



COURSE CODE: MASOD 305

COURSE NAME: INDUSTRY AND
SOCIETY

**CENTRE FOR DISTANCE AND
ONLINE EDUCATION
TEZPUR UNIVERSITY**

MASTER OF ARTS

**SOCIOLOGY
BLOCK II**



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MSO-305: INDUSTRY AND SOCIETY

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BLOCK II

MODULE III: INDUSTRIAL POLICIES, INDUSTRIES IN NE INDIA

UNIT 7: INDIA'S INDUSTRIAL POLICIES SINCE INDEPENDENCE

UNIT 8: TEA PLANTATION INDUSTRY AND INDUSTRIAL RELATIONS IN PLANTATIONS

UNIT 9: INDUSTRIES IN NORTHEAST INDIA

UNIT 10: COTTAGE INDUSTRIES IN NORTHEAST INDIA

MODULE IV: INDUSTRIAL SOCIOLOGY TODAY

UNIT 11: INFORMAL ECONOMY AND GLOBALISATION

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BLOCK INTRODUCTION

This Block comprises of Modules **III** and **IV** of MSO 303: Industry and Society. **Module III** deals with industrial policies. The major focus of the module is on the industries of Northeast India. **Unit 7** will help the learners to understand India's industrial policies since Independence. **Unit 8** explores the tea plantation industry. The learners will be introduced to industrial relations in plantations. **Unit 9**, on the other hand, discusses the industries in Northeast India. **Unit 10** also deals with Northeast India by focusing on its cottage industries.

Module IV is dedicated to industrial sociology in contemporary times. **Unit 11** explores the concept of globalisation and informal economy and their impact on industry and society. **Unit 12** will analyse the unorganised sector and casualisation of work. **Unit 13** deals with the feminisation of labour. The learners will be able to explore the conditions of women within this theme. **Unit 14** explores the concept of Special Economic Zones (SEZs), which forms an important aspect of industrial sociology today.

MODULE III: INDUSTRIAL POLICIES, INDUSTRIES IN NE INDIA

UNIT 7: INDIA'S INDUSTRIAL POLICIES SINCE INDEPENDENCE

UNIT STRUCTURE

- 7.1 Introduction
- 7.2 Objectives
- 7.3 Meaning of Industrial Policy
- 7.4 Major Industrial Policies of India since Independence
 - 7.4.1 Industrial Policy Resolution, 1948
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7.1 INTRODUCTION

Industrialization is an essential aspect of economic growth in the modern era. During the time of Independence, the Indian economy was crossing through problems like poverty, low per capita income, industrial backwardness and unemployment. After Independence, a new era Indian economy starts to begin. The newly independent India has amended its first industrial policy in 1948. Introduction of industrial policy becomes the turning point of the Economy at that time. After Independence, various decisions related to the Indian Economy is guided and regulated by the Industrial Policy. The Government of India has defined regulatory roles related to the policies towards industries, establishment, functioning, expansion, growth as well as management. In this Chapter, we will study

about the meaning of Industrial Policy, various industrial policies of India after Independence one by one.

7.2 OBJECTIVES

After going through this unit, you will be able to:

- Explain the meaning of industrial policy;
- Discuss various industrial policies of India since independence;
- Analyse various industrial policies of India since independence.

7.3 MEANING OF INDUSTRIAL POLICY

An Industrial Policy of a country (IP) is the planning as well as the strategies adopted by the particular government for better industrial development in the country. It refers to the official effort to encourage the development and growth of the Economy especially focusing on the industrial sector. Through the industrial policy, a country can able to implement and promote various rules and regulation on its industries. An industrial policy consists of rules and procedure which is needed to govern the growth and pattern of industrial activities of a country. With the requirement of situations, it can be amended, modified and redrafted. The infrastructure of the Country has a key impact on the industrial policies of the Country.

Through the industrial policy, a country tries to explain its development of the industrial sector. Each industrial policy has carried with some specific objectives. In general, industrial policy is constructed for industrial development, balanced industrial structure, balanced economic growth through optimum utilization of resources. A better pre-planned industrial Policy is a key feature of a mixed economy like India. Let's understand the journey of various industrial policies of India since independence.

CHECK YOUR PROGRESS



1. What do you mean by industrial policy?

2. What are the objectives of industrial policy of a Country?

7.4 MAJOR INDUSTRIAL POLICIES OF INDIA SINCE INDEPENDENCE

India had an extremely underdeveloped and unbalanced industrial structure at the time of independence. Although India did have some industries like cotton textiles, jute and sugar at that time; but there were virtually no basic industries on which planning of future industrialization could be based. Some major industries were concentrated in developed areas of India like Bombay, Surat, Ahmedabad, Jamshedpur, Calcutta and Delhi; While the rest of the places of the country were still industrially neglected. After independence, responsibilities come on the head of the new government of India to take measures regarding the rapid development of the industrial structure of the country. For this, India started its mission towards industrial development soon after independence. Let us discuss various industrial policies of India since independence.

7.4.1 Industrial Policy Resolution, 1948

Industrial Policy Resolution, 1948 (IPR, 1948) is the first industrial policy of independent India; which is announced on 6th April 1948. It is

constituted under Dr Shyama Prasad Mukherjee then Industrial Minister. Its main aim is that the state must play an active role in the development of industries with government stressing on the socialistic pattern of society. This policy remains in force for 8 years. Industrial Policy of 1948 has carried the following objectives-

- i. Establishing social order in the economic area in which justice and equality of opportunity should be assured to all
- ii. Promoting rapid growth in standard of living of people through the exploitation of available resource of the country
- iii. Increasing production capacity to meet the needs of the growing population of the country
- iv. Providing more employment opportunities to people of India

Providing privileges to the small and cottage Industries, this policy also considers the importance of Private participation in the industrial development of the country. Following the regulation of Industrial Policy Resolution of 1948, large sector industries of the country has classified into four categories-

- i. **Basic industries:** according to the first industrial policy of India, 6 sectors will comprise the basic industries. These will include coal, iron & steel, shipbuilding, aircrafts manufacturing, Aircraft mfg., Ship Building, Telephone, Telegraph & Wireless (Excluding Radio) & Mineral Oils.
- ii. **State Monopoly:** This category of industries mainly engages in the activity of atomic energy, railways and arms and ammunition. This category comes under the exclusive monopoly of Central Government.

- iii. **Regulated Industries:** Under this policy resolution, the Government of India would regulate some industries as they were important to the masses. This category includes 18 such types- Automobiles, Heavy Machinery, Heavy Chemicals, Fertilizers, Sugar, Paper, Cement, Cotton, Woollen textiles and so on. These come under central regulation and control.
- iv. **Private sector industries:** Industries which were not mentioned in the above three categories fall into this category. Through this category, the high importance of small businesses and small industries are granted for leading to the utilization of local resources and creating employment.

In this way, the first industrial policy of India has concentrated more on starting new concerns instead of holding only on the old ones. It allows foreign industries to work in India and provides them with the freedom to send their profits abroad. Thus it invites more foreign capitals to participate in the Indian economy.

Stop and Read
Regulated Industries under Industrial Policy Resolution, 1948-
1) Salt
2) Automobiles and Tractors
3) Prime movers
4) Electric engineering.
5) Other heavy machinery
6) Machine tools
7) Heavy chemicals, fertilizers and pharmaceuticals and drugs
8) Electro-chemicals industries

- 9) Non-ferrous metals
- 10) Rubber manufactures
- 11) Power and industrial alcohol
- 12) Cotton and woollen textiles
- 13) Cement
- 14) Sugar
- 15) Paper and newsprint
- 16) Air and sea transport
- 17) Minerals
- 18) Industries related to defence

CHECK YOUR PROGRESS



1. When did first Industrial Policy of India announced?

2. How many types industries are included under regulated industries according to Industrial policy Resolution of 1948?

7.4.2 Industrial Policy Resolution, 1956

After the declaration of the first industrial policy of Indian 1948, several socio-economic developments take place in the country. All these developments create a necessity for a fresh industrial policy statement for the country. Replacing the industrial policy resolution of 1948, India has

announced its second industrial policy on 30th April 1956. The primary objectives of this policy are as follows-

- i. Focusing on heavy industries, Speeding up the pace of industrialization in the country
- ii. Expansion and the growth of the public sector and co-operative sector
- iii. Providing States with the responsibility of setting up new industrial set up and development of transport facilities
- iv. Preventing private monopolies which concentrate economic process in the hands of a few numbers of individuals only

In the second industrial policy of India, State has given more power for the industrial development of the Country. This policy provides a new classification of industries as below-

- i. **Schedule A industries:** The industries of the first category is included under Schedule A industries. These industries are under the monopoly of the state or government, which includes 17 industries. If National interest requires than private sector industries can also come to this category.
- ii. **Schedule B industries:** Regarding Schedule B industries, the state is allowed to establish new units. As well the private sector is also allowed to set up or expand existing units either on its own or with State participation.
- iii. **Schedule C industries:** Schedule C industries consist of those which do not come under Schedule A and Schedule B. These industries are open for all to both State and private sector. Mainly, the development of these industries is expected to undertake by initiative and enterprise of the private sector.

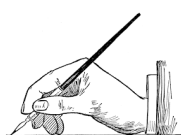
Thus, in comparison to first industrial policy of India, second one is more flexible as it permits private sector to function independently or in collaboration with the state in respect of industries included under Schedule

I and II, except in case of arms and ammunition, atomic energy, railway and air transportation which are state monopolies.

Stop and Read	
List of industries that come under Schedule A and Schedule B according to Industrial Policy Resolution of 1956:	
SCHEDULE A	SCHEDULE B
<ol style="list-style-type: none"> 1) Arms and ammunition and allied items of defence equipment 2) Atomic Energy 3) Iron and steel 4) Heavy castings and foreign of iron and steel 5) Heavy plant and machinery required for iron and steel production, for mining, for machine tool manufacture and for such other basic industries as may be specified by the central Government 6) Heavy electrical plant including large hydraulic and steam turbines 7) Coal and Lignite 8) Mineral oils 9) Mining of iron ore, manganese ore, chrome ore, gypsum, Sulphur, gold and 	<ol style="list-style-type: none"> 1) All other minerals except "minor minerals" as defined in Section iii of the Minerals concession Rules, 1949 2) Aluminium and other non-ferrous metals not included in Schedule 'A' 3) Machine tools 4) Ferro-alloys and tool steels 5) Basic and intermediate products required by chemical industries such as the manufacture of drugs, dye-stuffs and plastics 6) Antibiotics and other essential drugs 7) Fertilizers 8) Synthetic rubber 9) Carbonization of coal 10) Chemical pulp 11) Road transport 12) Sea transport

<p>diamond</p> <p>10) Mining and processing copper, lead, zinc, tin, molybdenum and wolfram.</p> <p>11) Minerals specified in the Schedule to the Atomic Energy (Control of Production and Use) Order, 1953</p> <p>12) Aircraft</p> <p>13) Air transport</p> <p>14) Railway transport</p> <p>15) Shipbuilding</p> <p>16) Telephones and Telephone cables, telegraph and wireless apparatus (excluding radio receiving sets)</p> <p>17) Generation and distribution of electricity.</p>	
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CHECK YOUR PROGRESS



1. What are the objectives of Industrial Policy Resolution of 1956?

2. Write down the new classification of industries under Industrial

Policy Resolution of 1956?

7.4.3 New Industrial Licensing Policy, 1970

On the recommendation of Dutt Committee, the Government of India introduced New Industrial Licensing Policy on 18th February 1970. It was formulated in the context of the Fourth Five-Year Plan of the country. This industrial policy mainly focused on the matter of license on two grounds- Foreign exchange and investment rate.

Foreign Exchange-

- i. All basic and strategic industries having significant investments or foreign exchange will be carefully planned and subjected to industrial licensing
- ii. Those industries require marginal assistance by way of foreign exchange for capital equipment may be exempted from the need to secure industrial licenses
- iii. Those industries have no need of foreign exchange regarding the import of capital equipment or raw materials should be exempted from the requirement of industrial licensing

Investment Rate-

- i. Industries involving an investment of more than Rs 5 crores is defined as Heavy Investment Sector; which should be opened for private sector except those reserved for the public sector in IPR, 1956

- ii. Industries involving investment between Rs 1 crore and 5 crores were included in the middle sector will have to liberalize license policy
- iii. Industries involving an investment of less than Rs 1 crore does not require any license for setting them up

In this way, the New Industrial Licensing Policy of 1970 has permitted entry of large industry to heavy investment sector in order to avoid concentration of these industries on economic power so that distribution of industries can be attained.

7.4.4 Indian Policy Statement, 1973

After the New Industrial License Policy of 1971, the Government of India announced the Indian Policy Statement on 2nd February 1973. The policy of 1973 is based on the classification of policy by industrial policy resolution of 1956. This policy statement repeats again the dominant role of the public sector in terms of the 1956 Industrial Policy Resolution. The Industrial Policy Statement of 1973 elaborates the controversial concept of "joint sector". Here, Joint Sector has been accepted as a device which may be resorted to in specific cases with regard to the fulfilment of the production targets of the plan. This policy makes that joint sector will not be used to allow larger houses, dominant undertaking and foreign companies to enter fields from which they are otherwise excluded. According to the Government's socio-economic objectives, the proposal of establishing a Joint Sector Unit will be judged. The main areas of this policy statement are as follows-

- i. Giving priority to generation and transmission of power
- ii. Expanding the list of industries reserved for the small-scale sector
- iii. To protect cottage and household industries Special Legislation will make

Thus, Indian Policy Statement of 1973 has provided a closer link between Agriculture and Industry for better development of the country. This policy gives permission to large industries for starting operations in rural and backward areas with a view to developing those areas and enabling the growth of small industries of the particular area.

7.4.5 Indian Policy Statement, 1977

On December 1977, a new Indian Policy Statement is announced by George Fernandes then union industry minister of the parliament. The Industrial Policy of 1977 has emphasized on removing the demerits of the previous policies so that the aspirations of the common people can be met within a time-bound programme of economic development. The main objectives of this policy are-

- i. Doubling the growth of national income from 3.5% of 7% per annum.
- ii. Increasing the growth of industrial production in a rapid way
- iii. Creating larger employment opportunities for Indians
- iv. Reducing the regional imbalances and disparities

The policy statement introduces restrictive policy towards foreign capital in order to achieve the majority interest in ownership and effective control by Indian hands. The focus areas of this policy are mainly-

- i. **Small Sector Industries:** The firm approach of this policy is to promote the small sector industries which have minor status in front of large industries. Small sector industries mainly include three types- Cottage and household industries which provides self-employment, Small-Scale and Tiny Sector. On the basis of it, this policy takes approaches for effective promotion of all these three types of small sector industries widely dispersed in rural areas and small towns.

- ii. **Restrictive Approach towards Large Industries:** As this policy has emphasized on providing financial funds largely for the development of the small sector; it has introduced some restrictive approaches towards large industries regarding financial help from the government.
- iii. **Expanding Role of Public sector:** The industrial policy states that along with using in strategic areas, the public sector should use as stabilizing force for maintaining essential supplier for the consumer.
- iv. **Appropriate technological:** An integral part of this policy statement is to make available expertise in technology and management in all industries including small and cottage industries. It identifies some Government's effort to fully integrate such appropriate techniques of production with the broader programme of all-round rural development.
- v. **Revival of sick industries:** One of the demerits of Indian industrial development in that time was a sickness of both large and small industries. This policy emphasizes on promoting development in these industries especially in order to protect employment.

In this way, the policy statement of 1977 gave a new direction to the industrial development of the country. This policy tries to help in the creation of a just and equitable society in which the benefits of industrial development will be shared by all the people.

7.4.6 Industrial Policy Statement, 1980

Again new Industrial Policy Statement is announced on 23rd July 1980 by Indira Gandhi Government. The Industrial Policy Resolution of 1956 plays a

role as a cornerstone in making the policy of 1980. The government is entrusted to promote a pragmatic policy for the industry which will be able to remove the aspect of Industrial pollution. With this aim, this policy holds the following socio-economic objectives-

- i. Optimum utilization of the installed capacity
- ii. Generation of a higher rate of employment and production
- iii. Promotion of balanced growth in all parts of the country
- iv. Promotion of export-oriented and import substitution industries in faster rate
- v. Promoting the equitable spread of investment over the small but growing unit in rural as well as urban areas
- vi. Improving the performance of the public sector industries

The main focus areas of this policy include unit by unit examination for corrective steps, developing management cadre, economic federalism, establishing nucleus plants, financial- marketing- reservation support to small scale industries as well as promoting village industries. One of the important concerns of this policy is activities related to improve the environment and reduce the negative effects on pollution of air and water.

Stop and Read
<p>Industries (Development and Regulation) Act, 1951 (IDRA)</p> <p>IDRA, 1951 was passed by parliament in October 1991 to control and regulate industrial development in the country. Its objectives were:</p> <p>1) Regulation of industrial investment and production according to</p>

planned priorities and targets

- 2) Protection of small entrepreneurs against the competition from larger industries
- 3) Prevention of monopoly and concentration of ownership industries
- 4) Balanced regional development with the view to reduce the disparity level of development of different regions of the country

7.4.7 New Industrial Policy, 1991

In the midst of severe economic instability in the country, the New Industrial Policy is announced on 24th July 1991. In comparison to earlier industrial policies of India, it is more radical in regards to its objectives and focus areas. The New policy of 1991 is definitely a step towards LPG (Liberalization, Privatization and Modernization). This Industrial Policy is liberalized with the aims of rapid and substantial economic growth and integration of the country's economy with the global economy in a harmonized manner. With the aim of raising efficiency and accelerate economic growth in the country, this policy carries the following objectives-

- i. Strengthening of Private Sector through de-reservation and disinvestment in public sector
- ii. Abolition of the licensing system for a large number of industries
- iii. Amendments of Monopolies and Restrictive Trade Practices (MRTP) Act, 1969
- iv. Liberalized the Policy of Foreign Investment
- v. Shifting of industries away from big crowded cities to rural and backward areas
- vi. Emphasizing on agro-based industries near the farming areas

vii. Promotion of Small Scale Industries (SSI)

In this way, the policy of 1991 has reduced the industrial licensing requirements, removed restrictions on investment and expansion, and facilitated easy access to foreign technology and foreign direct investment. The liberalized new industrial policy of 1991 has introduced all-around changes in the industrial policy framework of the country which leads to a new direction for the future industrialization of the country.

Stop and Read

Monopolies and Restrictive Trade Practices Act, 1969 (MRTP Act)

MRTP Act of 1969 aims at strict control over monopolistic trades and unfair practices to avoid concentration of economic power, exploitation of consumers and to ensure strict adherence to public welfare.

CHECK YOUR PROGRESS



1. What is the full form of IDRA? When was it passed ?

2. Which industrial policy of India emphasises on reducing industrial pollution?

7.5 SUMMING UP

Formulation of Industrial Policy is an essential step for industrial development in a developing country like India. In the above explanation, we have made an attempt to describe and analyses the various policy statements of India since independence. The first Industrial policy of 1948 of the Government of India was changed in 1956 with a public sector dominated industrial development policy. Although amendments of 1970, 1973, 1977 and 1980 have tried to modify the policy of 1956; it remained in force till 1991. The new Industrial Policy of July 1991 led to far-reaching changes of previous industrial policies of the country and indicated the framework for industrial development at present.

7.6 QUESTIONS

1. Explain the need of Industrial Policy for a developing Country like India.
2. Illustrate the Industrial Policy Resolution of 1948 with the help of its objectives.
3. How can you define the New industrial Policy of 1991 has led drastic changes in Industrialization of India?
4. Make a comparative study on major Industrial Policies of India since Independence.

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UNIT 8: TEA PLANTATION INDUSTRY AND INDUSTRIAL RELATIONS IN PLANTATIONS

UNIT STRUCTURE

- 8.1 Introduction
- 8.2 Objectives
- 8.3 Evolution of Tea Plantation Industry in China
- 8.4 Evolution of Tea Plantation Industry in India with special reference to Assam
- 8.5 Evolution of Tea Plantation Industry in Other Parts of the World
- 8.6 Tea Plantation Industry and Economy
- 8.7 Industrial Relationship in Plantation
- 8.8 Summing Up
- 8.9 Questions
- 8.10 Recommended Readings and References

8.1 INTRODUCTION

In this unit, we will discuss the tea plantation industry and industrial relationship in the plantation. Here, at first, we will discuss the birth and evolution of tea plantation in China and other Asian countries. After that, we will discuss the birth and evolution of tea plantation in Assam and other states of India. At the same time, we will also try to focus on the birth and evolution of tea in other continents of the world.

The present unit will also focus on the transition of tea plantation into an industry especially during the colonial and post-colonial period in India with special reference to Assam. Thus, in this unit, we will also discuss the industrial relationship in tea plantation between the owner and labourers, the rights and privileges of the labourers and the challenges faced by them.

Tea plantation industry is an important industry in the economy of India where more than 50 % of tea production comes from Assam. Tea plantation in Assam is more than 160 years old and it started long before the British acquired Assam in 1826 after the Treaty of Yandaboo. The Singphos and Tai-Khamtis of Assam had been drinking tea as brew from the bushes and before the British came to Assam tea was not systematically planted. Tea originated in the Yunnan province of China during the Shang Dynasty (1500-1046 B.C) as a medicinal drink and therefore Yunnan is considered as the birthplace of tea (Bezbaruah, 1999). During the 16th century, tea was first introduced to Portuguese priests and merchants in China.

The first exportation of tea from China was in 1606 and from this period the European society became familiar with tea. The introduction of tea to European society gradually transformed tea from a medicinal plant to a good for trade. Today tea is consumed in over 115 countries and India is both the largest consumer and producer of tea. Tea is mostly produced in the Asian countries of India, China and Sri Lanka. Besides, tea is also produced in certain African countries like Kenya, Malawi, Rwanda, Tanzania and Uganda. South American countries like Brazil and Argentina, Iran, Turkey, Russia and Georgia tea is produced in small quantities. However, in the present unit, we will mainly focus on the tea plantation industry in Assam and the rights and privileges of labourers working in the tea industry of Assam (ibid).

8.2 OBJECTIVES

The objective of this unit is to introduce you to the tea plantation industry and how it evolved first in China and then how it expanded in India with special reference to Assam. The unit will also briefly discuss the tea production and economy and various legislations for labour rights.

By the end of this unit, you will be able to:

- Discuss the evolution of tea plantation in China;
- Discuss the evolution of the tea plantation industry in Assam during the colonial period;
- Describe Tea production and Economy;
- Analyse the various legislations maintaining the industrial relationship.

8.3 BIRTH AND EVOLUTION OF TEA PLANTATION IN CHINA

Tea was a wild plant discovered in the Yunnan province of China and the indigenous people of Yunnan, Myanmar and Thailand began to harvest the wild tea plant for medicinal purposes in ancient time. These people used tea as a medicinal herb by chewing, drinking and also used for external purposes by making pastes.

Until the 18th century, however, tea was usually used by monks and members of Royal families. It was only in the early part of the 20th century, that tea became popular drinking in China. With the common usage of tea in Chinese society, tea was begun to be cultivated by the people. But it was cultivated on small-scale by every family from 100-200 bushes on the primitive way. It was only in the 19th century that tea plantation was done on commercial purpose and was begun to manufacture at the community factories called ‘ HONGs’. Thus, from being used as medicinal herbs derived from the wild forests in the ancient period, tea gradually began to be cultivated on a large scale which was then manufactured in the newly emerged factories called ‘ HONGs’. Gradually, tea plantation emerged as an industry with the marketing of the product and therefore, in due course of time four variants of tea came to be manufactured in China-

- (a) Green or unfermented tea
- (b) Black or fermented tea

- (c) Oolong or semi fermented tea and
- (d) Instant tea

Stop and Read

Tea was basically used as a medicinal herb in China by the monks and by members of Royal families. It was only after tea became a popular drink among the common people that it began to be cultivated by the villagers since the 19th century. Until then tea was grown naturally in the wilds.

CHECK YOUR PROGRESS



1. What are the variants of Chinese tea?

8.4 BIRTH AND EVOLUTION OF TEA PLANTATION INDUSTRY IN INDIA WITH SPECIAL REFERENCE TO ASSAM

The tea plantation Industry in India was started in Assam during the Colonial period and it is more than 160 years old. However, tea bushes were widely grown in the remote jungles of Upper Assam. The Singphos and Khamtis of Upper Assam used to consume tea much before it was discovered by the British. The indigenous tribals of Assam

who used to consume tea did not cultivate and for consumption purposes, they collected it from the wild forests. Tea was first discovered by Robert Bruce, a British in 1821 with the assistance of a Singpho Chief, Beesa Gam in the jungles of Upper Assam. It was his younger brother Charles Alexander Bruce who for the first time planted tea bushes in his residential compound at Sadiya, Upper Assam (Borpujari, 1963). Later, a sample of tea found in Assam was sent to David Scott, the then Governor of Assam by C.A Bruce. But Dr Wallich, the Botanist for East India Company for identification rejected the sample and did not give recognition for cultivation.

It was only after 1834 when the East India Company's tea trade with China came to an end, the Company was compelled to think of an alternative region where tea could be cultivated and they could also maintain their monopoly and control over the trade. For the purpose, in 1834 itself a Tea Committee was formed to find out possible ways for tea cultivation in India. Based on the recommendation of the committee again tea samples collected from the jungles of Upper Assam were sent to the laboratory of Dr Wallich. But this time Dr Wallich recognized that the tea sample from Assam belongs to the same species as that of China (Mitra,2010). The positive recognition of Dr Wallich had encouraged the plantation of tea on a commercial basis in the Upper Assam region where tea plants were first discovered. Therefore, in 1835 the first tea plantation on a commercial basis was started at Chabua area of Upper Assam. Gradually, tea plantation became famous among the British Planters who expanded the tea plantation in other places of Upper Assam. In 1839, British Planters and a few Indian Businessmen of Kolkata had established the Bengal Tea Association and subsequently a Joint Stock Company was formed in London. However, the Assam Company was formed after the Bengal Tea Association and Joint Stock Company were clubbed together. The establishment of Assam Company had industrialized the tea plantations not only in Assam but slowly it had

contributed towards the then economy of the British Government. Until the time it was planted on large scale by the British Tea Planters, tea was a wild bush used as a medicinal plant by some tribal groups of Upper Assam.

The grant of Charter in 1833 to the East India Company had allowed the European people to hold free land holdings in Assam for a longer period leading to the beginning of tea plantation and industrial economy in Assam and later on in other parts of India. Industrialization of Tea Plantations had increased the production of tea in Assam leading to the establishment of more and more tea gardens and companies like the Doomdooma Tea Company which was formed in 1877. Furthermore, the British Government Waste-Land Rule of 1838 had favoured more and more British people to own the wastelands in Assam without paying and they had to pay a minimal land tax for only 25% land that they hold. This land policy of the then Colonial Government had favoured the flourish of Tea Plantations on Estate basis and thus the tea industry had acquired a dominant space in the Colonial British economy.

Apart from the plains and hills of Assam where tea was first discovered way back in the early 19th century, the success story of tea plantation industry in Assam had encouraged the British Colonial Government to establish the first tea gardens at Chittagong in 1840, in Darjeeling in 1850, in Sylhet in 1856, in Kumaon, Garhwal, Kangra, Kulu Valley and Dehradun in 1856 and in Terrai in 1860 respectively. Amongst them, the Darjeeling tea soon became well-known for its unique flavour and aroma, where the commercial plantation was started in 1852-53. Slowly, in the coming years after successful tea plantations in the Northern and Eastern parts of India, the first commercial cultivation of tea was started in 1859 in Southern India, first at Nilgiris in Tamil Nadu and Wynad district in Kerala with both Chinese and Assam varieties of bushes. The growth and evolution of tea plantation in India had started with the

discovery of tea in Upper Assam and the plantation transformed slowly into an industry in 1851.

8.5 EVOLUTION OF TEA PLANTATION IN OTHER PARTS OF THE WORLD

The acceptance of tea in Europe as a refreshing drink had encouraged the British Colonial Government to expand their tea plantation industry in almost all possible regions under their control. The wild bush which was discovered in the jungles of Upper Assam soon began to be cultivated on a commercial basis in the Northern, eastern and southern India. At the same time, in order to cater the growing market demand in the European countries especially in England and also to control the monopoly in the tea trade, the British Government in India had also expanded tea plantations in Sri Lanka. At first, tea was cultivated in the Botanical Garden in Peradeniya in 1839 with tea samples brought from Assam and in 1867 a company named Kier Dundes and Company planted tea in Loolecondera.

As Japan is a neighbour of China, the introduction of tea in the Japanese society was influenced by China and it was first introduced in 593 A.D. Similarly, like China in Japan too tea was consumed highly by the monks and they were among the first tea planters in their respective temple gardens. Today, the main source of tea plantations in Japan can be traced back to those periods where tea was planted simply in the temple gardens. It was only in 1859 that the Japanese Government approved tea as international trading good and therefore had encouraged commercial cultivation.

Stop and Read

Tea plantation in India was first started in Assam during the early part of the 19th century after it was discovered by Robert Bruce in

the jungles of Upper Assam with the help of Bessa Gam a Singpho Chief. Singphos are a tribal group residing in the Upper Assam, Kachin province of Myanmar and in Yunnan province of China. Therefore, the Singphos and another closely related group the Khamtis have been using tea basically as medicinal herbs just like their brethren in China. After Robert Bruce discovered it and in the later course of time got approval from the Colonial Government, tea was cultivated on a commercial basis first at Chabua in 1835. Since then slowly tea plantation was industrialized with the establishment of companies like the Assam Company. The success of tea plantation in Assam had encouraged the British people to start tea plantations in other parts of India also and the relaxation in land revenue given to them had also invited more and more British people to start plantations.

CHECK YOUR PROGRESS



1. Who first discovered tea in Assam and when?

2. Where was tea first commercially cultivated in Assam and when?

8.6 TEA PLANTATION INDUSTRY AND ECONOMY

From the period of Chinese Emperor Shen Nung in 2737 B.C in China to the British Colonial period, tea has come a long way first used as a medicinal herb by the monks and some tribal people to a refreshing

drink of the elite Europeans. While so far we have seen that when it was in use in China or in Japan during the Empirical period, tea was mostly grown in the temple gardens or some tribal people of the Upper Assam collected it from the jungles, but after it was discovered by the British people, it came to be planted on a commercial basis at large scale and finally a blooming tea plantation industry emerged in the mid-19th century in India. China until the 19th century was the monopoly supplier of tea to the Europeans and it started when the Portuguese Jesuit Father Jasper de Cruz in 1560 for the first time had come across with tea in China and Portuguese, therefore, was the first country to trade tea with China before the British. Gradually, the East India Company and the Dutch began trading with China as tea became more and more popular in Europe and also in America.

However, the monopoly of the tea trade held by the East India Company with China ended in 1833 by an act. This had encouraged individual British merchants to look for an alternative and the discovery of tea in Assam had opened a new era of tea economy. By the end of the 19th century and the beginning of the 20th century, Assam became an epicentre of tea economy which in the coming days became a new booming industry. Initially, during the colonial period, it was the British who owned the vast tea plantations and the local people could not derive any benefits from the booming economy. However, at present, apart from big companies, local people have come to cultivate tea on a small scale which has boosted the local rural economy.

According to the Tea Board of India (2009), “there are more than 43,000 small tea growers in Assam which accounts for about 9 per cent of Assam’s total annual tea production” (State Focus Paper, Assam 2009-10 by NABARD). Again according to the 2011 March ending reports of Tea Board of India, there are 52,000 small tea growers in Assam. According to the All Assam Small Tea Growers Association (2009),

report, the number of small tea growers has increased to 65,000 over the last two decades. At present more than 900,000 local people are involved in the economy of small tea growing the business in Assam. Moreover, the small tea growers contribute nearly 30% of the total tea produced by Assam. However, it is expected that by 2020 it would produce more than 50% of the total tea production of Assam. According to the report of Tea Board of India 59th Annual Report, 2012-13 China produces 39% of the total world tea production followed by India (24%), Kenya (8%) and Sri Lanka (7%) respectively. The same report also shows that due to the high consumption of tea in China and India, they export only 18% and 12% respectively, whereas, Kenya exports 24% and Sri Lanka 17%. Therefore, tea is an important natural resource and also an important industrial production in the economy of not only these countries but also it has become an important economic good of the world. Tea industry and production contribute an important part of the producing country's economy. Regarding employment and economic contribution, Sri Lanka's 273,000 hector land is used for tea plantation where about one million people are engaged (Hicks, Alastair).

Stop and Read

Tea plantation after acquiring its industrial character has contributed to a great extent towards the economic development of the producing countries. The industry today accommodates a large number of employees ranging from Scientists, administrative officers, clerk, labourers etc. At the same time, small tea growers have also come to dominate the scenario of tea production in Assam leading to rural economic development. At present, the small tea growers produce nearly 30% of the total tea produced in Assam. Thus, by 2020 it is expected that small tea growers would produce more than 50% of the total tea produced in Assam.

CHECK YOUR PROGRESS



1. What is the share of small tea growers in tea production in Assam?

8.7 INDUSTRIAL RELATIONSHIP IN PLANTATION

With the growth and development of tea plantation industry into a booming economy around the world, another factor has come to dominate the industry i.e. the relationship between the employers and employees. A healthy and strong relationship between the two is a must in order to survive in the global market economy. In this section, we will discuss the industrial relationships that exist in the tea plantation industry. The industrial relationships include issues of labour rights, their privileges and protection laws of the labourers in relation with the employers. The expansion of the tea plantation industry towards the end of the 19th century led to the great demand for the labour force and other staffs for production in order to meet the demand of the market. After tea plantation had attained its industrial character in India particularly in Assam, the Planter's Association was formed in 1859 for the recruitment of labourers from outside Assam. But the association did not directly recruit and had to depend on the local recruiters based in Kolkata. These local recruiters had targeted poverty-stricken tribals from the interiors of Central India and then they were transported to the vast tea plantations in Assam with almost minimum human conditions. Therefore, the British Government in 1861 had formed an Enquiry Committee to look after the inhuman conditions of the newly recruited tea labourers. After investigating the matter, the British Government

passed the “Transport of Native Laborers Act 1863”. Initially, this act could not serve the purpose of the labourers, therefore it was again amended in 1865 giving strict guidelines for fixed labour wages, fixed working time schedule and that the conditions of the labourers will be supervised by Inspectors. But the conditions of the labourers did not improve despite various acts and enquiry committees during the colonial period.

After India got independence, it came to be established as a democratic country and a socialist approach was adopted in the economic and industrial policies of the country. The industrial relations, therefore, have changed compared to the colonial period. There are three major parties in the industrial relations viz; Government, Employers and Employees. The Industrial Dispute Act, 1947 is regarded as the main labour legislation to maintain industrial relations by resolving any conflicts related to labourers and employers. Similarly, the working condition of workers is also an important issue for which The Factories Act, 1948 supervises on the health, protection, welfare, wages, working hours and other related issues of the workers. It is indeed very necessary that the labourers’ right to their wages, health and other issues gets regulated and protected. Apart from these acts the Payment of Gratuity Act, 1972, Minimum Wages Act, 1948, The Payment of Wages Act, 1936, Trade Union Acts, 1926, Plantation Labour Act, 1951 etc. are some of the legislation that were initiated by the Indian Government in order to maintain the industrial relationship through protecting the rights of the workers. Thus, in the colonial period, the industrial relationship was like between the owners and the servants due to lack of proper labour and industrial legislation but in the post-colonial period, the enactment of various legislations to protect the rights and privileges of the labourers have changed the relationship into employers and employees. Now, the workers are in a position to demand their rights to wages, health care, proper housing and work hours etc. (Mitra, 2010).

Stop and Read

Industrial relationship refers to the relationship between the Government, employers and employees. It is very essential to maintain a smooth and cordial relationship between these three in order to increase production and for a healthy economy. The British Government passed the Transport of Native Laborers Act 1863 to supervise the transportation of labourers recruited from the tribal areas of Central India. In the post-independence period, many legislations were enacted like the Industrial Dispute Act, 1947, Plantation Labour Act, 1951 etc. to protect the rights and privileges of the labourers engaged in the plantation industry.

CHECK YOUR PROGRESS



1. What do you mean by industrial relationship?

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8.8 SUMMING UP

In this unit, we have discussed the birth and evolution of tea in China and Assam with brief mentioning about its evolution in other parts of India and Asia as well. Tea was basically used in China as a medicinal herb and on special occasions by the elite class and by the monks. Similarly, from China, tea went to Japan and there also it became a drink

of the elite class and the monks who celebrated special days of tea drinking. During those periods of Emperors, tea was basically planted in the temple gardens. Tea became a commercial commodity when it was discovered by the British Colonial Government in China. After, becoming popular in European society, the Colonial Government had expanded the trade from mere importing to large scale plantations in Assam and later part in other parts of India and Asia. For the purpose, a large labour force was required which they recruited from the tribal areas of Central India and transported to their various plantations. Therefore, it could be seen how this new labour force developed an industrial relationship between them and the owners. The various legislations enacted in the post-independence period helped this industrial relationship to continue in a smooth way.

Glossary

- **Agriculture:** Agriculture refers to the science and art of cultivating plants, crops on the soil which even includes animal husbandry and fishing.
- **Plantation:** Plantation is a part of agriculture, where perennial plants such as tree crops are grown which regrow from year to year on the same piece of land. For example tea, coffee, cocoa, fruit trees, oil palm, rubber etc.
- **Wastelands:** Bhumla and Khare (1987) defines wastelands as, "Those lands are wastelands (a) which are ecologically unstable, (b) whose topsoil has nearly been completely lost, and (c) which have developed toxicity in the root zones or growth of most plants, both annual crops and trees".
- **Industrialization:** Industrialization is the process by which agricultural economy is transformed into complex mechanized

mass productions where modern technology is used replacing primitive and traditional methods. It is closely related to the economic development of a country.

- **Legislation:** Legislation refers to a law which is prepared, produced and passed by a legislature or a group of legislatures through a parliament or legislative assembly. It gives legal sanction to rules and regulations to be followed within a system.

8.9 QUESTIONS

1. Discuss the birth and evolution of tea in China.
2. Discuss the birth and evolution of tea in India with special reference to Assam.
3. What factors led the East India Company to start tea plantation in India?
4. Discuss briefly the economy of tea industry.
5. What do you mean by Industrial relationship? Give some examples of legislations in India for maintaining the industrial relationships.

8.10 RECOMMENDED READINGS AND REFERENCES

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UNIT 9: INDUSTRIES IN NORTHEAST INDIA

UNIT STRUCTURE

9.1 Introduction

9.2 Objectives

9.3 A Brief Historical Background on the Evolution of Industries in North east India

9.4 Industries in Northeast India: Prospects and Opportunities

9.5 Problems and Challenges of Industries in Northeast India

9.6 Effects of Industries on Economic Development and Employment Perspectives in Northeast India

9.7 Summing Up

9.8 Questions

9.9 Recommended Readings and References

9.1 INTRODUCTION

In this unit, we will discuss industries in Northeast India. Here, at first, we will discuss a brief historical background on the evolution of industries in Northeast India in the colonial and post-colonial period. After that, we will also discuss the prospects and opportunities of various industries in Northeast India. Then we will discuss the challenges and obstacles of industries in Northeast India. At the last part of the unit, we will briefly focus on the effects of industries on the economic development and employment perspectives in Northeast India.

Northeast India represents a unique geographical location within the Indian Union and initially, it was comprised of the seven states of Arunachal Pradesh, Assam, Manipur, Tripura, Meghalaya, Mizoram and Nagaland. The region is situated in the North-eastern part of India and therefore it is popularly known as Northeast India even in official terms of Government of India. The region is also popularly known as seven sisters referring to the seven states of the region. But Sikkim was included as the eighth state

in Northeast India in 2002. The region is geopolitically and strategically an important region because it is surrounded by China and Bhutan in the North, again China in the Northeast, Nepal in the west, Myanmar in the east and southeast and Bangladesh in the south. However, it is linked with the rest of India by a narrow strip of about 22 km that is famously known as the Chicken neck in the Siliguri corridor and almost 99% of its geographical area is surrounded by international borders. The total geographical area of Northeast India is 262,230 sq. km. The region is a rich and unique biodiversity hotspot and two-thirds of the region is covered with hilly terrains. Therefore, the geographical location and natural habitation of the region also make it inaccessible to many outsiders.

Northeast India can also be referred to as mini India because of its heterogeneous socio-cultural composition. Though officially, the Government of India has tried to categorize the region under this homogenous term i.e. Northeast the region is comprised of many tribes and sub-tribes, clans, sub-clans, caste and even religious groups. Moreover, the people of the region speak dialects of Tibeto-Burman and Sino-Tibetan linguistic groups along with some Indo-European language speakers. The region is very thinly populated and until very recently most of the tribes dwelled on pastoral life and traditional agricultural system is still the main economic stay of the people of Northeast India.

Thus, because of its geographical inaccessibility and also as a result of late colonisation by the British Empire, most of the hilly region of Northeast India was labelled as excluded and partially excluded area. The colonial empire had introduced the Inner Line Permit system that obstructs an outsider to enter those areas which are still relevant in most of the states in the region. This legacy continued even after the independence and along with geographical inaccessibility as a natural obstruction, the region is still lagging behind in terms of industrialization. However, it was during the British regime that industrialization to some extent was initiated especially in Assam where the Inner Line Permit system was not in practice. The

discovery of tea in the mid-19th century in Assam led to the establishment of commercialized tea gardens that boomed into a large scale industry in the global arena. Afterwards, the discovery of crude oil in Upper Assam led to the establishment of the first oil refinery of Asia in 1901 i.e. the Digboi Oil Refinery. This also contributed towards the establishment of transport and communication system that led to the construction of railway tracks till the last possible area of Assam plain. But due to geographical inaccessibility and other legal obstruction, the other North-eastern states did not see such industrial development despite vast deposits of natural resources.

9.2 OBJECTIVES

The objective of this unit is to introduce you to the industries in Northeast India. The unit will also discuss briefly the historical evolution of industries in Northeast India, especially, in the colonial period and also in the post-colonial period. The unit will also discuss the prospects and problems of industrialization in Northeast India.

By the end of this unit, you will be able to:

- Discuss the historical evolution of industries in Northeast India;
- Analyse the prospects and opportunity of industries in Northeast India;
- Analyse the problems and challenges of industries in Northeast India;
- Discuss the effects of industries on economic development and employment.

9.3 A BRIEF HISTORICAL BACKGROUND ON THE EVOLUTION OF INDUSTRIES IN NORTHEAST INDIA

As discussed in the introductory paragraphs that industries in Northeast India are still lagging behind due to several factors such as geographical,

policy matters, etc. However, the British Government had played an important role in the establishment of industries in Northeast India. The discovery of tea in the Upper Assam area had led to the establishment of first commercialized tea gardens in 1835 in Chabua of Upper Assam. Thereafter, its success and the collapse of trade with the then China in 1834 led the British Empire to establish more tea gardens in Assam. Moreover, the Grant of Charter in 1833 to the East India Company also had contributed to the flourish of commercialized large tea gardens in Assam as the Charter had allowed British individuals to hold land in Assam for a longer period. This large scale commercialized plantation of tea gardens led to the evolution of tea industry in Assam and by the last part of the 19th century, tea plantation had boomed as an industrial economy in the international market.

Similarly, the discovery of crude oil in the last part of the 19th century also began industrialization in the oil sector in Northeast India. Again, the discovery of coal in the first half of the 19th century led to the extraction and exploration of coal in the region. Thus, discovery and exploration of tea, coal and oil resources in Assam had also contributed towards the construction of roads and railways and eventually the Assam Railways and Trading Company was formed in 1881. After coal was discovered in 1825 near Borhat on the Disang River, the coal fields were surveyed in the period between 1864-65. However, until the formation of Assam Railways and Trading Company in 1881, coal exploitation did not develop.

The discovery of coal and the demand for it had developed simultaneously in the 19th century. As the tea industry began to be an important economic source for the colonial regime, coal came to be served as an important energy source for these industries as well as also an important trading good. The introduction of railways in the 19th century also demanded huge quantities of coal be used as fuel. Coal mining in the Colonial period developed in the four mining areas, viz; Borgolai-Tikak, Ledo-Tirap, Tipong colliery in Makum and Joypore Dilli coal fields near Namrup. All

these coal fields are situated in the Upper Assam region of Northeast India. As mentioned above, coal came to be in high demand after the tea industry developed and stream navigation and railway transport developed for fuel. Until the discovery and exploration of coal in Northeast India, the British had to bring it from Bengal that had increased their cost of transport. Therefore, its discovery made a tremendous contribution from an economic point of view and helped the British to develop both the coal as an industry and other industries by using it as a source of energy. Subsequently, different coal mines under Assam Railway and Trading Company came up in Namdang (1895-96), Ledo New West (1903-04), Baragolai (1909), Tipongpani (1924) and Namdang Deep (1904).

Therefore, coal extracted from these mines was solely used to run the British owned industries. Though some local entrepreneurs had invested in the tea industries, they could not compete with foreign entrepreneurs. These developments in the industrial sectors in Assam had also had its effects on the whole economic sector. The traditional agricultural economy of the region slowly got disintegrated due to the emergence of commercial industrialization and also immigrant labourers.

In 1891-92 the construction of Assam-Bengal Railways was started and in 1904, the railway line was first connected between Chittagong and undivided Dibrugarh district. The construction of railways, as well as the development of tea, oil and coal industries in the Upper Assam region of Northeast India, had also contributed towards the growth of urban areas and as a result, Tinsukia came to be developed as a hub of the commercial centre. The development of urban centre came as a need for the various immigrant labourers for their daily requirements. Simultaneously, with the development of various industries, the need for bricks also increased and consequently, in 1890 the Assam Railways and Trading Company established the brick field in Ledo, Assam. The Assam Railways and Trading Company also established the Plywood industry in Makum in 1882 that produced sleeper for railway lines, woods for the coal mining industry

and for other infrastructural development. Thus, under the aegis of Assam Railways and Transport Company, industrialization had developed in Northeast India in the colonial period.

Stop and Read

Industrialization in Northeast India began during the colonial period with the inclusion of the then Ahom Kingdom through the Treaty of Yandaboo in 1826. After the British began to rule they discovered tea which became a booming industry by the last part of the 19th century. Similarly, the discovery of crude oil and coal had also led to industrialization especially in Assam. The establishment of Assam Railways and transport Company in 1881 expedited the process of industrialization in the region.

CHECK YOUR PROGRESS



1. When and where was the first commercialized tea garden established in Assam?

2. When was the Assam Railways and Trading Company established?

3. When and where was coal first discovered in Assam?

4. Name a few coal mines of the colonial period in Assam.

9.4 INDUSTRIES IN NORTHEAST INDIA: PROSPECTS AND OPPORTUNITIES

Industries in Northeast India began with the discovery and exploration of various natural resources like tea, coal and crude oil in the 19th century. These natural resources that were discovered were never an economic part of the Ahom regime as its main economy was agriculture. But the dawn of the industrial revolution in the European countries had given importance to the commercial utilization of the natural resources. The dawn of the industrial revolution had also led to the discovery of various items like motor vehicles and other items that needed the energy to run. Therefore, the European world and its various colonies were in great need of energy sources and also other resources that catered to the changing lifestyle of a new industrialized Europe. After the British had explored and processed the discovered natural resources in Northeast India, related industries were also developed in the region. The tea that was first discovered in 1835 had contributed towards the development of tea plantation as an industry.

Northeast India has also the potential for the development of tourism industries as the region is gifted with rich natural resources and also unique flora and fauna. It is one of the most important hotspots in the world. The region is still unexplored and because of lack of infrastructural development, the interior parts of the region having prospects of tourism are still unexplored. Nevertheless, there are more than 30 national parks, wildlife sanctuaries, bird and tiger reserves in the region. These national parks and wildlife sanctuaries have been attracting tourists all over the world. The tea industries in Assam also acted as tourism hotspots. Furthermore, the historic places in Assam, Tripura and Manipur are also a huge attraction to tourists. The Talatal Ghar, Kareng Ghar and other monuments of the Ahom period, the Ujjayanta Palace in Tripura and the Kangla Fort in Manipur provides the potential for tourism. Northeast India is also famous as a pilgrimage spot for many Hindu devotees as well as also for anyone interested to know the birth and spread of Neo-

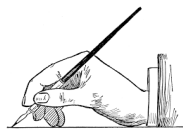
Vaishnavism. The Maa Kamakhya temple is one of such pilgrimage sites where not only Hindus but also foreign tourists visit. The Satras of Majuli and Barpeta also provide the potential for the tourism industry. Again, Majuli being the world's largest river island and the Loktak floating lake of Manipur, Seven Sisters' fall, Root Bridge, Mawlynnong, the cleanest village in Asia, all located in Meghalaya also provide high potential for the development of tourism industry in Northeast India.

Northeast India is also a potential hotspot for cultural and festival tourism. It is also known as the land of the cultural festival. Because of its ethnic diversity, the region is culturally rich and festivals are celebrated throughout the year. In the month of June, every year, the famous Ambubachi festival is celebrated in Maa Kamakhya temple where devotees from around the world visit the temple. The Hornbill festival of Nagaland has gained international popularity, the Karbi Youth festival, Ziro Music festival, Cherry bloom festival of Meghalaya, etc. are some of the attractive festivals of Northeast India that have placed the region in the map of tourism industry of the world.

The Ministry of Development for the Northeastern region (DoNER) has in recent years taken many initiatives to develop the industrial scenario in the region. The DoNER ministry in collaboration with the Northeast Development Finance Corporation Limited (NEDFi) have also taken many initiatives to assist the local entrepreneurs in developing industrial setup based on local based resources like dairy farming, bamboo industry, cane industry, resorts, food industry, hotels, piggery, poultry, egg industry, fishery, etc. To develop the transport and communication in the region, the Government has also established the National Highways and Infrastructure Development Corporation Ltd. in 2014 for the construction of roads in the hilly terrain of the region and also in the inter-state border areas. To explore and give exposure to the rich traditional handloom of the region under Northeast Region Textile Promotion Scheme, an amount of Rs. 286 crores have been spent since 2014. The Look East Policy that was initiated

by PV Narasimha Rao, the then Prime Minister of India, also aims to explore the strategic location of the region to increase India's influence in South East Asia. The ASEAN Car Rally that was organized also aims to expedite this process of Look East Policy and develop the economic potentiality of the region. The DoNER ministry organized Destination North East 2016 at Pragati Maidan, New Delhi to explore and expose the hidden potentiality of industrialization and investments in Northeast India. Similarly, NE-ASEAN Business Summit was organized during April 7th-9th 2016 at Imphal, Manipur to create a congenial atmosphere for expansion of trade and industries in the region. Again, a meeting on "Economic Cooperation Dialogue in Eastern South Asia", Transport Corridors and Border Special Zones was organized in Shillong in April 2016 to develop the process of industrialization in the region. In 2018, the Assam Government also organized Advantage Assam to attract investors in the region. However, in exploring the industrial scope in the region the Government should also focus on the interest of the local people, their traditions and heritage and control over land and resources.

CHECK YOUR PROGRESS



1. Mention some National Parks and Wild Life Sanctuaries of Northeast India.

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2. Name a few historical tourist spots of Northeast India.

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9.5 PROBLEMS AND CHALLENGES OF INDUSTRIES IN NORTHEAST INDIA

Though tourism industries as well as other industries like tea, coal, oil, plywood industries, etc. have great potential and opportunity in Northeast India because of their availability and scenic beauty, yet it these are under tremendous challenges. As, since the colonial period, it is observed that large geographical areas of Northeast India have been politically isolated and it was only towards the mid-19th century that it came to be under the Colonial regime. Even after its inclusion in colonial India, due to various socio-political and economic reasons, a large part of the tribal areas of Northeast India have been kept outside the free movement of other Indian citizens through categorization of the region as partially backward and backward areas. This legacy of the British still operates through Inner Line Permit that debars an outsider to freely enter the region without special permission. Therefore, comparing to other parts of India, most of the interiors of Northeast India have not seen infrastructural development. Industries without proper transport and communication cannot be developed as it becomes difficult rather impossible to transport the produced goods. Out of a total area of approximately 255,089 sq. km, only about 9613 km of road is covered by the National Highway. Similarly, only in Assam and Tripura and touching some fringe parts of Arunachal Pradesh and Nagaland, the Indian Railways operates. Under such circumstances, when basic infrastructures like roads and railways are not that developed, it poses a serious challenge to industrialization in Northeast India.

Apart from the above factors of connectivity, the following factors also pose challenges towards industrialization in Northeast India:

Geographical Reason: The northeast region is geographically isolated as only 22km of narrow strip is connected with mainland India. Moreover, the region is also socially and culturally distinct from the mainland people as most of the tribes in the northeast belong to the

Tibeto-Burman linguistic group. The region is also covered with inaccessible hills and mountains that also isolate the people living in these hills to connect with the mainland development process.

Political Instability due to Ethnic Clashes: The region is comprised of various ethnic tribes and all these tribes had independent village governing system based on clan system before the coming of the British in the 19th century. They were not fully accustomed to the modern governing system and therefore after the independence of India they resorted to claiming their earlier kinship governance leading to the overlapping of political territories and ethnic clashes. The region since the 1950s has witnessed various ethnic clashes like the Kuki-Naga conflict, Karbi-Dimasa conflict, etc. resulting in bloodsheds and curfews. Under such violent circumstances and troubled political situation, industrial policy has not been successful.

Insurgent Problem: Northeast region has been witnessing insurgency since the 1940s and till date, it is still facing the problem leading to much serious law and order situation. Without a congenial atmosphere, industries cannot grow because of lots of problems like bandhs, shutdowns, bombings, etc. resulting in loss of the production units. Moreover, large scale extortion also poses challenges to industrial development in the region.

Lack of Investment: The region lacks investment as investors' fear to invest due to the law and order problems and political instability. Major industrial houses have been reluctant in investing on the wide scope of industrialization in the region because of inaccessible geographical region and also due to political problems as they fear that their staff and logistics might be targeted by the various insurgent groups.


Lack of Government Attitude to develop the tourist spots: The scope of the tourism industry in the region has long been looked down by the government, though in the recent times there have been attempts to publicize the scope through advertisement, organizing international festivals, etc. But still, due to lack of proper transport and communication and accommodation facility, the region still lacks the scope in comparison to other regions like Kerala, Goa, Rajasthan, etc.

Lack of Peoples' Positive Attitude: As discussed earlier that the people of the region are socially and culturally distinct from the mainland country, therefore, local people have a fear that their culture and tradition might get polluted if they come in contact with other people who are distinct from them. They are also so rooted to their land that they also fear that they might lose their right over their land and resources. Therefore, the tourism industry and other industries have not received positive attitude from the local people.

Stop and Read

Though Northeast India has ample prospects for developing various kinds of industries based on the natural resources available in the region, it is also obstructed by various factors. The geographical isolation of the region from mainland India is one of the important factors obstructing towards the development of industries in the region. Moreover, the socio-cultural differences with the mainland people have also resulted in separatist movements since the 1950s leading to political chaos and instability in the region. Such political chaos have resulted in the obstruction of industrial development and investments in the region to a great extent.

CHECK YOUR PROGRESS

	<p>1. Mention some the factors affecting the progress of industrialization in North east India</p> <p>-----</p> <p>-----</p> <p>-----</p>
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9.6 EFFECTS OF INDUSTRIES ON ECONOMIC DEVELOPMENT AND EMPLOYMENT PERPECTIVES IN NORTHEAST INDIA

Northeast India has remained industrially backward compared to other parts of the country, but it has ample scope for industrial development. Therefore, the region has also remained economically backward as the people have sustained their livelihood on the traditional agricultural system. However, small and micro level industries like the silk industry of Sualkuchi (Assam), the bell-metal industry of Sarthebari (Assam), unorganized agricultural industry, etc. have been sustaining the livelihood of the local people and it has also contributed towards the economic growth of the state. Northeast India has also scope for various other industries like bamboo industries, food processing industries, and medicinal industries but due to lack of proper governmental policy such industries have not yet developed. The region has also been facing a serious problem of unemployment due to lack of proper industrialization.

However, the growth of industries assists also in the growth of allied markets leading to self-employment and economic growth. The development of tourism industries in the recent years in Northeast India has also developed allied industries like travel and transport, hotels and

resorts, markets, ethnic cloth stalls, etc. and these developments have engaged local entrepreneurs leading to self-employment. The majority of the people in the Northeast are dependent upon agriculture and therefore, if the agricultural field is developed by applying scientific methods then it would generate scope for not only employment but also the economic development of the region as a whole. Food processing industries like fruit juice, rice, pickles, processed meats, etc. could be developed keeping in view the scope of production.

Stop and Read

Northeast India has been facing the employment problem as the region lacks proper infrastructure in regard to industries. The people are dependent largely on the unorganized agricultural field that is based on the traditional method and a few sections of them are dependent on the State Job sector. Therefore, development of industries would create job opportunities for the local youth who are otherwise misled by anti-social elements. The growth of industries would also help local entrepreneurs to develop micro level and other allied industries in the field of hospitality and travel.

CHECK YOUR PROGRESS



1. Mention some micro level industries that could contribute towards self-employment

9.7 SUMMING UP

Thus, industries in Northeast India are in a very initial stage and the scenario for industrialization has not yet developed. Since the colonial period, the region has remained alienated from mainland country due to differences in socio-cultural and historical perspectives. The policy of exclusion adopted by the British is still extended in the name of Inner Line Permit and this has created a difference between the people of the region and the other states of India. Therefore, such differences have also resulted in the industrial backwardness of the region as it debars the free movement of people belonging to other regions. The difference in the approach of the government has also affected industrial development in the region. However, the feeling of secession and separation can also be checked by the positive industrial development of the region as it would generate employment and the people of the region would feel like part of the country's progress. The availability of natural resources and the allied industries that could be developed based on these natural resources in the Northeast can contribute towards the economic development and human resource development of the region. While emphasizing on industrialization in Northeast India, the concerned authority should also focus on sustainable development that does not affect the environment as well as the traditional heritage of the tribal people of the region.

Glossary:

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| <ul style="list-style-type: none">• DoNER: It refers to Department of Development of North Eastern Region that was formed in 2001 as a department to focus on the socio-economic development of the North East region, which was accorded the status of full-fledged Ministry in 2004 (MDoNER). It acts as a bridge between the various departments, Central Government and State governments to |
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solve the obstruction in the way of development and also to work on the issue of peace and security in the region.

- NEDFi: It refers to the Northeast Development Financial Institution that was registered as a public company in 1995. It provides financial assistance to start micro level and mini industries related to agro-based, poultry, farming, tourism, food processing, etc. to local entrepreneurs through NGOs and also other agencies.
- Look East Policy: The look east policy was initiated during the period of PM Narasimha Rao and it is now being continued to explore the market of the South Asian countries through the North East region. It aims to remove the bottlenecked perception of the region and India wants to expand its political and economic influence through the Northeast region to Southeast Asia. It aims to develop direct road connectivity to the South Asian Countries through the region to expedite the political and economic ties.

9.8 QUESTIONS

1. Discuss briefly the evolution of industries in Northeast India
2. What are the prospects and opportunities of industrial development in Northeast India?
3. Explain briefly the Initiatives of the Government for industrial development in Northeast India.
4. Explain the Factors affecting the industrial development in Northeast India.
5. How can the problems of unemployment be solved by industrial development in Northeast India?

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UNIT 10: COTTAGE INDUSTRIES IN NORTHEAST INDIA

UNIT STRUCTURE

10.1 Introduction

10.2 Objectives

10.3 Concept of Cottage Industry

10.4 The Northeast India

10.5 Cottage Industry in NE India

10.6 Summing Up

10.7 Questions

10.8 Recommended Readings and References

10.1 INTRODUCTION

The industrial development of the world is originated from the economic activities took up in the initial stage of civilization. Small Scale Industrial Sector plays an important role in the emergence of industrialization in both advanced and developing countries. A cottage industry of India generally falls under the category of small scale industry, important in the context of providing employment opportunities, equitable distribution of wealth, balanced regional growth, the potential for export and development of rural and semi-urban areas in the country. Various goods produced by Cottage industries of India such as fabrics like khadi, wool, muslin, leather, silk, cotton etc, and many precious items like jewellery, ornaments, statues, idols, gems, stones, etc and also edible items like spices, oils, honey and so on have a huge demand not only within India but also in the foreign markets. In the North-eastern states of India, a Cottage industry has played

a significant role in employment generation, preservation of cultural heritage and the distribution of industrial activity into the rural area. In this Unit, we will study the concept of Cottage industry and its development in Northeast India in details.

10.2 OBJECTIVES

After studying this unit, you will be able to:

- Explain the concept of Cottage Industry;
- Analyse cottage industries in the states of Northeast India.

10.3 CONCEPT OF COTTAGE INDUSTRY

The term 'cottage industry' is used for small business carried on at home, community centre, local area or some other appropriate places involving very less number of people as labourers. In the Indian context, the cottage industry is the initial stage of a country's industrial development. It is developed as an additional source of income by using available raw materials in rural India. In general, cottage industries involve traditional artisans and craftsmen who have inherited their work as an art form from their previous generations. For examples- khadi industry, handicrafts, handlooms, cane and bamboo base industries, pottery, blacksmith and so on.

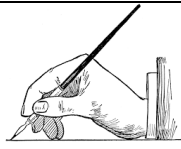
According to the Fiscal Commission (1949-50) – “Cottage industry is an industry which is run either as whole-time or part-time occupation with the full or partial help of the members of the family”. The word “Cottage” is another name for “Home” especially in rural India. In this sense, the cottage industry is the one which is run by an individual at home with the help of his family members with very little capital and conventional method to satisfy the local demands. Rather than factory-finished products, cottage industry produces generally handmade

products. In the latter part of this Unit, we will introduce Northeast India and discuss the development of cottage industries in this region.

10.4 THE NORTHEAST INDIA

The peculiar physical, geographic and socio-cultural characteristics of the North-East region of India have given it definite identity around the world. The Northeast region has comprised an area of 262,230 square kilometres (101,250 sq. mi), which is almost 8 per cent of that of India. It consists of eight states viz., Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim. The North-eastern states of India are officially recognized under the North Eastern Council (NEC), which is constituted in 1971 as the acting agent for the development of the North-eastern states. The economy of this region is primarily agrarian. In the context of industrialization, differences are there among its States; but almost in every State has strong dominance in Cottage industries. Every state of this region abounds in beautiful handicrafts, handlooms, carpets, cane & bamboo base products, pottery and so on. Many Northeaster villagers are dependent on this occupation to earn their livelihood. The cottage industry of Northeast India has played a significant role as an engine of growth, through its contribution to employment generation, produce GDP, enterprise development and export earnings of this region. As well, cottage industries of Northeast India have greater involvement in preserving the pristine beauty, vibrant cultures, historical significance and several other indigenous aspects of this region.

CHECK YOUR PROGRESS



1. Give some examples of Cottage industries.

2. What is the full form of NEC?

10.5 COTTAGE INDUSTRY IN NORTHEAST INDIA

Cottage industries of Northeast India include handicrafts and handlooms specially cane & bamboo articles, carpentry, brass & bell-metal crafts, sericulture, spinning & weaving etc. For promoting bamboo-based industries in the North-eastern Region, a bamboo mission has been announced by the Government of India. The state-wise prevalence of cottage industries in Northeast India is discussed in the following-

ARUNACHAL PRADESH:

Among the eight states located in the Northeast of India, Arunachal Pradesh is the largest one. As an agricultural land, most of the industries of Arunachal Pradesh are agro-based. The cottage industries of Arunachal Pradesh has helped in strengthening the economy of the State. Here, cottage industries are mainly cane and bamboo handicraft as well as handloom centred. Arunachal Pradesh has several varieties of bamboo which are still unexplored. Most of the tribes of Arunachal Pradesh are mastered in the art of making elegant bamboo and cane articles. Perhaps Arunachal Pradesh is the only state of India, where bio-degradable materials are still used in day to day life. Across the State, there is

significant use of bamboos and cane for construction materials, hunting gears, decoration object, agricultural purposes and domestic usages. Bamboo gasifiers and bamboo shoot processing industries are set up at Namsai of Arunachal Pradesh to support the cottage industries of the State.

Due to the striking design and use of indigenous organic materials, the ethnic handlooms of Arunachal Pradesh are renowned in the whole world. Even in the contemporary modern period of fashion, tribes are still preferred to wear these ethnic dresses. Almost every tribe of the State have their patterns of design in handlooms which vary from each other as well as helping to preserve their culture. The weaving method of this State is still the old one which includes a semi-curved bamboo tube. Every house has its own set of indigenous weaving set and most of the tribal women of the State are engaged in weaving. They mostly produce various products like a skirt, shirt, cotton shawls, jackets, side bags and curtains. Apart from cane & bamboo handicraft and handlooms, woodcarving, Ivory and metal craft, blacksmithy is also the prevalent Cottage industry of Arunachal Pradesh.

ASSAM:

As one of the most vibrant states in Northeast India, Assam is full of most of the important natural resources. Assam is traditionally famous for its wide range of cottage industries. The State is especially famous for sericulture and handloom, cane and bamboo articles as well as bell-metal crafts and brass works.

The ancient cottage industry of Assam, Sericulture and handloom has formed the backbone of the rural economy of the state. It mainly includes spinning and weaving in the production of unique varieties of pure silkworms, such as Eri or Endi, Muga, Oak Tassar and Paat or Mulberry. The Silk weaving village, Sualkuchi is known as “Silk-haven”, “Manchester of East” and “Manchester of Assam”. About 10% of the total natural silk in India is produced by Assam. Most of the looms of the State are primitive foot looms. Only a few looms of

Sualkuchi are powered which use for commercial production of silk cloth. As an alternative to agriculture, most of the people from the rural background of Assam are engaged in the production of sericulture and handlooms product specially Assamese Women. In words of Mahatma Gandhi, “Weaving Wizard, that Weaves Dreams”.

Of all the North-eastern states of India, Assam has the maximum concentration of bamboo. The natural climatic condition of the State makes possible for the healthy growth of bamboo plantation. In Assam, Bamboo is put only to traditional use, such as handicrafts and papermaking. Along with bamboo, cane products of Assam are also famous in the world. The Japi of Assam (traditional umbrella) is well known all over the world. Tilana village of Nalbari district is famous for making Japi decorated with colourful design and motifs. Bamboo is used in the construction of Assamese houses and fencing with beautiful design. Bamboo and cane are used for making daily using household products like fishing implements (jakoi, khaloi, juluki, polo), Chalani (sieve, Kula (winnowing fan), dukula (big basket), various Musical instruments and toys.

Another traditional cottage industry of Assam is Brass and Bell-metal. It is the second-largest handicraft sector after bamboo craft in Assam. Bell-metal is a mixture of copper and tin, which makes products, especially for domestic and religious purpose. The craftsman of this cottage industry is known as ‘Kahar’ or “Orja”. The existence of the skilled “Kahar” can also be found in the scriptures, where it is written that a pair of ‘Bhortal’ or cymbal, a musical instrument was gifted to Hieuen Tsang, an eminent Chinese scholar during his visit to India and Kamrup.

The various products made of bell-metal include traditional plates, cups, tumblers, pitchers, bowls, Sarais (a tray with stand), dwarf pitchers,

pots, hookahs and various traditional musical instruments. It is also believed that the utensils manufactured using bell-metal have certain medicinal uses and consuming food in these utensils keep intestinal problems at distance. Sarthebari bell-metal industry of Assam is well known all over India.

The Assam Preferential Stores Purchase Act, 1989 (to replace the Assam Preferential Stores Purchase Rules, 1972) enactment is aimed to encourage small scale and cottage industries by the preferential purchase of their products, to rationalize the procedure for purchase of stores required by the State Government, companies and undertakings.

Stop and Read

- **Bamboo Mission-** National Bamboo Mission of Government of India is an exclusive initiative for comprehensive development of the Bamboo sector of the country through a cross-sectoral and multi-disciplinary approach. This Mission mainly focuses on the development of Bamboo in social, commercially and economically backward States particularly the Northeastern States including Madhya Pradesh, Maharashtra, Chhattisgarh, Odisha, Karnataka, Uttarakhand, Bihar, Jharkhand, Andhra Pradesh, Telangana, Gujarat, Tamil Nadu and Kerala.
- **Sarthebari Bell-metal industry-** Sarthebari of Assam is popular all over the world for its Bell-metal works. It is an informal business in almost every household of Sarthebari. One of the common symbolic artefacts Xorai of Sarthebari Bell-metal industry is found in every Assamese household. Various essential commodities of Assamese dining such as Baan-bati, Kahor-kahi and Paan-bota are made here.

CHECK YOUR PROGRESS



1. Which place of Northeast India is known as the “Manchester of East”?

2. Which is the largest State of Northeast India?

MANIPUR:

Handicraft and handloom is the main cottage industry of Manipur. This State has the highest number of handicrafts units as well as the highest number of craft persons comprising skilled and semi-skilled artisans in entire Northeast India. Handicraft of Manipur has own unique identity amongst the various crafts of India. Can and bamboo crafts, kauna crafts and pottery are the main handicraft of the state. Availability of Cane and Bamboo make basketry as a major occupation among Manipuri people. Other some well-known craft of Manipur are such as Cloth embroidery, leather goods, ivory, stone and wood carving, metal crafts, deer horn decorative articles, supari working sticks, earthen pots, knives and puppets. For providing a common facility of bamboo processing, Manipur has established three centres at Tamenglong, Churachandpur and Imphal. Manipur government is setting up a Bamboo Technology Park at Kadamtala, Jiribam in association with the National Mission on Bamboo Application (NMBA) of the central government.

Another largest cottage industry in the state is Handlooms which ranks among the top five in terms of the number of looms in India. Again within Northeast India, Manipur handlooms have listed in 2nd position next to Assam. It produces four varieties of Silk such as mulberry, eri, muga and oak-tussar. The traditional skill of handlooms weaving is an indispensable aspect of Manipuri socio-economic life as well as a matter of status symbol for the women-folk in the State. Various types of Sawals such as Changkhom, Mareipan, Pheingao; Sari; Silk Sari and handwoven fabric cloths are produced by Maniour handlooms industries. The Central government has initiated the Manipur Sericulture Project with the assistance of the Japanese government, particularly, to employ women. The Ema Bazaar is one of India's largest markets run by women in Manipur which primarily sells handicrafts and handlooms products of Manipur Cottage industries.

MEGHALAYA

The cottage industry of beautiful Meghalaya has a very important part of the state's development. The capital city of Meghalaya, Shillong is known as the Scotland of the East. The state of Meghalaya is well known for various crafts such as handicrafts made with cane and bamboo products, textile weaving, carpet weaving, ornament making, musical instrument making and woodcarving which form an integral part in the culture of the state and its tribes. Some of the famous handicrafts of Meghalaya are Stools, Baskets, Bamboo-fishing traps, Cane containers, Trays & Fans, cane mats, winnowing fans, caps, umbrellas and so on. Various tribes of Meghalaya have weaved some amazing handicrafts. The Khasi tribes weave mats, baskets and chairs out of cane as well as makes domestic knives and utensils. The Jaintia is another tribe of Meghalaya who involves in making beautiful fishing traps out of bamboo. The 'Garo' tribe weaves mainly materials that are used for making dresses. 'Tlieng' is a special kind

of cane mat, which is popular in Meghalaya for its durability. 'Meghum Khoks' are baskets, created and used for storing different items.

Sericulture is traditional rural-based cottage industries of Meghalaya practised by

the rural folks belonging to the weaker section of the society. Generally, mulberry, muga and eri cocoons are cultivated in Meghalaya. Meghalaya handlooms industry is involved in making items like Cotton underwear, Socks, Knitting tailoring embroidery works, Readymade garments making, surgical cotton making, Woolen knitting (Shawls, Vests) etc. Meghalaya produces handicraft and handlooms are found in the market like Police bazar, Bara bazar and Laitumkhrah of the State. The Meghalaya Government has developed the handlooms industry in the State with support from the National Institute of Design and National Institute of Fashion Technology.

MIZORAM

Mizoram has cottage industries of handloom, handicraft and bamboo products which are useful for sustainable development and livelihood for the rural people in Mizoram. Bamboo products like bamboo bags, hats, baskets, toothpicks, mats, cane furniture's, carpentry works, citronella oil-producing units are major handicraft of Mizoram. Ethnic craft and handlooms have a large demand all over the world. Mizoram cultivates mulberry, muga, eri, oak-tussar and silk. The use of colourful traditional dresses prepared by the local weavers is one of the major characteristics of Mizo society. Along with socio-economic development in the state, the handlooms industry of Mizoram has played a vital role in safeguard the age-old Mizo custom, tradition and culture. Most of the looms of the State are operated by hands. The speciality of the handlooms is found in the production of traditional dresses such as Mizo puan, Mizo shawl etc due to

their uniqueness and high demand. Thenzawl Handloom cluster in Serchhip district of the State has attracted the World Bank attention for further development. A craft centre is situated at Aizwal which produces floor rugs, bags, aprons, cane works etc. Bamboo handicrafts and the ready-to-wear ethnic clothing are being marketed by the Mizoram government all over the world. As well blacksmithy, cast aluminium utensils making, jewellery, silver smithy and gold smithy are also found in Mizoram.

NAGALAND

The Handicrafts and handloom sector of Nagaland are the main cottage industries which are the result of cooperative Naga society. Availability of raw materials, skilled labour force and rich Naga culture has a greater impact on the growth of these. The Naga handicraft and handloom products such as cane & bamboo products, weaving, pottery, wood carving and metal works have demand among local people as well as outside of the State for its beauty. Cane and bamboo are available In Nagaland. From bamboo various products like tribal costume accessories (combs, Konyak Naga belt), Naga Weapons, domestic products, (dish, spoon, mug), musical instruments (flute, mouth organ, cup violin, trumpet), Ceremonial Headgear, Fish Traps and Fish Baskets. Basketry with ethnic look is famous work in every village of Nagaland. These are mainly made of Cane. As a man folk, Basketry reflects the rich mythical history and folk culture of the state. As well as headbands, leg guards, bangles, neckbands, necklace, armlets, leggings, mat etc. are some of the most popular cane works at Nagaland. The primary female folk of the State is the art of weaving with a colourful design on beautiful patterns of cloth. Naga women are engaged in this cottage industry to earn their livelihood. These are mainly produced by a local craftsman who has inherited this artistic skill from their forefather. The beautiful embroidery of Nagaland portrayed in its cloths reflects the cultural heritage of the State. In ancient time, the valiant fighters are gifted with a Naga shawls namely Sami Lami Phee by the ruler of Nagaland in recognition of their service. The Pottery of

Nagaland is famous as a celebrated craft of the State. It produces excellent pieces of pots from mud, which are used for storing water. It can be said that pottery is a part of every Naga household. Naga pottery is unique in the sense that it is made exclusively with the help of hand instead of revolving on the wheel. The Tseminyu and Ungma villages of Nagaland are famous for their pottery.

The menfolk of Nagaland produce excellent pieces of wooden work with exquisite design from traditional instruments of adze, chisel, dao and axe. Figures of human beings, elephants, hornbill, mithun head, tiger and other animals are the various products of the cottage industry of wood carving. These wooden pieces of artwork of Nagaland are primarily used for decorative purposes. Metalworks of Nagaland include weapons, ornaments and other items of utility. Nagas are a great lover of weapons which are varying from tribe to tribe in shape. They use weapons for hunting as well as for war such as dao, spear etc. The Rengmas are considered as the best blacksmiths of Nagaland. The traditional ornaments of Nagaland reflect the rich cultural heritage of the State such as Naga necklace, armlets, earrings and bracelets made of ivory or brass. The Traditional Ornaments of Nagaland are worn by both men and women especially during festive occasions. Most of the local tribes of Nagaland have mastery over the traditional art of designing beautiful patterns of handicrafts and handlooms products. For promotion and marketing handloom and handicraft products in the State, the State government has established Nagaland Handloom and Handicrafts Development Cooperation Ltd. in Dimapur. In 2000, Hornbill Festival is launched by the Government of Nagaland to encourage inter-tribal interaction and to promote the great cultural heritage of the state.

TRIPURA

The handloom and handicraft units of the Tripura are the major development of Industry in the State. Most of the local people of the State are engaged in the Cottages industries. Tripura is known for its handicraft

such as hand-woven cotton fabric, wood carvings, and Cane & bamboo products. Tripura has rich and diverse bamboo resources. Handloom weaving is a major cottage industry in every household of the State. For earn livelihood, local men and women are involved in the production of Silk. For enhancing the quality of the exclusive items of the cottage industries of Tripura, the branch of the All India Handicraft Board imparts training in Agartala. Tripura Handloom and Handicraft Development Corporation Ltd have taken up marketing of the handicrafts of the State to explore the possibilities of exporting its products.

SIKKIM

Weaving and woodcarving with Sikkimese design is primary works of Sikkim done in its Cottage industries. Women of Sikkim are involved in making of various handlooms products like bags and some traditional dresses especially the Lepcha (the original ethnic community of Sikkim) dresses. Sikkimese Carpets (locally known as Den) have popularity not only in India but in the whole world, which is a symbol of cultural expression of Sikkim. The various items of woodcraft have found from household items to partitions to eight Buddhists lucky sign. Hand-woven carpets, woodcraft for decoration, hand-made paper, Choksee, Bakchu, blankets, shawls, hand-painted masks, dolls, lamp-stands, shade, bamboo-craft, sporadic silks, rich brocade, embroidered boots and many other objects are primary handicraft products of Sikkim. To sustain the traditional arts and crafts of the state, the Government Cottage Industry, is established in Namchi town of the State.

Thus, the Cottage industries of Northeast India are mainly handicrafts and handlooms centric. Northeastern craftsmen have a particular technique of producing different cottage products which are appreciated by foreign travellers from time to time. But, with the flow of modernization, some kind of risk emerge in front of the cottage industry of Northeast India from Medium and Large industries which demand a large amount of capital investment for all types of hi-ended technologies.

Stop and Read

- Ema Bazaar- Ema market or Nupi Keithel is one of the largest markets run by Women in Manipur of India. It means Mother's market or Women's market. Various handicrafts and handlooms items found here such as earthen pots, knives, shawls, puppets and all kinds of dried fish and vegetables. The new Ema market is inaugurated in 2010.
- Hornbill Festival- Hornbill Festival is celebrated every year on December 1-10 in Nagaland of India. It is known as the "Festival of Festivals". It is named as Hornbill which is a large and colourful bird found in India. Various traditional handicrafts and handlooms products are displayed in his festival.

CHECK YOUR PROGRESS



1. What is "Sami Lami Phee"?

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2. What do you know about Ema Bazaar?

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.....

10.6 SUMMING UP

Cottage industries of Northeast India have engaged the rural masses for their livelihood as well as helping to preserve the traditional cultural heritage of the region. The products of the Cottage industry of the Northeast region can fairly compete with foreign goods due to its ethnic attraction. Along with employment generation, this industry can help in the significant economic development of the region.

10.7 QUESTIONS

1. What do you mean by Cottage industry?
2. Briefly explain the major Cottage industries of Assam.
3. Illustrate about the handlooms of the State of Nagaland.

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MODULE IV: INDUSTRIAL SOCIOLOGY TODAY

UNIT 11: INFORMAL ECONOMY AND GLOBALIZATION

UNIT STRUCTURE

11.1 Introduction

11.2 Objective

11.3 Informal Economy-Concepts and Different School of thoughts

11.4 Globalization- Concepts and Basic Idea

11.4.1 Factors Contributing Towards Globalization

11.4.2 Merits and Demerits of Globalization

11.5 Effects of Globalization on Informal Economy

11.6 Summing Up

11.7 Questions

11.8 Recommended Readings and References

11.1 INTRODUCTION

Basically, the informal economy refers to the unorganized sector of the economy based on the traditional method of income generation. The labour force, petty traders, petty farmers, contract employees etc. are some of the categories who falls within this informal economy. It is termed as informal economy because by and large the people who are engaged in such generation of income are not within the control of a formal structure or under any direct control of a higher authority. The flow of economy and income happens but there is not any formal structural control over such sectors and they follow a loose structure with no fixed procedures. Unlike, the formal economy or the organized sector which is controlled tightly by a

systematic and scientific structural procedure and where the people engaged should follow certain norms and conditions, the informal economic sector is quite opposite to that. In other words, the people engaged in the formal economy are adhered to job security where they are paid based on prescribed regulations and also gets access to other allied benefits like housing facility, job leave, healthcare, education facilities for children etc. whereas, the people engaged in the informal economy are devoid of such privileges. One of the basic difference between formal and informal economy is that formal economy depends on skilled and trained people with modern education and knowledge, whereas, the informal economy depends highly on unskilled workforce and traditional knowledge system. Now, technological development has brought the world more closely and more dependent on one another for economic growth and other matters too which is known as globalization. In this age of globalization, where modern industries have come to dominate each and every sector erstwhile dependent on unskilled informal workforce or methods, it was therefore reflected by W. Arthur Lewis in 1954 that in the long run in the developing countries informal economic sector would be absorbed by modern industries (Lewis, 1954). However, the local informal economy to a great extent has also been affected by globalization due to the free movement of the big corporate sectors and their monopoly in almost every informal sectors (Singer, 1970).

11.2 OBJECTIVES

The objective of this unit is to introduce you with the meaning and concepts of informal economy and globalization. Globalization is a new and emerging concept which is also closely related to the informal economy. In this unit, we will discuss the effects of globalization on the informal economy and also about emerging challenges of globalization towards the informal economy. By the end of this you will be able to:

- Explain the idea and concept of informal economy and globalization;
- Discuss the effects of globalization on the informal economy.

11.3 INFORMAL ECONOMY- CONCEPTS AND DIFFERENT SCHOOLS OF THOUGHT

Income generated from the unorganized sectors or any transactions made among the unorganized sector falls in the informal economy. In fact, it has evolved from the traditional prevalence of economic activities that have come to exist before the evolution of modern industries and structures. However, even many professions like the car or bike repairer, plumber, shoe polisher, recycle scrapper, worker in a local hotel etc. are not only limited to traditional knowledge but their employment sector fails to give any legal and social security unlike those who work in the formal sectors following strict norms and conditions either set by the Government or the Corporate. The informal economy, therefore, is not homogenous and it exhibits heterogeneity in terms of income, nature of work, employment etc. Therefore, the concept of the informal economy has developed into four main schools of thought based on its various features and compositions. The four schools of thoughts on the informal economy are as follows:

- The first school of thought is known as the Dualist school that holds the view that the informal economy is comprised of the vulnerable and underprivileged section of the society.
- The second school of thought is known as the Structuralist school that holds the idea that informal economy is subordinated to the formal economy and in fact, helps in the production of the formal sectors through reducing more capital investments and expenditures.
- The third school is known as the Legalist school that holds the view that entrepreneurs operating through informal sectors voluntarily

choose not to be included in the formal sectors to avoid taxation and efforts required for official registration.

- The fourth is the Voluntarist school that holds the views that entrepreneurs in informal sectors willingly opt to avoid follow of formal regulations and taxation policy, but unlike Legalist school does not blame the official red-tapism.

Furthermore, all these four schools of thoughts also differ in the theory that they hold while conceptualizing the reasons for the rise of the informal economy. As in the informal economy, it is mostly the underprivileged and unskilled population who are engaged. As the modern economy requires a more skilled and trained workforce, therefore, the underprivileged are left out of the formal sector. This idea is held by the Dualist school. They also hold the idea of creating more jobs opportunities by the Government and the Government at the same time should provide legal and social security to the people engaged in the informal economy. While the structuralists say that formal economy demands strict legal and formal regulations and procedures, where the formal entrepreneurs have to pay the labourers or employees legally, provide them facilities due to which their profit might get reduced thereby contributing to the rise of the informal economy. The Legalists view that problems of extreme formality contributes to the rise of informal economy and similarly the Voluntarists too hold the idea of avoiding taxation and other formal regulations of the system. In order to include the informal economy in the formal sector, they demand the Government for simplifying official norms and regulations.

The informal economy also gets expanded when the employers in the formal economy attempt to spend less on labour cost and production cost in view of stiff competitions in the formal market economy. Globalization, on the other hand, has contributed to the rise of free market leading to unchecked and unlimited growth of industries and other such production firms. The presence of innumerable industries and production units in the formal economy have created competitions among them in the market

economy resulting in some such companies getting out of the market and therefore to maintain a balance between their profits and also the growing competitions, many employers in the formal economy recruits employees and other workforce informally to avoid payrolls, pension schemes and other privileges available in the formal economy. Furthermore, the informal economy also rises in times of economic and political crisis because the formal economy collapses and fails to provide a sustainable to the people who depend on the system. Therefore, in such crisis time, the people search for an alternative living source outside the limitations of the formal economy which is provided to them by the opportunities available in the informal economy. For example, people may resort to the selling of agricultural products, part-time working in the food industry, as drivers, street vendors etc. The informal economy includes more than half of the world's employment and nearly 90% of employment in many developing countries falls in the informal economy.

Stop and Read

Informal economy refers to that part of the economy which is not registered and that does not cover social security provided by the government or by any organized firm. Informal economy constitutes an important part of the economy because the formally registered firms either private or state-owned are unable to accommodate all the people for economic sustainability. Therefore, people resort to self-employment in the form of unskilled labourers, agriculture, petty traders etc.

CHECK YOUR PROGRESS



1. What do you mean by informal economy?

2. Mention the different schools of thought on informal economy.

11.4 GLOBALIZATION- CONCEPTS AND BASIC IDEA

Globalization refers to a new world order through mutual cooperation in politics, economy, socio-cultural and science and technology among different countries. Over the past decades, the term ‘ Globalization’ has come to dominate the academic and also the international political and economic domain. As the word itself reflects, it is a process by which socio-cultural, political and economic relations have developed among different countries cutting across national boundaries. Malcolm Walters for the first time used the word globalization in the 1960s, According to him, “ Globalization is a social process in which the constraints of geography on social and cultural arrangements recede and in which people become increasingly aware that they are receding” (Malcolm, 2001). However, it was only during the latter part of the 1980s that globalization came to be used as a term in the larger domain. After this period, various scholars have tried to give their opinion regarding globalization. It holds the idea that despite the existence of various

countries human beings are part of one world and are highly interdependent in terms of socio-cultural and political-economic affairs (Giddens, 2010). Following are some of the definitions given by some Scholars:

Martin Albrow defined that, “ Globalization refers to all these processes by which the nations of the world are conscripted in single world society- the global society”.

According to Anthony Giddens, “ Globalization could be defined as the intensification of the social relations all over the world, that link such in a manner the far off localities, so as the events which take place are looked by the angle of similar others, happened to many miles far away and upside down.”

The evolution and development of technology have also integrated the world population in the present age. Technological developments have also integrated the economy of the world leading to a more globalized economy. The emergence of e-commerce and e-payments has enabled the people around the world to involve in trade and commerce without meeting one another or travelling to the other place to sell or buy products. Such developments in the technological arena have also enabled the business houses to expand their markets crossing across national boundaries. Transnational expansion of corporate houses has also contributed towards global production of goods, migration of labourers etc. For example, most of the western companies in the recent years have shifted their base of production units in the developing countries and even in the underdeveloped countries of Asia like Bangladesh, Vietnam, China etc. to boost production as well as to avail cheap labourers. This approach has also in recent years captured market in the developing countries where such western products a few decades were unavailable. Therefore, globalization is viewed as an economic

transformation where production, products and people flow cutting across national boundaries. In this regard, the developing and underdeveloped countries where production units are present, the labour force forms an important economy, thus leading to the economic progress of their own respective countries. However, such economic dependency sometimes might create problems when due to various reasons the production companies face loss or collapse, then it has its direct impact on the labour force where the labourers face job loss. These transnational corporations, today are some of the accelerating forces of the global economy and they account for two/third of all world trade (Giddens, 2010).

Regarding socio-cultural and political sphere too, it can be seen how technological developments have connected the world. Today, traditional food habits have too many extents been influenced by the market economy and people even in the remote corners of the world consume processed foods available in the market. In cultural and social functions like marriages, festivals and religious rites traditional rituals and many traditional items otherwise used have gone a gradual transformation as a result of globalization. For example, ‘Gamucha’ which is an integral part of Assamese culture and widely used during the Bihu festival is now under challenge from globalization because instead of producing those gamuchas in local villages now they are being manufactured in other states in the factories, similarly, use of earthen lamps have come to a symbolic use during Diwali festival as instead of them, electric lamps manufactured mostly in China have come to be in use. As a result of an emerging global market, expansion of industrial houses and also lack of time have promoted people even in the remote areas having a semi-traditional structure to depend on globalized products having local flavours. The tendency to compete with the outer world has also expanded the use of such market-oriented products among the people. Moreover, under such circumstances of

interconnectedness, it is inevitable that political change in one corner of the world will have an impact on other parts of the world. In recent such happenings, it is observed that wars and conflicts in countries like Syria, Libya, Iraq, Afghanistan etc. have resulted in a large exodus of the population to the European countries. This in return has resulted in the refugee crisis and economic crisis in the European countries. Thus, economic interdependence among various countries of the world, political interconnectedness, etc. have brought the world under the same roof and in this effort, technological development is the foundation pillar.

11.4.1 Factors Contributing to Globalization

Though since ages the people of different kingdoms or Empires and thereafter different countries have depended on one another for trade and commerce, yet it was not that holistic global attempt to connect with each and every one. As discussed above the term globalization received recognition only in the later part of the 1980s and the following are some of the factors that contributed towards its development:

- 1. Development of information and communications technology:** Technological developments have resulted in increased communications among the people, which have created a virtual interconnection among the people living in various parts of the world. The recent development in the internet world through which one can be not only heard but also seen has even compressed the world. Moreover, one can even gain knowledge, trade goods by sitting in one corner of the world with the other corner.
- 2. Economic Factors:** The gradual transformation of the world's economy from agriculture to industry and now to the technology industry has resulted in the integration of the world economy. As it is not possible to avail raw materials in all the places or in places of production, therefore import of such raw materials

from other countries is essential leading to the interdependence on the economy. Thus import and export of raw materials and final products and the involvement of labourers, etc. have resulted in globalization or towards a global economy.

- 3. Political Factors:** After the two great wars, gradually the international community thought to come together under one political guardian which led to the formation of the United Nations Organization in 1945. But still, the world got divided into two political and economic blocs one led by the USA and the other by USSR. This division among the newly formed independent countries after the collapse of colonialism stood as an obstruction towards the realization of a common goal of one world. However, in 1991 the USSR collapsed and slowly after that period the former Soviet countries including Russia followed the western political system and embraced the liberal economy. They abandoned the previous system of state control on the economy and slowly transformed into a liberal economy which has brought them in close collaboration with the western world. Thus, slowly now many former Soviet countries are part of the European Union which have also contributed towards the development of globalization. Besides, many such regional organizations like ASEAN, SAARC, BRICS etc. have played an important role in developing the concept of globalization.

11.4.2 Merits and Demerits of Globalization

Globalization like all other entities in the world also has its own merits and drawbacks. Some of which are briefly mentioned below:

Merits:

1. Globalization has integrated the heterogeneous human society of the world, thus decreasing the risk of wars and conflicts.

2. Globalization has assisted the underdeveloped and developing countries to get economic support from the international community through aids and funds.
3. Globalization has helped the introduction and operation of many social security schemes for the welfare of the poor people in most of the underdeveloped and developing countries.
4. Globalization has helped to utilize the raw materials available in most of the underdeveloped and developing countries and also developed its human resource potential through employment in the Multi-National Companies.
5. Globalization has enabled the weak and small countries to have a common political platform and representation in the United Nation Organizations. It has also enabled them to raise their concerns on a global platform.

Demerits

1. As globalization has enabled expansion of various MNCs even in the remote corners of the world, therefore, the existence of small and local enterprises face an extreme challenge from the big corporate houses leading to the collapse of smaller enterprises.
2. The threat to the national economy of developing and underdeveloped countries from the MNCs cannot be ruled out as they account for two-thirds of all world trade. According to a report, it was found that in 2001 around 500 MNCs had annual sales of more than \$10 billion, whereas, only 75 countries had achieved that amount of gross domestic products. Such dependent on the economy of MNCs may affect the national economic policy of a country as they may frame policies entertaining the economic benefits of the MNCs.
3. The expansion of MNCs has also encouraged competitions among them leading to the collapse of some. As they employ many professionals and also unskilled labourers, spontaneous

shut down leads to job loss and unemployment as they fail to provide any long term security to the employees.

4. The people who were engaged in agriculture and other small scale plantations, retail business etc. are facing stiff competitions from the entry of the MNCs in the agricultural and retail sector. Because previously the companies were engaged in only the manufacturing business providing space to the common people to get engaged in the production and retail sector.
5. It is seen that in many cases, under the banner of regional cooperation, many regional organizations are formed to continue the political and economic monopoly of the powerful countries at the expense of smaller countries. The competitions among the countries to impact their presence in the international arena have encouraged such regional alliance leading to regional tensions and conflicts.

Stop and Read

Globalization refers to the free movement of trade, economy and capital. Moreover, it also refers to the interconnection of various countries for political matters as well. Technological developments in the 20th and 21st centuries have evolved a world system where people are connected and interdependent on one another for socio-economic and political purposes. An economic or political change in one corner of the world influences the other corners of the world as a result of globalization. Therefore, globalization has both positive and negative impacts.

11.5 EFFECTS OF GLOBALIZATION ON INFORMAL ECONOMY

The informal economy plays a crucial role in both the developed countries and also in underdeveloped countries. In the wake of financial and political crisis, the informal economy substitute the formal economy of a country, and according to an official statistics prior to the Asian crisis that began in 1997, informal non-agriculturists workforce had over 55% share in Latin America, whereas Asia had 45-85% informal workforce and almost 80% in Africa (Charmes, 1998). This statistic shows how majority population of these developing and underdeveloped countries depend on the informal economic sector.

Globalization has both positive and negative impacts on the informal economy. It has provided access to the small local entrepreneurs to the global market where they can sell their products on a global platform. For example, the emergence of Self-Help Groups (SHGs) in India under the initiative of various social security schemes is such a positive dimension of globalization as the products locally manufactured by these SHGs in the rural areas have got access to outside markets. The SHGs are usually formed up by women entrepreneurs who get a loan to venture upon any economic activities like farming, piggery, poultry, horticulture, small scale industries like pickle making, recycling waste materials etc. This initiative has brought a revolutionary change in many rural areas among women. Similarly, unemployment has been a serious problem since decades and no permanent solution has been materialized till date by any Government. Each and every country whether developed or underdeveloped faces unemployment in one way or the other. The state fails to create enough jobs both for the skilled and educated and also for the unskilled labourers due to various factors like population growth, economic instability etc. Under such circumstances, international business houses create employment space to both the skilled and trained job seekers as well as the jobless unskilled workers get jobs in such corporate houses either directly

or indirectly. Big international industries also create markets where small producers could sell their agricultural products and other products. In fact, they also help in the creation of some allied small industries where the informal economy gets involved. For example, the tea industry in Assam hosts a variety of professionals from skilled managers, scientists to large unskilled labour force where they are employed. Moreover, the emergence of small tea producers in recent decades have also found its economic space as due to globalization they are able to not only sell their products to the big industries but the demand for organic tea in the global market has also encouraged these local producers to grow, manufacture and market their organic products through online export.

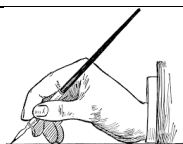
However, globalization also has its negative effects on the informal economy. As discussed above, the informal economy usually involves those who have not registered employee of the public sector or any other private firms enjoying fixed payrolls including other allied benefits. Therefore the extension of MNCs even to the retail sector has led to the shutdown of various small retail shops as they are unable to compete with the imported goods. Moreover, the retail MNCs follow certain business strategies like Sales or buy one get one free which cannot be provided by the local retailers. Due to a decrease in revenues as a result of the reduction in taxes and tariffs, the Governments are unable to look after the people engaged in the informal economy (Chen, M.A. & Carr Marilyn, 2001).

Agriculture which was solely practised by the traditional rural people also has come to drastic transformation with the entry of MNCs in this sector too. Now, in India big corporate houses like Reliance, Adani, Patanjali etc. have entered the agricultural sector which was otherwise practised by the traditional agriculturists. This has led to not only loss of jobs and income source but also loss of ancestral lands leading to landless labourers. Thus, globalization has both positive and negative effects on the informal economy and sometimes it is vice versa.

Stop and Read

With the emergence of globalization, certain changes can be seen in the economic sector. The informal sector that has been operating since the formal economy started is under threat due to the expansion of MNCs in all the sectors. Liberalization of trade and free movement of capitals due to globalization have enabled the MNCs to invest even in the traditional sectors like agriculture, retail etc.. leading to loss of traditional jobs and also loss of land. However, it has also some positive effects like the creation of job opportunity even to the unskilled workforce or the creation of a market where the local producers are able to sell their products.

CHECK YOUR PROGRESS



1. Mention in your own words the effects of globalization on informal economy.

11.6 SUMMING UP

In the above discussion, we have covered the concept of the informal economy as well as about the basic ideas of globalization. We have discussed the various categories of informal economy and various schools of thoughts related to the development of the concept.

Simultaneously, we have discussed the basic ideas of globalization and also discussed its effects on the informal economy. Globalization that has enabled close interaction among the people of the world through technological development has also influenced the economy these people are dependent. Therefore, it is necessary to throw highlight on the recent changes in the economy of the world at the emergence of globalization.

Glossary

- **Corporation:** Corporations are referred to business organizations or society that acts for their vested interests in the economic, social and political process. They are legal organizations and in the private sectors, they are owned by groups of individual shareholders, while in the public sectors they are owned by the State.
- **Multi-National Companies:** MNCs are a form of companies and business houses that are usually private and capitalist enterprises in which the whole structure from managerial to productions surpasses national boundaries.
- **ASEAN:** It refers to the Association of Southeast Asian Nations and it is a regional intergovernmental organization comprising ten countries of Southeast Asia. These ten countries are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. It was formed on 8th August 1967.
- **SAARC:** It is also a regional inter-governmental organization of nations in South Asia. It was formed on 8th December 1985. The member countries are India, Pakistan, Nepal, Bhutan, Bangladesh, Afghanistan, Maldives and Sri Lanka.

- BRICS: It is also an organization of five emerging countries of the world and it was formed in 2006. The five-member countries are Brazil, Russia, India, China and South Africa.
- SHGs: SHGs stand for Self Help Groups that are referred to the micro-financial groups comprised usually of rural women of 10-20 members. It is a process of empowering rural women through self-employment.

11.7 QUESTIONS

1. Describe Informal Economy and the School of Thoughts.
2. Describe Globalization and the factors contributing it.
3. What are the merits and demerits of globalization?
4. Describe the effects of globalization on informal economy.

11.8 RECOMMENDED READINGS AND REFERENCES

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UNIT 12: UNORGANISED SECTOR AND CASUALISATION OF WORK

UNIT STRUCTURE

12.1 Introduction

12.2 Objectives

12.3 Concept of Unorganised Sector

12.3.1 Informalisation of Unorganised Sector

12.4 History of Casualisation of Labour

12.5 Laws and Social Measures for Unorganised Sector in India

12.6 Schemes and Deterrent under Unorganised Sector

12.7 Social Security Measures in Assam

12.8 Gender Dynamics in Unorganised Sector

12.9 Summing Up

12.10 Questions

12.11 Recommended Readings and References

12.1 INTRODUCTION

India with a population of 121 Crores (2011 census) is home to workers in the unorganised sector. It is also known as the informal sector. It is also not a homogeneous category (Rajshekhar & Suchitra, 2006). In every nook and corner of an urban or rural locality, we observe people working as a maid, vendor, construction worker, etc. According to the National Sample Survey Office (NSSO), Ministry of Statistics and Programme Implementation record of 2012, there is 47.41 crore of workers where 39.14 crores (82.7 %) are in the unorganized sector. These working populations govern our day to day activity and so a majority of it benefits our living. Unorganised

sector caters to a casual labour force where there is limited recognition of labour or sustainable livelihood.

12.2 OBJECTIVES

After reading this unit, you will be able to:

- Explain the concept of the unorganised/informal sector;
- Discuss the problems of casualisation of labour;
- Describe the current laws and social security measures in the unorganised sector.

12.3 CONCEPT OF UNORGANISED SECTOR

According to Hart (1971), Informal sector is a part of the urban labour force outside the organised labour market. It is characterised by family labour and ownership with a low level of technology and intensity. It caters to a small clientele and hardly holds government recognition. A less exploitative relation among the members of the unorganised sector can be established with due public support as this sector faces a handicap in the product, input credit as well as the labour market.

The informal economy has also been characterised by an absence of ‘decent work’ or jobs recognised and protected by the legal system (ILO, 2002; 2002a). There is a right emphasis needed for policies that protect the rights and conditions of informal workers. Also, a need to facilitate access to markets for the self-employed in informal enterprises is necessary (Chen, Vanek & Carr, 2004). This policy orientation has focused discussion upon those people that run informal enterprises or those who are hired as informal workers. Informal workers can refer either to those hired to work in informal enterprises or in enterprises with characteristics of the formal economy. Within the ILO framework, it is possible, empirically, to capture informal workers employed in both cases. According to Partharathy (1996), informal work is termed as a pre-capital type of structure with no factory law implications.

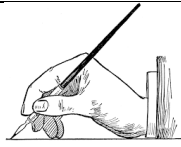
Table 12.3.1 Share of Labour Input in Unorganised Sector (%) 2004-05

SL No	Description	Percentage
1.	Agriculture and Forestry	99.9
2.	Fishing	98.7
3.	Mining	64.4
4.	Manufacturing	87.7
5.	Electricity, Gas , Water Supply	12.4
6.	Construction	92.4
7.	Wholesale & Retail trade	98.3
8.	Hotel & Restaurants	96.7
9.	Transport, Storage and Communication	82.2
10.	Financial Intermediation	32.4
11.	Real Estate, Renting and Business Activity	81.4
12.	Public Administration and Defence	2.6
13.	Education	37.9
14.	Health & Social Work	55.1
15.	Other Community, Social & Personal Services	92.5
16.	Private Households with employed persons	100
17.	Extra Territorial Organisation & Bodies	87.8
18.	Grand Total	93

Source: 61 Round NSSO Employment Unemployment Surveys (EUS)

The figure above indicates the highest section people working in their own household set up, agriculture and forestry, fishing, wholesale and retail divisions. The lowest chunk of the unorganised labour force is categorised in public administration and defence section. This section talked about the meaning and definition of the informal sector. In the next sub-unit, a statistical account of the unorganised sector during the post-independent period is discussed.

CHECK YOUR PROGRESS



Self-Assignment:

Maloti is a domestic worker employed in five houses for seven days in a week. She earns a monthly wage of rupees 1500 per family that amounts to rupees 7500 in a month. She has two school going children and lives in the nearby slum. Maloti spend ten hours a day working in five houses. She leaves by 6 am and reaches home by 6 pm. If she takes sick leave or any holiday, her wage is cut or she is terminated from the job. She has no job or social security. She cannot work in other jobs as she is not skilled.

Q. In which sector do Maloti work?

Q. Is there any permanency in job security?

12.4 HISTORY OF CASUALISATION OF LABOUR

Casualisation refers to an increase in the occurrence of casual work in an industry (Pais, 2002). The process of marginalisation and casualisation is not confined only to the agricultural sector. In fact, the category of casual non-agricultural wage labourers also shows the highest growth rate in numbers of all workers between 1977-78 and 1983-84. During this period, their numbers increased at almost 9 per cent per annum and overall there was a 53 per cent increase in 6 years. Looking at the statistics between 1960-61 and 1984-85 in the unorganised sector, the workers' income increased less than 30 per cent between and very little of this occurred after 1977-78. Most of the expansion recorded was in the decade 1967-68 to 1977-78. There is no trend at all in the income per worker for wage workers or agriculture workers. The labour absorption in agriculture has also slowed down very sharply after the 1970s and as a result chunk of workers migrated from agriculture to non-agricultural activities. It is this casualisation of unorganised non-agriculture which underlies the fact that

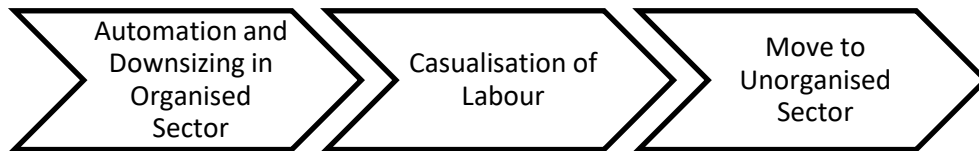
per- capita incomes of people dependent on this sector probably fell after the mid-seventies while per-worker incomes remained stable (Sen, 1988).

Gupta, 1999 has estimated that casual employment fell by 1.1 per cent per annum between 1983 and 1990-91 and rose by 3.3 per cent per annum in the period 1990-91 to 1996-97. He also argues that the deregulation of labour markets has led to increased casualisation in the post-reform period. The proportion of casual workers dropped between 1983 and 1987-88 and 1997-98 (Das & Pandey, 2004). Reforms mainly concentrate on unorganised manufacturing sector rather than towards large factories as jobs are concentrated in low productive sectors paying low wages. Factors such as downsizing, automation mainly for organisations which has sufficient quantity and core competencies led to the casualisation of labour. Restructuring is reducing the organisation dependence on its internal permanent workforce because it is felt to be costly and difficult to manage. It is the new technology that leads to worker redundancies. There is a trend from large manufacturing to lower paying unorganised sector shifting (Ghosh, 1995).

During post-liberalisation, growth in the unorganised sector grew at rapid momentum. There is a trend in the decrease in regular employment and casualisation of work over the years and there is a shift to self-employment. Outsourcing of employment after 1991 showed a growth of 8.7 million casual workers in the unorganised sector compared to .020 increase in the organised sector. Casualisation of work has increased for women in India from 35.5 per cent to 41 per cent and from 24.4 per cent to 29 per cent in the rural and urban areas respectively during the period.


The structural adjustment policies (SAP) in the 1990s made the share of the unorganised sector as high as 90.66%. Due to SAP, the organised sector had retrenchment and casualisation of labour opportunities where the unorganised sector has to accept people and hold employment with unskilled and semi-skilled workers (Parthasarathy, 1996). A structuralist approach felt additional, that enterprises in the informal sector and informal

workers were subordinated to the development of large-scale capitalist firms (Portes, Castells & Benton, 1989). Studies began to acknowledge the expansion, permanence and complexity of the informal economy (Chen, Vanek & Carr, 2004).



12.1 Illustration on casualisation of labour

CHECK YOUR PROGRESS



How is casualisation of labour a problem in India?

12.5 LAWS AND SOCIAL SECURITY MEASURES FOR UNORGANISED SECTOR IN INDIA

The unorganised sector comprises mainly of landless agricultural labourers, small and marginal farmers, sharecroppers in rural areas whereas, in urban areas, unorganised sector comprises of workers in the small scale industry, casual workers in construction, trade, transport etc. Those who work in small scale industry find obstacle in procuring raw materials and marketing of outputs as there is no proper platform. The casual workers in both rural and urban areas need to be protected. According to Rao, Rajasekhar and Suchitra, (2006), the workers in the unorganised sector lack savings and imposed by the vicious cycle of loans from money lenders.

It is observed that the employees in the organised sector are benefitted from various kinds of privileges like sick leave, medical leave, casual leave, maternity leave, paternity leave, child care leave, duty leave apart from gazetted holidays in the early calendar. This kind of privilege is very limited in the unorganised sector. Various legislations are there for the social security purpose, that is, there is Building & Other Construction Workers (Regulation of Employment and Conditions of Services) Act 1996 and The Building and Other Construction Workers Welfare Cess Act 1996 for construction workers. Others initiatives like the Workmen's Compensation Act (1923), the Industrial Dispute Act (1947), the Employees State Insurance Act (1948) etc are there without giving the adequate legal entitlements.

The Minimum Wages Act (1948) is the standardised wage rate for the workers. The national floor level minimum wage from November 2009 is Rs.100/- which has been increased from Rs.80/- in 2007. The minimum wages for the semi-skilled and unskilled labourers in Maharashtra are Rs. 145/- and Rs.141/- respectively in the year 2009. But still, the minimum wage is far less than these levels. The Minimum Wage is 342 in a day that is 8892 a month in states like Assam, Bihar, Jharkhand, Madhya Pradesh, Uttar Pradesh, Odisha and West Bengal.

The unorganised sector in India is, by definition is not registered under legislation such as the Factories Act of 1948. While some labour protections are meant to apply to all establishments, there is evidence that these are systematically evaded (Harriss-White & Gooptu, 2000). Furthermore, there may be an incentive for large registered firms to under-report or reclassify their workforces. For example, large firms may misrepresent employment musters in order to avoid anti-retrenchment rules under the Industrial Disputes Act, 1947 (Hill, 2009). The National Commission for Enterprises in the Unorganised Sector (2007) visualised a minimum level of social security for basic requirement, not to be divided into BPL and Non-BPL. Another wage-related issue is no uniform wage

rate is given and there is a delay in unequal remuneration (Goswami, 2009).

With the recent Unorganised Workers Social Security Act, 2008, the Central Government is providing social security benefits relating to life and disability. Eleven social security schemes for the unorganized sector workers are listed in this act, for instance - National Old

Age Pension Scheme, Family Benefit Scheme, Maternity Scheme etc. Whatsoever the introduced under this act, affect existing welfare schemes of any state. Creation of State and National Social Security Advisory Boards establishes a social security advisory board and implementation of welfare sector workers. The board members consist of a chairperson, a member secretary and 31 nominated members. The Act also establishes state-level social security advisory boards. The state boards will have similar functions as the central board at the relevant state and district levels. Each state board consists of an appointed chairperson, a member secretary, and 26 nominated members. Unorganized workers must apply for registration with the district administration. An individual should be 14 years older and should declare that he is an unorganized sector worker. Upon registration, the district administration will issue a portable smart card carrying a unique identification number. If a scheme requires a contribution from the registered unorganized worker, he will be eligible for social security benefits under that scheme only if he has made the required contribution. The Worker Facilitation Centre should be at the grass root level by keeping records of a licensed contractor and proper registration of records should be maintained. There is no provision for the arrangement for sexual harassment in the Act (Goswami, 2009).

In case of domestic workers, there is a provision of Domestic Workers Sector Skills Council; however, the National Policy for Domestic Workers under Union Ministry of Labour and Employment to bring uniform protection and security is still in the draft stage.

12.6 SCHEMES AND DETERRENTS UNDER UNORGANISED SECTOR

There are many unorganised sector enterprises, they evade taxes, refuse to follow laws and protect labourers. It is easier to get employed with consequences bearing low salary and inadequate social security.

Social security for the unorganised sector is still a long way to go as the employees are not covered uniformly. The problem with the unorganised sector is the units have less than 10 members are not protected under The Employees' State Insurance (ESI) hospitals. There is also a problem of availability of ESI Hospitals. So workers also have to depend on private practitioners (Das & Pandey, 2004). Most of the social security measures are only implemented for the Below Poverty Line (BPL) section but how far the poor sections above BPL are covered. There is no sustainability or decentralised transparent measure (Datta, 1998).

The Swavalamban Scheme

This scheme was launched in September 2010 to support the workers under the unorganised sector to save for their retirement plan. The Central Government would contribute a sum of Rs. 1,000 in each National Pension System (NPS) account opened under the Scheme where the subscriber would be able to save around Rs.1,000 to Rs.12,000 during a financial year. The beneficiaries of Swavalamban scheme are workers in construction, fishermen, farmer, dairy worker, Anganwadi worker, weavers etc.

The Atal Pension Yojana

The Government announced a new initiative called Atal Pension Yojana (APY) in 2015-16, where the enrolment under Swavalamban has been closed and the eligible subscribers under Swavalamban Scheme are being automatically migrated to the Atal Pension Yojana unless they opt out. It is regulated by Pension Fund Regulatory and Development Authority.

12.7 SOCIAL SECURITY MEASURES IN ASSAM

An initiative under National Health Mission named Assam Arogya Nidhi provides financial assistance to families earning Rs 10, 000 a month or those who belong to BPL category. It covers for critical illnesses like cancer, blood disease, heart disease, mental illness, AIDS, Renal disease etc and also covers diagnostic tests charge and certain drugs with the financial assistance of Rs 1.50 lakh.

12.8 GENDER DYNAMICS IN UNORGANISED SECTOR

Women thrift and credit societies have pioneered the cause of self-reliance in the unorganised sector. Women contribute a major part in the unorganised sector and their efforts are not recognised which leads to poverty in the long run. An NGO CIVIDEP (Civilian Initiative for Development) works for women working in 15 garment producing factories in Mysore areas. The women are organised into SHG and credit for economic sustainability. It also provides a platform as high as the National Women's Commission to address any kind of unlawful activities. These women workers produce clothes with low wages which are sold at high-end shops with exceedingly high prices. Therefore, to curb the injustice on leave and benefits, SHG is an important initiative. Most of these women come from the fringe areas and the factories are located in these regions (Roychowdhury, 2005).

12.9 SUMMING UP

In this unit, we have read about the significance of unorganised or informal sector. The number of unorganised workers and their casualisation will keep on increasing with the neo-liberal policies post-1990s. There are more than forty labour laws in India which are outdated. Therefore the latest social security policies are an attempt to keep the problem of wages, industrial relations, working conditions for workers at distance. If proper

support to the unorganised workers is given by the Government, unions and the common people; the economic development of the country will yield to social development.

12.10 QUESTIONS

1. How does the social security scheme help unorganised workers lead a better life?
2. Take any unorganised sector and speak to 10 workers and ask them about their management position on the current welfare practices for them through pension and job security.

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UNIT 13: FEMINISATION OF LABOUR

UNIT STRUCTURE

- 13.1 Introduction
- 13.2 Objectives
- 13.3 Defining the Concept
- 13.4 Working Condition
 - 13.4.1 Positive Implications
 - 13.4.2 Negative Implications
- 13.5 Feminisation of domestic labour
- 13.6 Feminisation in the Indian context
- 13.7 Threat to Masculinity?
- 13.8 Measures to be Taken
- 13.9 Summing up
- 13.10 Questions
- 13.11 Recommended Readings and References

13.1 INTRODUCTION

In this unit, you will learn about the concept of feminization of labour and its different aspects. As we know with the new industrial policies all over the world and the success of globalisation, there has been an incorporation of a huge amount of people into the workforce. This unit specifically deals with the question of women and their increasing engagement in the workforce. However, the fact that a term like feminization of labour exists itself gives us an indication of the nature of our society as sexist – that the presence of women in the market place and not inside the domain of the household is an extraordinary issue.

13.2 OBJECTIVES

After going through this unit you will be able to:

- Explain the concept of feminization of labour;

- Analyse the conditions of women within this theme;
- Identify the measures to be adopted likewise for it.

13.3 DEFINING THE CONCEPT

The term ‘feminization of labour’ is used in two ways- it refers to the increase in the size as well as the speed of the population of women in the paid workforce over the years. It also refers to the ‘flexibilization of labour’ in the sense that there has been a changing nature of employment. There has been an increase in the demand for low-paid, flexible labour force due to the deregulation of labour markets, fragmentation of production processes, de-industrialisation and the growth of new areas of export specialization. Especially in the poor countries where there has been an increase in the non-commodity exports, i.e. raw materials, one can witness an increase in the engagement of female-intensive sectors of industry. Feminization of industrial work in developing countries since world war is primarily a result of women being the cheapest source of labour in the global economy. Competitiveness in the export sectors forces employers to reduce production costs.

The jobs with irregular conditions which were earlier considered to be only the domain of men and considered as ‘secondary’ for women’s have now become the field for both the sexes. Informal activities, part-time works, home-based works have gained prominence while there has been a decline in the rates of unionization. It has been seen that if the level of income of the economy is low and the concentration of product production and product assembly for the purpose of export is high, then there is an increase in the opportunities of employment of women.

If we look into the scenario of the adverse effects of this process of industrial growth in different countries all around the world, we can see that in the Latin American and African countries there have been fluctuating growth rates as a result of which there has been a decline in the

regular wage employment and also average real wages. Several changes have been brought about in the geographical locations of the industries in the developing countries through the processes of liberalization, stabilization and privatization. The labour industries particularly have been shifted to rural areas.

Stop and read

The word 'feminisation' comes from the word feminine, first known to be used during 1652. In general it means to take on or give a feminine character or quality. However when we look at it from the sociological point of view, it signifies the fact when gender roles are shifted in an organization, group or society focusing on women. It means the qualities that are considered historically to be feminine.

13.4 WORKING CONDITION

If we take the case of the Caribbean, Central America, south and south-east Asia, we can see that the industries which produce just for the purpose of export, employ generally young women. And in the case of long term employment of women, there are debates regarding their pay scale, the conditions of their livelihood and wellbeing. There have been both positive and negative aspects of such employment in different cases.

13.4.1 Positive implications:

Some studies suggest that the opportunity availed by women to earn, to get a 'wage' increases their bargaining power and 'status' within their household. It also gives them the authority and choice to provide the resources for their daily household needs. In an example of garment workers from Bangladesh, it has been found that this kind of labour has helped women to rise above the margins of the labour market towards a more well paid and visible place in the economy. It is believed that employment gives one the right to spend as one chooses, earns one self-

respect and respect from others, builds a social network, and teaches one the ways of the world.

13.4.2 Negative implications:

However, there are studies that point out the negative aspects of such kinds of labour. In the case of long term engagement often women have to survive and are fixed with a low wage. Better working conditions are not provided for the workers too. The fact that only women of young age and without children are given the opportunity also cuts across the working ability of many. From the case of Philippine garment industry, the atrocities meted out towards women gets reflected under these circumstances. The industry takes young women only as they are considered to be docile, nimble and flexible. They are taken because they do not have household responsibilities as they stay with their parents. It is the parents who often provide shelter, health care and other support to their daughters. So the employers remain free from taking these responsibilities. The guarantee of job security is almost invisible, as women are forced to leave their job in the case of pregnancy. They are also open to threats like sexual advances of foreign employers who keep the idea that local women have much need for the job and hence are 'easy' to get. As mentioned above, job guarantee of a permanent kind cannot be ensured and women are often employed in a disproportionate manner, mainly as a temporary, part-time, casual or home-based worker, that leads to maximization of profit for the employers.

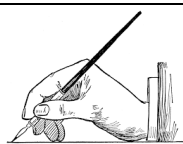
The new industries that are being set up under the deregulated market economic scenarios tend to work in a way so as to make quick profits. For the purpose of this, these new industries introduce different changes in terms of their organizational, managerial, technological and operational systems. With the changes made with the objective to maximize profit, there has been a shift and trend towards informalisation of work relations. When there is a rise in the informalisation of work, the feminization of labour increases. Women engage themselves in the informal sectors of the

organized sectors. It is to be mentioned that the changes that the industries bring into are done in a manner that would suit low skill, informalised, and segmented and women workers. Women here do not enjoy any social security benefits. All this has adverse circumstances on workers in general and women in particular. Often in rural areas, the people being poor and in need of a job, this vulnerability provides the industry to obtain a supply of labour at a very cheap price. In certain cases, the workers are migrant and this enables the employers to exploit them more and the workers on the other hand because of their position are unable to seek any support from locals.

For the purpose of maximization of profit, the industries have resorted to certain mechanisms like increase in hours of work, change in production operations to 24 hours shift, piece work rates instead of free rates and very less attention to labour working conditions. Ghosh has observed the nature of this employment as ‘distressed employment’.

The workers are also heterogeneous and are also kept in a dispersed manner. They are also separated in terms of their nature of employment, wages, annual increments and system of wage payments and leaves. This has made their coming together quite impossible and hence unionization is made difficult. This process has thus halted the formations of labour unions.

CHECK YOUR PROGRESS



1. What are the measures the industries adopt to maximize their profits?

13.5 FEMINISATION OF DOMESTIC LABOUR

The other difficulties that women face despite increasing participation in the labour market and the ongoing attempts to transform the stereotypically gendered division of labour are that women are still burdened with the domestic and care work of the home. These forms of work are considered to be the domain of women. However, this work continues to be invisible from the gaze of the production point of view in the market. So, unfortunately, their participation in the labour market is not followed by a redistribution of household, domestic and childcare responsibilities. Feminisation refers to the devaluation of work in sectors in which women are over-represented.

Another reason why the payment of wages for women are low as compared to men is because of the customary conception that is held towards women of not being the primary bread earner. And in many situations, it is seen that specific skills and capacities of women are not utilised fully and they are restricted from doing works that they are capable of. The skills that women possess and they are made to engage in are rendered as “feminine”. And since they possess female attributes they are often paid less wage. Thus the nature of employment is on a hierarchical and segmented basis. Women workers are not appointed on the managerial and supervisory roles but often at the tail end of the production process. This design is often done looking from the ‘cost-effective’ angle.

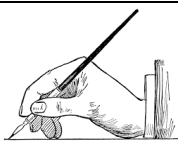
These marginalized women are mostly engaged in household and domestic work. From here it can be understood that the domestic sphere is something that is not outside the market but is co-constructed by it. Some scholars have also made a distinction in terms of women's' paid and unpaid work. And analyses the huge amount of work that women engages in their household without being paid, as a labour of love. This peculiar nature of the normative domestic sphere where women render housework willingly without getting any benefits in return seems and is considered to be a circuit outside the exchange value. However, this is not the case as there is

a market wage for housework too. Though the income generated from this source is among the most exploited of all. The non-recognition of women's work in the household leads to the lower value attributed to the workers engaging in such kinds of work on a paid basis. So women who engage in domestic work have to combine poorly paid domestic work in the market on the one hand and again the unpaid labour at home. Thus this shows that in this sphere though there might be the case that can be termed as feminization of labour in this sphere, yet the value of work that is put is not recognized and given proper wage or treatment to the worker, as it is considered to be something that is done for free and hence of low value.

Stop and read

Labour of love means something that consists much hard work but still one does it for free because one wants to. In the context of this unit, it refers to the huge amount of household work that women do for free without getting paid, out of love for her family.

CHECK YOUR PROGRESS



1. How does domestic labour influence women in the market force?

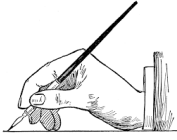
13.6 FEMINISATION IN THE INDIAN CONTEXT

Some feminists, however, oppose the fact that women are being employed more than men, especially those studying the trends in India. According to them the only area in the case of India during the 1990s and 2005 where feminization of labour has taken place is in the field of agriculture. Nirmali Banerjee is of the view that understanding feminization in a country like India where there are diversities existing of different kinds among women, it is necessary to contextualize and understand the background of the women to their entry into the labour market. This must be done not only in relation to larger economic trends but also in micro-level experiences in select sectors. Looking at women's participation in terms of intersectionality, it was found that in terms of caste in India, Dalit and Adivasi women are the most vulnerable and the predominate both in terms of not having an education and labouring out of necessity. While middle and upper caste women with a little bit of education too try to opt out of the labour force.

13.7 THREAT TO MASCULINITY

With the decrease in the participation of the male labour force, the difference in between male and female participation rates has decreased to a large extent. Based upon the historical track record, women participation in the labour market has increased with a rate of 10.0 %, 10.63 per cent and 8.18 per cent respectively at the national, rural and urban area in between 1999-2000 and 2010. The feminization of labour has been responded as a crisis for men often. The change in the stereotypical gender roles has relegated men's position from the 'breadwinner' status and men has to depend on women's earnings. This has on the part of male-led to increasing levels of depression, suicide cases, violence and abandonment of families. In certain cases, there have been demands to curtail the entry of women in the workforce.

CHECK YOUR PROGRESS



1. Can you consider that feminization of labour has really come across as a threat to men and to masculinity as a whole?

13.8 MEASURES TO BE TAKEN

The international adoption of labour standards are not applicable and are not enough for these women who work on these informal sectors. This would lead to the division between protected and unprotected workers to increase. There need to be working women's organisations that provide support to both formal and informal sector workers. There should be necessary steps to let the workers know of their labour rights and to collaborate their ability to take collective actions. One such organization in India, namely The Self- Employed Women's Association (SEWA) of Ahmedabad has been doing such work to uplift the conditions of the women workers. The organization was founded in 1971, registered in 1972 and came up as a trade union movement for women working in the informal sector. It helps women to form their own organisations, form co-operatives and bargain collectively in the market place. They have also a bank under them, known as the SEWA bank to provide credit and financial services to women and subsequently reduce their dependence on the money-lenders. Apart from providing credit, SEWA has helped women to use their resources effectively. Coming under the scheme of this organization, women have started to raise their voice and take leadership

roles. It has also helped them to realize how much they can achieve when they have collective bargaining power for wages, for better health and education, to improve the working conditions of women and to deal with domestic violence. Apart from that the state must look into the problems of its citizens and consider both the formal as well as the informal workers. There must be initiatives taken by the state to organize sectors that would look into these matters.

13.9 SUMMING UP

It has been found that although the intake of women in the labour force is larger than that of men, it is still not sufficient enough to incorporate and evenly maintain the increasing number of women who have entered in the labour market. The result of this is that a significant number of women have joined the ranks of men in the ranks of unemployed. Therefore the continued feminization of labour force is associated with rising levels of female unemployment and feminization of low-paid insecure forms of employment.

The states must have had a say or should have provided better working conditions as a part of its national and international commitment nevertheless chooses to remain quiet and indifferent to these trends. Since the state, particularly the Indian state provides much subsidies and incentives towards industrial growth and development in rural areas. Thus the forms of extraction of a surplus though have provided employment to a large number of women force, yet it cannot be said to be a positive sign for women or considered as a saviour as women are opened to much harshness and exploitations as a result of it.

The feminization of unemployment and the relatively smaller increase in the demand for female labour in the formal sector would seem to indicate that a greater number of women are looking for employment principally because they are being pushed, rather than pulled, into the labour market.

Though there has been a feminisation of labour yet the condition or status of women's work has not been improved or given the required privileged, this is because women's labour is not visible. Their work should be given value by measuring its importance, especially in the domestic and household sector.

13.10 QUESTIONS

1. What do you understand by feminization of labour?
2. Can we say that increase of women in the labour force symbolizes increase in their status?
3. What is the relation between women's labour in the market place and in the household?
4. What measures can be taken to solve the condition of women in the labour market?

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UNIT 14: SPECIAL ECONOMIC ZONES

UNIT STRUCTURE

- 14.1 Introduction
- 14.2 Objectives
- 14.3 Meaning of Special Economic Zones (SEZs)
- 14.4 Objectives of SEZs
- 14.5 Key Features of SEZs
- 14.6 Structural Change in Economy in Sub-Saharan Context
- 14.7 Gender Dimension of SEZ
- 14.8 Environmental Challenges to SEZ
- 14.9 Summing Up
- 14.10 Questions
- 14.11 Recommended Readings and References

14.1 INTRODUCTION

In this unit, you will get introduced to Special Economic Zones (SEZs), which forms an important aspect of industrial sociology today. First, we will understand the meaning of SEZ and then we will proceed to cover other aspects like objectives, key features, etc.

14.2 OBJECTIVES

After going through this unit you will be able to:

- Explain the meaning and objectives of SEZs;
- Assess the processes of how SEZs brings in structural change in an economy;
- Discuss the gender dimension of SEZs;
- Analyse the environmental challenges of SEZs.

14.3 MEANING OF SPECIAL ECONOMIC ZONES (SEZs)

Defining the concept of Special Economic Zones (SEZ) as a policy tool is challenging because of its heterogeneous expression practically. In practical expression, SEZ can be seen as a fenced industrial estate in a developing country constituted by Multinational Companies (MNCs) that enjoys the boon of tax breaks and labourers working in substandard conditions. It may also mean a rural landscape transformed into a city populated by millions with a GDP multiplying exponentially since declared an SEZ. It can be also described as ports that cater to as ports for the trade and logistics related activities. We can thus comprehend that the SEZs cannot be drawn into a singularity as a policy tool. According to Farole (2011) “demarcated geographic areas contained within a nation’s national boundary where the rules of business are different from those that prevail in the national territory. These differential rules principally deal with investment conditions, international trade and custom, taxation, and the regulatory environment, whereby the zone is given a business environment that is intended to be more liberal from a policy perspective and more effective from an administrative perspective than that of national territory.

14.4 OBJECTIVES OF SEZs

It is pertinent to maintain that there is a difference between EPZs and SEZs. The former is a traditional model developed for developing countries for decades with the principal objective of producing for export. The second model combines both residential and multi-use commercial activity. They serve as cornerstones in integrating global market through growth-led-policies instead of import- substitution policies. Their objectives are discussed below:

- 1) To attract foreign direct investment
- 2) By bringing in structural changes in the economy, this policy tool aims at large robust job-creating programmes.

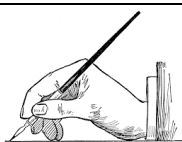
- 3) It also allows countries to diversify their exports.
- 4) Significantly, this policy tool allows countries to experiment with new policies and approaches and henceforth is also termed as experimental laboratories.

The economic viabilities of SEZs are as follows:

The significant benefit of SEZs result from the capacity to mobilise specialisation and exchange. Creation of employment, the attraction of foreign direct investment, augmentation of exports that helps in the generation of foreign exchange leads to an improved gross national product of a country.

Such growth corridors have, additionally, served as structural changes in the economy through diversification, upgrades and increased openness. Creating a conducive atmosphere of easy exchanges including the transfer of hard and soft technology, investment by domestic firms into these zones, forward and backward linkages, and the seamless transfer of labour between the zones and the domestic economy.

CHECK YOUR PROGRESS



1. What are the main policy objectives of SEZs?

2. Mention the economic viabilities of SEZs.

14.5 KEY FEATURES OF SEZ

Moving beyond the viabilities of Special Economic Zones, let us now discuss the feasibility of such a policy tool in the context of Bangladesh.

Bangladesh, a populous country where agriculture was its mainstay has a historical reputation of producing impressive textile and jute products. Since the 1980's there has been a decline in demand for their products owing to the development of synthetic substitutes. This gap in exports for Bangladesh was met by export products from the garment sector. This country which had a low industrial and manufacturing base saw that a shift to the private sector was a perfect solution to attract international markets taking advantage of its low labour costs. It is in this context, EPZ was introduced to prove as a catalyst to the garment sector and the first EPZ was established in Chittagong in 1983. The Bangladesh Export Processing Zone Authority (BEPZA) was established in 1980. Serviced land, better infrastructure, transparent and less regulatory mechanism attracted FDI and by 2009 EPZs amounted 2lakhs of employment and account for a major share in national growth and investment. Undoubtedly, this policy tool was successful in attracting FDI and by 2009 the country which historically had the lowest FDI spiralled to 1500 million in US dollars by 2009. Majority of the companies working in these EPZs in Bangladesh was foreign-owned by Korea, China, Japan, Taiwan and a few European and American countries. Despite the runaway successes of these EPZs in augmenting exports and boosting Gross National product of this populous country, there are also significant challenges that need to be critical of –significantly its employment and market access, rather than a blatant grand aggrandization of its positive aspects. In terms of employment generation, given a workforce of 70 million a mere 3% of total employment is contributed by the EPZs. Additionally, benefitting from its low wage rate, women recruitment seems to be getting an upper-hand in EPZs. The policies and the practices of the EPZ program serve as an impediment to the forward and backward market linkage. In terms of forwarding linkages, the local market is ferociously excluded and only a mere 10% sales of production is

allowed under the pretext of unfair competition especially in the textile and garment sector. Backward linkages also grapple in the policy framework. The local suppliers are given the benefit of enjoying duty drawbacks on imported inputs as an indirect exporter which elevates them to the field as that of the foreign suppliers providing raw materials to the EPZs. Practically such frameworks fizzle out for small local producers or a dying unit within the EPZs. Moreover, from the fear of EPZ products spilling into the local market, there is a restriction in the movement of locomotives from the domestic territory to that of the EPZs. Such bureaucratic setup and lack of trust between the service receiver and product provider, the impact on the large local base of Bangladesh needs a critical dialogue. A ground level assessment would delve in insights that is Bangladesh reduced simplistically to a low wage provider country in the relentless pursuit of voracious economic growth (Shakir and Farole, 2011).

Stop and Read

SEZs are a policy tool augmenting export-led industrialisation. An important contribution of such policies is their capability to bring about internal changes in a nation's economy through employment generation, creating a political coalition with the existing government to contain factors that impede export-oriented production.

14.6 STRUCTURAL CHANGE IN ECONOMY IN SUB-SAHARAN CONTEXT

The section tries to engage with another objective of the Special Economic Zones in terms of bringing in structural change in the economy. Richard Auty engages with the same in the context of Sub-Saharan Africa. The Early Reform Zone (ERZ) is a second generation SEZ that provides critical post-reform conditions- world-class infrastructure, business-friendly

services, property rights and rule of law. Patronage driven rent cycling have distorted the Sub-Saharan African economies, be it in the form of foreign aid, regulation of rent from natural resources or manipulation of the government of relative prices (Ndulu, 2008). Such rent cycling not only distorts economies but also leads to rent-seeking groups that oppose reform and thus impedes growth. This is in their interest as reform would slash their scope of rent extraction. (Aunty, 2010). This necessitates a political strategy that contains such opposition in order to attain growth expressly. In relation to the first generation SEZs, ERZ is not time constrained and along with the provision of subsidies, they try to bring in economic reform as its relative size in activities expand with time and builds a political coalition that is strong enough to neutralize the rent-seeking economy. The African economies in deploying have SEZs have struggled in seeking benefits compared to the experiences of others as they failed to provide the minimum infrastructure conducive for a dynamic competitive market. This scenario continued until the 1990s as the reformers were disinterested in creating a conducive market for reform embedded in the pro-reform political coalition. Erratic electricity and water supplies, rigid regulation, rent-seeking custom agencies, unsuitable geographical locations, low productivity labour supplies were the significant aspects of the Sub-Saharan African economies (Farole, 2010). The role of ERZ here plays out to play a coordinating role by squeezing in economic activities in geographic locations where a reputed management oriented company is located that support the expansion of firms and their interests as well. The economies benefitting from the economic reforms, ERZs can attract FDI and can invite dynamic international firms and provide competition to the established monopolies in the unreformed sector compelling them to compete or shut down. Thus, through such internal expansion and demonstration effect on adjacent firms, the ERZs not only becomes a catalyst for the large rent distorted economies but also with additional ERZs. Such a dual-track strategy is seen as a significant policy implication

that has been receiving great interest in order to embark on the path of economic progress and growth (Auty, 2010).

14.7 GENDER DIMENSION OF SEZ

In the context as discussed above, it would be futile if the social consequences of full development policies are elaborated without considering its gender dimension as well as the environmental consequences.

Standing (1989, 1999) argued that trade liberalisation, deregulation of labour, rising international markets, has led to “global feminization of labour force” substituting for men across sectors. A positive correlation between trade openness and feminization of labour have undeniably provided access to steady cash income to women which was not the case in the agricultural and the informal sector. Financial independence has boosted personal autonomy and life choices, such employment has also exposed them to harsh working conditions and little scope for advancement in the exporting process of industrialisation.

The reasons for feminization of labour apart from the known gender wage gap can be situated in terms of traditional notions of gender norms and stereotypes that automatically classify them as workers suitable for particular sectors in the process of the industrialisation process. Differentiating work on the basis of sex reinforce social hierarchies and devalue work on the basis of sex. The logic of feminization of labour in export-oriented industrialisation process lies in the fact that such aggregate is a result of the balance between labour and capital intensive sectors in manufacturing and early export-oriented industrialization was female intensive as it was labour intensive. Such segmentation of women in industries that are labour intensive wherein the price elasticity of demand is high, can keep the wage rate of women artificially low by restricting their bargaining power. Discussing the employment of women within, the

feminization of labour force can be linked to the SEZs with the evolution of global value chains. This change in the system of production is characterised by production centres scattered along with places, and coordinating activities carried out by GVCs. According to Kaplinsky (1998), GVCs are “full range activities that are required to bring a product right from its conception, through its design, its outsourced materials, its marketing, its support services to the final consumer. As a result in order to keep the expected cost savings within control, sub-contracting is the way through which inter-mediate products can be made highly competitive. When developing countries are being included within GVCs, the low value-added segments which are a highly fragmented and cost-driven portion of the production system whereas the high value-added segments are located in the developed nations. This asymmetry in the market structure has implications on gender. As we have understood the position of the developing countries in the GVCs, such positionality puts them at great pressures to deliver fine quality products at lower costs and at deadlines to the leading firms. It also demands flexibility on the part of the producers during peak demand seasons. Such demands are increasingly met by the feminization of the labour force for the leading firms and also by providing a cheap and flexible source of labour for their supplies. Thus women are being crowded into the lower value segments and are supposed to absorb the risks related to price fluctuations and supply volatility. Although SEZs provide employability to women that enhance their status owing to economic independence they are also vulnerable to fluctuations in export demand and loss of a job. This way a link is established and discussed how the asymmetrical relation between firms in GVCs and segmentation of women in labour-intensive industries generally located in SEZs. gender-based discrimination also comes in the form of hiring and benefits especially in women workers’ right to working hours and conditions, pregnancy, maternity leave and children. There are pieces of evidence where the firms in SEZs have a tendency to hire young, unmarried females and seem to discriminate with married women and

women with children (Tejani, 2010). Such social and labour issues need to be addressed with respect to the quality of employment in SEZs.

Stop and read

Feminisation of labour:

SEZs have contributed to the feminising of the labour force which has boosted the confidence of the female labour force. However, critically it is also observed that jobs in SEZs create a sectoral composition of work that reinforces traditional gender roles. This boosts gender-based discrimination at work that also justifies the gender pay gap.

14.8 ENVIRONMENTAL CHALLENGES TO SEZS

Climate change has emerged as one of the crucial sustainability issues of our times. It calls for commitment in our social worlds to act diligently to tackle the impending catastrophe. Climate change agenda has emerged as a development challenge as government and development practitioners increasingly stress on the need for the SEZs to contribute to environmental sustainability and greenhouse gas mitigations. Under such circumstances, Countries like China and India are initiating guidelines for green policies while the Republic of Korea and Thailand are developing systematic eco-industrial parks. The activities of industrial zones especially manufacturing, energy generation and consumption and transportation. The private sector's increasing awareness and demand in complying for environmental awareness have led to the emergence of the concept of Low Carbon and Green SEZs. The implementation in these zones in its early stages include air pollution control, centralised treatment for sewage and wastewater, hazardous waste collection and disposal, and environmental training for zone managers and company operation. Low carbon, Green SEZs contain

the aforesaid ingredients to actively mitigate carbon imprint in the process of their economic and industrial activities. However, these frameworks may differ across countries. Their main objectives are highlighted below:

CHG Mitigation Target: The economic activities of SEZs are aligned along with the commitment to mitigation of CHG gases as a strategy the centre of its goal for environmental sustainability. By formulating a baseline, observation is carried out to monitor the emission of CHG gases and which sector has the potential capacity to reduce gases.

Sustainable infrastructure: Planning, designing, and building an infrastructure which uses low energy, resource-saving, with low carbon methods provide a conducive environment to reduce carbon footprint.

Climate Friendly Investment Generation: Low carbon, green SEZ can generate a streamlined and low-risk environment that fills in the gaps in the national legal framework to attract new and climate-friendly investments and technologies. It can be done by introducing relevant tools and mechanisms like green business targeting, incentives, intellectual property protection and marketing strategy.

Low carbon Policy and Incentives: To attain environment sustainability, it is important to have a right policy framework and such policies require trade and non-trade barriers in climate-friendly products and establishing renewable energy or energy efficiency laws (e.g. Brazil, China, India) which introduce a feed-in tariff system, energy efficiency standards, and tax incentives for green high technology investment and R&D support.

Carbon Finance: A Carbon-finance mechanism such as a clean development mechanism can channelize the potential to generate new sources of funding to develop low carbon, green SEZs in middle income as well as low-income countries.

14.9 SUMMING UP

In this unit, we have discussed the conceptual understanding of Special Economic Zones and their contribution to boosting export-led industrialisation in the context of Bangladesh. The internal changes vis-a-vis the economic structure by these zones and how it contributes to control rent seeking groups in the host country reflect on the positive aspects of SEZ's. In terms of social challenges, the gender dimension is discussed elaborately. The environmental challenges and the role and objectives of low carbon, green SEZ's reflect their awareness of environmental sustainability.

14.10 QUESTIONS

1. Discuss the role of SEZs in augmenting economic growth through export-oriented industrialisation.
2. Trace the gender implications of Special Economic Zones in the case of developing countries.
3. Discuss the environmental consequences of SEZs.
4. Elucidate a critical understanding of SEZs and how the pursuit of economic growth impacts the local economy of the developing countries. Does openness of trade and industrialisation leads to realisation of growth for the poor countries?

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