



Role of law in the economic development in North-East India

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Abstract

India's northeast happens to be a region extraordinarily rich in ecological wealth and socio-cultural diversity.

All the eight north-eastern states (Arunachal Pradesh, Assam, Manipur, Mizoram, Meghalaya, Sikkim, Tripura, Nagaland) taken together are considered to be the gateway to the South-East Asia but unfortunately due to multiple factors this gateway remains largely shut.

In comparison to the national average (in terms of economic growth indicators) the region lags behind despite making substantial progress in the past few years.

There also lies huge intra-regional disparities and differences and whatever growth has been marked and progress being made inside the region, even the fruits of those progresses have also not found to be properly, evenly and equitably distributed within the region.

The legal framework which consists of special constitutional status, customary practices, state laws and central laws, all play extremely important role in shaping the economic texture of the region.

Keywords: Economic infrastructure, Economic growth, ashtalakshmi, conflict

Introduction

Infrastructural adequacy in any economic zone plays the role of biggest parameter and determining factor for the diversified economic activity for the simple reason that it enhances the smoothness and effectivity of the growth-related activity.

There is a direct link between the efficiency of production and manufacture in an industry or any plant and the improvement in the infrastructural facilities of the region because improved infrastructure makes it possible for the players and industrialists to reduce the cost of production.

By directly aiding in the productive activities, it makes it easier for the industries to function with optimum potential.

The necessity of infrastructure has been recognised by the government of India after carefully considering the deficit areas and the government terming the north-eastern region as "Ashtalakshmi".

If we dig deeper into the challenges and deficits in the infrastructure area, we notice that per capita availability of energy in north east India happens to be much lower than that in the country (country's average being 1221-kilowatt hour while in the north-east only 570.9-kilowatt hour-as per the estimates of 2023-RBI's handbook of statistics on the Indian states).

According to the detailed report submitted in the Lok-Sabha by the standing committee on energy the real cause for this lag and deficit happens to be geological factors, land acquisition clearance problems and financial constraints.

So far as the connectivity issues are concerned, the 22(twenty-two) km Siliguri corridor which is also popularly known as the Chicken's neck happens to be the only road connecting the whole of north-east with the rest of the Indian territory.

Similarly, the intra-regional connectivity is also extremely poor and proper roads are not there which can facilitate intra-regional trade and business at a faster rate.

It also makes it extremely difficult for the local farmers to gain access of the regional markets where they can sell their products.

This also leads to the higher cost of transportation for the produced goods and articles which in turn leads to the decreased investment in the north-east region by the industrialists.

In one way or the other this leads to make the region reliant on its traditional modes of economy and hinders/hampers the diversification of the area in economic sphere.

Some noteworthy measures were taken by the Indian government to remedy the situation and bring about radical change in the situation and substantial increase in the road network and other infrastructures have happened in the last 2(two) decades.

Another major lacuna happens to be the deficit in the finance as the major source of revenue for the north-east states happen to be the central government.

Almost 70-90 %(percent) of the government revenue of these states' come directly from the central government in the mode of states proportion and share in taxes and grants of the centre.

As a matter of fact, this prolonged financial crisis makes it almost impossible for the north-eastern states to embark on the task of capital creation.

What is important for the long-term economic growth is that the outstanding liabilities of the north-eastern states should not be more than what is recommended by the authoritative agencies like finance commission which is not the case currently.

Therefore, all efforts must be made so that capital creation can be enhanced in the north-eastern states and the corresponding expenditure can be minimized reasonably.

Similarly, another element which is of great concern is the access to quality education as education happens to be one of the most important indicators of development and therefore forms the most relevant portion of growth strategy.

In this regard the region faces concerns in the form of inadequate infrastructure, restricted access to education, less availability of well-trained educators, lack of proper amenities in the school, relatively high drop out rate of students (leaving education quite early for multiple reasons like helping their families in agriculture work etc.).

It is because of these reasons that the north-east states fare relatively low on the performance grading index prepared by the government of India (as an indicator of school education).

Inadequate financial cohesion and inclusivity also happens to be the major areas of concern so far as the improvement in the life standards of the people belonging to the marginalised section is concerned and the region needs a lot of improvement in this sphere as well.

Penetration of the banking sector also happens to be comparatively less and the credit to GDP ratio in the north-eastern region has been extremely low as compared to the country as a whole.

Lower access to credit system is also one of the reasons which is responsible for the lower level of economic activity in the north-east India.

Another noteworthy element which enhances the severity of the issues discussed above is the “cross border migration”.

Geographically, by virtue of the fact that the north-eastern region is located at the international borders, many illegal migrants intrude inside the region thereby exerting pressure on the existing state of affairs and the economy of the north-eastern states making it further more vulnerable and deepening the multiple crisis which it already faces.

This migration not only exerts pressure on the resources of land available in the region but also changes the demographic composition and strains the available infrastructure for the worse.

Legal Infrastructure and Laws Relating to Trade

Legal landscape of any region conclusively determines how “land” in any area is acquired for the developmental processes and infrastructural projects.

If at all there exists any lacuna, flaw or loophole in these laws then it becomes extremely difficult for the developmental tasks to be performed at the desired rate and it can slow down the pace of many infrastructure projects.

Similarly, the laws relating to cross-border trade and smoother infrastructure connectivity (eg. The India-Myanmar-Thailand Highway) also contributes to the acceleration of the economic activities.

Conflict Resolution and Social Peace

The special laws in the north-eastern region and the various peace accords like the “Bodo Accord”, “Karbi Anglong Accord” etc. have helped in reducing the violence and insurgency in the region and establishing a peaceful and stable atmosphere for the economic activities and growth.

Similarly, the legal protection around the tribal land and tribal culture particularly under the sixth schedule and the relevant laws of the state have contributed to the safeguarding of tribal interests amidst the high pace economic activity.

Role of Legal Institutions

Specialized bodies like the “Ministry of development of the north-eastern region”, North eastern council and others deriving legitimacy directly from the statutes help in co-ordinated planning and development and execution of development projects.

Conclusion

“Law” happens to be not only the regulator but also the enabler of the economic reforms of the north-eastern region of India.

Robust legal framework attracts the investment in the region and manages the resources tactfully and sensibly.

Northeast India’s economic development is extremely essential not only for upgrading the life standards of its population but also for upkeeping the interest of the nation and promoting the regional harmony.

Need of the hour is proper focus, addressing and consideration of the major challenges in the way towards economic growth of the region and appropriating the diverse opportunities so that Northeast region of India can play an important role in emboldening the unity, integrity and economic strength of the country.

The most appropriate methodology would be to comprehend the geographical as well as ecological limitations of the northeast region and thereafter to develop a strategy so that the region moves on the path of sustainable development.

What is imperative is a strategic approach which can facilitate a holistic development and growth of the region and integrate the economy as a whole because the region possesses huge untapped economic potential.

This potential lies in many fields like agriculture and hydropower.

What is required is the improvement in banking infrastructure and fiscal literacy, tourism promotion, skill development and increased thrust in the renewable energy field along with a impetus on the development of the green technology and infrastructure so that an all inclusive growth can be achieved.

The main hurdle to the economic upliftment of the region lies in the elements of infrastructure, connectivity and geography of the region and therefore a targeted move to improve these factors and elements can play a crucial role in driving economic growth of the region.

Need of the hour is proper synchronization of the customary and statutory laws and continued legal reforms to cater to the situation.

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