Serious Studies on problems of backward areas are not many. Again whatever studies are there, they are either too general are scattered. In respect of Nagaland we found a great Lacuna in studies on economic problems. Studies on problems of industrial growth and sickness in industries are conspicuous by their absence. In view of the fact that, industrial growth is crucial for economic development and that incidence of sickness is very high in case of industries in Nagaland, we took up this study to understand the magnitude of the problem. This is the first ever study on the problem of industrial sickness in Nagaland.

We have taken stock of the general economic background of the State and its potential for industrial development before assessing the extent, nature and causes of industrial sickness. We took stratified random samples to collect primary data. We have analysed sickness in terms of major causes of sickness. In the end we have suggested remedial measures to eradicate the problem of industrial sickness.

We proposed to test five hypotheses and have found all of them valid. The hypotheses are: a) diversion of funds of industrial activities for other purposes cause shortage of working capital, which ultimately resulted in sickness or closure; b) different policies of industrial incentives in different States, caused decline in relative competitive strength of industries of backward State and this contributed to sickness; c) policy of preventing outsiders to reside in the State, stopped flow of Capital, entrepreneurial & technical skills and labour into the State causing absentee ownership, commercial inefficiency and low quality of products etc., which finally contributed to sickness; d) inadequate power supply in the State created idle capacity in modern small industries and caused frequent losses, which ultimately resulted in sickness; and e) political instability and social tensions in the State discouraged outsiders to invest in new projects or to run their existing industries, which also
contributed to closure of industries.

The work consists of Seven chapters arranged in coherent manner. Chapter One is an introduction presenting the brief statement of the problem, overview of literature, methodology etc. Chapter Two explains the need for industrialisation of backward regions, policies and problems of industrialisation with due attention to small scale industries. Chapter Three presents the profile of study region including the level of economic development, status of industries, resource potential etc. In Chapter Four, specific characteristics of surveyed units, sickness etc., are presented. Chapter Five has been exclusively devoted for study of several causes of sickness in surveyed units, followed by chapter Six, which deals with a note on some specified industries. Summary, testing of hypotheses and suggestions are presented in chapter Seven.

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