁵⁰ However, in the enthusiasm of practical considerations, one must not forget the importance of the factors of homogeneity and nodality, the neglect of these factors might led to distortions in the planning process. For Instance, if functional linkages are ignored in defining planning regions we might face a situation where definition of region includes “nodes which have greater interdependence with nodes outside the region.”⁵¹ Similarly, for ensuring proper implementation of development plans, the region should have fairly homogeneous economic structure, topographical homogeneity, and socio-cultural homogeneity. Therefore, in actual delineation of regions for planning purposes, it becomes necessary to strike a balance between the considerations of homogeneity, nodality and administrative convenience.

Keeping these arguments in view, Keeble defined a planning region to be an area that is large enough to enable substantial changes in the distribution of population and employment to take place within its boundaries, yet which is small enough for its planning problems to be viewed as a whole. Klaassen believes that planning region “must be large enough to take investment decisions of an economic size, must be able to supply its own industry with the necessary labour, should have a homogeneous economic structure, contain at least one growth point and have a common approach to and

⁴⁹ J.R.Meyer, ‘Regional Economics: A survey’ in L.Needleman (ed), Regional analysis, Penguin Modern Economics Readings, 196, p.23.

⁵⁰ For example in India, states have been accepted as district political realities and data are normally available only at the state level. Therefore, it becomes essential to regard the states as representing different regions even if the homogeneity or nodality considerations deem it otherwise.

⁵¹ H.W.Richardson, Elements of Regional Economics, Penguin Modern Economic Texts, 1973, p.109.

awareness of its problem.”⁵² According to another definition, planning region should have the following characters (a) it should be large enough to contain a range of resources, conditions and attributes desired degree of economic viability and at the same time not too large to make the comprehensive approach too general, (b) its resource position is such that satisfactory level of product combination for consumption and for exchange would be feasible (c) the internal homogeneity of resources structure should logically link up the anticipated future so as to make future relevant to the present, (d) the region should be internally cohesive area and lastly (e) planning region is essentially operational in character, therefore, high degree of flexibility and elasticity should be maintained in the process of regional delineation.⁵³

The best definition of planning region emphasizing the factors of homogeneity, nodality and administrative convenience in right perspective was given by P.D.Malgavkar and B.M. Oshilara. Geographically, it should be contiguous unit though it could be sub-divided into plain, hilly track, coastal belt, lake area etc. The people of the region should have social and cultural cohesiveness. The region should be a separate unit for data collection and analysis. The region should have an economic existence which can be assessed from statistical records. It should be small enough to ensure local people's participation in its development. It should not be too small: its geographical size should be big enough to exploit resources and avoid duplication (by way of partially used capacity in neighboring regions). This is as much relevant for new investments in capital for production as for technical training, medical facilities, colleges etc. It should be big enough to permit the major part of labour requirements in any employment centre to be met from within the region. It should have fairly homogeneous economic structure i.e. the variations in local proportions of employment and output in agriculture, industry and services should be within a narrow range. To this we may also add a minimum topographical homogeneity which ensures absence of seasonal or permanent breaks in road links. It should have one or more growth points. There should be common appreciation of local problems and common aspirations and approaches to their solution:

⁵² Quoted by John Glasson, *An Introduction to Regional Planning: Concepts, Theory and Practice*, London: Hutchinson and Co.Ltd, Second Impression 1975, p. 22-23.

⁵³ C.R.Pathak and Amitabh Kundu, 'Regionalization and Regional Planning, An American Approach', *Indian Journal of Regional Science*, Vol.V, No.2, 1973, p.169

it should permit and encourage competition but not rivalry or apathy between one area and the other.⁵⁴

The goals and objectives of regional planning and development fall exclusively within the sphere of politics. It is the politicians who set the broad framework within which the planners work out the details.⁵⁵ The goals and objectives may be split out in quantitative as well as in qualitative terms. It may be stated that the disparities in income should be reduced. These are political decisions and hence the practicing politician comes in to the picture in a big way. Each politician has root in their constituency and they cannot be separated themselves from the electorates, therefore, tend to think in terms of developing their own area or state. What is immoral is the deliberate choice of a wrong policy even when full information is given to them. Take for instance; each politician will like to get it located in his or her constituency. The experts give two or three locations. It is the job of the politician to make a rational choice out of these locations. But if the opinion of the experts is disregarded and the decision is based on purely political considerations, the implementation of the plan cannot have a smooth sailing and too much of the resources will be spent without much results.

Decentralized Planning:

The concept of decentralized planning in India is as old as Gandhian economic thought. Even after the introduction of the planning process in post-independent India and despite the advocacy of decentralized local level or micro level planning, most of the planning in India still takes place at the central/macro level. However, there is a growing awareness about the necessity of local/micro level planning with people's participation. The planning and decision-making functions remained centralized and vertical around two levels i.e. central and state.⁵⁶ Below the state level, the Constitution does not define the relationship among various tiers e.g. between the districts and the state. Infact, the Constitution in the directive principle of state policy specifically mentions only village

⁵⁴ P.D.Malgavkar and B.M. Ghiara, Regional Development: Readings on Micro-level Planning and Rural Growth Centres, Hyderabad: National Institute of Community Development, 1972, p.306.

⁵⁵ R.P.Misra, Regional Planning Concepts, Techniques, Policies and Case Studies, New Delhi, Concept Publishing Company, 1992, p.60

⁵⁶ Planning Commission, Report of the Working Group on District Planning Vol.I. and Vol.XI, New Delhi, 1994.

Panchayats as a form of local government. In practice, however, other tiers of locally elected bodies like the Panchayat Samiti and Zila Parishad have been constituted in many states since 1959.⁵⁷

Decentralization is a highly political process, therefore, the decisions taken tend to combine political and technical considerations. The politics involved concerns both conflicts of interest within organizations and community politics.⁵⁸ The degree of decentralization depends upon the phase of development of the administrative machinery and maturity of the people at large. On the other hand, the extent to which the government is prepared to decentralize also depends upon its confidence in the unity of the country as also in the political and administrative machineries.⁵⁹

Decentralization of the planning process as well as the administrative machinery enables a better perception of needs of local areas and better exploitation of local sources and growth potentials of the area concerned. It also gives the people a greater say in decisions concerning their development programs.⁶⁰ The objectives of decentralized planning include more balanced development, realistic projects and programmes, effective coordination of development activities at various spatial levels through disaggregating of the planning functions, strengthening of local political institutions, increasing people's participation in development and enhanced mobilization of local resources.⁶¹

Developmental planning with decentralization works within the prescribed outline of central policies and priorities. For example, national developmental planning provides the policy perspective for national growth pattern and resources to achieve them, and the state planning incorporates regional development goals in consonance with national policies and goals. Micro level planning, therefore, was to begin with the analysis of the

⁵⁷ P.H.Vaishnav, and K.V.Sundaram, 'Integrated Development Administrative at the Area level, Appendix 111, in working Group Report on Block level planning, Planning Commission, New Delhi, 1997.

⁵⁸ B.C.Smith, Decentralization- The Territorial Dimensions of the State, London, Allen and Unwin, 1985.

⁵⁹ Proceedings of a seminar on Fourth Five-Year Plan, edited by Ranjit Gupta, New Delhi, Impex India, 1987,67.

⁶⁰ See Ibid, n.59.

⁶¹ M.Maetz, and M.G.Quieti, Training for Decentralized Planning, Lessons from Experience, Vol.1. FAO, Rome, 197

needs of the local people in the small area and then to provide a framework which rationalizes and integrates them with the state and national goals.⁶²

Per Capita Income (PCI):

The average income of the people of a country in a particular year is called per capita income for that year.⁶³ This concept also refers to the measurement of income at current prices and at constant prices. For instance, in order to find out the per capita income for 1981 at current prices, the national income of a country is divided by the population of the country in that year.

$$\text{Per Capita income for 1981} = \frac{\text{National Income}}{\text{Population in 1981}}$$

State Domestic Product (SDP):

SDP is the total value of goods and services produced during any financial year within the geographical boundaries of a province or state. It is also called the State Income. SDP is always calculated or estimated in monetary terms, and is instrumental in the evaluation of per capita income. State here refers to a sub-national entity, as in the state of the United States and the states of India.⁶⁴

Gross Domestic Product (GDP):

GDP is a measurement of the economic output of a state or province. It is the sum of all value added by industries within the state and serve as a counterpart to the Gross Domestic Product or GDP. Conceptually, there is no difficulty in taking the definition of GDP for a nation and applying it to a smaller jurisdiction such as a state, or even a local government area. In practice, however, flows of goods services, labor and capital across state boundaries are not measured with any great accuracy. By contrast, national boundaries are normally recorded as part of the ordinary operations of government. As a

⁶²Sen.Lalit K. 'Role of Area Development in Multi-level Planning, Indian Journal of Public Administration, 1973, Vol.XIX. No.3.

⁶³ S.A.Siddiqui and S.S. Siddiqui, Comprehensive Economics-CL-XII, New Delhi, Laxmi Publications, 1990, p.502.

⁶⁴ State Domestic Product, [http:// wikipedia.org/wiki/State Domestic Product](http://wikipedia.org/wiki/State_Domestic_Product).

result, it is often hard to measure the value added within a state, since this requires netting out ‘imports’ from other states, and including ‘exports’ to other states. Similarly, it is difficult to measure the income accruing to factors of production (labour and capital) within a given state.⁶⁵

Net Domestic Product (NDP):

Net Domestic Product accounts for capital that has been consumed over the year in the form of housing, vehicle or machinery deterioration. The depreciation accounted for is often referred to as ‘capital consumption allowance’ and represents the amount of capital that would be needed to replace those depreciated assets. Thus, NDP estimates how much the country has to spend to maintain the current GDP. If the country is not able to replace the capital stock lost through depreciation, then GDP will fall. In addition, a growing gap between GDP and NDP indicates increasing obsolescence of capital goods, while a narrowing gap means that the condition of capital stock in the country is improving.

$$\text{Net Domestic Product} = \text{Gross Domestic Product} - \text{Depreciation}.^{66}$$

Compound Annual Growth Rate (CAGR):

Compound Annual Growth Rate is a business and investing specific term for the smoothed annualized gain of an investment over a given time period. CAGR is not an accounting term, but remains widely used, particularly in growth industries or to compare the growth rates of two investments because CAGR dampens the effect of volatility of periodic returns that can render arithmetic means irrelevant. CAGR is often used to describe the growth over a period of time of some element of the business, for example revenue, units delivered, registered users, etc.⁶⁷

$$\text{CAGR} = \left(\frac{\text{Final Value}}{\text{Initial Value}} \right)^{\frac{1}{t}} - 1 \times 100\%^{68}$$

⁶⁵ Gross Domestic Product, <http://en.wikipedia.org/wiki/Gross-State-Product>.

⁶⁶ Net Domestic Product, <http://wikipedia.org/wiki/Net-Domestic-Product>.

⁶⁷ Compound Annual Growth Rate, <http://wikipedia.org/wiki/Compound-Growth-Rate>.

⁶⁸ ‘Y’ is the NSDP over the Years and ‘t’ is the time period and and are the parameters.

Statement of the Problem:

Prior to independence, there were practically no economic activities not to speak of economic progress in Nagaland and the state continue to remain in backward compared to other parts of the country as well as other administrative units of the North-Eastern region. While Nagaland was a district of Assam before becoming a full-fledged state of the Indian Union, no development activities worth mentioning were taken up. As the administrative machinery was geared up to combat insurgency in Nagaland during 1954-65, the benefit of development programs of the First, Second and Third Five Year Plans were not fully realized. Therefore, the Fourth Five Year Plan (1969-74) could be considered, practically, the First Five Year Plan of Nagaland.⁶⁹

The state of Nagaland still remains in the underdeveloped stage of socio-economic development with almost 80 percent of the rural population and only 20 percent of the urban population. Out of the total population of the state 85 percent of the people are still dependent on agriculture. The standard of living is very low in comparison with the national standard of living. However one of the main indicators of development in the social services sector is the literacy rate in the state is higher than the all India level i.e. 67.12 percent against 65.37 percent. The situation appears to be paradoxical though the literacy rate is higher than the all India average; the state's economic performance is surprisingly very low. The state has not yet reached the minimum stage of economic development characterized by the process of industrialization and the level of income sufficient to yield the domestic savings required to finance the investment necessary to accelerate the process of socio-economic development.

Economic deprivation and lack of infrastructural facilities is very much prevalent in the state. It may be mentioned here that without a wider economic perspective and serious effort to increase the incentives for higher standard of living the future of the state would remain as bleak as it is today. It is no more surprising when one comes across several explanations, academic or non-academic for the economic backwardness of the state. Most of us familiar with the causal factors like 'centre's neglect of the state', 'step

⁶⁹ Dr. Swabera Islam Saleh, *Nagaland's Economy in Transition Since 1964*, New Delhi, Omsons Publications, 1989, p.353.

motherly treatment by the centre', 'non-establishment of industrial units', 'sickening condition of communication, road and transportation', 'unfavorable political climate', 'nature of hill topography', 'law and order problem', etc.⁷⁰ The list is unending and could go on and on. No doubt all these factors have their own share with the present socio-economic scenario. But any attempt to explain the socio-economic backwardness of the state by any one of these factors is to mistake the form of the content. It would be like treating the symptoms and not the disease of economic backwardness.

With the emergence of Nagaland as a full-fledged state on 1st December 1963, it initiated not only rights but also responsibilities and duties. Various developmental projects, like building of hospitals and schools, construction and improvement of roads, providing water supply and electricity to villages have been initiated to improve the living standards of the people of this economically backward state. However, all this can be done successfully only through adequate funds. In the case of Nagaland, the state government miserably failed to generate enough funds by itself from its internal resources. As a result, the state government heavily depends on the central assistance and above 90 percent of the government expenditure are met out of grants and loans received from the government of India and various financial institutions. Nagaland is one of the special category states in the Indian Union which are covered under a liberal central assistance pattern of 90 percent grants and 10 percent loans.⁷¹

The socio-economic disparities of the people of Nagaland have been widening in the past years, which makes the rich becoming richer, and the poor getting poorer. In fact, the process of planned development has been in favor of those sections of the population and regions that enjoy socio-economic power by controlling the means of production and income flow. It is sad to note that the Planners of Nagaland despite having sufficient administrative machinery and infrastructure has done little to prepare plans for exploiting resource materials of the state.⁷² The techniques of regional planning used as a measure to correct spatial disparities and imbalances has failed to attain the desired end because of

⁷⁰ Ibid, n.69, p.32.

⁷¹ Shyan Nath, *Panorama of North-East India*, New Delhi, Authors Press Jawahar Park, 2004, p.167.

⁷² Failure of the Paper Mill at Tuli and Sugar Mill at Dimapur and non-satisfactory performance of Plywood factories substantiate the truth that the state has failed to gear up its economy towards the right direction. See Dr.Chandrika Singh, *Peace and Development: Reciprocal Relationship with special reference to Nagaland* in Dr.Akali Sema and others (ed) *Economic Development in Nagaland Prospects and Constraints*, Kohima, Nagaland University Teachers Association, 2006, p.51.

the techniques being a part of that process of planning. The laudable talk of 'decentralized planning' through 'district planning' hardly serves the interests of common man at the grass-root level.

Moreover, inspite of the substantial plan expenditure being incurred in the state, the benefits of planning have not evenly reached all sections of the people. Every successive plan scarcely brought any significant changes to the socio-economic development of this backward state. Moreover, the development funds often disappeared before reaching its purpose. On the other hand, it is observed that some sections of the people have benefited substantially from the present planning process. The emergence of these social disparities is likely going to create problems in the near future. Thus the planning programme both at the policy and execution levels has some inherent defects which can be rectified to some extent in the light of this study.

Thus even after 40 years of economic planning in the state, primary sector still continue to dominate the economy with very low yield productivity, environmental degradation and population explosion. Similarly the secondary sector remains largely underdeveloped and the tertiary sector is almost dominated by the administrative services of the government employees which are growing beyond reasonable requirement. On the other hand the trend of economic growth and sectoral contribution to the state income reveals that the sectoral structural development has been initiated but it has not taken the right direction. The role of Secondary and Tertiary Sectors should have increased simultaneously as Primary Sector declines but this did not happen in the case of Nagaland. The progress in Tertiary Sector alone will not be able to sustain the process of socio-economic development in the long run.

In Nagaland the process of socio-economic development has decelerated due to the forces of development which were not firmly rooted within the democratic economy. To attain a sustained and cumulative socio-economic development it requires not only physical capital but also development in human endowments, social attitudes and political condition which in the case of Nagaland state is lacking. Besides, most of the existing trade and commerce are under the control of non-local traders resulting in to the capital outflow from the state and the number of educated unemployed population has been increasing at an alarming rate. Hence, despite the availability of abundant natural

resources and huge capital inflow in to the state from the centre, the state of Nagaland could not utilize the resources to its advantage leaving the state largely underdeveloped.

Review of Literatures:

The Nobel Prize winner Amartya Sen (2001)⁷³ explains how in a world of unprecedented increase in overall millions of people living in the Third World is not yet free of themselves and persuasively argues that they are denied elementary freedoms and remain imprisoned in one way or another by economic poverty, social deprivation, political tyranny or cultural authoritarianism. Freedom, according to Amartya Sen, is at once the ultimate goal of social and economic arrangements and the most efficient means of realizing general welfare. Social institutions like markets, political parties, legislatures, the judiciary, and the media contribute to development by enhancing individual freedom and are in turn sustained by social values. Values, institutions, development and freedom are all closely interrelated, and Sen tries to links them together in an elegant analytical framework. Incorporating individual freedom as a social commitment in to his analysis, Amartya Sen establishes the relation between our collective economic wealth and our individuality to live as we would like and allows economics once again, as it did in the time of Adam Smith, to address the social basis of individual well-being and freedom.

Arvind Kumar (2004)⁷⁴ says that most tribal tracts in Indian states are parts of larger regions and because of difficult hilly terrain and lack of fertile soil in many areas, tribal belts receive marginal attention for development through various kinds of inputs. He says that communication becomes the first casualty in tribal areas, since the cost of inputs for this purpose is very heavy in relation to returns of development. Besides, the scope of agricultural development is limited in the hilly areas except forestry and horticulture. Therefore Arvind Kumar argues for the proper planning for tribal development keeping in view of their actual felt needs.

Charles Chasie (2000)⁷⁵ says that there is a need for a paradigm shift in the Naga situation, which could come only if it is reconciled. He also argues that the centre of

⁷³ Amartya Sen, 'Development as Freedom' Oxford, Oxford University Press, 2001.

⁷⁴ Arind Kumar, Tribal Development and Planning, New Delhi, Anand Publication, 2004.

⁷⁵ Charles Chasie, The Naga imbroglio: A Personal Perspective, Kohima, Kohima Standard Printers and Publishers, 2000.

mutual suspicion and fear cannot be wiped out only through forgiveness and restoring trust but the Naga leaders must realize that they will have to work out the solution by arriving at a settlement with the government of India. Charles Chasie has presented some significant events of recent Naga political history and their fall-outs in the Naga society. He argues that any settlement must be 'wholesome' in order to be final and advocates a holistic approach. Dhar D.P. (1976)⁷⁶ in 'Planning and Social Change' argues that planning was not based on any doctrinaire reverence for the experience of this or that socialist country. He saw planning as the principal instrument for maintaining national unity and integrity. He felt that in the absence of planning the gaps between the different parts of the Indian Union would widen and lead to similar problems. For him planned development was the only way of controlling the fissiparous potential arising from the colonial legacy of uneven development.

Dubey K.N. (1994)⁷⁷ argues that the Indian planning developed in accordance with the need of time, place and situation and evolved a planning agency that formulated a number of appropriate strategies for development and produced best planning documents acclaimed all over the world. However he argues that in most parts of the country development remained an old story of underdevelopment and most of the people could not benefited from the development programmes. The gap between 'haves' and 'haves not' has divided the society in to a few rich with consumerism monopolizing the most of the resources and having the attitude of non-cosmopolitan pragmatism. This powerful minority group is the real culprit that retarded development and has cornered the large chunk of development benefits. On the other side a large majority of poor with their insurmountable struggle for existence live on the verge of survival and have developed the 'culture of silence'.

Dubey K.N and Singh R.P. (1990)⁷⁸ explained that in India development has attained the stage in which thorough district reorganization is required. According to them, mere cosmetic touch here and there is not sufficient. The reorganization of districts based on administrative convenience and development efficiency is needed. Some

⁷⁶ D.P.Dhar, Planning and Social Change, New Delhi, Arnold-Heinemann, 1976.

⁷⁷ K.N.Dubey, Planning in India, New Delhi, Ashish Publishing House, 1994.

⁷⁸ K.N.Dubey and R.P.Singh, Centralized and Decentralised Planning: A Dialogue, New Delhi, Ashish Publishing House, 1990.

districts have to be bifurcated, some to be amalgamated and in case of some districts, districts headquarters have to be re-allocated. Planning at this level should be entrusted to bureaucracy who remained self proclaimed champion of people's welfare till now or it should be entrusted to elected representatives of the people specially for the planning and development of the district. Therefore, authors suggest that an investigation of district planning process in different states is essential in order to get efficiency in development.

Dreze and Sen (1995)⁷⁹ analyzed the task of economic development in India in which social as well as economic opportunities have central roles. The authors try to compare Indian experience with that of China and outlined in particular what India can learn from other countries. The study basically pays special attention to the role of basic education in social transformation as well as economic expansion. The authors felt that both pre- and post- reform situations in the two countries are comparable. The Chinese successful liberalization programmes and its massive entry into international trade have been projected as a model for India to act upon. The authors argues that the accomplishments relating to education, health care, land reforms and social change in the pre-reform period made sufficiently positive contributions to the achievements of the post-reform period in China when compared to its Indian counterpart. Hence, they argue that India had to take the lessons for the same.

Hokishe Sema (1986)⁸⁰ gives a detailed account of the origin, chivalrous disposition, social customs and the Nagas faith rooted in animism. The rising Nagas and the slogan of an independent Nagaland under the banner of NNC brought immense sufferings to the common Nagas agony. The author tries to analyse these most pertinent questions and issues of the Naga people. Mr. Sema also narrates the inside story of the underground movement that reveals the concern of Pt. Jawaharlal Nehru and Indira Gandhi for the peace and progress of Nagaland. The author also tries to analyse the Nagaland-Assam boundary issue and the Naga (sub) nationalism. Horam M. (1975)⁸¹ makes a contribution towards the knowledge and understanding of early Naga political institutions which in many respects have not changed much even today. Author says that

⁷⁹ Jean Dreze and Amartya Sen, India: Economic Development and Social Opportunity, New Delhi, Oxford University Press, 1995.

⁸⁰ Hokishe Sema, Emergence of Nagaland, Socio-Economic and Political Transformation and the Future, New Delhi, Vikas Publishing House, 1966.

⁸¹ M.Horam, Naga Polity, New Delhi, Cosmo Publication, 1975.

in order to study the Naga polity, one has to begin with the study of the family, village and the customary laws. The book gives an extensive study of the Naga polity especially at the grassroots' level and the contribution made by such social institutions like the Morung and the Village Chief. The grassroots' traditional institutions play a very important role in understanding the polity of the tribal people.

Joshi B.M. (1990)⁸² argues that in the absence of minimum level of infrastructure facilities, directly productive activities cannot be undertaken efficiently. Hence the pace of economic development of a region or country cannot be accelerated in the absence of adequate infrastructure facilities. He also says that the crucial role and characteristics like high capital intensity, low private returns etc, and the development of these facilities has always been the responsibility of the state. The state has to assume the responsibility of providing these facilities for creating conditions for self-sustained growth. It is because of these reasons alone that economic development planning in India is largely oriented to the creation and expansion of these facilities. These items claim the lions share in the total plan outlay. He further argues that though the infrastructure facilities have been created in the country on a large scale covering a vast area during the last three decades, yet the level attained so far is far from adequate by international standard. He says that economic growth is being retarded by inadequacy of infrastructure.

Kaka D. Iralu (2002)⁸³ rejects the views of the North-Eastern Chief Ministers, Politicians and Bureaucrats, including some Central Ministers and policy makers who keep on reiterating that underdevelopment is the cause of insurgency in the North-East. The author also opposed the statement of the Indian army that there can be no development as long as there are insurgency problems in Nagaland. The author argues that underdevelopment is not the cause of insurgency in Nagaland. He argues that Insurgency in Nagaland was created by India when it tried to superimpose its political and geographical identity on Nagas wanting to grab Nagas land to make India bigger than what it politically and geographically was in history.

⁸² B.M.Joshi, Development of Infrastructural facilities in India under the Plans, New Delhi, Deep and Deep Publications, 1990.

⁸³ R.Vashum,(ed) Naga Journal of Indigenous Affairs, New Delhi, Naga People's Forum Publication, 2002.

Kamal Nayan Kabra (1984)⁸⁴ argues that failures at the level of implementation are generally held responsible for the poor performance of the Indian economy over the decade of economic planning for development. Kabra says that study of plan implementation in India arrived at a categorical conclusion that critical neglect of factors relevant to successful plan implementation has largely been responsible for failures of the plans. On the basis of this argument the author goes so far as to suggest that capacity to implement can be regarded as one of the constraints on Indian economic growth along with savings and foreign exchange constraints.

Khare G.P. (1988)⁸⁵ says that any formulation of project must involve local population then there would be less wastage and the advantages will begin flowing to the people with the minimum time-lag and minimum amount of difficulty. Decentralization therefore seems to be very essential especially in respect of social welfare schemes and those in which a few villages and a limited population are involved. Further, he says that any project will be of real benefit to the people only when it has been formulated properly and implemented carefully as also maintained regularly during its life-time. This is rendered possible only if there is regular flow of necessary statistical information and a regular communication between the local authorities and the decision makers.

Kripa Shankar (1990)⁸⁶ explains that the developmental process in an inegalitarian structure leads to further concentration of wealth and income. The phenomenal manner in which the assets of larger industrial houses have increased is a well known fact. He also says that the state will have to play a very decisive role in many fields and will have to mobilize massive investment in the public sector industries and infrastructure opportunities or private entrepreneurship will be enlarged. The point he emphasizes is that under an inegalitarian private ownership of land the question of investment in all such vital activities will suffer by default as private savings will not be drawn to such activities. He further says that such activities cannot be planned and executed by individuals. It requires a wider planning frame and vast resources beyond the competence of individuals.

⁸⁴ Kamal Naya Kabra, Plan Implementation, Evolution and Evaluation of Planners, New Delhi, Meenakshi Publishers, 1984.

⁸⁵ G.P.Khare, India's Decentralised Planning Process and Perspective, New Delhi, Oxford University Press, 1988.

⁸⁶ Kripa Shankar, Political Economy of Planning in India, New Delhi, Omsons Publication, 1990.

Lawrence Saez (2002)⁸⁷ argues that economic liberalization has had a notable impact on India's institutional arrangements and economic development. He said that one of the unforeseen negative outcomes in an emerging system of inter-jurisdictional competition has been that the coordination of developmental policy through cooperative arrangements has give way to a disjointed implementation of developmental policy. This piecemeal approach to development has failed to respond to two conflicting objectives: (a) the capacity of the central government to meet its developmental goals and (b) the ability of most state governments to effectively implement their own industrial policy. These dysfunctional objectives explain why the central government has been unable to coordinate its foreign investment strategy with the states.

Madan Mohan Batra (1989)⁸⁸ highlights the need for the re-orientation of India's development strategy in the light of past experience and in consonance with the requirements of the present and the future generations. He says that the ultimate policy frame has to take in to account a variety of factors. He also says that in the present day Indian context, it cannot evade political, ecological and even ethical questions. India's oneness cannot obliterate the fact of unevenness of development of regions, economic classes and communities which, at least, partly stem from its size. This certainly makes the job of policy framers more difficult and call for greater rigor in planning the process of economic change.

Mishra G.P. (1990)⁸⁹ says that the rational behind the Constitutional provision is to create conditions for informing socio-economic justice through the planned process of development and growth in all the institutions of national life within a democratic order. According to him the process of socio-economic planning is also closely related to the character of the state and the party in power which forms the government to run the state for serving the interests of the nation and the society. The socio-economic structure of the society on which the state is based and formed, the class-base of the ruling party in power that runs the state, and adherence to the principle of liberal democratic socialism present a centralized and class-based process of planning in the country. The author says that if

⁸⁷ Lawrence Saez, *Federalism without a Centre, the impact of political and economic reform on India's Federal System*, New Delhi, Sage Publication, 2002.

⁸⁸ Madan Mohan Batra, *Planning in India, Development Perspective: towards the 21st Century*, New Delhi, V.K.Publishing House, 1987.

⁸⁹ G.P.Mishra, *Process of Planning in India*, New Delhi, Sage Publications, 1990.

the objective of economic democracy in socialist perspective is to be translated in to the actual the decentralization of planning and an appropriate institutional transformation should be conceived in structural sense,

Myrdal's (1994)⁹⁰ builds his theory of economic underdevelopment and development around the idea of regional inequalities on the national and international plans. To explain his thesis he uses the notions of "backwash" and "spread effect". Professor Myrdal' argues that the localities and regions where economic activity is expanding will attract young and active people from the other parts of the country. This will tend to favor the developing regions and depress economic activity in the backward region. The "spread effect" refers to certain centrifugal "spread effects" of expansionary momentum from the centres of economic expansion to other regions." He argues that the main cause of regional inequalities has been the strong backwash effects and the weak spread effects in underdeveloped countries.

Nath V. (1984)⁹¹ says that planning in India is the concurrent responsibility of the central and the state governments. It is being done with the states as the primary units. Below the state level the principle units of administration and planning are the district, the block and the village. These administrative regions are in fact the principle planning regions of the country. However, they are not adequate for all planning purposes and have to be supplemented by other regions for some other purposes. He also says that for development of water resources it is convenient to adopt a river valley or a river system and for the transport and development of power resources, regions may have to be specially delineated keeping in view the particular requirements of the planning.

Paranjape H.K. (1997)⁹² argues that India's achievements in the first ten years of planning are inadequate in relation to the essential requirements of the country. It has been well recognized that if Indian Planning succeeds in the tasks that it has undertaken in the next ten years or so, there is a good possibility that a firm basis would have been laid for continuous and self-sustained economic development in the future. But if the plans do not succeed, considerable economic and political strains will be created

⁹⁰ Gunnar Myrdal, Theory of Circular Causation, in M.L.Jhingan, The Economics of Development and Planning, New Delhi, Konark Publishers, 1994.

⁹¹ V.Nath, Regions for Planning, New Delhi, Omsons Publications, 1984.

⁹² H.K.Paranjape, Problems of Implementing the Indian Plan, New Delhi, Deepak Publishers, 1997.

international the country and the future of the Indian democracy may then be international jeopardy.

Paranjape H.K. (1984)⁹³ explains that the main problem that needs to be mentioned is that administrative organization and procedures have not changed enough to facilitate the successful conduct of large action programme. As a matter of fact the powers of at least some among the field agencies are less now than they were formerly in practice and a significantly high proportion of them feel this inadequacy. He also says that the difficulty lies in the number of administrative agencies that has been rapidly increasing and it has not always been possible to group them properly so as to ensure on the one hand that a common direction is provided to closely related functions and programmes and on the other that the control functions would be manageable.

Rostow (1994)⁹⁴ has sought an historical approach to the process of economic development. He identifies five stages of economic growth, viz., (i) the traditional society, (ii) the pre-conditions for take-off; (iii) the take-off; (iv) the drive to maturity; and (v) the age of high mass consumption. He says that the process of creating pre-conditions for take-off from traditional society follows these lines such as education becomes broaden for some and changes to suit the needs of modern activity, investments increase notably in transport, communication and in raw materials in which other nations may have an economic interest. The scope of commerce, internal and external widens and modern manufacturing enterprise appears, using the new methods. Rostow says that the essence of the tradition can be described legitimately as a rise in the rate of investment to a level which regularly substantially and perceptibly outstrips population growth.

Swabera Islam Saleh (1989)⁹⁵ says that while Indian economy has entered in to take-off stage, the economy of Nagaland has only approached the pre-condition for take-off stage. Swabera Islam Saleh argues that this sharp contrast in the stages of development is partly due to the wrong policy of the centre in the matter of regional development, and partly due to the lack of infrastructure facilities within the state of

⁹³H.K.Paranjape, Political and Administrative Problems of Implementing the Indian Plan, New Delhi, Deepak Publishers, 1984.

⁹⁴ W.W.Rostow, The stages of Economic Growth, New York, Cambridge University Press, 1994.

⁹⁵ Swabera Islam Saleh, no.69.

Nagaland like power, transportation, communication, banking and other financial institutions etc.

Somasekhara. N. (1984)⁹⁶ argues that the Indian Constitution endowed the centre and the states with equal rights and responsibilities for economic and social planning. Yet the states, for the most part, were compelled to submit their plans and programmes within the narrow limitations imposed by the centre. Hence state level planning in its true sense was non-existent. However, he also says that in the later years of the 1960, D. R. Gadgil the economist and the architect of decentralized planning, underlined the futility and difficulty of state level planning under the prevalent conditions by delegating greater responsibility to the states and districts.

Aims and Objectives:

The main aim of the present study is to understand the Politics of Development Planning and its impact on the socio-economic development of Nagaland during Eight and Ninth Five-Year Plan (1992-2002). The following objectives have been undertaken as the research problem.

- To understand how the resources are transferred from the Centre to states through various institutions and the flow of Central funds and its impact on the economy of North-Eastern states.
- To explain the structure of planning in Nagaland at the state, district and village levels and to understand how the various agencies and departments attached to the State Planning and Co-ordination Department.
- To analyze the plan outlays and expenditures towards economic and social services sectors during Eight and Ninth Five-Year Plan (1992-2002) in Nagaland.
- To explain the physical targets and achievements of various sectors during Eight and Ninth Five-Year Plan (1992-2002) in Nagaland.
- To evaluate the trend of investment and growth of state income during Eight and Ninth Five-Year Plan (1992-2002) in Nagaland.

⁹⁶ N.Somasekhara, State's planning in India Techniques, Procedures and Management and Across the State Account, Bombay, Himalaya Publishing House, 1984.

- To explain the growth of primary, secondary and tertiary sectors and its contribution to the state income during Eight and Ninth Five-Year Plan (1992-2002).
- To assess comparatively the level of socio-economic development in Nagaland and to analyze the disparities of districts in terms of physical achievement during Eight and Ninth Five-Year Plan period.
- Lastly, to analyze the nature and extent of regional imbalances of seven districts in Nagaland during 1992-2002 and the role played by the Eight and Ninth Five-Year Plan in bridging the gaps of disparities.

Methodology:

To understand the process of socio-economic development in Nagaland during Eight and Ninth Five-Year Plan, the economy of the state is broadly divided into two sectors such as Economic Sector and Social Services Sector. The development heads that falls under the Economic Sector are Agriculture, Horticulture, Soil Conservation, Forest, Irrigation and Flood Control, Sericulture, Rural Development, Small and Village Industries, Large and Medium Industries, Roads and Bridges, Road Transport and Veterinary and Animal Husbandary. On the other hand, the development heads that falls under the Social Services Sector are School Education, Higher Education, Medical and Public Health, Water Supply, Social Security and Child Welfare and Art and Culture.

To comprehend the sector-wise contribution towards the Net State Domestic Product or state Income at both current and constant prices during Eight and Ninth Five-Year Plan period, the economy of the state is again divided in to three main sectors such as Primary Sector, Secondary sector and Tertiary Sector. Primary Sector includes Agriculture, Forestry and Logging Fishing, Mining and Quarrying, Secondary Sector includes Manufacturing, Construction and Electricity, Water Supply and Gas and Tertiary Sector includes Transport Storage and Communication, Trade, Hotels and Restaurants, Banking and Insurance, Real Estate, Ownership of Dwelling and Business Services, Public Administration and other services. Furthermore, to understand the socio-economic development disparities of seven districts during the Eight and Ninth Five-Year Plans, the state economy is divided in to Economic Sector and Social Services Sector based on the

availability of data. Economic Sector includes Agriculture, Irrigation, Industries, Power, Transport and Communication and Social Services Sector includes Education, and Medical and Public Health and a comparison of 1992 data to that of 2002 data was made to find out the disparity over a period of time. Using the data collected on Per Capita Income, Net State Domestic Product and Gross State Domestic Product at both current and constant prices, coefficient of variations of the state Per Capita Income, Net State Domestic Product and Gross State Domestic Product are computed to observe the direction of change in the annual and compound growth rate of state income during Seventh, Eight and Ninth Five-Year Plans.

Altogether 52 indicators were employed to appraise the level of socio-economic development disparities of seven districts in Nagaland during 1992-2002. For Economic development 37 indicators were employed consisting of Food grain (13), Irrigation (2), Horticulture (4), Workforce (6), Industry (3), Power (5), Transport and Communication (4). For Social Services Sector, 15 indicators were employed consisting of Education (9), and Medical (6). The employed indicators were developed on the principle of ease and convenience based on data availability.

The research work is based on both scientific and analytical method involving collection, ordering and analysis of data and making an assessment on the factual data's. All possible efforts were made to collect the data from a variety of authentic government sources. To understand the existing problem, the study relied mostly on secondary sources such as related available literatures, annual reports of both Finance Commission and state Planning and Coordination Department, plan documents, census report, annual report of the Nagaland state government, statistical report, sectoral reports, reports of Central Statistical Organization, Reserve Bank of India Bulletins, Centre for Monitoring Indian Economy, periodicals, journals, magazines, newspapers and monthly publications. Thus the data obtained and employed for this study are of high degree reliability.

Area and period of study:

The proper selection of the basic area unit is fundamental importance in any development investigation. Such a unit should meet at least four requirements. It should be sufficiently homogeneous in terms of development level, should be capable of

unfolding regional differentiations in level of development in various parts of the study area, should have requisite data for development indicators and its boundaries should be stable. The area and period of study mainly focuses on the Eight and Ninth Five-Year Plan in Nagaland and the period covered was one decade i.e. from 1992-2002.

There are two main reasons for choosing this area and period of study as both are crucial from the socio-economic development perspective. Firstly, during this period, there was political stability in the state of Nagaland as Congress (I) was in power from 1993 to 2002 for two consecutive terms without any changes in the government. Similarly at the centre, Indian National Congress (INC) won the 1991 Lok Sabha election and formed the government under P. V. Narasimha Rao and was able to complete its full-term of five years. However from 1996 to 1998 was a period of turmoil in the federal government with several short-lived alliances holding sway. The Bharatiya Jana Party formed the government briefly in 1996 followed by the United Front Coalition that excluded both the Bharatiya Jana Party and Indian National Congress. In 1998 Bharatiya Janata Party formed the National Democratic Alliance with several other parties and became the first non-congress government to complete its full five year term.

Secondly, in Nagaland, the Centre used to cover the deficits of the non-plan expenditure ensuring that the plan outlays were fully covered by central assistance. However the state has been very badly hit financially under the award of the 9th Finance Commission whereby the earlier financing pattern of covering the non-plan revenue gap of the Special Category States through additional plan assistance was withdrawn since 1989-90.⁹⁷ As per the assessment of the state government the shortfall over the period of five years works out to be almost 39 percent of the actual requirement of funds. Similarly, there has been a drastic reduction in the percentage share of central transfers to the state of Nagaland from 1.23 percent in the Tenth Finance Commission (1995-2000) to 1.02 percent in the Eleventh Finance Commission (2000-2005). If the percentage is calculated in terms of numbers, it works out to the loss of Rs.913 crores over a period of

⁹⁷ In addition, the state government also claimed that the Eleventh Finance Commission was a big blow to the special category states where it underestimated the state's non-plan expenditure while overestimated the internal state's revenue. Accordingly the state could not received financial assistance from the central government as expected. See Nagaland Government's Memorandum to the Prime Minister of India, Mr.I.K.Gujral during his visit on 23 May, 1997 in *The Warrior*, Kohima, Directorate of Information and Public Relations, Government of Nagaland, May 1997, p.13.

five years. This reduction is indeed substantial for a state like Nagaland where the total central Plan assistance provided to the state for the entire Ninth Five-Year Plan was Rs.1253 crores.⁹⁸

Thus the period from 1992-2002 was a coincidence period with political stability on the one hand and on the other hand the funding pattern of the central government to the special category states changed since the annual plan of 1989-1990 and Nagaland is one state that falls under this category. All this raise a number of pertinent questions. Is there any relationship between political stability and socio-economic development in the state? Is the changing of funding pattern at the centre towards the special category states since 1989-1990 has any impact on the socio-economic development of the state? To what an extent the Eight and Ninth Five-Year Plan have impacted the socio-economic development in Nagaland? What is the trend of development disparities of seven districts during Eight and Ninth Five-Year Plan? To understand these questions, the present study titled as the “Politics of Development Planning: An analytical study on the socio-economic development of Nagaland during Eight and Ninth Five-Year Plan (1992-2002)” has been undertaken as a research problem.

Hypothesis:

- The Centre’s changing pattern of funding in relation to the Nagaland state since 1989 to 1990 and the Centre’s drastic reduction in its share of transfers to Nagaland in the Eleventh Finance Commission seems to have an impact on the course of socio-economic development during Eight and Ninth Five-Year Plan in Nagaland.
- Any deviation in the flow of funds from the Centre would alter the various developmental activities for a state like Nagaland.
- The state government’s own efforts to generate funds from its internal resources without depending on the Centre’s funding would have resulted in an alternative nature of socio-economic development of Nagaland.

⁹⁸ <http://www.epao.net>, Oken Jeet Sandham, Nagaland Financial Problem due to Inequitable Eleventh Finance Commission Award.

Scheme of Chapters:

The study is divided into five chapters excluding the introduction and the conclusion chapters. The *introduction* chapter deals with the statement of the problem, aims and objectives, review of comparative literatures, terms and concepts, methodology, area and period of study, hypothesis and organization of thesis. The *first chapter* illustrates how the resources are transferred from the Centre to states through Planning Commission, Finance Commission and various other central ministries. It also deals with the flow of Central funds and its impact on the economy of North-Eastern states in general during Eight and Ninth Plan. The *second chapter* highlights the existing structure of Planning Institutions in Nagaland at the State, District and Village level. It also discusses the various agencies and departments attached to the State Planning and Co-ordination Department. The sectoral plan outlays and achievements from Second Five-Year Plan to Seventh Five-Year Plan (1956-1990) in Nagaland have been presented.

In *third chapter*, the Sectoral performances of Eight and Ninth Five-Year Plan in terms of plan outlays and expenditures and targets and achievements have been analyzed. It also makes a comparative assessment of Eight and Ninth Five-Year Plan in terms of physical targets and achievements in the light of the Central government changed policy in providing financial assistance to the Special Category States. The *fourth chapter* makes comparative analysis on the various trends of investment in both economic sector and social services sector and its impact in terms of growth rate of state income during Eight and Ninth Plan. The growth rate of state income is assessed in the light of Simple Annual Growth Rate and Compound Annual Growth. It further analyse the contribution of various sectors of the economy towards the state income to find out which sector contributes maximum to the state income during the two plan period. The *fifth chapter* presents comparative assessment on the level of socio-economic development disparities of seven districts in terms of physical achievement by comparing the available data of one decade i.e. 1992-2002 as Eight and Ninth Five-Year Plan occurred during this period.

Lastly, the main findings and conclusive summary of the study has been presented in the *conclusion*.

CHAPTER-1

RESOURCE TRANSFER FROM THE CENTRE TO THE STATES: A CASE OF NORTH-EASTERN STATES

The chapter is divided in to two sections. The first section deals in general with the transfer of resources from the Centre to the state through various institutions especially the Finance Commission, Planning Commission and various ministries of the central government. The second section deals specifically with the flow of funds from Centre to the North-Eastern states during Eight and Ninth Plan and its impact on the North-East economy. It also discusses some of the micro level issues about the debt position, internal resources of states and investment through North-Eastern Council.

India is a vast country displaying great diversities in various spheres. The physical and geographical features of different parts of the country also differ widely and the various regions are at different levels of economic development. P.J. Thomas rightly says that “India is a ‘multinational’ entity and only federalism or autocracy can hold it together”.¹ The country has rightly chosen the path of federalism because it ensures unity in diversity and it is only the federal structure that ensures a happy blending of the benefits of political autonomy and the economic gains of union for smaller units. Further, Gyan Chand rightly suggests that “the vastness of our country and the diversity of its parts make it inevitable that our political system should be essentially federal in order that our resources-economic, social and intellectual may be fully developed.”²

India had a Unitary Constitution till 1919. Federalism had its birth with the introduction of Montague-Chelmsford Reforms of 1920. Steps towards federalism gained momentum as the result of the inauguration of provincial autonomy on April 1, 1937. However, with the adoption of the Indian Constitution on January 26, 1950, the process of federalism was completed. Since the Indian federalism was born out of devolution of responsibilities and power from the Centre to the states, the Centre is relatively stronger, which has described the Indian Constitution as “quasi federal”³ and has in mind particularly Article 249 and Articles 352 to 360 and Article 371. These articles appear to have introduced unitary elements in strictly federal Constitution and the existence of such features does not undermine the federal character of our Constitution. It should however, not be forgotten that the union was born in an atmosphere of political and economic

¹ Dr.P.J.Thomas, *The Growth of Federal Finance in India*, Oxford, Oxford University Press, 1960.p.98

² Gyan Chand, *The Essentials of Federal Finance*, Oxford, Oxford University Press, 2007, p34.

³ K.C.Wheare, *Federal Government*, Oxford, Oxford University Press, 1947, Third Edition, p.28.

crisis.⁴ Under such a situation, there was the need for strong Centre and the Constitution rightly gave such powers to the union of India but which it could exercise according to the written provisions to the Constitution.

Moreover, it should also be remembered that the Union of India emerged through a process of disintegration and it was, therefore, necessary for the federal government to retain such powers that would safeguard the unity of the country in all emergencies. Even in countries like the United States of America and in Australia, the federal government assumes sweeping powers in times of emergency. Infact, at the time of framing of the Constitution of the United States of America and in Canada, the nation did not existed in these countries and the national feeling developed slowly and gradually. In our country the nation already existed and only a strong Centre could preserve this unity which could be weakened in the face of strong disruptive forces. Thus, a strong government at the Centre is, no doubt, an important characteristic of the Indian Constitution.⁵

Whether a federation is formed through the process of integration or disintegration certain characteristics and problems are common to all. Federation could be a union of two or more states but usually it is a union of several states. Thus in federation there is two layers of government, namely the federal government and the federating units. Each layer of government is self-governing and sovereign in its own spheres because there is a clear division of functions and responsibilities between the two layers of government to ensure smooth functioning of the federation. The federal government is sovereign in respect of certain matters but it is not sovereign in so far federating units are sovereign in their own spheres of activity. Similarly a state government, which is a part of a federation, is self-governing and sovereign in respect of matters assigned to it and not in respect of certain other matters. Thus sovereignty is divided in a federation between the two layers of government. Divided sovereignty is the essence of federation. According to Sir Robert Garran a federation is “a form of government in which sovereignty or political power is divided between the central and

⁴ The Country was suffering from the pangs of partition and the political unity of India was in danger due to the continual threat from some of the princes on the eve of partition, See Ibid, n.3, p.29.

⁵ “When partition was agreed the whole situation changed and overnight there was an overwhelming sentiment in favour of a strong Centre” See D.T. Lakdawala, Union-State Financial Relations, Bombay, Vikas Publishing House, 1967, p.34.

the local governments, so that each of them within its own sphere is independent of the other.”⁶

India is a union of twenty-eight states⁷ and seven Union territories⁸ in 2009 that are administered by the government of India. The division of functions and resources between the Union and State Government in India is based on the written provisions contained in the Constitution. This division is in accordance with efficiency and scientific considerations. Thus the Seventh Schedule of the Indian Constitution specifies powers in the form of Union list, State list and Concurrent list. Union government has been assigned subjects of national interest. In all, there are 97 items in the Union List which includes defense, foreign affairs, communication, currency and coinage, banking and insurances, custom duties, regulation of oil seeds and minerals, audit of accounts of Union and the states, inter-states and inter-national trade and commerce, navigation, aviation and national highways, post, telegraph and telephones, and broadcasting. The state Legislatures have exclusive authority to make law in relation to 66 entries. It includes education,⁹ medical and public health, roads and bridges, agriculture and irrigation, forest and fisheries and trade and industry. Besides, there is a concurrent list consisting of 47 items. It comprises subjects of common interest such as planning and social security, labour welfare, industrial disputes, electricity, newspapers in which Parliament and state Legislature can both make laws.

The division of functions and resources in a federation like India, though it is based on the efficiency and scientific considerations, logically it created a gap between the revenue resources and requirements of the states. It led to such situation because the states have dynamic and expanding functions but they are deprived of productive and elastic sources of revenue. The imbalance is therefore, inherent¹⁰ and cannot be corrected without resources being transferred to the states from the Centre. The Centre handles

⁶ Quoted in the Report of the Royal Commission on the Australia Constitution, 1929, p.230.

⁷ These are Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh and west Bengal.

⁸ These are Andaman and Nicobar Islands, Arunachal Pradesh, Chandigarh, Dadra and Nagar Haveli, Delhi, Daman and Diu and Lakshadweep.

⁹ Transferred to the Concurrent List by the 42nd amendment to the constitution in November, 1976.

¹⁰ “A chronic gap between the own resources and expenditure potential of the states seems to be an inherent feature of all wee-established federations”, See D.T. Lakdawala, n.5, p.45

productive and elastic taxes since these are just the ones that impinge on international relations, on the level of activity and on the distribution of incomes. On the other hand the units will be charged with the greater part of the administration of the social services, led by education, since this needs to be adjusted to particular local circumstances. Thus the states need in general a substantial transfer of revenue, but due to large differences in both needs and potential they need it differently.¹¹

In view of what has been stated above, the methods of financial adjustment are of paramount importance in federation. Their importance differs from country to country and from time to time. There must be flexibility to suit the fast changing circumstances. Inter-governmental transfers have been common in most federations but they are generally “extra-constitutional” since the Constitution does not itself specify for large permanent transfers.¹² In the absence of satisfactory machinery like United States of America for deciding the principles on which transfers should be affected, allocations have tended to become a matter of politics. Even in Canada where federal subsidies to the provinces are provided under the British North America Act¹³, it has been experienced that the grant of more funds generally depends upon the bargaining strength of provincial governments. In Australia, all grants are channeled through the Commonwealth Grants Commission which functions as an independent body. In India, the Finance Commission which owes its origin to the Indian Constitution serves this purpose.

1.1. Centre-State Financial Relations:

In India, the financial transfers from the Centre to the states are transferred through three channels: the Finance Commission, Planning Commission and the Union Ministry of Finance. While the Finance Commission has the Constitutional basis, the Planning Commission was appointed by a resolution of the Government of India in 1950. Although there are vast differences in their functioning, methods and approach, yet one

¹¹ U.K. Hicks, ‘Current Problems of Federal Finance in India and some Comparisons with Australia’, Public Finance, Volume XXIII, NO.3, 1968, p.222.

¹² CF. Wilfred Prest, ‘Federal State Financial Relations in India’, The Economic Record, April, 1960.

¹³ The state receives grants-in-aid which are given, as in all federating entities, with a view of leveling off the status of the various units. The quantum and mode of this assistance are determined by the Finance Commission which is appointed in terms of the constitutional provision, every five years. See D.T.Lakdawala, n.5, p.147.

fact remains common to both that they have been instrumental in transferring resources from the Centre to the states on a large scale. The Finance Commission makes its recommendations to the President of India regarding the distribution of taxes, which are to be, or may be, divided between the Union and the State Governments. In addition, it also makes its recommendations regarding grants-in-aid of revenue under Article 275 (I)¹⁴ of the Constitution and on any other matter referred to it by the President. Thus the transfer through the Finance Commission has been affected under the category of tax-sharing and statutory and other grants.¹⁵

The transfers made by the Planning Commission are discretionary and political. Besides these, its wide terms and undefined position in India's administration as well as its ambiguous relations with both central and state governments enabled the Planning Commission to assume gradually the powers and functions which traditionally belonged to the state governments.¹⁶ Finally, there are the central sector and centrally sponsored schemes, in which various ministries give grants to their counterparts in the states for specified projects either wholly funded by the Centre (central sector projects) or requiring the states to share a proportion of the cost (centrally sponsored schemes).

The Indian Constitution is unique in its provisions regarding federal-state tax arrangements as it eliminates the complications that arise from the concurrent powers of taxation. The arrangement for sharing of revenues from some of the union taxes and for assigning the entire proceeds of some other union taxes to the states, overcomes the chronic problems of the system of federal government, namely, those of "double taxation, tax rivalry among states, over-lapping taxation by states, duplicate tax administration, excessive compliance costs and tax evasion."¹⁷

1.2. Transfer through the Finance Commission:

¹⁴ See, Report of the Finance Commission, 1978, p.175.

¹⁵ K.Santhanam, Union-State Relations in India, Bombay, Vikas Publication, 1960, p.46.

¹⁶ A.T.Eapen, 'A Critique of Indian Fiscal Federalism', Public Finance, Volume XXIV, No.4, 1969, p.540.

¹⁷ On the recommendation of the Eleventh Finance Commission, Article 270 of the constitution was amended with effect from April 1, 1996, by the Constitution (Eightieth Amendment) Act, 2000, to prescribe the percentage of the net proceeds of all central taxes and duties is to be assigned to the states within which that tax or duty is leviable in that year and distributed among those states. See, R Kanna, S.M.Pillai, R.Kausaliya and Jai Chander, Finance Commission Awards and Fiscal Stability in States, Economic and Political Weekly, Vol.39 January-February, 2004, p.481.

1.2.1. Income Tax:

In India the Union and the State governments shared an important tax on income excluding the agricultural income. According to Article 270 of the Indian Constitution, taxes on income other than the agricultural income shall be levied and collected by the Government of India and its proceeds are to be shared between the Union and the states.¹⁸ The Parliament has no say in the distribution of the tax and its share with the states. The share is prescribed by the President on the recommendation of the Finance Commission. The recommendation of the Finance Commission is not binding on the President but a convention has been established that he accepts them.

Under Section 138 of the Government of India Act, 1935 the provinces were given a share of net proceeds of taxes on income other than agricultural income, but excluding corporation tax or central surcharge, minus the portion attributable to taxes on federal emoluments and to Chief Commissioners Provinces, minus the share of cost collections. Sir Otto Neimeyer recommended that the share of net proceeds of income – tax to the provinces should be 50 percent. The Provincial shares was to remain in force till the Finance Commission, is set up under Article 280 (3) of the Indian Constitution.

The First Finance Commission (1952) raised the states share from 50 percent to 55 percent of the ‘divisible pool’.¹⁹ It further recommended that the states’ share should be distributed among them at the rate of 20 percent on the basis of collection and 80 percent on the basis of their population. The collection basis was not justified because economic allegiance of tax proceeds cannot be allocated to the place where it is collected. The Second Finance Commission (1957) again raised the states’ share from 55 percent to 60 percent of the net proceeds of income-tax. It recommended that the distribution of states’ share be 10 percent on the basis of collection and 90 percent on the basis of population.

The reform in company taxation introduced in 1959-60 reduced the divisible pool of income-tax and affected the states’ fiscal strength adversely. Accordingly, the states represented to the Third Finance Commission (1961) and demanded the inclusion of the

¹⁸. Divisible Pool of income-tax=total revenue from taxes on income other than corporation tax excluding central surcharge, miscellaneous receipts and advance payments minus cost of collection and the portion attributable to union emoluments and Union territories.

¹⁹ Report of the Finance Commission, 1961, p.18.

corporation tax, in part if not wholly, into the divisible pool. However, these were outside the terms of reference of the Commission and it increased the states' share from 60 percent to 66.6 percent of the divisible pool. Unfortunately the Commission was of the opinion that taking all the considerations in to account "we feel that it would be fair and equitable to restore the formula of the First Commission for the distribution of income tax, namely, 80 percent on the basis of population and 20 percent on the basis of collection,"²⁰

Realizing the loss suffered by the states from the reclassification of income tax paid by companies²¹, the Fourth Finance Commission (1965) increased the states' share from 66.6 percent to 75 percent of the divisible pool. The Fifth Finance Commission had not thought it proper to increase it further and had maintained the status quo. The Sixth Finance Commission has increased states' share to 80 percent of the divisible pool because it felt that the states' have been adversely affected due to the reform in company taxation whereby the income-tax paid by the companies is excluded from the divisible pool since 1959-60 and from the imposition of surcharge on income tax exclusively for the union government. For determining the share of each state, the Commission endorsed the formula of the Fifth Finance Commission as they rightly felt that any increase to the weightage of contribution "will further aggravate regional imbalances."²²

In view of the fact that union surcharge on income-tax has become a permanent feature and the Union Government has increased it as a measure of raising revenue, most of the states pressed the Seventh Finance Commission (1978) for increasing the size of the divisible pool from the level of 80 percent determined by the Sixth Finance Commission. Accordingly, it raised the states' share from 80 percent to 85 percent of the divisible pool. As for the share of each state in the divisible pool the Commission endorsed the views of its predecessors and recommended that the distribution among the states be made on the basis of 10 percent of contribution and 90 percent on the basis of population. While the Commission wanted to strengthen the position of financially

²⁰ The Fourth Finance Commission pointed out "while the collections from corporation tax have increased by well are 600 percent in the course of the last 12 years, the corresponding growth in the divisible pool of income-tax was less than 50 percent." Report of the Finance Commission 1965, p.17.

²¹ Government of India, Report of the Finance Commission 1973, p.12.

²² Ibid, n.21, p.82.

weaker states through its scheme of fiscal transfers, it could not reduce, or eliminate altogether, the weightage to the factor of contribution in determining the share of each state in the divisible pool because “a smaller proportion is likely to be unacceptable to the states which contribute significantly to income tax revenue. A large proportion would set a trend in the wrong direction, considering the fact that the larger collections of the revenue come from the advanced states, and the effect of a larger weightage to contribution would tend against the objective proposed for our fiscal transfer scheme.”²³ The above discussion clearly shows that the Finance Commission’s recommendations are “nothing but a see-saw, giving more weight alternately to population or collection, without any attempt at rationally analyzing the full implications of the cocktail formula of population-collections and satisfactorily explaining the basic considerations that led to its adoption.”²⁴ It is surprising that the Sixth Finance Commission did not give weight to per capita income or other criteria of backwardness because it wanted to maintain “stability in the principles of distribution of shareable taxes”²⁵, and left these indices to be considered for the allocation of Union duties of excise and grants-in-aid.

The fact that the successive finance Commission have taken in to consideration the factor of collection/contribution to determine the share of individual states in the divisible pool “implies the recognition of an inherent right of each state”²⁶ to the proceeds of income tax raised in the state. Under the Indian Constitution, no state was ever given the right to levy income tax except the fact that the states have a right to receive a share in the net proceeds from income tax and they are empowered to levy a tax on agricultural income.²⁷ The criterion of contribution should be applied to those taxes which are collected by the Union Government merely as an agent of the states or on behalf of the state Government for the sake of administrative convenience or where the Constitution requires the tax to be assigned according to derivation. There is no such provision

²³ K.V.S.Sastri, *Federal-State Fiscal Relations in India*, New Delhi, Omsons Publication, 1984, p.12.

²⁴ Government of India, *Report of the Finance Commission*, New Delhi, Finance Commission, 1978, p.12.

²⁵ A.T. Eapen, ‘A critique of Indian Fiscal Federalism’, *Public Finance*, Volume XXIV, No.4, 1969, p.540.

²⁶ Even this is not exercised by all the states, Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Madhya Pradesh, Manipur, Meghalaya, Nagaland, Orissa, Punjab and Rajasthan do not levy that tax at all.

²⁷ V.V. Bhatt, ‘On the Magnitude and Allocation of Federal Assistance to the states in India: Some Rational Criteria’, *Public Finance*, Vol.XXIV, No.4, 1969, p.566

regarding the income-tax and the Finance Commission must choose such criteria as would redress the fiscal imbalance between various units of the federation and help in achieving the objective of equity between them.

A state with a low per capita income raises inadequate resources and therefore cannot provide services/benefit to its citizens in comparison to a state with a relatively higher per capita income. Thus vicious circle is created –low per capita income resulting in low revenue leading to poor standard of services and inadequate infrastructure which again results in low per capita income. This vicious circle can be broken if funds are allocated to the states on the basis of their per capita income figures. However, the successive Finance Commission has given a major weightage to population. Population, no doubt, reflects the needs of a state because a state with a larger population requires more resources to provide the same level of services as compared to a state with smaller population. However population alone is a neutral criterion²⁸ and therefore cannot be regarded as a satisfactory measure of fiscal needs. It must be supplemented by some other criterion such as per capita income, to reflect correctly the states' fiscal needs.

1.2.2. Tax Sharing-Union Excise Duties:

Excise duties fall under a different category among the shareable taxes in as much as unlike income tax, they are not to be shared compulsorily. Article 272 simply makes a permissive provision with regard to sharing of these duties. Parliament has been empowered to exercise discretion to make law providing for their sharing as well as laying down the principles of distribution. But in view of the wordings of Article 289 (3) (a), the First Finance Commission considered it within its competence to make recommendations not only with regard to divisible taxes but also with respect to those that may be divided. Ever since, distribution of tax sharing exercise has been taken to be within the ambit of Finance Commission.

The First Finance Commission was, thus the first to break a new ground for the states when it recommended the distribution of 40 percent of the net proceeds of duties of excise on three commodities i.e., tobacco including cigars and cigarettes, matches and

²⁸Government of India, Report of the First Finance Commission, New Delhi, Finance Commission, 1958, p.79

vegetable products. The Second Finance Commission added five more items in the list of divisible excises. Thus in the case of Union excise duties, the number of commodities, the duties on which are to be shared with the states, have been increased from three, as recommended by the First Finance Commission to thirty-five by the Third Finance Commission. The Fourth Finance Commission has grouped the Union excise duties currently in force in to six categories.²⁹ The broad base fixed by the Fourth Finance Commission about the distribution of excise duties has two advantages. Firstly, the Union has greater freedom to vary duties without looking over its shoulder to find out whether the assigned share to the states is affected. Secondly, the states will have a more assured flow of revenue since short falls of revenue from some articles will be compensated for by increases from others.³⁰

1.2.3. Estate Duty:

According to Article 366 (9) of the Constitution, estate duty means a duty assessed on or by reference to the principle value of all property passing upon death of the owner. Thus it is one of the two usual forms of death duty and is leviable as a mutation duty on the whole of the property changing hands on death. Estate duty on agricultural land is a state subject while that on property other than agricultural land is under the jurisdiction of the centre. However, Article 269 (1) (b) provides that the whole of the net proceeds of the union duty shall be assigned to the states and distributed among them in accordance with the principles formulated by the parliament by law.

The second Finance Commission considered 'location' as the most appropriate basis of distribution³¹ but it could not suitably apply to movable property in respect of which some general principles such as population was found inescapable.³² The Commission, therefore recommended apportionment of the proceeds between immovable

²⁹ Such as basic excise duties, cases or excise duties levied under special acts, additional excise duties in lieu of sales tax, additional excise duties on oil, special excise duties levied in the form of surcharges on basic duties and regulatory duties. Though the share of the state has been reduced from 40% to 25% and finally to 29% by the successive Finance Commission, the divisible pool has been increasing due to larger coverage.

³⁰ Sharma, J.N., *The Union and the States, A study in Fiscal Federation*, New Delhi, Sterling Publishers, 1974, p.79

³¹ Government of India, *Report of the Second Finance Commission*, New Delhi, Finance Commission, 1957, p.51.

³² *Ibid*, n.31, p.51.

and other properties in the ratio of the gross value of such properties, the sum apportioned to the former being distributed on the basis of location and the balance on the basis of population'.³³ Subsequent Commissions also commended these principles and endorsed it in their recommendations.³⁴

The Third Finance Commission did not propose any change in the principles enunciated by the Second Finance Commission with regard to the principle of distribution and fixed the percentage for different states. The Fourth Finance Commission also did not suggest any change in the formula laid down by the Second Finance Commission, except that it suggested that the share of the Union territories be raised from one percent to two percent of the net proceeds of estate duty. The Fifth and the Sixth Finance Commission also endorsed the principles laid down by the earlier Commission except that the Fifth Finance Commission increased the share of Union territories to 3 percent but the sixth Finance Commission reduced the share of Union territories to 2.5 percent. The Sixth Finance Commission observed that "We are convinced that the principles of distribution enunciated by the Second Commission and endorsed by all the subsequent Commissions did not call for any change but in recommending the distribution of duty attributable to movable property it adopted the 1971 census figures".³⁵ The Seventh Finance Commission did not specify the portion of the net proceeds of estate duty attributable to Union territories but recommended that it should be determined in the same manner and on the same principles as for the determination of the shares of each state, taking the union territories as one unit for the purpose. The Commission also recommended that Sikkim will also be entitled to a share in the net proceeds of this duty as and when the duty become leviable in the state.

1.2.4. Tax on Railway Passenger Fares:

For the first time a tax on railway passenger fares was introduced in the year 1957-58 and the Second Finance Commission was requested to suggest the principles on the basis of which the net proceeds of this tax should be distributed among the states. The

³³ Ibid, n.31, p.51

³⁴ Government of India Reports of the Third Finance Commission, p.13, Fourth Finance Commission, p.12 and Fifth Finance Commission, p.237

³⁵ Government of India, Report of the Finance Commission 1973, p.25

Commission recommended that each state should get a share which may be as nearly equal as possible to the net proceeds on account of the actual travel on railways within its limits.³⁶ The Third Finance Commission recommended that this sum should be distributed among the states broadly on the same footing as before. The Fourth finance Commission agreed that the distribution of this grant should be on the basis of compensation and endorsed the principles enunciated by the Second Finance Commission. As the actual amount of grant to be distributed was not indicated to the Commission, it expressed the state's share in terms of percentage on the basis of "the latest available statistics of railway route length in each state under each gauge and the average annual earnings from passenger traffic for three years ending 1964 for which actual were available."³⁷ The Railway Convention Committee (1965) recommended that the railway should provide one percent of the capital invested up to the end of March 31, 1964 instead of the fixed grant of Rs.12.50 crores per annum. This recommendation was accepted by the Government of India and out of the states' share thus determined Rs.16.25 crores are paid to the states in lieu of the passenger fares tax and the balance is given to them to provide for their portion of the resources required for financing repair of level crossings, over-bridges and such other safety works. Both the amounts are however, distributed among the different states on the basis of the formula recommended by the Finance Commission.

The Railway Convention Committee (1965) recommended that the railways should provide one percent of the capital invested up to the end of March 31, 1964 instead of the fixed grant of Rs.12.50 crores per annum.³⁸ The state government forcefully drew the attention of the Sixth Finance Commission regarding the inequity involved in the replacement of tax on railway passenger fares by a fixed grant as the

³⁶ The tax on railway passenger fares was merged in passenger fares from 1st April, 1961 on the recommendation of the Railway Convention Committee (1960). This step was taken to avoid large work involved in separate collection and accounting of the tax. Since 1961-62, the railways are giving a fixed grant of Rs.12.50 crores to be distributed among the states on the recommendations of the Finance Commission. See Ibid, n.35, p.25.

³⁷ Government of India, Report of the Finance Commission, New Delhi, Finance Commission, 1965, p.15.

³⁸ The recommendation was accepted by the government of India and out of the States' share thus determined Rs.16.25 crores are paid to the states in lieu of the passenger fares' tax and the balance is given to them to provide for their portion of the resources required for financing repair of level crossing, over-bridges and such other safety works. Both the amounts are, however, distributed among the different states on the basis of the formula recommended by the Finance Commission.

‘architects of the Constitution had presumably intended to give the states access to a modest share of the growing revenues of the railways.’³⁹ However the grant remained fixed at Rs.16.25 crores and the Commission, therefore rightly felt that “It will be in the larger interest of healthy development of cooperative federalism in the country if the point of view so states is given due recognition in taking decisions on issues of this nature.”⁴⁰

The state government urged strongly the seventh Finance Commission that the amount of the grant should be re-determined because if the tax had been Rs.63.22 crores in 1978-79. However, the grant remains fixed at Rs.16.25 crores and the Commission therefore suggested that “the government of India should specifically refer the question of increasing the quantum of the grant in lieu of the railway passenger fares tax, to the appropriate Railway Convention Committee.”⁴¹ Thus they worked out the percentage share of different states on the average non-suburban passenger earnings of the railways in each state during the four years ending 1977-78. Manipur, Meghalaya and Sikkim were given no share as they have no railway line.

1.2.5. Wealth Tax on Agricultural Property:

The Wealth Tax Act was enacted in 1957 but the agricultural property was exempt from it up to the assessment year 1969-70. Accordingly, to bring about equity between persons owning non-agricultural property and those owning agricultural property as also to check tax evasion, the Finance Act 1969 extended the levy of wealth tax to agricultural property with effect from the assessment year 1970-71.⁴² Under the Constitution the proceeds thereof are not to be shared with the states either on an obligatory or permissive basis. However, the government of India decided that the net proceeds of wealth tax on agricultural property would be passed on to the states as grants-in-aid. The Sixth Finance Commission was asked to recommend the principles for the distribution of this grant among the states. The Commission recommended that the grant “should be distributed among the states in proportion to the value of agricultural property

³⁹ Government of India, Report of the Finance Commission 1973, p.23

⁴⁰ Ibid, n.39, p.24.

⁴¹ Government of India, Report of the Finance Commission, New Delhi, Finance Commission, 1978, p.71

⁴² See P.K.,Bhargava, Taxation of Agriculture in India, pp.51-52.

located in the state and brought to assessment in that year.”⁴³ The Union Ministry of Finance decided in 1976 that the distribution of the grants to the states, in relation to the years from 1974-75, should be in proportion to the value of agricultural property brought to assessment in the states where the assessments took place. The Seventh Finance Commission examined carefully and recommended that “the share of each state in the grant in each of the years from 1979-80 to 1983-84 should be an amount equivalent to the net collection in that state in each year.”⁴⁴

1.2.6. Grants-in-aid:

Grants-in-aid from the federal government to federating units are provided for a variety of purposes and such assistance has become an essential feature of federal finance. It has been rightly emphasized that even in a rich and highly developed country like the U.S.A. grants-in-aid have come to occupy such an important place that, “In some instances, services were introduced which would not have been undertaken without federal aid. In other cases, it was stated that the functions were begun sooner and were done more extensively than would otherwise have been the case.”⁴⁵ In developing federations, grants-in-aid are still important because without these the state government may resort to more and more regressive taxation or may give up many essential services which may be vital for economic development or may be desirable for the integrity of the federal structure.

Grants-in-aid may take various forms: conditional and unconditional, matching and equalization, plan and non-plan, special and general purpose, etc. In a poor federation where the objective is to secure a national minimum’ in the field of various social and development services in different states, conditional and equalization grants may be

⁴³ The government of India accepted this recommendation of the Sixth Finance Commission but the Central Board of Direct Taxes later on pointed out that the statistics of wealth tax assessments maintained by it would not enable it to ascertain the value of agricultural property located in each state and brought to assessment in a year. As a result, the derivation of the element of tax on and the calculation of the value of agricultural property in the total property brought to assessment from 1975-76 became a complicated matter. See Government of India, Report of the Finance Commission, New Delhi, Finance Commission, 1973, p.27.

⁴⁴ Sikkim will also become entitled to a share in the grant and when the levy of the wealth tax is extended to that state. See Government of India, Report of the Finance Commission, New Delhi, Finance Commission, 1978, p.74.

⁴⁵ Roger H. Wells (ed), Impact of federal Grants-in-aid on the Politics Structure and Local Government, New Delhi, Vikas Publications, 1954, p.12.

preferred over unconditional grants. Such grants are preferable in a poor federation because in their absence “the recipients (low income) states face a wide range of alternative changes which can be made within the state-local fiscal system. In a situation where fiscal autonomy is the main concern “majority opinion would favour unconditional over conditional grants on the ground that the latter do not respect the sovereignty of the ‘consumer’ or of the spender.”⁴⁶ It is desirable that due to changing situation in a poor federation, a flexible approach should be adopted in the system, of grants-in-aid and “the grant structure should be subject to periodical review, with adjustment necessary, say at five-yearly intervals.”⁴⁷

The Finance Commission, in India, recommended grants-in-aid of revenue under Article 275 (1) of the Constitution and have used these grants broadly to cover states’ budgetary deficits on revenue account after taking in to account the devolution of central divisible taxes. The First Finance Commission in prescribing grants-in-aid of revenue to the states based its recommendations primarily on the budgetary needs of states, though the Commission had mentioned other factors such as tax-effort, economy in expenditure, standard of social services, special obligations and financial needs of the states. The consideration of need based on poverty and per capita income indices should be given a due place in giving grants to states. It is, however, discouraging that the successive Finance Commission have religiously followed the mechanical approach of gap filling and neglected this aspect in recommending grants-in-aid to the states.

The First Finance Commission had also recommended grants-in-aid for primary education to eight states.⁴⁸ The Commission based its recommendation on the proportion of school going children between ages of six and eleven years. The Second Finance Commission followed the formula prescribed by the First Finance Commission and it recommended grants-in-aid to eleven states.⁴⁹ The Third Finance Commission suggested that the total grants-in-aid to states should be an amount, along with any surplus on

⁴⁶ Albert Breton, ‘A Theory of Government Grants’, *The Canadian Journal of Economic and Political Science*, Vol.XXXI, No.2, p.175.

⁴⁷ *Federalism and Economic Growth in Underdeveloped countries*, (A symposium), 1961, p.167.

⁴⁸ These were Bihar, Madhya Pradesh, Hyderabad, Rajasthan, Orissa, Punjab and Madhya Pradesh

⁴⁹ These were Andhra Pradesh, Assam, Bihar, Kerala, Madhya Pradesh, Mysore, Orissa, Punjab, Rajasthan, West Bengal and Jammu and Kashmir.

revenue account, so as to cover 75 percent of the revenue component of states' plans.⁵⁰

The Fourth Finance Commission recommended grants-in-aid to ten states⁵¹ on the basis of their non-plan revenue gap and it gave "due regard to certain special considerations which were not specifically mentioned in the terms of reference to the earlier Commissions. The Fifth Finance Commission while assessing the revenue requirements of the states made a provision for amortization including fresh borrowing during the Period 1969-70 to 1973-74. The Commission also kept in view the special problems of Assam, Jammu and Kashmir and Nagaland and recommended for these states much larger grants "than would ordinarily be justified in case of other states of similar size or having similar resources."⁵²

The Sixth Finance Commission made a significant departure by giving special recognition of the need to push up the level of important administrative and social services to enable "the states that are backward to come up to a certain national minimum."⁵³ After giving weightage to this and other factors, the Commission recommended, under Article 275 (I) of the Constitution, grants-in-aid of revenues to fourteen states.⁵⁴ The Seventh Finance Commission, after the reassessment of the forecast and taking into consideration the devolution of taxes and duties from the Centre, found that eight states are left with gaps on the revenue account. Accordingly, the Commission recommended a sum of Rs.1173.12 crores to these states⁵⁵ as grants-in-aid of revenues, under Article 275 (I) of the Constitution, to cover their non-plan revenue gap. Thus, the Commission has recommended grants to seventeen states⁵⁶ which were having deficit as non-plan revenue account without devolution of Central taxes and duties.

⁵⁰The Member-Secretary, Mr.G.R. Kamat, disagreed from the commissions' recommendations in this regard on the ground that the grants for the revenue component of the plan are made available under Article 282 of the constitution and they are tied to particular schemes with a view to promote programmes of planned economic developments. Hence the government of India did not accept this recommendation of the finance Commission. See Albert Breton, n.46, p.176.

⁵¹ These were Andhra Pradesh, Assam, Jammu and Kashmir, Kerala, Madhya Pradesh, Mysore, Nagaland, Orissa, Tamil Nadu and Rajasthan.

⁵² Government of India Report of the Finance Commission 1969, p.64

⁵³ Government of India, Report of The Finance Commission, New Delhi, Finance Commission, 1973, p.68.

⁵⁴ These were Andhra Pradesh, Assam, Bihar, Himachal Pradesh, Kerala, Uttar Pradesh, Manipur, Meghalaya, Orissa, Punjab, Nagaland, Rajasthan, Tripura, West Bengal and Jammu and Kashmir.

⁵⁵ These were Himachal Pradesh, Manipur, Meghalaya, Nagaland, Orissa, Sikkim and Tripura.

⁵⁶ These were Andhra Pradesh, Assam, Bihar, Himachal Pradesh, Jammu and Kashmir, Kerala, Uttar Pradesh, Manipur, Meghalaya, Orissa, Punjab, Nagaland, Rajasthan, Sikkim, Tamil Nadu, Tripura and West Bengal.

The striking feature of these grants-in-aid is that the Commission has recommended both revenue expenditure as well as capital expenditure: the capital expenditure being Rs.185.39 crores in the total grant. In addition, the Commission rightly did not adjust the 'revenue surpluses' of the states against the provision of funds for aforesaid upgradation as was done by the Sixth Finance Commission. This has benefited the relatively backward states. However, the Commission not only refrained from making grants for social services, it also made the backward states more dependent on the centre by recommending a more complicated system of monitoring grants-in-aid to them for upgradation of standards of non-developmental services. Since the provision for upgradation of standards, in the opinion of the Commission, should be "used on the basis of physical plans of action,"⁵⁷ it is feared that there is likely to be considerable differences of opinion between the judgment of the state government and of the Central government regarding the effective utilization of grants, more so in the case of those states which are being ruled by a 'party' other than the political party at the Centre.

1.3. Transfers through the Planning Commission:

The advent of economic planning in India gave rise to a new type of assistance from the Union Government to the states. This type of 'Plan assistance' to the states was not given much importance while framing the Constitution. This is a new type of assistance and is generally not prevalent in other federations but its significance has continued to increase in our country. Plan assistance basically provided to the states to enable them to undertake development schemes which have been accorded priority in the five year plans. As in other federations, most of the social and development functions fall within the jurisdiction of the states. In the Indian federation, the states cannot perform these functions satisfactorily because of their inadequate resources. The union government, therefore, provides assistance in the form of grants and loans to the states to fill up the gap and dictate the national policies/priorities, through the large transfers, to the states. In the beginning, the assistance was based on very detailed schemes and its quantum varied from scheme to scheme, differed within a scheme for different types of expenditure and in some cases changed from year to year. Central assistance to the states

⁵⁷ Government of India, Report of the Finance Commission, New Delhi, Finance Commission, 1978, p.104.

is given for the states own schemes decided on the basis of the gap between the states own resources and the size of the plan determined by the Planning Commission as also for schemes sponsored by the Centre which are wholly or partly financed by it.⁵⁸ The conditions and the composition of grants and loans also varied with the detailed nature of expenditure. If there was a difference between the total approved Central assistance to the states and the money earned by them on schematic basis, the difference was given in the form of miscellaneous loan. "This formula was found to leave great scope for political pressures and bargaining; it was found that the richer states got more of their assistance in the form of grants than the poorer ones."⁵⁹

The schematic pattern of assistance suffered from many defects. The states took up schemes, without careful planning and scrutiny, as and when the Central assistance was offered to them. The state governments, though supposed to be better equipped with local needs and resources but the lack of assistance led to the limited sustainability of schemes. In order to get more assistance, they cut down their expenditure on non-scheme items which would have been more productive to them. Under the situation, "It appears that in the initial years of planning, there were many complications in regard to the enumeration of schemes and determination of the quantum of assistance, and also there was confusion and delay in regard to the disbursement of the grants to the states."⁶⁰

As the assistance was largely given on the matching principles, it went against the interest of relatively backward states. The relatively better-off states, being in a position to raise large resources, could better match their resources to qualify for the grant. In addition such states were in a position to draw better plans because of their better administration. The Second Finance Commission criticized the system of matching grants and pointed out that "The state governments were unable to meet their share of the expenditure on these schemes as all the resources had already been committed for their inescapable expenditure for the implementation of the plan. Their difficulty was greater in the case of schemes outside the plan."⁶¹ The system of matching the grants cannot be

⁵⁸ Prior to the fourth plan, while there was an agreed ceiling on aggregate central assistance for state plans, plan assistance was given on a schematic basis. See Ibid.n.57, p.105

⁵⁹ D.T.Lakdawala, 'Centre-State Financial Relation,' Bombay, Popular Prakashan, 1986, p.viii.

⁶⁰ G.Thimmai, 'Plan Grants in India – A Critical Evaluation', The Indian Journal of Public administration, Vol.XXII, No.2, April-June, 1970, p.241.

⁶¹ Government of India, Report of the Finance Commission, New Delhi, Finance Commission, 1957, p.68

justified as it would normally go against the interest of backward regions and favour of the relatively better-off states which can easily qualify for Central assistance and utilize matching grants to the greater extent because of their better financial position.⁶²

The state governments have been insisting from time to time that Central assistance be based on certain objective criteria. The Planning Commission, with the assistance of National Development Council, devised a new formula for distribution of plan assistance among states other than Assam, Nagaland and Jammu and Kashmir. Under this formula all the above stated states received 30 percent of the assistance in terms of grants and 70 percent in terms of loans. Under the existing arrangement in force since 1969-70, the total resources thus allocated to a state are determined in terms of 60 percent on the basis of population 10 percent on the basis of per capita tax effort, 10 percent on the basis of continuing major and medium irrigation and power projects, 10 percent on the basis of special problems such as floods, chronically drought affected area and tribal area of individual states and 10 percent was to accrue to the poorer states with per capita income below the all India average, i.e., on the basis of economic backwardness. As a result of this arrangement, which is popularly known as Gadgil formula, central assistance to states has been made on certain rational criteria. The earlier system of plan grants to specific projects and matching assistance has almost been given up. However, the states are not satisfied with the allocation of Plan resources in terms of the Gadgil formula. Ten percent specially set apart for the poorer states was a welcome feature but it did not take into account the past progress made by the states as a result of the expenditure for which an allowance had already been made by the Finance Commission. Poor states also lose when tax effort is judged as a proportion of revenue to state income because with the same level of taxation they cannot in terms of percentage of their incomes collect the same amount of tax revenues as the relatively better-off states can do.

The state feels that the allocation of 70 percent of the resources on the basis of loans places an unduly large burden on them. It is this arrangement which has led to the

⁶² “The richer states like Maharashtra, Gujarat got more out-right grants. This was not merely because of cleverer people in the secretariat. It was because they had resources which they could employ in such a manner that they could get to that position.” D.R.Gadgil in a booklet entitled *Formulating our Plans*, based on an address given in Ahmadabad on November 24, 1968, under the auspices of the Ahmadabad Management Association.

present situation of states' indebtedness. Accordingly, the states feel that the proportion of grants should be increased and that of the loans reduced in the total plan assistance. However, the situation can be improved if the plan loans are linked with the productivity of the schemes for which they are sanctioned so that the revenue from these schemes may be used to service and repay the plan borrowings. But to ensure the productivity of plan investment is not an easy task and is fraught with great difficulties. Accordingly, some other alternative must be thought of, under the existing situation, without any unnecessary vexation. The Planning Commission may vary the terms of loans and make them liberal for backward states if it is convinced that the scheme has been properly worked out and that it will be efficiently carried out. In addition, the weightage to per capita income should be increased so that the backward states benefit relatively more and are enabled, through larger allocations, to rise up their level of development. It is recorded that, "At the last National Development Council meeting about one-third of plan assistance has been decided to be distributed on the Institute of Agriculture and Trade Policy formula, whereby poorer states will gain more."⁶³

The centrally sponsored schemes, earlier known as additional state schemes, can achieve some of the objectives of plan assistance more directly. The Centre has a direct interest in them and the expenditure on these schemes is a part of the central plan. In this case, degree of supervision and control by the Centre is more detailed and uniformity is insisted upon. In recent years, the expenditure on centrally sponsored schemes has greatly increased. Their importance has increased for the states because they have financially gained as they get the share in the scheme, in addition to the agreed plan assistance.

There are certain problems of broader national interest such as population, planning, inter-state power transmission lines, etc, which cannot be left to the states alone and cannot be operated through the general mechanism of plan assistance. There are certain other plan priorities where the states should be interested but because of certain constraints, such as lack of vision on the part of the states or due to their inadequate resource structure, they have to be encouraged and induced. Besides, there are many problems, such as the sites for landless, area planning for full employment, etc, which require a uniform solution to avoid danger of being pressed by the interested groups for

⁶³ D.T.Lakdawala, 'Plan Finances in a Federal Economy', Yojana, May 16, 1979, p.11.

their own benefit and to avoid delay in the implementation of such schemes. In view of these circumstances, centrally sponsored schemes have gained momentum.

States have opposed centrally sponsored schemes because some of these schemes have often been put through after the plan was made and almost all the states had committed their resources. Many other schemes were largely staff-oriented and the detailed sanctions rested with central departments. It has now been decided that these features should be modified.⁶⁴ This is an area which needs a detailed examination to identify these two elements separately. However, for the success of these schemes, an attempt should be made to elicit the states' cooperation and support from the very beginning. A significant portion of the transfers to the states is affected through loans from the Centre. Their quantum has enormously increased, although their share in the total transfers has declined. While in other federations there is a separate agency for raising loans, such as the Loan Council in Australia, or the federating units are permitted to borrow independently, the Indian Constitution provides for loans from the Centre to the states. This is a peculiar feature of the Indian federation.

The states' indebtedness to the Centre has increased rapidly. It increased from Rs.238.54 crores at the end of March, 1952 to Rs.17, 562 crores at the end of March, 1981 which further increased to 5, 26, 750 crores in 2002. Whereas the share of central loans in the states' debt was 54 percent at the end of March, 1952; this percentage increased to 73:01 at the end of March, 1981.⁶⁵ These data indicate that the states are heavily indebted to the Centre and they cannot raise any loan on their own accord so long as they are in debt to the Centre. Under Article 293 (3) of the Constitution, "A state may not without the consent of the Government of India raise any loan if there is still outstanding any part of loan which has been made to the state by the Government of India or in respect of which a guarantee has been given by the government of India."⁶⁶ Since the inauguration of our Constitution all the states are indebted to the government of India.

⁶⁴“Once the contours are settled, a centrally sponsored scheme confers greater financial advantages to states as they get the share in the scheme in addition to the agreed plan assistance. This was perhaps how the centrally sponsored schemes greatly multiplied in the past after an NDC resolution had restricted their extent to 1/6th-1/7th of plan assistance to states. The extent to which the states would benefit from the centrally sponsored schemes would depend upon the nature of these schemes and the ability of the states to take their advantage. See Ibid, n.63.,p.8

⁶⁵ State governments are not allowed to raise loans outside the Union territory of India.

⁶⁶ Se D.T.Lakdawala, n.63, p.9.

Thus the Centre may impose such conditions as it deems fit on the borrowing programmes of the state government. The states may at time oppose the advice of the government of India but they have hardly any choice in the matter.

The state government have often complained that the central government is placed in a favorable position in raising funds as it is able to secure foreign loans at concessional rates of interest and resources raised through deficit financing are virtually free of interest.⁶⁷

1.4. Discretionary Transfers:

Discretionary transfers constitute nearly one-third of the aggregate budgetary transfers during the first three decades of planning.⁶⁸ In absolute terms the discretionary transfers amounted to Rs.22, 300 crores which was only Rs.60 crores less than the plan transfers.⁶⁹ During three plan periods (First, Fourth and Annual Plan periods) discretionary transfers exceeded both statutory and plan transfers. It is only during the recent plan periods that the importance of discretionary transfers came down. This is partly due to the increasing role played by the recent Finance Commissions and partly due to the concerted opposition put up by the state governments against the increasing importance of these transfers. Apart from their direct effects, the discretionary transfers affect the statutory transfers in the following plan period, by boosting the non-plan expenditure.

1.4.1. Categories of Discretionary Transfers:

The discretionary transfers are also called as non-statutory plan transfers that are classified into four: firstly the schematic transfers, secondly, the overdraft, gap and special accommodation loans and ways and means advances, thirdly, the small savings and loans and lastly, the assistance for meeting relief expenditure.⁷⁰ The relative

⁶⁷ It is true that the Union Government pays interest to the Reserve Bank of India on the rupee finances raised from the Reserve Bank through treasury bills or loans. However, the profits of the Bank accrue to the Union government.

⁶⁸ Government of India, Report of the Seventh Finance Commission, New Delhi, Finance Commission, 1978, p.173.

⁶⁹ Ibid, n.68, p.174

⁷⁰ K.K.George, Discretionary Budgetary Transfers: A Review, in I.S.Gulati, (ed) Centre-State Budgetary Transfers, Bombay, Oxford University Press, 1987, p.247

importance of each of these items changes over time. During the Fifth and Sixth Plan periods, transfers to states for the implementation of the central and centrally sponsored schemes accounted for 35 percent of the total discretionary transfers. Next in importance was the small savings loan (23.8 percent and 28.2 percent).⁷¹

1.4.2. State-Wise Discretionary Transfers:

The low income states among the non special category states received less funds than both the high income and the middle income states. Even among the latter two groups, it was the middle income states which received less than the high income states except during the three annual plans (1966-69) and the Fourth Plan. Even during these annual plan years, their position was worse than that of the middle income states. The special category states⁷², of course, receive the highest per capita discretionary transfers.⁷³ This was perhaps unavoidable in view of their special problems including defense and internal security problems. The absence of progressiveness is confirmed by the state-wise flow of discretionary funds. It would in fact seem that it had served only to widen the inter-state disparities.

Of the five states which got less than all states average during the 25 year period, two belonged to group B, three to group C and none to group A. In other words, only one among the four poor states, received more than the all-states average amounts while all the five states belonging to the richest category received more than that amount. Uttar Pradesh and Madhya Pradesh received the lowest while Assam and Rajasthan received the largest amounts per capita. Punjab received the third largest amount.

⁷¹Central relief for natural calamities formed only a small proportion during this period, particularly during the fifth plan period. But assistance to finance relief expenditure was very large during the Fourth Plan and the three Annual Plan periods. For a discussion on these schemes See Administrative Reforms Commission, Report of the study Team on Centre-State Financial Relationship, New Delhi, Government of India, 1968, pp.71-121.

⁷²Special category states are Arunachal Pradesh, Assam, Himachal Pradesh, Jammu and Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura. See Reserved Bank of India Bulletin, Government of India, January 2002.

⁷³Assistance to the special category states is given on the basis of plan projects formulated by the states, and 90 percent of the transfer is given as grants and 10 percent in the form of loans. For the major states, assistance is given by way of grants and loans in the ratio of 30:70. See Nirvikar Singh and Garima Vasishta, Patterns in Centre-State Fiscal Transfers, An Illustrative Analysis, Economic and Political Weekly, Vol.39, October-December 2004.

The schemes for which central funds are made available outside the state plan framework are of three types. They are: central Plan schemes, centrally sponsored schemes and the non Plan schemes proper.⁷⁴ The central and centrally sponsored schemes accounted for 53 percent and 58 percent respectively of the total schematic transfers during the Fifth and Sixth plans. The difference between the state plan schemes and some of the above schemes are only marginal. There are instances of schemes which are included both under the state plans and outside, in other instances the schemes started as non-plan, but included in later plans. As Venkataraman observes that “the centrally sponsored schemes are those for which assistance is given over and above the assistance assured for the state as a whole.”⁷⁵ There are schemes which are “sometimes converted from state plan schemes to centrally sponsored schemes with no intent other than the obvious one of getting the state better financial assistance as noted by the Administrative Reforms Commission study group.”⁷⁶ These schemes are included in the state list, central list and the concurrent lists of the constitution.

Secondly, discretionary transfers as the name suggests are not governed by any objective criteria. The large scale discretionary transfers affected by the Planning Commission and different Union Ministries undermine the importance of the criteria adopted by the Finance Commission⁷⁷ and the National Development Council. Thirdly, these transfers reduce the pool of funds available for distribution on the basis of the National Development Council (Gadgil) formula. Fourthly, some of the criteria used for discretionary transfers are the ones rejected by the Finance Commissions. Fifthly, discretionary transfers tend to undermine the autonomy of states by entering the state subjects in the Constitution through fiscal backdoors. The states priorities are often ignored in the allocation of funds by the different ministries of the Centre. Sixthly, large

⁷⁴ B.S.Grewal, Centre-state Financial Relations in India, Patiala, Punjab University, 1975.

⁷⁵ Venkataraman, K., States Finance in India, London, George Allen and Unwin, 1968, p.79.

⁷⁶ Generally speaking the states are not happy with the increase in the schematic transfers. These schemes are mostly thrust upon the state government against their own order of preferences at the behest of the interested Union Ministries. It may be noted that in several meetings of the National Development Council, the Chief Ministers of States have argued for substantial reeducation in the number of Central and Centrally sponsored schemes. See Government of India, Administrative Reforms Commission, Report of the Study Team on Centre-state Relationships, New Delhi, 1968. Vol.I, p.128.

⁷⁷ The distribution of small savings loans among states however is overseen by the Finance Commission while reviewing the non-plan gaps.

scale discretionary transfers leave the area of fiscal transfers open for political bargaining and horse-trading.⁷⁸

All the above objections of the state governments could perhaps have been ignored if only the schematic transfers were equitable. If we go beyond the general trends and carry out analysis in per capita terms, we are confronted with our usual finding that the three low income states-Uttar Pradesh, Madhya Pradesh and Bihar got only less than the national average and much less than the average some of the most developed states like Punjab and Haryana.

Discretionary Transfers to finance various schemes initiated by the different Central Ministries had higher grant content than the central assistance for state plans. During the seven year period covering the fifth plan and the first two years of the sixth plan, the grant content of schematic discretionary transfers was 63 percent as against 38 percent for plan assistance. The grant content of central plan schemes was higher at 72 percent. For centrally sponsored schemes, the grant content was still higher at 88 percent. The grant-loan component of schematic transfers varied among the states according to the nature of the schemes as in the case of patterns of assistance for the state plans followed by the Planning Commission, prior to the Fourth Plan.⁷⁹

The grant component was the second highest for Haryana, after Orissa and the third highest for Gujarat. The grant component for Bihar and Madhya Pradesh, on the other hand was less than the national average. The overall trend may be seen from the correlation of grant content of all these schematic transfers with per capita income. The correlation was positive though weak during the Fifth Plan Period. During the first two years of the Sixth Plan, there was a welcome change leading to a negative and statistically significant correlation.

The same trends are visible even when analyze the discretionary grants in per capita terms. The rank correlation between per capita grants and per capita income was positive during the Fifth plan and negative during the Sixth plan. However some of the figures for individual states strike discordant notes. For instance, Punjab, Haryana and

⁷⁸ Government of India, n.76, p.51.

⁷⁹ As with the central Plan assistance before the Fourth Plan, the proportion of transfers by way of grants was the highest for the developed states. The proportion of grants was 66 percent for group B states, 63 percent for group A states and only 59 percent for group C States For details Se P.K.Bhargava, Centre-State Resource Transfers in India, Haryana, Academic Press Gurgoan, 1982, p39.

Gujarat received larger grants per capita during the seven year period (1974-81) than the three low income states, i.e. Uttar Pradesh, Madhya Pradesh and Bihar. The distortions introduced in federal financial relations by the discretionary transfers not supervised by any federal body like the Finance Commission and the National Development Council may be seen from the fact that three states, i.e. Punjab, Haryana, and Rajasthan received more discretionary grants than plan grants during the Fifth and the Sixth Plans. Again, except for Kerala, West Bengal, Assam and the special category states, the discretionary non plan grants exceeded the statutory grants.

1.5. Transfer of Resources from Centre to the North-Eastern States:

The North-Eastern Region occupies 2, 55,083sq.km. That is approximately 8 percent of the land area of the country and inhabited by 3.75 percent of country's population. It is significant to note that the population of the region has tripled from 102.61 lakh in 1951 to 315.48 lakh in 1991, as compared to 2.34 times rise in population of the country as a whole. The population of the region stands at 384.95 lakh in 2001.⁸⁰ In 1950, the North-East region comprised of only three political units, viz. Assam, Manipur and Tripura, and a centrally administered NEFA area (North East Frontier Agency). By 1972, the number of states in the region rose to seven, by the creation of four additional states of Nagaland, Meghalaya, Arunachal Pradesh and Mizoram.

The North-East region, also known as the land of seven sisters, comprises the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura.⁸¹ Recently Sikkim is also included as the eighth state. The region is connected with the mainland India through a narrow stretch of land near Siliguri in West Bengal known as Siliguri neck which is only twenty-two kilometers wide and became the only tenuous link of North-East with the rest of the country.⁸² Unfortunately, even after 50 years of independence, all the eight states suffer from identical economic woes which concern the academicians and policy makers.

⁸⁰B.C.Barah and A.K.Neog, Resource Endowment and Economic Management, in Alokesh Barua (ed) India's North-East Developmental issues in the Historical Perceptive, New Delhi, Manohar Publishers and Distributors, 2005, p.286.

⁸¹ Ibid, n.80, p.286.

⁸² Sajal Nag, North East India: Constructor and Deconstructor of Images in The Window, Special issue on North-East India Journal of the study circle Shillong, Upper New Colony Shillong, M.Banerjee and Sons,Gotika,1st March 1995, p.4.

Situated in a unique geographical setting, the region represents a peculiar diverse socio-economic, political and cultural mix. About 70 percent area of the region is hilly and 86 percent of the people live in rural areas. Recognizing the special problems of the region and the need for significant levels of government investment, the North-Eastern states have been categorized as special category states and central plan assistance to these states is provided in the ratio of 90:10 (90 percent grant and 10 percent loan) as compared to 70:30 (70 percent loan and 30 percent grant) for other states in the country.⁸³ According to the National Commission on Agriculture (1976), the states of Arunachal Pradesh, Meghalaya, Mizoram, Nagaland and Tripura are identified as hill areas. Thus, Assam account for about 20 percent of the land and Manipur accounted for about 90 percent of the land.

The socio-economic, political and cultural diversities should form the basis of regional planning, which unfortunately in the past did not find an appropriate place in the models of development planning. Due to the hilly terrain, cultivable area is very limited. To cite one best example, in Arunachal Pradesh only 4 percent of the total area is cultivable. Population is scattered mostly in the hill tops. This makes connectivity very expensive, in terms of road communication, water supply and electricity. Most of the states in the region like Arunachal Pradesh, Meghalaya, Mizoram and Nagaland are predominantly tribal states with fairly high degree of diversity even within the tribal groups⁸⁴.

The strengthening of the government machinery and the density of administrative presence has grown in the region during the last three decades with the consequent reorganization of states and the creation of new districts. The political-administrative arrangements made for the region created an area of conflict between political equity and economic efficiency of smaller states to ensure efficient use of resources and a balance between resources use and resource mobilization. In most cases, the traditional tribal

⁸³ Government of India, Draft Report on Task Force on Development Initiatives for the North Eastern States, New Delhi, Planning Commission, 2008, p.116.

⁸⁴ Many of these tribal communities of varying size began to experience the accelerated pace of modernization and development much later than the other mainstream communities in India. These tribal communities while undergoing 'development' and 'growth', experienced change coming to them compressed and ready with unaccustomed rapidity See A.K.Agarwal, Flow of Central Funds and its Impact on the North-East Economy in David R. Syiemlieh and Others(ed) Challenges of Development in North-East India, New Delhi, Regency Publications, 2006, p.147.

administrative structures were retained when new institutions were created. This causes overlapping of functions and creates loopholes for corrupt practices.

It will be too early to expect the small states in the region attaining complete financial viability within a matter of few decades. As a result, central government has adopted a method of special devolution of resources from the centre to these states as an economic instrument of reducing inter-regional inequality in development and welfare. It was hoped that central transfers would have good multiplier effects on the State Domestic Products of this region and thus paving the way of accelerated development. The fact that this expectation was belied because of comparatively poor economic performance of these backward states lies at the root of financial crisis threatening these states. Besides, the unprecedented insurgency problems in some of the states and the recurring floods annually require a lot of financial resources meant otherwise for development purposes.

In January 2000, the Prime Minister of India, Shri Atal Behari Vajpayee announced an agenda for socio-economic development of the North-East States and Sikkim at an estimated cost of Rs.10, 271.66 crores. The agenda covers every aspect of development from roads and bridges to power plants to centres for information technology education. Based on special development policy package for North-East region for various sectors, specific schemes/programmes have been modified to earmark 10 percent of the outlay for this region.⁸⁵

Since the states cannot raise sufficient internal resources to meet their non-developmental expenditure, the administrative units and employees are growing beyond reasonable requirements. The economies of the constituent units of the region are under-developed agrarian economies with very weak industrial base and inflated service sector. While India's GDP was growing at an average of over 6 percent in real terms, North-East region states' economies were growing at a lower rate during 1992-1999⁸⁶. Even the central government has not considered it fit to make the tribal population in the North-East liable to pay income tax.⁸⁷

⁸⁵ Ibid, n.84, pp.147-148

⁸⁶ Ibid, n.84, p.148

⁸⁷ Sreeradha Datta, *The North-East Complexities and its Determinants*, Delhi, Shipra Publications, 2004, p.59.

All the North-Eastern states, along with Himachal Pradesh, Jammu and Kashmir and now Uttaranchal fall within the “Special Category States”.⁸⁸ Another relief is that 75 percent of the funds for rural development programme come as a central share and the balance 25 percent is to be provided by the states, which becomes a challenge to the states and much of the rural development funds unutilized. In order to mobilize financial resources for speedy implementation of the Shukla Committee’s recommendations, the then Indian Prime Minister Deve Gowda announced in October 1996 that all developmental ministries and departments of the central government have been directed to earmarked at least 10 percent of their annual budget for the programmes in the North-East. In case any central government ministry is failed to achieve this target, the unutilized 10 percent portion is pooled in the non-lapsable central pool of resources which will be reutilized to finance developmental projects in the North-East. Creation of a separate department of Development of North-Eastern Region (DONER) is another new initiative by the government.⁸⁹ The total allocation for the North-Eastern states by all the Central Ministries/Departments between 1998-99 to 2004-2005 amounts to Rs.33,249 crores.⁹⁰

The percentage share of North-Eastern states in Union Excise Duties and Income Tax as per the recommendations of the First Finance Commission to the Tenth Finance Commission is shown in Table 1.1. From the table it appears that the percentage share of each state varies from time to time due to changes in criteria and formula adopted by the different Finance Commissions.

⁸⁸ These states received financial assistance from the Planning Commission in the form of 90 percent grant and 10 percent loan as against the rest of the states’ that received 70 percent in the form of loan and 30 percent as grant ,See Sreeradha Datta, n.87, p50.

⁸⁹ Gulshan Sachdeva, North-Eastern economy: New Policy options, in Alokesh Barua (ed) India’s North-East Development Issues in a historical Perspective, New Delhi, Manohar Publishers and Distributors, 2005, pp.309-310.

⁹⁰ During 2005-2006 the earmarked 105 of the Plan Budget of the Central Ministries for the North East was Rs.9308 crores. In addition an amount of Rs.450 crores has been provided in the budget for a special package for Highway development in the North-East Region during 2005-2006. See Government of India, n.83, p.117.

TABLE 1.1.

North-Eastern States Share in Union Excise Duties as Recommended by the Finance Commission
(in percentage)

Sl. No	Finance Commission	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura
1	First	-	2.61	*	**	-	-	-	*
2	Second	-	3.46	*	**	-	-	-	*
3	Third	-	4.73	*	**	-	-	-	*
4	Fourth	-	3.32	*	**	-	2.21	-	*
5	Fifth	-	2.51	*	**	-	0.08	-	*
6	Sixth	-	2.71	0.21	0.19	-	0.11	-	0.30
7	Seventh	-	2.793	0.218	0.200	-	0.097	0.028	0.372
8	Eight	-	-	-	-	-	-	-	-
	40%	-	2.977	0.233	0.194	-	0.09	0.03	0.29
	5%	-	-	6.969	5.575	-	68.837	91.659	22.820
9	Ninth								
	1st	0.070	2.707	0.197	0.199	0.065	0.70	0.03	0.29
	40%	7.158	14.233	6.787	4.837	8.199	0	2	5
	5%						8.108	1.408	8.293
10	Ninth								
	2nd	0.897	3.810	1.174	0.891	1.109	1.348	0.260	1.556
11	Tenth	0.17.	2.784	0.282	0.283	0.149	1.181	0.126	0.378

TABLE 1.2.

Share in Income Tax (in percentage)

1	First	-	2.25	*	**	-	-	-	*
2	Second	-	2.44	*	**	-	-	-	*
3	Third	-	2.44	*	**	-	-	-	*
4	Fourth	-	2.44	*	**	-	0.07	-	*
5	Fifth	-	2.67	*	**	-	0.08	-	*
6	Sixth	-	2.54	0.18	0.18	-	0.09	-	0.27
7	Seventh	-	2.521	0.188	0.178	-	0.085	0.035	0.258
8	Eight	-	2.789	0.220	0.184	-	0.088	0.035	0.269
9	Ninth 1st	0.066	2.507	0.183	0.181	0.059	0.064	0.038	0.269
10	Ninth 2nd	0.073	2.631	0.171	0.208	0.073	0.096	0.030	0.303
11	Tenth	0.170	2.748	9.282	0.283	0.149	0.181	0.126	0.378

*included under Union Territories/**included under Assam/Source Report of the Finance Commissions.

TABLE 1.3.

North-Eastern State: Share in Union Taxes, Duties, Expenditure Tax and Service Tax as per Recommendation of Eleventh Finance Commission from 2000-2005.

(in percentage)

Sl.No	States	Union Taxes and Duties	Expenditure Tax and Service Tax
1	Arunachal Pradesh	0.244	0.247
2	Assam	3.285	3.328
3	Manipur	0.366	0.371
4	Meghalaya	0.342	0.346
5	Mizoram	0.198	0.201
6	Nagaland	0.220	0.223
7	Sikkim	0.184	0.186
8	Tripura	0.487	0.493

Source: Report of the Eleventh Finance Commission, June 2000, pp.59-60.

The Eightieth Constitutional Amendment Act, 2000 has altered the pattern of sharing of central taxes between the Centre and the state in a fundamental way.⁹¹ The Commission is now required to determine the share of the net proceeds of the Union taxes and duties which may be assigned to the states and the respective share of each state. The share to be given to each state is only in respect of taxes and duties which are leviable in that state in the relevant year. Expenditure tax and the service tax are not leviable in Jammu and Kashmir. The Commission considered it while determining the interest share of the states in the distribution of central taxes.

The share of North-Eastern States in Union Taxes and Duties including Expenditure Tax and Service Tax as recommended by the Eleventh Finance Commission for the period 2000-05 is given in Table 1.3. Here it is to be noted that 29.5 percent of net proceeds of Union Taxes and Duties as Tax revenue receipts of the Centre including 1.5 percent for Additional Excise Duties (goods of special importance) as per article 272 of the Constitution, are shareable with states. If any state levies and collect sales tax on sugar, textiles and tobacco, it will not be entitled to any share from 1.5 percent.⁹²

⁹¹ The Eightieth Amendment Act has substituted a new article for article 270 and omitted the old Article 272. See Ibid, n.90, p.117.

⁹² The criteria and relative weights for determining inter-se share of states as per Eleventh Finance Commission Report are population (10 percent), distance (62.5 percent), area (7.5 percent), index of infrastructure (7.5 percent), tax effort (5 percent) and fiscal discipline (7.5 percent) as shown in Table 1.3. See Ibid, n.90, p.152

TABLE 1.4.**Central Assistance for State Plan Expenditure in North-East States****(Rupees in Crores)**

Sl.No.	Five Year Plan	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Tripura
1	2	3	4	5	6	7	8	9
1	I st Plan 1951-56	2.31 (2.31)	28.00 (22.00)	1.08 (1.08)	-	-	-	1.62 NA
2	II nd Plan 1956-61	3.74 (3.74)	63.15 (30.59)	6.22 (6.22)	-	-	-	9.41 NA
3	III rd Plan 1961-66	7.32 (7.32)	132.24 (99.87)	12.82 (12.82)	-	-	10.79 (10.79)	15.51 NA
4	Annual Plan 1966-69	7.79 (7.79)	87.12 (84.22)	7.20 (7.20)	-	-	15.98 (15.98)	11.44 NA
5	IV th Plan 1969-74	21.12 (21.12)	198.41 (173.4)	31.15 (26.13)	36.24 (30.49)	9.30 N.A.	38.52 (33.48)	34.66 (29.83)
6	V th Plan 1974-79	64.83 (64.83)	428.63 (242.6)	98.90 (55.97)	99.07 (63.01)	48.7 N.A.	96.25 (71.42)	75.96 (50.66)
7	Annual Plan 1979-80	21.78 (21.78)	159.73 (112.76)	32.53 (27.60)	30.70 (25.96)	16.11 NA	27.68 (28.67)	29.56 (25.63)
8	VI th Plan 1980-85	223.01 (207.23)	1279.79 (1225.67)	243.32 (240.50)	150.09 (249.95)	259.96 (248.54)	229.79 (291.19)	292.71 (266.95)
9	VII th Plan 1985-90	568.81 (384.42)	2488.93 (2567.05)	509.45 (613.24)	539.04 (531.09)	369.55 (362.95)	467.83 (699.72)	700.17 (619.96)
10	Annual Plan 1990-91	165.89 (164.69)	596.57 (632.62)	169.30 (155.88)	160.25 (148.18)	125.35 (104.34)	142.11 (124.53)	201.12 (164.17)
11	Annual Plan 1991-92	230.00 (235.00)	800.02 (895.00)	205.12 (195.00)	210.00 (178.00)	152.28 (152.00)	170.00 (164.61)	226.70 (195.66)

Note: Figures in brackets reflect Central assistance to state Plans/source: Basic statistics of North-East Region, 2000, tables 176 and 177, North-East Newsletter, March and April, 2001, M.L. Sastry, and G.R.Reddy (1988); Centre-State Financial Relations.

The plan outlays from the First Five-Year Plan onwards in the North-East region are shown in table 1.4. The data presented reveals that the states' plans are heavily assisted through central funds from the First Plan. It is to be noted that per capita plan outlay in the North-Eastern states has been considerably higher as compared to the national average over a period of time. Yet the North-Eastern states rank significantly below the national average in so far as the development of infrastructure is concerned. For instance, the index of social and economic infrastructure remain 69.71 in Arunachal Pradesh, 77.72 in Assam, 75.49 in Meghalaya, 82.13 in Mizoram, 76.14 in Nagaland, and

74.87 in Tripura as against 95.03 in Himachal Pradesh, 187.57 in Punjab, 137.54 in Haryana and 101.23 in Uttar Pradesh.⁹³

To overcome the problem of inadequate plan resources for infrastructure development through various supportive measures, Shukla Commission assessed the aggregate requirement of funds of Rs.9, 395.54 crores under the Basic Minimum Needs Services for the North-Eastern states.⁹⁴

TABLE 1.5.

Devolution and Transfer of Resources from Centre to the North-East during 1990-91 to 2001-02
(Rs. in Crores)

Sl.No.	States	1990-91 Annual Plan	1991-92 Annual Plan	1990-2002 Total	1992-97 Eight Plan	1997-2002 Ninth Plan
1	Arunachal Pradesh	351.0 (329.2)	415.5 (385.8)	8627.9 (8175.8)	2994.4 (2880.5)	4867.0 (4580.3)
2	Assam	1955.9 (1399.4)	1873.1 (1256.8)	39830.9 (30228.7)	13357.4 (17843.6)	22644.5 (9729.0)
3	Manipur	413.8 (388.6)	430.8 (393.0)	9576.4 (8633.4)	3049.9 (2837.7)	5681.9 (5015.0)
4	Meghalaya	326.1 (307.2)	359.3 (330.5)	7670.8 (7112.4)	2596.4 (2361.8)	4389.0 (4112.9)
5	Mizoram	355.3 (191.1)	380.3 (366.7)	7796.7 (7468.9)	2657.9 (2566.2)	4403.1 (4345.9)
6	Nagaland	446.1 (402.1)	509.9 (438.8)	10773.6 (9694.3)	3558.2 (3112.4)	6259.4 (5741.0)
7	Tripura	519.5 (478.0)	551.8 (506.2)	12326.7 (11531.8)	3788.3 (3526.5)	7467.1 (7021.1)
8	North-East Region	4367.6 (3495.6)	4520.7 (3677.8)	96603.4 (82844.3)	32002.5 (27011.1)	55712.5 (48659.8)

Source: Compiled from Seminar Paper, Gulshan Sachedeva, (2003), p.14. based on RBI and CMIE data.

Note: (Figures in brackets represent Net Devolution after repayment of loans and interest payments to the Centre from Gross Devolution)

Table 1.5 presents devolution and transfer of resources from the Centre to the North-East states for the period 1990-2002. An amount of Rs.96, 603.4 crores has been transferred to the North-East states during the period with repayment liabilities of loans and interest to the extent of Rs.13, 759.1 crores. Assam has received a major share of

⁹³ Refer Eleventh Finance Commission Report, 2000-05, New Delhi, Government of India, June 2000, p.219.

⁹⁴ The commission also worked out indicative requirements for infrastructure and estimated the funds requirements of Rs.93,619 crores for the entire region. See A.K.Agarwal, n.84, p.158.

36.49 percent of total net transfers in the region followed by Tripura 13.92 percent, Nagaland 11.70 percent, Manipur 10.42 percent, Arunachal Pradesh 9.87 percent, Mizoram 9.02 percent and Meghalaya 8.50 percent during the period of 1990-2002.⁹⁵ The pattern of devolution of resources has not changed much. Perhaps it is a correct wishful thinking by the North-Eastern state governments that the Centre will continue to provide more and more funds to them without any accountability of resources use and efforts to mobilize additional resources. Under the circumstances, it is quite possible that the North-Eastern states become a permanent financial liability for the nation.

1.6. Investment through North-Eastern Council (NEC):

Over a period of time, the states have started looking at the North-Eastern Council funding as a kind of additional to their plan and competitive amounts were expected for development programme in the states, sometimes not fully meeting the criterion of 'common interest'. The North-Eastern Council has released considerable amounts for various projects in the region. The North-Eastern Council invested an aggregated amount of Rs.4,594.64 crores in various states directly and through various central agencies like the Border Roads Organization, North Eastern Electric Power Corporation, Central India Water Transport Cooperation, North-East Railways and the Airport Authority of India etc, since its inception in 1972⁹⁶ till the end of the financial year 1999-2000.

⁹⁵ Ibid, n.84, p.162.

⁹⁶ D.N.Chakravarty, Role of the North Eastern Council in Development of North-Eastern Region in D.Bhoral (ed) Economic Development of the North Eastern Region, Delhi, Spectrum Publications, 1988, p.48.

TABLE 1.6.

Total Amount of Funds Invested by North-Eastern Council during 1972-2000.

States	Aggregate Investment (Rs. in Crores)	% Share of Total Investment
Arunachal Pradesh	1596.15	33.27
Assam	823.97	17.18
Manipur	374.61	7.82
Meghalaya	328.04	6.83
Nagaland	860.13	17.93
Mizoram	345.45	7.20
Tripura	266.27	5.55
Total	4594.64	96.78
NEC Secretariat and other agencies	202.36	4.22
Grand Total	4,797.00	100.00

Source: R.P.Sinha –Pattern of Development Funding in North-East.

The share of special category states increased from 15 percent in the Fourth Plan to 26 percent in the Seventh Plan. Incidentally, the per capita income and outlays in some of the special category states are higher than those in some of the backward states among the 14 states.⁹⁷ The per capita central assistance in Arunachal Pradesh comes to Rs.36, 237 followed by Mizoram (Rs.32, 567), Nagaland (Rs.23, 177), Manipur, (Rs.11, 937) Meghalaya (Rs.11, 051), Tripura (Rs.8476) and Assam (Rs.3, 161) against all states of Rs.1080 during 1992-97. It is lower in Bihar (Rs.876), U.P. (Rs.789), and West Bengal (Rs.658) during the same period.⁹⁸

1.7. State Finances and Resource Transfers:

Both the Centre and the states are suffering from fiscal profligacy in varying degrees and the North-Eastern states are no exception in this regard. The growth of

⁹⁷ M.L.Sastry and G.R.Reddy, Centre-State Financial Relations, New Delhi, Concept Publishing Company, 1988, pp.32-34.

⁹⁸ Gulshan Suchedeva, Rethinking Development Strategy for the North-East, New Delhi, Seminar-IAMR, 2003, p.164.

revenue is not in commensurate with their expenditure, although North-Eastern states have relatively large surplus in their plan revenue account, the surplus going up in some states to over 10 percent of Gross State Domestic Product because, in their case, normal plan assistance is carved out separately and given mainly (90 percent) in the form of grant. Nevertheless their budgets show fiscal deficits of varying orders and in some states the deficits went beyond 10 percent of their Gross State Domestic Product⁹⁹ as shown in Table 1.8.

TABLE 1.7.

Annual Growth Rate of NSDP in the North-East and India from 1994-95 to 2000-2001

(at 1993-94 constant Price)

(Growth rate in Percentage)

States	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	Average
Arunachal Pradesh	0.1	14.7	-5.9	3.2	4.2	-0.4	7.2	3.3
Assam	2.4	2.4	2.4	1.6	-0.9	6.9	4.2	2.7
Manipur	-2.3	3.2	15.5	9.5	7.8	18.3	8.2	8.6
Meghalaya	3.4	11.5	3.6	6.5	10.9	8.5	4.1	6.9
Mizoram	8.7	27.8	14.4	4.0	11.4	13.1	NA	-
Nagaland	7.8	7.2	7.1	8.9	-4.7	0.6	38.19	9.4
Tripura	-1.1	8.2	11.0	10.9	9.4	5.7	5.8	7.1
NER excluding Mizoram	4.4	4.3	3.8	3.9	1.4	6.9	4.5	4.2
GNP of India	3.4	7.1	7.8	4.5	6.5	6.2	3.7	5.6

Source: CSO Data and Economic Survey of India.

Note: *= Mizoram data is in current prices/NA = Not available

⁹⁹ A.K.Agarwal, n.84, p.148.

TABLE 1.8.

Fiscal Deficit of North-Eastern States as Percentage of Gross State Domestic Product.

Year	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura
1991-92	0.56	-2.15	-7.00	-6.97	3.29	-14.41	-15.86	-8.05
1992-93	0.25	-1.59	0.09	-8.09	-9.48	2.75	-12.79	-1.87
1993-94	11.33	0.12	0.72	-6.63	-2.85	-4.84	-8.49	-7.86
1994-95	-4.87	-4.30	-4.19	-2.40	-7.91	-1.00	-10.63	-7.34
1995-96	-1.93	-3.49	-6.47	-2.83	-10.34	-12.62	-8.46	-1.92
1996-97	-5.50	-0.37	-8.68	-1.14	-13.75	-7.16	-9.70	-6.30
1997-98	-8.19	-0.67	-9.41	-5.38	-14.12	-11.75	-9.57	-9.24
1998-99	-3.22	-1.45	-4.82	-5.42	-7.35	-6.97	-17.26	-5.10
1999-00	-11.52	7.88	-9.00	-11.73	-10.53	-5.23	-11.95	-18.76

Source: Eleventh Finance Commission Report, 2000, pp.182-83

From Table 1.8 it is obvious that the fiscal deficit of Gross State Domestic Product in percentage terms vary from state to state in the region with surplus exceptionally in some years in Arunachal Pradesh and Mizoram. However, it is quite alarming in some states from the view point of increasing debt burdens.

A brief review of the budgetary trends in the North-Eastern states reveals three major features: Firstly, there is an overwhelming portion of the overall receipts comes from the centre. Secondly, the states' own tax revenue is very low. For instance, the states own revenue resource as the percentage of Net State Domestic Product during

1999-2000 remains 6.6 percent in Assam and Meghalaya, 3.2 percent in Tripura as compared to 11.5 percent in Haryana, 9.3 percent in Orissa and 8.9 percent in West Bengal. The per capita revenue as a per capita Net State Domestic Product percentage reveals the same story. It was 6.0 percent in Assam, 3.0 in Manipur, 6.9 in Meghalaya, 3.6 in Nagaland, and 5.4 in Tripura as compared to 10.7 in Haryana, 18.4 in Himachal Pradesh and 7.2 in Orissa during 1999-2000¹⁰⁰. This clearly shows that state tax raising efforts are very inadequate and most of these states have followed the policy of under-taxation. Lastly, the non-plan revenue expenditure in comparison to plan revenue expenditure is high in most of the states.¹⁰¹ The ratio of gross transfers from the Centre to aggregate disbursements is either more than 80 percent in all the North-East states except Assam varying from 63 to 75 percent during 1985-98 with the highest of 88 percent in Mizoram followed by Arunachal Pradesh 80-83 percent as against the all-India average of around 42 percent. This shows a heavy dependence on the Centre for finance and any major policy changes towards the gross transfers from the Centre may put the north-east states in financial crisis.

1.8. Internal Resources of North-Eastern States:

Country's ability to mobilize large resources especially in the under-developed or developing economy is limited by the fact that its production base is limited in relation to its requirements. The fast growing size of India's successive Five-Year Plans has greatly augmented the significance and the problem of resource-mobilisation.¹⁰² The North-Eastern states have miserably failed to generate their internal financial resources and continue to rely on central contribution towards meeting their expenditures.¹⁰³ Some amount of receipts comes from general and economic services and lotteries, especially in Manipur and Mizoram. In case of Assam and to a lesser extent in Arunachal, Nagaland

¹⁰⁰ Jayanta Madhab, Commentary on the Fiscal Situations of the North-Eastern States, Dialogue, 4(1), 2002, p.46.

¹⁰¹ The ratio of gross transfers from the centre to aggregate disbursements is either more then or around 80 percent in all the north-east states except Assam varying from 63 to 75 percent during 1985-98 with the highest of 88 percent in Mizoram followed by Arunachal Pradesh (80-83 percent) as against the all India average of around 42 percent. This shows a heavy dependence on the Centre for finances and any major policy change towards the gross transfers from the centre may put the northeast states in financial crisis. See A.K.Agarwal, n.84, p.50.

¹⁰² Dr.Ram Vihar Sinha, Resource Mobilisation and Our Plans in Yojana, November 16-30, 1986, p.4.

¹⁰³ Sreeradha Datta, n.87, p.59.

and Tripura royalties from production of oil and natural gas form a part of non-tax revenue. There is not much effort made by the North-Eastern states to recoup the cost in providing various economic services, may be because of political compulsions in the name of social justice and others. These under-priced/under-charged services include irrigation, power, transportation, water supply, etc. If the state governments make a sincere effort to charge even the near full cost of providing these services, the states may raise a good amount of non-tax revenue. It may be noted that the forest area has affected adversely the revenue of most of the North-Eastern states, particularly Arunachal Pradesh, Meghalaya and Nagaland. This has also adverse impact on income earning avenues of the people in these states. But from another angle of eco-system, etc., this step is appreciable and will have a long term impact on region's economy.

Since most of the North-Eastern states have failed to generate adequate financial resources on their own to meet revenue requirements, the ratio of states tax and non-tax revenue to revenue expenditure is very low in the region¹⁰⁴ as shown in table 1.9.

¹⁰⁴It ranges from 1 to 1.5 percent on an average in Arunachal Pradesh and Mizoram while percentage figures for non-tax revenue expenditure are on the higher side in these states, including Manipur and Nagaland. A dismal performance of tax revenue as a percentage of revenue expenditure can be noticed in Assam, hovering around 20 percent as compared to the national average of more than 42 percent during 1985-1990 to 1998-1999. See A.K. Agarwal, n.84, pp.168-169.

TABLE 1.9.

Ratio of Tax and Non-Tax Revenue to Revenue Expenditure in North-Eastern States
(in percentage)

States	1985-90 (Average)	1990-95 (Average)	1995-96 R.E.	1996-97 R.E.	1997-98 R.E.	1998-99 R.E.
Arunachal Pradesh	0.9 (15.90)	1.2 (17.7)	1.5 (14.7)	1.4 (10.8)	1.4 (8.0)	1.5 (8.9)
Assam	20.9 (13.9)	21.5 (13.5)	20.8 (10.6)	21.5 (9.0)	20.3 (7.7)	21.6 (7.0)
Manipur	4.6 (8.0)	4.4 (7.0)	4.0 (8.9)	2.0 (8.4)	4.8 (9.3)	5.4 (11.7)
Meghalaya	11.4 (8.7)	11.2 (6.2)	11.8 (6.9)	12.5 (7.7)	9.4 (6.3)	10.4 (6.9)
Mizoram	1.1 (3.9)	1.1 (15.2)	0.9 (5.5)	1.1 (7.5)	1.1 (5.7)	1.2 (5.7)
Nagaland	4.4 (5.2)	3.3 (6.0)	2.5 (4.0)	3.6 (4.7)	3.3 (4.5)	3.4 (4.7)
Tripura	4.9 (5.1)	5.7 (3.7)	5.8 (3.7)	6.7 (4.5)	6.4 (3.1)	5.4 (2.3)
All States	43.4 (15.3)	42.3 (15.8)	43.0 (14.6)	42.1 (13.9)	43.2 (12.4)	43.7 (12.1)

Source: Gulshan Sachdeva, 2000, pp, 90-91, Compiled from RBI Publications.

Note: Figures in brackets are the percentage of Non-Tax Revenue to the Revenue Expenditure.

The North-Eastern states failed to expand their revenue base which is accompanied with a high rate of growth of their non-plan expenditure. The ratio of expenditure on administrative services to total revenue expenditure is on the higher side than the all India average as a political compulsion to encourage employment opportunities in the government administration, the easiest option.¹⁰⁵

¹⁰⁵ As a result the percentage contribution of public administration and other services in the NSDP is as high as 40 percent in Tripura, 28 percent in Manipur, 27 percent in Meghalaya, 26 percent in Mizoram, 21 percent in Meghalaya, 18 percent in Arunachal Pradesh and 15 percent in Assam as compared to the all India average of 11 percent in 1995-1996. See Ibid, n.84, p.169.

On the contrary, the ratio of development expenditure to aggregate disbursement in the state budget in most of the North-East states is appreciably higher, hovering around 70 percent in Arunachal Pradesh, Manipur, Meghalaya and Mizoram as compared to the all India average of 58 to 64 percent during 1996-1999.¹⁰⁶ In Nagaland this ratio stands lower even than national average while in Assam it is almost the same. It may be noted that these gross figures of development expenditure do not reflect the whole truth about its real content. Much of the expenditure on salaries and administrative infrastructure is included within the head of development expenditure instead of creating assets to generate further revenue to the state. For example, according to the budget estimates of the government of Assam for 2002-2003, about 54 percent of total expenditure from the consolidated fund for the year will be on salaries, wages and pension and 23 percent for real contents of development expenditure¹⁰⁷. Tripura and Manipur will be spending 62 percent and 67 percent respectively in salary, pension, interest payment and repayment of loans in 2002-2003. Since the burden of creating employment has been assumed by the government supported with failure of the state's governments to create a conducive environment to attract investments for the reasons known to all, efforts will have to be made to control such expenditure by downsizing the government administration, Public Sector Unit reforms and their disinvestment and control on non-plan expenditure.

The North-East Region is not a neglected region in so far as the flow of Central funds is concerned, except for institutional finance as reflected in terms of low credit deposit ratio. It stands as 28.1 for the region as a whole against the all India average of 58.5 Assam (32.4), and Manipur (38.9). Other states of the region have low CD ratio than the region's average. Some of the North-Eastern states like Assam, Manipur, Mizoram and Nagaland have signed an Memorandum of Understanding with the Finance Ministry of the Government of India to initiate fiscal reforms to avail a share of incentive funds created under state Fiscal Reforms Facility created by the Eleventh Finance Commission. Other states will follow suit if they have not done so in the meantime.

¹⁰⁶ Ibid, n.84, pp.169-170.

¹⁰⁷ Ibid, n.84, p.170.

1.9. Debt Position:

In spite of generous Central assistance the North-East states are under considerable burden of indebtedness as shown in Table 1.10. The total debt burden of North-Eastern states has crossed the figure of Rs.15,000 crores in March, 2000 and is obviously the most indebted states, of which the largest shares of 59 percent is of loans from the Centre.¹⁰⁸ The situation in some of other states in the region is not much better.

TABL 1.10.

Debt Percentage of GSDP in North-Eastern States during 1993-94 to 1999-2000.

States	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Arunachal Pradesh	31.78	37.28	36.01	41.77	39.42	40.23	48.00
Assam	27.26	25.72	27.02	27.21	23.85	23.23	24.12
Manipur	34.01	32.25	32.91	30.12	39.02	44.66	46.80
Meghalaya	19.34	22.12	20.53	21.87	20.87	23.35	26.71
Mizoram	45.49	47.75	47.04	56.31	50.46	58.39	59.76
Nagaland	39.21	39.36	44.41	45.55	48.58	50.92	50.36
Sikkim	52.09	52.03	52.22	52.02	51.33	64.24	71.24
Tripura	36.94	32.46	35.04	32.20	34.15	37.18	40.25
All States	21.54	21.01	20.89	20.71	21.39	22.98	24.33

Source: Eleventh finance Commission Report, 2005, p.286.

Note: GSDP figures are given on the basis of information from the Central Statistical Organization (New Series 1993-94 to 1996-1997) and thereafter eleventh Finance Commission estimates. Debt includes internal debt, loans and advances from the Central government Provident Fund and Insurance Fund.

The debt burdens of smaller states like Mizoram and Nagaland are of considerable magnitude if we take in to account their state income as shown in Table 1.10. It ranges from 24.12 percent in Assam to 46.80 percent in Manipur, 48.00 percent in Arunachal Pradesh, 50.36 percent in Nagaland, 59.76 percent in Mizoram and 71.24 percent in

¹⁰⁸ The debt burdens of smaller states like Mizoram and Nagaland are of considerable magnitude if we take in to account their state income as shown in table 15. It ranges from 24.12 percent in Assam to 46.80 percent in Manipur, 48.00 percent in Arunachal, 50.36 percent in Nagaland, 59.76 percent in Mizoram and 71.24 percent in Sikkim. The debt burden has further increased to Rs.11, 351 crores in Assam in 2001-2002. See Ibid, n.84, p.164.

Sikkim. The debt burden has further increased to Rs.11, 351.4 crores in Assam in 2001-2002.¹⁰⁹ It appears that most of the North-East states are not geared to devise preventive measures to avoid such debt trap. The states have failed to pay adequate attention to the task of developing their own financial resources instead of fresh borrowings.

1.10. Conclusion:

It is observed from the foregoing analysis that smaller states in the region have preferred administrative expansion as in bigger states and created job opportunities with least consideration of financial requirements to maintain such a large number of government servants. As a result neither industry nor agriculture has grown as expected and the government job sector has been growing beyond proportion. The entire region is deficit in food production. To meet the deficit, dependence is on food imports from other parts of the country. The process of industrialization has failed to generate alternative means of livelihood for the surplus manpower of the agricultural sector. There is a mismatch in the percentage share of Net State Domestic Product in terms of dominance of tertiary sector with a major share again of administrative services. There is a missing link in between primary and tertiary sectors. Much of the income generated in the secondary sector originates from construction rather than from manufacturing. The commodity producing activities are unable to assume their due role in the North-Eastern economy. Information Technology requires administrative restructuring to improve economic viability and control of non-plan expenditure to invest funds in a more productive manner.

In spite of serious attempts made to provide adequate funding for the North-East by including all the North-Eastern states under a 'special category', there is a persisting gap and a feeling of continuing neglect by the Centre. A liberal policy of devolution and transfer of resources has been adopted as reflected in terms of very high per capita central assistance in all the north-eastern states as compared to other backward states like Bihar and the national average. The North-Eastern Council is also assisting the states by investing a good amount of funds on the projects in common interests of the member states. The net transfer of funds came to the extent of more than Rs.83, 000 crores during

¹⁰⁹ Ibid, n.84, p.164.

the period 1990-2002. The big question, however, is about the absorption of these funds transferred with accountability and an effective manner to generate resources to be redeployable to boost up the economy of the region. Now the time has come to evaluate the lapses and to look at the remedial measures for best use of central funds being transferred year after year to the region.

Wide spread corruption and cornering of big chunks of money invested by the politicians, bureaucrats, contractors and government officials may be noted from media, news etc. The businessman is not lagging behind and believes in charging monopoly profits. However, because of provisions under Constitution the local people of hilly states do not pay any income tax. The salaries disbursed to them also remain out of purview of income tax. The explanation for this anomaly and discrimination with other people, known as outsiders, lies with a clause that the Sixth Schedule area and states do not impose tax on their own people. There is a strong case to levy income tax from all people earning income in the country keeping in view the high per capita income and low tax GSDP ratio in all these states compared to other states like Assam, Bihar, Orissa and Tripura, levying income tax. The Shukla Commission Report has rightly recommended levying of income tax or taxing the income of the tribal people in the hill areas/states.

The financial mismatch has placed most of the states in serious financial distress and debt servicing trap. The state governments have made least efforts to tap the potential areas of additional resource mobilization through broadening of tax and non-tax revenue base. It must be kept in mind that the funds flow in such a generous manner may not continue for long. Any major policy change in the devolution and transfer pattern of central funds put these states under severe financial crisis.

There is a good scope for enhancing the rates of taxes particularly sales tax, state excise, land revenue and revenues from irrigation, power and transport sectors. It will help the states in broadening their tax base and exploitation of potential areas of additional taxation. The service sector may emerge as one of the potential sectors to improve revenue resources of these states. Control of expenditure on rising salary and pension bills of the government and semi-government employees, besides downsizing the administration, are desirable. Both Shukla Commission (1997) and Committee on Fiscal Reform, Assam (2001) stressed that unless non-plan expenditure is controlled, there is no

way development process can be accelerated. There is another area talked about often is tourism industry linking East Asian countries. This will generate revenue and wealth to the region not only through tourism related sectors but also through growth of labour intensive handloom and handicrafts.

CHAPTER-II

**POLITICAL INSTITUTIONS AND STRUCTURE OF PLANNING AND
THE PROCESS OF SOCIO-ECONOMIC DEVELOPMENT IN
NAGALAND FROM SECOND TO SEVENTH FIVE-YEAR PLANS (1956-
1990)**

The realization that there is a correlation between economic planning and balanced socio-economic development has led to the adoption of economic planning by most of the developed as well as underdeveloped countries of the world. In a contemporary world, planning has come to occupy a central place in the economic and administrative set up of most of the countries, though with varying degrees and emphasis. Hence there seems to be no exaggeration in the observation that, “the issue is not between a plan, it is between different kinds of plan. Ordinarily, planning implies anticipatory decision making i.e. something done in advance of taking an action. In other words, planning is a conscious decision of determinate authority which is taken on the basis of comprehensive survey of the economic system as a whole”.¹ The Planning Commission of the Government of India has defined planning as “essentially a way of organizing and utilizing resources to maximum advantage in terms of defined social ends.”²

Important concomitant of economic planning is that the state interference in the socio-economic spheres. The greater the degree of economic planning, larger will be the scope of governmental activity and resultancy, wider the component of public administrative set-up. Economic planning without state regulation of socio-economic forces is unthinkable, because planning for economic activity by the planning authority which is in most cases identified with the governance of the state. The Planning process has three tier systems. In this system the annual plan is formulated within the framework of Five-Year Plan, which is again formulated in the framework of a perspective plan of 15-20 years. The formulation of annual plan implies an adoption of the ‘fixed plan’ technique. The relationship between annual plan, where the period is one year and the Five-Year Plan where the period is five years is that of a semi-rolling planning technique as the period keeps on rolling and horizon remains fixed. On the other hand, the relationship between Five-Year Plan, where the period is five years and the perspective plan where the horizon is fifteen years or twenty years is that of rolling plan technique as both the period and horizon keep on rolling. After every five years there is a new Five-Year Plan and a new perspective plan of 15 years or so. The basic logic of the rolling plan technique has always been recognized, but it was not given explicit recognition in

¹ H.D. Dickinson, Economics of Socialism, London, Oxford Publication, 1939, p.41.

² Government of India, Planning Commission, First Five Year Plan, New Delhi, 1951, p.7.

the formulation of plan models. Indian plans at present are formulated with a perspective of 15 years beyond the five year plan.³

The Constitution of India provides for a federal system of government in which the powers and responsibilities of the central government and those of the state governments are distinguished by means of three lists, viz., the Union list, the State List and the Concurrent List. Notably, the subject “Planning” falls under the Concurrent list and hence, the responsibility for the formulation, implementation and evaluation of plans is shared between the Centre and the states.⁴ Ever since the initiation of First Five-Year Plan, the central government has assumed a crucial role in the formulation of socio-economic plans for the country as a whole. However, the Planning Commission, right from the beginning has stressed upon the creation and strengthening of planning machinery at the state level. The developmental experience since 1951 suggests that the Centre and the states have evolved a system of mutual inter-dependence in the overall planning system. For the purpose of planning administration, several organizations function at the central and the state level. At the central level, two of the most important institutions for the planning purposes are the National Development Council and the Planning Commission. At the State level, the Planning Departments are responsible for the formulation of plans of socio-economic development of the states. Planning Boards have been constituted in many of the states. Moreover, there are several departments, corporations, and agencies at the centre as well as the state level which contribute to the total planning process. A brief account of the organization and functions of the more important institutions is presented below.

India being the federal democratic polity the states has their own plans, based on their own perceptions of needs and priorities. These plans have to fit in national plan in such a way that maintaining inter regional and inter sectoral consistencies, within over all constraints of national savings, resources and balance of payments, they all lead towards the mutually agreed upon national goals. Consistency between the National Plan and the States Plans is reached through a process of discussion and consultations at various stages. Each layer of government is expected to carry out the agreed plan jobs within its

³ Dr.S.R.Hashim, Planning Process and Methods, Yojana, November 16-30, 1989, p.28.

⁴ R.M.Khandelwal, State Level Plan Administration in India with Particular Reference to Rajasthan, Jaipur, RBSA Publishers, 1985, p2.

constitutionally allocated sphere.⁵ In this context, the aim of this chapter has three objectives. One, to give a brief idea about the governance system and Article 371 (A) of the Indian constitution, which provides special provision to the state of Nagaland with some discussion on the role and functions of the traditional political institutions in Nagaland. Secondly, to highlight the structure and functions of Planning at the State, District and Village level with some discussion on Departments attached to the State Planning and Co-ordination Department. Lastly, to give an overview of sector-wise allocation of Plan outlays and socio-economic achievements from Third Five-Year Plan to Seventh Five-Year Plan (1961-1990) in Nagaland.

2.1. Governance System in Nagaland:

The British followed the policy of minimum interference in the internal affairs of the Nagas and to suit this policy, the British established an administration in the Naga-inhabited areas. The administrative structure in the state constituted of a judicial-executive framework vesting powers in the Deputy Commissioner or his representatives as contained in the rules for the administration of justice and police in Nagaland in 1937.⁶ The administration pursued a policy of protection and preservation of the tribal and unique identity of the people of the state using the provisions of the Bengal Eastern Frontier Regulation of 1873.⁷ Over a period of time, however, the traditional structures and institutions of governance like in the rest of the country were also introduced, especially after Nagaland became a separate state on December 1st, 1963. The emphasis also shifted from providing basic administration, control and maintenance of law and order to bringing all round development in the state.

The framework of the present administration system is essentially similar to the rest of the country and consists of the Secretariat, Directorate structure of governance at the state level, with the districts being the main unit for implementation of development programmes and maintenance of law and order. The judicial and executive powers in the

⁵ Where plan requires coordination among the policies of several states or emphasis from national point of view, on a particular type of programme agreed devices have been found. Centrally sponsored schemes are important in this context. See Dr.S.R.Hashim, n.1, p.28.

⁶Government of Nagaland, Nagaland State Human Development Report 2004, Kohima, Department of Planning and Coordination, 2004, p.43

⁷ Ibid, n.6, p.43.

district are already in an advance stage. Nagaland has come a long way from being a district of Assam to being a full-fledged state with its own legislature and development machinery. The depth and coverage of administration has also expanded with the earlier unadministered areas of Tuensang and Mon being provided with the full gamut of administrative machinery and the number of districts in the state increasing to 11 with numerous subdivisions and administrative outposts. The development departments of the government have also expanded concurrently with district-specific programmes being executed, suiting the needs of specific areas with sensitivity, familiarity and skill.

However, within this larger framework, Nagaland has distinct characteristics, imparting uniqueness to the governance experience in the state. Article 371 (A) section 7 of the Indian Constitution provides a special provision to the state of Nagaland and says that the notwithstanding anything in this Constitution, no act of Parliament in respect of, i) Religious or social practices of the Nagas; ii) Naga customary law and procedure; iii) Administration of civil and criminal justice involving decisions according to Naga customary law; iv) Ownership and transfer of land and its resources,⁸ shall apply to the state of Nagaland unless the Legislative Assembly of Nagaland by a resolution so decides. This provision remains cornerstone for policy makers in the state. It has ensured protection and preservation of the unique traditions and customary laws of the state. The provisions have on the one hand ensured that the indigenous people of the state are not exploited. On the other hand, it has also contributed to depriving the state of economic benefits of institutional credit, inflow of private investment etc. However merely claiming traditional rights without shouldering the responsibilities will never lead to efficient management of the natural resources nor appear economically beneficial and in the absence of which the money, time and effort spent would prove futile.⁹

2.2. Political Institutions in Nagaland:

With the attainment of Independence on August 15th, 1947, India underwent notable administrative changes in governance, especially to change the rural structure of the country and to improve the social and economic standard of the rural people. The

⁸The Constitution (thirteenth) Amendment Act, 1962, Delhi, Published in the Gazette of India, Extraordinary, Part II, Section 2, 21 August, 1962, p56.

⁹ Editorial, Economy and Environment, Nagaland Post, Dimapur, 13th April, 2003, p.4.

changing economic policy of the Government of India from Centralized National Planning to Decentralized Planning following the recommendations of the Ashok Mehta Committee (1957) which suggested a policy of 'democratic decentralization' on National scale, brought the significance of Village Panchayat system on forefront. The committee recommend for three-tier Panchayat system of administration (Village Panchayat, Panchayat Samiti and Zila parishad).¹⁰

One problem that the people of the North-East region encountered in the process was how to replace the traditional governance system with the new rural administrative pattern under the Panchayati Raj institutions.¹¹ In the case of Nagaland, the Village Council, Area Council and Tribal Council which are traditional institutions and play a notable role in village governance and deciding the future course of the society still reserve their significance. However, some devices have been developed to adjust the basic featuring of modern Panchayati Raj institutions. The Village Development Board (VDB), which has emerged in 1976 as the model in lieu of Village Panchayat for rural development in Nagaland has infact, proved as the policy of right development in Nagaland towards rural development in Nagaland.¹² However it has to cover long distance and face new challenges to achieve the purpose.

The government of India adopted multi-level and micro-level planning approach on the one hand, and introduced the Community Development Programme (CDP) supported with the National Extension Service and Panchayati Raj Institutions asking all the states of India to follow the lead on the other hand. The objective behind micro-level planning through the Village Panchayat has been to enlarge the scope for more involvement of people in the process of planning and its implementation. Since the Village Council, a traditional village organization plays the dominant role in the issue related to village administration and development, the Government of Nagaland declined to introduce the Panchayati Raj institution recommended by the Ashok Mehta Committee. However, the Government of Nagaland developed a new device to

¹⁰ Ibid, n.8, pp179-180.

¹¹ In the North East region, traditional governance has been playing a very dominant role in the Village governance, which has a deep root among the tribal people who are not ready even toady to adopt a new system replacing their old administrative pattern. See Dr.Chandrika Singh, Functioning of the Village Development Boards (VDBs) in Nagaland, Dialogue, Volume-V. No.3, 2004, p.178.

¹² Ibid, n.11, p.179.

incorporate both the traditional system of village administration and modern pattern of Village Panchayat through the Village Development Board in lieu of Village Panchayat.

2.2.1. Village Council:

The traditional institution system has been weakened due to the introduction of the hitherto system of modern democracy. Therefore in order to restore the esteem of the village authority, the Government of Nagaland has codified the powers and functions of the Village Councils as the way of recognizing the traditional village bodies through the Nagaland Village and Area Council's Act of 1978.¹³ The law is applicable to the entire state and consists of the following important elements: Every recognized village shall have a Village Council. The tenure of Village Council shall be five years; the members of the Village Council are to be chosen in accordance with the prevailing customary practices and usages. Hereditary Village Chiefs, Gaonburas and Angs shall be ex-officio members with voting right. A member of the Village Council has to be an Indian and not less than 25 years of age; the Chairman of the Village Council is to be chosen from amongst the members and that of the Secretary the person can be a non-member, provided that in such cases he or she will have no voting right; the Village Council will meet once every three months or more frequently if requisitioned by one-third of the members.¹⁴

The Village Council has special powers to maintain law and order and administer justice within the village limits in accordance with the customary laws and usages as accepted by the canons of justice established in Nagaland. Section 15 (1) of the Village Council Act provides that the village shall have full powers to deal with internal administration of the village. The councils act as the village courts in accordance with the powers entrusted under the rules for administration of justice and police in Nagaland, 1937.¹⁵ In disputes between villages, two or more village councils can settle the disputes in a joint session. These provisions have helped in decentralizing governance and placing the power of change in the hands of the people.

¹³ Government of Nagaland, n.6, p.46

¹⁴ Ibid, n.6, pp.46-47.

¹⁵ Ibid, n.6, p.47.

2.2.2. Village Development Board:

The Village level development agencies called the “Village Development Boards”(VDBs) was formed in 1980 under clause 12 of section 12 of the Nagaland Village and Area Council Act of 1978.¹⁶ The VDB is a concept based on the traditional lines of the Village Council (VCs) which appeared in the form of the Village Common Fund Committees (VCFC) in Phek district of Nagaland in 1976.¹⁷ The Village Development Boards are the grass root level developmental institutions in the state and are responsible for implementation of all programmes/schemes of both the State Plan and Centrally Sponsored Schemes, the village-wise allocation was introduced under state plan from 1980-81 under which every village receives funds under the grant-in-aid to VDB scheme according to the basis of the number of households of the village at a specified per household rate of allocation for implementing schemes for community development.¹⁸

Indian Planning system shifted its emphasis from agriculture to integrated rural development it was redefined as the “strategy, a design to improve the economy and social life of a specific group of people living in rural areas.”¹⁹ The Integrated Rural Development Programme (IRDP), which was launched during the Sixth plan, emphasized ‘single largest programme covering various aspects of rural life and opening wide scope for people’s participation in the development administration. It brought necessary institutional changes by developing package of service to encompass not only the economic field but also the establishment of the required social infrastructure and services in the areas of health, nutrition etc.’²⁰ The Planning Commission reiterated its commitment for giving “practical shape to the nations’ collective will for using all the

¹⁶Government of Nagaland, Department of Rural Development, VBD Nagaland Souvenir 1980-2005 Commemorating 25 years of Village Development Boards, Kohima, Department of Rural Development, 2005, p.2

¹⁷The initiative for the formation of VCFC and keeping of funds in banks came from the innovative initiatives of Shri.A.M.Gokhale IAS, the then Deputy Commissioner of Phek. He took this concept further for the formation of VDB, in all the existing 918 recognized villages during his tenure as the Secretary to the Rural Development in 1980-81. See Ibid, n.16, p.2.

¹⁸ Initially, the allocation to the villages under this scheme was made at the rate of Rs.100/- per tax paying household with a minimum of Rs.5000/- during 1980-81 and through subsequently enhancements, currently the rate is Rs.800/- per tax paying household. See Ibid, n.16, p.2.

¹⁹B.B.Mathai, Organization Design for Rural Development in North-East Region, in P.D.Saikai and Phalo (ed) Delhi, 1989, p.49.

²⁰G.P.Bhave, Institutional Finances and Rural Development, Kurukshetra, Vol.XXIX, No.20, July 16-31, 1981, Bombay, p.5.

latent resources and energies of the nation for an effective attack on poverty, unemployment and inequality.”²¹

The government of India directed all the state governments to launch these programmes through the Panchayati Raj institutions. The question before the Nagaland Government was how to receive and manage rural development funds in absence of the Panchayati Raj Institution. Nagaland government took up the initiative in launching various programmes for rural development by setting up the District Rural Development Agency and allowing the Village Council and the Village Development Board to be instrumental in dealing with the process of rural development. Two separate organs of the Village Council namely the Common Fund Committee and the Village Social Security Trust were separated and allowed to carry out management of the village development under the supervision and guidance of the government. Latter on the idea was developed that let there be a separate agency assigned with the task and responsibility to manage the affairs of village development and the agency should comprise “educated young enterprising persons under the over all guidance of the Village Council.”²²

2.2.3. Structure of Village Development Board:

Village Development Board comprises of “all permanent residence of village” that form the “general body of the VDB.”²³ In a year Village Development Board conducts two meetings to discuss and deliberate various issues regarding village development and approve the schemes chalked out by the Management Committee, which is the most effective body of the Village Development Board. The Management Committee constituted for a period of three years, and has the minimum strength of five and maximum twenty-five members who are chosen by the Village Council from outside of its own membership. The provision permits women also to be its members. Chairman who is nonetheless other than the Deputy Commissioner or the Additional Deputy Commissioner of the concerned area heads the Committee.²⁴ The member of the

²¹ Government of India, The Sixth Five-Year Plan (1980-85), New Delhi, Planning Commission 1981, p.32.

²² B.P.Maithani and A.R.Rizwana, Decentralized Development, New Delhi, Oxford Publication, 1986, p.8

²³ Government of Nagaland, VDB Model Rules (revised 1989), Government Notification Dated Kohima, 21st November 1989, p.5

²⁴ Clause 4 (b), See Ibid, n.23, p.5.

Management Committee selects one from among themselves as the Secretary who must be literate person of the village. In case such person is not available, the government may appoint one government servant as the secretary to serve the purpose. It is notable that “No village council’s chairman or Head Gaun Burah (GB) or village administration head etc shall be permitted to hold the post of the Secretary of the Village Development Board Management Committee.”²⁵ The power and responsibility bestowed upon the Secretary by the government has made the post very much influential and attractive. It is the Secretary who lays before the general body “all details regarding the Village Development Board schemes, money drawn, loans issued against fixed deposit security, interest of fixed deposit, manner of utilization of interest amount and other issues.”²⁶ Close contact of the secretary with the district authorities in connection to his business and his power to receive cheques issued by them to meet the expenditure incurred on development works, have definitely highlighted the rank and position of the Secretary not only among the villagers but also amidst the government officials related to the Village Development Board activities.

2.2.4. Source and Management of Village Development Board:

The Village Development Board receives enough funds for rural development through various sources. The most reliable resource is the Matching Grant given by the Government of Nagaland, which is equal to the amount of common fund raised by the villagers. However it has upper limit of Rs.1 lakh only. The villagers raised such fund mostly through labour free of cost done to the development schemes and the labor component generally constitutes 30 percent of the scheme cost. Another reliable resource is grant-in-aid given by the government of Nagaland annually. Each recognized village receives grant-in-aid at a specific rate for carrying out schemes of community development. In the beginning, the rate of allocation was Rs.100/- per tax paying household with a minimum of Rs.5000/-.²⁷ Funds allocated by the central government for implementation of various centrally sponsored development schemes are another viable income resource of the Village Development Board. Since the Village Development

²⁵ Ibid, n.23, p.5.

²⁶ Clause 4 (a), See Ibid, n.23, p.5.

²⁷ Chandrika Singh, n.11, p.183.

Board is a recognized field agency, subsidy amount is directly released to it and it is the Village Development Board, which sanctions and disperses subsidy to a few selected households to meet 50 per cent of the cost of the scheme taken up.

2.2.5. Planning Process and Working of Village Development Board:

The planning process begins at the grass-root level with the cooperation of the Village Development Board, which formulates schemes and sends them up to the Block Development Officer (BDO). After proper scrutiny the schemes are forwarded to the District Planning Board (DPB), which ultimately sends them to the Rural Development Department for final approval and realizing the grants-in-aid. The Block development Officer is the withdrawing officer on behalf of the Village Development Board. The amount sanctioned is withdrawn from the bank after submission of a completion report of the work where the Block Development Officer plays remarkable role because it is he who ascertains whether the work has been completed or not.

Though the Villagers have the autonomy to choose the schemes for their village development, the Government has provided certain model schemes to make the work easy for the villages. Some of the schemes prescribed by the government are: construction of resting shed on Kheti, Village approach road, play grounds, community granary, Village latrines, steps, drains, market shed, waiting shed etc. Secondly, the programmes like community cattle, piggery, goat farms, poultry, fishery etc. Lastly, the community fuel wood production, embroidery centres, dairy, fair-price shops, forestry, tea and coffee plantation and running of community buses.²⁸

The main priority of development works in Nagaland have been to construct community halls, playgrounds, community latrines, waiting sheds, village approach roads, primary school buildings, running of community buses, dairy farms, piggery and poultry farms and development of small scale industries. There is the provision to grant sufficient loans to the villagers for initiating personal schemes like tea and coffee plantations etc. All the schemes and programmes for generation of self-employment are on the run in the state under the Indira Awas Yojana and Samgra Awas Yojana. The objective of the Matching Grant is not only the resource that the Village Development

²⁸ Ibid, n.11, p.184

Board could mobilize but also the judicious utilization of resources for gainful purposes.” In Nagaland the Village Development Board has assumed the status of ‘Non-banking Financial Institute’ and become “a popular agency to give effect to newly launched multi-dimensional programmes like Jawahar Rozgar Yojana, Jawahar Gram Samridhi Yojana, Swarnajayanti Gram Swarozgar Yojana, Indira Awaas Yojana. The state has received huge amount for development of the rural areas and the rural people.”²⁹

In each recognized Naga Village, the Village Development Board is active under the cooperation and supervision of the district level officials including the Project Officers, Block Development Officers and many others. It has assumed the responsibility to utilize the development funds provided by both the central as well as state government. As a result physical shape of the village began to change. The villagers witnessed the advent of new community halls, playgrounds, approach roads, women welfare centres, community buses, etc. Some of the villagers have availed the opportunity to get self-employment by obtaining cheap loans with subsidies. Observing the changes in the rural areas, the government has enhanced the ceiling limit for Matching Grant fixed deposit from Rs.75,000/- to Rs.2,50,000/- to enable each Village Development Board to have Rs.5,00,000/- in fixed deposit. The government of India has reciprocated very well in the venture by contributing its share of 25 percent with effect from 1996-97.³⁰

However, all is not well with the Village Development Boards in Nagaland. Hokishe Sema, the Ex-Chief Minister of Nagaland, remarks, “Nagaland’s process of development has stopped. What exists today is dilapidated run-down symbols of the efforts made in the sixties and early seventies.”³¹ The uneven distribution of economic benefits due to overwhelming corruption and embezzlement of development funds have resulted in “Yawning gap in the standards of living between the rich and the poor, and the chasm that separates the elites from the common man is an ominous portent.”³²

²⁹Information Collected from Mr.Hello Rengma, Project Director, (Mokokchung District) Rural Development Department, Government of Nagaland.

³⁰ Ibid, n.29, p.186.

³¹ Hokishe Sema, Reformation at all cost”, Dimapur, Nagaland Page, August 18, 1997, p.5.

³² Ibid, n.31, p.5.

2.3. District Planning Machinery:

Following the guidelines of the National policy of decentralizing the planning process at the grass root level, the District Planning Machinery office headed by the District Planning Officer which in turn is assisted by Assistant Planning Officer two Planning Assistants and few Ministerial Staff was set up in 1987-88.³³ The District Planning officer acts as the member secretary to the District Planning and Development Board (DPDB).³⁴

Increasing work load and responsibilities in the districts, the District Planning Offices are upgraded and headed by Assistant Development Commissioner (ADC) with the designation of District Planning Officer instead of Planning Officer. With the creation of three more districts, viz. Longleng, Peren and Kiphire, the Planning Department has also established District Planning offices in the newly created districts with sufficient manpower and has also provided computers to all the 11 districts for better and efficient work. Accordingly, on July 27, 2004, the Governor of Nagaland gave a notification to re-constitute the District Planning and Development Boards (DPDBs) in all the eleven Districts of Nagaland.

³³ Government of Nagaland, Brief on Planning and Co-ordination Department, Kohima, Department of Planning and Co-ordination, 2007, p.35.

³⁴ The sole objectives of setting up of the District Planning Machinery Offices to render guidance to the District Planning and Development Boards and to the different development departments in the district in matters relating to formulation and implementation of District plan which is now called as Local Area Development Programme (LADP), corpus fund for unemployed Youths and to evaluate and monitoring various developmental works and to oversee the progress of the schemes in their respective districts. See Ibid, n.33, p.35.

Administrative Structure of District Planning and Development Board

Chairman

(MLA/MPs(Lok Sabha or Rajya Sabha) to be nominated by the government)

Vice Chairman

(Deputy Commissioners concerned
also designated as Chief District Planning Development Officer)

Members

All the MLAs of the District

ADCs/SDOs of the District Sub-division

Head of Offices of various Departments of the District

All BDOs of the District Project Directors of DRDA's

Chairmen of Municipal/Town Councils Lead Bank officer of the District

Member-Secretary

District Planning Officer³⁵

2.3.1. Functions of District Planning and Development Board:

The following are the functions of District Planning and Development Board: To advise the Heads of Development Departments in the Districts in formulation of Annual District Plans. To perform any other tasks assigned to it by any Development Departments of the Government. To review the progress of schemes of all the Development Departments in the district. To recommend any schemes for inclusion in the 'State Plan' to the concerned Heads of the Department under intimation of the Planning Department. To perform proper monitoring coordination of the activities of the different departments within the district. The District Planning Board shall meet once a month on a fixed date, preferable within 15th day of the month to be notified by the Deputy Commissioner. If the date so fixed happens to be a holiday, the meeting should be held on the next working day. The minutes of the meeting shall be made available to all Heads of development Departments, Planning and Coordination Department and State

³⁵ Government of Nagaland, Notification, Kohima, Planning and Co-ordination Department, Dated 27th July, 2004, p.14.

Planning Board. The Heads of Departments (HOD's) of the Development Departments shall attend the District Planning Board meeting at least twice a year in all the Districts.

Further, the District Planning Board will function under the direction of the state Planning Board and an Annual Report on the functioning of the District Planning Boards should be submitted to the Chairman, State Planning Board and Planning and Coordination Department latest by the end of April every year. The Chairman of District Planning Development Boards will be co-opted as members of the State Planning Board. The State Planning Board may, if it deems it necessary invite the Vice Chairmen cum Chief District Planning Development Officers of the District Planning and Development Boards (Deputy Commissioner) from time to time to attend the State Planning Board meeting. The scrutiny and clearance of the following ongoing project like grant-in-aid to Village Development Boards, schemes under Local Area Development Project (LADP), the annual works programme and schemes of the various development Department in the District to be implemented within the District will also be brought within the preview of the District Planning and Development Board. In addition, the District Planning and Development Board will supervise and monitor the programmes of communization of public institution and services that are under implementation in the District. Furthermore, the DPDBs will now be responsible for selection of beneficiaries under Chief Minister Corpus Fund within the amounts allocated to the District and as per guidelines for implementation of Chief Minister's Corpus Fund.³⁶

2.3.2. The Chairman of District Planning Development Board: Role and Functions:

The Governor of Nagaland issued an order about the roles, functions and responsibilities of the Chairman District Planning and Development Board (DPDB).³⁷ They are as follows: He shall preside over all meetings of the District Planning and Development Board; He shall ensure that guidelines and prescribed procedures for implementation of various schemes at the District level are strictly followed/adhered to; The Chairman of District Planning and Development Board may convene special meetings of DPDB if deemed necessary/warranted; The Chairman of District Planning

³⁶ Ibid, n.35, p.14.

³⁷ Notification No.PLN/LADP/65/2004, issued by the Governor of Nagaland issued On July 27, 2004

and Development Board shall ensure that the Lead Bank in the District prepare District Credit Plans in a manner that credit flow to the rural people, Village development Boards are facilitated and that schemes for self employment generation are included in the District credit Plan and implemented properly; The Chairman of District Planning and Development Board shall oversee the implementation of Local Area Development Programme, ensure that the beneficiaries implement the schemes properly, the verification Teams actually visit the project sites/locations and verify the schemes properly. He will initiate measures to ensure that Local Area Development Programme guidelines are strictly followed; The Chairman of District Planning and Development Board may through the District Planning and Development Officer call for the works programmes/projects of all Developmental Departments in the District for placement and discussion in the DPDB and ensure that the schemes are properly implemented; The Chairman of District Planning and Development Board shall oversee the programmes of Communitisation of Public Institutions and Services in the District and ensure that the various village level committees function properly, funds are properly utilized and that the services rendered by the Communitised institutions are beneficial to the villagers; As a member of the State planning Board, the Chairman District Planning Development Board may bring to the attention/notice of the State Planning Board any special issues that relates to development of the District that require policy decisions or have additional financial implication; The Chairman of District Planning and Development Board along with board members shall receive applications and shall identify and formulate schemes under common pool; The Chairman of District Planning and Development Board shall also function as Chairman of selection Boards/Committee for Chief Minister's corpus fund and Prime Minister Rozgar Yojana.³⁸

2.4. State Level Machinery:

In Nagaland, the State Planning Machinery was set up in the year 1973 under the sponsorship of the Planning Commission with the following units: (i) Plan Coordination (ii) Information, Monitoring and Evaluation (iii) Public Co-operation, field studies and

³⁸ Government of Nagaland, Notification, Kohima, Planning and Coordination Department, Dated 28th July, 2005, p.16.

District Planning (iv) Manpower and Employment. In the initial stage since appropriate planning system has not been developed in many of the departments, most of the officials of Planning Machinery were brought on deputation from outside the state till the early part of the Fifth Five-Year Plan (1974-79) for assisting the planning process of departments. By the middle of the Fifth plan, some few qualified local officers were recruited in the state Planning Machinery.³⁹

The Planning Department functions as the secretariat to the State Planning Board which is the apex body headed by the Chief Minister as its Chairman, Finance Minister and Planning Minister as Deputy Chairman and all Cabinet Ministers and other Senior Officials as members. In addition to the 4 units mentioned above a separate cell for 'Development of Backward Areas' has been created during 1980-81 for which a post of deputy Development Commissioner was created to look after the cell.⁴⁰ With the gradual expansion of the Department both in terms of manpower, work load and responsibilities later on it was bifurcated and placed under Planning and Co-ordination Department in the year 1986 under the Administrative Control of Development Commissioner. He is assisted by two Joint Development Commissioner, two Deputy Development Commissioner, twelve Assistant Development Commissioner, one Economist, thirteen Planning Officers, one Superintendent, one Statistician, twenty-four Assistant Planning Officers and one Assistant Superintendent.⁴¹

2.4.1. Functions of State Planning and Co-ordination Department:

The state Planning and Co-ordination Department broadly performs the formulation of State Five-Year Plan and Annual Plan; Oversees and controls the plan funds in respect of all development departments; Monitors the progress of plan schemes implemented by the different development departments; Acts as liaison department between the planning commissions North-Eastern Council (NEC), Development of

³⁹However, except co-coordinating and scrutiny of plan schemes, no tangible progress could be made during the Fifth Plan period in Field studies, District Planning and Manpower planning. Similarly, due to shortage of qualified staff, monitoring and Evaluation of plan programmes in the state could not be carried out at the desired level. See Government of Nagaland, Draft Seventh Five-Year Plan 1985-90 and Annual Plan 1985-86 Volume-II, Kohima, Planning and Co-ordination Department, Government of Nagaland, December, 1984, p.2

⁴⁰ Ibid, n.39, p.3.

⁴¹Government of Nagaland, n.33, p.21.

North-Eastern Region (DONER), and other Line Ministries of Central government and the different development departments of the state; Renders sectoral assistance to the State Planning Board and administrative matters relating to the evaluation, town planning and economics and statistics.⁴²

2.4.2. Formulation of Five-Year Plans and Annual Plans:

Drafting of the Five-Year Plan and Annual Plans is a key responsibility of the Planning and Co-ordination Department. The work on an annual plan precedes the preparation of the annual budget. Each annual plan seeks to make detailed provisions for the plan expenditures for the ensuing financial year. Besides it includes data regarding the pattern of financial resources anticipated in the coming annual year. The process of plan formulation starts in the month of August every year with a request made by the Planning and Co-ordination Department to all Heads of Departments concerned to intimate their requirements of spill over expenditure on continuing schemes, funds required to meet the commitments already made by the Government and the new programmes likely to be taken up in the coming year. After a series of meetings with the representatives of the concerned departments, the expenditure for plan for the ensuing year is worked out by the Planning Department.⁴³

After getting communication from the Planning Commission of the government of India regarding the central assistance to be received by the state in a particular year, the planning and Co-ordination Department consults the Finance department and makes an estimate of the available resources and also suggests ways and means to increase resources for the next financial year, keeping in view the commitments already made. The Planning and Co-ordination Department through the Chief Minister submits to the Council of Ministers a tentative ceiling of Annual Plan in sector wise and department-wise break ups. After the size of the plan and its sector-wise break-up has been approved by the Council of Ministers, all the concerned departments are communicated their financial allocations and they are again requested to furnish detailed proposals to the Planning and Co-ordination Department for scrutiny and approval. On the basis of these

⁴² Ibid, n.33, p.21.

⁴³ Ibid, n.33, p.21.

proposals, the planning Department prepares 'draft Plan' keeping the following factors in view: the assessment of the progress made both in financial and physical terms of the last year's plan; the expected fulfillment of the current year's annual plan; spill over expenditure from the current year and the other unavoidable plan expenditure to honor the commitments made; utilization of the infrastructure already created earlier; completion of the projects in hand and the need to fill up essential gaps for further development.⁴⁴

After a series of meetings with the concerned departments followed by another round of meetings at the Ministerial level, the Planning department finalizes the annual plan proposals and submits them again to the Council of Ministers. The proposals, as approved by the Council of Ministers are sent to the Planning Commission. Following this, the proposals are discussed in the working groups constituted by the Planning commission. These groups have the representatives of the state government from the respective Sectoral areas. On the basis of the recommendations of the working grips, the concerned Programme Advisor, Planning Commission, suggests sector-wise allocation to the Deputy Chairman, Planning Commission.⁴⁵ Finally the Planning and Co-ordination Department communicates the final sector-wise allocations to the Heads of Department for the preparation of their budgets. The budget details of all plan schemes are discussed in the budget finalization committees which are attended by a representative of the Planning and Co-ordination Department along with other concerned members. On the basis of the decisions taken in these committees, the details agreed upon are incorporated in the budget.⁴⁶

Further, the concerned Heads of Departments are requested to give the district and constituency-wise break-up of the annual plan. As the Planning and Co-ordination Department is finally responsible for the preparation of the annual plan, any changes in

⁴⁴ Compiled from the information received from the Planning and Co-ordination Department, Government of Nagaland, Kohima, 2007.

⁴⁵ The proposals are then finalized by the Planning Commission in consultation with the Chief Minister and the Minister in charge of Planning (Before the Chief Minister himself has the Planning Portfolio). See Government of Nagaland, n.33, p.35.

⁴⁶ After the budget has been voted by the Legislature, the Heads of Departments are again requested to prepare final scheme-wise details. Once these statements are finalized the Planning and Co-ordination Department after a series of meetings with the Heads of Departments, publishes the annual plan and the copies of which are also sent to the Planning Commission and various Central Ministries. Ibid, n.31, p.35.

the sector-wise allocations or in the ceiling of any sector have necessarily to be made with its approval.⁴⁷ The state government has entrusted the Planning Machinery for examination of all proposed plan schemes and had to accord clearance before financial sanction are issued by the respective administrative departments.⁴⁸

2.4.3. Implementation and Monitoring of Plan Schemes:

The Planning and Co-ordination Department keeps a close watch on the progress of Implementation of the Annual and Five-Year Plans. The plan executing agencies are supposed to send monthly, quarterly and annual progress reports to the Planning and Co-ordination Department.⁴⁹ In addition, the secretaries of all departments are required to hold quarterly meetings of concerned Heads of Departments in which the Planning and Co-ordination Department is also represented. In these meetings the quarterly progress report is discussed and the causes of shortfall or additional requirements are discussed in details. Inter-agency differences, if any, in any particular developmental sector are sought to be removed by mutual discussions.

The Planning and Co-ordination Department is also responsible for exercising monitoring over plan implementation. For this purpose, there is a monitoring group in the department to look after the sectors of agriculture, irrigation and development of electricity, industries, transport and communication and other socio-economic services. Another important function of the Planning and Co-ordination Department is to bring out annually an appraisal of the plan progress. This is responsible is discharged with the help of the Directorate of Economics and Statistics, which is an attached organization of the Planning and Co-ordination Department. The Directorate of Economics and Statistics prepares the annual plan progress reports as well as progress reports for the five year plan as a whole. These reports provide an objective assessment of achievements and

⁴⁷ All cases, therefore proposing diversion from one scheme to another or from one sector to another are referred to the Planning and Co-ordination Department for final decision. All important matters of policy concerning developmental activities are referred to the planning Department for advice. Ibid, n.33, p.35.

⁴⁸ Government of Nagaland, n.38, p.3

⁴⁹ These progress reports are thoroughly scrutinized and if the performance in any particular scheme is found to be below standard or unsatisfactory, the reasons for the same are sought from the concerned Heads of Department. If reasons given by the Heads of Departments are not convincing, the matter is brought to the notice of the Chief Secretary for appropriate action. See Ibid, n.38, p.3.

limitations of planned programmes as also broad qualitative judgments on matters of general policies.

Thus all the Five-year Plans and the Annual Plans are prepared by the Planning and Co-ordination Department⁵⁰ and is submitted to the Planning Commission, Government of India for consideration and approval. Once the state government discusses the size of the plan with the Planning Commission and settles the figure for allocation of the Five-Year Plan and Annual Plans of the state government, the Planning and Co-ordination Department then calls for the state planning Board meeting to sort out the approved outlays to different development Departments of the state government. Once this is finalized by the State Planning Board and the allocations are made to the different departments, the Planning and Co-ordination Department monitors that the process of implementing of various departments as per the plan outlay approved by the State Planning Board. When the Proposals of different development departments are agreed for implementation, the Planning and Co-ordination Departments assessed the proposals whether it is feasible or not. If the proposals are found to be as per the outlay and fulfills all the formalities the Planning Department gives clearance for implementation of the project.

The Planning and Co-ordination Department acts as Liaison Department between the Planning Commissions, North-Eastern Council (NEC), Development of North-Eastern Region (DONER) and other Line Ministries of the Central Government and the different Development Departments of the State. The Planning and Co-ordination Department is also responsible for maintaining effective liaison with the government of India and other line ministries of central government and different development departments of the state for the purpose of both plan formulation and implementation. All important communications pertaining to planning from the government of India which concern more than one state department are received and processed by the Planning and Co-ordination Department. Similarly references concerning planning made to the Government of India from the state government in which more than one department is involved is normally channelise through this department.

⁵⁰ Government of Nagaland, n.33, p.27.

2.4.4. Renders Sectoral Assistance to the State Government:

The Planning and Co-ordination Department examines the financial implications of various proposed plan projects on the basis of their detailed proposals and scrutinizes the possible liability of such projects on the state exchequer. Likewise, the public announcements made by the members of the Council of Ministers regarding the undertaking of certain projects have to be examined by the Planning and Co-ordination Department from the view point of the impact of the implementation of such assurances on the state finances. For this and other purposes, the Planning and Co-ordination Department presents its view point in budget finalization committees where its general approach is that the financial liability of plan programmes of individual departments are kept within the overall plan ceiling of their department.⁵¹

During the course of plan implementation, the Planning and Co-ordination Department has to rationalize the plan funds in such a manner that adequate additional funds are made available for priority programmes and for this purpose the savings from the unspent balances of their programmes are utilized for more productive purposes.⁵² The Planning and Co-ordination Department is also responsible for obtaining the approval of the Planning Commission and the Ministries concerned for diversions made during the course of the year and ensuring that the quantum of Central assistance is not reduced as a result of these diversions. The Planning and Co-ordination Department collects the actual figures of expenditure from the various departments and submits them to the government of India with a request for final release of central assistance.

The Department of Planning and Co-ordination has two branches, such as Planning Branch and General Branch. The Planning Branch basically deals with the matters relating to planning and development programmes and their execution; plan co-ordination; public coordination, field studies and manpower planning; district Planning Machinery and administrative matter relating to Evaluation Department, Special

⁵¹ Ibid, n.33, p.27.

⁵² Likewise, during the phases of economy cuts, the Planning and Co-ordination Department has to re-set priorities from the financial angle. All such cases have to be examined from an interdepartmental perspective. The Finance Department is also responsible for preparing papers of Claim for central assistance for the annual plans. After an indication of sector-wise central assistance is received from the Planning Commission, the same is scrutinized in the Planning and Co-ordination Department and in case certain clarification appears to be necessary, they are sought from the Planning Commission and the Central ministry Concerned. Ibid, n.33, p.27.

Development Programme and Corpus Fund for the unemployed youths and Local Area Development Programme (LADP) etc. On the other hand, the General Branch deals with the administrative matters relating to Town Planning Department including Development Authority of Nagaland secondly, the administrative matters relating to Evaluation and Economics and Statistics Department.

2.5. Departments Attached to the State Planning and Co-ordination Department:

The Directorate of Evaluation, the Directorate of Economics and Statistics, and the Urban Development Department works under the administrative control of the Development Commissioner who held the charge of ex-officio. These bodies perform their respective roles in the process of plan formulation, implementation and evaluation and the Development Commissioner ensures the proper assistance is provided by these bodies in the Planning process.

2.5.1. Evaluation Department:

The Evaluation Department functions under the administrative control of the Planning and Co-ordination Department. It was set-up on 14th October 1968 in the form of Evaluation Unit in the Planning and Co-ordination Department.⁵³ The Development Commissioner held the charge of Director of Evaluation in ex-officio capacity. The main function of the Evaluation Department is to carry out various studies on various plan/non-plan schemes of the Government of Nagaland and to suggest ways and means to bring about improvement in their performance. The following officers assist the Development Commissioner and carried out the works of the department such as, one Joint Director, one Deputy Director, three Assistant Director, one Evaluation Officer, one Registrar and one Superintendent.⁵⁴

2.5.2. Department of Economics and Statistics:

The Department of Economics and Statistics was established towards the end of 1964 and works under the administrative and supervisory control of the Secretary to the

⁵³ Government of Nagaland, Annual Administrative Report 2001-2002, Kohima, March, 2002, p.11

⁵⁴ Ibid, n.53, p.12.

Government of Nagaland, Development Department headed by a Statistical Officer and with a nucleus of technical and ministerial staff.⁵⁵ However to cope with the ever increasing works of statistical reports, the Branch was later converted in to a full fledged Directorate in May 1969. The Directorate is the apex statistical body and functions as the Nodal agency for all sorts of statistical enquiries, survey and census. The Development Commissioner and Secretary to the government, Planning and Co-ordination is the ex-officio Director of Economics and Statistics who is assisted by two Joint Directors of Economics and Statistics and supplemented by a host of officers and staff of both technical and ministerial background

The primary functions of the Department of Economics and Statistics are as follows:

- a) Collection, compilation, tabulation, interpretation, presentation and dissemination of statistical information collected through regular and ad-hoc surveys and censuses.
- b) Publication of monthly annual reports containing statistical information collected on the basis of ad hoc arrangement or regular surveys and censuses.
- c) Extending co-operation, giving guidance and technical advice to all the Head of Department in the conduct of census.
- d) The Directorate of Economics and Statistics as the Nodal agency in all te statistical works in the state is required to co-ordinate with all the Head of Departments and to effect adequate and efficient monitoring concerning with and related by the concerned Department from time to time.
- e) Lending service to the central government establishment such as Director of Census operation in the course of meritorious conduct of the decennial census on population and
- f) The Director of Economics and Statistics who is also the Chief Registrar of births and deaths functions as the Chairman, State level Co-ordination Committee for all matters relating to successful implementation of the civil Registration scheme which is in operation since 1974.⁵⁶

⁵⁵ Ibid, n.53, p.7

⁵⁶ Ibid, n.53, p.7.

2.5.3. Department of Urban Development:

The Urban Development department functions under the administrative control of the Development Commissioner, Planning and Coordination Department. At the Directorate level, Chief Town Planner is the head of the department. The Chief town Planner is assisted by the one Senior Town Planner, one Town Planner, one Programme Officer, two Assistant Town Planner, one Registrar, one Senior Account Officer and two Superintendents.

At the district level office, there is a town planner in Dimapur and Mokokchung. In the other districts namely Tuensang, Mon, Wokha, Phek and Zunheboto an Assistant Town Planner head the district office. There is an Engineering cell attached to the Chief Town Planner, with the following officers to look after construction works undertaken by the department in the whole state such as one Executive Engineer at Kohima, three Assistant Engineer at Kohima, Mokokchung and Tuensang, nine Junior Engineer and one District Assistant Officer. The total staff strength both gazette and non-gazette, as on 31st March 2001 was 161.⁵⁷

2.6. The Process of Socio-Economic Development in Nagaland from Second to Seventh Five-Year Plans (1956-1990):

Since India's independence, the state of Nagaland went through a hard time for almost two decades due to the disturbances prevailing within the state. At the time of the formulation of the First and the Second-five Year Plans, Nagaland was not constituted. One part of Nagaland (Tuensang division) was under North-Eastern Frontier Agency (now Arunachal Pradesh) and the other part (Naga Hills) was under Assam.⁵⁸ Besides, the period between 1954 to 1964 is considered as the most difficult period for the people of Nagaland. As a result, the state could not realize fully the benefit of the first, second and part of the third Five-Year Plans.⁵⁹

⁵⁷ Ibid, n.33, p.14.

⁵⁸ A.K.Agarwal, North-East India, An Economic Perspective, Allahabad, Hugh Publications, 1985, p.273.

⁵⁹ As the administrative machinery was geared up to combat insurgency in Nagaland during 1954-64, the benefits of development programmes of the first, second and third five year plans were not realized. See Swabera Islam Saleh, Nagaland's Economy in Transition Since 1964, New Delhi, Omsons Publications, 1989, p.353.

Nagaland is one of the most underdeveloped states of the country both industrially and agriculturally. The backwardness has the historical and geographical legacy. In the pre-independence days the economy of the state was almost stagnant and there was no sign of development programme. The American Christian Missionaries introduced education in some pockets of the states but were confined to few places. More than one-third of the present Nagaland state remains unadministered before independence. The state of Nagaland was formed on 1st December, 1963⁶⁰ basically with an intention of preserving the identity of the people and to facilitate development according to their own genius. With the formation of statehood, the administrative machinery needs to be geared up to bring peace in the area.

2.6.1. Second and Third Five-Year Plan in Nagaland (1956-1966):

During the period 1958-61 only ad hoc schemes were taken up without any long term objectives due to the absence of any planning or any well-organized implementing machinery. Besides, few development programmes carried out earlier could not yield any fruitful result due to the insurgency problem.⁶¹ The progress of development in the state was therefore very slow. Even the Draft Third Five-Year Plan could not be prepared systematically for the same reasons. The annual allocations and the total expenditure under various development schemes during the Third Five-Year Plan are given below:

TABLE 2.1.

Annual Plan outlay and Expenditure during Second and Third Five-Year Plan (1958-66)
(Rs. in Lakhs)

Year	Approved outlay	Expenditure
1958-1961	433.85	315.72
1961-1962	122.80	93.91
1962-1963	231.37	101.75
1963-1964	245.00	130.75
1964-1965	404.32	267.46
1965-1966	531.43	502.08
Total	1534.92	1095.95

Source: Compiled from the Draft Annual Plan 1966-67, Kohima, Planning and Co-ordination Department, Government of Nagaland, 1996, p.2.

⁶⁰ S.C.Dev, Nagaland The Untold Story, Calcutta, Mrs Gouri Dev, 1988, p.8.

⁶¹ Swabera Islam Saleh, n.59, p.232.

It can be seen from Table 2.1.that the performance during the last two years improved considerably in terms of expenditure over the previous period, showing a utilization percentage of 66.15 percent and 71.40 percent respectively. This is mainly due to the expansion and re-organization of administration, and also due to the prevailing peaceful conditions through the temporary suspension of operations with the signing of the cease-fire agreement on 16th September, 1964, between Federal Government of Nagaland and Government of India.

2.6.2. Fourth and Fifth Five-Year Plan in Nagaland (1969-1979):

In the case of Nagaland the “Fourth Five-Year Plan may be termed as the first Five-Year Plan”.⁶² The state made significant progress during this period, even though there was plenty to be done to catch up with the time wasted over the past years due to the activities of insurgency. The Shillong Agreement was signed between the Underground Nagas and the Government of India on 11th November, 1975,⁶³ since then there was comparative peace and the state government began to give more importance to the economic problems of the state. It has also opened a door to further the process of economic advancement in the state. The Fifth Five-Year Plan outlay for Nagaland was fixed at Rs.83.63 crores including Rs.10.19 crores under the National Programme of Minimum needs. The Fifth Plan was terminated by the end of 1977-78 and a new concept of rolling plan was introduced from 1978-79 onwards. Therefore the Fifth Plan was confined from 1974-75 to 1977-78.⁶⁴ The progress of expenditure during the last four years is given in the following table:

⁶² Ibid, n.59, p.232.

⁶³The agreement was based on the following conditions such as, the representatives of the underground organizations conveyed their decision, of their own volition, to accept without condition, the constitution of India, it was agreed that the arms, would be brought out and deposited at appointed places., It was agreed that the representatives of the underground organization should have reasonable time to formulate other issues for final settlement. See Kaka D Iralu, Nagaland and India: The Blood and the Tears, Kohima, Unpublished, 2000.

⁶⁴A total amount of Rs.70.15 crores was spent during these four years as against the approved outlay of Rs.83.63 crores which comes to about 84% of the total Fifth Plan Outlay. See Swabera Islam Saleh, n.59, pp.257-258

TABLE 2.2

Annual Plan outlay and Expenditure during Fourth and Fifth Five-Year Plan (1958-66)
(Rs. in Lakhs)

YEAR	OUTLAY	EXPENDITURE
1969-70	600.00	569.46
1970-71	759.00	696.57
1971-72	804.00	783.80
1972-73	900.00	902.06
1973-74	1006.00	910.23
TOTAL	4069.00	3862.12
1974-75	1400.00	1463.40
1975-76	1538.00	1580.77
1976-77	1770.00	1872.93
1977-78	1927.00	2098.00
1978-79	6635.00	7015.00
TOTAL	13270.00	14930.10

Source: Compiled from the Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, 1989, p.159.

From Table 2.2 it is evident that the annual outlay and expenditure during Fourth Plan rises constantly year after year. During 1972-73, the expenditure even exceeds the outlay whereas in the remaining years the expenditure goes up to 94.83 percent in 1969-70, 91 percent during 1970-71, and 90.45 percent during 1973-74. The total percentage of expenditure during the Fourth Five-Year Plan was 94.91 percent. On the other hand during Fifth Plan, the expenditure exceeds the outlay in all the years and the annual outlay increases in all the years. The total outlay for 1977-78 included an expenditure of Rs.1.25 crores for development of backward areas of Tuensang and Mon District and Meluri area of Phek District.⁶⁵ During the Fifth Plan period, prices increased continuously and reached a new high in 1975 and then started receding. As mentioned in the earlier section, prices started rising again from the middle of 1976. Scarcity conditions were prevailing in several commodities. As a result of this, the cost estimates

⁶⁵These areas are still backward compared to other parts of the state. Special efforts are being made to develop these areas. See Ibid, n.59, p.259.

in the Fifth Plan underwent an upward revision and it was not possible to achieve fully the targets envisaged in the Fifth Five-Year Plan.

2.6.3. Sixth and Seventh Five-Year Plan in Nagaland (1980-1990):

The total outlay of Rs.210.00 crores⁶⁶ has been approved for the Sixth Five-Year Plan. The main strategy of the Sixth Plan was to strengthen the infrastructure for both agriculture and industry so as to create conditions for an accelerated growth in investment, output and exports to provide increased employment opportunities and to remove poverty.⁶⁷ Besides the general objectives, reduction of disparities in income and wealth as between different areas and attainment of balanced regional development have also been pursued. About two-fifths of the population in the country is probably considered to be living below the subsistence level. In the case of Nagaland where 80 percent of the population lives in the rural areas can be said that large number of people still lives below the subsistence level. Therefore an all-out effort to raise the standard of living of the rural population is necessary from the point of all round development in the state. The approved outlay for the state of Nagaland for the Seventh Plan was Rs.400 crores against which the expenditure was Rs.467.83 crores.⁶⁸ As per the scrutiny and evaluation made on the performance on the different development departments during the Seventh Plan, it has been revealed that although the Seventh Plan targets were realized in most of the development sectors, there are few sectors where the Seventh Plan targets could not be fully achieved due to various reasons.

The following table shows the Annual Plan Outlays and Expenditures during Sixth and Seventh Five-Year Plan (1980-90):

⁶⁶ A.K.Agarwal, n.58, p.284.

⁶⁷ M.L.Jhingan, *The Economics of Development and Planning*, Delhi, Konark Publishers, 1994, p.655.

⁶⁸ Government of Nagaland, n.23, p.5.

TABLE 2.3.
Annual Outlays and Expenditures of Sixth and Seventh Five-Year Plan (1980-1990)
(Rs.in Lakhs)

Years	Outlay	Expenditure
Sixth plan		
1980-81	3613.00	3498.56
1981-82	3800.00	3789.01
1982-83	4256.00	4461.73
1983-84	5100.00	5243.68
1984-85	5615.00	5987.74
Total	22384.00	22980.72
Seventh plan		
1985-86	6500.00	6223.75
1986-87	7300.00	7386.12
1987-88	9400.00	9525.44
1988-89	11,00.00	11264.83
1989-90	13,200.00	13183.56
Total	37500.00	47583.64

Source: Compiled from Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 1989, p.154.

It is observed from Table 2.3. that during Sixth Plan the annual outlays has increased over the entire period and the expenditure rose above the plan outlays in all the years except in 1980-81, 1981-82 and 1985-86. Similarly during the Seventh Plan, the annual outlay shows a constant increased in most of the years except in 1985-86 and 1989-90.

2.7. Sectoral Achievements during Third, Fourth, Fifth, Sixth and Seventh Five-Year Plans (1961-1990).

2.7.1. Agriculture and Allied Services:

In order to replace the primitive system of shifting cultivation, there has been rapid expansion of the area under permanent terrace cultivation. During the third plan

period, 14,738 acres were converted in to permanent terrace cultivation and brought under cultivation.⁶⁹

Three seed farms were established and one Fruit Canning Factory in Chanki was put in to operation. A tractor unit was also formed for reclamation and development of large tracts of land along river valleys in the foothill areas. It is estimated that the level of production of food grains has increased from 81,700 M.T. in 1963 to 81,700 M.T. in 1973 and eventually reached the level of 92,500 M.T. during 1976-77.⁷⁰ The production of sugarcane has even increased from about 60,000 M.T. in 1974-75 to 95,000 M.T. during 1976.⁷¹ All this was made possible due to the introduction of modern methods and inputs. To improve economic conditions of the small and marginal farmers, cultivation of cash crops and commercial crops like ginger, maize, chilies, soya bean, potato, cotton etc were intensified and arrangements for commercial marketing of these crops were made in collaboration with the co-operative marketing societies during the fourth and the fifth five year plans.

The physiographical condition of the state is quite suitable for the growth of sub-tropical fruits which are grown at several places successfully. In the agricultural sector, horticulture forms an important part of the programme. In the Fifth Five-Year Plan, an amount of Rs.6.03 crores was allotted for the agricultural programme.⁷² With a short span of two years 1975-76⁷³ in Nagaland, the food production increased by more than 6,000 M.T. and sugarcane by 1,500 hectares, soil conservation activities on agricultural land by 5,500 hectares, consumption of fertilizers by more than 110 M.T. and the area under terracing by about 4,000 hectares. During this period, ground water survey had been undertaken by the Central Ground Water Board, and the North Eastern Council set up a seed potato farm and a progeny orchard-cum-nursery.

Nagaland is a deficit state in the field of food production. The state has to import annually about 19,000 M.T. of food grains to feed its population. It is a paradox that the

⁶⁹ Government of Nagaland., Draft Annual Plan 1966-67, Kohima, Planning and Co-ordination Department, Government of Nagaland, p.2

⁷⁰ Government of Nagaland, Brief Report Highlighting the Progress of Development Programmes in Nagaland, Kohima, 1977, p.3.

⁷¹ Ibid, n.70, p.3.

⁷² Government of Nagaland, Draft Fifth Five-Year Plan, Kohima, Planning and Co-ordination Department, Government of Nagaland, p.121.

⁷³ Ibid, n.72, p.3.

village which is supposed to be self sufficient and which was in the olden days in the production of food grains to its population, the results being experienced by the people is rather uneven due to the landownership system prevailing within the state which is been unevenly distributed amongst the farmers. Basically the import of food grain is for the urban population and armed forces. In some part of Nagaland like Tuensang district there used to be food shortage for even months before the monsoons and the people have to depend on natural products like Taro, roots and fruit.

In the earlier years since independence, there were practically no animal husbandry and veterinary activities in the entire state. It was only after statehood in 1963, eight veterinary dispensaries and five outposts were established. By 1973, the department had set up three poultry farms, five piggery farms and three cattle farms, as a first step towards developing systematic and better breeds of birds and livestock. Simultaneously, twenty-one dispensaries, ten mobile dispensaries and thirty-six out-posts had been set up by 1977.⁷⁴

It was under the state plan; schemes for intensive development of poultry, piggery and cattle had been taken up. Besides, under a centrally sponsored scheme, seven piggery productions units have been organized in the seven districts. One intensive calf-rearing scheme for increasing milk production was also taken up. The concerned department also built infrastructural facilities by establishing nucleus, poultry, piggery and cattle breeding farms so as to take up further development on improvement of these sectors. In addition, veterinary aid centres were also established to provide treatment facilities to rural areas. In the Fourth Five-Year Plan an amount of Rs.1.3 crores was approved .But due to the lack of trained personnel; the allotment amount could not be fully utilized. The total outlay for Animal Husbandry and Veterinary for the Fifth Plan period was Rs.3 crores.⁷⁵

Soil and water conservation measures was taken up in the state in the Fourth Five -Year Plan for the first time, and during this period, emphasis was given on organization of the department. Soil conservation measures were taken on village/water shed basis. The works involved terracing with minor irrigation facilities, creation of orchards and

⁷⁴Government of Nagaland, n.70, p.3.

⁷⁵Government of Nagaland.,Draft Fifth Five-Year Plan, Kohima, Planning and Co-ordination Department, Government of Nagaland, July, 1973, p.125.

afforestation programmes. An area of about 1,646 hectares⁷⁶ of was developed during the Fourth Five-Year Plan and the expenditure incurred was Rs.1.71 lakhs. During the Fifth Plan period, soil conservation extension service programmes were intensified to cater to the needs of farmers all over the state. At the end of the Fifth Plan period ten new small scale demonstration centres were opened in the state. Under the guidance of North Eastern Council, a Jhum control-cum-soil conservation programme was implemented. The outlay for soil conservation programmes for the Fifth Plan period was Rs.150 lakhs.⁷⁷ Before Nagaland attained its statehood, the Reserved Forests of Rangapahar, Intanki and Singpham were under scientific management and was under the Dhansiri Valley Divisions and Sibsagar Divisions respectively. However with the creation of statehood in 1st December, 1963 all the forests both reserved and protected came under one division with its headquarters located at Dimapur.

In the first two plans the forest in Nagaland was not fully exploited nor receives the full impact of the development plans. It was only in the middle of the Third Five-Year Plan, a separate directorate was created with three territorial divisions, one for each district, not only to improve the management of the forests under the control of the Department but also to take up forest development programmes which were of vital importance to the state. In the Third Plan emphasis was placed on communications, economic plantations and soil conservation and for the first time the villagers were persuaded to regulate the felling of trees in their forest, to save them from depletion. An amount of Rs.58.86 lakhs was spent during the ad hoc plan period of 1966-69 for the development of forestry, as against Rs.46.44 lakhs during the Third Five-Year Plan period.⁷⁸ For the first time a forest based industry was set up in 1967 at Dimapur with a seasoning and treatment plant. The plant started functioning from 1968 with the main purpose of supplying treated timber to the Public Work Department and other departments for construction purposes.

⁷⁶Government of Nagaland, Draft Sixth Annual Plan 1982-83(sectoral plans) Chapter II, Kohima, Planning and Co-ordination Department, November, 1981, p.1.

⁷⁷ Ibid, n.76, p.124.

⁷⁸ Government of Nagaland, Draft Fifth Five-Year Plan, Kohima, Planning and Co-ordination Department, Government of Nagaland, July,1973, p.26

An amount of Rs.1.13 crores was approved by the Planning Commission for the Fourth Five-Year Plan.⁷⁹ A survey was conducted during the Third Plan period for setting up of pulp and paper mill. Basing on this survey a report was prepared for the establishment of a paper mill at Tuli and Veneer Mill at Tijit. Major part of the forest areas in Nagaland belong to the people. The total area that falls under the forest is about 2,875 sq.kms which is only about 17.4 percent of the total area. Out of this only 286 sq.kms are Reserved Forests and about 2,070 sq.kms falls under Village Forests.⁸⁰ Continuous efforts had been made to expand the forest plantation area and to increase the forest roads. During the two years 1975-76, the area under plantation was increased by about 2,740 hectares. This includes areas covered under economic plantation, farms forestry, and social forestry. About 30 kms. of new roads in the forests areas had been constructed during 1975-76.⁸¹

The state has introduced new technologies like scientific management of soil and water based on watershed basis and conservation of forest. The rises of more demands for plant protection equipments and higher consumption of fertilizers, pesticides, chemicals etc are signs of impact of modern technologies on the farmers. Accordingly, agricultural programmes including Animal Husbandary and Dairy Development, Fisheries, Rural Development, Co-operation etc receives more priority in terms of outlay. During the Sixth Plan, agriculture and allied services received the total outlay of Rs.53.25 crores, i.e. 25.27 percent of the total plan outlay against 14.72 percent of the National Plan.⁸²

The total production of food grain during 1979-80 was 80,000 tonnes⁸³ as against the requirement of 1, 21,000 tonnes. This deficit was accentuated by the unfavourable conditions, but the achievement during 1980-81 was 1, 16,130 tonnes.⁸⁴ Among the commercial crops, sugarcane tops the list due to the establishment of the Sugar Mill at Dimapur. The main endeavor of the department is to feed this mill with required quantities of sugarcane. Besides, coffee plantation offers a good scope for commercial purpose. It was long been envisaged by the Department of Agriculture for the

⁷⁹ Ibid, n.78, p.57

⁸⁰ Government of Nagaland, n.70, p.4

⁸¹ Ibid, no.70, p.4

⁸² Government of Nagaland.,Draft Annual Plan 1982-83, Kohima, Planning and Co-ordination Department, 1981, p.30

⁸³ A.K.Agarwal, n.58, p.286.

⁸⁴ Government of Nagaland, n.82, p.II

development of coffee. But considering the importance of expansion, development programmes was handed over to the newly formed Nagaland Plantation Crops Development Corporation. The agro-climatic condition of the state offers a good scope for the development of horticulture as well. Therefore during 1982-83, an additional area of 1,956 hectares was brought under new plantation to boost up the economy of the farmers of the state.⁸⁵

The total approved outlay for the entire Sixth Plan period was Rs.18.50 crores lakhs out of which Rs.6.5 crores is for agricultural production, Rs.2 crores for Plantation Crops Development Corporation and Rs.10 crores for Minor Irrigation.⁸⁶ During 1980-81, the total expenditure for the development of agriculture was Rs.207.05 lakhs of which Rs.29.43 lakh was recoverable and Rs.209 lakhs for irrigation. The approved outlay for agriculture during 1981-82 was Rs.170 lakhs and Rs.176 lakhs for Minor Irrigation, and the expenditure on agriculture was Rs.175 lakhs and for Minor irrigation, it was Rs.200 lakhs. Nagaland experienced the worst ever drought during 1979-80, especially in the beginning of the year and the delayed rainfall extensively damaged the growth of crops in the Jhum fields. As a result, emergency food production measures were taken up in the Rabi season to get some alternative crops. The net loss in the food grain production during the years was about 15,230 M.T. against the production level of the previous year. The total production of food grain during 1980-81 was 1,16,130 M.T. leaving an estimated deficit of about 31,000 M.T.⁸⁷

Survey was conducted by experts from coffee and tea boards for the cultivation of coffee and tea and found the soil and climatic conditions in Nagaland to be very favourable. As a result the state government has brought an area of 500 hectares of land under coffee plantation during 1979-80.⁸⁸ The state government also set up a Plantation Development Corporation during 1980-81 with a broad objective of cultivating such value crops in an accelerated manner. The corporation is now concentrating on the development of coffee for which a master plan had since been prepared and the state government has provided Rs.2 crores during the Sixth plan towards equity participation.

⁸⁵ Ibid, n.82, p.III

⁸⁶ Ibid, n.82, p.IV.

⁸⁷ Ibid, n.82, p.32.

⁸⁸ Ibid, n.82, p.33.

Under the present programme the target is to bring 18,000 acres under coffee plantation.⁸⁹

The approved outlay for agriculture sector during the Seventh Plan was Rs.26.00 crores against which the expenditure was Rs.22.23 crores. The percentage of utilization of fund during the period was 85.5 percent.⁹⁰ During the Seventh Plan, the production of food grains was 1,85,000 M.T. as against the target of 1,96,220 M.T. and the commercial crops was 8,700 M.T. as against the target of 9,000 M.T. by excluding the sugarcane production. The production of sugarcane was 1,30,000 M.T. as against the set target of 1,60,000 M.T. and the major horticultural crops was 8,500 M.T. as against the target of 17,900 M.T.⁹¹ The main reasons for the shortfall in achieving the targets in the Seventh Plan is mainly due to low cropping intensity where the area under multiple cropping was very negligible due to the lack of perennial irrigation system. There was also technological gap of identifying the correct type of high yielding varieties suitable to agro-climatic conditions prevailing in the hill slopes of Nagaland. In addition, there was a decline in the working force in agriculture due to the migration of rural population in to the urban areas in search of better jobs. The poor condition of road transport facilities further compounded the problem causing delay in supplying inputs.

During the Seventh Plan, against the target of 12,000 hectares of potential areas to be brought under irrigation, 11,830 hectares was achieved. With this additional irrigated area, total potential irrigated area by 1990 has been raised to 65,530 hectares against the total estimated potential area for irrigation development of 1.79 lakhs hectares in the state. The expenditure under irrigation during the Seventh Plan period was Rs.1445 lakhs against the approved outlay of Rs.1500 lakhs showing a utilization percentage of 96.33 percent.⁹² The practice of shifting cultivation in the state has been causing severe soil erosion, massive land-slides, loss of ground and soil water reserves etc. destroying the fertility of the soil. The state adopted certain measures with a view of controlling the soil erosion by introducing the scientific techniques of soil and water conservation during the Fourth Plan period and the scheme is being continued by establishing small scale

⁸⁹ Ibid, n.82, p.33.

⁹⁰ Government of Nagaland, Draft Eight Five-Year Plan 1990-95 and Annual Plan, 1991-92, Kohima, Planning and Co-ordination Department, 1990, p.5.

⁹¹ Ibid, n.90, p.5.

⁹² Ibid, n.90, p.9.

demonstration centres in the rural areas and undertaking model watershed management in the strategic places. The outlays for Soil Conservation in the Sixth Five-Year Plan and the Annual Expenditure have been summarized in the following table:

TABLE 2.4.

Sixth Five-Year Plan Outlay and Annual Expenditure under Soil Conservation

Sl.No.	Scheme	Outlay (1980-85)	Annual Expenditure (1980-81)
1	Direction and Administration	100.00	25.69
2	Soil Survey and Testing	10.00	1.05
3	Education	4.00	0.70
4	Soil conservation scheme	376.00	82.52
5	Land Reclamation	110.00	38.14
	Total	600.00	140.00

Source: Compiled from Draft Annual Plan 1982-83, Kohima, Planning and Co-ordination Department, Government of Nagaland, November, 1981, Page 37,

During the Sixth Five-Year period, the department of Soil Conservation was able to bring 9,864 hectares of land under terrace cultivation, 5,776 hectares of area under farm forestry, 3,049 hectares under orchard plantation and 40 hectares under cash crop plantation and 100 hectares under land reclamation. The department also established 14 model watersheds for Jhum control, 12 small scale demonstration centres, 7 nursery and 1 Research demonstration and training.⁹³ As against the approved outlay of Rs.1000 lakhs during the Seventh Plan for Soil Conservation, the expenditure was Rs.994 lakhs⁹⁴ showing a utilization of 99.4 percent. During the plan period the Department of Soil was able to achieved 4,732 hectares of area under terrace cultivation as against the set target of 4,433 hectares and an area of 1,175 hectares under Farm Forestry as against the target of 1,500 hectares.⁹⁵

In addition, during the Seventh Plan, a total area of 3,87,950 hectares was also surveyed and soil testing was carried out in the surveyed area. Besides, a number of

⁹³Government of Nagaland, Nagaland Basic Facts, 1982, Kohima, Directorate of Information and Publicity, 1982, p.49.

⁹⁴ Ibid, n.93, p.6.

⁹⁵The Department was also able to obtained 850 hectares of land under Orchard plantation against the target of 900 hectares and an area of 400 hectares under cash crops against the target of 500 hectares. See Government of Nagaland, n.70, p.9.

minor irrigation works, construction of water harvesting ponds and stream bank erosion control were also completed during the plan period.

Meat constitutes one of the most important ingredients in the diets of the Nagas. The consumption of meat is quite high in a Naga society and every important occasion like festivals and marriage parties; meat is served in large quantities which is a tradition of the Naga culture. However the state is still short of production to feed its population resulting to import of animals and birds worth more than Rs.2 crores from the neighbouring states of Assam and other parts of the country to meet the demand of the people every year. To increase the livestock production in the state to meet the local requirements of meat, eggs and milk is one of the objectives of planning.

The activities in the field of Animal Husbandry and Diary development during the Seventh Plan was concentrated towards consolidation and strengthening of the available infrastructures by providing additional livestock's, accommodation for staff, etc. An additional 403 milch cows were added increasing the production of milk to 3.30 lakh litres, 5 new stockman centres were established and also 160 breeding bulls and 93 cattle units were supplied to the rural farmers at 45 percent subsidized rate.⁹⁶ The approved outlay for Animal Husbandry and Diary Development in the Seventh Plan was Rs.1300 lakhs and the expenditure was Rs.988 lakhs showing a utilization ratio of 76 percent.⁹⁷

The approved outlay for the development of fishery in the state during the Sixth Five-Year Plan (1980-85) was Rs.70 lakhs.⁹⁸ During the Sixth Plan, the Fishery Department emphasize on increasing fish production in the state for meeting the consumption requirement of the state by distributing fish-seeds to the local farmers at a subsidized rate. The state also adopted pisci-culture which enables the culturists to augment their income. The state government has taken up several schemes for fishery development in the state. Some of these schemes are, riverine fisheries development, survey of fishery resources, fish farms at Jorpukhuri, Thilak, Wokha, Sataka, Tijit, Asukumie and Padampukhuri, Fisheries co-operatives society and also providing assistance to pisciculturists mainly for paddy-cum-fish culture by distributing fish seeds etc. Besides, a fish farmer's development agency was set up during 1981-82 with the

⁹⁶ Ibid, n.70, p.6

⁹⁷ Ibid, n.70, p.7.

⁹⁸ Government of Nagaland, n.82, p.41.

central assistance which will be responsible to provide financial and technical assistance for pisciculture including construction of ponds.⁹⁹

As against the approved outlay of Rs.300 lakhs, the expenditure during the Seventh Plan was Rs.351 lakhs showing an extra-expenditure of 0.51 crores and percentage of utilization works out to 117.28 percent.¹⁰⁰ The main activities carried out by the fishery department during the Seventh Plan were development of paddy-cum-fish culture, pig, poultry, duckery-cum-fish culture, development of Fishery Cooperative Societies, establishment of fish farms for production of table fish and fingerlings and survey of inland fishery resources. During the Seventh Plan period, the fishery department was able to produce 1,000 M.T. of fish and 7 millions of fish seeds against 10 million. The Fishery Department was also able to developed 2.5 hectares of nursery against 5 hectares and was able to established 2 hatchery unit.¹⁰¹

In the Sixth Five-Year Plan, the Forest Department tried to acquire more areas under effective government control in the form of protected forests, reserved forest and also tried to promote the afforestation works by initiating various social forest programmes in order to convert the degraded forest areas in to a more productive use. Another important scheme is soil water and tree conservation and also fuel plantation under centrally sponsored schemes. The total plan outlay for the development of forestry during the Sixth Plan was Rs.680 lakhs out of which the expenditure up to 1983 was 150 lakhs.¹⁰² In the Sixth Plan, the state government was able to bring 1400 hectares of area under economic plantation, 1,213 hectares of area under quick growing species plantation, 4,218 hectares of area under other plantation.¹⁰³ Besides, a total length of 16 kms¹⁰⁴ of forest road was constructed during the sixth plan. Under the Centrally sponsored schemes, the state was able to achieved, 2,342 hectares of area for soil, water and tree conservation and 1,892 hectares of area under fuel wood plantation.¹⁰⁵

⁹⁹ Ibid, n.82, p.41.

¹⁰⁰ Government of Nagaland, n.90, p.7.

¹⁰¹ Ibid, n.90, p.7.

¹⁰² Government of Nagaland, n.82, p.44.

¹⁰³ Ibid, n.82, p.2.

¹⁰⁴ Ibid, n.82, p.3.

¹⁰⁵ Ibid, n.82, p.3.

The expenditure incurred in the Seventh Plan under forest was Rs.1764 lakhs against the approved outlay of Rs.1800 lakhs.¹⁰⁶ The main activities of forestry development in the state were confined to the plantation of quick growing species, economic and commercial plantation, social forestry and afforestation on degraded forest area. In the Seventh Plan period, forestry department was able to conduct plantation 6.88 hectares of quick growing species against the target 6.20 hectares, 6.61 hectares of economic and commercial plantation against the target of 6.00 hectares, 73.85 hectares of social forestry against the target of 79.93 hectares.¹⁰⁷

2.7.2. Power and Water Supply:

The first modest efforts to introduce electricity in the state were made only towards the end of the Second Five-Year Plan. In the Second Five-Year Plan, electrification of 7 towns by diesel generating sets was envisaged, out of which only one town i.e. Kohima was electrified in the year 1960, with an installed capacity of 150 kilowatt. The expenditure incurred was little over Rs.12 lakhs.¹⁰⁸ In the Third Plan period, more programmes were chalked out by including 10 more towns for electrification in addition to six schemes spilled from the Second Plan period. The total expenditure incurred in the Third Five-Year Plan on power was Rs.85 lakhs.¹⁰⁹ By the end of the Third Five-Year Plan period, the load demand rose very rapidly, particularly in Kohima and Mokokchung. Augmentation of power in the places was promptly undertaken. But the supply of power by diesel generating units was inadequate to meet the increased demand, and the cost of generation also rose very high. In view of this, two agreements with the Assam state Electricity Board for supply of bulk power were concluded i.e. (i) for purchase of power at Naginimara, Tuli and Changki, (ii) for purchase of power at Dimapur.

The approved outlay for electricity for the Fourth Five-Year Plan was Rs.227 lakhs and that for the Fifth Five-Year Plan was Rs.797 lakhs.¹¹⁰ The number of electrified

¹⁰⁶ Government of Nagaland, n.90, p.7.

¹⁰⁷ Ibid, n.90, p.7.

¹⁰⁸ Government of Nagaland.,Draft Fifth Five-Year Plan, Kohima,Planning and Co-ordination Department, Government of Nagaland, July,1973, p.33.

¹⁰⁹ Government of Nagaland, n.82, p.34.

¹¹⁰ Government of Nagaland, n.70, p.5

towns and villages rose from 6 in 1963 to 156 in 1974. The number of electrified villages had further risen to 208 by 1976-77.¹¹¹ Soft loan was being provided by the Rural Electrification Corporation. Power was used for introducing lift irrigation.

In March, 1975 one micro hydel scheme of 1.5 mega watt was commissioned at Dzuza. Besides one diesel generating station of 1.5 kilo watt was set up at Dimapur to augment the power supply. This was commissioned in 1980-81. Project reports for 2 Micro Hydel Projects were under examination by the Central Water Commission and the Central Electrical Authority. Project reports for 2 Micro Hydel Projects were under examination by the Central Water Commission and the Central Electrical Authority. Investigations and survey works for one major Hydel scheme at Doyang with a likely generating capacity of about 105 mega watt of power was taken up. Besides this, the feasibility of setting up a thermal power station with an installed capacity of 30 mega watt was also under investigation. This will utilize coal from the Borjan collieries which are in the process of activation by the Coal India Limited.

The Sixth Plan outlay for power was Rs.1525.00 lakhs out of which a total amount of Rs.5.8 crores was spend till 1982. The requirement of power in Nagaland was 15 mega watts. As against this, the present installed capacity of power generation in the state is only 2.75 mega watt. Thus the bulk of the power to the tune of 9 mega watt is purchased from the Assam State Electricity Board leaving a shortfall of about 3.25 mega watt¹¹² In 1985, 735 villages had been electrified. By the end of the Sixth Plan, nearly 64 percent of the villages have been electrified. During the Seventh Plan, 406 additional villages were electrified under Rural Electrification Programme. The total number of villages electrified by the end of the Seventh Plan stands at 1,086 out of the total inhabited villages of 1,112. The remaining 26 villages could not be electrified during the Seventh Plan but due to the border dispute with Assam electrification works in these villages it could not be taken up successfully.¹¹³

¹¹¹ Government of Nagaland, n.82, pp, 60,132.

¹¹² Government of Nagaland, n.82, p.50.

¹¹³ During the Seventh Plan period, a transmission line of 66KV from Mokokchung to Tuli and Mokokchung to Kiphire and 132Kv line from Mokokchung to Mariani were completed. Besides, 132/66/33 KV sub-stations at Mokokchung, 132/33 KV sub-station at Kohima and 66/33KV sub-station at Tuli, Tuensang and Kiphire were completed successfully. See Government of Nagaland, n.87, p.10.

In addition to the above accomplishment in the Seventh Plan, five micro hydel projects having a total installed capacity of 2,500 kilo watt was initiated during the Seventh Plan. The approved outlay for power sector during the Seventh Plan was Rs.1,525 lakhs against which the expenditure was Rs.2,880 lakhs showing a utilization of fund works out to be 183.85 percent.¹¹⁴ In Nagaland, most of the villages are located on the hill tops and supply of drinking water to the village is difficult. The number of villages having protected water supply sources in 1963 was 59 only. By the end of the Fourth Plan period the number increased to 453.¹¹⁵ Two schemes for augmenting water supply in the towns of Kohima and Mokokchung were also taken up during the Fourth plan. The Fourth Plan outlay for water supply and sewerage was Rs.317 lakhs crores¹¹⁶ and the Fifth Plan outlay was Rs.546 lakhs.¹¹⁷

In the Sixth Five-Year Plan, three places in Nagaland had been identified as urban areas, namely Kohima, Dimapur and Mokokchung. Even in these urban centres, only 30 percent of the populations are covered with safe drinking water supply and therefore augmentation schemes were envisaged to be undertaken in phases. The demand for more water has increased with the unprecedented growth of population. The water supply schemes are being implemented in Kohima, Dimapur and Mokokchung. Phase I and Phase II of augmentation of Kohima water supply have been completed and Phase III is proposed with an estimated cost of Rs.100 lakhs.¹¹⁸ The urban city of Dimapur has been a fast growing commercial centre where the requirement for water supply is becoming more and more acute day by day. As per the demand, a scheme in two phases consisting of energizing deep tube wells and construction of Treatment Plant with clear water reservoir have been completed. The Phase II scheme for Mokokchung district at an estimated cost of Rs.268 lakhs has been taken up for which a loan assistance of Rs.144 lakhs was provided.

According to 1971 census, Nagaland has 951 villages and 122 hamlets. All these villages have a water shortage problem. At the end of the Fifth Five-Year Plan, only 323 villages are covered by water supply facilities. During the Sixth Plan period, 74 more

¹¹⁴ Ibid, n.87, p.10.

¹¹⁵ Ibid, n.12, p11

¹¹⁶ Government of Nagaland, n.24, p.46.

¹¹⁷ Ibid, n.24, p.16.

¹¹⁸ Government of Nagaland, n.24, p.71.

villages have been covered with drinking water supply and the remaining 676 villages are yet to be covered. Under the Revised Minimum Needs Programme, high priority was given for rural water supply which will be funded both by the state and the central government. In addition, funds for the development of drinking water supply to the rural areas are made available under accelerated Rural Water Supply Programme by the central government. The approved outlay for Physical Health Engineering department in the Seventh Plan was Rs.2600 lakhs and the expenditure was Rs.2965 lakhs showing a fund utilization of 114 percent.¹¹⁹.

2.7.3. Industries and Minerals:

Nagaland can be considered as one of the most backward state industrially of the Indian Union. The per capita income from the manufacturing sector in the state is about Rs.2 only as against the other state's average of Rs.45 and the adjoining state of Assam's income of Rs.51 from the source.¹²⁰ Till recently there was no industry worth mentioning in the name of organized manufacturing industry. A Khandsari Sugar Mill was established at Dimapur and commissioned in the year 1967-68 as a first step towards industrialization. Sugar Mill Project was commissioned during 1973-74 at a cost of about Rs.37 crores with an installed crushing capacity of 100 M.T. sugarcane per day. From a crushing level of 52,006 M.T. in 1974-75 it reached 70,054 M.T. during 1976-77. An intensive sugarcane production programme has already been undertaken and the production has increased. From the level of 3,408 M.T. of the sugar produced in 1974-75, the mill produced 6,030 M.T. of sugar during 1976-77.¹²¹ This Sugar Mill is located at Dimapur. Paper Mill Project was installed with a crushing capacity of 100 M.T. It is a joint venture between the state government and the Hindustan Paper Corporation. The current estimated cost of the project is Rs.6,213 lakhs. The work on the project was started from 1969-70 and was commissioned in 1983. The plywood factory at Tijit was a joint venture between the state government and a private industrialist. But since 1982, it

¹¹⁹In the Seventh Plan period, water supply scheme for Mokokchung Town was completed and commissioned, augmentation of water supply for Dimapur Town was completed, survey of water resources for augmentation of Kohima Town water supply is completed and 623 additional villages were covered with water supply under Rural Water Supply programme. The total number of villages covered with water supply facilities up to 31st March, 1990 was 1442 See Government of Nagaland, no.90, p.17.

¹²⁰ Ibid, n.82, p.27.

¹²¹ Government of Nagaland, n.70, p.5.

has become a totally state owned industry. The total capacity of the project for production of plywood of all type is 1.8 million sq.metres per annum and 6 lakh sq.metres of veneer. The total estimated cost for this project was Rs.60.90 lakhs. The project was started with a veneer unit and then the main plywood factory, quarters and office building were constructed. The project was commissioned in May; 1978. Distillery Unit is an ancillary unit of Sugar Mill Project with a daily capacity of 1000 gallons of alcohol from molasses. The cost of the project was Rs.46.21 lakhs and it was commissioned in April, 1977.¹²² This unit is now under the management of Mohan Meakins Pvt.Ltd. Thus the four industries mention above is the industrial venture undertaken by the Government of Nagaland during the Fourth and Fifth Five-Year Plan.

There are prospects for setting up of agro-forest based industries. But the major constraints are-

- (i) Lack of adequate local finance and entrepreneurs,
- (ii) Lack of adequate support and communication network within the State and
- (iii) Chronic transport bottleneck for the whole of the North Eastern Region.

More than 80 percent of the Nagas are living in the rural areas and depends on agriculture for their livelihood As a result; there has been very little development of small scale industries. Appreciable progress has been made in the implementation of the various programmes included under village and small industries during the Fourth Plan period. Handicraft and Weaving centres have started functioning at Mokokchung, Dimapur and Tuensang districts. The Nagaland Industrial Raw Materials and Supply Corporation have been formed for bulk procurement and distribution of raw materials. Goods were purchased from artisans for sale in the sales emporia in Delhi, Kohima, Mokokchung and Tuensang. Some progress was made in sericulture and citronella schemes and a bee-keeping demonstration farm was started at Kohima. Industrial loans and grants amounting to Rs.15.76 lakhs were disbursed to 616 parties till the end of 1972-73.¹²³ The Fourth Plan outlay for village and small Industries was Rs.66 lakhs and for the Fifth Plan the outlay was Rs.139 lakhs.¹²⁴

¹²² Ibid, n.70, p.6.

¹²³ Government of Nagaland, n.82, p.70.

¹²⁴ Ibid, n.82, pp.71, 121.

Rural small artisans were being assisted under the Rural Artisans programme. One State Industrial Development Corporation has been set up to assist the small producers and entrepreneurs. A chain of marketing and servicing centres had been opened for making raw materials available in the interior places to purchase the products for sale through the sales Emporia. The Department had set up a plat for making fiber from pineapple at Baghty. One handmade paper unit was also installed. Under the new economic programme, the Central Government had sanctioned Rs.85 lakhs for Intensive Development of Handloom Products. Under this scheme, 40 production sheds are being set up and quality yarns were distributed to women's societies to produce standard fabrics of traditional Naga designs both for internal and foreign markets.

The approved outlay for the development of Industries in the Sixth Five-Year Plan was Rs.440 lakhs. In Nagaland, there are only four large and medium size industrial undertakings such as Sugar Mill at Dimapur, Distillery at Dimapur, Plywood Factory at Tijit, and Pulp and Paper mill at Tuli. Besides, two new corporations such as Nagaland Industrial Development Corporation and Nagaland Raw Materials and Supply Corporation have been set up for promotion of Industrial development. In addition, during 1980-85, the Planning Commission also approved to set up a Khandsari project and a total amount of Rs.10.00 lakhs was proposed for construction works.¹²⁵ Nagaland Industrial Development Corporation has been authorized to operate refinance scheme of the Industrial Bank of India in the absence of the state financial corporation with a broad objective of promoting and assisting industrial units in the state. A total amount of Rs.215 lakhs has been sanctioned for various schemes to be implemented by the corporation during the sixth plan. A amount of Rs.22 lakhs has been set aside for small scale industries, Rs.15 lakhs for hotel projects, Rs.10 lakhs for assembly, Rs.500 lakhs for industrial estate, Rs.75 lakhs for refinance scheme, Rs.20 lakhs for hire purchase scheme, Rs.20 lakhs for seed capital assistance, Rs.5 lakhs for trading programme, Rs.12 lakhs for fiber out of wild bananas and Rs.27.75 lakhs for ginger dehydration.¹²⁶

The main activities under Large and Medium Industries in the Seventh Plan were concentrated for maintenance and upgradation of the existing units in the state. New

¹²⁵ Government of Nagaland, n.82, p.53.

¹²⁶ Ibid, n.82, p.53.

Projects like Khandsari Project, Mechanized Bricks Plant, Fruit Preservation and Processing Plant, Electric Industries, etc were also taken up in the Seventh Plan.¹²⁷ The approved outlay for Large and Medium Industries during the Seventh Plan was Rs.11 crores against which the expenditure was to the tune of Rs.12.05 crores and the utilization of fund works out to be around 109.54 percent.¹²⁸

During the Sixth Five-Year Plan (1980-85), a total outlay of Rs.5 crores has been provided for the development of village and small scale industries in the state. The main objective was to generate self-employment opportunities by revitalizing and developing the existing traditional small scale industries and also to raise the income of the rural artisans, craftsmen, handloom weavers'.¹²⁹ Besides, few small scale industries has been set up such as Distillation units for citronella, spice factory, a fruit canning unit and mini cement plant at Wezeho. Sericulture industries include Eri, Muga, Mulberry and Oak Tasar farms. Under the state Khadi Board, industries like Bee keeping farm, Gabar gas and poultry industries, splinter veneer Industries, Leather goods manufacture units and Oil Ghani Industries were also set up in the state.

There are many constraints for smooth transformation of the industrial activities in the state. However, inspite of various inherent handicaps the achievement made during the Seventh Plan in the industrial sector can be considered as satisfactory. During the Seventh Plan period, 1850 small scale industrial units were set up in the rural areas under 20-point programme and 2824 educated unemployed were provided with financial and material assistance under self-employment programme.¹³⁰ The approved outlay for village and small Industries during the Seventh Plan was Rs.650 lakhs and the expenditure was Rs.739 lakhs showing a utilization percentage of fund works out to be 113.69 percent, 13.69 percent excess from the actual outlay.¹³¹

¹²⁷ Except the Khansari project that was completed in the Seventh Plan, the remaining projects taken up in the Seventh Plan could not be fully completed, Ibid, n.82, p.11.

¹²⁸ Government of Nagaland, n.90, p.11.

¹²⁹ Nagaland Industrial Development Corporation and the Nagaland Raw Materials and Supply Corporation provide necessary assistance for promotion of small scale industrial units. See Swabera Islam Saleh, n.59, p.304.

¹³⁰ Government of Nagaland, n.90, pp.10-11.

¹³¹ Ibid, n.90, p.11.

The Fifth Five-Year Plan outlay for geology and Mining was Rs.250 lakhs.¹³² The State Department of Geology and Mining was set up during the year 1968-69. An intensive mineral exploration programme had been carried out both by the geological Survey of India and by the State Department. As a result of work carried out by the Geology and Mining Department a very encouraging picture of mineral potential has emerged. It is now established that the state of Nagaland is widely endowed with resources like coal and limestone. A sub-division was set up at Kiphire to contain extensive deposits of high grade limestone. In the course of the systematic study of ultra basic rocks undertaken by the Department in the Kiphire, Shamator Thonokonyu area of Tuensang District encouraging indications of nickel, cobalt, chromites and magnetic were observed. In Kohima and Tuensang districts, good quality of slate deposits has been located. Commercial utilization of the mineral deposits is however, likely to take a long time.

During 1975-77, concentrated efforts for exploration were made and the results were very satisfactory. The Oil and Natural Gas Commission struck oil in the Wokha District. The fifth Five-Year Plan programme for Geology and Mining included airborne geophysical survey, regional geochemical sampling and other preliminary investigation methods. The second phase of the programme included geophysical prospecting of the selected areas by gravity and magnetic methods and geological mapping of the coal fields in Jhanji Desoi Valley near Tuensang town and the limestone deposits in the Kiphire Sub-division of Tuensang District. The third phase was an intensive programme of exploratory drilling in the Jhanji Desoi coal field, Borjan coal fields, limestone belts in Tuensang District etc. and other mineral deposits in Kohima and Tuensang Districts.

The total plan outlay for mineral development in the Sixth Plan was Rs.260 lakhs. The important mineral discoveries in the Sixth Plan includes, Baste reserves of high grade lime stone, substantial reserves of coal, multi-metal deposits of chromium-nickel-cobalt bearing magnetite, encouraging prospect of copper, lead, zinc, gold and silver and minor minerals like clay and slate. The O.N.G.C has also established a commercially viable oil field in the state. The State government has already set up a Mineral Development Corporation with a view to set up minerals based industries. Setting up of a

¹³²Ibid, n.82, p.138.

50 TPD cement plant at Wazeho under N.E.C. has already received clearance.¹³³ During the Seventh Plan, the first phase of exploration for Borjan Coal fields in Mon District was completed and geological research of 6.5 million tonnes of coal has been proved. Geological Mapping for Tiru Valley coal Belt has been completed covering an area of 8.25 sq.kms. Primary geological assessment in respect of Tuensang coal Belt covering an area of 9 sq.kms. was also completed.¹³⁴ The approved outlay during the Seventh Plan for Mineral Development was Rs.870 lakhs and the expenditure was Rs.802 lakhs showing a percentage of expenditure as 92.18 percent.¹³⁵

2.7.4. Transport and Communication:

There has been significant improvement in Transport and Communication in the state. From a meager road length of 176 kms. in 1947, it increased to more than 2900 kms. during 1963 and to nearly 3600 kms. during 1973 and to more than 400 kms. during 1976-77.¹³⁶ Today the bulk of the villages have been connected by Jeepable roads. The length of surfaced roads has increased from 102 kms in 1947 to 233 kms in 1963, to 873 kms in 1973 and 1,146 kms. in 1976-77.¹³⁷ Even for the unsurfaced roads significant progress has been made by providing semi-permanent culverts and bridges and gravelling of the District roads as also in certain rural roads. The newly opened roads, however, need further improvement, specially link roads and village approach roads. Along with the state Public Work Department, the Border Roads Organization has been playing an important role in improving the quality of the roads. Some of these roads have connected to the most interior and backward areas in the Mon and Tuensang districts. Parts of these have helped in exploration of mineral deposits.

By the end of the Second Five-Year Plan an amount of Rs.153 lakhs was spent on the road programme, and by the end of the Third Plan, Rs.346 lakhs were spent on road construction. The Fourth Plan outlay for roads was Rs.1,053 lakhs and the Fifth Plan

¹³³ See Government of Nagaland, n.82, p.22.

¹³⁴ Extensive deposits of high grade limestone have been discovered in various places in Phek and Tuensang Districts. Ground water exploration and development works in Dimapur Valley has been taken up in the Seventh Plan with the assistance of the Ministry of water resources, Government of India. See Government of Nagaland, n.90, p.12.

¹³⁵ Ibid, n.90, p.12.

¹³⁶ Government of Nagaland, n.70, p.8.

¹³⁷ Ibid, n.70, p.8.

outlay was Rs.3,000 lakhs.¹³⁸ The total road length was 3,794 kms by the end of the Fourth Plan period both surfaced and unsurfaced which increased to 4862 kms by the end of the Fifth Plan period.

The State Transport Organization which was first set up in the year 1964-65, started operating passenger bus services from 1965-66. The number of routes by the end of 1974-75 was 14 and services to 19. By 1977 the number of routes increased to 20 and services to 32. The total number of buses running daily on these services was 60. The service routes covered a distance of more than 3,000 kms.¹³⁹ The state Transport Organization also provides goods services mainly in carrying food grains and other essential commodities for the state Supply Departments as well as other stores required by the Government Departments, para-military forces and provide parties. The approved outlay for road transport for the Fourth Plan period was Rs.125 lakhs and that for the Fifth Plan period was Rs.192 lakhs.¹⁴⁰ .

Under the basic minimum programme, the Sixth Plan received a total outlay of Rs.5,000 lakhs crores for the construction of roads in the state. This provision consists of 23.81 percent of the total outlay.¹⁴¹ Towards the end of 1980, the state had 4,883 kms. of roads out of which 1,276 kms. was surfaced and 3,607 kms. are unsurfaced roads. The Sixth Plan aimed to increase the length of road to 6,543 kms. by increasing the surfaced roads to 1,466 kms. During this period, the state government has decided to change the 'Implementation agency' of the rural roads under Minimum Needs Programme from the State Public Work Department to the Rural Development Department. Another significant step taken during the Sixth Plan was the construction of feeder roads for the transportation of sugarcane from the fields to the sugar mill at Dimapur and an amount of Rs.100 lakhs has been set aside for the construction works. Likewise, agricultural link roads under the erstwhile 'Food for work programme' is now transferred to roads and bridges sector and an amount of Rs.1.25 lakhs has been provided against this during the Sixth Plan period.

¹³⁸ Government of Nagaland, n.82, p.121.

¹³⁹ Government of Nagaland, n.70, p.8

¹⁴⁰ Government of Nagaland, n.82, p.121.

¹⁴¹ Ibid, n.82, p.56.

The approved outlay for Roads and Bridges during the Seventh Plan was Rs.8,890 lakhs against which the expenditure is Rs.7,660 lakhs.¹⁴² The utilization of fund for road sector in the Seventh Plan was around 86.16 percent. During the Seventh Plan, a total length of 233 kms. of district road was constructed against the target of 205 kms.. and 981 kms. of rural road was build against the target of 1,581 kms.¹⁴³ During the Sixth Plan, transport sector receives an outlay of Rs.550 lakhs with an objective of opening 32 new routes. The Sixth Five-Year Plan emphasizes on strengthening the existing routes and increases the percentage of fleet utilization. Accordingly, it is proposed to purchase 126 buses during 1980-85, including replacement of 46 buses. It is also proposed to set up two workshops with a capacity of 50 vehicles one each in Kohima and Mokokchung and a 150 vehicles capacity workshop at Dimapur.¹⁴⁴ The total length of road both surfaced and unsurfaced stood up to 11,014 kms. at the end of 1984-85.¹⁴⁵

During the Seventh Plan the expenditure incurred for Road Transport was Rs.896 lakhs against the approved outlay of Rs.960 lakhs.¹⁴⁶ In the Seventh Plan period, the Department of Transport was able to procure 165 New Buses and 21 new routes were opened for bus services. The total revenue earned in the Seventh Plan under transport sector was Rs.1,166 lakhs. Besides these achievements, the office of General Manager's office at Dimapur and station complexes at Kohima and Dimapur were completed during the Seventh Plan. Sub-station buildings were also constructed at several stations and workshop facilities were modernized and strengthened in the Seventh Plan.

2.7.5. Education:

The number of educational institutions in the pre-independence days was just meager with only one High School, three Middle Schools and one hundred and sixteen Primary Schools in the entire state. The numbers have increased to 8 colleges, 86 High Schools, 256 Middle Schools, and 155 Primary Schools in 1977.¹⁴⁷ By 1977 almost 100

¹⁴² Government of Nagaland, n.90, p.12.

¹⁴³ Ibid, n.90, p.13.

¹⁴⁴ Government of Nagaland, Draft Seventh Five-Year Plan, Kohima, Planning and Co-ordination Department, 1985, p.60

¹⁴⁵ Government of Nagaland, Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, 1990, p.274.

¹⁴⁶ Government of Nagaland, n.90, p.13.

¹⁴⁷ Government of Nagaland, n.70, 1977, p.8

percent boys had been covered at the primary level, whereas the percentage of girls was about 84 percent. With a view of bringing the remaining girl children in to the schools incentive like stipends for girls, free uniforms and free text books had been given. At the middle school level between the age group of 11 to 14, the percentage had gone up to more than 60, girls being 46 percent and boys 74 percent.¹⁴⁸ After achieving quantitative expansion of the institutions, more attention was given to qualitative improvement by way of training of teachers, improvement of curriculum, text book etc. Three teachers training institutes for the primary school teachers have been set up with a total intake capacity of 300. The National Council of Educational Research and Training, other central agencies and the North-Eastern Hill University have been closely associated in the programme for qualitative improvement of education.

Scholarships are provided by the state and the central government to all the students at the post metric level. Even at the school level a sizeable number of scholarships are awarded to meritorious students. Besides, general stipends are awarded to economically or otherwise backward students to enable them to pursue their studies. Generous stipends have been awarded to those who go for technical and professional courses and higher education. During the Fourth Five-Year Plan one polytechnic institute was established at Atoizu which is providing diploma courses in civil, electrical and mechanical engineering. There is also one Industrial Training Institute at Kohima which provided certificate courses in various trades. Training in eleven¹⁴⁹ trades is being provided and the intake capacity is 172. Successful trainees in mechanical and industrial trades have been placed as apprentices in different workshops or industries.

The progress made in the field of education is quite impressive with the percentage of literacy in the state rose to 67.11 percent in 2001 from 61.65 percent in 1991. With the increase in infrastructure for education, the enrolment in the schools has increased and good progress is being made towards the goal of universalization of elementary education. According to the national policy, one primary school is to be provided to each village, one middle school to a cluster of three to four villages and one high school to an average of ten to twelve villages. With a view of improving the quality

¹⁴⁸ Ibid, n.70, p.8.

¹⁴⁹ Government of Nagaland, n.82, p.143.

of education in the state, training programmes are being carried out for untrained Primary and Middle School Teachers for which a crash course has been conducted in 1980. During the Sixth plan period, non-formal education for school drop-outs in the age group of 9-14 has been conducted in 21 centres, one in each block. Besides there are three projects of Rural Functional Literacy Programme in the central sector and four projects in the state sector for the age group of 15-35.¹⁵⁰

The percentage of enrolment in the age group of 6-11 years has now achieved a satisfactory coverage of 120 percent and in the age group of 1-14 year the percentage of enrolment has been increased to 89.2 percent. Enrolment is still short of the target in the elementary schools, especially in respect of girls and therefore, special incentives are being provided such as stipends, free supply of text books, slates, pencils etc. to girls in the educationally backward areas. In Nagaland, many schools are being running in a very old building and as such reconstruction of schools form a major portion of the plan expenditure. An amount of Rs.5 crores has been approved for the Sixth Five-Year Plan during the Sixth Plan out of which Rs.70.47 lakhs has been spend during 1980-81 and Rs.80 lakhs was spend during 1981-82.¹⁵¹

For Adult education, an amount of Rs.30lakhs was approved in the Sixth Plan out of which Rs.7.27 lakhs and Rs.8 lakhs has been spend during 1980-82. There are 7 Adult literacy projects one in each of the seven districts with 760 Adult Literacy centres. Emphasis under school education in the Seventh Plan was on strengthening and upgradation of the existing educational institutions in the state. Besides upgradation, strengthening and modernization of the existing schools, 40 Lower Primary Schools were opened, 21 Upper Primary schools were opened, 356 Lower Primary Schools were upgraded, and 53 Upper Primary schools were upgraded. The students' enrolment in the lower and upper primary schools has increased to 29,800 and 36,100 respectively. Additional enrolment of girls in the Lower and Upper stages was 15,200 and 19,000 respectively. Under the Secondary education during the Seventh Plan, 19 High Schools were opened, 4 High schools upgraded to Higher Secondary schools, separate science room was provided to 10 Government High schools and amenities in the form of library

¹⁵⁰ Government of Nagaland, n.82, p.64.

¹⁵¹ Ibid, n.82, p.23.

books, teaching aids furniture, sports goods etc, were also provided to all the Government High schools.¹⁵² The approved outlay for general education in the Seventh Plan was 1,960 lakhs against which the expenditure was Rs.2,400 lakhs. The utilization of fund in the Seventh Plan under general education was in the tune of 122 percent.¹⁵³

For the development of education, an amount of Rs.1,050 lakhs has approved in the Sixth Plan out of which Rs.100 lakhs is set aside for physical education. During the period emphasis was given to construction and improvement of playground and stadium, Training programme in sports and Games, National Cadet Corps and Bharat Scouts and Guides, opening of youth centres and National service schemes. Besides, the Directorate of Physical education also took up activities to promote indigenous sports and games on scientific line. During the plan period emphasis was also given for the removal of regional imbalances by providing special provision of girl education and to minimize drop-outs with a view of retaining children up to 14 years.

The Polytechnic Institute at Atoizu in the Zunheboto District is the only Technical Institute in the state with an intake capacity of 65 students, which was set up in 1971. During the Sixth Plan period, an amount of Rs.35 lakhs has been allocated to this institute for the maintenance and upgradation of the institute.¹⁵⁴ The progress made under Higher and Technical education in the Seventh Plan were acquisition of 8001.23 acres of land for the establishment of Nagaland University, strengthening of Government colleges by providing necessary teaching and non-teaching staff and equipments, construction of Bys' and Girls Hostels and strengthening of Nagaland college of education. The approved outlay for technical education in the Seventh Plan was Rs.1,960 lakhs against which the expenditure was Rs.2400 lakhs and the utilization of fund was 122 percent.¹⁵⁵

¹⁵² See Government of Nagaland, n.90, p.16.

¹⁵³ Ibid, n.90, p.16.

¹⁵⁴ The various programmes in the Sixth Plan are strengthening of the teaching staff, conducting training programmes for surveyors and mehorrrers, setting up of Block Banks, provision of hostels for students and staff quarters. See Government of Nagaland, n.144, p.13.

¹⁵⁵ Government of Nagaland, n.90, p.16.

2.7.6. Health:

Before independence there were only 5 small hospitals with 40 beds and 6 dispensaries in the state.¹⁵⁶ By 1963, the total number of hospitals rose to 26 with 585 beds and the number of dispensaries rose to 30.¹⁵⁷ In 1970, the number of hospitals stood at 27, dispensaries at 97, Primary Health Centres at 9 and Sub-Primary Health Centres at 22 and the total number of beds were 833.¹⁵⁸ By 1977, the number of hospitals rose to 29 with 1,148 beds, 12 Primary Health Centres, 80 Dispensaries and 52 sub-centres.¹⁵⁹

In the absence of medical college in the state, generous stipends have been provided for those studying medical in other states. Nurses, Mid-Wives, Pharmacists are trained locally in the Para Medical Institute. Even though statistically, facilities under health programme are somewhat satisfactory, the real impact of the facilities has not been felt much, especially in the interior areas. The urban areas and those which are situated on the main lines of communication are somewhat well placed and hence sustained efforts were made during the fifth five year plan period for improving medical and public health facilities in the rural areas. The outlay for Health Department for the Fifth Plan period was Rs.254 lakhs.¹⁶⁰

The outlay fixed for the development of health and medical facilities in the Sixth Plan was Rs.800 lakhs.¹⁶¹ The programmes in the Sixth Plan include construction of public health centres and sub-centres and construction of buildings to upgrade two public health centres to rural hospitals.¹⁶² The approved outlay for medical sector in the Seventh Plan was Rs.1,500 lakhs and the expenditure was Rs.2,157 lakhs. The utilization of plan fund during the Seventh Plan was 143.8 percent. One of the major projects take up during

¹⁵⁶Government of Nagaland, n.70, p.10.

¹⁵⁷Government of Nagaland, Statistical Handbook of Nagaland, 1973, Kohima, Directorate of Economics and Statistics, 1973, p.58.

¹⁵⁸ Ibid, n.157, p.58.

¹⁵⁹Government of Nagaland, Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, 1981, p.276.

¹⁶⁰Government of Nagaland,n.76, p.16

¹⁶¹ Government of Nagaland, n.144, p.19.

¹⁶²During the Sixth Plan period there was unprecedented decennial growth of population to the tune of 49.73% which has adversely affected the targets of coverage. By the end of 1985, there were 31 hospitals, 21 Primary Health Centres, 25 subsidiary health centres, 75 dispensaries, 132 sub-centres and 1,278 beds. See Ibid, n.144, p.19.

the Seventh Plan is the establishment of 500 bedded Referral Hospital. Land acquisition and other infrastructures for this project have been completed during Seventh Plan.¹⁶³

2.8. Conclusion:

From the above analysis it has been revealed that from Third Five-Year Plan to Seventh Five-Year Plan, the state government assigned first priority in terms of fund allocation to the Road Transport sector followed by Agriculture, Industry, Education and Health. On the other hand, the production and manufacturing sectors received low percentage in the overall outlay as compared with the Service Sector of Road Transport from Third Five-Year Plan to Seventh Five-Year Plan. This is one of the main reasons where the production and manufacturing sectors remain largely underdeveloped in the state. Though the state government has recognized the importance of road transport and has given priority as basic infrastructural facilities. However, the conditions of roads are far from satisfactory especially in the rural areas. Similarly though agriculture still dominates the primary sector it has not been able to develop at a desired level as the farmers still practiced the traditional system of cultivation leading to low productivity and environmental degradation. Besides, the total production of food grain in the state is not sufficient enough to feed its entire population. Likewise, Industrial sector is largely underdeveloped with only few cottage and small scale units operating in the state. Few medium scale industries such as Dimapur Sugar Mill, Paper and Pulp Industry at Tuli, Plywood Factory at Tizit, Mini Cement Plant at Wazeho, Fruit and Vegetable processing unit at Dimapur which was set up in the state ceased to function causing huge losses to the state government.

The state has made significant progress in the field of education over the past years yet there is a need for quality research institute, technical institutions, vocationalization of education and market oriented strategy in human resource development. Furthermore, with the advancement of education the number of job seekers is consistently increasing. It is to be noted that during the past one decade there has been

¹⁶³ During the Seventh Plan, Medical sector could able to achieved 111 sub-centres against the target of 122, 12 Primary Health Centres against the target of 14, 3Community Health Centres against the target of 6, 10 Subsidiary Health centres against the target of 15, 1 new hospital and 3 District T.B.Centres against the target of 4. See Government of Nagaland, n.90, p17.

a considerable shift particularly of the educated youth from the rural areas to urban areas. The number of educated unemployed as recorded in the live register of Employment Exchange stood up at 37,090 in 2000 which can be considered as alarming for a small state like Nagaland. Likewise, even in the health sector, the total number of hospitals both general and specialized has increased over the plan period. However most of these hospitals are located in the urban centres of Kohima and Dimapur districts while more than 80 percent of its population is living in rural areas far away from these centres. Besides, over the past successive Five-Year Plan, the pattern of inequality virtually remains the same. This can be substantiated from the condition of the people living in the rural areas. The state comprises of more than 90 percent tribal population, which for several decades remained secluded from the main-stream of the society and was hardly touch by any development activities. Therefore for any development activity to yield any meaningful result, the living standards of the rural people that consists of more than two-third of the population needs to be improved by raising their socio-economic status.

CHAPTER-III

IMPACT OF EIGHTH AND NINTH FIVE-YEAR PLAN ON THE SOCIO-ECONOMIC DEVELOPMENT OF NAGALAND (1992-2002): SECTORAL ANALYSIS

The purpose of this chapter is to make an analytical study on the impact of Eight and Ninth Five-Year Plan on the socio-economic development in Nagaland in terms of outlays and expenditures, physical targets and achievements and also to find out as to what extent the changing funding pattern from the centre to the special category states since 1989-90 has affected the process of socio-economic development in Nagaland. This chapter will also make an assessment on whether one decade period of political stability in the state has made any difference towards the development process as planning always pre-supposes the existence of strong and stable government. The success of planning also to a very great extent depends upon the existence of political stability.

Nagaland joined the process of plan development as a full-fledged state only towards the later part of the Third Five-Year Plan, with a very modest plan outlay of Rs.7.15 crores.¹ Even after Nagaland attained statehood it continued to be plagued by insurgency, which even today has defied lasting solution. This directly and indirectly hindered the pace of development and since the early fifties, the energy of the state has concentrated in large measures towards the maintenance of law and order. The size of government savings available for financing plan programmes depends upon two factors viz., (i) the size of the non-developmental expenditure and (ii) the magnitude of additional taxation. The government surplus on current revenue can be raised by means of additional taxation which covers two things viz., (a) rise in the rates of the existing taxes and (b) imposition of the new tax measures.² In the case of Nagaland, due to the disturbed conditions under which the state was created the issue of taxation including income tax was swept under the carpet. The tribal traditions and customs were also protected by a special provision of Article 371-A of the Constitution of India. As a result the state does not own any land unless purchased from the people for various development purposes by the government. The tax base of the state is therefore almost non-existent and requires to be carefully nurtured to be able to sustain the development activities required for its growth. Thus despite the constraints faced by the state due to the uncertain law and order situation, it has, through its concerted efforts being able to

¹Nagaland could not get the benefits of First and Second Five-Year Plans because it was under a district of Assam till 1st December 1963. See Dr.Deka and S.Rongsen Longkumer, Five Year-Plan and Socio-Economic Development of Nagaland: An overview, Kohima, Department of Commerce, Nagaland University, Kohima Campus, Vol 2, 2004, p.115.

² Dr.Ram Vihar Sinha, Resource Mobilisation and our Plans in Yojana, November 1986, p.4.

achieve a fairly commendable pace of development especially in the social service sectors.

Nagaland state was created out of political necessity and when it became a full fledged state on 1st December 1963³ it became a well know fact that the state would not be economically viable for a long time to come. The state would therefore have to depend on the Centre for funding its development. Further the Centre will need to assist the state in its planning and development processes with deliberate intention to build the resource base for the state. The planning and development investment so far have been to build up the much needed infrastructure which was non-existent when statehood was granted. The state economy has not reached the take-off stage based on the infrastructure built up so far. The resource base can be assessed only when the economic activities takes place.

There was over-emphasis and expectation in the polity of the Nation to mobilize more and more resources to meet its development needs over the past years. Correspondingly the share of central plan assistance is far getting reduced and is not commensurate with the actual requirements of its economic developmental needs. This policy has adversely affected the economic development of the state, particularly from 1989-90 onwards. Ever since the 9th Finance Commission award (1990-1995) the state's planning and development process have become almost to a standstill position.

The pace of economic development picked up from the Fifth Plan till the later part of the Seventh Plan and most of the infrastructure facilities that are now available in the state were created and developed during the Fifth Plan up to the later part of the Seventh Plan.⁴ When the state was poised for attaining accelerated economic growth, there was a turn-around in the policy of the Central Government for funding of development programmes by which the earlier policy of covering the State's BCR (Balance from Current Revenue)⁵ gaps through 100 percent Central Plan assistance was stopped from 1989-90 onwards⁶. The Rangarajan Committee has recommended for the diversion of 20

³ Chandrika Shingh, Political Evolution of Nagaland, New Delhi, Lancers Publishers, 1981, p.90.

⁴ Ibid, n.3, p.90.

⁵ Balance from Current Revenue (BCR) is the difference between revenue receipts and the sum total of all plan grants and non-plan revenue expenditure. <http://jakfinance.nic.in/budget>.

⁶ Government of Nagaland, Ninth Five Year-Plan 1997-2202 and Annual Plan 1997-98, Kohima, Planning and Co-ordination Department, 1997.p.4.

percent of plan resources to non-plan expenditure.⁷ This decision of the Centre coupled with the resurgence of insurgency activities in the state had thwarted and negated the pace of economic development in the state.

To understand the process of socio-economic development in Nagaland during Eight and Ninth Five-Year Plan, the economy of the state is broadly divided into two sectors such as Economic Sector and Social Services Sector. The various development heads are again categorized under the above two sectors. The development heads that falls under the Economic Sector are Agriculture, Horticulture, Soil Conservation, Forest, Irrigation and Flood Control, Sericulture, Rural Development, Small and Village Industries, Large and Medium Industries, Roads and Bridges, Road Transport and Veterinary and Animal Husbandary. On the other hand, the development heads that falls under the Social Services Sector are School Education, Higher Education, Medical and Public Health, water Supply, Social Security and Child Welfare and Art and Culture.

The total allocation of fund for Eight Five-Year Plan (1992-2002) was Rs.1,153.50 crores and the total expenditure incurred during the period was Rs.799.00 crores⁸ only. The percentage of utilisation of fund against the total allocation works out to 69.26 percent only. On the other hand, the Ninth Plan (1997-2002) outlay was fixed at Rs.2,006.43 crores which consists of Rs.2,048.60 crores of Central Plan Assistance and Rs.(-)42.17 crores of state's own resources. As against the normal central plan assistance of Rs.2,048.60 crores projected for the Ninth Plan, the actual allocation was Rs.1,253.44 crores only and the amount of negotiated loan provided was Rs.287.70 crores as against the projection of Rs.88.51 crores.⁹ The impact of Eight and Ninth Five-Year Plan on the socio-economic development of Nagaland in terms of outlays and expenditures, physical targets and achievements is discussed and analysed under the various development heads:

⁷Government of Nagaland, Annual Plan 1996-97 (Sectoral Brief), Kohima, Planning and Co-ordination Department, November, 1996, p.4.

⁸ Government of Nagaland, n.6, p.5

⁹It has been extremely difficult for the state to absorb such high quantum of Negotiated loan confined to a few sectors, See Government of Nagaland, Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Co-ordination Department, 2002, p.5.

3.1. ECONOMIC SECTOR:

3.1.1. Agriculture:

The staple food of the people of Nagaland is rice. However the state is yet to attain self sufficiency in rice production as against the state's requirement of 2,23,000 M.T. the level of rice production in the state is only 1,85,00 M.T.¹⁰ The shortfall is supplemented through imports from outside the state and procured from Food Corporation of India. The approved outlay for agriculture sector during the Eight Plan was Rs.23.56 crores against which the expenditure was Rs.19.57 crores only¹¹. Correspondingly there has been a substantial shortfall in the achievement of physical targets during the Eight Plan. The approved outlay for Agriculture sector during the Ninth Plan was Rs.72 crores against which the expenditure was Rs.17 crores¹² recording a fulfillment ratio of around 24 percent only. Consequently, the fulfillment of physical targets also fell short of the Ninth Plan targets. The level of food grain production was recorded at 3.40 lakh M.T. against the Ninth Plan target of 4.5 lakhs M.T.¹³ Similarly, actual achievements in other programmes such as, commercial crops, oilseeds production and sugarcane production all fall short of the targets.

To attain self-sufficiency in food grain and to usher the state towards commercial production of some crops, the department has taken up special production programme on Rice and Maize by declaring the year 2001 as the year of Rice and Maize. Therefore the departmental machineries were all concentrated on this programme that result in the achievement of additional production of 21,000 M.T. of Maize and 10,000 M.T. of Rice.¹⁴

¹⁰ Government of Nagaland, n.7, p.2.

¹¹ Government of Nagaland, n.6, p.5

¹² Ibid, n.6, p.5.

¹³ Government of Nagaland, n.9, p.5.

¹⁴ Ibid, n.9, p.5.

TABLE 3.1.

Programme-Wise Physical Targets and Achievements of Crop Production during Eight and Ninth Five-Year Plan (1992-2002)

Sl.No.	Item	Unit	Eight Plan (1992-1997)		Ninth Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Cereals	000MT	288.90	217.00	1628.30	1434.50
2	Pulses	000MT	18.00	12.00	118.70	82.60
2	Oilseeds	000MT	14.00	15.50	251.95	205.10
3	Potato	000MT	40.00	25.00	200.00	99.10
4	Sugarcane	000MT	325.78	121.71	633.95	223.72
5	Production of seeds	000MT	987.00	525.00	5000.00	1994.00
6	Consumption of chemical pesticides	000MT	51	40.00	70.00	48.00
7	Food Storage and Ware Housing	Nos.	100.00	12.00	16	37
8	Spices and Condiments	000MT	28.50	10.34	57.36	0.00
9	Vegetables	000MT	140.00	45.96	370.56	0.00
10	Roots and Tuber Crops	000MT	51.00	17.15	630.00	38.00
11	Tea Plantation	000MT	1.10	0.28	2.60	0.50

Source: Compiled from the Ninth Five Year Plan and Annual plan 1997-98 and Tenth Five Year Plan and Annual Plan 2002-2003, Kohima, Planning and Co-ordination Department, Nagaland, p148.

As revealed in Table 3.1 during the Eight Plan, the production of cereal was 217 M.T. as against the target of 288.90 M.T. showing a percentage of achievement of 75.11 percent and pulses 12 M.T. as against the target of 18 M.T. showing an achievement percentage of 66.66 percent, oilseeds 15 M.T. as against the target of 14 M.T. showing achievement percentage of 107 percent, potato 25 M.T as against the target of 40M.T. sugarcane 121.71 M.T as against the target of 325.78 M.T. showing the achievement percentage of 75.11 percent, 66.66 percent, 107 percent, 62.5 percent, and 267.66 percent respectively. Likewise the production of seeds as against the target of 987 M.T. the achievement was 525 M.T. consumption of chemical pesticides the achievement was 40 M.T. as against the target of 51 M.T. food storage and ware houses as against the

target of 100 the achievement was only 12, spices and condiments the achievement was 10.34 M.T. as against the target of 28.50 M.T. vegetables the achievement was 45.96 M.T. as against the target of 140 M.T. Roots and tuber crops the achievement was 17.15 M.T. as against the target of 51 M.T. and Tea plantation as against the target of 1.10 M.T. the achievement was only 0.28 M.T. The percentage of achievements are production of seeds (53.19 percent), consumption of chemical pesticides (127.5 percent), food storage and ware houses (12 percent), spices and condiments (36.28 percent), vegetables (32.82 percent), roots and tuber crops (33.62 percent), and tea plantation (25.45 percent). Thus the overall percentage of crop production during Eight Plan was only 50.95 percent showing a shortfall of 49.05 percent.

Similarly during the Ninth Plan, the production of cereal was 1434.50 M.T. as against the target of 1628.30 M.T. showing an achievement percentage of 88.09 percent., pulses 82.60 M.T as against the target of 118.70 M.T., oilseeds 205.10 M.T. as against the target of 251.95 M.T. and the percentage of achievement was 69.58 percent and 81.40 percent respectively. The production of potato was 99.10 M.T as against the target of 200 M.T., sugarcane, 223.72 M.T. as against the target of 633.95 M.T., production of seeds 1994 M.T. as against the target of 5000 M.T., consumption of chemical pesticides 48M.T. as against the target of 70 M.T., food storage and ware housing 37 M.T. as against the target of 16 M.T. and the percentage of achievements are 49.55 percent, 35.29 percent, 39.88 percent, 68.57 percent and 231.25 percent respectively. The total production of Roots and tuber crops and tea plantation during the Ninth Plan was 38 M.T and 0.50 M.T. respectively and the percentage of achievement was 6.03 percent and 19.23 percent respectively. Hence, the overall percentage of crop production during the Ninth Plan was only 46.35 percent showing a shortfall of 53.65 percent.

Nevertheless, during the past one decade, the food grain production (cereals) in the state has increased from 1,88,600 M.T. (1991-92) ¹⁵ to 3,23,620 M.T. (2001-2002)¹⁶. It increased by 1,35,020 M.T. and the production of oil seeds has also increased from

¹⁵ Government of Nagaland, Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, 1996, p.68.

¹⁶ Government of Nagaland, Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, 2004, p.54.

14,000 M.T. (1991-92)¹⁷ to 53,650 M.T. (2001-2002) showing an increased of 39,650 M.T. and that of pulses which increased from 15,000 M.T. (1991-92) to 29650 M.T. (2001-2002)¹⁸ an increased of 14,650 M.T.

3.1.2. Horticulture:

With an expenditure of Rs.8.58 crores, that consist of 28.60 percent of the Ninth Plan allocation, an additional area of 9,910 hectares was created increasing the total area under different horticultural crops to 5,833 hectares. The requirement of the state on fruits and vegetables production has met to some extent as against the state annual requirement of 2,38,638.32 M.T. of fruits and 2,56,818 M.T. of vegetables, the state produces 2,47,375 tones of various fruits and 2,69,800 tones of vegetables including spices crops annually.¹⁹

¹⁷ Government of Nagaland, n.15, p.69.

¹⁸ Government of Nagaland, n.16, p.54.

¹⁹ Government of Nagaland, n.9, p.5.

TABLE 3.2.

Programme-Wise Physical Targets and Achievements under Horticulture during Eight and Ninth Five-Year Plan (1992-2002)

Sl.No.	Item	Unit	Eight Plan (1992-1997)		Ninth Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Development of Floriculture	HA	50.00	5.00	105.00	35.00
2	Horticulture Developmental	HA	2600.00	250.00	1,900.00	2,580.00
3	Development of Mushroom	HA	25,000	7,000	500.00	370.00
4	Fruit Canning Factory	HA	250	50	495	865.00
5	Marketing Support	Nos.	1	-	2	20
6	Research Programme	Nos.	4	4	45	67.00
7	Dev. of Medicinal Plants	Nos.	4	4	625	12.00
8	Development of species	HA	1650.00	250.00	5000	1290.00
9	Capital Works	Nos.	160	3	12	9.00
10	Development of Floriculture	HA	1760.00	510.00	2520.00	2100.00
11	Development of Cardamom	HA	2450.00	250.00	3000	1150.00
12	Development of Coffee Plantation	HA	1500.00	50	1500	800
113	Home preservation	Trainees	5000	1500	1000.00	7750.00

Source: Compiled from the Ninth Five Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan and Annual Plan 2002-2003, Kohima, Planning and Co-ordination Department, Nagaland, p.5.

From Table 3.2 it is apparent that during the Eight Plan under Horticulture, against the total target of 2,600 hectares, the total achievement was 250 hectares showing an achievement percentage of only 9.61 percent. As against the target of 25,000 hectares for the development of Mushroom, the achievement was 7,000 hectares showing an achievement percentage of 28 percent. For the development of coffee plantation a total area of 50 hectares was achieved as against the target of 1,500 hectares. The total area of 250 hectares of land was procured for the development of spices against the target of

1,650 hectares. Total area of 510 hectares and 250 hectares was procured for the development of floriculture and cardamom as against the target of 1,760 hectares and 2,450 hectares respectively. For the development of medicinal plants the number of achievement was 4 out of the target of 4 and that of research programme the total achievement was 4 out of the target of 4. For home preservation it was able to conduct training to 1,500 people as against the target of 5,000 people showing an achievement percentage of 30 percent. Likewise the total area of land that was brought under horticulture development during Ninth Plan was 45,820 hectares as against the target of 14,579 hectares showing a three-fold increase with 314.28 percent. Similarly as against the target of 45 research programmes, 67 research programmes were conducted by the department and for home preservation, a total number of 7,750 persons were give training as against the target of 10 people during the Ninth Plan. The overall percentage of achievement under horticulture during Eight Plan was only 24.42 percent and that of Ninth Plan was 102.05 percent. The performance during Ninth Plan was better as compared with the Eight Plan.

However, during the last one decade period, the total Area and Production of Fruits in the state has increased from 4,207.7 hectares during 1991-92²⁰ to 24,937 hectares during 2001-2002²¹ showing an increased of 20,729.3 hectares and from 67,714.7 M.T. to 2,77,264 M.T an increased of 20,95,49.2 M.T. during the same period. Similarly, the total Area and Production of vegetables has increased from 4,733.8 hectares during 1991-92²² to 26,830.0 hectares during 2001-2002²³ showing an increased of 22,096.2 hectares and from 51,395.3 M.T. to 2,92,393 M.T. showing an increased of 2,40,997.7 M.T. during the same period.

3.1.3. Soil Conservation:

During Eight Plan, the total investment for the development of Soil Conservation was Rs.13.09 crores against which the expenditure incurred was 8.03 crores²⁴ showing a utilisation percentage of only 61.34 percent. A total area of 1,070 hectares of land was

²⁰ Government of Nagaland, n.15, p.76.

²¹ Government of Nagaland, n.16, p.68.

²² Government of Nagaland, n.15, p.78.

²³ Government of Nagaland, n.16, p.79.

²⁴ Government of Nagaland, n.6, p.6.

brought under terracing, 400 hectares of land was brought under Farm Forestry, 300 hectares of land was brought under Orchard Plantation, 250 hectares of land was brought under Social Forestry and 450 hectares of land was brought under Contour bonding.

Besides continuation of most of the programmes taken up during the previous plans, the following areas were given more emphasis for the development of Soil and Water conservation during the Ninth Plan; a) Contour bonding in the hill-slopes of Jhum fields as a measure for controlling soil erosion water losses and for effective higher yields per unit of cultivated area; b) River Training and taming for protection of potential agriculture land from stream bank erosion and control of floods and c) Continuation of the Programmes of Jhum Control. The total investment for the development of Soil Conservation in the Ninth Plan was Rs.32 crores.²⁵ As against the approved outlay of Rs.32 crores the expenditure was 17.80 crores showing 55.6 percent of utilization of fund. The physical achievement in various programmes averages less than 50 percent of the plan targets.²⁶

²⁵ Ibid, n.6, pp.18-19.

²⁶ Government of Nagaland, n.9, p.5.

TABLE 3.3.

Programme-Wise Physical Targets and Achievements under Soil Conservation during Eight and Ninth Five -Year Plan (1992-2002):

Sl.No.	Item	Unit	8 th Five Year plan (1992-1997)		9 th Five Year Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Bench terracing	HA	3040.00	862.00	4702	1070
2	Farm Forestry	HA	2300.00	1824.00	1000	300
3	Orchard Plantation	HA	1800.00	1150.00	892	200
4	Contour Pounding	HA	4510.00	2340.00	2010	485
5	Stream Bank Erosion Control	HA	3240.00	1928.00	3020	1200
6	Afforestation	HA	1340.00	420.00	1837	120
7	Irrigation	HA	1096.00	120.00	1837	200
8	Cash Crop Plantation	HA	410.00	250.00		N.A.
9	Land Dev./Terracing	HA	3985.00	1933.00		N.A.
10	Orchid Development	HA	1000.00	1961.20	N.A.	N.A.
11	Farm Forestry	HA	3880.00	4681.96	N.A.	N.A.
12	Stream Bank Erosion Control	HA	324.00	1058.75	N.A.	N.A.
13	Water harvesting ponds	HA	N.A.	244.50	N.A.	N.A.

Source: Compiled from the Ninth Five Year Plan 1997-2002 and Annual plan 1997-98 and Tenth Five Year Plan and Annual Plan 2002-2003, Kohima, Planning and co-ordination Department, Nagaland.

From Table 3.3 it is seen that a total area of 18,674.41 hectares was brought under Soil Conservation during the Eight Plan as against the target of 26,925.00 hectares showing an achievement percentage of 69.35 percent. Similarly, during the Ninth Plan a total of 3,575 hectares was brought under Soil Conservation as against the target of 15,298 hectares showing an achievement percentage of only 23.36 percent. Thus the total area achieved by the Department of Soil Conservation during the Ninth Plan fall tremendously as compared to the achievement during the Eight Plan. The shortfall was 45.99 percent in the Ninth Plan in terms of achievement percentage. The percentage of overall achievement under Soil Conservation during Eight Plan was 69.72 percent and that of Ninth Plan was only 23.36 percent.

3.1.4. Forest:

Forests resources contribute substantial amount of income to the people of Nagaland. Annual income generated from Forest Department is estimated at Rs.150 crores. But the major portion of the income goes to the villagers and land owners.²⁷ About 80 percent of the cultivators in the state practices Jhumming. In spite of various methods experimented by the state government as well as by other central agencies, so far no appropriate technology or method of farming as an alternative to Jhumming has been found.

The main emphasis of the forestry development in the state during the Eight Plan was to undertake accelerated steps for plantation with species having economic values, quick growing potentials and social need and for conservation and protection of ecology and environment.²⁸ The approved outlay for the Eight Plan for the forest sector was Rs.28.5 crores and the expenditure incurred was Rs.9.35 crores²⁹ showing a utilisation percentage of only 32.80 percent. In the Ninth Plan, the Forest department emphasize on rehabilitating the degraded forests and enhance the area under effective tree cover to 60 percent of the total geographical area as envisaged in the National Forest Policy,1988.³⁰ The total outlay allocated to the Forest department during the Ninth Plan was Rs.51 crores. Against the total outlay of Rs.51 crores for the Ninth Plan, the expenditure was Rs.16.55 crores registering around 32.45 percent of the utilization of the total allocation.³¹ However, the total area of forest has increased from 5,45,535 hectares during 1991-92³² to 8,62,930 hectares during 1996-97³³ and further increased to 8,62,845 hectares during 2001-2002³⁴. In the past one decade period the Government of Nagaland achieved a total area of 3, 17,310 hectares under forest.

²⁷ Government of Nagaland, n.6, p.21.

²⁸ The present status of forestry development in the state is economic plantation (18,121 ha), plantation (17,561 ha), other plantation (41,701 ha) Under the Centrally Sponsored Scheme an area of 26,723 Ha has been brought under soil and tree preservation and under rural fuel plantation an area of 39,244 Ha have been covered See Ibid, n.6, p.7.

²⁹ Ibid, n.6, p.7.

³⁰ The Department was successful in raising the dense forest area to 5,137 Sq.km that consist of 31% of the state's total geographical area. See Government of Nagaland, n.9, p.6.

³¹ Ibid, n.9, p.6.

³² Government of Nagaland, n.15, p.155.

³³ Government of Nagaland, Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, 2000, p.151.

³⁴ Government of Nagaland, n.15, p.156.

TABLE 3.4.

Programme-Wise Physical Targets and Achievements under Forest Department during Eight and Ninth Five - Year Plan (1992-2002)

Sl.No	Item	Unit	Eight Plan (1992-1997)		Ninth Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Working Plan	Kms.	3140.00	10.00	360	17
2	Forest Roads and Bridges	Kms.	80.00	12.00	57	17
3	Eco.Plantation	HA	6384	683.00	4152	970
4	Industrial Plantation	HA	6290.00	630.00	3802	920
5	Mixed Plantation	HA	4015.00	554.00	3659.50	800
6	Stabilization of Jhum	HA	6850.00	322.00	1788	500
7	Rehabilitation of degraded forests	HA	4166.00	683.00	2979.50	980.00
8	Distribution of seedling	Rs. in lakhs	250.00	167.58	80.55	25.00
9	Afforestation in ecology sensitive areas	HA	1105.00	500.00	690	180

Source: Compiled from Ninth Five Year Plan 1997-2002 and Annual Plan 1997-98 and tenth Five Year Plan 2002-2007 and Annual plan 2002-2003, Kohima, Planning and Coordination Department, Government of Nagaland.

As it is given in Table 3.4 that under Forest Department during the Eight Plan, a total length of only 2 kilometres of forest roads was constructed as against the target of 80 kilometres and a total area of 1,867 hectares was brought under plantation as against the target of 16,689 hectares. A total area of 322 hectares was brought under stabilization of Jhum as against the target of 6,850 hectares and an area of 683 hectares was brought under rehabilitation of degraded forest as against the target of 4,166 hectares. For distribution of seedling an amount of Rs.1.67 crores was spent as against the target of 2.5 crores.

During the Ninth Plan, a total length of 17 kilometres of forest road was achieved as against the target of 57 kilometres and a total area of 2,690 hectares was brought under plantation as against the target of 1,16,13.5 hectares. A total area of 980 hectares was brought under the rehabilitation of degraded forest as against the target of 2,979.50 hectares and an area of 180 hectares was brought under afforestation in ecology sensitive areas as against the target of 690 hectares. The overall achievement under forest in terms of percentage during Eight Plan works out to only 11.03 percent and that of Ninth Plan was 25.09 percent. Thus a total amount of Rs.25 lakhs was spent in distribution of seedling as against the target of Rs.80.55 lakhs and the Department earned total revenue of Rs.22.08 crores during Eight and Ninth Plan.³⁵

3.1.5. Irrigation and Flood Control:

Notwithstanding the existence of ample potential for irrigation in the state the ratio of irrigated areas to total cropped area in the state is very low. There was no Medium or Large Irrigation Project in the state. During the Eight Plan, one Medium Irrigation project at Dzuza has been surveyed and detailed Project report was prepared for implementation but due to the lack of resources, it was not able to materialize. By the end of 1996-97, a total area of 57,000 hectares has been brought under irrigation against which the net irrigated area was 56,000 hectares. The approved outlay for Irrigation and Flood Control in the Eight Plan was Rs.25 crores against which the expenditure was Rs.17.52 crores lakhs.³⁶ The area under irrigation in the Ninth Plan is assessed at 63,800 hectares against the total potential of 1,65,000 hectares. The approved outlay for Irrigation and Flood control in the Ninth Plan was Rs.5,700 lakhs against which the expenditure was recorded at Rs.2,935 lakhs. A total length of 1.16 km of anti-erosion under flood was completed during Eight and Ninth Plan period.³⁷

³⁵ Government of Nagaland, Nagaland (1993-2002), A Decade of Stability, Progress and Development, Kohima, Information and Public Relations, 2002, p.15.

³⁶ Government of Nagaland, n.6, p.8

³⁷ (i) Referral Hospital Complex Dimpaur-0.56 km. (ii) Chathe river bank protection at Diphupar-0.30 km and (iii) Dhansiri river bank protection at Naharbari Village -0.30 kms. See Government of Nagaland, n.36, p.22.

In addition, the total Net Irrigated Area and total Irrigated Area under Crops in Nagaland has increased from 54,400 hectares and 60,224 during 1991-92³⁸ to 62,300 hectares and 68,550 hectares during 1996-97³⁹ and further increased to 63,850 hectares and 72,650 hectares during 2000-2001⁴⁰ respectively. Thus the state government was able to achieved a total area of 9,450 hectares of net irrigated area and 12,426 hectares of total irrigated area under crops during Eight and Ninth plan.

TABLE 3.5.

Programme-Wise Physical Targets and Achievements under Irrigation and Flood Control during Eight and Ninth Five - Year Plan (1992-2002).

Sl.No.	Item	Unit	Eight plan (1992-1997)		Ninth Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Surface Water Irrigation	HA	4300	420	3670	320
2	Ground Water	HA	550	20	440	15
3	Command Area Development	HA	340	30	400	30
4	Flood Control	Kms.	320	36	2.20	0.20

Source: Compiled from Ninth Five Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Coordination Department, Government of Nagaland.

From Table 3.5 it is observed that during Eight Plan an area of 420 hectares was procured for surfaced water irrigation as against the target of 4,300 hectares and 20 hectares was covered for ground water as against the target of 550 hectares. A total area of 30 hectares was brought under command area development as against the target of 340 hectares and a total length of 36 kilometres was brought under flood control as against the target of 320 kilometers. Likewise, during the Ninth Plan a total area of 320 hectares was brought under surface water irrigation as against the target of 3,670 hectares and 15 hectares under ground water as against the target of 440 kilometres and a total area of 30

³⁸ Government of Nagaland, n.15, p.71

³⁹ Government of Nagaland, n.33, p.60.

⁴⁰ Government of Nagaland, n.16, p.64.

hectares was brought under command area development as against the target of 400 hectares. A total length of 0.20 kilometres was brought under flood control as against the target of 2.20 kilometres during the Ninth Plan. The overall achievement in terms of percentage under Irrigation and Flood Control during Eight Plan was 9.18 only and that of Ninth Plan was only 8.09 percent showing a very poor performance.

3.1.6. Sericulture:

The outlay for the development of Sericulture during the Eight Plan was Rs.5 crores against which the total expenditure was Rs.4.19 crores showing a utilisation percentage of 83.8 percent. The major thrust under Sericulture Development during Eight and Ninth Plan was given on the establishment of nurseries, seed drainage, demonstration-cum-production centres etc with a view to achieve optimum productions of cocoons, raw silk etc.⁴¹ Up to the Ninth Plan, the department of Sericulture was able to established 27 sericulture farms covering 600 acres under Mulberry, Eri, Oak, Tasar and Muga. The total production of silk yarn has increased to 235.43 M.T. in the Ninth Plan from 167.52 M.T. in the Eight Plan. The total expenditure incurred during the Ninth Plan was Rs.7 crores as against the approved outlay of Rs.21.60 crores.⁴² The state Sericulture department received 4 different awards along with cash for outstanding performance from the Central Silk Board of India.⁴³ Thus the total outlay received for the development of Sericulture increases from Rs.5 crores during the Eight Plan to Rs.21.60 crores during the Ninth Plan.

⁴¹ Ibid, n.36, p.28

⁴² Government of Nagaland, n.9, p.8.

⁴³ The awards consisted of (i) Best Implementing Agency to the state Sericulture Department, (ii) Best Field Officer to Shri Khezeto Sumi, Supervisor. (iii) Best Seed Rearer and Spinner Awards to two private entrepreneurs. See Government of Nagaland, n.36, p.29.

TABLE 3.6.

Programme-Wise Physical Targets and Achievements under Sericulture during Eight and Ninth Five- Year Plan (1992-2002).

Sl. No.	Item	Unit	Eight Five-Year Plan (1992-1997)		Ninth Five-Year Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Eri-Culture programme					
	a) production of Eri Cocoon	M.T	200	148.60	160.00	38.00
	b) production of spun yarn	M.T	160	120.45	142	36.69
2	Mori-culture programme					
	a) Production of cocoon	M.T.	350	21.20	NA	NA
	b) Production of reel silk	M.T.	35	11.10	NA	NA
3	Technology programme					
	a) Certificate course	Nos.	200	33	100	5
	b) Farmer Training	Nos.	5000	1974	1500	200
4	Rural Farmer development programme	Acres	7500	1804	1500	NA
5	Muga Culture Orien. Progr.					
	a) Production of cocoon	Nos.	150	13.00	0.50	0.10
	b) Production of reel silk	M.T	10	0.26	NA	NA
6	Tasar Culture Dev. Progrm.					
	a) production of cocoon	Nos.	150	17.00	2.50	0.50
	b) Production of Yarn	M.T	3.4	0.38	NA	NA
7	Educated Unemployed youth and women Welfare programme	Units	523	0.00	4.77	NA

Source: Compiled from Ninth Five-Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Coordination Department, Government of Nagaland.

As it is revealed in Table 3.6 during the Eight Plan under Sericulture department, a total amount of 148.60 M.T. of Eri Cocoon and 120.45 M.T. of Sun Yarn was produced under Eri-Culture programme as against the target of 200 M.T. and 160 M.T.

respectively. Under the Mori-Culture programme a total of 21.20 M.T. of Cocoon and 11.10 M.T. of reel silk were produced as against the target of 350 M.T. and 35 M.T. Under the technology programme a total of 33 people could able to complete certificate course and 1974 people were given farmer training as against the target of 200 and 5000. The department also brought a total area of 1,804 acres of land under rural farmer development programme as against the target of 7,500 acres. Under the Muga Culture Orientation Programme, a total amount of 13 M.T. of Cocoon and 0.26 M.T. of Reel Silk was produced as against the target of 150 M.T. and 10 M.T. respectively. Under the Tasar Culture Development Programme, a total amount of 17 M.T. of Cocoon and 0.38 M.T. of Yarn was produced as against the target of 150 M.T. and 3.4 M.T.

Likewise during the Ninth Plan, a total of 38 M.T. of Eri Cocoon and 36.69 M.T. of Spun Yarn were produced as against the target of 160 M.T. and 142 M.T. under Eri-Culture Programme. Under the Technology Programme a total number of 5 students completed certificate course and 200 farmers were given farmer training as against the target of 100 students and 1500 farmers. Under the Muga Culture Orientation Programme a total amount of 0.10 M.T. of Cocoon was produced as against the target of 0.50 M.T. and 0.50 M.T. as against the target of 2.50 M.T. of Cocoon was produced under Tasar Culture Development Programme. The overall achievement in terms of percentage under Sericulture Department during the Eight Plan was 29 percent and that of Ninth Plan was only 8.22 percent.

3.1.7. Rural Development:

The thrust areas under Rural Development Programmes were for creation of rural assets through community efforts, and generation of employment particularly in the rural areas, integrated afforestation and infrastructure development of the rural areas. Emphasis was also given for training of personnel involved at various levels including in village level functionaries in order to equip them with knowledge of proper planning and implementation of the various schemes and programmes. The objective of providing basic infrastructure to the rural people has now been nearly achieved and the department emphasis if now shifted towards investment in income generating and productive schemes. The total outlay for the development of rural areas in the Eight Plan was

Rs.94.50 crores against which the expenditure was Rs.96.69 crores.⁴⁴ The outlay for Rural Development in the Ninth Plan was Rs.250.55 crores against which the expenditure was Rs.189.74 crores recording a utilisation level of over 75 percent.⁴⁵ Thus the total outlay for rural development has increased from Rs.94.50 crores during the Eight Plan to Rs.250.55 crores during the Ninth Plan.

TABLE 3.7.

Programme-Wise Physical Targets and Achievements under Rural Development Department during Eight and Ninth Five -Year Plan (1992-2002).

Sl.No.	Item	Unit	Eight Plan (1992-1997)		Ninth Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	IRDP	Number of Beneficiaries	31,000	14,191	28710	2843
2	SADP	Numbers			8	N.A.
3	TRYSEM	Numbers	20	2	8	500
4	D.W.C.R.A.	No. of groups	1000	324	730	NA
5	Improved Chullah	Numbers	50,000	13855	23500	624
7	EAS	Mandays (lakhs)	12,048	16,343	NA	NA
8	IAY	No.(houses)	1,00000	16,875	NA	NA
9	J.R.Y	Mandays (lakhs)	30	43.58	NA	NA

Source: Compiled from Ninth Five-Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan 2002-2007 and Annual plan 2002-2003, Kohima, Planning and Coordination Department, Government of Nagaland.

From Table 3.7 it is found that during the Eight Plan under Rural Development department, as against the target of 31,000 people a total number of 14,191 people got benefited under Integrated Rural Development Programme and 324 groups were covered as against the target of 1000 under Development of Women Children in Rural Areas, and

⁴⁴ Government of Nagaland, n.6, p.7.

⁴⁵ Government of Nagaland, n.9, p.6.

a total of 13,855 Chullahs were procured as against the target of 50,000. Under the Employment Assurance Programme, a total of 163 days were conducted as against the target of 120 days and under Indira Awas Yojana programme altogether 16,875 houses got benefited against the target of 1,00,000 and 43 days were conducted against the target of 30 days under Jawahar Rozgar Yojana.

Similarly, during the Ninth Plan, a total number of 500 people were provided training as against the target of 8 and 624 Chullahs were procured against the target of 23,500. Under Integrated Rural Development Programme, a total number of 2,843 people got benefited against the target of 28,710 beneficiaries. In terms of percentage the overall achievement during the Eight Plan under Rural Development works out to 24.95 percent only and that of Ninth Plan was only 7.49 percent.

3.1.8. Energy Sector:

Power increases the productive capacity of the economy by several times. There is an acute power shortage in the whole of the North-Eastern Region. The case of Nagaland cannot be taken up as an isolated instance. The state lags behind others in terms of installed capacity and per-capita consumption, which reveals the poor economic condition of the state. The approved outlay for the development of power during the Eight Plan was Rs.59 crores against which the expenditure was Rs.90.26 crores.⁴⁶

The main emphasis in the power development during the Eight Plan was on increasing generation of electricity power. The state is still deficient in power generation and is dependent on other neighboring states and central sectors for power supply. With a view of achieving the set targets, a sum of Rs.117 crores was provided for power department during the Ninth Plan, out of which the expenditure was Rs.100.31 crores.⁴⁷ During the Ninth Plan, two generator units of the Likimro Mini Hydel project have been commissioned. The process of rural electrification has been quite impressive in Nagaland as the percentage of rural electrification has increased from 73 percent in 1985 to 98 percent in 2002.⁴⁸ However, the services provided are far from satisfactory with problems of frequent fluctuations in voltage and power cuts especially in the rural areas. The

⁴⁶ Government of Nagaland, n.6, p.8.

⁴⁷ Government of Nagaland, n.9, p.7.

⁴⁸ Government of Nagaland, n.16, p.235.

economic cost of this poor power service is enormous both for the individual households and the business units.⁴⁹ Thus the overall outlay for energy increases from Rs.59 crores during the Eight Plan to Rs.117 crores during the Ninth Plan.

During the one decade period (1993-2002), the Department was able to achieved extra high tension transmission line of 132 kilovolt single circuit connecting Kohima-Meluri-Kipheri Transmission line, 132 kilovolt connecting Kohima-Wokha-Doyang transmission line, 132 kilovolt connecting Doyang-Mokokchung transmission line. Besides the Department was able to complete and commissioned the major sub-stations of 66/33 kilovolt, 7.5 megavoltampere at Tuli, 66/33 kilovolt, 5 megavoltampere at Tuensang and 132/66/33 kilovolt, 19.5 megavoltampere at Kipheri.⁵⁰ The total number of villages electrified has increased from 1,313 villages during 1996-97 to 1,350⁵¹ during 1999-2000.

3.1.9. Small and Village Industries:

As per the state industrial policy 1995, the following areas have been identified as Industrial Zone by the state government for the Industrial Growth. The first phase covers – (i) Dimapur (ii) Baghty (iii) Tuli and (iv) Tijit and subsequently the second phase will cover-(i) Kiphire (ii) Longnakand (iii) Ghatashi.⁵²

The stress under this sector during the Eight Plan was for the promotion of cottage and tiny industries, handloom and handicrafts etc. The total outlay for the development of Small and Village Industries in the state during the Eight Plan was Rs.19.35 crores out of which the expenditure was 11crores showing the percentage of utilization of fund to 77.39 percent.⁵³ The total outlay provided for the development of Small and Village industries in the Ninth Plan was Rs.32 crores out which the expenditure incurred was Rs.20.55 crores only.⁵⁴ The number of Small and Village Industries have increased from 93 units during 1991-92⁵⁵ to 789 units during 1997-98⁵⁶ which further increased to 1,132

⁴⁹ Government of Nagaland, n.9, p.7.

⁵⁰ Government of Nagaland, n.36, p.23.

⁵¹ Government of Nagaland, n.16, p.235

⁵² Government of Nagaland, n.6, pp.27-28.

⁵³ Ibid, n.6, p.9.

⁵⁴ Government of Nagaland, n.9, p.7

⁵⁵ Government of Nagaland, n.15, p.212.

⁵⁶ Government of Nagaland, n.33, p.200.

units in 2001.⁵⁷ Thus during the past one decade period a total number of 1039 Small and Village Industrial units were established in Nagaland which provide employment to 12,586 people. Besides, the overall outlay for Small and Village Industries increases from Rs.19.35 crores⁵⁸ during the Eight Plan to Rs.32 crores⁵⁹ during the Ninth Plan showing an increased of 12.65 crores.

TABLE 3.8.

Programme-Wise Physical Targets and Achievements under Small and Village Industries during Eight and Ninth Five-Year Plan (1992-2002).

Sl. No.	Item	Unit	Eight Five-Year Plan (1992-1997)		Ninth Five-Year Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Direction and Administration	Person Trained	60	60	25	2
2	Manpower Development	Trained	300	240	200	NA
3	Exhibition and Publicity	No. of Participation	200	150	40	8
4	Research, Investigation and Monitoring	Person Trained	40	20	20	NA
5	Medicine and Essential Oil	'000 Litres	80.00	9.00	30	4
6	Promotion Scheme under DIC	Person Benefited	5,000	1,700	650	100
7	Industrial Estate	Person unit	500	300	50	NA
8	Project Packaged	Unit of Progress	500	45	100	NA
9	Bee Keeping	In litres	7,460	150.00	NA	NA
10	Infrastructure Deve.in No Industry District	Unit of Progress	200	40.00	100	NA

Source: Compiled from Ninth Five-Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Coordination Department, Government of Nagaland.

⁵⁷ Government of Nagaland, n.16, p.201.

⁵⁸ Government of Nagaland, n.6, p.8.

⁵⁹ Government of Nagaland, n.9, p.7.

From Table 3.8 it is found that during the Eight Plan, a total number of 60 person were trained out of the target of 60 for direction and administration and 240 people were trained as against the target of 300 under manpower development and a total of 150 people participated as against the target of 200 for exhibition and publicity. For research, investigation and monitoring a total of 20 persons were trained as against the target of 40 and 1,700 people got benefit as against the target of 5,000 people under District Industries Centre promotion scheme. A total quantity of 150 litres of honey was produced as against the target of 7,460 litres and 9 litres of medicine and essential oil were produced against the target of 80 litres. On the other hand during the Ninth Plan as against the target of 25 people, 2 people were trained for administration and 8 people participate in the exhibition and publicity against the target of 40. Under the promotion scheme of District Industries Centre 100 people got benefited against the target of 650. The scheme-wise overall achievement in terms of percentage under Small and Village Industries during the Eight Plan was 18.92 percent and that of Ninth Plan was 9.38 percent only.

3.1.10. Large and Medium Industries:

In the Eight and Ninth Plan, no new major or medium industrial project was initiated. The efforts of the state government to revive back the three medium projects viz. Nagaland Sugar Mill, Nagaland Tuli and Paper Mill and Plywood Factory was not succeeded. The Mechanised Bricks Plant initiated during the Seventh Plan which was envisaged to be completed during the Eight Plan could not be commissioned during the Ninth Plan. The expenditure incurred during the Eight Plan was 14.91 crores out of the approved outlay of Rs.20 crores⁶⁰ and that of Ninth Plan outlay the total expenditure incurred was Rs.17.11 crores only out of the total outlay of Rs.52 crores⁶¹ recording a utilisation percentage of 303.9 percent. Thus the total outlay for large and medium industries increases from Rs.20 crores during the Eight Plan to Rs.52 crores during the Ninth Plan.

⁶⁰ Government of Nagaland, n.6, p.9

⁶¹ Government of Nagaland, n.9, p.8.

TABLE 3.9.

Programme-Wise Physical Targets and Achievements under Large and Medium Industries during Eight and Ninth Five-Year Plan (1992-2002).

Sl. No.	Item	Unit	Eight Five- Year Plan (1992-1997)		Ninth Five-Year Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Direction and Administration	Person Trained	60	60	25	2
2	Manpower development	Trained	300	240	200	NA
3	Exhibition and Publicity	No. of Participation	200	150	40	8
4	Research, Investigation and Monitoring	Person Trained	40	20	20	NA
5	Medical Essential	000ltr	80.00	9.00	30	4
6	Promotion scheme under DIC	Person Benefited	5000	1700	650	100
7	Industrial Estate Direct	Person Unit	500	300	50	NA
8	Project Package	Unit of Progress	500	45.00	100	NA
9	Infrastructural Dev. In No Industry District	Unit of Progress	200	80.00	100	NA

Source: Compiled from Ninth Five-Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Coordination Department, Government of Nagaland.

From Table 3.9 it is seen that during the Eight Plan under Large and Medium Industries, it was able to conduct training for 60 people for both direction and administration and 240 people were given training under manpower development against the target of 300. The total number of 150 people participated in the exhibition and

publicity as against the target of 200 and 20 people received training on research, investigation and monitoring against the target of 40. Total of 9 litres of medical essential were procured against the target of 80 litres. Under the scheme of District Industries Centre a total number of 1,700 people received training out of the target of 5,000 and the achievement under project package was 45 units against the target of 500 units and the unit of progress under infrastructural development in no industry district was 80 units against the target of 200 units.

Similarly during the Ninth Plan under Large and Medium Industries, 2 people were trained for direction and administration, and for exhibition and publicity 8 people participated against the target of 40. The total of 4 litres of medical essentials was procured out of the target of 30 litres and 100 people benefited out of the target of 650 under the scheme of District Industries centre. As compared the achievement of Eight and Ninth Five-Year Plan under large and medium industries, the performance during the Eight Plan was better as compared with the achievements of Ninth Plan. The scheme-wise overall percentage of achievement under Large and Medium Industries during Eight Plan was 37.84 percent and that of Ninth Plan was 9.38 percent only.

3.1.11. Roads and Bridges:

Road communication is practically the only means of transportation in the state. Due to its severe terrains, the cost of road construction and maintenance in Nagaland is one of the highest in the country. Despite of the state's sole dependence on road communication, the condition of roads in the state are extremely poor. Road sector has been assigned as one of the priority sectors during Eight and Ninth Plan. During the Eight Plan as against the approved outlay of Rs.142 crores the expenditure on roads and bridges was Rs.66.61 crores only showing an utilisation percentage of 46.90 percent. Similarly in the Ninth Plan, the expenditure on road development in the Ninth Plan was Rs.151.5 crores against the approved outlay of Rs.257 crores⁶² recording an utilisation percentage of 58.85 percent.

During Eight and Ninth Plan, the main thrust of road development was for strengthening, widening, improvement and consolidation of the existing roads and

⁶² Government of Nagaland, n.9, p.7.

converting fair weather roads to all weather roads. The road length has now been increased to 9,860 kilometres and 98 percent of the villages in the state have now been connected with approach roads. The total number of surfaced and unsurfaced road during 1991-92 was 2,356 kilometres and 5,591 kilometres respectively which increased to 2,415 kilometers and 5,901 kilometers respectively during 1996-97. The length of road further increased to 6225.62 (surfaced) and 7142.83 (unsurfaced) during 2001-2002. Thus the total length of surfaced and unsurfaced road achieved during one decade period of time was 3,869.62 kilometres (surfaced) and 1551.83 kilometres (unsurfaced). The number of motor vehicles registered has increased from about 23 thousand in 1985 to 168 thousand in 2002,⁶³ showing an annual growth rate of 44 percent. This indicates that in every 12 persons owns a motor vehicle in the state. The density of motor vehicle per '000 population has increased from 53 in 1990 to 85 in 2002, presenting a growth rate of 60 percent during the last decade. The number of vehicles per 100 kilometres of surfaced road was also increased from 16.6 in 1985 to 45 in 2002 as against the all India level of 1020.⁶⁴

Thus if we compare the total outlay of Eight and Ninth Five-Year Plan, the allocation of fund was much higher during the Ninth Plan with Rs.257 crores as against the Eight Plan that received only Rs.142 crores under roads and bridges.

⁶³ Government of Nagaland, Six months of Congress (I) Ministry in Nagaland, Kohima, Department of Information and Publicity, May 1983, p.32.

⁶⁴ B.Kilangla Jamir, Structural Change in the Economy of Nagaland, in C.Joshua Thomas and Gurudas 'Dimensions of Development in Nagaland', New Delhi, Regency Publication,2002, p.68.

TABLE 3.10.

Programme-Wise Physical Targets and Achievements under Roads and Bridges during Eight and Ninth Five-Year Plan (1992-2002).

Sl. No.	Item	Unit	Eight Five-Year Plan (1992-1997)		Ninth Five-Year Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Missing Minor Bridges	Nos.	90	6	54	1
2	Improvement of low grade section	Kms.	200	20.00	600	15
3	Strengthening of Existing weak pavements	Kms.	250	18.00	510	34
4	Expansion of Existing Road Network	Kms.	200	20.00	375	18
6	Bridges	Nos	28	24	NA	NA
7	Major District Roads	Kms	200	76.00	NA	NA
8	Minor District Roads	Kms	250	146.00	NA	NA
9	Rural Roads	Kms	795	562.00	NA	NA

Source: Compiled from Ninth Five-Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Coordination Department, Government of Nagaland.

From Table 3.10 it is seen that during Eight Plan under Roads and Bridges a total number of 6 minor bridges were constructed against the target of 90 and a total length of 20 kilometres out of the target of 200 kilometres was achieved in improving the low grade roads. As against the target of 250 kilometres, a total length of 18 kilometres were achieved in strengthening the existing weak pavements and a total length of 20 kilometres of expansion of existing road network was achieved against the target of 200 kilometres. The total numbers of 24 bridges were constructed against the target of 28 bridges and a total length of 76 kilometres of major district roads against the target of 200 kilometres was constructed. A total length of 146 kilometres and 562 kilometres of minor district roads and rural roads were constructed as against the target of 250 kilometers and 795 kilometres. During the Ninth Plan, a total number of 1 minor bridge was constructed against the target of 54 and only 15 kilometres of improvement on the low grade roads

were achieved against the target of 600 kilometres. For strengthening the existing weak pavements a total length of 34 kilometres were achieved out of the target of 510 kilometres and 18 kilometres of expansion of existing road network were constructed against the target of 275 kilometres. The scheme-wise overall achievement percentage under Roads and Bridges during Eight Plan was 43.31 percent and that of Ninth Plan was 4.41 percent only. The poor level of physical achievement during the Ninth Plan was mainly due to the financial constraint as sufficient funds were not provided during the Ninth Plan as compared with the Eight Plan.

3.1.12. Veterinary and Animal Husbandary:

The approved outlay for the department of Veterinary and Animal Husbandary during Eight Plan was Rs.16 crores against which the expenditure was Rs.13.69 crores⁶⁵ In the Eight Plan, only few new programmes were taken up and the main emphasis was on the consolidation, streamlining and strengthening of the existing facilities and for the completion of the ongoing projects. There has been appreciable increase in live stock production in the state. During the Ninth Plan, the expenditure incurred for the development of Veterinary and Animal Husbandry was Rs.20.22 crores as against the total allocation of Rs.35 crores.⁶⁶ The number of livestock and poultry has increased to 3,08,771 and 9,65,690⁶⁷ in 1997 from 1,074,429 and 19,73,061⁶⁸ in 1992 and the number of veterinary farms, hospital and dispensaries has increased from 221⁶⁹ in 1991 to 251⁷⁰ in 2001 showing an increased of 30 over a period of one decade.

Thus the overall outlay under Veterinary and Animal Husbandary Department has increased to Rs.35 crores⁷¹ during the Ninth Plan from Rs.16 crores⁷² during the Eight Plan showing an increased of 19 crores.

⁶⁵ Government of Nagaland, n.6, p.6.

⁶⁶ Government of Nagaland, n.9, p.6.

⁶⁷ Government of Nagaland, n.33, p.319.

⁶⁸ Government of Nagaland, n.15, p.317

⁶⁹ Government of Nagaland, n.15, p.320.

⁷⁰ Government of Nagaland, n.16, p.317.

⁷¹ Government of Nagaland, n.9, p.6.

⁷² Government of Nagaland, no.6, p.6.

TABLE 3.11.

Programme-Wise Physical Targets and Achievements under Veterinary and Animal Husbandary during Eight and Ninth Five-Year Plan (1992-2002).

Sl.No.	Item	Unit	Eight Five-Year Plan (1992-1997)		Ninth Five-Year Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Milk	M.T.	46.00	44.00	56.00	103.85
2	Egg	Million	46.00	43.00	52.60	100.00
3	Meat	M.T.	17.00	16.00	28.00	43.75
4	Broiler	No of lakhs	0.35	0.33	0.40	71.85
5	Cattle and Buffalo Dev.	Nos.	51	47	80.00	163.00
6	Poultry Farms	Nos.	7	7	11.00	11
7	Piggery Development	Nos.	7	7	9	7
8	Veterinary Health Centre	Nos.	39	32	117	97
9	Feed and Fodder Dev.	Nos.	N.A	N.A	9	10
10	Sheep and Goat Dev.	Nos.	3	3	320.38	.502.50
11	Other Livestock Dev.	Nos.	24	24	26	26
12	Diary Development	Nos.	113	96	119	206

Source: Compiled from Ninth Five-Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Coordination Department, Government of Nagaland.

As it is revealed in Table 3.11 during the Eight Plan under Veterinary and Animal Husbandary Department, a total quantity of 44 M.T. of milk was produced against the target of 46 M.T. and 43 million of eggs were produced against the target of 46 million and 16 M.T. of meat were procured against the target of 17 M.T. The total number of 0.33 lakhs of broiler was procured against the target of 0.35 lakhs. Similarly a total number of 47 cattle and development works were taken up against the target of 51 and 7 poultry farms were constructed against the target of 7 and 7 piggery farms were established out of the target of 7. Altogether 32 veterinary health centres were set up against the target of 39 and 3 sheep and goat development farms were constructed and 96 dairy farms were established against the target of 113.

During the Ninth Plan, 103 M.T. of Milk were produced against the target of 56 M.T. and 100 million of Eggs were produced against the target of 52.60 million. A total quantity 43.75 M.T. of meat were produced against the target of 28 M.T. and 71.85 lakhs of Broiler were produced against the target of 0.40 lakhs. For Cattle and Buffalo development a total number of 163 Cattle and Buffalo were procured against the target of 80. Besides, 11 Poultry Farms were established against the target of 11 and 7 Piggery Farms were constructed against the target of 9 and 97 Veterinary Health Centres were constructed against the target of 117. A total number of 502.50 Sheep and Goat development projects were carried out against the target of 320.38 and 206 Dairy Farms were established against the target of 119. Thus the overall scheme-wise percentage of achievement under Veterinary and Animal Husbandary during the Eight Plan was 90.37 percent and that of Ninth Plan was 161.99 percent.

3.2. SOCIAL SERVICES SECTOR:

3.2.1. Education:

The emphasis on the education sector during Eight and Ninth Plan was for consolidation, strengthening and qualitative improvements of the facilities created during the earlier plans. The approved outlay for the education sector during the Eight Plan was Rs. 42.5 crores against which the expenditure was Rs.45.45 crores⁷³ and that of Ninth Plan was Rs.105.76 crores against which the expenditure was Rs.51.39 crores.⁷⁴ In 1991, there were total 179 High schools with 59,659 boys and 52,006 girls, 358 middle schools with 42003 boys and 33,778 girls and 1,299 primary schools with 62,460 boys and 59,146 girls. Out of the total schools 72 high schools, 236 middle schools and 1,216 primary schools were taken care by the government.⁷⁵

During 2001-2002, the number of schools have increased to 3,480 (high schools) with 78,082 boys and 69,544 girls, 4,723 (middle schools) with 47,747 boys and 46,293 girls and 6,174 (primary schools) with 69,195 boys and 64,536 girls.⁷⁶ Thus the overall increased in educational institution during the past one decade was 12,541 out of which

⁷³ Government of Nagaland, n.6, p.9

⁷⁴ Government of Nagaland, n.9, p.9.

⁷⁵ Government of Nagaland, n.15, p.111.

⁷⁶ Government of Nagaland, n.16, p.104.

3,301 (High school), 4,365 (Middle School) and 4,956 (Primary school). Despite of all this achievements, the state is faced with one of the serious problem of unemployment where the total number of educated unemployed on Live Register on Employment Exchange in Nagaland has increased to 37,090 in 2000.from 22,069 in 1991.⁷⁷

3.2.1.a. School Education:

According to the Sixth All India Survey Reports, there were 31 habitations where primary school facilities are available at a distance of more than 2 kilometres and 129 habitations that have Primary school at a distance of more than 2 kilometres. If the dream of universalization of elementary education is to be realized, the state has to provide primary schools to all these areas/habitations where such facilities are not available within a walk able distance of 1 kilometre. The total allocation of fund for the development of School Education during the Eight Plan was Rs.32 crores out of which the total expenditure was Rs.17 crores⁷⁸ and that of Ninth Plan was 105.76 crores against which the expenditure was Rs.51.39 crores.⁷⁹

⁷⁷ Government of Nagaland, Annual Administrative Report, Kohima, Directorate of Employment and Craftsmen and Training, 2001, p.23.

⁷⁸ Government of Nagaland, n.7, p.9.

⁷⁹ The major portion of the expenditure falls under Basic Minimum Services and Pradhan Mantri Gramodaya Yojana, See Government of Nagaland, n.9, p.9.

TABLE 3.12.

Programme-Wise Physical Targets and Achievements under School Education during Eight and Ninth Five - Year Plan (1992-2002).

Sl.No.	Item	Unit	Eight Five-Year Plan (1992-1997)		Ninth Five-Year Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Class 1-V					
	a)Boys	000 Nos.	108.00	106.00	108.00	105.00
	b)Girls	000 Nos	101.00	93.00	101.00	100.00
	Total	000 Nos	209.00	199.00	209.00	105.00
2	Class VI-VIII					
	a)Boys	000.Nos.	58.00	39.00	58.00	60.00
	b)Girls	000 Nos	57.00	39.00	57.00	120.00
	Total	000 Nos	115	79.00	115.00	232.00
3	Class IX-X					
	a)Boys	000.Nos	NA	NA	NA	NA
	b)Girls	000.Nos	NA	NA	NA	NA
	Total	000 Nos	NA	NA	NA	NA

Source: Compiled from Ninth Five-Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Coordination Department, Government of Nagaland.

It is seen from Table 3.12 during the Eight Plan under school education 106 boys between Class I-V got enrolled as against the target of 108 and 93 girls against the target of 101. Between Class VI-VIII, a total number of 39 boys got enrolled against the target of 58 and that of girls was 39 against the target of 57. Similarly during the Ninth Plan 105 boys between Class I-V got enrolled against the target of 108 and that of girls was 120 against the target of 57 and between Class VI-VIII the total of 60 boys got enrolled as against the target of 58 and that of girls 129 against the target of 57. The scheme-wise total achievement in terms of percentage under School Education during the Eight Plan was 85.64 percent and that of Ninth Plan was 111.41 percent.

3.2.1.b. Higher Education:

At the higher level of education, besides one University, there are 8 government colleges, 2 Law colleges, 1 Agriculture college, and 1 college of general education in 2001 that are under state government management. The allocation for Higher Education during the Eight Plan was Rs.13 crores and the expenditure incurred was Rs.10.19 crores⁸⁰ and that of Ninth Plan was fixed at Rs.20 crores out of which the expenditure was Rs.13 crores.⁸¹ The state has 2 polytechnics, offering 3 years diploma programmes in civil, electrical and mechanical engineering and a women polytechnic at Kohima, offering 3 years course in modern office practice. There state does not have any Engineering and Medical college till today. With a view of upgrading, modernizing and expanding the technical education system in the state, the third technical education project was launched through World Bank assistance during the Ninth Plan. Thus, the total allocation for Higher Education has increased from Rs.13 crores during the Eight Plan to Rs.20 crores during the Ninth Plan.

⁸⁰ Government of Nagaland, n.6, p.38.

⁸¹ Government of Nagaland, n.9, p.9.

TABLE 3.13.

Programme-Wise Physical Targets and Achievements under Higher Education during Eight and Ninth Five-Year Plan (1992-2002).

Sl. No.	Item	Unit	Eight Five-Year Plan (1992-1997)		Ninth five-Year Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
	Higher Education					
1	Strengthening and maintenance of Directorate	Nos	1	1	1	1
2	Government Colleges	Nos	8	8	NA	NA
3	Merit Scholarship/Research	Nos	1500	NA	NA	NA
4	Grant-in-aid to non Govt.College	Nos	37	35	NA	NA
5	Professional College	Nos	1	1	NA	NA
	Technical Education					
1	Maintenance of Khelhoshe Polytechnic	Nos	1	1	1	1
2	Women Polytechnic	Nos	1	1	1	1
3	Technical Scholarship	Nos	1000	515		
4	State Council for Tec.Edu.	Nos	1	1	1	1

Source: Compiled from Ninth Five-Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Coordination Department, Government of Nagaland.

Table 3.13.reveals that during the Eight Plan, 8 government colleges were set up against the target of 8 and 35 non-government colleges were provided grant-in-aid against the target of 37 and 1 professional college was established of the target of 1 In technical education during the Eight Plan, 1 women polytechnic was set up and technical scholarships were provided to 515 students against the target of 1000 and 1 state council for technical education was constructed. Similarly during the Ninth Plan 1 women polytechnic and 1 state council for technical education was set up. The overall scheme-wise physical achievement in terms of percentage under Higher Education during the Eight Plan was 3.50 only and that of Ninth Plan was 100 percent.

3.2.2. Medical and Public Health:

Health sector is one sector which has recorded satisfactory of all the performance during Eight and Ninth Plan, both in terms of physical achievements and financial outlay. The reason for the satisfactory performance in this sector was mainly due to the sufficient flow of funds through various central schemes such as Basic Minimum Services and Pradhan Mantri Gramodaya Yojana. The state has now medical and health services that are within the reach of a very large percentage of the population in the state.⁸² The total expenditure went up to Rs.64.08 crores against the approved outlay of Rs.50 crores in the Eight Plan showing utilization of 128.16 percent⁸³ and Rs.94.41 crores as against the sanction outlay of Rs.106.31 crores during the Ninth Plan showing the utilization percentage of nearly 90 percent.⁸⁴ In 1991, there were only 9 hospitals, 32 primary health centres, 6 dispensaries, and 234 sub-centres⁸⁵ in Nagaland which increased to 13 hospitals, 65 primary health centres, 16 dispensaries, 366 sub-centres in 2001.⁸⁶ The number of patients treated during 1991 was 47,975 (indoor) and 5,10,235 (outdoor)⁸⁷ which increased to 10,9,738 (indoor) and 6,23,618 (outdoor)⁸⁸ in 2002. Thus the total outlay during the Eight Plan for urban health services was Rs.50 crores which increases to Rs.106.31 crores during the Ninth Plan.

⁸²Government of Nagaland, n.6, p.9.

⁸³Ibid, n.6, pp.9-10.

⁸⁴There are 9 Hospitals, 18 dispensaries, 330 sub-centres, 55 Primary Health Centres and 1 mental hospital in the state. One major failure was however, the inability to complete the Sixth Plan spill-over project of 500 bedded Referral Hospital at Dimapur, See Government of Nagaland, n.9, p.9.

⁸⁵ Government of Nagaland, n.15, p.180

⁸⁶ There was only 273 doctors, 456 Compounders and 1104 nurses in 1991 which increases to 387 doctors, 497 compounders and 1278 nurses in 2000, See Government of Nagaland, n.15, p.183 and n.16, p.174..

⁸⁷ Government of Nagaland, n.15, p.188.

⁸⁸ Government of Nagaland, n.16, p.178.

TABLE 3.14.

Programme-Wise Physical Targets and Achievements under Medical and Public Health during Eight and Ninth Five-Year Plan (1992-2002).

Sl. No.	Item	Unit	Eight Plan (1992-1997)		Ninth Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Urban Hospitals	Nos	1	1	8	NA
2	T.B. Hospital	Nos	1	1	2	NA
3	PHC	Nos	2	6	41	23
4	CHC	Nos	2	2	11	9
5	Sub-Centres	Nos	41	46	180	58
6	Dispensaries	Nos	NA	NA	NA	NA
7	Beds	Nos	NA	NA	725	725
8	District T.B.Centre	Nos	NA	NA	1	1
9	Drug De- addiction	Nos	NA	NA	6	2

Source: Compiled from Ninth Five-Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Co-ordination Department, Government of Nagaland.

From Table 3.14 it is seen that during the Eight Plan, 1 urban hospital was established and 1 Tuberculosis hospital was constructed and 6 primary health centres were opened against the target of 2 and 2 community health centres were set up and 46 sub-centres were established against the target of 41. On the other hand during the Ninth Plan, 23 primary health centres were set up against the target of 41 and 58 sub-centres were established against the target of 180 and 725 beds were procured against the target of 725. Against the target of 6, 2 drug de-addiction centres were set up and 1 district Tuberculosis Centre was established. Thus the overall performance during the Ninth Plan was better as compared to the achievement of Eight Plan. The scheme-wise overall achievement in terms of percentage under Medical and Public Health Department during Eight Plan was 119.14 percent and that of Ninth Plan was 83.98 percent.

3.2.3. Water Supply:

The national policy of providing potable drinking water supply to all the villages and habitations by 2000 AD was accorded 'Top Priority' for water supply development during Eight and Ninth Plan. The expenditure incurred for the development of Water Supply during the Eight Plan was Rs.106.77 crores⁸⁹ and that of the Ninth Plan was Rs.106.36 crores that including funds from BMS (Basic Minimum Services) and PMGY(Prime Minister Gramodaya Yojna).⁹⁰ The number of villages covered by drinking water in 1992 was 946 which served the population of 8, 83,848⁹¹ which decreased to 71 villages serving only 43,638 populations in 2002⁹². The state was able to provide water supply to 191 villages and 2 urban towns during the Ninth Plan. The total expenditure during the Eight Plan was Rs.106.77 crores⁹³ which increases to Rs.106.36 crores⁹⁴ during the Ninth Plan. However, in Nagaland, except for one or two towns it is seen that more than 80 percent of the people living in far flung districts are still struggling for basic amenities like electricity, telephone and water supply yet we still live under the illusion that the standard of living is comparable with other states.⁹⁵

⁸⁹Government of Nagaland, n.6, p.10.

⁹⁰Government of Nagaland, n.9, p.9.

⁹¹ Government of Nagaland, n.15, p.370.

⁹² Government of Nagaland, n.16, p.373.

⁹³ Government of Nagaland, n.6, p.10

⁹⁴ Government of Nagaland, n.9, p.9.

⁹⁵ Editorial, Improving the System, Nagaland Post, Dimapur, 4th April, 2003, p.4.

TABLE 3.15.

Programme-Wise Physical Targets and Achievements under Water Supply during Eight and Ninth Five-Year Plan (1992-2002). (Rs. in Lakhs)

Sl. No.	Item	Unit	Eight Five-Year Plan (1992-1997)		Ninth Five-Year Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Urban Water Supply	Nos.	NA	NA	11	NA
2	Rural Water Supply	Nos.	437	59	697	98
3	Urban Sanitation	No. of Units	NA	NA	9	NA
4	Rural Sanitation	No. of Units	NA	NA	29	NA
5	Medium Town Water Supply	No. of Units	NA	NA	7	NA

Source: Compiled from Ninth Five-Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Coordination Department, Government of Nagaland.

From Table 3.15. it is evident that during the Eight Plan, 59 villages were connected with Water Supply as against the target of 437. On the other hand during the Nine Plan period 98 villages were connected with water supply against the target of 697. Thus the scheme-wise overall achievement in terms of percentage under Water Supply during the Eight Plan was 13.50 percent and that of Ninth Plans was 13.01 percent only.

3.2.4. Social Security and Welfare:

During Eight and Ninth Plan, no new project was initiated and emphasis was given to the institutes set up in the previous Plans. The Department concentrates mainly on the strengthening, streamlining and improvement of the management of various institutes established during the previous plans. Special attention was given to women, children and physically and mentally handicapped persons. Against the approved outlay of Rs.50 crores during the Eight Plan, the expenditure was Rs.64.08 crores showing a utilization

percentage of 128.16 percent.⁹⁶ The total outlay during the Ninth Plan was Rs.106.31 crores and the total expenditure was Rs.94.41 crores showing a utilization percentage of 90 percent.⁹⁷ During 1991-92, 370 destitute women were provided with financial assistance, 437 handicapped students were provided with scholarships, 195 blind persons were given monthly pension of Rs.60 and 9,500 old people above 70 years were given old age pension of Rs.100 per month.⁹⁸ Besides under special nutrition programme, 206000 persons got benefited and under mid-day meals programme, 15450 people were benefited which increased beneficiaries to 3, 10,005 and 2, 29,395 respectively in 2002.⁹⁹

⁹⁶Government of Nagaland, n.6, p.8

⁹⁷ Ibid, n.6, p.45.

⁹⁸ Government of Nagaland, n.15, p.380

⁹⁹ Government of Nagaland, n.16, p.384.

TABLE 3.16.

Programme-Wise Physical Targets and Achievements under Social Security and Welfare during Eight and Ninth Five-Year Plan (1992-2002).

Sl. No	Item	Unit	Eight Five-Year Plan (1992-1997)		Ninth Five-Year Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
A.	Child Welfare Programme					
	i) Foster Care Service	No. of Beneficiaries	360	357	NA	NA
	ii) Children Library cum Museum	No. of Beneficiaries	1	1	1	1
	iii) Children in need of care and protection	No. of Beneficiaries	650	425	800	425
	iv) Prevention and control of Juvenile Social mal-adjustment	No. of Beneficiaries	500	160	650	340
	v) Crèche	No. of Beneficiaries	1	1	1	NA
B	Women Welfare Programme					
	i) Women Welfare Training cum Protection centre.	No. of Beneficiaries	500	205	800	325
	ii) Pension to destitute Women	No. of Beneficiaries	870	370	1170	370
C	Welfare Programme for Physically Handicapped.					
	i) Award of scholarship to Physically Handicapped Persons.	No. of Beneficiaries	707	437	1287	437
	ii) Pension to Invalid Person.	No. of Beneficiaries	970	467	1317	467
	iii) Supply of Prosthetic aid to Physically Handicapped Persons	No. of Beneficiaries	500	500	1400	450

Source: Compiled from Ninth Five-Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Coordination Department, Government of Nagaland.

From Table 3.16.it is seen that during the Eight Plan under Social Security and Welfare department the total number of beneficiaries under foster care services was 357 against the target of 360 and 425 children got benefited under children in need of care and protection against the target of 650 and 160 children got benefited against the target of 500 under prevention and control of juvenile and 1 children library cum service was established. On the other hand during the Ninth Plan, a total number of 425 children got benefit against the target of 800 under children in need of care and protection and 340 children got benefited against the target of 650 under prevention and control of juvenile and 1 children library cum was set up against the target of 1.

Under the women welfare programme, during the Eight Plan 205 women were provided training against the target of 500 and 370 destitute women got pension against the target of 870. On the other hand during the Ninth Plan period, 325 women received training against the target of 800 and 370 destitute women were provided pension against the target of 1,170. Under the welfare programme of physically handicapped, during the Eight Plan a total of 437 physically challenged people were awarded scholarships against the target of 707 ad 467 people were provided pension against the target of 970 and 500 physically challenged people were supplied prosthetic aid against the target of 500. On the other hand during the Ninth Plan, 437 physically challenged people were awarded scholarship against the target of 1,287 and 467 people were provided pension against the target of 1,317 and 450 physically challenged were give prosthetic aid against the target of 1400. The scheme-wise overall physical achievement in terms of percentage under Social Security and Welfare Department during the Eight Plan was 63.41 percent and that of Ninth Plan was 37.90 percent only.

3.2.5. Art and Culture:

The traditional culture that enabled the numerous Naga tribes to survive in isolation through ages evolved from a geographical, linguistic, ethnic and cultural diversity. As a result, there have been stores of diverse traditions and cultures which have become component of the National wealth. This needs to be protected and preserved. The political problem prevalent in the state is also related to the fears of the tribal communities of losing their identity in the mass of India's population. Accordingly

special provisions have been kept for the preservation and promotion of the Naga tradition and cultural under Article 371 A of the Indian constitution. Modernity coupled with the changing socio-political scenario is however, bringing the different groups of the people closer as also with the people of other states of the country. Infact, a cultural renaissance in recent years is quite noticeable in the state and activities like performing art, plastic art, literary art and other forms of arts are being actively revived through voluntary cultural organization. The total amount allocated to the department was Rs.5 crores in the Eight Plan¹⁰⁰ and Rs.9 crores during the Ninth Plan.¹⁰¹ Thus the total outlay during the Eight Plan was Rs.5 crores which increased to Rs.9 crores during the Ninth Plan.

TABLE 3.17.

Programme-Wise Physical Targets and Achievements under Art and Culture during Eight and Ninth Five-Year Plan (1992-2002).

Sl.No.	Item	Unit	Eight Plan (1992-1997)		Ninth Plan (1997-2002)	
			Targets	Achievements	Targets	Achievements
1	Promotion of Culture	Unit 8	100	30	100	20
2	Studies and Research	Unit 8	25	17	12	5
3	Museums	Unit 8	50	17	435	160
4	Archives	Unit 1	10000	1350	850	300
5	Library	Unit 8	20000	5100	10000	2000
6	Archaeology	Unit 1	NA	NA	30	8
7	Works Programme	Unit 5	15	1	5	4

Source: Compiled from Ninth Five-Year Plan 1997-2002 and Annual Plan 1997-98 and Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Coordination Department, Government of Nagaland.

It is observed from Table 3.17.that during the Eight Plan under Art and Culture department, 30 programmes on the promotion of culture was conducted against the target of 100 and 17 research studies were conducted against the target of 25. The department

¹⁰⁰ Ibid, n.6, p.40.

¹⁰¹ Ibid, n.6, p.40.

conducted a tour and 17 museums were visited against the target of 50 and 5,100 books were procured for the Kohima State Library against the target of 20,000 and 1 works programme was conducted against the target of 15. On the other hand during the Ninth Plan, a total of 20 activities were taken up for the promotion of culture against the target of 100 and 5 research studies were conducted against the target of 12. A total of 2,000 books were procured for the State Library against the target of 10,000 and 8 archeological surveys were conducted against the target of 30 and 4 works programme was conducted against the target of 5. Thus the scheme-wise overall achievement in terms of percentage under Art and Culture Department during the Eight Plan was 21.57 percent and that of Ninth Plan was 21.84 percent only.

3.2.6. Conclusion:

From the above analysis it is seen that during Eight Five-Year Plan under the Economic Sector, the highest amount of allocation went to Rural Development department with 24.86 percent of the total outlay and the percentage of utilization of fund was 102 percent, followed by energy and roads and bridges sharing the same percentage of 15.52 percent and 15.52 percent respectively and the utilization percentage was 152.98 percent and 152.98 percent respectively. Forest and irrigation and flood control shared 7.5 percent and 6.57 percent each and the expenditure incurred were 32.82 percent and 70.08 percent respectively. Agriculture and large and medium industries share 6.2 percent and 5.26 percent and the percentage of utilization of fund was 83.08 percent and 5.74 percent respectively. The remaining percentage are split up to village and small industries with 5.09 percent, road transport 4.47 percent, veterinary and animal husbandry 4.21 percent each and the utilization percentage was 56.84 percent, 88.23 percent and 85.56 percent respectively. The least share of amount went to soil conservation and sericulture with 3.44 percent and 1.31 percent and the percentage of utilization was 61.35 percent and 83.8 percent respectively.

During the Ninth Plan under the Economic Sector, the top priority was given to roads and bridges and rural development with 25.29 percent and 24.62 percent and the utilization percentage was 58.85 percent and 75.72 percent respectively followed by energy with 11.49 percent and the utilization percentage was 85.73 percent. Agriculture

and irrigation and flood control share 7.07 percent and 5.60 percent and the expenditure were 23.61 percent and 51.49 percent respectively. The other sectors like large and medium industries, forest, road transport share the percentage of 5.11 percent, 5.01 percent and 3.93 percent respectively and the utilization percentage was 32.90 percent, 32.4 percent and 85 percent respectively. Sectors like soil conservation, village and small industries, veterinary and animal husbandary share 3.14 percent, 3.14 percent and 3.43 percent respectively and the utilization percentage works out to be 55.62 percent, 64.21 percent and 57.77 percent respectively. The lowest share went to sericulture with 2.12 percent and the percentage of utilization was 32.40 percent. The total allocation for the economic sector during the Eight Plan was Rs.380 crores which has increased three-fold in the Ninth Plan with 1,017.55 crores and the total percentage of utilization of fund allocation during the Eight Plan works out to 99.13 percent and that of Ninth Plan was only 61.04 percent.

Under the Social Services Sector during the Eight Plan, the highest share of allocation of fund went to medical and public health and social security and welfare department with 21.33 percent and 21.33 percent respectively and the percentage of utilization of fund was 128 percent and 128.16 percent respectively followed by education and water supply with 18.13 percent and 18.13 percent each and the utilization percentage was 106 percent and 87.79 percent respectively. The bottom share went to the department of school education, higher education and art and culture with 13.65 percent, 5.31 percent and 2.09 percent each and the utilization percentage was 53.14 percent, 81.84 percent and 85 percent respectively.

Similarly, during the Ninth Plan under the Social Services Sector, maximum outlay went to the department of medical and public health and social security and welfare with 20.94 percent and 20.94 percent each and the utilization percentage was 88.80 percent and 88.80 percent respectively followed by general education and school education with 20.83 percent and 18.33 percent each and the fund utilization works out to 48.61 percent and 59.87 percent respectively. Water supply and art and culture department shared 13.21 percent and 1.77 percent each with the utilization percentage of 158.52 percent and 73.59 percent respectively. The total outlay for the Eight Plan under the social services sector was Rs.234.35 crores and the total expenditure was Rs.242.19

crores showing an overall utilization percentage of 103.34 percent exceeding by 3.34 percent and that of Ninth Plan was Rs.507.50 crores and the total expenditure was Rs.365.73 crores showing a utilization percentage of 72.06 percent.

Hence, the performance of Eight Plan was better as compared with the Ninth Plan in terms of fund utilization for the Social Services Sector. During the Eight Plan, of the two sectors maximum allocation went to the Economic Sector with 61.85 percent and 38.14 percent went to the Social Services Sector. Similarly during the Ninth Plan, maximum share went to the Economic Sector with 66.72 percent and only 33.27 percent went to the Social Services Sector. Moreover the total outlay under the Economic Sector increases from Rs.380 crores during the Eight Plan to Rs.1,017.55 crores during the Ninth Plan and under the Social Services Sector the total outlay increases two-fold from Rs.234.35 crores to Rs.507.5 crores during the Ninth Plan.

It is also seen from the foregoing analysis that during Eight and Ninth Five-Year Plan the average percentage of achievements of both the Economic Sector and Social Services Sector was quite poor. Under the Economic Sector, during Eight and Ninth Five-Year Plan there was a shortfall in almost all the schemes or programmes in the achievement percentage. The scheme-wise percentage of achievement for agriculture was only 50.94 percent and 46.35 percent, horticulture was 24.42 percent and 102.05 percent, Soil conservation 69.72 percent and 23.36 percent, forest 11.03 percent and 25.01 percent, irrigation and flood control 9.18 percent and 8.09 percent, sericulture 29 percent and 8.22 percent, rural development 24.95 percent and 7.49 percent. Small and village industries were able to achieved 18.92 percent in the Eight Plan and 9.28 percent during the Ninth Plan against the target and large and medium industries achieved the percentage of 37.84 percent during the Eight Plan and 9.38 percent during the Ninth Plan. Roads and bridges was able to achieved an average percentage of 43.31 percent and only 4.41 percent during the Eight and Ninth plan respectively. Road transport secured 47.62 percent and 16.35 percent during the Eight and Ninth Plans respectively and veterinary and animal husbandry secured 90.37 percent and 101 percent during Eight and Ninth Plan respectively.

Under the Social Services Sector the percentage of achievements of various schemes or programmes for school education during Eight and Ninth Five-Year Plan

were (85.64 percent) and (111 percent) respectively and higher education (22.07 percent) and (100 percent), medical and public health (119.14 percent) and (83.98 percent), water supply (13.50 percent) and (13.01 percent). Social security and child welfare department achieved (57.81 percent) and (37.90 percent) and art and culture department achieved 21.57 percent and 21.84 percent respectively.

Thus it can be concluded that during Eight and Ninth Five-Year Plan, the overall performance of various development heads falling under Economic Sector and Social Services Sector in terms of scheme-wise physical achievement fall short of the target except few departments where the percentage of achievement rise above the target level. If we compare the performance of the two Sectors during Eight and Ninth Plan, it is found that the performance of the Social Services Sector was better in few departments like School Education and Higher Education and Medical and Public Health where the average percentage of achievement level stood above 80 percent. The reason for the poor performance in terms of physical achievement during Eight and Ninth Five-Year Plan can be attributed to the changing funding pattern of the central government towards the special category states since 1989-90 where the state's BCR (Balance from current Revenue) gaps covered through 100 percent central assistance was stopped and a drastic reduction in the percentage share of central transfers to the state from 1.23% in the Tenth Finance Commission (1995-2000) to 1.02 percent in the Eleventh Finance Commission (2000-2005) working out to the shortage of Rs.913 crores where the total central assistance provide to the state for the entire Ninth Plan was Rs.1,253 crores. Hence, consistency in the flow of funds from the centre to the state is very crucial for a poor state like Nagaland that solely depends upon the centre for its day to day survival and for various developmental activities to carry on smoothly. Any deviation in the funding pattern towards the state will make the state landing up in a debt trap due to its very limited source of raising revenue from its internal sources. This chapter argues that the poor performance in terms physical achievement during Eight and Ninth Plan was not only due to the shortage of fund from the centre but also due to the failure of the state government in generating sufficient amount of revenue from its internal resources to fund the various development schemes and programmes resulting to the development activities confined only to the parameters set by the funding agency which in the case of Nagaland

is the Government of India. This argument is further supported by a study conducted by Gita Jaiswal, on the performance of state government during 1993-2000 on governance, service delivery system, fiscal management, effort to raise its own resource, efforts to reduce non-development expenditures, building up of economic infrastructures, revitalizing agriculture and effort to attack corruption, it is revealed that the state of Nagaland has failed miserably in all the areas in lesser or more degree. The state governance and administration was lacking accountability and public service delivery system was far from satisfactory, corruption or mismanagement of funds was found to be very high.¹⁰² Thus the state government did not show much effort to raise its own resources so as to achieve the long term objective of sustainability. In certain cases the state government even diverts the development funds in paying the pay wages and salaries of its employees.

¹⁰² Gita Jaiswal, Receipts and Expenditures of the Government of Nagaland (from 1993-2000) A Case Study of the Finances of a Special Category States (Ph.D. Thesis.) Dibrugarh University, 2002.

CHAPTER-IV

TRENDS IN INVESTMENT AND DIMENSIONS OF ECONOMIC GROWTH IN NAGALAND DURING EIGHT AND NINTH FIVE-YEAR PLAN (1992-2002): COMPARATIVE ANALYSIS

This chapter examines the pattern of investment and growth of state income during Eight and Ninth Five-Year Plan in Nagaland. It deals with the growth rate of state income, per capita income and sectoral contribution to the state income during the same period. Comparative analysis has been made for all the three sectors such as Primary, Secondary and Tertiary sector by applying formula pertaining to Simple Annual Growth Rate and Compound Annual Growth Rate during Eighth and Ninth Five-Year Plan.

State Domestic Product has been widely used as a measure of the degree of the development of the economy of the state as well as for studying the structural shifts within the state among the constituent sectors. They tend to provide the most comprehensive indicator of the over-all performance of the economy of the state. Analysis of these estimates over a period of time reveals the extent and direction of changes in the level of economic development. State income estimates, in conjunction with the sectoral break-ups over a period of time, are of immense value to gaining an insight in to the structure and operation of state's economy and thereby facilitating formulation of balanced and coordinated plans of economic development of industrial and agricultural economies of the different regions. These estimates, when studied in relation to the total population of the state, indicates the level of per capita net output of goods and services in the state's progress. A specified annual growth rate of per capita State Domestic Product is usually kept as one of the objectives in drawing up plans for economic development at state level. Simon Kuznets has rightly observed that 'a growing per capita income is a sign of development'. It is thus obvious that these estimates provides a very useful insight in to the changes in the level and pattern of economic activities and in the context of planning, serve as a very important tool for the assessment of economic growth as well as for the formulation of development plans. The targeted growth rate is further sought to be achieved in the divided sectors by investment through planned sectoral allocations.

4.1. Pattern of Investment during Eight and Ninth Five-Year Plan (1992-2002):

It would be interesting to analyze the pattern of investment in the Economic Sector vis-à-vis the Social Services Sector during Eight and Ninth Five-Year Plan. From table 4.1 it is seen that the outlay for the economic sector during Eight Plan was

Rs.396.67 crores¹ out of total Rs.1,784.52 crores² which covers about 63.79 percent and the total expenditure was Rs.340.59 crores³ out of the total Rs.1,260.59 crores⁴ showing a utilization of 58.98 percent, whereas in the Ninth Plan, the approved outlay for the Economic Sector was Rs.1,387.85 crores⁵ out of the total outlay of Rs.1,881.54 crores⁶ and the expenditure incurred was Rs.920.30 crores⁷ out of the total outlay of Rs.1,386.02 crores⁸ showing the utilization of 66.40 percent. On the other hand, the approved outlay assigned to the Social Services Sector in the Eight Plan was Rs.225.20 crores out of the total Rs.1, 784.52 crores⁹ covering 36.21 percent. The expenditure incurred in the Eight Plan for the Social Services Sector was Rs.236.84 crores out of the total expenditure of Rs.1, 260.89 crores¹⁰ showing the utilization of 41.02 percent. In the Ninth Plan, budget allocation for the Social Services sector was Rs.493.69 crores out of the total outlay of Rs.1, 881.54 crores¹¹ which is 26.24 percent. The total investment for the Social Services Sector in the Ninth Plan was Rs. 465.72 crores out of the total outlay of Rs.1, 386.02 crores¹² showing the utilization of 33.60 percent.

¹Government of Nagaland, Ninth Five-Year Plan and Annual Plan 1997-98, Kohima, Planning and Co-ordination Department, 1997, p.184.

² Ibid, n.1, p.185.

³ Ibid, n.1, p.185.

⁴ Ibid, n.1, p.185.

⁵Government of Nagaland, Tenth Five-Year Plan 2002-2007 and Annual Plan 2002-2003, Kohima, Planning and Co-ordination Department, 2002, pp.S-1-S-4.

⁶ Ibid, n.5, S-1-S-5.

⁷ Ibid, n.5, pp S-1-S-4

⁸ Ibid, n.5, S-1 – S-5.

⁹ Government of Nagaland, n.1, p.188.

¹⁰ Ibid, n.1, p.186

¹¹ Government of Nagaland, n.5, p.S-4

¹² Ibid, n.5, p.S-5.

TABLE 4.1

Pattern of Investment in Economic and Social Services Sectors during Eight and Ninth Five-Year Plan in Nagaland (1992-1997 to 1997-2002).

(Rs.in lakhs)

Sl.No.	Major Heads of Development	Eight Plan (1992-1997)		Ninth Plan (1997-2002)	
I	Economic Sector	Outlay	Expenditures	Outlay	Expenditures
1	Agriculture and Allied activities	8450.00	7650.75	26000.00	11137.55
2	Rural Development	9450.00	9669.00	29145.00	19998.58
3	Special Area Programme	1050.00	1035.00	2700.00	3813.06
4	Irrigation and Flood Control	2500.00	1492.82	5700.00	2937.00
5	Energy	5900.00	9026.00	11700.00	10030.98
6	Industry and Minerals	4900.00	3321.34	12100.00	7490.24
7	Transport and Communication	1617.00	NA	30540.00	17302.07
8	Science and Technology	140.00	108.83	500.00	138.31
9	General Economic Services	5660.00	1755.78	20400.00	19182.25
	Total	39667.00	34059.52	138785.00	92030.04
II	Social Services Sector				
1	General Education	4295.00	3937.00	10001.00	7670.82
2	Technical Education	450.00	318.44	1200.00	1434.83
3	Sports and Youth Services	950.00	939.03	3000.00	1135.92
4	Art and Culture	500.00	416.53	900.00	662.31
5	Medical and Public Health	5000.00	6430.36	10631.00	9441.14
6	Water supply and sanitation	3500.00	3731.21	6700.00	10636.03
7	Housing	3565.00	3508.79	9646.60	10265.04
8	Urban Development	1670.00	3199.00	3891.00	3749.63
9	Information and Publicity	590.00	423.77	1000.00	624.35
10	Labour and Employment	850.00	547.71	1900.00	723.45
11	Social Security and Welfare	1150.00	233.13	500.00	228.75
	Total	22520.00	23684.97	49369.6	46572.27
	Total (I+II)	178452	126089.56	188154.6	138602.31

Source: Compiled from the Ninth (1997-2002) and Tenth Five-Year Plan (2002-2007), Kohima, Planning and Co-ordination Department, Government of Nagaland, 2002, and 2007.

Note: Figures in the brackets are percentage to the total.

Analysis:

During Eight Five-Year Plan, highest investment under Economic Sector went to agriculture and allied services and rural development with 13.59 percent and 15.20 percent respectively followed by energy, industry and mining and irrigation with 9.49 percent 7.88 percent and 4.02 percent respectively. The general economic services share 9.10 percent of the total investment and the least percentage share has gone to science and technology and transport and communication with 0.23 percent and 2.60 percent respectively. On the other hand, under Social Services Sector, maximum investment goes to medical and public health and general education with 8.04 percent and 6.91 percent respectively of the total percentage of 36.21 percent. Water supply and sanitation and housing share 5.63 and 5.73 percent each.¹³

During the Ninth Plan, under Economic Sector, the percentage of investment for various sub-sectors are as follows such as Agriculture and allied activities (13.82 percent), Rural development (15.49 percent), Special Area Programme (1.43 percent), irrigation and flood control (3.03 percent), energy (6.22 percent), Industry and mineral (6.43 percent), Transport and communication (16.43 percent), science and technology (0.27 percent), general economic services (10.84 percent).¹⁴

In the Social Services Sector, the percentage share of total investment are as follows such as medical and public health (5.65 percent), general education (5.32 percent), Housing (5.13 percent), Water supply and sanitation (3.56 percent), Urban development (2.07 percent), sports and youth services (1.59 percent), labour and employment (1.01 percent), Information and Publicity (0.53 percent), Art and culture (0.48 percent), social security and welfare (0.27 percent) and Technical education (0.64 percent).

The investment for most of the sub-sectors under Economic Sector shows a declining trend in the Ninth Plan as compared with the Eight Plan except few like the agriculture and allied activities which increased from 13.59 percent in the Eight Plan to 13.82 percent in the Ninth Plan showing an increase of 0.23 percent. And for rural

¹³The share of investment percentage in other sub-sectors during the Eight plan are Urban development (2.69 %), labour and employment (1.37%), social security and welfare (1.85%), Art and culture (0.80%), technical education (0.72%), Information and Publicity (0.95%).

¹⁴The percentage share of investment for transport and communication has tremendously increased in the ninth plan. It has increased to 16.43 percent in the ninth plan from 2.60 percent in the eight plan showing an increased of 13.83 percent.

development it increased from 15.20 percent in the Eight Plan to 15.49 percent in the Ninth Plan, transport and communication from 2.60 percent in the Eight Plan to 16.23 percent in the Ninth Plan.

The general economic services increased from 9.10 percent in the Eight Plan to 10.84 percent in the Ninth Plan. Other sub-sectors like Special Area Programme which decline from 1.69 percent in the eight plan to 1.43 percent in the Ninth Plan, Irrigation and Flood Control, from 4.02 percent to 3.03 percent, Energy from 9.49 percent to 6.42 percent, Industry and Minerals from 7.88 percent to 6.43 percent during the same period respectively. Likewise, even under the Social Services Sector, the investment in various sub-sectors decline during Ninth Plan as compared with Eight Five-Year Plan except sports and youth services that increased from 1.53 percent in the Eight Plan to 1.59 percent in the Ninth Plan.

Thus, it can be said that maximum allocation is made in the Economic Sector and only one-third of the total allocation has gone to the Social Service Sector during Eight Five-Year Plan. The total percentage share of the total outlay for the economic sector was 63.79 percent and the Social Services Sector received only 36.21 percent during the Eight Five-Year Plan showing a difference of 26.58 percent. However the utilisation percentage gives a contrasting picture with the Economic Sector covering about 58.98 percent and the Social Services Sector with only 41.02 percent. It is seen that in the Eight Plan, the funds allocated for the Economic Sector was not fully utilized by 4.81 percent whereas for the Social Services Sector the utilisation percentage went above the approved outlay by 4.81 percent.

In the Ninth Plan, the outlay for the Economic Sector has increased to 73.76 percent from 63.79 percent in the Eight Plan showing an increased of 9.97 percent, whereas the share of Social Services Sector has decreased to 26.24 percent in the Ninth Plan from 36.21 percent in the Eight Plan showing a decline of 9.97 percent. The utilisation percentage for the Economic Sector during the Ninth Plan was 66.40 percent out of the total percentage of 73.76 percent for the Economic Sector. On the other hand the percentage of utilisation in the Social Service Sector was 33.60 percent out of the total percentage of 26.24 percent of the total outlay showing an excess of utilisation by 7.36 percent against the total outlay. A similar trend is seen even in the Ninth Plan with

poor utilisation of fund in the Economic Sector and excess of utilisation percentage in the Social Services Sector.

4.2. Investment Trends from Third to Ninth Five-Year Plan (1961 to 2002):

It is seen from Table 4.2 given below that in the Third Five-Year Plan, the total outlay was Rs.7.15 crores and the expenditure was Rs.10.79 crores¹⁵ exceeding the outlay by R.3.64 crores showing an utilisation of 150.90 percent. In the Fourth Plan, the total outlay was Rs.40.00 crores and the actual expenditure was Rs.38.52 crores¹⁶ showing an utilisation ratio of 96.3 percent whereas in the Fifth Plan, the approved outlay was only Rs.83.63 crores and the expenditure was Rs.96.25 crores.¹⁷

TABLE 4.2.

Plan Outlay and Expenditure from Third to Ninth Five-Year Plan in Nagaland (1961-66 to 1997-2002)

(Rs. in crores)

Five-Year Plans (1961-2002)	Approved Outlay	Actual Expenditure	Utilisation Ratio (%)
Third Five Year Plan (1961-66)	7.15	10.79	150.90
Fourth Five Year Plan (1969-74)	40.00	38.52	96.3
Fifth Five Year Plan (1974-79)	83.63	96.25	115.09
Sixth Five Year Plan (1980-85)	210.00	220.00	104.76
Seventh Five Year Plan (1985-90)	347.00	348.21	100.34
Ad hoc Plan (1990-92)	315.00	307.85	97.73
Eight Five Year Plan (1992-97)	844.00	939.80	111.35
Ninth Five Year Plan (1997-2002)	2006.43	1493.24	74.42

Source: Compiled from Para Dr.Deka and S.Rongsen Longkumer, Five-Year Plan and socio-economic development of Development Nagaland: An Overview, Department of Commerce, Nagaland University, Kohima campus, Kohima, 2004, p.117.

¹⁵ Dr.Deka and S.Rongsen Longkumer, Five-Year Plan and Socio-Economic Development of Nagaland :An overview in NURJ, Vol.2,2004,, Kohima, Department of Commerce, Nagaland University, Kohima Campus, p.117.

¹⁶ Ibid, n.15, p.117.

¹⁷ The ratio of Utilisation has come up to 115.09 percent showing an excess of 15.09 percent, Ibid, n.15, p.117

Similarly in the Sixth Plan the total outlay was only Rs.210 crores but the total expenditure was Rs.220 crores¹⁸ and the utilization ratio was 104.76 percent showing an excess percentage of 4.76 percent. During the Seventh Plan, the total outlay was Rs.347 crores and the actual expenditure was Rs.348.21 crores¹⁹ and the ratio of utilization was 100.34 showing an excess percentage of 34 percent. During an ad hoc plan (1990-92), the total outlay was Rs.315 crores and the total expenditure was Rs.307.85 crores²⁰ and the utilization ratio was 97.73 percent.

In the Eight Plan, the total outlay was Rs.844 crores and the actual expenditure was Rs.939.80 crores²¹ showing an utilisation ratio of 111.35 percent with 11.35 percent in excess. In the Ninth Plan, the approved outlay has increased to Rs.2006.43 crores and the actual utilisation was Rs.1493.24 crores²² showing an utilisation ratio of 74.42 percent.

Thus the total outlay from the Third Five-Year Plan to the Ninth Five-Year Plan has increased constantly in all the plans, whereas the actual expenditure exceeds the total outlay in most of the plans except in Fourth Plan, ad hoc plan and in the Ninth Plan where the percentage of utilization falls below the outlay. It is also evident from the above table that the utilization percentage is quite high and exceeds the approved outlay in almost all the plans except in the Fourth Plan, ad hoc plan and in the Ninth Plan where the percentage of utilisation falls below the approved outlay.

4.3. Investment and Growth Rate of State Income (NSDP) during Seventh, Eight and Ninth Five Year Plan (1985-2002):

It is revealed from Table 4.3 that the total outlay have increased by more than doubled in the Eight and Ninth Plan. It has increased to Rs.844.00 crores and Rs.2006.43 crores respectively during Eight and Ninth Plan from Rs.347 crores in the Seventh Plan. On the other hand, the Average Annual Growth Rate of State Income shows an increasing trend in the Eight Plan and than decline in the Ninth Plan. In the Seventh Plan,

¹⁸ Ibid, n.15, p.117.

¹⁹ Ibid, n.15, p.117.

²⁰ Ibid, n.15, p.117

²¹ Ibid, n.15, p.117.

²² Ibid, n.15, p.117

the Average Annual Growth Rate was 15.2 percent which has increased to 18.54 percent in the Eight Plan and then decline to 16.35 percent in the Ninth Plan.

The Compound Annual Growth Rate of State Income shows similar trend with an increase in the Eight Plan and then decline in the Ninth Plan. In the Seventh Plan the Compound Annual Growth Rate was 16.42 percent which has increased to 20.37 percent in the Eight Plan and then decline to 17.76 percent in the Ninth Plan. Thus for both Average and Compound Annual Growth Rate, Eight and Ninth Five-Year Plan stood above the Seventh Plan which shows that economy has been growing steadily with every Five-Year Plan.

TABLE 4.3.

Comparative Analysis of total Outlay and Growth Rate of State Income (NSDP) during Seventh, Eight and Ninth Five-Year Plan (1985 -2002).

(Rs.in crores)

(Growth rate in percentage per annum)

Five-Year Plans (1985-2002)	Approved Outlay	Average Annual Growth Rate of NSDP (% per annum)	Compound Annual Growth Rate of NSDP (% per annum)
Seventh Five-Year Plan (1985-90)	347.00	15.2	16.42
Ad hoc Plan (1990-92)	315.00	13.92	14.94
Eight Five-Year Plan (1992-97)	844.00	18.54	20.37
Ninth Five-Year Plan (1997-2002)	2006.43	16.35	17.76

Note: (i) Average Annual Growth Rate and Compound Growth Rate is calculated by using regression equation $\frac{Y_t - Y_{t-1}}{Y_{t-1}} \times 100$ and $\ln Y_t = a + b \ln t$, ($b \times 100$), [exponential (B)-1] $\times 100$ respectively.

(ii) 'Y' is the NSDP over the years and 't' is the time period and 'a' and 'b' are the parameters.

Thus the Average and Compound Annual Growth Rate of State Income shows fluctuation in the Seventh, Eight and Ninth Five-Year Plan whereas the total outlay in all the three plans increased considerably. It is also observed from the foregoing analysis that the increase in the growth rate has not occurred only as the result of the increase in the plan outlay but rather because of other factors, such as rainfall, stability of government and increased in infrastructures.

4.4. State Income:

In the present study, estimates of state income of Nagaland as compiled in the estimates of State Domestic Product of Nagaland of the Directorate of Economics and Statistics of Nagaland government have been analysed with a view to measuring the rates of overall growth and development of the state's economy during Seventh, Eight and Ninth Five-Year Plans as also to indicate what changes, if any have taken place in the state's economic structure. An attempt has also been made to analyze the relative contribution of different sectors to the overall growth of the state's economy with a view to locating sectors which need to be reorganized and strengthened so as to accelerate the pace of growth of the economy to the utmost extent possible. These estimates are in fact, based on income originating concept and relate to net domestic product at factor cost originating within the boundaries of the state, irrespective of the fact whether such incomes are owned by persons living inside or outside the state.

4.5. Annual Growth Rate of Net State Domestic Product (NSDP) and Gross State Domestic Product (GSDP) during Eight and Ninth Five-Year Plan (1992-1997 to 1997-2002):

TABLE 4.4.

Annual Growth Rate of NSDP and GSDP from 1992-2002 at both Current and Constant Prices.

(1992-93 prices)

(Growth rate in percentage per annum)

Year	GSDP		NSDP	
Eight Plan	Current	Constant	Current	Constant
1992-93	10.51	10.51	10.51	10.51
1993-94	63.35	63.35	48.64	48.64
1994-95	16.10	7.68	16.52	7.76
1995-96	13.65	6.91	13.62	7.18
1996-97	11.60	6.63	11.63	7.08
Ninth Plan				
1997-98	14.82	7.82	15.60	8.86
1998-99	2.63	-4.04	2.20	-4.71
1999-00	9.60	-3.25	6.67	0.57
2000-01	54.26	37.18	47.12	38.19
2001-02	62.41	45.16	12.75	6.95

Source: Compiled from the Estimates of State Domestic Product of Nagaland from 1993-94 to 2002-2002, and Statistical Handbook of Nagaland 1996, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004, p.5.

Note: Annual Growth Rate has been calculated by using the regression equation $\frac{Y_t - Y_{t-1}}{Y_{t-1}} \times 100$

As it is revealed in Table 4.4, that the State Income in terms of Gross State Domestic Product registered an annual growth rate of 10.51 percent at current price during 1992-93 which increased to 63.35 percent in the following year and then decline to 11.60 percent during 1996-97 and further rise up to 62.41 percent during 2001-2002.. At constant prices the growth rate of GSDP was 10.51 percent during 1992-93 which rise up to 63.35 percent during 1993-94 and then decline to 6.63 percent during 1996-97 and then shoot up to 45.16 percent during 2001-2002. On the other hand the annual growth of NSDP was registered 10.51 percent at current price during 1992-93 and then rise up to 48.64 percent in the following year and then fall to 11.63 percent during 1996-97 and rise up to 12.75 percent during 2001-2002. At constant price the annual growth rate of NSDP during 1992-93 was 10.51 percent which rise up to 48.64 percent in the following year and then decline to 6.95 percent during 2001-2002. In all the years from 1992-2002, the growth rate of NSDP and GSDP at both current and constant prices shows fluctuations and was not consistent which is due to the inflation of prices.

4.6. Annual Growth Rate of Per Capita Income during Eight and Ninth Five-Year Plan (1992-1997 to 1997-2002)

TABLE 4.5.

Annual Growth Rate of Per Capita Income at both Current and Constant Prices during Eight and Ninth Plan (1992-1997 to 1997-2002)

(at 1992-93 prices)

(Growth rate in percentage per annum)

Year	Per Capita income at NSDP		Per Capita Income at GSDP	
	Current	Constant	Current	Constant
Eight Plan				
1992-93	7.88	7.88	7.88	7.88
1993-94	37.24	37.24	50.83	50.83
1994-95	11.46	3.08	16.67	4.51
1995-96	8.67	2.51	9.66	2.32
1996-97	6.76	2.43	7.31	2.03
Ninth Plan				
1997-98	10.56	4.12	9.83	3.12
1998-99	-4.93	88.64	-4.54	-10.74
1999-00	1.50	-15.17	1.54	-3.63
2000-01	39.98	25.83	38.05	28.26
2001-02	7.27	33.78	9.59	1.94

Source: Compiled from the Estimates of State Domestic Product of Nagaland from 1993-94 to 2002-2002, and Statistical Handbook of Nagaland 1996, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004, p.5.

Note: Annual Growth Rate has been calculated by using the regression equation $\frac{Y_t - Y_{t-1}}{Y_{t-1}} \times 100$

From Table 4.5, it is observed that the per capita income at Net State Domestic Product at current prices is registered an annual growth of 7.88 percent during 1992-93 which has increased to 10.56 percent during 1997-98 and falls down to 7.27 percent during 2001-2002. On the other hand the annual growth rate of per capita income (NSDP) at constant prices was 7.88 percent during 1992-93 which decreased to 4.12 percent during 1997-98 and then increased to 33.78 percent during 2002-02. Similarly the annual growth rate of per capita income at Gross State Domestic Product at current prices was 7.88 percent during 1992-93 which increased to 9.83 percent during 1997-98 and then declined to 9.59 percent during 2001-02. At constant prices the annual growth rate of per capita income at Gross State Domestic Product was 7.88 percent during 1992-93 which fell to 3.12 percent during 1997-98 and further decreased to 1.94 percent during 2001-2002. The above analysis shows that there are fluctuations in the annual growth rate of per capita income at Net State Domestic Product at both constant and current prices from 1992-2002. Similarly annual growth rate of per capita income at Gross State Domestic Product at both current and constant prices shows a similar trend of fluctuations throughout the period.

4.7. State Income (NSDP) and Per Capita Income from Seventh to Ninth Five-Year Plan (1985-2002):

It is evident from Table 4.6 that State Income (NSDP) and per capita income at current prices have constantly increased since the beginning of the Seventh Five-Year Plan till the end of Ninth Five-Year Plan. State Income which was only Rs.261.15 crores in 1985-86²³ increased to Rs.841.52 crores during 1992-93²⁴ which further increases to Rs.3, 864.11 crores during 2001-2002.²⁵ Similarly, per capita income has also increased from Rs.3, 046 in 1985-86²⁶ to Rs.6, 652 during 1992-93²⁷ and to Rs.18, 911 lakhs during

²³ Government of Nagaland, Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, 1991, p.379.

²⁴ Government of Nagaland, Statistical; Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, 1996, p.372.

²⁵ Government of Nagaland, Statistical; Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, 2004, p.375.

²⁶ Government of Nagaland, n.23, p.420.

²⁷ Government of Nagaland, n.24, p.375.

2001-2002.²⁸ Thus there is a positive correlation between the State Income and the per capita income which shows a constant increased since the beginning of the Seventh Five-Year Plan.

TABLE 4.6.

State Income and Per capita Income of Nagaland from 1985 -2002 at factor cost.

(At 1985-86 and 1992-93 prices)

(Rs. in Lakhs)

Year	Net State Domestic Product (at Factor cost)	Per Capita Income
Seventh Five-Year Plan current price		
1985-86	26,115	2800
1986-87	29,390	3034
1987-88	33,818	3363
1988-89	36,118	3463
1989-90	50,384	4659
Annual plans		
1990-91	66,256	5498
1991-92	76,151	6166
Eight Five-Year Plan	N.S.D.P (at factor cost)	Per Capita Income
1992-93	84,152	6652
1993-94	1,25,080	9129
1994-95	1,45,749	10,175
1995-96	1,65,597	11,057
1996-97	1,84,852	11,805
Ninth Five-Year Plan	N.S.D.P(at factor cost)	Per Capita Income
1997-98	2,13,682	13,052
1998-99	2,18,382	12,408
1999-2000	2,32,955	12,594
2000-2001	3,42,720	17,629
2001-2002	3,86,411	18,911

Source: Compiled from Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, 1991, 1996, 2004.

²⁸ Government of Nagaland, Important Economic Indicators of Nagaland 2004, Kohima, Directorate of Economics and Statistics, 2004, p.30.

4.8. Trend of Growth Rate in State Income (NSDP) during Seventh, Eight and Ninth Five-Year Plan (1985-2002).

TABLE 4.7.

Average and Compound Annual Growth rate of State Income during Seventh, Eight and Ninth Five-Year Plan (1985-2002).

(At 1985-86 and 1992-93 prices)

(Growth rate in percentage per annum)

Period	State Income	
	Average Annual Growth Rate	Compound Annual Growth Rate
Five-Year Plans (1985-2002)		
Seventh Five-Year Plan (1985-90)	15.2	16.42
Eight Five-year plan (1992-1997)	18.54	20.37
Ninth Five-Year plan (1997-2002)	16.35	17.76

Note: (i) Average Annual Growth Rate has been calculated by using the regression equation $\frac{Y_t - Y_{t-1}}{Y_{t-1}} \times 10$

(ii) Compound Annual Growth Rate has been calculated by the regression equation, $\ln y_t = a + bt$, $(e^{bt} \times 100) [Exponential (B)-1] \times 100$.

(iii) 'y' is the NSDP over the years and 't' is the time period and 'a' and 'b' are the parameters.

As it is revealed in Table 4.7 that the average annual growth rate of State Income during Seventh Five-Year Plan was 15.2 percent which has increased to 18.54 percent during Eight Five-Year Plan and then decreases to 16.35 percent during Ninth Five-Year Plan. Likewise the Compound annual growth rate of State Income during Seventh Five-Year Plan was 16.42 percent which has increased to 20.37 percent during Eight Plan and then declined to 17.76 percent during Ninth Five-Year Plan showing a decrease of 2.61 percent.

4.9. Trend of Growth Rate in Per Capita Income during Seventh, Eight and Ninth Five-Year Plan (1985-2002):

Table 4.8 reveals that the average annual growth rate of state Per Capita Income in percentage-wise during Seventh Five-Year Plan was 11.51 percent which has increased to 13.37 percent during the Eight Plan and then decline to 10.93 percent during the Ninth Plan. The compound annual growth rate of per capita income was 12.20 percent in the

Seventh Plan that increases to 14.30 percent in the Eight Plan and then decreases to 11.55 percent in the Ninth Plan. The reason for the fall of State Income and per capita income during the Ninth Five-Year Plan can be attributed to the drastic reduction in the percentage share of total central transfers to the state from 1.23 percent in the award of the Tenth Finance Commission to 1.02 percent in the eleventh Finance Commission.²⁹ In terms of money it works out to a colossal amount of over Rs.900 crores over a period of five years. This reduction proves to be very substantial for a state like Nagaland where the total Central assistance provided to the state for the entire Ninth Five-Year Plan has been Rs.1253.44 crores.³⁰

TABLE 4.8.

Average and Compound Annual Growth Rate of Per Capita Income during Seventh, Eight and Ninth Five-Year Plan (1985-2002).

(At 1985-86 and 1992-93 prices)		(Growth rate in percentage per annum)	
Period	Per Capita Income		
	Average Annual Growth Rate	Compound Annual Growth Rate	
Five Year Plans (1985-2002)			
Seventh Five-Year Plan (1985-90)	11.51	12.20	
Eight Five-Year plan (1992-1997)	13.37	14.30	
Ninth Five-Year plan (1997-2002)	10.93	11.55	

Source: Calculated from Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 1991, 1996, 2004

Note: (i) Simple Annual Growth Rate has been calculated by using the regression equation $\frac{Y_t - Y_{t-1}}{Y_{t-1}} \times 100$

Y_{t-1}

(ii) Compound Annual Growth Rate has been calculated by the regression equation, $\ln y_t = a + bt$, $(\times 100)$ [Exponential (B)-1] $\times 100$

(iii) 'y' is the NSDP over the years and 't' is the time period and 'a' and 'b' are the parameters.

²⁹ Government of Nagaland, n.5, p.4

³⁰ Ibid, n.5, p.4.

4.10. Trend of Growth Rate in Per Capita Income at both Current and Constant Prices during Eight and Ninth Five-Year Plan (1992-2002):

TABLE 4.9.

Per Capita Income at Current and Constant prices during Eight and Ninth Five-Year Plan (1992-2002)

(Base: 1992-93)

(Rs. in Lakhs)

Year	Per Capita Income	
Eight Five-Year Plan	Current	Constant
1992-93	6652	6652
1993-94	9129	9129
1994-95	10175	9410
1995-96	11057	9646
1996-97	11805	9880
Ninth Five-Year Plan	Current	Constant
1997-98	13052	10287
1998-99	12408	9118
1999-2000	12594	8726
2000-2001	17629	11473
2001-2002	18911	11674

Source: Compiled from the Estimates of State Domestic Product of Nagaland from 1993-94 to 2001-2002, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004,p.20

From Table 4.9 it is evident that per capita income at current prices increased in all the years during Eight and Ninth Five-Year Plans from Rs.9129 in 1993-94 to Rs.18911 in 2001-2002 except in 1998-99 and 1999-2000 which has decline to Rs.12408 and Rs.12594 respectively.³¹ Likewise the per capita income at constant prices increases from Rs.9129 in 1993-94 to Rs.11674 in 2001-2002 with a fall in 1998-99 and 1999-2000 which was Rs.9118 and Rs.8726 respectively.³²

³¹ Government of Nagaland, Estimate of State Domestic Product of Nagaland from 1993-94 to 2001-2002, Kohima, Directorate of Economics and Statistics, 1993, p.20

³² Ibid, n.31, p.20.

4.11. Economic Growth:

To assess the success of planning, it is very pertinent to study the dimensions of economic growth of the state. It is also equally important to study the inter-sectoral growth of our economy, especially in view of the fact that we have embarked upon a socialist pattern of society. If one sector of the economy grows rapidly while the other lags behind continuously there would be growing imbalance in the economic position of the income groups of these sectors, which is likely going to frustrate the very object of our planning. Shortfall in one sector may slow down the pace of growth in other sectors. If there is greater outlay in the industrial sector without corresponding development in agriculture and transport, the growth rate would be slackened not only in that sector but in the economy as a whole. A dimension of economic growth is determined by total investment, whereas directions of economic growth depend upon sectoral allocation of outlay.

4.11.1. Inter-Sectoral Growth:

Broadly speaking, economic activities can be classified in to three categories- primary, secondary and tertiary. Let us study the growth rate in different sectors of the economy and see to what extent there has been a balanced development of the economy and how much it has been diversified. The entire economy of the state is divided in to three broad sectors such as Primary, Secondary and Tertiary Sector. In the Primary sector, we include those occupations in which nature plays a predominant role, such as agriculture, forestry and logging, fishing, mining and quarrying. Under the secondary sector, we include manufacturing, construction, electricity, water supply and gas. The tertiary sector includes all services like transport, storage and communication, trade, hotel and restaurant, banking and insurance, real estate, ownership of dwelling and business services, public administration and other services which are not covered in the primary and secondary sectors.

The study of relative growth of these sectors is vital for the developing economy. An under-developed economy is necessarily an agriculture based economy where there is considerable “disguised unemployment” and lack of employment opportunities outside agriculture. And as such in an underdeveloped economy primary sector predominates. In

such an economy savings for the large mass of the people are practically zero and whatever savings exist are usually achieved by a landholding class and such savings are not available for investment in industry and commerce. Consequently, there is very little capital per head available for investment, which affects adversely the growth of secondary sector. The growth of the secondary sector depends largely upon the growth of the tertiary sector. It would be difficult to conceive of an agricultural based economy without a network of transport and communication system. Infact the growth of all three sectors is so inter-woven that we cannot afford to neglect the growth of any one sector without impeding the growth of the entire economy. All that we can emphasize is that there should be a balanced growth of all the sectors. One sector should not be allowed to grow at the expense of the other.

TABLE 4.10.

Net State Domestic Product at Current Prices by Industry of Origin during Eight and Ninth Five-Year Plan (1993-2002).

(at 1993-94 Prices)

(Rs. in Lakh)

	Industry	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-2001	2001-2002
1	Agriculture	26101	32731	31667	37686	50279	55805	60645	94209	116125
2	Forestry and Logging	5790	6863	6928	8092	7229	7650	8722	9998	10513
3	Fishing	442	610	863	1265	1424	1677	2016	1980	2166
4	Mining and Quarrying	0	0	0	0	0	0	38	109	213
	Primary Sector	32333	40204	39458	47043	58932	65132	71421	106296	129017
5	Manufacturing,	3757	4788	9171	11660	12864	5058	2094	2539	3346
a	Registered	840	1122	4595	6468	3138	728	669	1159	2359
b	Unregistered	2917	3666	4576	5192	9726	4330	1425	1380	987
6	Construction	10136	12241	18317	20629	28647	25363	25290	52866	41296
7	Electricity, Water supply and Gas	1421	1370	2406	2203	2046	3212	219	-3390	-2651
	Secondary Sector	15314	18399	29894	34492	43557	33633	27603	52015	41991
8	Transport, storage and communication	20673	23492	23903	26188	26657	29903	30401	62143	74725
a	Railways	13	13	18	19	12	27	91	64	25
b	Transport by other means	20410	23211	23567	25840	26236	29514	29988	61439	73614
c	Storage	16	20	28	29	30	29	31	37	40
d	Communication	234	248	290	300	379	333	291	603	1046
9	Trade, Hotels and Restaurants	7716	8423	9682	11418	12925	12883	14212	18385	23679
10	Banking and Insurance	1693	1721	1865	2536	2527	2826	2834	5424	5453
11	Real estate, ownership of Dwelling and Business services	15544	17606	19612	21230	23366	24921	27446	31681	36014
12	Public Administration	22724	23348	25968	26988	29585	32174	37943	43625	48821
13	Other Services	9083	12556	15215	14957	16133	16910	21095	24051	26711
	Tertiary Sector	77433	87146	96245	103317	111193	119617	133931	184409	215403
	Grand Total	125080	145749	165597	184852	213682	218382	232955	342720	386411
	Per capita Income	9129	10175	11057	11805	13052	12408	12594	17629	18911

Source: Compiled from the Estimates of State Domestic Product of Nagaland from 1993-94 to 2001-2002, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004, p.4.

Analysis:

It is evident from Table 4.10 that under the Primary Sector, agriculture contributes maximum to the Net State Domestic Product at current prices with 85.65 percent followed by forestry and logging and fishing with 12.17 percent and 2.10 percent respectively and mining share only 0.06 percent. In all the years the share from the primary sector constantly increases except during 1995-96 which falls to Rs.394.58 crores from Rs.402.04 during 1994-95.³³

Under the Secondary Sector, highest contribution to the State Income is from construction with 79.07 percent followed by manufacturing (both registered and unregistered) with 18.61 percent. The share for electricity, water supply and gas was only 2.30 percent during the same period. The share from the secondary sector shows a different picture with fluctuation over the years. The contribution to the State Income constantly increases from 1993-94 to 1997-98 and then from 1998-99 to 1999-2000 it decline and again it pick up during 2000-2001 and falls during 2001-2002.

Under the Tertiary Sector, maximum share comes from the transport storage and communication with 28.18 percent followed by public administration 25.70 percent. Real estate, ownership of dwelling and business services share 19.26 percent and trade, hotels and restaurant share 10.57 percent. Banking and insurance contributes only 2.38 percent and other services share 13.88 percent. The tertiary sector has constantly increased over the years from 1993-94 to 2001-2002.

Hence it is observed, that during 1993-2002, maximum share is from the Tertiary Sector contributing 56.00 percent and Primary Sector with 29.26 percent and Secondary Sector share the least with only 14.73 percent. It is also seen that the contribution from all the three sectors to the state income has increased from Rs.1, 250.8 crores during 1993-94³⁴ to Rs. 3, 864.11 crores during 2001-2002³⁵ showing an increased of Rs. 2, 613.31 crores. In all the years there was constant increased in the Net State Domestic Product. Likewise, the per capita income also increased from Rs. 9, 129 during 1993-94 to Rs.18, 911 during 2001-2002³⁶ showing an increase of Rs. 9, 782.

³³ Ibid, n.31, p.2.

³⁴ Ibid, n.31, p.10.

³⁵ Ibid, n.31, p.10.

³⁶ Government of Nagaland, n.28, p.30

TABLE 4.11.

Net State Domestic Product at Constant Price by Industry of origin during 1993-94 to 2001-2002.
(at 1993-94 prices) (Rs. in Lakhs)

		93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02
1	Agriculture	26101	29539	26575	29772	37809	40053	45529	67606	79496
2	Forestry and Logging	5790	6211	6142	6979	5416	5559	6027	6307	6565
3	Fishing	442	485	637	891	908	1077	1188	1145	1262
4	Mining and Quarrying	0	0	0	0	0	0	34	89	174
	Primary Sector	32333	36235	33354	37642	44133	46689	52778	75147	87497
5	Manufacturing ,	3757	4531	8065	9813	9988	3448	1249	1456	1885
a	Registered	840	1079	4097	5598	2438	462	394	672	1355
b	Unregistered	2917	3452	3968	4215	7550	2986	855	784	530
6	Construction	10136	11203	15451	16628	21462	17630	16589	32303	24218
7	Electricity, Water supply and Gas	1421	1368	2514	2480	2300	2311	66	-2208	-1662
	Secondary Sector	15314	17102	26030	28921	33750	23389	17904	31551	24441
8	Transport, storage and communication	20673	21226	21337	21894	21921	22369	22152	38362	42107
a	Railways	13	14	21	17	4	15	59	43	7
b	Transport by other means	20410	20991	21040	21585	21576	22091	21884	37932	41462
c	Storage	16	16	23	24	24	20	23	23	615
d	Communication	234	205	253	268	317	243	186	364	615
9	Trade, Hotels and Restaurants	7716	7744	8185	9069	9671	8995	9113	11308	13984
10	Banking and Insurance	1693	1704	1664	2124	2114	2205	1796	2761	3194
11	Real estate, ownership of Dwelling and Business services	15544	16780	18043	18797	19719	19465	19831	21609	22672
12	Public Administration	22724	22595	23337	23860	24511	24622	24575	27017	29027
13	Other Services	9083	11404	12519	12397	12587	12746	13253	15287	15611
	Tertiary Sector	77433	81453	85085	88141	90523	904-02	90720	116344	126595
	Grand Total	125080	134790	144469	154704	168406	160480	161402	223042	238533
	Per capita Income	9129	9410	9646	9880	10287	9118	8726	11473	11674

Source: Compiled from the Estimates of State Domestic Product of Nagaland from 1993-94 to 2001-2002, Kohima, Directorate of economics and Statistics, Government of Nagaland, 2004, p.4.

Analysis:

It is evident from Table 4.11, that at Constant prices, Tertiary Sector contributes maximum to the Net State Domestic Product with 50.05 percent and Primary Sector contributes 29.50 percent and the least sector is from Secondary Sector with only 14.45 percent. The Tertiary Sector in Nagaland has been developing momentarily both in the government and private sectors ever since the starting of the planning era, opening new avenues for employment in these institutions. However, the government job sector has reached a point of saturation where it cannot absorb any additional workers.

Under the Primary Sector, highest contribution is from agriculture with 85.79 percent followed by forestry and logging with 12.33 percent and fishing with 1.80 percent and mining and quarrying with only 0.06 percent. Under the Secondary Sector, maximum share of contribution to the Net State Domestic Product at constant prices goes to the construction with 75.83 percent followed by manufacturing with 20.23 percent and electricity, water supply and Gas contributes only 3.93 percent to Net State Domestic Product. Under Tertiary Sector, highest contribution to the Net State Domestic Product is from Transport Storage and Communication with 30.68 percent followed by Public Administration with 29.38 percent, Real Estate ownership and Business services with 22.80 percent. Other services with 15.19 percent, Trade, Hotels and Restaurants with 11.34 percent and the least are from Banking and Insurance with only 2.54 percent.

It is also seen that at constant prices the share from the Primary Sector constantly rises during 1993-94 to 2001-2002 except in the year 1995-96 which falls to Rs.333.54 crores from Rs.362.35 crores during 1994-95³⁷ whereas the Secondary Sector shows a different trend with fluctuations over the period. The Tertiary Sector also shows a constant rise throughout the period during 1993-94 to 2001-2002 except in the year 1998-99 that falls to Rs.904.02 crores from Rs.905.23 crores during 1997-98.³⁸

A high degree of positive correlation between the total State Income and the State Income originating from the Primary Sector, Secondary Sector and Tertiary Sector of economic activity during the various periods, 1993-94 to 2002-2003, can be seen in the Table 4.11.

³⁷ Ibid, n.28, p.4.

³⁸ Ibid, n.28, p.4.

4.11.2. Sectoral Contribution to Net State Domestic Product at both Current and Constant Prices during Eight and Ninth Five-Year Plan (1992-1997 to 1997-2002).

TABLE 4.12.

State Income (NSDP) by Sectoral Contribution at both Current and Constant prices (1992-2002).
(at 1992-1993 prices) (Rs. in Lakh)

State Income of Nagaland (1992-93 to 2001-2002)						
Year	Current Prices			Constant Prices		
Eight Five-Year Plan (1992-1997)	Primary Sector	Secondary Sector	Tertiary Sector	Primary Sector	Secondary Sector	Tertiary Sector
1992-93	23444	11244	49464	23444	11244	49464
1993-94	32333	15314	77433	32333	15314	77433
1994-95	40204	18399	87140	36235	17102	81453
1995-96	39458	29894	96245	33354	26030	85085
1996-97	47043	34492	103317	37642	28921	88141
Ninth Five-Year Plan (1997-2002)	Primary Sector	Secondary Sector	Tertiary Sector	Primary Sector	Secondary Sector	Tertiary Sector
1997-98	58932	43557	111193	44133	33750	90523
1998-99	65132	33633	119617	46689	23389	90402
1999-2000	71421	27603	133931	52778	17904	90720
2000-2001	106296	52015	184409	75147	31551	116344
2001-2002	129017	41991	215403	87497	24441	126595

Source: Compiled from the Estimates of State Domestic Product of Nagaland from 1993-94 to 2001-2002, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004,p.18.

Analysis:

From Table 4.12, it is seen that the share of the Primary Sector to the State Income at current prices was Rs.234.44 crores during 1992-93³⁹ which increased to Rs.1290.17 crores during 2001-2002⁴⁰, whereas, at constant prices, its share increased from Rs.234.44 crores to Rs.874.97 crores⁴¹ during the same period. The share of

³⁹ Government of Nagaland, n.24, p.371.

⁴⁰ Government of Nagaland, n.25, p.374.

⁴¹ Ibid, n.25, p.374.

Secondary Sector at current prices increased from Rs.112.44 crores⁴² to Rs.419.91 crores in 2001-2002⁴³ showing an increased of Rs.307.47 crores whereas at constant prices it increased from Rs.112.44 crores to Rs.244.41 crores⁴⁴ during the same period. In the case of Tertiary sector, its share at current prices increased from Rs.494.64 crores in 1992-93⁴⁵ to Rs.2154.03 crores during 2001-2002⁴⁶, whereas at constant prices it increased from Rs.494.64 crores to Rs.1265.95 crores⁴⁷ during the same period. A similar trend is seen in all the sectors where the share of income to the total State Income increased constantly both at current and constant prices during Eight and Ninth Five-year Plans.

Thus we see that in all the years of the period under study, the State Income and the income from the Primary, Secondary and Tertiary sectors at both constant and current prices moved in the same direction with constant increased throughout the period from 1992-93 to 2001-2002. Therefore, it can rightly be concluded that fluctuations in the income from the Primary, Secondary and Tertiary Sectors are responsible for the fluctuations in the total State Income.

⁴² Government of Nagaland, n.24, p.371.

⁴³ Government of Nagaland, n.25, p.374.

⁴⁴ Government of Nagaland, n.31, p.10.

⁴⁵ Government of Nagaland, n.24, p.372.

⁴⁶ Government of Nagaland, n.31, p.10.

⁴⁷ Ibid, n.31, p.10.

TABLE 4.13.

Percentage Share NSDP by Sectoral Contribution at both Current and Constant Prices during Eight and Ninth Five-Year Plan (1992-2002).

(Base: 1992-93)

(Percentage share in the NSDP)

Sector-wise Percentage distribution of State Income at current and constant prices						
Year	Current Prices			Constant Prices		
Eight Five-Year Plan (1992-1997)	Primary Sector	Secondary Sector	Tertiary Sector	Primary Sector	Secondary Sector	Tertiary Sector
1992-93	27.85	13.36	58.77	27.85	13.36	58.77
1993-94	25.84	12.24	61.90	25.84	12.24	61.90
1994-95	27.58	12.62	59.78	26.88	12.68	60.42
1995-96	23.82	18.05	58.12	23.08	18.01	58.89
1996-97	25.44	18.65	55.89	24.33	18.69	56.97
Ninth Five-Year Plan (1997-2002)	Primary Sector	Secondary Sector	Tertiary Sector	Primary Sector	Secondary Sector	Tertiary Sector
1997-98	27.57	20.38	52.03	26.20	20.04	53.75
1998-99	29.82	15.40	54.77	29.09	14.57	56.33
1999-2000	30.65	11.84	57.49	32.69	11.09	56.20
2000-2001	31.01	15.17	53.80	33.69	14.14	52.16
2001-2002	33.38	10.86	55.74	36.68	10.24	53.07

Source: Compiled from the Estimates of State Domestic Product of Nagaland from 1993-94 to 2001-2002, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004, p.17

Note: The total value is converted in to percentage for all the sectors.

Analysis:

Table 4.13 reveals that maximum percentage of sectoral share to the State Income (NSDP) is from the Tertiary Sector and minimum share is from the Secondary Sector. The percentage share of Primary Sector at current prices declined throughout the period during Eight Plan except in the year 1994-95. However in the Ninth Plan, the share of Primary Sector to the State Income shows a positive trend with an increased in all the years. The share of Secondary Sector at current prices to the State Income shows a different picture with a considerable increased in its share except in the year 1993-94 and 1994-95 during the Eight Plan. However the share of Secondary Sector to the State

Income at current prices decline constantly in the Ninth Plan. The share of Tertiary Sector to the State Income at current prices shows fluctuations in both the Eight and Ninth Five-Year Plans.

At constant prices the share of primary sector to the State Income decreases in all the years during the Eight Plan and then increases during the Ninth Plan. The share of Secondary Sector to the State Income at constant prices decline in the first two years and then boost up during 1995-95 and 1996-97. In contrary the share of Tertiary Sector at constant prices increase in the first two years and then decline in the next two years during Eight Plan. Even in the Ninth Plan, the same trend continues showing a sign of decline with some fluctuations in the early part of the plan.

4.11.3. Sectoral Growth Rate of State Income (NSDP) at both Current and Constant Prices during Eight and Ninth Five-Year Plan (1992-2002).

TABLE 4.14.

Average Annual Growth Rate of State Income (NSDP) by Sectoral Contribution at Current and Constant Prices during Eight and Ninth Five-Year Plan (1992-2002).

(Base: 1992-93)

(Growth rate in percentage per annum)

Sector-wise Average Annual Growth Rate of State Income						
Period	Primary Sector		Secondary Sector		Tertiary Sector	
(1992-2002)	Current Prices	Constant Prices	Current Prices	Constant Prices	Current Prices	Constant Prices
Eight Five-Year Plan (1992-97)	15.92	9.78	9.11	24.20	16.91	12.50
Ninth Five-Year Plan (1997-2002)	20.57	18.45	3.63	-3.46	17.55	9.23

Source: Calculated from the Estimates of State Domestic Product of Nagaland from 1993-94 to 2001-2002, and Statistical Handbook of Nagaland 1996, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004.

Note: (i) Annual Growth Rate has been calculated by using regression equation

$$\frac{Y_t - Y_{t-1}}{Y_{t-1}} \times 100$$

Y_{t-1}

(ii) 'y' is the NSDP over the years and 't' is the time period.

Analysis:

The inter-sectoral rate of growth as shown in Table 4.14 has not been uniform. The Average Annual Growth Rate originating from the Primary Sector at current prices increased from 15.92 percent in Eight plan to 20.57 percent in the Ninth Plan, whereas, growth rate from the Secondary Sector at current prices decreased from 29.11 percent in the Eight Plan to 3.63 percent in the Ninth Plan. The growth of income originating from the Tertiary Sector at current prices increases from 16.91 percent in the Eight Plan to 17.55 percent in the Ninth Plan.

At constant prices, the Average Annual Growth Rate of Primary Sector increases from 9.78 percent in the Eight Plan to 18.45 percent in Ninth Plan. In contrary the growth rate of Secondary Sector at constant prices decline from 24.20 percent in the Eight Plan to -3.46 percent in the Ninth Plan and that of Tertiary Sector from 12.50 percent to 9.23 percent respectively.

TABLE 4.15.

Compound Annual Growth Rate of State Income (NSDP) by Sectoral Contribution at Current and Constant prices during Eight and Ninth Five-Year Plan (1992-2002).

(at 1992-93 prices)

(Growth rate in percentage per annum)

Sector-wise Compound Annual Growth Rate of State Income						
Period	Primary sector		Secondary sector		Tertiary Sector	
(1992-2002)	Current Prices	Constant Prices	Current Prices	Constant Prices	Current Prices	Constant Prices
Eight Five-Year Plan (1992-97)	17.26	10.28	33.79	27.38	18.42	13.31
Ninth Five-Year Plan (1997-2002)	22.84	20.26	3.69	-3.40	19.19	9.67

Source: Calculated from the Estimates of State Domestic Product of Nagaland from 1993-94 to 2001-2002, and Statistical Handbook of Nagaland 1996, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004

Note: (i) Compound Annual Growth Rate has been calculated by the regression equation, $\ln y_t = a + b_1 t + b_2 t^2 + b_3 t^3 + b_4 t^4 + b_5 t^5 + b_6 t^6 + b_7 t^7 + b_8 t^8 + b_9 t^9 + b_{10} t^{10}$, [Exponential ()-1]×100
(ii) 'y' is the NSDP over the years, 't' is the time period and a and b are the parameters.

Analysis:

Table 4.15 reveals that the Compound Annual Growth Rate of Primary Sector at current prices in Eight Plan was 17.26 percent which increased to 22.84 percent in the Ninth Plan. At constant prices the compound annual growth rate of Primary Sector decline to 20.26 percent in the Ninth Plan from 10.28 percent during the Eight Plan. The compound annual growth rate of the Secondary Sector at current prices has fall down to 3.69 percent in the Ninth Plan from 33.79 percent in the Eight Plan. Similarly at constant prices the compound annual growth rate of secondary sector decline to -3.40 percent in the Ninth Plan from 27.38 percent in the Eight Plan. Tertiary sector shows a similar picture in the compound annual growth rate with an increased from 18.42 percent to 19.19 percent at current prices and decline from 13.31 percent in the Eight Plan to 9.67 percent in the Ninth Plan. Thus from the above table it is evident that maximum compound annual growth rate during Eight Plan is from the Secondary Sector at current prices with 33.79 percent and minimum is from the Primary Sector at constant prices with 10.28 percent. In the Ninth Plan compound annual growth rate is highest in the primary sector at current prices with 22.84 percent and the lowest growth arte is found in the Secondary Sector at constant prices with -3.40 percent.

Thus, it is found that mere increase in investment does not yield a high rate of growth. It is the productivity of capital stock that matters most for growth. Without institutional changes, investment is not going to yield better results. Social change is necessary for providing conducive background for further investment. Human factor plays an important role in productivity. Qualitative improvement of human factor is essential. Perhaps the major constraint on the process of growth in Nagaland is due to the lack on skilled manpower and poor technology. We have very few people who are committed to the development task of Nagaland. Investments can fructify only when there is efficient implementation of the plan. In the case of Nagaland, the state's plan is just an aggregation of the sectoral plans proposed by different departments. The institutional functioning and infrastructural deficiencies act as major constraints to rapid economic growth. The pattern of investment needs to be changed in favor of agriculture, small and medium industries, irrigation, technical education and infrastructural development.

4.11.4. Gross State Domestic Product by Sectoral Contribution at Current and Constant Prices during Eight and Ninth Plan (1992-2002).

TABLE 4.16.

State Income (GSDP) by Sectoral Contribution at both Current and Constant prices (1992-2002).
(at 1992-1993 prices) (Rs. in Lakhs)

State Income (GSDP) of Nagaland (1992-93 to 2001-2002)						
Year	Current Prices			Constant Prices		
Eight Five-Year Plan (1992-1997)	Primary Sector	Secondary Sector	Tertiary Sector	Primary Sector	Secondary Sector	Tertiary Sector
1992-93	23444	11244	49464	23444	11244	49464
1993-94	33513	19157	84793	33513	19157	84793
1994-95	41648	22770	95280	37433	21112	89471
1995-96	41026	34952	105398	34604	30457	93177
1996-97	48844	40287	113279	38942	33471	96322
Ninth Five-Year Plan (1997-2002)	Primary Sector	Secondary Sector	Tertiary Sector	Primary Sector	Secondary Sector	Tertiary Sector
1997-98	59977	49559	122874	44853	38260	98809
1998-99	66330	39913	132280	47445	27929	99200
1999-2000	72801	34248	147664	53615	22523	99878
2000-2001	107844	60067	200025	76069	37033	126379
2001-2002	130640	50130	232918	88415	29663	137421

Source: Compiled from Estimates of State Domestic Product of Nagaland from 1993-94 to 2001-2002, and Statistical Handbook of Nagaland 1996, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004, p.18.

Analysis:

It is revealed from Table 4.16, that during Eight and Ninth Five-Year Plan, sectoral contribution by Gross State Domestic Product at current prices, Primary Sector and Tertiary Sector shows a similar trend with constant increased year after year over the entire period. On the other hand under Secondary Sector, it shows some fluctuations with an increased in the beginning and then declined from 1998-99 and 1999-2000 and then

pick up from 2000-01 and again declined in 2001-02. At constant prices, a similar trend prevails over the entire period during Eight and Ninth Plan with some fluctuations under Primary sector in 1995-96 which decline to Rs.34, 604 Lakhs from Rs.37,433 Lakhs in 1994-95 and under Secondary sector during 1998-99 and 1999-2000 it decline to Rs.27,929 Lakhs and Rs.22,523 Lakhs respectively from Rs.38260 Lakhs in 1997-98.. Tertiary sector shows a constant increased through the period of Eight and Ninth Plan.

4.11.5. Sectoral Growth Rate of State Income (GSDP) at both Current and Constant Prices during Eight and Ninth Five-Year Plan (1992-2002).

TABLE 4.17.

Average Annual Growth Rate of State Income (GSDP) by Sectoral Contribution at Current and Constant Prices during Eight and Ninth Five-Year Plan (1992-2002)

(Base: 1992-93)

(Growth rate in percentage)

Sector-wise Average Annual Growth Rate of State Income						
Period	Primary Sector		Secondary Sector		Tertiary Sector	
(1992-2002)	Current Prices	Constant Prices	Current Prices	Constant Prices	Current Prices	Constant Prices
Eight Five-Year Plan (1992-97)	16.81	10.47	16.84	26.45	33.68	14.27
Ninth Five-Year Plan (1997-2002)	20.43	18.29	4.32	-2.27	16.93	9.02

Source: Calculated from the Estimates of State Domestic Product of Nagaland from 1993-94 to 2001-2002, and Statistical Handbook of Nagaland 1996, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004

Note: (i) Annual Growth Rate has been calculated by using regression equation $\frac{yt-yt-1}{yt-1} \times 100$

(ii) 'y' is the GSDP over the years and 't' is the time period.

Analysis:

Table 4.17 reveals that during Eight Plan under primary sector, the percentage of Average Annual Growth Rate of State Income (GSDP) at current prices was 16.81 percent which increases to 20.43 percent in the Ninth Plan and at constant prices the growth percentage was 10.47 percent in the Eight Plan which increases to 18.29 percent

in the Ninth Plan. Secondary Sector shows a different picture with the growth rate in the Eight Plan under current prices as 16.84 percent that declined to 4.32 percent in the Ninth Plan and at Constant prices as well it got declined from 31.54 percent in the Eight Plan to 4.32 percent in the Ninth Plan. Tertiary Sector shows a similar trend with the growth rate under current prices as 33.68 percent in the Eight Plan which declined to 16.93 percent in the Ninth Plan and at Constant prices the growth rate was 18.75 percent in Eight Plan which declined to 16.93 percent in the Ninth Plan.

TABLE 4.18.

Compound Annual Growth rate of State Income (GSDP) by Sectoral Contribution at Current and Constant prices during Eight and Ninth Five-Year Plan (1992-2002).

(1992-93 prices)

(Growth rate in percentage)

Sector-wise Compound Annual Growth Rate of State Income						
Period	Primary sector		Secondary sector		Tertiary Sector	
(1992-2002)	Current Prices	Constant Prices	Current Prices	Constant Prices	Current Prices	Constant Prices
Eight Five-Year Plan (1992-97)	18.31	11.04	18.34	30.28	40.05	15.34
Ninth Five-Year Plan (1997-2002)	22.67	20.7	4.41	-2.24	18.44	9.44

Source: Calculated from the Estimates of State Domestic Product of Nagaland from 1993-94 to 2001-2002, and Statistical Handbook of Nagaland 1996, Kohima, Directorate of Economics and Statistics, Government of Nagaland, Kohima, 2004

Note: (i) Compound Annual Growth Rate has been calculated by the regression equation, $\ln y_t = a + b_1 t$, $(\times 100)$, $[Exponential (B)-1] \times 100$

(ii) 'y' is the GSDP over the years and 't' is the time period and 'a' and 'b' are the parameters.

Analysis:

It is seen from Table 4.18 that the compound annual growth rate of State Income (GSDP) under Primary Sector at Current prices, the percentage of the growth rate during the Eight Plan was 18.31 percent which increases to 22.67 percent in the Ninth Plan and at constant prices it increases from 11.04 percent in the Eight Plan to 20.7 percent in the Ninth Plan. On the contrary under the secondary sector both at current and constant

prices the percentage of growth rate declined from 18.34 percent in the Eight Plan to 4.41 percent in the Ninth Plan and at constant prices as well it declined from 37.08 percent in the Eight Plan to 4.41 percent in the Ninth Plan.

Similarly under the Tertiary Sector at current prices, the compound annual growth rate decreased from 40.05 percent in the Eight Plan to 18.44 percent in the Ninth Plan and at constant prices it decreased from 20.62 percent in the Eight Plan to 18.44 percent in the Ninth Plan. Hence, from the above analysis it can be concluded that the performance of Compound Annual Growth Rate was better for both Eight and Ninth Plan under the Primary Sector whereas in the Secondary and Tertiary Sectors it could not performed much as the growth rate of both the sectors shows a declining trend at both Current and Constant prices in the Ninth Plan.

4.12. Conclusion:

Thus the above analysis on the trend of economic growth and sectoral contribution to the State Income during Eight and Ninth Plan in Nagaland reveals that the sectoral structural development has been initiated but it has not taken the right direction. This chapter argues that the progress in Tertiary Sector alone will not be able to sustain the process of socio-economic development in the long run. The role of Secondary and Primary Sectors should have increased simultaneously as Tertiary Sector increases but this did not happen in the case of Nagaland. Besides in Nagaland the process of socio-economic development has decelerated due to the momentum of development that was not from within the economy and the forces of development were not firmly rooted within the democratic economy. To attain a sustained and cumulative socio-economic development it requires not only physical capital but also development in human endowments, social attitudes, political condition and historical accidents.

Moreover, the state could not exploit and utilize its resources judiciously despite of vast natural resources endowments due to the lack of political will, capital, technology, knowledge and persons with right attitude for entrepreneurship. The ineffective administrative and political structure is also a major hindrance in the way of economic development. Therefore, strong efficient and incorrupt administrative machinery is essential for economic development in the state. Lewis rightly points as “The behaviour

of government plays an important role in stimulating or discouraging economic activity”. He further states that, “No country has made progress without positive stimulus from intelligent governments”⁴⁸ The government must work in close coordination with the academicians in policy making and implementation as well. Qualitative research must be given importance in identifying the developmental programmes and techniques suited to the local condition and situation.

⁴⁸ Arthur W. Lewis, *The Theory of Economic Growth*, London, Allen and Unwin, 1955, p.57.

CHAPTER-V

**REGIONAL DISPARITIES AND SOCIO-ECONOMIC DEVELOPMENT
OF SEVEN DISTRICTS IN NAGALAND DURING EIGHT AND NINTH
FIVE-YEAR PLAN (1992-2002): COMPARATIVE ANALYSIS OF MAJOR
SECTORS**

This chapter has two objectives. Firstly, to make a comparative analysis of the socio-economic development and regional disparities of the major sectors of Seven Districts in Nagaland during Eight and Ninth Five-Year Plan. Secondly, to make a comparative assessment whether the level of socio-economic development disparities of these Seven Districts have any sign of decrease during Eight and Ninth Plan.

For a large country like India, balanced socio-economic development of different regions or states is of great significance, not only from the socio-economic point of view but also for political stability. Jean Dreze and Amartya Sen in their book titled, “India: Economic Development and Social Opportunity”, says that “successive governments in India have had reasons enough to rely on the unending patience of the neglected and deprived millions in India, who have not risen in fury about illiteracy, hunger, illness or economic insecurity”.¹ India went in to the process of development through planning as development strategy since July 1951.² The principle objectives of economic planning are economic growth, self-reliance and social justice which include better interpersonal and inter-regional income distribution and also balance regional development. There is no doubt that during the period of more than five decades of economic planning, the country has been able to make remarkable and significant achievements in various sectors of the economy. However, most of these achievements are more or less at a macro level and when we come down to the micro level, or to be more specific, to the regional or state levels or to levels further down like district and block levels, much is yet to be done to achieve a meaningful economic development based on social justice and balanced regional development.

The successive Five-Year Plans have drawn attention to the problem of regional disparities and emphasized that the realization of the growth potentials of the backward areas should be taken up on a priority basis in order to give a practical shape to the ideals of egalitarian and social justice. It also emphasized on increasing the levels of living of the lowest of the population, a significant fraction of which are in the backward areas, it has been stressed that the strategy for socio-economic development should be structured in such a way that the relatively disadvantaged areas and sections of the population are

¹ Jean Dreze and Amartya Sen, *Economic Development and Social Opportunity*, Delhi, Oxford University Press, 1995, p.143

² M.L.Jhingan, *The Economics of Development and Planning*, Delhi, Konark Publishers, 1994, p.626

gradually drawn in to the mainstream of the development process.³ 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 Five-Year Plan. However, the emphasis on the preparation of District and Block level plans has been laid only during the late seventies and early eighties. The identification of backward districts is the first step towards the successful implementation of the plans to attain balanced regional development of the country as well as the state.

Regional disparities in economic development and social services in some form are inevitable in the process of development. Regardless of efficiency in the process of Plan formulation and Plan implementation, it is not possible to completely eradicate such disparities. Such kind of disparities is natural in a hill state like Nagaland where the topography and the atmosphere are not very suitable for development. B Sivaraman has identified six types of backwardness and one of them is, “in the hill areas, the main difficulty is the nature of the terrain and distance from the main economic centres”.⁴

Till recently the state of Nagaland comprises of seven districts and all this districts varies from one another in terms of natural resources. Out of these seven districts, some districts were declared backward such as Tuensang district, Mon district, and Meluri area of Phek district, Aghunato area of Zunheboto district and Peren area of Kohima district.⁵ Tuensang district is relatively in a more disadvantage position because of its geographical location and rugged condition of the area, whereas the districts of Kohima, Wokha, Mokokchung got the advantage of proximity to the plains of Assam and of regular administration and development activities for a comparatively longer period than Tuensang.⁶ All the above mention areas, except Peren sub-division and the Aghunato area fall along the Indo-Burma border.

³ I.C. Dhingra, Indian Economic Problem, New Delhi, Sultan Chand and Sons, 1987, p.193

⁴ Other five areas are In the drought prone areas and desert areas the major constraints is low and erratic rainfall, in the coastal area, environment retardant of saline soils and saline water is the controlling factor, in the chronic flood affected areas, the recurring hazard of the agricultural effort being washed off by the flood, retards growth and investment, on the tribal area the unwillingness to enter the new economic system, in addition, in each of these areas secondary and tertiary retardants. See B.Sivaraman, Development of Backward Areas in Yojana, 1-15 September, 1981, p.14.

⁵ Government of Nagaland, Nagaland State Human Development Report 2004, Kohima, Planning and Co-ordination Department, October 2004, p.26.

⁶ Tuensang district had been under regular administration and welfare measures began to start only from 1948. Because of the late start, this district has yet to catch up fully with the other districts See Dr. Swabera

In the earlier chapters we dealt with the macro level indicators of socio-economic development in Nagaland during the plan periods. Now we would like to understand the reality at the micro level in the state. In this context the aim of this chapter is to focus on the levels of development at the district level i.e. more specifically to identify the relatively backward districts and compare them in their major achievements' in major sectors.

5.1. Selection of Indicators:

What should be the method of selection of socio-economic development indicators at the district level in Nagaland? It was a trying question. In the earlier days, development was equated with economic progress and economic efficiency, and Gross Domestic Production (GDP) was used as a single and surrogate measure of development. In Nagaland the real problem lies in the components of development than the overall development. Secondly, the data for Gross Domestic Product are not available at district level in Nagaland. Since the present study is confined to only social and economic development, indicators were computed in respect to these two dimensions. The Economic development was discerned through Agriculture and Industries, which are desideratum and fulcrum of development respectively in the state. Social services development was envisaged through development of social infrastructure which is the product of development and through demographic development which contains and reflects the cumulative product of development in the quality of life of the people.

To measure the level of socio-economic development disparities of seven districts in Nagaland during 1992-2002, a total of 52 indicators were employed. For Economic Sector a total of 37 indicators were employed consisting of Food grain (13), Irrigation (2), Horticulture (4), Workforce (6), Industry (3), Power (5), Transport and Communication (4). For Social Services Sector, a total of 15 indicators were employed consisting of Education (9) and Medical (6). Most of the above employed indicators were developed on the principle of ease and convenience based on data availability.

Islam Saleh, Nagaland's Economy in Transition since 1964, New Delhi, Omsons Publications, 1989, pp.329-330.

In this chapter, where seven districts were selected for comparative analysis in terms of socio-economic development, data for Kohima district includes the newly created districts of Peren and Dimapur and data for Tuensang district includes the newly created districts of Kipheri and Longleng. Before becoming full-fledged districts, Peren and Dimapur were the sub-division of Kohima district and Kipheri and Longleng were sub-divisions of Tuensang district.

5.2. District Domestic Product:

In Nagaland, an estimation of district income has not been carried out by the state government or by any other agencies of the Government of India over the past years. It was in the year 2002, for the first time a sample survey was conducted in order to quantify the achievements of the different districts in income generation to determine the District Domestic Products. The estimation was done by Manoj Pant⁷, which is given below:

TABLE 5.1.

Ranking of Districts on the basis of Per Capita District Domestic Product.

(in Rupees)

Districts	Per Capita District Domestic Product
Dimapur	16,837
Wokha	13,647
Mokokchung	12,305
Kohima	11,906
Phek	9,880
Zunheboto	8,372
Tuensang	8,149
Mon	4,500
Nagaland	11,119

Source: Estimated by Prof. Manoj Pant, Jawaharlal Nehru University, New Delhi.

As it is seen from Table 5.1 the results of the survey and estimation quantify that the per capita income of the state was Rs.11,119 with Dimapur District having the highest per capita income among the districts (Rs.16,837) and Mon District having the least

⁷Government of Nagaland, n.5, p.26.

(Rs.4,500). The difference between the highest and the lowest District in terms of Per Capita Income comes to Rs.12, 337.⁸

A comparative analysis of the level of socio-economic development disparities of seven districts in Nagaland during 1992-2002 is given below:

5.3. ECONOMIC SECTOR:

5.3.1. Agriculture: *Food Grain:*

An average Naga village is self-sufficient in food grains in olden days. It grows enough according to the prevailing standards of consumption. Food grains are marketed in some villages near urban settlements but the amount is negligible both in relation to output and consumption in the urban settlements. With the increased in population, the production of food grain is not sufficient enough to feed its entire population. Therefore Nagaland obtained food grains from outside mainly to feed the urban population and the armed forces stationed within the state territory. In a district like Tuensang, food shortage arises during the pre-monsoon months. The people of this district meet this shortage by consuming Taro (Yam) which is a tuber and can be grown under adverse circumstances.⁹

Though the stocks of food grains are normally available in the relatively prosperous villages at any time, these stocks are far from adequate for meeting the entire demand of the urban areas and of the shortage pockets. The food grain production has failed in keeping pace with population growth. The rate of growth of food production has to be high enough, not only to meet the continuously rising demand, but also to provide a cushion against short-term fluctuations in production due to alteration of weather.

⁸ Ibid, n.5, p.26

⁹ Besides they also take a number of roots and fruits of the forests. The district receives some amount of food grains imported from outside especially during the shortage months. See V.G.K. Thathachary, *Techno-Economic Survey of Nagaland*, New Delhi, National Council of Applied Economic Research, 1968, p.20.

TABLE 5.2.

District-Wise Area (A) and Production (P) of Principle Crops during 2001-2002

(Area in hectare/Production in M.T.)

Sl. No.	Crops (Foodgrain)	Area & Production	Kohima	Phek	Mokokchung	Wokha	Zunheboto	Tuensang	Mon	Total
1	Jhum Paddy	A P	1740 0 2331 0	9050 12000	13350 17750	1390 0 1849 0	1150 0 1529 0	12300 16360	1250 0 1660 0	90000 11980 0
2	Terrace Paddy	A P	1870 0 3299 0	15400 27300	6900 12210	1060 0 1770 0	3400 6000	6650 11770	4850 8580	66500 11655 0
3	Maize	A P	7650 1048 0	7000 9700	4250 5820	5100 7000	6900 9450	4100 5650	5000 6900	40000 55000
4	Bajra	A P	450 290	230 120	250 150	350 220	210 120	230 130	280 170	2000 1200
5	Jowar	A P	380 230	220 130	220 130	300 180	250 150	330 200	300 180	2000 1400
6	Small Millets	A P	1890 1250	2400 1650	880 580	1000 660	2500 1670	1680 1100	1650 1090	12000 8000
7	Wheat	A P	2400 6000	600 1500	400 1000	900 2250	500 1250	500 1250	700 1750	6000 15000
8	Barley	A P	1050 2100	500 1000	500 1000	550 1100	400 800	400 800	600 1200	4000 8000
	Total Cereals	A P	4992 0 7665 0	35400 53400	26750 38640	3270 0 4650 0	2566 0 3473 0	26190 37260	2588 0 3644 0	22250 0 32363 0

Source: Compiled from Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004, p.56

Analysis:

District-wise production of agricultural commodities is the most appropriate indicators of growth. This reflects the use of irrigation facilities, fertilizers and other vital inputs. Kohima and Phek district in view of better irrigation facilities is the result of increase in the production of cereal crops. As it is given in Table 5.2 that the production of food grains is highest in Kohima during 2000-01 recorded as 76,650 M.T. followed by Phek (53,400 M.T.), Wokha (46,500 M.T.), Mokokchung (38,640 M.T.), Tuensang (37,260 M.T.) and Mon (36,440 M.T.) districts. Zunheboto district is ranked lowest in terms of cereal production with only 34,730 M.T. during the same period.

From Table 5.2, it is also noticed that the percentage of area under Jhum Paddy cultivation was found maximum in Kohima district with 19.33 percent followed by Wokha and Mokokchung districts with 15.44 percent and 14.84 percent respectively. The lowest area under Jhum Paddy cultivation is found in Phek district with only 10.05 percent and for the remaining districts Zunheboto (12.77 percent), Tuensang (13.66 percent) and Mon (13.88 percent). The percentage difference in terms of area under Jhum Paddy cultivation between the highest and the lowest districts is 9.28 percent.

The percentage of Jhum Paddy production is also highest in Kohima district with 19.45 percent followed by Wokha and Mokokchung districts with 15.43 percent and 14.81 percent respectively. Zunheboto district is recorded to be the lowest production of Paddy under Jhum cultivation with only 13.33 percent. Phek, Tuensang and Mon districts share 13.33 percent, 13.65 percent, 13.85 percent respectively in the production of Jhum paddy. The disparity of paddy production under Jhum cultivation between the highest and the lowest Districts is 6.12 percent.

The percentage of millet production is highest in Zunheboto district (20.33 percent) followed by Phek (20 percent) and Kohima (15.75 percent) districts. The lowest production of millet is found in Mokokchung and Wokha districts with 7.33 percent and 8.33 percent respectively. The difference of percentage in terms of millet production between the highest and the lowest was 13 percent

Maize is produced maximum in Kohima district (19.05 percent) followed by Zunheboto and Phek districts with 17.18 percent and 17.63 percent respectively. Tuensang and Mokokchung district were at the bottom with only 10.27 percent and 10.58

percent respectively. The gap between the highest and the lowest works out to be 8.78 percent.

Wheat production is highest in Kohima district (40 percent) followed by Wokha district (15 percent). In the remaining other district the production percentage is comparatively low with Mon (11.66 percent), Phek (10 percent), Zunheboto (8.33 percent), Tuensang (8.33 percent), and Phek (10 percent). The disparity works out to be 31.67 percent between the highest and the lowest districts.

The percentage of Bajra production is highest in Kohima district (24.15 percent) followed by Wokha and Mon districts with 18.33 percent and 14.16 percent respectively. Zunheboto and Phek were at the bottom with 10 percent and 10 percent each. Kohima and Mokokchung districts top the production of Barley with 26.25 percent and 12.5 percent respectively. The lowest percentage of Barley production is found in Wokha and Zunheboto district with only 10 percent each. The production gap between the highest and lowest district was 14.15 percent.

The production of Jowar is highest in Kohima district (16.42 percent) followed by Tuensang district, Mon and Wokha with 14.28 percent, 12.85 percent and 12.85 percent respectively. Phek and Mokokchung districts were at the bottom with 9.28 percent each. The disparity in terms of Jowar production between the highest district and the lowest production district was 7.14 percent.

TABLE 5.3.

District-Wise Area and Production of Commercial Crops during 2001-2002.

(Area in hectare/Production in M.T.)

Sl. No.	Commercial Crops	Area & Production	Kohima	Phek	Mokokchung	Wokha	Zunheboto	Tuensang	Mon	Total
1	Sugarcane	A P	520 26300	- -	100 5000	150 7500	100 4700	- -	130 6500	1000 50000
2	Cotton	A P	100 150	50 60	50 60	50 60	60 70	50 50	160 160	520 610
3	Jute	A P	200 200	- -	- -	140 140	- -	- -	- -	340 340
4	Potato	A P	900 11100	1070 11600	480 5370	770 8550	440 5250	510 5850	500 6200	4670 53920
5	Tea	A P	30 30	20 10	250 300	30 20	20 10	70 80	280 1350	700 1800
	Total Commercial Crops	A P	2130 41280	1140 11670	880 11730	1140 16270	620 10030	630 5980	1110 14260	7650 111220

Source: Compiled from Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004, p.59.

Analysis:

The production of crops of any agricultural region is normally determined by the quality of soil. The soil cover the hills in Nagaland are generally fertile, though the fertility varies from district to district. The thickness of this cover which is an important factor in the productivity of slope-soils is as much as 152 cms to 457 cms.¹⁰ These soil and climate conditions are suitable for a large variety of crops as well as for horticulture. From Table 5.3., it is seen that maximum production of commercial crops during 2001-

¹⁰ Ibid, n.9, p.19.

2002 is from Kohima district recorded to be 26,300 M.T. followed by Wokha, Mon, Mokokchung and Phek districts with 16,270 M.T., 14,260 M.T., 11,730 M.T. and 11,670 M.T. respectively. The production of commercial crops is the lowest in Tuensang district with only 5,980 M.T. during the same period.¹¹

Table 5.3 also reveals that the percentage of area and production of sugarcane is highest in Kohima district recorded to be 52 percent and 52.6 percent respectively followed by Wokha district with an area of 15 percent and 15 percent for production. The lowest area and production of sugarcane is found in Zunheboto district with only 10 percent area and 9.4 percent of total production. Mokokchung and Mon districts share an area of 10 percent and 13 percent respectively and production of 10 percent and 13 percent respectively. Data for Phek and Tuensang districts is not available for sugarcane production.

Maximum percentage of cotton production is from Mon district with 26.22 percent covering an area of 30.76 percent followed by Kohima district with a total production of 24.59 percent covering an area of 19.23 percent. The least district in cotton production is found in Zunheboto with only 8.19 percent and an area of only 9.61 percent. Jute is produced maximum in Kohima district with 58.82 percent followed by Wokha district with a production of 41.17 percent.

Phek district produce maximum quantity of potato with 22.51 percent and has a maximum share of area with 19.27 percent followed by Kohima district with a share of 19.27 percent of production and 20.58 percent of area under potato cultivation. Zunheboto district is the least district in terms of potato production with only 9.42 percent and an area of 9.73 percent. The rest of the districts share the remaining percentage of potato production such as Mokokchung (9.95 percent), Wokha (15.85 percent), Tuensang (10.84 percent) and Mon (11.49 percent).

The percentage of Tea production is found maximum in Mon district (75 percent) followed by Mokokchung district (16.66 percent). Phek and Zunheboto districts falls at the bottom in tea production with only 0.55 percent each. In the remaining other districts,

¹¹Government of Nagaland, Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, 2004, p.59.

the production of tea is Kohima (1.66 percent), Wokha (1.11 percent) and Tuensang (4.44 percent).

5.3.2. Irrigation:

The state of Nagaland is endowed with plenty of water resources if it is properly tapped but the state still lags far behind in matters of provision of adequate irrigation facilities. Rainfall in India is erratic, with considerable variations in regard to quantity, incidence and duration. About 80 percent of the country's cropped area depends exclusively on rainfall.

TABLE 5.4.

Total Irrigated Area and Irrigated Area under Crops during 1992-93 and 2001-2002.

(in hectares)

Year	1992-93		2001-2002	
District	Total Irrigated Area (Net)	Total Irrigated Area under crops (Gross)	Total Irrigated Area (Net)	Total Irrigated Area under crops (Gross)
Kohima	16,000	16700	16850	19900
Mokokchung	6200	4405	6850	7550
Zunheboto	2,800	3010	3300	4050
Wokha	9500	9800	9900	11050
Phek	14,700	14945	15450	17400
Tuensang	6200	6355	6600	7200
Mon	4600	4745	4900	5500
Nagaland	60,000	61,960	63,850	72650

Source: Compiled from Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2000, p.60.

Irrigation is the most crucial requirement for the modernization of agriculture. Progress of irrigation is therefore the most important indicator of agricultural development. Table 5.4 shows the position of districts in Net Irrigated Area and Gross Irrigated Area under crops from 1992-2002. At the state level, the Net irrigated Area had increased from 60,000 hectares during 1992-1993¹² to 63,850 hectares during 2000-2001¹³ showing an increase of 3,850 hectares and the Gross irrigated area under crops

¹² Government of Nagaland, Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, 1996, p.71.

¹³ Government of Nagaland, n.11, p.64.

also increases from 61,960 hectares during 1992-93¹⁴ to 72,650 hectares during 2000-2001¹⁵ showing an overall increase of 10,690 hectares. Yet, the net irrigated area to the total cropped area was only 43 percent during 2000-01. This shows that only 57 percent of the cultivated area in the state is being carried out under rain-fed condition. Besides, the consumption of fertilizer and the area under improved seed are too meager. It was only 6 kg per hectare of net sown area in 1990-91, which decreased to 4 kg during 2000-01.¹⁶

Analysis:

As it is given in Table 5.4 at the district level, the irrigated area are uneven and varies from district to district. During 1992-1993, the lowest net irrigated area is Mon district recorded as only 4,600 hectares and the highest ranked district is Kohima with 16,000 hectares accounting to 26.66 percent showing a wide variation of 11,400 hectares. It is followed by Phek district recorded to be 14,700 hectares accounted to 24.5 percent of the area under irrigation. The corresponding share of Wokha, Mokokchung, Tuensang and Zunheboto districts were 9,500 hectares 6,200 hectares, 6,200 hectares and 2,800 hectares respectively.

The total Gross Irrigated Area under crops during 1992-1993 is the highest in Kohima district with 16,700 hectares followed by Phek District with 14,945 hectares and the lowest is Zunheboto district recorded to be only 3,010 hectares. The disparities in terms of gross irrigated area between Kohima and Zunheboto districts during the same period were 11,400 hectares. In view of the wide disparities between districts in the area of irrigation extension of irrigation facilities as widely as possible and soil and water conservation efforts in areas of low irrigated districts should occupy an important place in policies and programmes for development in the state.

The land that has brought under irrigation has increased in all the districts during 2000-2001. During the same period the Net irrigated area for Kohima district has increased to 16,850 (26.38 percent) hectares from 16,000 hectares showing an increase of 850 hectares and the Gross irrigated area from 16,700 hectares to 19,900 (27.39 percent)

¹⁴ Government of India, n.12, p.71.

¹⁵ Government of Nagaland, n.11, p.64.

¹⁶ Moatamsu Sangtam, A Need to Rethink on the Direction of Sectoral Structural Transformation, Nagaland Post, Dimapur, 12th June, 2006, p.4.

hectares showing an increased of 3,200 hectares and is recorded to be the highest irrigated district in the state. The reason for the high irrigated area in Kohima and Phek districts is because these two districts practiced mostly terrace cultivation while the other districts practiced Jhum cultivation.

5.4. Workforce:

In Nagaland, the workforce constitutes 42.74 percent of the total population. Though in absolute numbers, the total number of workers has increased from 5.16 lakh in 1991 to 8.49 lakhs in 2001, the percentage of workers to the population has remained at 42.7 percent. However, among the workers, the share of main workers has fallen from 42.29 percent to 35.62 percent, while the share of marginal workers has increased from 0.39 percent in 1991 to 7.12 percent in 2001.¹⁷ The near stagnant proportion of workers and increasing share of marginal workers is indicative of increased prevalence of unemployment and disguised unemployment in the state.

5.4.1. Occupational Distribution:

The deployment of the labour force in various sectors of the economy is an important aspect of the structure of the economy as a whole. The concept of economically active population has been changing from census to census, rendering it difficult to make valid comparison of the economic characteristics of the people from one census to another.

TABLE 5.5.

District-Wise, Distribution of Main-Workers, Marginal Workers, Cultivators and Non-Workers 1991 census.

Sl.No.	District	Main Workers	Cultivators	Agricultural Labourers	Marginal Workers	Non-workers
1	Kohima	147636	81511	5268	4521	235424
2	Phek	46670	35317	179	166	55320
3	Zunheboto	40933	31702	37	-	55285
4	Wokha	32833	23550	371	-	49778
5	Mokokchung	61196	43461	381	-	97178
6	Tuensang	105347	89338	336	26	127533
7	Mon	76882	66718	661	26	72791
	Nagaland	511497	371597	7233	4740	693309

Source: Compiled from Statistical Handbook of Nagaland 2004, Directorate of Economics and Statistics, Government of Nagaland, Kohima, p.51

¹⁷ Government of Nagaland, n.5, p.18.

Analysis:

As it is seen from Table 5.5 that Kohima district constitute 28.86 percent of the main workers, 21.93 percent cultivators, 72.83 percent agricultural labourers, 95.37 percent marginal workers and 33.95 percent of non-workers according to 1991 census followed by Tuensang with main workers (20.59 percent), cultivators (24.04 percent), agricultural laborers (4.64 percent), marginal workers (0.54 percent) and non-workers (18.39 percent). During the same period Mon district constitutes 15.03 percent of main workers, cultivators (15.03 percent), agricultural laborers (9.13 percent), marginal workers (0.54 percent), and non-workers (10.49 percent). The distribution of workers in Mokokchung district was main workers (11.96 percent), cultivators (11.69 percent), agricultural laborers (5.26 percent) and non-workers (14.01 percent).

Phek district comprises of 9.12 percent (main workers), 9.50 percent (cultivators), 2.47 percent (agricultural labourers), 3.50 percent (marginal workers) and 7.97 percent (non-workers). Zunheboto district consists of main workers (8.00 percent), cultivators (8.53 percent), agricultural labourers (0.51 percent) and 7.97 percent of non-workers during the same year. The distribution of workers in Wokha district was main workers (6.41 percent), cultivators (6.33 percent), agricultural labourers (56.12 percent) and non-workers (68.38 percent).

TABLE 5.6.

Distribution of Main Workers, Marginal Workers and Non-Workers (Male and Female) according to 1991 census.

Sl. No	District	Main workers		Marginal Workers		Non-Workers	
		Males	Females	Males	Females	Males	Females
1	Kohima	97659	49977	1053	3468	110078	125346
2	Phek	25206	21464	18	148	29115	26205
3	Mokokchung	35700	25496	-	-	47123	50055
4	Wokha	17890	14943	-	-	25200	24578
5	Zunheboto	21571	19362	-	-	27415	27870
6	Tuensang	58052	47295	-	26	65241	62292
7	Mon	43359	33523	7	19	36595	36196
	Nagaland	299437	212060	1078	3662	340767	352542

Source: Compiled from Statistical Handbook of Nagaland 2004, Directorate of Economics and Statistics, Government of Nagaland, Kohima, p.53

Analysis:

Table 5.6 reveals that in 1991, the percentage of male workers was highest in Kohima with 32.61 percent and 23.56 percent female workers and the lowest district was Wokha with only 5.97 percent male workers and 7.04 percent female workers under the main workers category showing a difference of 26.64 percent for male and 16.52 percent for female. In the marginal workers category, Kohima comprises of 97.68 percent of male workers and 94.70 percent of female workers and the lowest was Mon district with only 0.64 percent male workers and 0.51 percent female workers.

The data pertaining to the marginal workers for Mokokchung, Wokha and Zunheboto districts are not available for 1991 census. In the non-workers category, Kohima district comprises of 32.30 percent males and 35.55 percent of females recorded to be the highest in the non-workers category and the least percentage district in the same category is Wokha with only 7.39 percent of male and 6.97 percent of female. The percentage gap between Kohima and Wokha districts in the non-workers category is 24.91 percent for male and 28.58 percent for female.

TABLE 5.7.

District-Wise, Distribution of Main-Workers, Marginal Workers, Cultivators and 2001 census.

Sl.No.	District	Main Workers	Cultivators	Agricultural Laboureres	Marginal Workers
1	Kohima	1,14,669	73,157	6,287	20,020
2	Phek	57,594	52,094	1,361	14,026
3	Zunheboto	50,375	27,659	1,724	11,682
4	Wokha	50,614	36,627	668	5,839
5	Mokokchung	82,291	65,366	6,892	26,488
6	Tuensang	1,57,760	152,324	6,333	27,449
7	Mon	1,08,367	108,212	5907	20,548
	Nagaland	6,21,670	515,438	29,172	1,26,052

Source: Compiled from Statistical Handbook of Nagaland 2004, Directorate of Economics and Statistics, Government of Nagaland, Kohima.

Analysis:

Table 5.7 reveals that Tuensang district has the highest number of main workers with 25.37 percent followed by Kohima with 18.44 percent, Mon (17.43 percent), Mokokchung (13.23 percent), Phek (9.26 percent), Wokha (8.14 percent), and Zunheboto

(8.10 percent). District with maximum number of cultivators is found in Tuensang district with 29.55 percent followed by Mon (20.99 percent), Kohima (14.19 percent), Mokokchung (12.68 percent), Phek (10.10 percent), Wokha (7.10 percent), and Zunheboto (5.36 percent).

The highest number of agricultural labourers is found in Mokokchung district with 23.62 percent followed by Tuensang (21.70 percent), Kohima (21.55 percent), Mon (20.24 percent), Zunheboto (5.90 percent), Phek (4.66 percent) and the lowest is in Wokha district with only 2.28 percent. Amongst all the districts Tuensang district has the highest number of marginal workers with 21.77 percent followed by Mokokchung (21.01 percent), Mon (16.30 percent), Kohima (15.88 percent), Phek (11.12 percent), Zunheboto (9.26 percent) and the lowest is found in Wokha district with only 4.63 percent.

TABLE 5.8.

Distribution of Main Workers, Marginal Workers and Non-Workers (Male and Female) according to 2001 census.

Sl. No	District	Main Workers		Marginal Workers		Non-Workers	
		Male	Females	Male	Female	Male	Females
1	Kohima	67,780	46,889	8,538	11,482	85,383	94,294
2	Phek	31,027	26,567	6,355	7,671	39,700	36,926
3	Mokokchung	48,427	33,864	12,185	14,303	57,816	60,635
4	Wokha	28,992	21,622	2,432	3,407	52,196	52,449
5	Zunheboto	27,453	22,922	5,145	6,537	47,029	45,823
6	Tuensang	86,811	70,949	13,269	14,180	1,16,808	1,12,784
7	Mon	63,263	45,104	8,775	11,773	65,967	64,722
	Nagaland	3,54,753	2,67,917	56,699	69,353	4,64,899	4,67,633

Source: Statistical Handbook of Nagaland 2004, Directorate of Economics and Statistics, Government of Nagaland, Kohima, 2004, p.47.

Table 5.8 indicates that during 2001, the number of male main workers was found to be highest in Tuensang district with 24.47 percent followed by Kohima (19.10 percent), Mon (17.83 percent), Mokokchung (13.65 percent), Phek (8.74 percent), Wokha (8.17 percent) and the lowest is found in Zunheboto district with only 7.73 percent. Female main workers are found maximum in Tuensang district with 26.48 percent followed by Kohima with 17.50 percent, Mon (16.83 percent), Mokokchung (12.63 percent), Phek (9.91 percent). Zunheboto (8.55 percent) and Wokha (8.07 percent).

The male marginal workers is found maximum in Tuensang district with 23.40 percent followed by Mokokchung (21.49 percent), Mon (15.47 percent), Kohima (15.05 percent), Phek (11.20 percent), Zunheboto (9.07 percent) and lowest is in Wokha district with only 4.28 percent. Similarly female marginal workers is found maximum in Tuensang district with 20.44 percent followed by Mon (16.97 percent), Kohima (16.55 percent), Phek (11.06 percent) Zunheboto (9.42 percent) and lowest is in Wokha district with only 4.91 percent).

Tuensang district constitute maximum number of male non-workers with 25.12 percent followed by Kohima district with 18.36 percent, Mon (14.18 percent), Mokokchung (12.43 percent), Wokha (11.22 percent), Zunheboto (10.11 percent) and Phek (8.53 percent). On the other hand the female non-workers is found maximum in Tuensang district with 24.11 percent followed by Kohima (20.16 percent), Mon (13.84 percent), Mokokchung (12.96 percent), Wokha (11.21 percent), Zunheboto (9.79 percent) and Phek (7.89 percent). The percentage-wise of male and female workers during the last one decade shows that there is a decline in the number of work force in all the districts.

5.5. Industries:

The pre-requisite for a sustainable economic growth is the growth in industrial sector in an economy. The state government has ventured in to industrial activities by establishing few enterprises in different districts. There are 1,132 small scale industrial units which are permanently registered according to 2001 census. These small scale units have offered direct employment to 12,586 persons.¹⁸ Besides, there are eight District Industrial Centres and six District Sub-Centres.

However, the industrial sector in Nagaland is largely undeveloped with few cottage and small scale units operating without much success. Despite the potentials, the activities in this sector have also still remained less productive mainly because it is not properly organized and no marketing strategies have been evolved. The Government of Nagaland had set up a few medium scale industries such as Sugar Mill at Dimapur, Paper and Pulp Industry at Tuli, Plywood factory at Tizit, Mini Cement Plant at Wazeho, Phek,

¹⁸Government of Nagaland, n.11, p.201.

Fruit and Vegetable processing Unit at Dimapur.¹⁹ However, most of these units have ceased to operate and have cost heavy capital loss to the state government in general and misery to the displaced employees. Despite government's effort and availability of natural resources in the state, Nagaland has not been able to fully exploit these resources to its advantage and therefore Nagaland does not come in the industrial map of India.

The industrial base of Nagaland is very narrow. The majority of the industrial units are based on local forest products, agro-products and traditional handloom and cottage industries. Easy availability of credit is an essential component for industrial and trade-related activities to flourish. The credit deposit ratio for Nagaland is only 17 percent as against the national average of 58 percent.²⁰ The regional pattern of industrial development in Nagaland is most uneven with most of the units concentrated in few districts and large parts of the districts remained devoid of industrial units.

TABLE 5.9.

Number of Small Scale Industries and its Employees as on 31.3.2001

Sl.No.	Name of District	Permanently Registered Small Scale Industrial Units	Total Employees	Average Employment Per Unit
1	Kohima	806	8721	20
2	Phek	32	175	5
3	Mokokchung	114	1287	11
4	Wokha	45	454	10
5	Zunheboto	56	810	14
6	Tuensang	21	232	11
7	Mon	58	907	16
	Total	1132	12586	87

Source: Statistical Handbook of Nagaland 2004, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004, p.2.

Analysis:

The district-wise number of small scale industrial units and its employees are not available for the previous years. The details regarding the permanently registered small scale industrial units and its employees are given in Table 5.9. The table reveals that the distribution of small-scale industrial units in the state is very uneven. Among the seven

¹⁹Dr.Akali Sema and Others, Economic Development in Nagaland Prospects and Constraints, Kohima, Nagaland University Teachers' Association, N.V.Press, Kohima., 2006, p.7.

²⁰ Moatamsu Sangtam, n.16, p.4.

districts maximum number of small scale industrial units is located at Kohima and Mokokchung districts and the rest of the districts are covered with very low industrial units. During 2001, the distributions of small scale industrial units in terms of percentage are 56.97 percent in Kohima district followed by Mokokchung district with 10.07 percent. Industrial units in the remaining districts are very poor with Mon 5.12 percent; Zunheboto 4.94 percent, Wokha 3.97 percent, Phek 2.82 percent and the least district in terms of industrial units is Tuensang with only 1.85 percent.

The reason for the concentration of small scale units in Kohima and Mokokchung was due to the availability of better connectivity of transportation that has contributed to the district's growth. On the other hand the main reason for the very thin distribution of small scale units in other districts was due to the lack of communication infrastructure, high over-head costs, lack of trained personnel, inadequacy of raw materials and limited support services.

In Nagaland where population is increasing rapidly, unemployment is rampant, demographic profile of workforce is imbalanced and regional disparities in development are high. Here industrial development is essential for the provision of employment, diversion of population pressure from agricultural land, diversification of economy and restoration of structural balance in economic development. The area poorly endowed and less destined for agricultural development may opt for industrial development. This would reduce the increasing malaise of inequality and regional disparities in the process of development.

From Table 5.9, it is observed that maximum employees in this sector are from Kohima and Mokokchung districts. Kohima tops the share of employees and ranked as the highest district with 69.29 percent followed by Mokokchung district with 10.22 percent, Zunheboto 6.43 percent and Mon with 7.20 percent. In the rest of the districts, the percentage share of employees is quite low comparing with these districts. Phek, Tuensang and Wokha districts are districts with least employees in the small scale industrial units with 1.39 percent, 1.84 percent and 3.60 percent respectively. The percentage difference in terms of employees between the highest district viz. Kohima and lowest district viz. Phek works out to 67.9 percent.

5.6. Power:

Power is the backbone of all economic activities and increases the productive capacity of the economy by several times. In fact many of the commodities could not be produced where there is no sufficient electric power. Despite the vast potential in the state, the power generation within the state is quite insignificant. According to 2001 census, the total power generation in Nagaland was only 29 mega watt.²¹ The state purchases power from neighboring states to meet its requirement. The annual energy consumption in the state is 225 mega units providing a very low per capita consumption of about 130 units per year only compared to an Indian average of 370 units. The current peak demand is estimated at about 75 mega watt but it is restricted to only 50 mega watt.²² The quality too is very low with frequent curtailment and interruption transformer failures and low voltage.

Nagaland purchased the bulk of power from the North-Eastern Grid. The total existing installed state generation capacity is only 29 mega watt which is all based on hydro power. Under the central sector there is an operational 75 mega watt hydel plant, from which the state receives a share of 12 percent of the generated power.²³

In Nagaland, the power generation, transmission and distribution are managed by the state Department of Power. The Department is facing a dire situation with a revenue collection of only Rs.19 crores against a power purchase bill of Rs.36 crores. The state suffers from high transmission and distribution losses, which is estimated to be around 58 percent.²⁴ Thus the state which claimed to have achieved cent percent electrification several decades ago still suffers from shortages.²⁵

²¹ Government of Nagaland, n.5, p.30.

²² Ibid, n.5, p.30.

²³ The 24 MW Likimro Hydro Electric project has been commissioned and a few mini-hydro projects are under construction, which will add about 3MW to the existing generation. See Ibid, n.5, p.30.

²⁴ The state suffers from the losses incurred from the old and overloaded infrastructures. The state does not even have a proper facility to undertake an audit of power transmission and distribution of its consumers. Therefore, the detailed analysis of segment-wise demand is not available in the state. Ibid, n.5, p.31.

²⁵ Editorial, Improving the system, Nagaland Post, Dimapur, 4th April, 2004, p.4.

TABLE 5.10.

Installed Capacity and Generation of Electricity in Nagaland during 1993-2002.

(in Kilowatt)

Installed Capacity (KW)	1993-94	1994-95	1995-96	1996-97	1997-98	1998-1999	1999-2000	2000-01	2001-02	Total
Diesel	34.22	34.22	34.22	34.27	34.16	1.8	1.8	1.80	1.80	178.29
Hydro	62.73	62.73	62.73	62.73	62.64	2.3	3.2	2.54	26.54	348.14
Bio Mass Gasifier	3.04	3.04	3.04	3.04	3.04	0.16	0.16	0.16	0.16	15.84
Generation (WH)										
Diesel	0.07	0.10	0.10	0.07	0.10	0.1	0.1	-	-	0.64
Hydro	1.47	2.03	2.37	2.03	2.10	2.22	2.55	-	-	14.77
Bio Mass Gasifier	0.15	0.20	0.08	0.12	0.15	0.1	0.15	-	-	0.95
Energy Purchased	136.40	144.50	154.25	178.95	182.53	179.81	201.05	220.10	235.00	1671.69

Source: Compiled from Statistical Handbook of Nagaland, Kohima, Directorate of Economic and Statistics, Government of Nagaland, 1996, 2000, 2004, p.234, p.236 and p.225.

Analysis:

As it is revealed in Table 5.10 that the installed capacity of power is found maximum in hydro with 348.14 kilowatt followed by diesel with 178.29 kilowatt and the lowest is found in bio mass gasifier with 15.84 kilowatt during 1993-2002. It is also found that maximum generation of electricity is from hydro with 14.77 watt hours followed by bio mass gasifier with 0.95 watt hours and diesel 0.64 watt hours during the same period. The total generation of electricity during 1993-2002 was only 16.36 watt hours and the total energy purchase during the same period was 1671.69 watt hours showing a deficit of 1655.33 watt hours. So far the power generation programme has been given lesser importance as compared to consumption schemes. The per capita consumption of electricity was 84.74 kilowatt and the percentage of rural household having electricity was 47.16 percent during the same period.

TABLE 5.11.

District-Wise Number of Villages Electrified in Nagaland during 1993-2002.

Sl. No	District	1993 - 1994	1994 - 1995	1995 - 1996	1996 - 1997	1997 - 1998	1998 - 1999	1999 - 2000	200 0-01	200 1-02	Tot al
1	Kohima	352	3	4	2	3	2	8	7	-	381
2	Mokokchung	109	-	-	1	491	-	-	-	-	601
3	Tuensang	236	-	-	8	16	2	4	2	1	269
4	Zunheboto	190	3	5	20	21	2	2	2	1	246
5	Phek	112	8	4	-	-	2	3	-	-	131
6	Wokha	95	-	-	15	22	3	7	5	1	148
7	Mon	110	15	12	-	-	-	-	-	1	138
	Total	1194	29	25	46	111	11	24	16	4	1460

Source: Compiled from Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 1996, 2000, 2004, p.259, p.254, and p.235.

It is obvious from Table 5.11 that during 1993-2002 maximum number of villages electrified is in Mokokchung district with 601 villages showing a percentage of 41.16 percent followed by Kohima district with 381 villages (26.09 percent) followed by Tuensang and Zunheboto districts with 269 (18.42 percent) and 246 (16.84 percent) villages respectively. The other districts like Phek, Mon and Wokha are ranked at the bottom of least number of villages electrified with 131 (10.12 percent), 138 (10.13 percent) and 148 ((9.45 percent) villages respectively. The disparity between the highest and lowest districts with villages electrified works out to 31.71 percent.

5.7. Transport and Communication:

Inadequate transport infrastructure within the state as well as its linkages with the rest of the country is revealed by the fact that the only railway line in the state is about only 9 kilometres and the only airport is located at Dimapur which cater to the rail and air transport needs of the entire state.²⁶ During 2000-2001, the total length of road in

²⁶ Dr.B.Kilangla Jamir, Status of Infrastructure in Nagaland: strategies to strengthen infrastructures for Economic development in Dr.Akali Sema and others(ed) Economic Development in Nagaland Prospects and Constraints,Kohima, Nagaland University Teachers Association, N.V.Press, 2006, p.236.

Nagaland was 13,368.45 kilometres²⁷ out of which only 46.56 percent were surfaced as against 24.96 percent in North-East region and 85.68 percent in India. In terms of per capita availability of road (per 1,000 population) the state has a better index (6.87 kilometres) compared with the North-East region (3.81 kilometres) and the country as a whole (2.58 kilometres).²⁸

TABLE 5.12.

Length of Road in Nagaland during 1992-93

(in Kilometres)

District	State Highway		Major District Road		Other District Road		Village Road		Total
	Sur-faced	Unsur-faced	Sur-faced	Unsur-faced	Sur-faced	Unsur-faced	Sur-faced	Unsur-faced	
Kohima	69	-	-	154	104	209	45	667	1248
Mokokchung	113	-	-	71	56	101	48	668	1057
Tuensang	-	-	-	-	37	87	37	1094	1255
Phek	-	-	-	-	28	68	22	501	619
Mon	58	-	-	67	23	103	20	662	933
Wokha	137	-	-	-	20	36	24	455	672
Zunheboto	21	-	-	-	22	172	22	479	716
Total	398	-	-	292	290	776	218	4526	6,500

Source: Compiled from Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2000, 2004, p.258 and p.238 respectively.

Analysis:

The district-wise lengths of roads are categorized as state highways, major district roads, other district roads and village roads. The roads are further categorized as surfaced and unsurfaced. As it is seen from Table 5.12 that during 1992-1993 the surfaced road length in terms of percentage was found to be highest in Wokha district with 34.42 percent of the total road length and lowest was in Zunheboto district with only 5.27 percent under the category of state highway. There was no data for surfaced road under the category of major district road. The unsurfaced road length is highest in Kohima district with 52.73 percent of the total road length and Mon district was found to be the

²⁷ Government of Nagaland, n.11, p.273.

²⁸ Ibid, n.11, p.237.

lowest with only 22.94 percent. In the category of other district road, Kohima district tops with 35.86 percent surfaced road and 26.93 percent unsurfaced road and the lowest is found in Wokha district with only 0.68 percent surfaced road and 4.63 percent unsurfaced road length. In the category of village road, Mokokchung district is recorded to be highest in the surfaced category with 22.01 percent and Tuensang with 24.17 percent of the road length.

It is also revealed that during 1992-1993 maximum length of road in terms of percentage is found in Tuensang district with 19.30 percent of the total road length followed by Kohima and Mokokchung districts with 19.2 percent and 16.26 percent respectively. The minimum road length is found in Phek district with 9.52 percent only. The other three districts share the length of road by 14.35 percent in Mon, 10.33 percent in Wokha and 11.01 percent in Zunheboto district of the total road length. The disparity of road connectivity between districts having maximum and minimum total road length during 1992-93 was 583 kilometres.

TABLE 5.13.

Length of Road in Nagaland during 2001-2002

District	State Highway		Major District Road		Other District Road		Village Road		Total
	Surfaced	Unsurfaced	Surfaced	Unsurfaced	Surfaced	Unsurfaced	Surfaced	Unsurfaced	
Kohima	297	-	367	206	183.5	110	395	443	5991.5
Mokokchung	215	30	161	114	144	317.5	383	440	1611.00
Tuensang	44	289	109	344	190	636	411	798	2821.0
Phek	195	385	115.9	133	78.5	122.5	209	451	1167.9
Mon	233	-	148.5	131.5	122.87	189.13	310	287	1302.00
Wokha	60	-	5	149	84.5	361.5	208	291	1159.00
Zunheboto	-	-	112	242	250	162.5	213	311	1140.5
Total	675	357.5	1018.4	1319.5	1053.37	1899.13	2129	3021	15,192.9

Source: Compiled from Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2000, 2004, p.258 and p.238 respectively.

Table 5.13 reveals that during 2001-2002, the total length of road in terms of percentage is found to be highest in Kohima district with 5991.5 kilometres out of which 1242.5 kilometres are surfaced and 759 kilometres are unsurfaced. It is followed by Tuensang district with 2,821 kilometres out of which 754 kilometres falls under surfaced category and 2,067 are unsurfaced, Mokokchung district with 1,611 kilometres out of which 903 kilometres are surfaced and 901.5 kilometres are unsurfaced, Mon district with 1,302 kilometres of which 814.37 are surfaced and 607.63 are unsurfaced, Phek with 1,176 kilometres of which 598.4 kilometres are surfaced and 1091.5 are unsurfaced, Wokha district with 1,159 kilometres of which 357.5 kilometres are surfaced and 801.5 kilometres are unsurfaced and lowest in terms of total road length was found in Zunheboto district with 1,140.5 kilometres of which 575 kilometres are surfaced and 715.5 are unsurfaced. The disparity between the highest and the lowest districts in terms of total road length during 2001-2002 was 4,851 kilometres. Thus the total length of road in Nagaland has increased from 6,500 kilometres in 1992-93 to 15,192 kilometres during 2001-2002 showing an increased of 8,692 kilometres over a period of one decade.

5.8. SOCIAL SERVICES SECTOR:

5.8.1. Education:

One of the things that strikes even a casual visitor in Nagaland is the extraordinary keenness of the people for education. As compared to the other tribals in India, this attitude of the Nagas stands out in contrast and was singled out for comment by the Dhebar Commission.²⁹ Over the past years, Nagaland has made a significant progress in the field of education with literacy rate increased from 17.91 percent in 1961³⁰ to 67.11 percent in 2001³¹ and the educational institutions increased from 1 college in 1961³² to 58 in 2003.³³

²⁹ Government of India, Report of the Scheduled Areas and Scheduled Tribes Commission, 1960-61, Vol.1, p.472.

³⁰ V.G.K.Thathachary, n.9, p.98.

³¹ Government of Nagaland, n.11, p.45.

³² V.G.K.Thathachary, n.9, p.99.

³³ Governmnt of Nagaland, 11, p.109

However, only a few institutions for professional education have come up. Even though literacy rate is higher than all India average, the outcome of the role of education in states economic performance is still very low, the dismal scenario of higher and technical education in the state which is only 5.7 percent of total population against 6.4 percent North-East average and 8.2 percent of national average speaks volume of its impact on economic development.³⁴ Further, there is a need for quality research institute, technical institutions, vocationalization of education and market oriented strategy in human resource development in the context of globalization. It is basically due to the lack of choice in the field of higher and technical education; number of students has being sent outside the state which results in huge capital outflow from the state annually.

TABLE 5.14.

Ranking of District-Wise Literacy Rate.

Sl.No.	District	Literacy Rate 1991			Literacy Rate 2001		
		Persons	Males	Females	Persons	Males	Females
1	Dimapur	68.65	73.44	64.42	78.15	82.16	73.34
2	Mokokchung	77.85	80.52	74.88	84.27	86.14	82.2
3	Wokha	73.92	81.05	65.99	81.26	85.69	76.46
4	Kohima	69.58	75.58	61.41	74.28	81.44	66.64
5	Phek	62.59	72.28	51.34	71.35	78.97	63.08
6	Zunheboto	64.36	70.76	57.63	69.73	73.43	65.08
7	Tuensang	48.39	53.98	41.98	51.3	55.97	46.12
8	Mon	36.02	41.9	29.1	42.25	46.7	37.12
9	Nagaland	61.65	67.62	54.75	67.11	71.77	61.92
10	All India	52.21	64.13	39.29	63.38	75.85	54.16

Source: Department of School Education, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 1996,p.50, and 2004, p.45.

Note: District arranged according to rank of Human Development Index

Analysis:

The district-wise literacy rate in Nagaland given in Table 5.14 reveals that there is a great variation in terms of percentage from one district over another. According to 1991

³⁴ Dr.Akali Sema and Other, n.19, p.10.

census, the literacy rate was highest in Mokokchung district with 77.85 percent followed by Wokha district with 73.92 percent and the lowest literacy rate is found in Tuensang and Mon districts with only 36.02 percent and 48.39 percent respectively. The literacy rate in the remaining other districts are also high and above the national average with Dimapur 68.65 percent, Kohima 69.58 percent, Zunheboto 64.36 percent, Phek 62.59 percent. The disparity between the highest and the lowest districts in terms of literacy rate shows a wide gap of 41.21 percent during the same year.

The literacy rate of male members was highest in Wokha district with 81.05 percent and lowest in Mon district with only 41.9 percent showing a disparity of 39.15 percent and the female literacy rate was highest in Mokokchung district with 74.88 percent according to 1991 census and Mon occupies in the lowest rank even in the female category with only 29.1 percent showing a difference of 45.78 percent.

The literacy rate has increased from 61.65 percent in 1991 to 67.11 percent in 2001 showing an increased of 5.46 percent. Similarly the percentage of literacy rate at the district level has increased tremendously. The district-wise percentage increase during 1991-2001 was Mokokchung 6.42 percent, Wokha 7.34 percent, Mokokchung 8.29 percent, Kohima 4.7 percent, Phek 8.76 percent, Zunheboto 5.37 percent, Tuensang 2.91 percent and Mon 6.23 percent. The district with maximum percentage increase during the period was Phek district with 8.76 percent and the minimum percentage increase during the same period was Tuensang district with only 2.91 percent.

In 2001 the male and female literacy rate was highest in Mokokchung with 86.14 percent and 82.2 percent respectively and the lowest was found in Mon district with male literacy rate 46.7 percent and female 37.12 percent showing a disparity of male literacy rate of 39.44 percent and female literacy rate of 45.08 percent.

TABLE 5.15.

District-Wise Child Population, Enrolment and out of School Children in 2002.

Sl. No.	District	Total 6-11 years			Total 11-14 years		
		Total Child Population	Total out of school	Total enrolled	Total Child Population	Total out of school	Total enrolled
1	Dimapur	20231	2943	17288	9004	877	8127
2	Mokokchung	13301	871	12430	5686	349	5337
3	Wokha	12801	1416	11385	4721	362	4359
4	Kohima	22010	1838	20172	9368	778	8590
5	Phek	21205	2916	18289	8315	1189	7126
6	Zunheboto	17200	2567	14633	6792	975	5817
7	Tuensang	34738	9484	25254	13107	2540	10567
8	Mon	32929	13663	19266	11941	3499	8442
9	Nagaland	174415	35698	138717	68934	10569	58365

Source: Household Survey, Department of Education, Kohima, Government of Nagaland, 2002, p.34.

From Table 5.15 it can be observed that the population and enrolment of children between the age of 6-11 years is highest in Tuensang district with 19.91 percent and 18.20 percent respectively and lowest in the same age category is in Wokha district with only 7.33 percent and 8.20 percent respectively showing a variation of population (12.58 percent) and enrolment (10 percent). The total children that are out of school are highest in Mon district with 38.27 percent and lowest in Mokokchung district with only 2.43 percent showing a wide difference of 35.84 percent.

The total child population and enrolment in the age category of 11-14 is highest in Tuensang with 19.01 percent and 18.10 percent respectively and the lowest child population is found in Wokha district with 6.84 percent and total enrolment 7.29 percent. The disparity between Tuensang and Wokha district in terms of child population and enrolment is 12.17 percent and 10.81 percent respectively.

TABLE 5.16.

District-Wise Teachers Position in 2002.

Sl. No.	Districts	Total Trained Teachers	Teacher-Pupil Ratio	Total untrained Teachers	Teacher-Pupil Ratio	Total Teachers	Total Teacher-Pupil Ratio
1	Dimapur	326	1:22	788	1:81	1114	1:103
2	Mokokchung	669	1:10.	1041	1:39	1710	1:49
3	Wokha	303	1:19.	490	1:85	793	1:104
4	Kohima	678	1:16.	1030	1:84	1708	1:100
5	Phek	197	1:27.	739	1:15	936	1:42
6	Zunheboto	374	1:17.	806	1:33	1180	1:50
7	Tuensang	349	1:17.	1741	1:14	2090	1:31
8	Mon	414	1:26.	638	1:34	1052	1:60
9	Nagaland	3310	1:18.	7273	1:62	10583	1:80

Source: Department of School Education, Kohima, Government of Nagaland, Kohima, 2004,p55.**Note:** Districts are arranged according to the rank of Human Development Index

From Table 5.1., it is seen that in 2002 the total number of teachers in terms of percentage is highest in Tuensang district with 19.74 percent and lowest in Wokha district with only 7.49 percent showing a difference of 12.25 percent. However the teacher-pupil ratio is highest in Wokha district with 1:104 and the lowest is in Tuensang district with only 1:31. Only three districts rise above the state average and the remaining districts fall under the state average. The number of trained teachers is highest in Kohima district with 20.48 percent followed by Mokokchung district with 20.21 percent and the lowest number of trained teachers is in Phek district with only 5.95 percent showing a wide disparity of 14.53 percent. However, the teacher-pupil ratio in the category of trained teachers is highest in Phek district with 1:27 percent and the lowest in Mokokchung district with 1:10 percent only. In the remaining districts the number of trained teachers is almost similar with little variation with Dimapur 9.84 percent, Zunheboto 11.29 percent, Tuensang 10.54 percent and Mon 12.50 percent.

In the category of untrained teachers, Tuensang district tops with 23.93 percent followed by Mokokchung and Kohima district with 14.31 percent and 14.16 percent

respectively. District with the least number of untrained teachers is Wokha with only 6.73 percent. In the remaining other districts Mon shares 8.77 percent, Zunheboto 11.08 percent, Phek 10.16 percent and Dimapur 10.83 percent. However in the untrained teacher's category, the teacher-pupil ration is highest in Wokha district with 1:85, followed by Kohima and Dimapur with 1:84 and 1:81 respectively.

TABLE 5.17.

District-Wise Number of Primary School and Middle High School as on 31-03-97.

Sl.No.	Districts	Primary School	Middle High School
1	Kohima	376	84
2	Tuensang	222	107
3	Zunheboto	180	53
4	Wokha	113	21
5	Mon	108	40
6	Mokokchung	105	55
7	Phek	100	40
	Total	1204	396

Source: Village Level Development Indicators, Kohima, Directorate of Economics and Statistics, Government of Nagaland, Kohima, 1999, p.33.

District-wise number of Primary and Middle High School is available only for 1997 so data pertaining to the previous years and after could not be procured given the limitation. In 1997, there were 1,204 Primary Schools and 396 schools with Kohima district having the highest number of Primary School (31.22 percent) and Tuensang district having maximum share of Middle High School (27.02 percent). Phek and Wokha districts share the lowest number of Primary school and Middle High School with only 100 and 21 respectively. The district disparity in terms of number in the Primary School category is 276 and Middle High School is 86.

5.8.2. Medical and Public Health:

The productive capacity of any economy in a large measure depends on healthy and well trained working force. An unskilled person cannot operate a machine and a sick

and hungry man cannot learn any new skills. The condition of health care facilities in Nagaland is still far from satisfactory. Therefore the people of the state mostly often go outside state in Guwahati (Assam) and outside the North-East region to meet the healthcare requirements. This is mainly due to the poor public health infrastructure, lack of adequate infrastructure, lack of adequate qualified doctors, nurses and paramedics and shortage of medicines.

TABLE 5.18.

Number of Hospitals, Dispensaries, Primary Health Centres, Sub-Centres and Beds in 1992.

Particulars	Kohima	Mokok chung	Tuensang	Zunheboto	Wokha	Phek	Mon	Total
Hospitals	5	3	7	6	3	3	2	29
P.H.Cs	9	5	5	3	2	3	5	32
S.H.C	11	1	8	3	5	7	3	38
Dispensaries	21	21	9	1	5	7	1	65
Sub-Centre	44	27	54	31	26	24	28	234
Beds	527	228	245	136	92	122	104	1454
Total	617	285	328	180	133	166	143	1852

Source: Statistical Handbook of Nagaland, Kohima, Directorate of economics and Statistics, Government of Nagaland, 1996, p.180.

Perusal of the Table 5.18 shows that in 1992, there were 29 hospitals, 32 primary health centres, 38 secondary health centres, 65 dispensaries, 234 sub-centres and 1454 beds in the state. District-wise break up of health infrastructure in 1993 shows that Kohima district share the maximum infrastructure with 33.31 percent, followed by Tuensang and Mokokchung district with 17.71 percent, and 15.38 percent respectively. In the remaining districts the position of infrastructure is comparatively low with Zunheboto (9.82 percent), Phek (8.96 percent), Mon (7.72 percent) and Wokha (7.18 percent). The disparity of health infrastructure between Kohima and Wokha district is 26.13 percent.

TABLE 5.19.

Number of Hospitals, Dispensaries, Primary Health Centres, Sub-Centres and Beds in 2002.

Particulars	Kohima	Mokokchung	Tuensang	Zunheboto	Wokha	Phek	Mon	Total
Hospitals	2	1	2	1	1	1	1	9
P.H.Cs	14	11	11	6	5	9	6	62
S.H.C	8	1	5	3	5	6	5	33
Dispensaries	1	5	2	1	1	3	1	14
Sub-Centre	46	49	61	40	30	34	49	309
Beds	597	362	376	136	134	200	160	2183
Total	668	429	457	187	176	253	222	2610

Source: Statistical Handbook of Nagaland, Kohima, Directorate of Economics and Statistics, Government of Nagaland, 2004.p.170.

Analysis:

Table 5.19 reveals that the total number of health infrastructure has tremendously increased from 1,852 in 1993 to 2,610 in 2002 showing an increased of 758. The district-wise percentage share of health infrastructure shows that Kohima has the maximum number of health infrastructure with 25.59 percent followed by Tuensang and Mokokchung districts with 17.50 percent and 16.43 percent respectively. The remaining districts share a similar percentage with Phek district (9.69 percent), Mon (8.50 percent), Zunheboto (7.16 percent) and Wokha (6.74 percent). From the percentage share of district health infrastructure, one can see the disproportionate position of districts with some districts having the bulk and some district very low level of facilities. The disparity between Kohima and Wokha district in terms of percentage works out to 18.85 percent.

5.9. Conclusion:

Thus, from the foregoing analysis it is observed that under Agriculture sector, Kohima and Phek district produced maximum production of Principle crops followed by Wokha, Mokokchung and Tuensang. Mon and Zunheboto are at the bottom level in terms of production. Commercial crops are produced maximum in Kohima and Wokha, followed by Mon, Mokokchung, and Phek. Tuensang and Zunheboto are the least production districts of Commercial crops. Under Irrigation, the Net Irrigated area was highest in Kohima and Phek district due to the practice of Terrace cultivation followed by Wokha, Mokokchung and Tuensang. The least Irrigated districts are Zunheboto and Mon district. The total Net Irrigated area under crops are found maximum in Kohima and Phek

district followed by Wokha, Mokokchung and Tuensang District. Zunheboto and Mon district are the two districts with least net irrigated area under crops.

In terms of small scale industries, maximum numbers of industries are located in Kohima and Mokokchung followed by Mon, Zunheboto and Wokha district. Phek and Tuensang districts are at the bottom level in terms of number of small scale industries. The districts with the highest number of villages electrified are found in Mokokchung and Kohima district followed by Tuensang, Zunheboto and Phek districts. The least two districts with minimum electrified villages was found in Mon and Wokha districts. The districts with the maximum length of road were Tuensang and Kohima, followed by Mokokchung, Phek, and Mon district. Zunheboto and Wokha share the lowest share in terms of road length of all the districts. Hence, it is found from the above analysis that under the economic category Kohima and Mokokchung districts are at the top of development, followed by Phek, Wokha and Tuensang districts. Mon and Zunheboto districts are the least developed districts.

Under the Social Services Sector, it is found that the literacy rate was highest in Mokokchung district followed by Wokha, Kohima, Phek and Zunheboto. Mon and Tuensang districts are at the bottom comparing with the other districts. The total child population enrolment in the school between the ages of 6-11 years and 11-14 years was found highest in Tuensang district, followed by Kohima, Mon, Phek and Zunheboto. Mokokchung and Wokha districts are the least districts with lowest child enrolment. The total population of child between the age group of 6-11 and 11-14 that were out of school was found highest in Mon district, followed by Tuensang, Phek, Zunheboto, and Kohima district. The lowest number of students that were out of school was found in Wokha and Mokokchung district. Trained teachers were found maximum in Kohima district followed by Mokokchung, Mon, Zunheboto and Tuensang. Wokha and Phek share the least number of trained teachers. On the other hand untrained teachers are found maximum in Tuensang district followed by Mokokchung, Kohima, Mon, and Phek districts. Zunheboto and Wokha districts share the minimum share of untrained teachers.

The district with the highest number of Primary school was found in Kohima district followed by Tuensang, Zunheboto, Wokha and Mon districts. Mokokchung and Phek districts share the lowest number of Primary schools. Middle schools are found

maximum in Tuensang district followed by Kohima, Mokokchung, Zunheboto and Mon districts. Phek and Wokha districts share the lowest share of Middle schools. The number of hospitals, dispensaries, primary health centres, sub-centres and beds are found maximum in Kohima district followed by Tuensang, Mokokchung, Zunheboto and Phek district. Mon and Wokha districts share the lowest number of health infrastructure in the state.

From the above analysis it is found that under the Social Services Sector, Kohima district occupies the top position in terms of socio-economic development followed by Tuensang district, Mokokchung, Mon and Zunheboto districts. Phek and Wokha districts are the least developed districts under the social services sector. The reason for their lagging behind was due to the lack of developed and adequate communication facilities and non-availability of raw materials.

The disparity between the highest and the lowest district in terms of Net Irrigated Area (Net) during 1992-93 was 21.94 percent which has decreased to 22.1 percent during 2001-2002 showing a fall of -0.16 percent. Likewise the disparity in terms of Net Irrigated Area under crops (Gross) during 1992-92 was 21.22 percent which has increased to 21.43 percent during 2001-2002 showing an increased percentage of 0.21 percent. The disparity in terms of total length of road both surfaced and unsurfaced between the highest and lowest district during 1992-93 was 8.87 percent which has increased to 42.28 percent during 2001-2002 showing an increased percentage of 33.41 percent. The disparity between the highest and the lowest in terms of literacy rate during 1992-93 was 41.83 percent which has increased to 45.08 percent during 1001-2002 showing an increased of 3.25 percent. The difference in terms of percentage in the total number of hospital during 1992-92 was 26.13 percent which has decreased to 18.85 percent during 2001-2002 showing a fall of 7.28 percent.

As it is seen that the number of industrial units has increased over the past years but most of these units are concentrated in few districts with Kohima district having the highest number. The districts of Phek, Mon and Zunheboto are still lagging behind. The number of industrial units has increased even in Tuensang district but still there are no large and medium scale industries. It is important to note that the need for adequate

transportation is a great problem till today. Many villages in the interior areas of Tuensang district have not yet been reached by jeepable roads.

It is also revealed in the beginning of this chapter in the form of table that the District Per Capita Income of the state was Rs.11, 119 with Dimapur district having the highest district per capita income of Rs.16, 837 and the lowest district with district per capita income was found in Mon district with only Rs.4, 500. As per the District Per Capita Income, Tuensang and Mon districts are the two most backward districts in Nagaland. The main reason for their backwardness can be attributed to the historical factor where these two district before becoming a part of Nagaland was part of North East Frontier Agency now Arunachal Pradesh and remain isolated and cut off from the present state of Nagaland for many years. The difference in district Per Capita Income between Dimapur and Mon was more than three-fold which clearly indicates that there is a huge gap and disparity in terms of socio-economic development of these districts over the past years.

It is found that certain districts and areas within the state are still comparatively backward in terms of socio-economic conditions and over-all economic development. The state has identified Mon and Tuensang Districts as backward in terms of socio-economic development and accordingly a special programme in the form of sub-plan has been introduced since the Sixth Plan. The objectives of the programme are to accelerate the pace of economic development activities in the backward areas and districts by augmenting the normal development funds within the state's overall plan outlay. Under the programme basic infrastructures like, provision of water supply, education, medical facilities, village approach roads, irrigation and land developments are implemented.

In the Sixth Five-Year Plan, a sum of Rs.5 crores has been proposed for the development of these backward areas. The schemes meant for the development of backward areas in Nagaland with a view of ameliorating the conditions of the disadvantage classes are (1) Tribal Development Blocks (2) Crash Scheme for Rural employment (C.S.R.E.) and (3) Small and Marginal Farmers Development Agency (S.M.F.D.A.). The development of backward areas and neglected areas was given more emphasis in the Seventh Five-Year Plan and accordingly an amount of Rs.6 crores has been allotted for the purpose. Likewise in the Eight Five-Year Plan a total outlay of

Rs.6.5 crores was assigned for the development of backward areas and districts. Out of the total outlay of Rs.6.5 crores, a total amount of Rs.1.22 crores lakhs was utilized for the purpose. During the Ninth Plan an amount of Rs.7.5 crores was provided under the various programme of development of backward areas such as construction of village approach roads, construction of wells, schools to be assisted and Medical centres to be assisted.

Thus it is revealed that the state government has been trying to develop the backward districts and areas under every successive Five-Year Plan over the past years by allotting development funds to those areas and districts. However due to the inaccessibility and higher cost of all types of socio-economic services, the pace of progress and development has been going very slow. Moreover, Mon and Tuensang districts fall outside the purview of British administration and were considered as 'Free Nagas' in the unadministered areas. British relations with the tribes of these two districts were confined mainly in preventing them from creating trouble for the administration. This is the major causes for their later start in the development process and this is why Mon and Tuensang districts are today more backward as compared with the other districts in Nagaland.

It is also observed that some areas of Mokokchung, Wokha and Kohima districts have more advantages due to the nearness of Assam and the main lines of train and road communication whereas the entire area of Tuensang and Mon districts is far away from the main lines of communication. As a result, materials for development activities are to be transported across long and difficult routes and then in some cases by head loads to their destination. Therefore, the cost of every item becomes excessively higher than in other parts of the district. The high cost of labour and materials has also contributed to the lower rate of progress even with comparatively equal share of development expenditure with other districts. Thus this chapter argues that the comparative backwardness of Tuensang and Mon districts was not only due to the historical factor of late administration but also due to the mismanagement of development funds of backward districts and its inhospitable terrain and geographical disadvantages, the cost of various developmental activities was high and therefore the progress of development was also slow as compared with the other districts.

The major conclusion that emerges from the foregoing analysis is that every successive Five-Year Plan since the Sixth Five-Year Plan (1980-85) emphasized on the development of backward districts and areas but it is found that regional disparities in terms of socio-economic development continue to persist in some form or another without being fully addressed over the past years. Therefore the contribution of Eight and Ninth Five-Year Plan in reducing the socio-economic development disparities of seven districts was found to be mixed with some sectors in a decreasing trend and some other sectors on an increasing trend.

On the whole, the level of socio-economic development in the western regions of Nagaland is higher than in the eastern side. This is because continuity to Assam provides better connectivity while on the Myanmar's side accessibility still presents formidable problems. Thus, the imbalances will continue to prevail unless adequate fund are made available by the centre to the state for the development of backward districts and areas after studying their need and importance and also by taking initiatives in opening up basic and key industries in the state by building up strong infrastructural facilities such as development of power generation, improvement of transport and communication, expansion of financial institutions like banking and insurance etc.

SUMMARY OF FINDINGS AND CONCLUSIONS

Summary of Findings of the Study:

During Eight and Ninth Plan, in Nagaland, the total investment for the development of Agriculture were Rs.23.56 crores and Rs.72 crores respectively and the percentage of utilisation works out to Rs.19.57 crores and Rs.17 crores respectively. Accordingly, the state was able to achieved 1,35,020 M.T. of food grain raising the food grain production from 1,88,00 M.T. during 1991-92 to 3,23,620 M.T in 2001-2002. The state was also able to achieved 39,650 M.T of oil seeds which increased the production of oil seeds from 14,000 during 1991-92 to 53,650 M.T during 2001-2002 and 14,650 M.T of pulses which increased from 15,000 M.T during 1991-92 to 29,650 M.T during 2001-2002. With an investment of Rs.6.5 crores and Rs.8.58 crores during Eight and Ninth Plan, an additional area of 20, 729.3 hectares was created increasing the total area under different horticulture crops to 24,930 hectares during 2001-2002. The state also achieved 20,8,549.2 M.T of fruits and 2,40,997.7 M.T of vegetables which increased the production of fruits and vegetables to 2,77,264 M.T and 2,92,393 M.T during 2001-2002. Moreover, as against the target of 45 research programmes, 67 research programmes were conducted by the department and for home preservation, a total number of 7,750 persons were provided training as against the target of 10 people during the Ninth Plan. Thus the overall percentage of achievement under horticulture was better during the Ninth Plan as compared with the Eight Plan.

The state invested Rs.13.09 crores and Rs.32 crores for Soil Conservation during Eight and Ninth Plan respectively and a total area of 1,070 hectares of land was converted in to terrace cultivation, 400 hectares of land was brought under Farm Forestry, 300 hectares of land was brought under Orchard Plantation, 250 hectares of land was brought under Social Forestry and 450 hectares of land was brought under Contour bonding. With an aim of achieving optimum productions of cocoons and raw silk, a total sum of Rs.5 crores and Rs.21.61 crores was invested under sericulture department during eight and Ninth plans and total expenditure works out to Rs.4.19 crores and Rs.7 crores respectively. During the two plan period, the department was successful in establishing 27 sericulture farms covering 600 acres under Mulbery, Eri, Oak, Tasar and Muga. Besides, the total production of silk yarn has increased to 235.43 in the Ninth Plan as

compared with 167.52 in the Eight plan. The department also received 4 different awards along with cash for outstanding performance from the Central Silk Board of India.

The total amount allocated for Forest Department during Eight and Ninth Plan was Rs.28.5 crores and Rs.51 crores and the total expenditure works out to Rs.9.35 crores and Rs.16.55 crores respectively. During Eight and Ninth plan period, the state was able to achieved an area of 3,17,320 hectares of forest land raising the total area of forest from 5,45,535 hectares during 1991-92 to 8,62,845 hectares during 2001-2002. The amount allocated for Irrigation and Flood control during Eight and Ninth Plan was Rs.25 crores and Rs.57 crores respectively and the total expenditure was Rs.17.52 crores and Rs.29 crores. The state was able to achieve a total net irrigated area of 9,450 hectares and 12,426 hectares of irrigated area under crops. Thus, the total net irrigated area and irrigated area under crops has increased to 63,850 hectares and 72,650 hectares respectively during 2001-2002 from 54,400 hectares and 60,224 hectares during 1991-1992.

With a view of creating rural assets through community efforts and generation of employment particularly in the rural areas, integrated afforestation and infrastructure development in the rural areas, a sum of Rs.94.50 crores and Rs.250.55 crores was invested under Rural Development department during Eight and Ninth Plan and the expenditure incurred works out to Rs.96.69 crores and Rs.189.74 crores respectively. In the Eight plan, as against the target of 31,000 people a total number of 14,191 people got benefited under integrated Rural Development Programme and 324 groups were covered as against the target of 1000 under Development of Women Children in Rural Areas and a total of 13,855 chullahs were procured as against the target of 50,000. Under the Employment Assurance scheme, a total of 163 days were conducted as against the target of 120 days and 43 days were conducted against the target of 30 days under Jawahar Rozgar Yojana. Similarly, during the Ninth plan, a total number of 500 people were provided training as against the target of 8 and 624 chullahs were procured against the target of 23,500. Under integrated Rural Development Programme, a total number of 2,843 people got benefited against the target of 28,710 beneficiaries.

During Eight Plan, the amount invested for the development of Power in the state was Rs.59 crores and the expenditure incurred works out to Rs.90.26 crores. With a view

of achieving the set of targets an amount of Rs.117 crores was invested in the Ninth plan for the development of power and the total expenditure works out to Rs.100.31 crores. During Eight and Ninth Plan period, the state was able to achieved extra high tension transmission line of 132 kilovolt single circuit connecting Kohima-Meluri-Kipheri Transmission line, 132 kilovolt connecting Kohima-Wokha-Doyang transmission line, 132 kilovolt connecting Doyang-Mokokchung transmission line. Besides the Department was able to complete and commissioned the major sub-stations of 66/33 kilovolt, 7.5 megavolt ampere at Tuli, 66/33 kilovolt, 5 megavolt ampere at Tuensang and 132/66/33 kilovolt, 19.5 megavolt ampere at Kipheri. The total number of villages electrified has increased from 1,105 to 1,313 villages during 1996-97 which further increased to 1,350 during 1999-2000. Thus the state government was able to provide electricity to 245 villages during 1991-2000 in Nagaland.

The total amount allocated under Large and Medium Industries during Eight and Ninth Plan was Rs.20 crores and Rs.52 crores and the total expenditure incurred was Rs.11 crores in the Eight plan and Rs.17.11 crores in the Ninth plan. During the Eight Plan, the department was able to conduct training for 60 people for both direction and administration and 240 people were given training under manpower development. Besides, a total number of 150 people participated in the exhibition and publicity and 20 people received training on research, investigation and monitoring. Under the scheme of District Industries Centre a total number of 1,700 people received training and the achievement under project package was 45 and the unit of progress under infrastructural development was 80 units in a district where there is no industry.

Similarly during the Ninth Plan under Large and Medium Industries, 2 people were trained for direction and administration and 8 people participated for exhibition and publicity. Besides, 4 litres of medical essentials were procured and 100 people benefited under the scheme of District Industries Centre. As compared with the achievements during the Ninth Plan under large and medium industries, the performance of Eight Plan was better.

During Eight and Ninth Plan, the total investment on Village and Small Scale Industry was Rs.19.35 crores and Rs.32 crores respectively and the expenditure incurred was Rs.11 crores in the Eight Plan and Rs.20.35 crores in the Ninth Plan. In the Eight

Plan, the department was able to trained 60 people for direction and administration and 240 people under manpower development and a total of 150 people participated for exhibition and publicity. For research, investigation and monitoring, 20 people received training and 1,700 people got benefit under District Industries Centre promotion scheme. Besides, a total quantity of 150 litres of honey was produced and 9 litres of medicine and essential oil were produced. On the other hand during the Ninth Plan, 2 people were trained for administration and 8 people participated in the exhibition and publicity. Under the promotion scheme of District Industries Centre, 100 people got benefited against the target of 650.

In the Eight Plan, Roads and Bridges received a total allocation of Rs.142 crores and the total expenditure incurred was Rs.66.61 crores only and in the Ninth Plan the department received Rs.257.4 crores and the expenditure works out to Rs.151.5 crores. During Eight and Ninth Plan, the department could able to achieved 3,869 kilometres of surfaced road and 1,551.83 kilometres of unsurfaced road raising the total length of surfaced and unsurfaced road to 6,225.62 kilometres and 7,142.83 kilometres during 2001-2001 from 2,356 kilometres surfaced road and 5,591 kilometres of unsurfaced road during 1991-92.

The total allocation for the development of Veterinary and Animal Husbandary during Eight Plan was Rs.16 crores against which the expenditure was Rs.13.69 crores and that of Ninth plan was Rs.35 crores against which the expenditure was Rs.20.22 crores. During the Eight Plan the department was able to achieved 44 M.T. of milk, 43 million of eggs, 16 M.T. of meat and 0.33 lakhs of broiler were procured. Besides, 47 cattle development works were taken up and 7 poultry farms were constructed and 7 piggery farms were established. Altogether 32 veterinary health centres were set up and 3 sheep and goat development farms were constructed and 96 dairy farms were established.

During the Ninth Plan, 103 M.T of Milk were produced and 100 million of eggs were produced. Total of 43.75 MT of meat were produced and 71.85 lakhs of Broiler were produced. For the development cattle and buffalo, 163 cattle and buffalo were procured, 11 poultry farms were established, 7 piggery farms were constructed and 97 veterinary health centres were constructed. The total number of 502.50 sheep and goat development projects were carried out and 206 dairy farms were established.

The total allocation for the Education Sector during Eighth plan was Rs.42.5 crores which increased to Rs.105.76 crores and the expenditure incurred was Rs.45.45 crores and Rs.51.39 crores respectively. In the beginning of the Eight Plan, there were total 179 high schools with 59,659 boys and 52,006 girls, 358 middle schools with 42,003 boys and 33,778 girls and 1,299 primary schools with 62,460 boys and 59,146 girls. Out of the total schools 72 high schools, 236 middle schools and 1216 primary schools were taken care by the government. At the end of the Ninth Plan, the number of schools have increased to 3,480 (high schools) with 78,082 boys and 69,544 girls, 4,723 (middle schools) with 47,747 boys and 46,293 girls and 6,174 (primary schools) with 69,195 boys and 64,536 girls. Hence, the overall increased in educational institution during the past one decade was 12,541 out of which 3,301 (high school), 4,365 (middle school) and 4,956 (primary school). The percentage of Male and Female literates in 1991 was 67.62 percent and 54.75 percent respectively which increased to 71.77 percent (male) and 61.92 percent (female) in 2001.

Thus the overall literacy rate of Nagaland increases from 61.65 percent in 1991 to 67.11 percent in 2001 against the all India average of 65.18 percent showing a decadal growth of 64.41 percent. However, as per 1991 census, there were 22,069 job seekers in the live register of Employment Exchange of the state which has increased to 24,999 in 1996 and further increased to 37,090 at the end of December 2000. The number of educated unemployed has come down to 20,635 and 21,643 in 1996 and 1997 respectively which is an indication of the state government's effort in reducing the number of job seekers by creating more job opportunities to the educated unemployed youth. However, the increasing number of educated unemployment in subsequent years¹ indicates that the state government could not succeed in tackling the unemployment problem as it continues to increase year after year. The state has many educated people but there are very few with the requisite skills, knowledge and work capacities.

Moreover, during Eight Plan under School Education, 106 boys and 93 girls between Class I-V got enrolled and between Class VI-VIII, a total number of 39 boys and

¹ The number of educated unemployed in the live register in 1998 was 35463 which increased to 27752 in 1999. See, Directorate of Employment and Craftsmen Training, Kohima, Government of Nagaland, 2001, p.108.

39 girls got enrolled. Similarly during the Ninth Plan 105 boys and 120 girls between Class I-V got enrolled and between Class VI-VIII the total of 60 boys and 129 girls got enrolled. In terms of physical achievement under higher education during the Eight Plan, 8 government colleges were established and 35 non-government colleges were provided grant-in-aid and 1 professional college was established. In technical education during the Eight Plan, 1 women polytechnic was set up and technical scholarships were provided to 515 students and 1 State Council for Technical Education was constructed. Likewise during the Ninth Plan, 1 women polytechnic and 1 state council for technical education was established.

During Eight and Ninth Plan total sum of Rs.50 crores and Rs.106.31 crores was allocated for the development of Medical and Public Health against which the expenditure works out to Rs.64.08 crores and Rs.94.41 crores respectively. In the beginning of Eight Plan, there were only 9 hospitals, 32 primary health centres, 6 dispensaries, and 234 sub-centres in the state. At the end of the Ninth Plan the number increased to 13 hospitals, 65 primary health centres, 16 dispensaries, 366 sub-centres. Similarly, there were only 273 doctors, 456 compounders and 1104 nurses during Eight Plan period which increased to 387 doctors, 497 compounders and 1278 nurses by the end of the Ninth Plan. The number of patients treated during Eight plan was 47975 (indoor) and 510235 (outdoor) which increased to 109738 (indoor) and 623618 (outdoor) in the Ninth Plan.

The allocation of fund for the development of Water Supply during Eight Plan was Rs.106.77 crores and that of Ninth plan was Rs.106.36 crores and the achievements are 59 villages were connected with water supply during the Eight Plan and 98 villages were connected with water supply during the Ninth Plan. Thus the number of villages covered by drinking water during Eight Plan was 946 which served the population of 8,83,848 which decreased to 71 villages serving only 43,638 people towards the end of the Ninth Plan.

Social Security and Welfare Department received a total allocation of Rs.50 crores and Rs.106.31 crores during Eight and Ninth Plan against which the expenditure was Rs.64.08 crores and Rs.94.41 crores respectively. Out of this investment, during Eight Plan period, 357 children benefited under foster care services and 425 children got

benefited under children in need of care and protection, 160 children got benefited under prevention and control of juvenile social mal adjustment and 1 children library cum service was established. On the other hand during the Ninth Plan, 425 children got benefited under children in need of care and protection, 340 children got benefited under prevention and control of juvenile social mal-adjustment and 1 children library cum was established at Kohima. Besides, 370 destitute women were provided with financial assistance, 437 handicapped students were provided with scholarships, 195 blind persons were given monthly pension of Rs.60. People above 70 years were given old age pension of Rs.100 per month. Under mid-day meals programme, 15,450 people were benefited which increased beneficiaries to 3, 10,005 and 2, 29,395 respectively at the end of the Ninth Plan.

The amount allocated to the Art and Culture Department during Eight and Ninth Plan was Rs.5 crores and Rs.9 crores respectively. The achievements during Eight Plan period were 30 programmes on the promotion of culture were conducted, 17 research studies were conducted, 17 museums were visited, and 5,100 books were procured for the state library at Kohima. On the other hand during the Ninth Plan, 20 activities were taken up for the promotion of culture, 5 research studies were conducted, 2,000 books were procured for the state library and 8 archeological surveys were conducted. Thus the performance during the Eight Plan was better as compared with the Ninth Plan performance.

The state income (NSDP) and per capita income at current prices have constantly increased since the beginning of the Seventh Five-Year Plan till the end of Ninth Five-Year Plan. State Income which was only Rs.261.15 crores in 1985-86 has gone up to Rs.841.52 crores during 1992-1993 and to Rs.3, 864.11 crores during 2001-2002. Similarly, per capita income has also increased from Rs.28.00 crores in 1985-86 to Rs.66.52 crores during 1992-93 and to Rs.189.11 crores during 2001-2002.

It is found that the average annual growth rate of state income during Seventh Five-Year Plan was 15.2 percent which has increased to 18.54 percent during Eight Five-Year Plan and then decreases to 16.35 percent during Ninth Five-Year Plan. Likewise the compound annual growth rate of state income during Seventh Five-Year Plan was 16.42 percent which has increased to 20.37 percent during Eight Plan and then declined to

17.76 percent during Ninth Five-Year Plan showing a decreased of 2.61 percent. The increased percentage in the growth rate of state income (NSDP) during Eight plan can be attributed to the political stability in the state and at the centre and the fall in percentage during Ninth Plan as compared with the Eight Plan can be attributed to the changing funding pattern in the centre towards the special category states and the political turmoil at the centre with several short-lived alliances holding sway.

The average annual growth rate of state Per Capita Income during Seventh Five-Year Plan was 11.51 percent which has increased to 13.37 percent during the Eight Plan and then decline to 10.93 percent during the Ninth Plan. The compound annual growth rate of per capita income was 12.20 percent in the Seventh Plan that increases to 14.30 percent in the Eight Plan and then decreases to 11.55 percent in the Ninth Plan. The reason for the fall of state income and per capita income during the Ninth Five-Year Plan can be attributed to the drastic reduction in the percentage share of total central transfers to the state from 1.23 percent in the award of the Tenth Finance Commission to 1.02 percent in the Eleventh Finance Commission. In term of money it works out to a colossal amount of over Rs.900 crores over a period of five years. This reduction proofs to be very substantial for a state like Nagaland where the total Central assistance provided to the state for the entire Ninth Five Year Plan has been Rs.1253.44 crores.

It is evident that Per Capita Income at Current Prices increased in all the years during Eight and Ninth Five-Year Plan from Rs.9,129 in 1993-94 to Rs.18,911 in 2001-2002 except in 1998-99 and 1999-2000 which has decline to Rs.12,408 and Rs.12,594 respectively. Likewise the Per Capita Income at Constant Prices increases from Rs.9, 129 in 1993-94 to Rs.11, 674 in 2001-2002 with a fall in 1998-99 and 1999-2000 which was Rs.9, 118 and Rs.8, 726 respectively.

It is found that during 1993-2002, maximum contribution to the state income is from the Tertiary Sector contributing 56 percent and Primary Sector with 29.26 percent and Secondary Sector with only 14.73 percent. It is also found that the contribution from all the three sectors to the state income has increased from Rs.1,250.80 crores during 1993-94 to Rs.3,864.11 crores during 2001-2002 showing an increased of Rs.2,613.31 crores. Regarding the Net State Domestic Product in all these years there was continuous increase. At Constant Prices, Tertiary Sector contributes maximum to the Net State

Domestic Product with 50.05 percent and Primary Sector contributes 29.50 percent and the least share is from Secondary Sector with only 14.45 percent. The share of the Primary Sector to the state income at Current Prices was Rs.234.44 crores in 1992-93, it increased to Rs.1,290.17 crores during 2001-2002, whereas, at Constant Prices, its share increased from Rs.234.44 crores to Rs. 874.97 crores during the same period. The share of Secondary Sector at Current Prices increased from Rs.112.44 crores during 1992-93 to Rs.419.91 crores in 2001-2002 showing an increased of Rs.307.47 crores whereas at Constant Prices it increased from Rs.112.44 crores to Rs.244.41 crores during the same period. In the case of Tertiary Sector, its share at Current Prices increased from Rs.494.64 crores in 1992-93 to Rs.2154.03 crores, whereas at Constant Prices it increased from Rs.494.64 crores to Rs.1265.95 crores during the same period. A similar trend is seen in all the sectors where the share of income to the total state income increased constantly both at Current and Constant prices during Eight and Ninth Five-Year Plan.

Conclusions of the Study:

Nagaland joined the National Five-Year Plan as a full fledged state towards the end of Third Five-Year Plan in a very modest way. At the time of the formulation of the First and Second Five-Year Plan, Nagaland was not constituted. One part of Nagaland (Tuensang division) was under North-Eastern Frontier Agency (now Arunachal Pradesh) and the other part (Naga Hills) was under Assam. Therefore, the financial plan outlay in the Second Five-Year Plan for the Naga Hills was made under the state of Assam. During this period, the administrative machinery was geared up mainly to combat insurgency movement in the state; therefore there were no significant development activities and the fruits of First and Second Five-Year Plan were not fully realized. However ever since the state joined the national Five-Year Plan, it has made considerable progress in many sectors such as Agriculture, Road Communication, Education, Medical, Water Supply and other Social Services Sector. However despite various development and progress that has taken place in the last four decade period, the state is still deficient in many areas of basic and vital infrastructures. As compared with the rest of the country, the state is still far lagging behind and continues to remain underdeveloped state of the union of India.

From the analysis of foregoing chapters it has been revealed that from Third Five-Year Plan to Seventh Five-Year Plan, the state government assigned first priority in terms of fund allocation to the Road Transport sector followed by Agriculture, Industry, Education and Health. On the other hand, the production and manufacturing sectors received low percentage in the overall outlay as compared with the Service Sector of Road Transport from Third Five-Year Plan to Seventh Five-Year Plan. This is one of the main reasons where the production and manufacturing sectors remain largely underdeveloped in the state. Though the state government has recognized the importance of road transport and has given priority as basic infrastructural facilities. However, the conditions of roads are far from satisfactory especially in the rural areas. Similarly though agriculture still dominates the primary sector it has not been able to develop at a desired level as the farmers still practiced the traditional system of cultivation leading to low productivity and environmental degradation. Besides, the total production of food grain in the state is not sufficient enough to feed its entire population. Likewise, Industrial sector is largely underdeveloped with only few cottage and small scale units operating in the state. Few medium scale industries such as Dimapur Sugar Mill, Paper and Pulp Industry at Tuli, Plywood Factory at Tizit, Mini Cement Plant at Wazeho, Fruit and Vegetable processing unit at Dimapur which was set up in the state ceased to function causing huge losses to the state government.

The state has made significant progress in the field of education over the past years yet there is a need for quality research institute, technical institutions, vocationalization of education and market oriented strategy in human resource development. Furthermore, with the advancement of education the number of job seekers is consistently increasing. It is to be noted that during the past one decade there has been a considerable shift particularly of the educated youth from the rural areas to urban areas. The number of educated unemployed as recorded in the live register of Employment Exchange stood up at 37,090 in 2000 which can be considered as alarming for a small state like Nagaland. Likewise, even in the health sector, the total number of hospitals both general and specialized has increased over the plan period. However most of these hospitals are located in the urban centres of Kohima and Dimapur districts while more than 80 percent of its population is living in rural areas far away from these centres.

Besides, over the past successive Five-Year Plan, the pattern of inequality virtually remains the same. This can be substantiated from the condition of the people living in the rural areas. The state comprises of more than 90 percent tribal population, which for several decades remained secluded from the main-stream of the society and was hardly touch by any development activities. Therefore for any development activity to yield any meaningful result, the living standards of the rural people that consists of more than two-third of the population needs to be improved by raising their socio-economic status.

The preference of priority in terms of fund allocation changed during the Eight Plan, where highest investment under Economic Sector went to agriculture and allied services followed by rural development, energy, industry and mining, and irrigation. The general economic services, science and technology, and transport and communication share the least percentage share of the total investment. On the other hand, under Social Services Sector, maximum investment goes to medical and public health and general education. Water supply and sanitation, and housing share the least percentage of the total investment. Similarly, during the Ninth Plan, under Economic Sector, maximum percentage of investment went to Agriculture and allied activities and rural development followed by, special area programme, irrigation and flood control, energy, industry and mineral, transport and communication, science and technology, general economic services. The Sectoral fund allocation from Third Plan to Seventh Plan was in favour of Tertiary Sector and the other two sectors could not receive sufficient amount of fund for its advancement. However during Eight and Ninth Plan, the priority in terms of fund allocation changed in favour of Primary Sector which is a positive sign keeping in mind of the majority of workforce depending on this sector for their livelihood.

Under the Social Services Sector, the highest share of the total investment went to medical and public health and general education followed by housing, water supply and sanitation, urban development, sports and youth services, labour and employment, information and publicity, art and culture, social security and welfare, and technical education. It is also observed that the total outlay from Third Five -Year Plan to Ninth Five-Year Plan shows a continuous increased in all the plans, whereas the actual expenditure exceeds the total outlay in most of the plans except in the Fourth Plan, ad hoc plan and in the Ninth Plan where the percentage of utilization falls below the outlay.

It is revealed that during Eight and Ninth Five-Year Plan, the performance in terms of physical achievement was not up to the expected level. The percentage of physical achievement in both the Economic Sector and Social Services Sector during the study period was quite poor and fall short of the target in most of the schemes and programmes. Besides the percentage of utilisation of funds against the total allocation was not up to the mark as the total expenditure falls much below the total allocation of fund in most of the schemes and programmes. If we compare the performance of the two sectors during Eight and Ninth Plan, it is found that the performance of the Social Services Sector was better in few departments like school education and higher education and medical and public health where the average percentage of achievement level stood above 80 percent.

The shortfall in terms of fund utilisation and physical achievements during Eight and Ninth Plan can be attributed to four different factors. Firstly, the state government set the target of various schemes and programmes quite high as per the plan outlay. But the actual amount allocated for those schemes and programmes mostly falls short of the total allocation and also due to the irregularity in the flow of funds from the centre to the state; the development progress of various schemes and programmes had been adversely affected. Secondly, the poor performance of various schemes and programmes during Eight and Ninth Plan was also due to the mismanagement and improper utilisation of development funds by various executing agencies of the state government of Nagaland. Thirdly, the sudden change of policy of the central government towards the special category states since 1989-90 also adversely affected the process of socio-economic development in Nagaland during Eight and Ninth Plan. Finally, the state government of Nagaland has miserably failed to generate funds from its internal resources to fund its obligatory non-development expenditures and entirely depending on central government's contribution towards meeting its plan and non-plan expenditures.

However, during Eight Five-Year Plan, the Average Annual Growth Rate and Compound Annual Growth Rate of state income rises above the growth rate of Seventh Plan, whereas the growth rate of state income during the Ninth Plan falls below the Eight Plan. The increased in the state income during Eight Plan can be attributed to the development of infrastructures and the expansion of administrative services in the state.

Besides, there was political stability in the state and at the Centre with some political turmoil at the Centre towards the end of its rule. At the state level, Congress (I) was able to retain power for two consecutive terms from 1993-2002. But internal problems cropped up towards the later part of its successive terms which eventually led to its defeat in the Tenth assembly election held in 2003. Similarly at the Centre, Lok Sabha election that was held in 1991 gave no political party a majority leaving the Indian National Congress formed a minority government and was able to complete its full term of five years. However, the years from 1996 to 1998 were a period of turmoil in the federal government with several short alliances holding sway. In 1998, the Bharatiya Janata Party formed the National Democratic Alliance (NDA) with several other parties and became the first non-Congress government to complete a full term of five years.

It is also found that maximum share in terms of percentage to the state income during Eight and Ninth Plan is from the Tertiary Sector and minimum share is from the Secondary Sector. The percentage share of Primary Sector at current prices decline through out the period during Eight Plan except in the year 1994-95. However in the Ninth Plan, the share of Primary Sector to the state income shows a positive trend with an increased throughout the years. The share of Secondary Sector at current prices to the state income shows a different picture with a considerable increased in its share except in the year 1993-94 and 1994-95 during the Eight Plan. However the share of Secondary Sector to the state income at current prices decline constantly in the Ninth Plan. The share of Tertiary Sector to the state income at current prices shows fluctuations in both the Eight and Ninth Five-Year Plan. At constant prices the share of Primary Sector to the state income decreases in all the years during the Eight Plan and then increases during the Ninth Plan. The share of Secondary Sector to the state income at constant prices decline in the first two years and then boost up during 1995-95 and 1996-97. In contrary the share of Tertiary Sector at constant prices increase in the first two years and then decline in the next two years during Eight Plan. Even in the Ninth Plan, the same trend continues showing a sign of decline with some fluctuations in the early part of the plan. It also reveals that the Tertiary Sector was able to develop to a certain level while Primary and Secondary Sectors remained stagnated over the last four decades of planning era in Nagaland. Thus, the role of Secondary and Tertiary Sectors should have increased

simultaneously as Primary Sector declines but this did not happen in the case of Nagaland. The progress in Tertiary Sector alone will not be able to sustain the process of economic development in the long run.

Furthermore, it is important to note that since Sixth Five-Year Plan special attention was given to the backward areas and districts in terms of fund allocation for its development. However, socio-economic development disparities continue to persist throughout the Plan period without being fully addressed both by the state and central governments. The trend of development disparities continue to exist even in the Eight and Ninth Five-Year Plan and therefore the contribution of Eight and Ninth Five-Year Plan in lessening the development disparities of seven districts were found to be mixed. On the one hand, based on the analysis of socio-economic disparities of some major sectors of seven districts it is found that Kohima and Mokokchung districts were found to be at the highest level under the category of economic development whereas under the social services development, Kohima and Tuensang were at the top level followed by Mokokchung. On the Other hand if we compare the District Per Capita Income of seven districts a great disparity still exist with Wokha and Mokokchung districts occupied the top position in terms of District Per Capita Income and Tuensang and Mon districts having the lowest District Per Capita Income. Hence, the socio-economic development disparities will continue to prevail unless the state government and central government came out with better policies and programmes in favour of backward districts and areas.

In the light of the above findings, we may conclude that the state government had neither put in extra efforts in raising its own revenue in a much more efficient way nor had it made any sincere effort to tap more resources during the period covered by our study. In the absence of any cohesive additional domestic resource mobilization programmes, financing of ever increasing expenditure has led to the dependency syndrome of the state on the Centre for higher grants-in-aid. Besides, the non-existence of vibrant tax structure in order to finance the increased volume of public expenditure has placed the state at the mercy of market forces in terms of public borrowings which put the state in serious financial distress and debt servicing trap. Thus the problem of socio-economic development in Nagaland cannot be solved merely by depending upon the plan outlays and central government assistance to fund its development programmes but the

state government has to generate funds from its internal resources by expanding its tax and non-tax revenue to meet its non-plan expenditures. In addition, the problem cannot be solved by economist or policy makers alone but needs a multi-disciplinary approach to fully address the issue by involving people from all walks of life. Hence, participatory planning at all level is necessary because it would create conditions wherein the services provided by the government would be more effectively utilized.

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APPENDICES

APPENDIX -A

A. 16-Point Agreement

1.The Name:

The territories that were hitherto known as the Naga Hills-Tuensang Area under the Naga Hills Tuensang Area Act 1957, and any other Naga area, which may hereafter come under it shall form a state within the Indian Union and be hereafter known as the Nagaland.

2. The Ministry-Incharge:

The Nagaland shall be under the Ministry of external Affairs of the government of India.

3. The Governor of Nagaland:

- i. The President of India shall appoint a Governor for Nagaland and he will be vested with the Executive Powers of the Government of Nagaland and he will function from the Headquarters of the Nagaland.
- ii. His administrative secretariat will be headed by a chief secretary stationed at the Headquarters with other secretariat Staff as necessary.
- iii. The Governor shall have special responsibility with regard to Law, Order and Police during transitional period only.

4. Council of Ministers:

- i. There shall be a council of Ministers (viz.Six Ministers and three Deputy Ministers) with a Chief Minister at the Head to assist and advise the Governor in the exercise of his functions.
- ii. The Council of Ministers shall be responsible to the Naga Legislative Assembly.

5. The Legislature:

There shall be a constituted Legislative Assembly consisting of elected and nominated members as may be deemed necessary representing different tribes.

6. Representation in the Parliament:

Two elected members shall represent the Nagaland in the Union Parliament, i.e. one in the Lok Sabha and one in the Rajya Sabha.

7. Acts of Parliament:

No acts of Law passed by the Union Parliament affecting the following provisions shall have legal force in Nagaland unless specifically applied to it by a majority vote of the Naga Legislative Assembly.

- i. The Religious or social practices of the Nagas
- ii. Naga customary Laws and Procedures.
- iii. Civil and criminal justice so far as these concern decisions according to the Naga customary Laws,
- iv. The ownership and transfer of land and its resources.

8. Local self-government:

Each tribe shall have the following Units of Law-making and Administrative Local Bodies to deal with matters concerning the respective tribes and areas:

- i. The village Council
- ii. The Range Council.
- iii. The Tribal Council.

9. Administrative of Justice:

a. Each tribe shall have the following Courts of Justice:-

- i. The Village court
- ii. The Range Court
- iii. The Tribal court.

b. Appellate Courts:-

i. The District Court-Cum-sessions Court (for each District) and Supreme Court of India.

ii. The Naga Tribunal (for the whole of the Nagaland) in respect of cases decided according to customary Law.

10. Administrative of Tuensang District:

- i. The Government shall carry on the administrative of the Tuensang District for a period of 10 years until such time when the tribes in the Tuensang District are capable of shouldering more responsibilities of the advanced system of administration. The commencement of ten-year period of administration will start simultaneously with the enforcement of detailed working of the constitution in the other parts of the Nagaland.
- ii. Provided further that a Regional Council shall be formed for Tuensang District by elected representatives from all the tribes in Tuensang District, and the Governor may nominate representatives to the Regional Council as well. The Deputy Commissioner will be the EX-officio Chairman of the Council. The Regional Council will elect members to the Naga Legislative Assembly to represent Tuensang District.
- iii. Provided further that on the advice of the Regional council steps will be taken to start various Councils and Courts, in those areas where the people feel themselves capable of establishing such institutions.
- iv. Provided further that no Act of laws passed by the Naga Legislative Assembly shall be applicable to Tuensang District unless specifically recommended by the Regional Council.
- v. Provided further that the Regional council shall supervise and guide the working of the various Councils and Courts within Tuensang District and wherever deemed necessary depute the Local Officers to act as Chairman thereof.
- vi. Provided further that Council of such areas inhabited by a mixed population or which have not as yet decided to which specific Tribal Council to be affiliated to shall be directly under the Regional Council for the Time being. And at the end of ten years the situation will be viewed and if the people so desire the period will be further extended.

11. Financial Assistance from the Government of India:

To supplement the revenue of the Nagaland, there will be a need for the government of India to pay out of the consolidated fund of India as Grants-in-aid as follows:

- i. Lump-sum as may be necessary each year for the development programme in the Nagaland;

ii. A fixed recurring sum (Annual Subvention) for meeting the cost of the administration of Nagaland.

12. Re-Transfer of Reserved Forest:

All the Reserved Forests and other Naga areas that were transferred out of Naga area will be returned to the Nagaland with a clearly defined boundary under the present settlement.

13. Consolidation of Contiguous Naga Area:

The other Naga tribes inhabiting the areas contiguous to the present Nagaland be allowed to join the Nagaland if they so desire.

14. Formation of Separate Naga Regiment:

In order that the Naga people can fulfill their desire of playing a full role in the defense of India, the question of raising a separate Naga Regiment should be duly examined for action.

15. Transitional Period:

i. On reaching the political settlement with government of India, the Naga People's Convention shall appoint a body to draft the details of the Constitution for the Nagaland on the basis of the settlement.

ii. There shall be constituted an Interim Body with elected representatives from every tribe, to assist and advise the Governor in the administration of the Nagaland during the transitional period. The Tenure of office of the members of the Interim body will be 3 years subject to re-election.

16. Inner Line Regulation:

The rules embodied in the protected area 1958 shall remain in force in the Nagaland.

Source: R.Vashum and Others(ed), Nagas at Work, New Delhi, Naga Students Union Publication,1996.

APPENDIX- B

B. Shillong Accord of November 11th, 1975.

1) The following representatives of the underground organizations met the Governor of Nagaland Shri L.P.Singh, representing the Government of India at Shillong on 10th and 11th November, 1975.

- a) Shri I.Temjenba
- b) Shri S.darhu
- c) Shri Veniyi Rakhu
- d) Shri Z.Ramyo
- e) Shri M.Assa
- f) Shri Kevi Yallay

2) There was series of four discussions. Some of the discussions were held with the Governor alone at others, the Governor was assisted by the two Advisors for Nagaland, Shri M.Ramunmy and Shri H.Zopianga, and Shri M.L.Kampani, Joint Secretary in the Ministry of Home Affairs. All the five members of the Liason Committee, namely, Rev.Longri Ao, Dr.M.Aram, Shri L.Lungaland, Shri Kenneth Kerhu and Shri Lungshim Shaiza, participated in the discussions.

3) The following were the outcome of the discussions:

- a) The representatives of the underground organizations conveyed their decision, of their own volition, to accept, without condition, the constitution of India.
- b) It was agreed that the arms, now underground, could be brought out and deposited at appointed places. Details for giving effect to this agreement will be worked out between them and representatives of the Government, the security forces, and members of the Liason Committee;
- c) It was agreed that the representatives of the underground organizations should have reasonable time to formulate others issues for final settlement.

Dated, Shillong
November 11th, 1975.
Sd/-(I.Temjenba)

Sd/-(S.Dahru)
Sd/-(kevi Yally)

Sd/-(L.P.Singh)

On behalf of the
Government of India

On behalf of the representatives of
the Underground Organization.

Source: Kaka D.Iralu, Nagaland and India: The Blood and The Tears, Kohima, Unpublished, 2000.

APPENDIX- C

C. Plan Expenditure from Third Five-Year Plan (1961-66) to Ninth Five-Year Plan (1997-2002).

(Rs. in lakhs)

Major Head of Development	3 rd Plan (1961-1966)	Adhoc 1966-1969	4 th plan (1969-1974)	5 th Plan 1974-1979	Rolling 1978-1980	6 th plan (1980-1985)	7 th Plan (1985-1990)	Adhoc 1190-1992	8 th plan 1992-1997	9 th 1997-2002	Total
A. Economic Services											
1.Agriculture and Allied Activities.											
i. Agriculture	77.20	50.50	193.69	317.52	293.50	961.67	1996.20	1710.00	1299.03	2898.67	9797.98
ii.Horticulture	-	-	-	-	-	-	195.51	150.61	830.49	1056.81	2233.42
iii.Soil and Water conservation.	-	3.24	51.08	205.07	199.74	542.80	964.79	274.49	1058.74	1869.31	5169.24
iv. Vety. And Animal Husbandary.	44.42	65.81	102.82	210.31	148.03	478.53	988.38	899.12	1321.20	1976.24	6234.86
v. Fisheries	12.01	58.86	23.43	27.16	1994	108.94	352.45	310.29	571.41	701.86	2186.35
vi. Forestry and Wild Life	12.01	58.86	23.43	27.16	19.94	108.94	352.45	310.29	571.41	701.86	2186.35
vii Wasteland Development	-	-	-	-	-	-	-	-	66.74	706.30	773.04
viii.Cooperation.	18.88	20.91	62.26	81.28	83.07	137.63	253.88	126.53	215.96	223.90	1224.30
2. Transport											
i.Roads and Bridges	343.01	487.84	1120.85	1904.41	1486.77	4588.93	7431.72	3643.63	7691.36	14189.31	42887.83
ii. Road Transport	36.26	88.10	113.54	126.14	76.31	488.71	906.42	634.63	1092.51	1546.38	5109.00
3.Village and Small Industries	12.64	28.46	55.13	115.26	110.42	527.74	926.80	417.00	1100.65	3065.35	6359.45
4.Rural Development	115.17	133.73	111.25	129.92	175.54	1715.13	3412.98	7324.74	9290.02	18066.17	40474.65
B. Social Services											
1.Education	12899	196.78	390.31	554.19	393.08	1122.10	2574.29	1745.00	5293.54	8597.59	21020.36
2.Sports and Youth Services	-	-	-	-	-	-	620.07	430.68	939.03	1170.48	3160.26
3.Art and Culture	1.41	8.68	14.74	17.54	28.74	142.11	406.50	196.67	416.53	662.31	1895.23
4. Medical and Public Health	107.34	109.47	187.82	172.52	173.65	1347.15	2092.97	1074.00	6430.36	9760.24	21455.52
5. Water Supply and Sanitation	-	93.43	301.17	537.31	347.77	1744.39	2945.60	1071.85	3731.21	10636.03	21408.76

Source: Nagaland, State Human Development Report, Department of Planning and Co-ordination, Government of Nagaland, Kohima, 2004, pp.237-38.

APPENDIX-D

D. Gross State Domestic Product at Factor Cost at Constant Prices

(Rs.in lakhs)

Sl. No.	Sector	At 1980-81 Prices			At 1993-94 Prices		
		1980-81	1985-86	1990-91	1993-94	1995-96	2000-01
1	Primary Sector	3511	5174	7100	33507	34604	76069
1.1	Agriculture	3056	3501	4455	26903	27400	67919
1.2	Forestry and Logging	449	1592	2472	6114	6475	6678
1.3	Fishing	6	81	173	490	729	1367
1.4	Mining and Quarrying	0	0	0	0	0	105
2	Secondary Sector	1933	3054	7146	19157	27457	37033
2.1	Manufacturing	321	436	1222	4517	9018	2425
2.2	Construction	1688	2634	5461	11152	16653	33894
2.3	Electricity, Water supply, Gas	-76	-16	463	3488	1786	714
3	Tertiary sector	6453	8563	12712	84796	93277	126379
3.1	Transport storage and Communication	250	429	1913	22471	23543	41183
3.2	Trade, hotel and Restaurant	764	1069	1313	7813	8310	11470
3.3	Banking and Insurance	144	370	825	1761	1743	2936
3.4	Real Estate, ownership of dwelling and Business services	1769	1928	2049	16077	18605	22374
3.5	Public Administration	2210	2552	3143	26038	26938	31097
3.6	Other Services	1316	2215	3469	10636	14138	17319
	G.S.D.P	11897	16791	26958	137460	155338	239481
	Per Capita Income (Rs)	1535	1805	2324	9129	10566	12319

Source: Nagaland, State Human Development Report, Department of Planning and Co-ordination, Government of Nagaland, Kohima, 2004, p.234.

APPENDIX -E

E. Net State Domestic Product at Factor Cost at Constant Prices

(Rs. in lakhs)

Sl. No	Sector	At 1980-81 Prices			At 1993-94 Prices		
		1980-81	1985-86	1990-91	1993-94	1995-96	2000-01
1	Primary Sector	3428	5065	6954	32333	33354	75147
1.1	Agriculture	3022	3462	4411	26101	26575	67606
1.2	Forestry and Logging	401	1533	2389	5790	6142	6307
1.3	Fishing	5	70	154	442	637	1145
1.4	Mining and Quarrying	0	0	0	0	0	89
2	Secondary Sector	1490	2391	6117	15314	26030	31551
2.1	Manufacturing	226	302	908	3757	8065	1456
2.2	Construction	1593	2492	5284	10136	15451	32303
2.3	Electricity, Water supply, Gas	-329	403	-75	1421	2514	-2208
3	Tertiary sector	5629	7334	10727	77433	85085	116344
3.1	Transport storage and Communication	177	317	1383	20673	21337	38362
3.2	Trade, hotel and Restaurant	724	1011	1230	7716	8185	11308
3.3	Banking and Insurance	141	364	806	1693	1664	2761
3.4	Real Estate, ownership of dwelling and Business services	1535	1646	1738	15544	18043	21609
3.5	Public Administration	1952	2061	2500	22724	23337	27017
3.6	Other Services	1100	1935	3070	9083	12519	15287
	G.S.D.P	10547	14790	23798	125080	144469	223042
	Per Capita Income (Rs)	1361	1590	2051	9129	9646	11473

Source: Nagaland, State Human Development Report, Department of Planning and Co-ordination, Government of Nagaland, Kohima, 2004.p.235.

APPENDIX -F

F. Percentage Share of Net State Domestic Product at Current Prices

(Rs. in lakhs)

Sl.No.	Sector	At 1980-81 Prices			At 1993-94 Prices	
		1980-81	1985-86	1990-91	1995-96	2000-01
1	Primary Sector	32.5	34.89	31.55	23.82	31.01
1.1	Agriculture	28.65	27.52	26.25	19.12	27.49
1.2	Forestry and Logging	3.8	6.83	4.76	4.18	2.92
1.3	Fishing	0.05	0.54	0.54	0.52	0.58
1.4	Mining and Quarrying	0	0	0	0	0.03
2	Secondary Sector	14.13	9.6	12.16	18.04	15.18
2.1	Manufacturing	2.14	1.48	2.21	5.53	0.74
2.2	Construction	15.11	11.12	11.52	11.06	15.43
2.3	Electricity, Water supply, Gas	-3.14	-3	-1.57	1.45	-0.99
3	Tertiary sector	53.37	55.51	56.29	58.14	53.81
3.1	Transport storage and Communication	1.68	1.44	5.5	14.44	18.14
3.2	Trade, hotel and Restaurant	6.86	8.81	7.56	5.85	5.36
3.3	Banking and Insurance	1.34	1.78	2.25	1.13	1.32
3.4	Real Estate, ownership of dwelling and Business services	14.55	10.64	10.61	11.85	9.24
3.5	Public Administration	15.89	19.18	15.85	15.68	12.73
3.6	Other Services	10.43	13.66	14.52	9.19	7.02
	N.S.D.P	100	100	100	100	100

Source: Nagaland, State Human Development Report, Department of Planning and Co-ordination, Government of Nagaland, Kohima, 2004, p.236.

APPENDIX -G

G. GSDP and NSDP at Current and Constant (1993-94) Prices from 1993-94 to 2001-2002.

(Rs. in lakhs)

Year	Current Prices		Constant Prices	
	GSDP	NSDP	GSDP	NSDP
1993-94	137463	125080	137463	125080
1994-95	159598	145749	148016	134790
1995-96	181376	165597	158238	144469
1996-97	202410	184852	168735	154704
1997-98	232410	213682	181922	168406
1998-99	238523	218382	174574	160480
1999-2000	254713	232955	176016	161402
2000-2001	367936	342720	239481	223042
2001-2002	413688	386411	255499	238533

Source: Estimates of State Domestic Product of Nagaland from 1993-2002, p.17.

APPENDIX-H

J. Index of Gross State Domestic Product and Net State Domestic Product at Current Price from 1993-2002.

Year	GSDP (Rs. in Lakhs)	Index (Base 1993- 94)	% Variation over the base year.	NSDP (Rs. in Lakh)	Index (Base 1993- 94)	% Variation over the base year
1993-94	137463	100	-	125080	100	-
1994-95	159585	116	16	145749	117	17
1995-96	181376	132	32	165597	132	32
1996-97	202410	147	47	184852	148	48
1997-98	232410	169	69	213682	171	71
1998-99	238523	174	74	218382	175	75
1999-2000	254713	185	85	232955	186	86
2000-2001	367936	268	168	342720	274	174
2001-2002	413688	301	201	386411	309	209

Source: Estimates of State Domestic Product of Nagaland from 1993-2002, p.18

APPENDIX –I

I. GSDP by Sectoral Contribution at Current and Constant Prices from 1993-94 to 2001-2002.

(Rs. in lakhs)

Year	Current Prices				Constant Prices			
	Primary Sector	Secondary Sector	Tertiary Sector	Total	Primary Sector	Secondary Sector	Tertiary Sector	Total
1993-94	33153	19157	84793	137463	33513	19157	84793	137463
1994-95	41548	22770	95280	159598	37433	21112	89471	148016
1995-96	41026	34952	105398	181376	34604	30457	93177	158238
1996-97	4884	40287	113279	202410	38942	33471	96322	168735
1997-98	59977	49559	122874	232410	44853	38260	98809	181922
1998-99	66330	39913	132280	238523	47445	27929	99200	174574
1999-2000	72801	34248	147664	254713	53615	22523	99878	176016
2000-2001	107844	60067	200025	367936	76069	37033	126379	239481
2001-2002	130640	50130	232918	413688	88415	29663	137421	255499

Source: Estimates of State Domestic Product of Nagaland from 1993-2002, p.8

APPENDIX -J

J. NSDP by Sectoral Contribution at Current and Constant Prices from 1993-94 to 2001-2002.

(Rs. in lakhs)

Year	Current Prices				Constant Prices			
	Primary Sector	Secondary Sector	Tertiary Sector	Total	Primary Sector	Secondary Sector	Tertiary Sector	Total
1993-94	32333	15314	77433	125080	32333	15314	77433	125080
1994-95	40204	18399	87140	145749	36235	17102	81453	134790
1995-96	39458	29894	96245	165597	33354	26030	85085	144469
1996-97	47043	34492	103317	184852	37642	28921	88141	154704
1997-98	58932	43557	111193	213682	44133	33750	90523	168406
1998-99	65132	33633	119617	218382	46689	23389	90402	160480
1999-2000	71421	27603	133931	232955	52778	17904	90720	161402
2000-2001	106296	52015	184409	342720	75147	31551	116344	223042
2001-2002	129017	41991	215403	386411	87497	24441	126595	238533

Source: Estimates of State Domestic Product of Nagaland from 1993-2002, p.10

**POLITICS OF DEVELOPMENT PLANNING: AN ANALYTICAL STUDY ON
THE SOCIO-ECONOMIC DEVELOPMENT OF NAGALAND DURING EIGHT
AND NINTH FIVE-YEAR PLAN (1992-2002)**

*A Dissertation submitted to the University of Hyderabad in partial fulfillment of
the requirement for the Award of the Degree of*

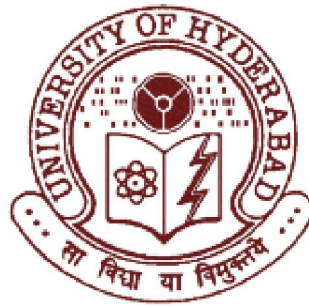
DOCTOR OF PHILOSOPHY

IN

POLITICAL SCIENCE

BY

KEKUCHOL PUSA



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June, 2010**

Nagaland joined the National Five-Year Plan as a full fledged state towards the end of Third Five-Year Plan in a very modest way. At the time of the formulation of the First and Second Five-Year Plan, Nagaland was not constituted. One part of Nagaland (Tuensang division) was under North-Eastern Frontier Agency (now Arunachal Pradesh) and the other part (Naga Hills) was under Assam. Therefore, the financial plan outlay in the Second Five-Year Plan for the Naga Hills was made under the state of Assam. During this period, the administrative machinery was geared up mainly to combat insurgency movement in the state; therefore there were no significant development activities and the fruits of First and Second Five-Year Plan were not fully realized. However ever since the state joined the national Five-Year Plan, it has made considerable progress in many sectors such as Agriculture, Road Communication, Education, Medical, Water Supply and other Social Services Sector. However despite various development and progress that has taken place in the last four decade period, the state is still deficient in many areas of basic and vital infrastructures. As compared with the rest of the country, the state is still far lagging behind and continues to remain underdeveloped state of the union of India.

Statement of the Problem:

The state of Nagaland with a population of about 19,88,636 persons still remains in the much underdeveloped stage of socio-economic development with almost 80 percent of the rural population and only 20 percent of the urban population. Out of the total population of the state 85 percent of the people are still dependent on agriculture. It goes without saying that their standard of living is very low in comparison with the national standard of living. However one of the main indicators of development in the social services sector is the literacy rate in the state that is higher than the all India level i.e.67.12 percent against 65.37 percent. The situation appears to be paradoxical though the literacy rate is higher than the all India average; the state's economic performance is surprisingly very low. This shows that there is something wrong in the system of education which also reflects the poor quality of education in the state. The state has not yet reached the minimum stage of economic development characterized by the process of industrialization and the level of income sufficient to yield the domestic savings required

to finance the investment necessary to accelerate the process of socio-economic development.

One can describe the present state of economy as trapped or sponsored economy which should be taken in to account while grappling with the question of ethnic movements emerging in the state. Economic deprivation and lack of infrastructural facilities is very much prevalent in the state. It may be mentioned here that without a wider economic perspective and serious effort to increase the incentives for higher standard of living the future of the state would remain as bleak as it is today.

It is no more surprising when one comes across several explanations, academic or non-academic for the economic backwardness of the state. Everybody is now fully familiar with the causal factors like “centre’s neglect of the state”, “step motherly treatment by the centre”, “non-establishment of industrial units”, “sickening condition of communication, road and transportation”, “unfavourable political climate” “nature of hill topography”, “law and order problem”, etc. The list is unending and could go on and on. No doubt all these factors have their own share with the present socio-economic scenario. But any attempt to explain the socio-economic backwardness of the state by any one of these factors is to mistake the form of the content. It would be like treating the symptoms and not the disease of economic backwardness.

With the emergence of Nagaland as a full-fledged state on 1st December 1963, it initiated not only rights but also responsibilities and duties. Various developmental projects, like building of hospitals and schools, construction and improvement of roads, providing water supply and electricity to villages have been initiated to improve the living standards of the people of this economically backward state. However, all this can be done successfully only through adequate funds. In the case of Nagaland, the state government miserably failed to generate enough funds by itself from its internal resources. As a result, the state government heavily depends on the central assistance and above 90 percent of the government expenditure are met out of grants and loans received from the government of India and various financial institutions. Nagaland is one of the special category states in the Indian Union which are covered under a liberal central assistance pattern of 90 percent grants and 10 percent loans.

The socio-economic disparities of the people of Nagaland have been widening in the past years, which makes the rich becoming richer, and the poor getting poorer. Infact, the process of planned development has been in favour of those sections of the population and regions that enjoy socio-economic power by controlling the means of production and income flow. It is sad to note that the planners of Nagaland state despite having sufficient administrative machinery and infrastructure has done little to prepare plans for exploiting resource materials of the state. The techniques of regional planning used as a measure to correct spatial disparities and imbalances has failed to attain the desired end because of the techniques being a part of that process of planning. The laudable talk of decentralized planning through district planning hardly serves the interests of common man at the grass-root level.

Moreover, inspite of the substantial plan expenditure being incurred in the state, the benefits of planning have not evenly reached all sections of the people. Every successive plan scarcely brought any significant changes to the socio-economic development of this backward state. Moreover, the development funds often disappeared before reaching its purpose. On the other hand, it is observed that some sections of the people have benefited substantially from the present planning process. The emergence of these social disparities is likely going to create problems in the near future. Thus the planning programme both at the policy and execution levels has some inherent defects which can be rectified to some extent in the light of this study.

Thus even after 40 years of economic planning in the state, primary sector still continue to dominate the economy with very low yield productivity, environmental degradation and population explosion. Similarly the secondary sector remains largely underdeveloped and the tertiary sector is almost dominated by the administrative services of the government which is growing beyond proportion. On the other hand the trend of economic growth and sectoral contribution to the state income reveals that the sectoral structural development has been initiated but it has not taken the right direction. The role of Secondary and Tertiary Sectors should have increased simultaneously as Primary Sector declines but this did not happen in the case of Nagaland. The progress in Tertiary Sector alone will not be able to sustain the process of socio-economic development in the long run. Besides in Nagaland the process of socio-economic development has

decelerated due to the momentum of development that was not from within the economy and the forces of development were not firmly rooted within the democratic economy. To attain a sustained and cumulative socio-economic development it requires not only physical capital but also development in human endowments, social attitudes and political condition which in the case of Nagaland state is lacking. Besides, most of the existing trade and commerce are under the control of non-local traders resulting in to the capital outflow from the state and the number of educated unemployed population has been increasing at an alarming rate. Hence, despite the availability of abundant natural resources and huge capital inflow in to the state from the centre, the state of Nagaland could not utilize the resources to its advantage leaving the state largely underdeveloped.

Methodology:

The research work is based on both scientific and analytical method involving collection, ordering and analysis of data and making an assessment on the factual data's. All possible efforts were made to collect the data from a variety of authentic government sources. To understand the existing problem, the study relied mostly on secondary sources such as related available literatures, annual reports of both Finance Commission and state Planning and Coordination Department, plan documents, census report, annual report of the Nagaland state government, statistical report, sectoral reports, reports of Central Statistical Organization, Reserve Bank of India Bulletins, Centre for Monitoring Indian Economy, periodicals, journals, magazines, newspapers and monthly publications. Thus the data obtained and employed for this study are of high degree reliability.

Aims and Objectives:

The main aim of the present study is to understand the politics of Development Planning and its impact on the socio-economic development of Nagaland during Eight and Ninth Five-Year Plan (1992-2002). The following objectives have been undertaken as the research problem:

- To understand how the resources are transferred from the Centre to states through various institutions and the flow of Central funds and its impact on the economy of North-Eastern states.
- To explain the structure of planning in Nagaland at the state, district and village levels and to understand how the various agencies and departments attached to the State Planning and Co-ordination Department.
- To analyze the plan outlays and expenditures towards economic and social services sectors during Eight and Ninth Five-Year Plan (1992-2002) in Nagaland.
- To explain the physical targets and achievements of various sectors during Eight and Ninth Five-Year Plan (1992-2002) in Nagaland.
- To evaluate the trend of investment and growth of state income during Eight and Ninth Five-Year Plan (1992-2002) in Nagaland.
- To explain the growth of primary, secondary and tertiary sectors and its contribution to the state income during Eight and Ninth Five-Year Plan (1992-2002).
- To assess comparatively the level of socio-economic development in Nagaland and to analyze the disparities of districts in terms of physical achievement during Eight and Ninth Five-Year Plan period.
- Lastly, to analyze the nature and extent of regional imbalances of seven districts in Nagaland during 1992-2002 and the role played by the Eight and Ninth Five-Year Plan in bridging the gaps of disparities.

Area and period of study:

The area of study mainly focuses on the Eight and Ninth Five-Year Plan in Nagaland and the period covered was one decade i.e. from 1992-2002. There are two main reasons for choosing this area and period of study as both are crucial from the socio-economic development perspective. Firstly, during this period, there was political stability in the state of Nagaland as Congress (I) was in power from 1993 to 2002 for two consecutive terms without any changes in the government. Similarly at the centre, Indian National Congress (INC) won the 1991 Lok Sabha election and formed the government under P.V. Narasimha Rao and was able to complete its full-term of five years. However

the year between 1996-98 was a period of turmoil in the federal government with several short-lived alliances holding sway. The Bharatiya Jana Party formed the government briefly in 1996 followed by the United Front Coalition that excluded both the Bharatiya Jana Party and Indian National Congress. In 1998 Bharatiya Janata Party formed the National Democratic Alliance with several other parties and became the first non-congress government to complete its full five year term. Secondly, the centre used to cover the deficits of the state's non-plan expenditures ensuring that the plan outlays were fully covered by central assistance. However the state has been very badly hit financially under the award of the 9th Finance Commission whereby the earlier financing pattern of covering the non-plan revenue gap of the special category states through additional plan assistance was withdrawn since 1989-90. As per the assessment of the state government the shortfall over the period of five years works out to be almost 39 percent of the actual requirement of funds. Similarly, there has been a drastic reduction in the percentage share of central transfers to the state of Nagaland from 1.23 percent in the Tenth Finance Commission (1995-2000) to 1.02 percent in the Eleventh Finance Commission (2000-2005). If the percentage is calculated in terms of numbers, it works out to the loss of Rs.913 crores over a period of five years. This reduction is indeed substantial for a state like Nagaland where the total central Plan assistance provided to the state for the entire Ninth Five Year Plan was Rs.1253 crores.

Thus the period from 1992-2002 was a coincidence period with political stability on the one hand and on the other hand the funding pattern of the central government to the special category states changed since the annual plan of 1989-1990 and Nagaland is one state that falls under this category. All this raise a number of pertinent questions. Is there any relationship between political stability and socio-economic development in the State? Is the changing of funding pattern in the centre towards the special category states since 1989-1990 has any impact on the socio-economic development of the state? To what an extent the Eight and Ninth Five-Year Plan have impacted the socio-economic development in Nagaland? Which sector contributes maximum to the state income during Eight and Ninth Plan? What is the trend of development disparities of seven districts during Eight and Ninth Five-Year Plan? To provide a conclusive answer to these questions a study on the "Politics of Development Planning: A study on the socio-

economic development of Nagaland during Eight and Ninth Five-Year Plan (1992-2002)” has been undertaken.

Chapterization:

The study is broadly divided into five main chapters excluding introduction and conclusion.

The Introduction chapter deals with the statement of the problem, aims and objectives, review of comparative literatures, terms and concepts, methodology, area and period of study, hypothesis and organization of thesis.

The first chapter is entitled ‘*Resource Transfer from the Centre to the States: A case of North-Eastern States*’. This chapter illustrates the transfer of resources from centre to the states through Planning commission, Finance Commission and various other central ministries. It also deals with the flow of central funds and its impact on the economy of North-Eastern states during Eight and Ninth Plan. In India, the financial transfers from the centre to the states are affected through three channels: the Finance Commission, Planning Commission and the Union Ministry of Finance. While the Finance Commission has the constitutional basis, the Planning Commission was appointed by a resolution of the Government of India in 1950. Although there are vast differences in their functioning, methods and approach, yet one fact remains common to both that they have been instrumental in transferring resources from the centre to the states on a large scale. The Finance Commission makes its recommendations to the Presidents regarding the distribution of taxes, which are to be, or may be, divided between the Union and the State Governments. In addition, it also makes its recommendations regarding grants-in-aid of revenue under Article 275 (i) of the constitution and on any other matter referred to it by the President. Thus the transfer through the Finance Commission has been affected under the category of tax-sharing and statutory and other grants.

Unfortunately, even after 50 years of independence, all the eight North-Eastern states suffer from identical economic woes which concern many of us. Situated in a unique geographical setting, the region represents a peculiar diverse socio-economic,

political and cultural mix. About 70 percent area of the region is hilly and 86 percent of the people live in rural areas. All these states fall under the special category states. The central assistance for their development plans is pre-empted from the divisible pool before making allocations from it to the other states. Recognizing the special problems of the region and the need for significant levels of government investment, the North-Eastern states have been categorized as special category states and central plan assistance to these states is provided in the ratio of 90:10 (90 percent grant and 10 percent loan) as compared to 70:30 (70 percent loan and 30 percent grant) for other states in the country.

Since the states cannot raise sufficient internal resources to meet their non-developmental expenditure, the administrative units and employees are growing beyond reasonable requirements. The economies of the constituent units of the region are under-developed agrarian economies with very weak industrial base and inflated service sector. While India's GDP was growing at an average of over 6 percent in real terms, North-East region states' economies were growing at a lower rate during 1992-1999. Even the central government has not considered it fit to make the tribal population in the North-East liable to pay income tax.

Another disturbing feature is the growth of tertiary sector without a significant increase in the share of secondary sector. This means that commodity producing economic activities are unable to assume their due role in the economy of North-East states and much of the growth in terms of money income is due to unbalanced growth of tertiary sector, especially in administration and state Public Sector Units (PSUs) etc. Overstaffing of PSUs may turn them uneconomic and unviable as a continuous source of drain of valuable resources meant for development activities. This also led to lower productivity of investment with multiple effect of lower income generation from such investment and lower expenditure in capital and development areas in a desired manner.

The second chapter is entitled '*Political Institution and Structure of Planning and the Process of Socio-Economic Development in Nagaland from Second to Seventh Five-Year Plans (1956-1990)*'. This chapter highlights the existing structure of planning at the State, District and Village level and their function with some discussion on the various agencies and departments attached to the State Planning and Co-ordination

Department. It also analysed the sectoral plan outlays and achievements from Second Five-Year Plan to Seventh Five-Year Plan (1956-1990) in Nagaland.

For the purpose of planning administration, several organizations function at the central and the state level. At the central level, two of the most important institutions for the planning purposes are the National Development Council and the Planning Commission. At the State level, the Planning Departments are responsible for the formulation of plans of socio-economic development of the states. Planning Boards have been constituted in many of the states. Moreover, there are several departments, corporations, and agencies at the centre as well as the state level which contribute to the total planning process. The traditional institution system has been weakened due to the introduction of the hitherto system of modern democracy. Therefore in order to restore the esteem of the village authority, the Government of Nagaland has codified the powers and functions of the Village Councils as a way of recognizing the traditional village bodies through the Nagaland Village and Area Council's Act 1978.

From Third Five-Year Plan to Seventh Five-Year Plan, the state government assigned first priority in terms of fund allocation to the Road Transport sector followed by Agriculture, Industry, Education and Health. On the other hand, the production and manufacturing sectors received low percentage in the overall outlay as compared with the Service Sector of Road Transport from Third Five-Year Plan to Seventh Five-Year Plan. This is one of the main reasons where the production and manufacturing sectors remain largely underdeveloped in the state. Though the state government has recognized the importance of road transport and has given priority as basic infrastructural facilities. However, the conditions of roads are far from satisfactory especially in the rural areas. Similarly though agriculture still dominates the primary sector it has not been able to develop at a desired level as the farmers still practiced the traditional system of cultivation leading to low productivity and environmental degradation. Besides, the total production of food grain in the state is not sufficient enough to feed its entire population. Likewise, Industrial sector is largely underdeveloped with only few cottage and small scale units operating in the state. Few medium scale industries such as Dimapur Sugar Mill, Paper and Pulp Industry at Tuli, Plywood Factory at Tizit, Mini Cement Plant at

Wazeho, Fruit and Vegetable processing unit at Dimapur which was set up in the state ceased to function causing huge losses to the state government.

The state has made significant progress in the field of education over the past years yet there is a need for quality research institute, technical institutions, vocationalization of education and market oriented strategy in human resource development. Furthermore, with the advancement of education the number of job seekers is consistently increasing. It is to be noted that during the past one decade there has been a considerable shift particularly of the educated youth from the rural areas to urban areas. The number of educated unemployed as recorded in the live register of Employment Exchange stood up at 37,090 in 2000 which can be considered as alarming for a small state like Nagaland. Likewise, even in the health sector, the total number of hospitals both general and specialized has increased over the plan period. However most of these hospitals are located in the urban centres of Kohima and Dimapur districts while more than 80 percent of its population is living in rural areas far away from these centres. Besides, over the past successive Five-Year Plan, the pattern of inequality virtually remains the same. This can be substantiated from the condition of the people living in the rural areas. The state comprises of more than 90 percent tribal population, which for several decades remained secluded from the main-stream of the society and was hardly touch by any development activities. Therefore for any development activity to yield any meaningful result, the living standards of the rural people that consists of more than two-third of the population needs to be improved by raising their socio-economic status.

The third chapter is entitled ***'Impact of Eight and Ninth Five-Year Plan on the socio-economic development of Nagaland (1992-2002): Sectoral Analysis'***. This chapter analysed the sectoral performances of Eight and Ninth Five-Year Plan in terms of plan outlays and expenditures and targets and achievements. It also makes a comparative assessment of Eight and Ninth Plan in terms of physical achievements in the light of changed in central government policy in providing financial assistance to the special category states.

There was over-emphasis and expectation in the polity of the Nation to mobilize more and more resources to meet its development needs over the past years. Correspondingly the share of central plan assistance is far getting reduced and is not

commensurate with the actual requirements of its economic developmental needs. This policy has adversely affected the economic development of the state of Nagaland, particularly from 1989-90 onwards. Ever since the 9th Finance Commission award (1990-1995) the state's planning and development process have become almost to a standstill position. When the state was poised for attaining accelerated economic growth, there was a turn-around in the policy of the Central Government for funding of development programmes by which the earlier policy of covering the State's BCR (Balance from Current Revenue) gaps through 100 percent Central Plan assistance was stopped from 1989-90 onwards. The Rangarajan Committee has recommended for the diversion of 20 percent of plan resources to non-plan expenditure. This decision of the centre coupled with the resurgence of insurgency activities in the state had thwarted and negated the pace of economic development in the state.

To understand the process of socio-economic development in Nagaland during Eight and Ninth Five-Year Plan, the economy of the state is broadly divided into two sectors such as Economic Sector and Social Services Sector. The various development heads are again categorized under the above two sectors. The development heads that falls under the Economic Sector are Agriculture, Horticulture, Soil Conservation, Forest, Irrigation and Flood Control, Sericulture, Rural Development, Small and Village Industries, Large and Medium Industries, Roads and Bridges, Road Transport and Veterinary and Animal Husbandary. On the other hand, the development heads that falls under the Social Services Sector are School Education, Higher Education, Medical and Public Health, water Supply, Social Security and Child Welfare and Art and Culture. This chapter argues that the poor performance in terms physical achievement during Eight and Ninth Plan was not only due to the shortage of fund from the centre but also due to the failure of the state government in generating sufficient amount of revenue from its internal resources to fund the various development schemes and programmes resulting to the development activities confined only to the parameters set by the funding agency which in the case of Nagaland is the Government of India.

The fourth Chapter is entitled '*Trends in Investment and Dimensions of Economic Growth in Nagaland during Eight and Ninth Five-Year Plan: Comparative Analysis*'. This chapter makes an analysis on the various trends of investment in both

Economic Sector and Social Services Sector and its impact in terms of growth rate of state income during Eight and Ninth Plan. The growth rate of state income is assessed in the light of Simple Annual Growth Rate and Compound Annual Growth. It further analyse the contribution of various sectors of the economy towards the state income to find out which sector contributes maximum income to the state income during the two plan period. The trend of economic growth and sectoral contribution to the state income during Eight and Ninth Plan in Nagaland reveals that the sectoral structural development has been initiated but it has not taken the right direction. The role of Secondary and Tertiary Sectors should have increased simultaneously as Primary Sector declines but this did not happen in the case of Nagaland. This chapter argues that the progress in Tertiary Sector alone will not be able to sustain the process of socio-economic development in the long run. Besides in Nagaland the process of socio-economic development has decelerated due to the momentum of development that was not from within the economy and the forces of development were not firmly rooted within the democratic economy. To attain a sustained and cumulative socio-economic development it requires not only physical capital but also development in human endowments, social attitudes, political condition and historical accidents.

The fifth chapter is entitled ***‘Regional disparities and socio-economic development of Seven Districts in Nagaland during Eight and Ninth Five-Year Plan (1992-2002): Comparative analysis of major sectors’***. This chapter makes a comparative assessment on the level of socio-economic development disparities of seven districts in terms of physical achievement. The socio-economic development disparities of seven districts are analyzed by comparing the available data of one decade i.e. 1992-2002. It is during this period Eight and Ninth Five-Year Plan occurred. Regional disparities in economic development and social services in some form are inevitable in the process of development. Regardless of efficiency in the process of Plan formulation and Plan implementation, it is not possible to completely eradicate such disparities. Such kind of disparities is natural in a hill state like Nagaland where the topography and the atmosphere are not very suitable for development. B Sivaraman has identified six types of backwardness and one of them is, “in the hill areas, the main difficulty is the nature of the terrain and distance from the main economic centres.” Till recently the state

comprises of seven districts and all these districts varies from one another in terms of natural resources. Out of these seven districts, some districts were declared backward such as Tuensang district, Mon district, Meluri area of Phek district, Aghunato area of Zunheboto district and Peren area of Kohima district. Tuensang district is relatively in a more disadvantage position because of its geographical location and rugged condition of the area, whereas the districts of Kohima, Wokha, Mokokchung got the advantage of proximity to the plains of Assam and of regular administration and development activities for a comparatively longer period than Tuensang and Mon districts. All the above mentioned areas, except Peren sub-division and the Aghunato area fall along the Indo-Burma border. This chapter argues that the comparative backwardness of Tuensang and Mon districts was not only due to the historical factor of late administration but also due to the mismanagement of development funds and its inhospitable terrain and geographical disadvantages, the cost of various developmental activities was high and therefore the progress of development was also slow as compared with the other districts.

The conclusion chapter summarizes the findings and conclusion of the study.

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