CHAPTER IX.

CONCLUSION.

It appears from the analysis of the foregoing chapters that there has been a change in the economic structure of Nagaland during the planning era after her attainment of Statehood on the 1st December, 1963. Prior to independence, there was practically no economic activities not to speak of economic progress in Nagaland and this area continued to be 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 1954-64, the benefits of development programmes of the First, Second and Third Five Year Plans were not realised. Therefore, the Fourth Five Year Plan could be considered to be practically the First Five Year Plan of Nagaland.

A close look at the pace of economic development during the Five Year Plans reveals that there has been a change in the levels of economic development, but the changes has not been significant and also far below expectation. An investigation into the transition of the Nagaland economy since 1964 in the light of Rostow's stages of growth gives an idea that the economy which was in the stage of the 'Traditional Society' has slowly moved into the stage of nearing 'precondition for take-off'.
As explained by Rostow, the traditional Society implies a phase of economic stagnation where the level of output per capita is low or, more or less remaining constant over a period of time. This condition is the result of the existence of 'Pre-Newtonian techniques'. Further, Agriculture happens to be the main source of income of the State and more than 75% of the population are engaged in Agriculture in the stage of traditional society. When Nagaland attained its state-hood in 1963, the economy was in the stage of almost a 'traditional society'. Agriculture was the backbone of the economy where more than 85% of the population engaged themselves in Agriculture for livelihood. Further, the technique of production was more or less pre-Newtonian type having a very low per capita output. There was no industry worth mentioning. Further, there was not only lack of inventiveness and innovations but also lack of effective outlook towards the physical world of post Newtonian era.

"The Pre-condition for take-off" in Rostovian term is a stage of economic transition during which the institutional organisation of the economy gradually begins to change and respond to economic growth. The rate of net investment rises and gradually tends to outstrip population growth. The build up of social overhead capital grows and an infra-structural base for growth is created. Some technical changes are

also introduced in Agriculture which raises its productivity. As a consequence of these changes, the sectoral structure of the economy starts to evolve. As explained by Rostow, the process of creating pre-conditions for take-off from traditional Society is the result of the following conditions:

"New type of enterprising men come forward in the private economy in Government, or both, willing to mobilise savings and to take risks in pursuit of profit to modernization. Banks and other institutions for mobilising capital appear. Investments increase, notably in transport, communications and in raw materials in which other nations may have an economic interest. The scope of commerce, internal and external widens. And here and there modern manufacturing enterprise appears using the new method". (2)

After the completion of about two decades of planning since 1964, the economy of Nagaland made certain progress in the fields of Agriculture, Industries, Transport and communication, Banking and other financial institutions to push the economy into the stage of 'pre-condition for take-off'. There has been rapid expansion of the area under permanent cultivation to replace jhum or shifting cultivation. Further, there has been a gradual introduction of modernisation in Agriculture. Foodgrains production increased from 61,820 matric tonnes in 1963 to 81,700 matric tonnes (2) Ibid., Pages 6 - 7
in 1973–74 and 1,25,000 matric tonnes in 1980–81 (3). Though no major or medium Irrigation projects were undertaken, there has been a substantial increase in area under minor Irrigation, mostly diversion of channels from the hill streams. The area under minor Irrigation increased to about 58,500 hectares in 1980–81 from the level of 19,180 hectares in 1963. As a part of Agricultural improvement, intensive measures have been taken up under soil conservation programme to bring up scientific management of soil and water resources since 1964. For increasing area under permanent cultivation and replacing jhum cultivation at a faster rate, soil conservation programmes have been undertaken on water shed basis. Total area under permanent cultivation at the end of 1979–80 stood at about 65,000 hectares.

As mentioned earlier, although there has not been any basic and key industry of Hirachmanian type having high backward and forward linkages to initiate a process of industrialization in the economy of Nagaland, a few medium sized industries were taken up since 1964. They are

1) The Nagaland Sugar Mills at Dimapur.
3) The Plywood Factory at Tijit.

These industries not only generate employment opportunities but also help in bringing out new subsidiary enterprises. Effective steps have also been taken to develop handlooms and other handicraft products which have a large commercial potential during the

Fourth, Fifth and Sixth Five Year Plans of Nagaland. Setting up of the Nagaland Handloom and Handicraft Development Corporation in 1978 has been a significant step for the development of these small and household industries.

In regard to transport and communications though the progress is relatively slow, the formation of the North Eastern Council (N.E.C) in 1972 can be termed as a new stage of development of transportation particularly in the matter of construction of roads in Nagaland as well as in the other hill States and Union Territories of the North Eastern Region. Of course there is practically no rail communication in the State barring a few kilometers of railways near Dimapur. Upto 1947, the physical achievement of roads was 176 kms. and it increased to 5126 kms. at the end of 1980-81. The Border Roads Organisation (BRO) has also taken up road construction and improvements work in the State and made a significant contribution in opening up backward areas. The North Eastern Council besides financing the improvement of three existing roads, has taken up four new roads during 1980-81. Again upto 1963, there was no nationalised bus route. The number of nationalised bus routes which was 14 with a coverage of 1327 kms. in 1973–74 increased to about 149 routes with a coverage of about 4338 kms. at the end of 1979–80.

In regard to power generation and electrification, there has been a steady progress in the same, but the State is still deficit in power generation. The number of electrified towns and villages rose from 6 in 1963 to 99 in 1973–74. Percentages of towns and
villages electrified in 1973—74 were 100% and 17% respectively. By the end of 1980—81, 372 villages out of 966 in the State constituting about 39% were electrified. In generation of power, a micro-hydel station at Dzuza with an installed capacity of 1.5 MW, was commissioned in March, 1975. Another hydel project at Dikhu with an installed capacity of 1000 KW is expected to be completed by 1984.

Though the progress in providing facilities for banking and other financial institutions are far below the All India average, the position of Nagaland among the administrative units of North Eastern Region is not so bad. There were 33 Bank offices and the population per Bank office was 17,000 in 1981.(4)

In service sector also, Nagaland made a significant progress compared to the level at the time of independence. The number of schools (primary, middle and high schools) rose from 105 in 1947 to 1409 in 1980—1981 and the number of colleges increased from nil in 1947 upto 8 in 1980—81. In health services, the number of hospitals rose from 5 in 1947 to 30 in 1980—81, number of beds increased from 40 in 1947 to 1280 in 1980—81 and the number of Dispensaries rose from 6 in 1947 to 148 in 1980—81. Though the rate of progress in Health service between 1947 and 1980—81 looks very bright, it is not exclusive and self-contained. Many of the interior areas are yet to receive the services of the health department. In regard to the provision of water supply in Nagaland, no village was having the facility of water supply in 1947; but by the end of the Fifth Plan (1977—78) 249 villages were covered.

(4) Statistical Accounts of North East India, Published by North Eastern Council, Shillong 1982
From the information furnished above and from the earlier chapters we can safely conclude that there has been a transition in the Nagaland economy from a stage of 'traditional society' to a stage of nearing pre-condition for take-off'.

Considering the transition of the Indian economy in the Restovian sense, we can say that it is passing through the 'take-off' stage. One of the important conditions for the 'take-off' is the raising of savings and investment ratio from 5% or less to 10% of National income and maintaining it for two or more decades. The ratio of investment to national income in India rose from 5.5% in 1950-51 to 10.4% in 1964-65 and the domestic savings rose from 5.5% in 1950-51 to 10.5% in 1964-65.

Another characteristic of take-off stage is the development of one or more leading sectors in the economy. By 1964-65 the Agricultural, Industrial and Tertiary sectors had developed significantly. The index of Agricultural production (Base - 1956) rose from 45.6 in 1950-51 to 158.4 in 1964-65 and the index of Industrial production (base - 1956) also rose from 73.5 in 1950-51 to 186.9 in 1964-65. Another characteristic of the take-off stage is the existence of a cultural framework that exploits the impulses of the expansion of modern sector was also fulfilled broadly. During the first two decades of post-plan period, a new cultural framework emerged which helped in the expansion of the modern sector. The attitude and skills of people has undergone a major change and modern technology has entered the traditional society replacing the old and obsolete methods of production. Thus it can be roughly be concluded that the Indian economy entered the take-off stage by the end of the Third Plan.
Thus while the Indian economy has entered the 'take-off' stage, the economy of Nagaland has only approached the 'pre-condition for take-off' stage. This sharp contrast in the stages of development is mainly due to the regional imbalance prevailing in our country. This is partly due to the wrong policy of the Centre in the matter of regional development, and partly due to the lack of infra-structural facilities within the State like power transportation and communication, banking and other financial institutions etc. The lack of initiative on the part of the State Government to start any key Industry is due to limited financial resources, as well as due to geographical and natural barriers of a hill area. The non-existence of local enterprises and restrictions on the outside entrepreneur are also responsible factors for this economic backwardness. Unless a big initiative comes from the Centre by opening up new basic and key industries in the State as well as by building up strong infra-structural facilities such as development of power generation, improvement of transport and communication, expansion of financial institutions like banking and insurance, formation of local skills etc., this regional imbalance will continue to prevail and the economy of Nagaland will fail to reach the stage of take-off in the near future and will thus lag far behind the rest of the country in marching towards the goal of self-sustained and accelerated economic growth.