Chapter III

SOCIO-ECONOMIC BACKGROUND OF NAGALAND

Entrepreneurship can be described as a creative and innovative response to a socio-economic environment. Hence entrepreneurial behaviour is dependent on personality characteristics of individuals and environmental factors. This can be represented by:

\[ EB = f(P, E) \]

Where \( P \) is personal characteristics and \( E \) is environmental factors.

The environmental factors are of two types: facilitating factors, which nurture entrepreneurship and remove impediments that inhibit entrepreneurial behaviour (Singh, 1982, pp.133-134). Given the same personality characteristics, individuals may react differently because of the differences in the environmental factors. While facilitating factors motivate individuals to be entrepreneurs, impediments inhibit them from such undertakings. When it comes to environmental factors, it is necessary to know, the type of environment that the entrepreneurs are surrounded with and this includes, physical, demographic, economic, social, legal, and cultural. A brief profile of the state shall throw some light on this aspect. This chapter is divided into nine
sections which reflect various aspects of the socio-economic environment prevalent in the state.

The State, People and Culture:

As the sixteenth state of the Indian Union, Nagaland attained full-fledged statehood on 1st December, 1963. It covers an area of 16579 square kms. The state lies between 25.6° and 27.4° north of equator and between 93.20° E and 95.15°E longitude. On the eastern part, the state shares its boundary with Burma (now Myanmar), in the west with Assam, with Arunachal Pradesh in the north and in the south with Manipur. Except for a small stretch of land along the foothills adjoining Assam, the whole state is hilly and mountainous. The spear shaped state, Nagaland has seven districts: Kohima, Wokha, Mokokchung, Tuensang, Phom, Mon and Zunheboto. The hills on the south has steeper inclines while those in central part are gentle and again steeper towards Tuensang. The most important rivers in the state are Dhansari, Doyang, Tizu, Dikhu, Jhanji, Zungki, Tejang and Longnyu. The climate of the state is moderate and comparable with that of other hill stations in the country. The average annual rainfall varies between 2000mm to 2500mm in the state. As regard to fauna there is very little game in the Angami country, but wild animals are found in the hot unhealthy valley lying between the outer ranges of the hills. The people of the state have the typical tribal characteristics of a strongly built body, brave and straightforward manners and simple needs. The principal Naga tribes living in the state are Angamies, Aos, Semas, Lothas, Rengmas, Kukies, Chakesangs, Sangtams, Changs, Phoms, Konyaks, Khiemungans and Yimehunters. All tribes have some
characteristics to distinguish the appearance from the other tribes. The staple food of the state is rice. Beef and pork are probably more often taken than any other kind of flesh, but this is only because they are more easily procurable. All the tribes consume enormous quantity of rice beer, which seem to serve as food as well as drink. Almost all the people have the habit of taking boil vegetables without or with very little spice. In urban areas, availability of processed and semi-processed food stuffs has developed the habit with the people to go for them. Usually, due to cold climate people wear winter dresses for most of the time. The cloths are strong, warm and generally of a distinctly designed and pleasant pattern. The urban Nagas, however, have embraced to the western fashions. Nagas have their tribal dresses, which differ from tribe to tribe and normally worn in ceremonial occasions.

Demography

The population of the state, according to the 1991 census, is 12,09,546 comprising of 6,41,282 males and 5,68,264 females. The state has claimed the 21st rank, according to the population size, among all the states in India and the 5th rank among the states of North-Eastern region. During the beginning of the century the population of Nagaland was only 102 thousand consisting 0.043% of the total Indian population. This rose to 3.61 lakhs in 1961, but after that a spectacular growth rate is observed for the period 1961-1991. The abnormal growth of population during the last three decades is not only a record in the country, but also an alarming threat to the process of economic development in the state. While fitting the population trend of Nagaland to Logistic Law of Growth and Makeham's Law of Graduation a
contradictory result is found that leads us to know that the population of the state does not increase due to natural growth only, immigration also contributes to the process (Panda, 1988). Other reasons contributing to this high growth of population includes low infant mortality rate (claimed to be the best in the country and very close to most of the advanced countries), relative absence of mobility of the indigenous people of the state, high longevity of the people due to ecological reasons, influx of refugees from Bangladesh and Nepal, influx of the people from other states of India in services and various other activities of the state such as labourers, mini-traders, coolies etc. High rate of population growth has resulted in a constant increase in the demographic pressure on the land. While land size of the state is only 0.5 percent of the entire country, it has to support 0.142 percent of the population of the country. But the real threat of the problem can be visualised through the differential growth rate in the density of India and Nagaland and also through the difference in land carrying capacity. During the period 1961-1991 the density of Nagaland has gone up from 22 to 73 registering a growth rate of 332 percent whereas that of India has increased from 142 to 273 with a growth rate of only 192 percent. The sex ratio of the state as per 1991 census stands at 863 compared to 921 for the NE region and 933 for the country as a whole. Analysis of the sex ratio of the state for last 50 years suggests that the ratio is sharply falling over the decades. This tendency not only reveals the trend of migration, but also gives a hint about the future problems associated with an imbalance population.
Economic classification of the population in Nagaland, according to 1991 census, reveals the state's work participation ratio at 42.68 percent comprising 46.86 percent for the males and 37.96 percent for the females. The work participation ratio for the rural population stands at 44.75 percent and for the urban population at 32.72 percent. When we look into the structure of the working population, it is found that 99 percent of the workers are main workers and among the main workers 72.65 percent are cultivators, 1.41 percent are agricultural labourers, 0.38 percent are engaged in household industries, and 17.19 percent are other workers. The static view of work participation ratio gives a satisfactory result particularly, while comparing with other political units of the region. But the dynamic analysis of the ratio throws a gloomy picture. In 1961 the work participation ratio of the state was 59.40 percent consisting of 60.49 percent male and 58.23 percent female population of the state. In the year 1981 this rate has declined to 47.79 percent consisting of 50.09 percent male and 40.83 percent female. Again in 1991 the ratio has declined by 5.11 percent for the total population, declining by 4.23 percent for the males and by around 3 percent for the females. During the period from 1961-1991, the state has created employment for nearly 3 lakhs persons, but the rapid population growth in the state demands more employment opportunities in order to absorb the additional labour supply. Since the growth rate of population is higher than the growth rate of employment, the work participation ratio has been adversely affected by a constant fall over the period from attaining statehood.
In the framework of demographic transition hypothesis, Nagaland is a typical instance of a state in the second stage of transition, i.e., explosive population growth. The annual addition of around 55000 people to the existing number of population is almost equivalent to half of the population of a middle order district of the state. The impact of this growth is revealed through increased demand for investible surplus and decreased supply of investible surplus. The policy approach to tackle this menace is necessarily two fold: evolving an employment policy to absorb the existing and the growing number of job-seekers and population policy to stabilise the number in accordance with the requirement of the state economy.

**Education**

The literacy rate of the state, according to 1991 census, is recorded at 61.67 percent comprising 67.62 percent for the males and 54.75 percent for the females. Rapid development in school education has increased the literacy rate from 27.4 percent in 1971 census (less than the national literacy rate) to 61.67 percent in 1991 census (higher than the national literacy rate). In 1981 census also the literacy rate of the state was higher than that of the nation as a whole. Towards the end of the 8th plan, the state was observed to have enjoyed the services of 1422 primary schools, 427 middle schools, 281 high schools, and 4 higher secondary schools, 21 general colleges, and 12 professional colleges. The government participation in the educational sector declines along with the increase in the level of education. Most of the high schools and the general colleges are in the private sector. In addition to the general educational institutions, there are 9 vocational schools including 2
polytechnics, 4 junior teachers training institutes and 3 industrial training institutes. The strength of the students studying in various educational institutes of the state is enumerated at 3.42 lakhs in the year 1995-96. The educational status of the state was elevated when in 1994 Nagaland University was established as the 13th central university of the country with its headquarters at Lumami. The university came into force by taking over the erstwhile Nagaland campus of North Eastern Hill University. In a short span of three years, the university has expanded the scope of higher education in the state by opening many new branches of education. The state also regularly sends its meritorious students for technical education outside the state particularly in the field of engineering, medical, veterinary, hotel management and architecture. Although in absolute number there is found to be a significant development in the higher education in the state in reality the rate of skill formation is not satisfactory. Even today for many purposes the state is in need of skilled people from outside. Moreover, there is observed a mismatch in the manpower requirement and manpower developed by the state.

Urbanisation

Although Nagaland is a land of villages there is a trend towards increasing urbanisation. As per 1991 census the state has recorded only 17.21 percent urban population as against 25.7 percent for the country as a whole. From urbanisation point of view, Nagaland occupies exactly the middle position among all the states of the North Eastern region. The ratio of urban population to the total population in the state has increased from 15.52 percent to 17.21 percent during the period 1981-1991. The
state as per the latest census has altogether 9 towns consisting of 2 class II towns (Kohima and Dimapur), 2 class III towns (Mokokchung and Tuensang), 3 class IV towns (Wokha, Zunheboto and Mon) and 2 class V towns (Chumukedima and Phek). Though all the above places are classified as towns except Kohima, Dimapur and Mokokchung all others lack many basic facilities enjoyed by the urban centres elsewhere.

Agriculture and Forest

Agriculture is not only the backbone of the state’s economy, it is also intimately linked with the socio-cultural life of the people. In olden days, the agriculture based economy was self-sustaining, but due to increasing population pressure the state’s agricultural production falls short of meeting the need of the people.

Out of the total land area of the state, land covered by forest amounts to nearly 52 percent. Uncultivable or fallow land covers around 35 percent, while 12.95 percent area is utilised only for agricultural operation. Forest resources contribute to substantial amount of income (estimated at Rs.150 Crore) and the major portion of the income goes to the villagers and the land owners. Lack of value addition to the forest products is observed to be the greatest problem faced by the owners of these resources. Whatever value addition is done a major part of that is performed by the intermediaries from outside the state. The forest is continuously under threat because of the practice of jhumming (around 80 percent of the cultivators practice
jhumming). In spite of various methods experimented by the state and central governments, so far no appropriate alternative method to jhumming has been found hence it stands as an accepted fact that jhumming will continue in the state for some more time to come. It is, however, a silver-lining that in the 9th plan the state has formulated a strategy to convert and translate jhum cultivation into production of eco-friendly trees and timbers for the economy of the villages (GON, 1997, p. 21).

As per latest statistics available, the total area under various crops stands at 215850 ha., which includes 181500 ha. for food grains, 11200 for pulses and 23250 ha. for others. The land area used for the above purposes has attained a growth of 37.21 percent for foodgrains, 122.89 percent for pulses and 12.35 percent for others during the period 1979-80 to 1995-96. The net irrigated area in the year 1995-96 is estimated at only 61600 ha. Due to traditional agricultural practice, the yield rate of the state is not found to be high. In spite of nearly 35 years of agricultural development the state is yet to reach the point of self-sufficiency. In the year 1995-96, the total production of food grains in the state is recorded at only 235000 tons against the annual need of nearly 3.36 lakh tons. The state has a target to be self-sufficient in foodgrain by the end of the 9th plan period.

Rice being the staple food, paddy is the most important crop grown; other crops are maize, oilseeds, potato, tapioca and pulses. Among fruits pineapple, banana, orange, guava and plum are important. Cash crops like coffee, rubber are successfully grown in the state. The yield rate of many spices is very high and many farmers are
seemingly proceeding to grow fruits, spices and other cash crops in a commercial way. Fishing industry has a great potential in the state and various efforts are made for a large scale production. The demand for livestock and its products has been increasing tremendously. The scope for horticulture and sericulture is abundant. In the event of large scale cultivation, the scope for opening spinning mills, tea, coffee processing units, cigarette factory, ginger oil processing units remains quite strong.

**Industries and Mining**

In early sixties, when the state was in its infancy, there were practically no infrastructure available for setting any industry in the state. Spinning and weaving were the two most significant industrial activities in the state and the women folk kept these two activities under their monopoly (Sing, 1972). From the beginning of the Fourth Plan the state has made serious efforts to promote industrial activities both in the traditional and modern sector. Today, there are medium size government owned units which give employment to around 1600 persons. These undertakings include (i) Nagaland Sugar Mills with a daily crushing capacity of 1000mt, (ii) Nagaland Forest Products Ltd, Tizit with 2.8 mill. sq. meters capacity per annum, (iii) Nagaland Pulp and Paper Mill, Tuli, (iv) Nagaland Distillery Ltd (presently leased out to private parties), (v) Longnak Fruit Preservation Factory, (vi) Mechanised Brick Plant at Dimapur, (vii) TV assembling unit at Dimapur, (viii) Khandasari sugar mill at Jaluki. Due to a good number of reasons these units are not able to prove their existence as economic units. The state has established 7 DICs with a view to attaining decentralised industrial activities all over the state. Under the SSI sector the most
prominent units are forest-based though a couple of them are dealing with aluminium, steel, plastic and food processing. Sema (19986, p. 176) analyses that out of the total industrial employment in the state, the major part comes from the forest-based industrial units causing a considerable threat to the eco-system of the state. Looking at the future problem associated with the existing industrial structure, he emphatically suggests to evolve an eco-friendly industrial strategy.

The state seemingly puts efforts to encourage the promotion of village and cottage industries. There are 5 weaving training centers, 4 cottage industry training centres, one handicraft training-cum-production centre, and 12 artisan training centres are running in the state to promote industrial activities in rural Nagaland. But due to non-availability of information there is no authentic evaluation of their real performance. A relatively comprehensive analysis of the performance in the village and cottage industries of the state is incorporated in the later part of this study.

The state is endowed with enormous reserves of high grade limestone in Phæk and Tuensang districts, medium sized reserves of coal in Mon, Mokokchung, Tuensang and Wokha districts. There are significant reserves of multi-metal deposits of iron, chromium, nickel and cobalt, with surface indication of chromites and copper ores and small reserves of slates, marbles, serpentinities and clay. Besides these, minor reserves of asbestos and magnetite are also found. A 90 km. long belt of rocks known as ‘ophiolite belt’ has been demarcated in the eastern part of Phhek and Tuensang districts, which contain most of the metallic and non-metallic mineral
occurrences. A metamorphic rockbelt lying east of the ophiolite belt has vast reserves of high grade limestone, while the western sedimentary belt in the foothills has sizeable potential of non-metallic minerals especially coal, oil and natural gas. Although the quantum of undiscovered mineral resources beneath the mountainous range still remains beyond our knowledge, the aforesaid mineral deposits of the state could very well be utilised for building and sustaining an industrial base in the future.

**Transportation and Communication**

Nagaland has 111 kms of national high way, which connects Dimapur with Imphal. It has only 8 kms of railway with only one railway station at Dimapur. In the year 1995-96 the state had 398 kms surfaced state highway, 292 kms unsurfaced major district road, 1068 kms other district road, 4751 kms village road (233 kms of which is surfaced ) and 1451 kms surfaced road under the maintenance of BRTF. Thus, the total road length of the state is 7960 kms consisting of 2374 kms surfaced and 5586 kms unsurfaced. Nagaland state transport which started operating in the year 1965 with 15 buses and 8 trucks is now operating on 111 routes daily over a stretch of 12073 kms. All the important villages are now connected by NST bus service. Besides, under private sector there are nearly one thousand mini buses plying in both urban and rural Nagaland. The ratio of vehicles to population of the state is in the top order among all the states in the country. The state has also an airport at Dimapur, where the people avail air transportation service to Gauhati, Imphal and Calcutta.
The state is now under administrative control of a Director, telecommunications with headquarters at Dimapur. All the district headquarters and major towns are having telephone exchanges. Nagaland postal division is now headed by a Director. There are three postal sub-divisions at Kohima, Dimapur and Mokokchung. By the end of 1995, there were 299 post offices with 848 post boxes in the state. On going schemes are there for further expansion of the postal services. Apart from the government’s postal service a good number of speed-post agencies are working in three major towns of the state Kohima, Dimapur and Mokokchung.

The systems of transportation and communication have also rapidly expanded though not as yet at a realistic level. As a result of these activities, the different tribes are increasingly coming in closer contacts, their perceptions of social, economic and political goals have broadened and the faith and confidence of Naga people in the Indian federalism and the democratic institutions, in planned growth and development has generated confidence and hope.

**Power**

As per the latest information (as on 31.7.98), Nagaland has the total installed capacity of 6.6 MW equally divided between the two sources: hydel and diesel. However, the effective capacity stands at only 5.4 MW consisting of 2.3 mw from hydel and 3.1 mw from diesel. The energy requirement of the state has been estimated at 16.86 Gwh against availability of 15.82 Gwh. Thus, the state faces an energy shortage to the tune of 6.17 Gwh. This picture emerges after considerable emphasis
given under 8th Plan on increasing generation of electricity. However, the state power department is one of the outstanding departments in the country to achieve 98% coverage with regard to village electrification by the end of 1995-96. Construction of 1875 kms of transmission line with connected sub-stations is almost complete which will be able to take grid power towards Tuensang, Kephire and Tuli. Besides these, the state is having potential for development of small hydro electric projects and the department has identified a couple of projects to be undertaken under 9th Plan. The NEEPCO is currently executing the NEC sponsored Doyang Hydro Electric Project on the Doyang river in Wokha district which has an installed capacity of 3X25MW=75 MW. It is capable of generating 227 MU on 90 % dependable year and 364 MU on average year on completion(going for commissioning very soon).

The per capita consumption of power is also on constant increase. It has gone up from 65.4 kWh in the year 1990-91 to 95.56 kWh in 1995-96 registering a simple growth rate of around 9.22 percent per annum.

Socio-Economic Problem

After independence when the rest of the country was engaged in making peaceful economic transformation through successive five year plans, Nagaland could not avail much of the opportunities for the socio-economic development of the people. For two full decades that was from 1955-75, there was political unrest, insurgency, and social upheavals (Verghees, 1996) for which the state could not be able to give considerable attention to the development works. The development that took place after 1975 had to suffer from technical incompetence, leakage in financial resources
by means of corruption and many other socio-cultural problems. As a result, Nagaland still remains as one of the backward state of the country.

On agriculture front the state is yet to reach the point of self-sufficiency on foodgrain. The slow technological development in agriculture is increasing the carrying capacity of land at a rate that is far below the rate of increasing pressure on the land due to rapid population growth (Pandey, 1990).

The critical problem is development because man does not live by bread alone. With a 65 percent literacy rate and over 6000 Naga students enrolled in various universities, technical and professional institutions around the country on scholarships, Nagaland faces a deep-seated problem of education and urban unemployment. Agriculture, the traditional occupation of the state and devoid of modern technology is not able to attract the educated youth. The situation of unemployment has been shown with the registration in various employment exchanges in the state (Table:3.1). While comparison is made with other states in terms of these absolute figures, the problem may not seem to be that serious, but taking into consideration the state’s socio-political scenario, the situation of unemployment is quite alarming. The measure source of employment, the government sector is saturated with the highest ratio of public servant to population in the country and any further large scale recruitment shall promote inefficiency among the workforce. Further, the income generation capacity is not very encouraging. The per capita GDP of the state is estimated at only Rs.7448 at current price in the year
1993-94. Over the period 1980-81 to 1993-94, the per capita GDP at current price has gone up by 4.5 times whereas at constant price (1980-81) the increase is only by 1.33 times. The most feasible solution is to generate self-employment opportunities by promoting industries with appropriate scale.

TABLE: 3.1
Registration in Employment Exchanges as on May, 1996.

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduation &amp; above</td>
<td>1247</td>
<td>557</td>
<td>1804</td>
</tr>
<tr>
<td>Matric-Graduation</td>
<td>7698</td>
<td>4159</td>
<td>11857</td>
</tr>
<tr>
<td>Below matric</td>
<td>6080</td>
<td>1056</td>
<td>7136</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15025</td>
<td>5772</td>
<td>20797</td>
</tr>
</tbody>
</table>


Thus, the discussion on socio-economic problems of Nagaland reveals the underdevelopment status of the state with an alarming problem of unemployment and low income generation. The need of the state is to quickly improve the infrastructural facilities, introduce new and modern technology which can fit to this region, train and develop human resources to meet the challenges of the developing economy. All these activities are in the direction of entrepreneurship development.