Chapter II: General Background of Mizoram Economy
2.1 **Area and Climatic Condition**

Mizoram is situated in the north-eastern corner of India, lying between the latitude of 20°2' and 24°27' North and the longitude of 90°20' and 93°29' East. The Tropic of Cancer runs through the state. It is flanked by Bangladesh and Tripura in the west, Burma in the east and south, and Manipur and Cachar District of Assam in the north. The total area of the state is 21,081 square kilometres.

Mizoram is a hilly region, the hills being running from north to south with a tendency to be higher in the east bordering about 900 metres above the sea level. It has a pleasant climate with generally cool summers and not very cold winters. During the winter, the temperature varies from 10°C to 2°C, while during the summers, it varies from 20°C to 29°C. The average rainfall is about 2620 mm.

2.2 **Natural Resources**

The soil type generally found in Mizoram is a clayey loam-mixed with broken angural shales of varying sizes. Though there is a fair percentage of clay in the soil, the water-holding capacity of the soil is very low; and as a result, the top soils become very dry during the winter. As there has been continuous washing away of the top soil by rain water, the soil becomes more and more acidic in nature, while the portion which are lying in the plains are rich alluvial soil.
Though no minerals of economic value have been discovered so far, there are prospects of finding a number of them. The Department of Industries, at present, looks after various subjects connected with Geology and Mining. A small wing under the supervision of the Central Government Expert and few local staff are engaged in investigation and exploration activities. During the last three years, a number of minerals, such as, slack limestone, coal, etc., have been reported. But the extent and the quality of the prospective minerals have not yet been examined. The Government of Mizoram have attached greater and greater importance to the exploration of mineral resources. A separate Directorate of Geology and Mining is likely to be established in the near future. It is expected that the mineral resources of economic value will soon be discovered.

Mizoram is covered with a thick forest. However, the forest resources have been continuously destroyed mainly by the system of jhum cultivation. Besides there was no Reserved Forest in Mizoram while it was one of the districts of Assam except the Inner Line Forest Reserves which were about 217 square miles. As per available information, the following table depicts the Reserved Forests in the state.

<table>
<thead>
<tr>
<th>Year</th>
<th>Reserved forest (sq. miles)</th>
<th>Protected forest (sq. miles)</th>
<th>Unclassed forest (sq. miles)</th>
<th>Total (sq. miles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1934</td>
<td>217</td>
<td>12</td>
<td>7559</td>
<td>7788</td>
</tr>
<tr>
<td>1961</td>
<td>217</td>
<td>12</td>
<td>7599</td>
<td>7788</td>
</tr>
<tr>
<td>1972-73</td>
<td>2207</td>
<td>396</td>
<td>6040</td>
<td>8643</td>
</tr>
</tbody>
</table>
Thus, these figures show that the forest cover of all types has increased consistently from 1961 to 1972-73.

As for the power resources, the rivers have been found to be capable of generating much more than the requirements of the state. Some Micro-Hydel projects have been successfully carried out. The number of villages electrified as on April 1, 1984, under normal and MNP was as many as 134 villages, and the total installed capacity (Diesel) as per available information was 10.51 MW. But the domestically generated electricity from Micro-Hydel Projects was only 1.00 MW; and there are some Micro-Hydel Projects which are expected to be in operation in the near future.

2.3 Population

The density of population in Mizoram is one of the lowest in India - it is only 15 per square kilometre. However, the rate of population growth is very high. During the decade of 1959-61 the population increased at a rate of 35.61 per cent, and declined to 24.93 per cent during the decade of 1961-71. This decline in the rate of population growth seems to have been the result of the disturbances which started on 31st March, 1966, as a result of which, thousands of young men, within the most productive age group had gone underground. Besides, underground activities have disrupted the family lives while the marriages of the single ones appear to have been delayed. Both these factors coupled
with the accelerated death rates seem to have decelerated the population growth. However, during the next decade of 1971-81, the rate of population growth has been doubled.\(^5\) Whereas the population of the state in 1971 was 3,21,686, it has gone up to 4,93,757 in 1981 yielding a rate of growth of 53.49 per cent.

According to the population survey conducted by the Economics and Statistics Department in 1978 and 1979, the birth rate was 35.83\% while the death rate was 5.5 per cent. Thus, the net rate of population growth during this period was 30.33 per cent. It is quite possible that 23.16 per cent of the overall growth might have been the result of an influx from Bangladesh and other parts of India especially from the adjoining state of Assam. This idea has been approved by an examination of the census data of 1971 and 1981. It shows that the Chakma population during this period has increased by about 77 per cent. This reveals that if proper step is not taken to check the influx of the Chakmas from Bangladesh, they will soon be more than the native population of the state. Besides, the present rate of population growth unaccompanied by adequate economic growth has given rise to a number of problems such as, food shortages, increasing unemployment, etc. In fact, more than 50\% of the food requirements have been met every year with the imports from outside the states. If the population growth is not controlled immediately it may cause a lot of socio-economic problems in future.
2.4 Unemployment Problem

Whereas unemployment problem has been the permanent feature of the National Economy, Mizoram, had been fortunate enough in this respect. The state had been endowed abundantly with land while it has been short of manpower in general and technical and scientific manpower in particular. This particular pattern of resource endowment has enabled the state to avert the problem of unemployment that has been confronting the national economy. It is only recently that the problem has emerged in an embryonic form in the economy of Mizoram. This seems to have been the consequence of relatively rapid educational development of the state which has been dominated by the growth of general and literary rather than scientific and technical education. At the end of '987, the number of persons who registered themselves with the Employment Exchange at Aizawl only was 23,557, out of which 17,696 were males and 5,861 were females. Out of the total number of persons registered, 12,615 were under matriculates, and 10,942 were matriculates and above. Thus, 94.69% of the total registrants were the educated. However, unemployment is not yet a serious problem. Proper development policy and the right steps towards the implementation of the development programmes may contribute to the solution of the present unemployment problem. Besides, this also highlights the need for manpower planning as an essential part of development planning and appropriate
educational policy designed to sub-serve the needs of general economic development.

In fact, Mizoram has one of the highest percentage of literacy in India. The rate of increase in the percentage of literacy is very high and steady. The literacy percentage in 1901 was 0.93 and 3.98 in 1911. In 1971 census it has come up to 53.79 and has reached above 60% at present. But, while the literacy percentage of the state is one of the highest in India, Mizoram is one of the most backward states so far as technical education is concerned. Whereas there are more than one thousand institutions for general education, there are only two institutions for technical education, namely, Industrial Training Institute and Polytechnic Institution. Of all the persons registered in the employment exchange no one of them has a degree (even diploma) in technical education.

2.5 Industries

Mizoram is very backward industrially and it lags behind other states of India. The national programmes for economic development had hardly reached Mizoram until it became a Union Territory in 1972. Even after it has been a Union Territory, there has never been a systematic and meaningful approach towards the development of industries. The Directorate of Industries was created only in 1972, when Mizoram has become a Union Territory. However, the Department was simply running in a casual manner without any proper
initiative. In accordance with the directions from the Central Government, the District Industries Centre has been entrusted with the duties of (1) Distribution of industrial loans to artisans; (2) Giving machineries in aid; (3) Running crafts centres and fabric centres; (4) Bee-keeping demonstration; (5) Establishing Industrial estates; (6) Helping establishment of rice farms and oil mills in villages; and (7) Organising emporia to promote sales of handicrafts and handlooms.

As a result of the decision made by the Central Government to give 25% central subsidy on investment to industrial units, 1925 units have come up in different districts of the state. The amount sanctioned and distributed up to October, 1987, was Rs. 6,00,74,857. Besides, the Directorate of Industries also gives subsidy to artisans for the purchase of sewing machines, carpentry tools, etc. The number of beneficiaries and the amount sanctioned are given below:

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Beneficiaries</th>
<th>Amount (Rs. in lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984-85</td>
<td>420</td>
<td>31.50</td>
</tr>
<tr>
<td>1985-86</td>
<td>1300</td>
<td>9.70</td>
</tr>
<tr>
<td>1986-87</td>
<td>800</td>
<td>6.00</td>
</tr>
<tr>
<td>Total</td>
<td>2,520</td>
<td>47.20</td>
</tr>
</tbody>
</table>

These figures show that the amount disbursed has been decreasing consistently both in absolute and per production unit terms. This may be due to the declining allocation for the purpose and the consistently rising number of the units selected for the purpose.
As per the advice of the Central Government to various states for setting up State Industrial Development Corporations and State Financial Corporation, the Government of Mizoram has established Zoram Industrial Development Corporation (ZIDCO) as a limited company. Its functions are to look after various commercial transactions, helping the small industries by sanctioning loans for the purchase of land, buildings and plants and machinery. However, unlike other developmental corporations in other states, ZIDCO confines itself to the function of the sanctioning of loans only. At the end of 1987, the total loans sanctioned by ZIDCO amounted to Rs. 11,63,05,709. Experience so far shows that unless and until proper steps are taken to direct its functioning, ZIDCO will never make any proper contribution towards economic development.

In short, the present set up of the Industries Department itself needs reorganisation and the competent, efficient and resourceful leader at the helms of affairs of this department and the corporation.

2.6 Agriculture

Agriculture is the dominant sector of the Mizoram economy. More than 70 per cent of the people in the state are engaged in agriculture. As has been discussed, Mizoram is a hilly area where most of the cultivable land is situated on hill sides. As a result of the limited area of valley or
plain land available. For cultivation, and because of the prevalence of the age-old primitive practice of jhumming, most of the farmers are engaged in jhum cultivation which is associated with low productivity. In fact, it has been a way of life of the people in the state.

It is unfortunate that agriculture in Mizoram has not experienced much development even after independence. In fact, Mizoram and Assam are the two states of the Indian Union in general and the North-Eastern Region in particular that have experienced negative growth of agricultural output and the productivity of land. The factors lying behind this performance of Mizoram agriculture are not difficult to discern. Jhum, the dominant mode of cultivation in the state is primitive; and the implements used in this type of agriculture are simple and primitive ones. Besides, the agriculture in the state has not received the benefit of land augmenting and yield raising inputs like, H.Y.V. seeds, water, fertilizers etc. Then the rising population pressure has led to a decline in the jhum cycle which, in its turn, has contributed to the fall in production and productivity.

This process has been further accelerated by the disturbances and the consequent reorganisation of villages. Until the disturbances, the farmers were more or less self-sufficient in foodgrains and other agricultural goods. But, as a result of the disturbances many young men of the
productive age-groups went underground resulting in the loss of a sizeable amount of human capital. Besides, villages were grouped together by the armed forces as a result of which, a large area of the cultivable land has become far away from the villages and beyond the reach of the farmers. The resultant effect of this is the shortening of the jhum-cycle which has caused a decline in the fertility of the soil leading to the falling output and yield.

Another factor behind agricultural backwardness in the state is the poverty of the farmers compounded by the lack of facilities from institutional finance. The banks and other financial corporations are usually located in the towns which are not interested in sanctioning loans to the farmers for the fear that the farmers may not be able to repay their debts.

Besides, the jhum cultivation, which is the most popular mode of cultivation, is largely at the mercy of nature. The success and the failure of agriculture depends, to a great extent, on weather. Favourable monsoons means success while unfavourable monsoons means disaster.

Rice is the only staple food of the people of the state; and other agricultural products constitute simply the subsidiary production. The production of rice depends largely on the fertility of the soil and weather conditions.
However, an ever-decreasing fertility of the soil due to the declining jhum cycles has badly affected the productivity. Besides the lack of marketing facilities have discouraged the farmers to produce commercial crops which could be produced even on less fertile lands. These problems have been further compounded by the absence of a proper development policy.

Thus, the basic needs of the economy of Mizoram to march forwards in the developmental path is to formulate development programmes on scientific basis according to the needs of the community. There is an urgent need for inducting new techniques of production in all sectors including agriculture. The development and success of many of the industries including cottage and small scale industries also depends largely on the success of agriculture. Unless and until the right path to development is followed, the state will remain underdeveloped and will continue to lag behind other states of India, whereas there is a good potential and prospects for economic development if and only if proper development policy is adopted at the right time.