

Chapter Four

Development of Small Towns in the Himalayas of North-East India

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INTRODUCTION

Urbanisation is a world-wide phenomenon and even high mountain areas have not been untouched by it. However, unlike in the plains where surplus income from agriculture and industry can support and sustain urbanisation, mountain areas suffer from the handicaps of inhospitable terrain, physical isolation, fragility of the resource base, and high cost of infrastructure. Yet these disadvantages have not deterred the urbanisation process in the hill tracts of north-east India where urbanisation is progressing at a faster pace than in the adjoining plains. This chapter explores the status and trend of urbanisation in north-east India with special reference to the role of small towns and market centres as harbingers of social and economic change in the region. Small towns and market centres play a significant role in the regional development process because of their linkages with rural hinterlands and larger urban centres (Sharma and Khanal 1996). They act as intermediaries connecting producers and consumers of goods and services offered by villages and cities. They, therefore, contribute to the economic diversification and modernisation of the hinterland.

NORTH-EAST INDIA—A PROFILE

The north-eastern region (NER) of India is comprised of seven states: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura. Of these, Arunachal Pradesh, Meghalaya, Nagaland, and Mizoram are almost wholly mountainous. This study, therefore, focuses on these states and the hill tracts of Assam, Manipur, and Tripura. However, since the valleys and plains are intimately linked with the adjoin-

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ing mountain areas, especially in this closed and isolated region, the presence of towns in the valleys cannot be ignored in the overall context of the development of mountain areas.

The NER, with an area of 255,037 sq.km and a population of 31,547,314 (1991), accounts for 7.7% of the country's total land area and 3.7% of the population. Over 86% of the population still live in rural areas. The region abounds in hills and mountains that constitute about 70% of the total area. The region has a vast land mass that is sparsely populated (Table 20).

Table 20: Area, population and urbanisation, 1991

States	Area sq.km	Population (persons)	Density (persons km ²)	Population growth rate 1981-91 (%)	Urban population (%)
Arunachal Pradesh	83743	864558	10	36.83	12.80
Assam	78438	22414322	286	34.24	11.10
Manipur	22327	1837149	82	29.29	27.52
Meghalaya	24429	1774778	79	32.86	18.60
Mizoram	22081	689756	33	39.70	46.10
Nagaland	16579	720546	73	56.08	17.21
Tripura	10486	2757205	263	34.30	15.30
Total NER	255083	31547314	123	36.19	13.86
All India	3287263	846302688	273	23.85	26.13

Source: Government of India (1995)

The population density for the whole region is 123 km⁻². However, the density of the four mountain states drops to 37 km⁻². The density in Arunachal Pradesh, the largest of the north-eastern states, is just 10 km⁻².

Two points are worth noting. Firstly, the level of urbanisation in the mountain areas is not as low as might be expected from the low population base. Urbanisation in the north-east is a development of the last 40 years. In fact, the lowest urban growth is recorded in Assam (11.10%) with a population density higher than the national average. Secondly, the rate of population growth is high in the whole of the NER and extremely high in the mountainous states. The region experienced rapid demographic change during the last century. The population increased from less than one million at the time of British occupation in 1826 to over 31 million in 1991. Annual population growth rate continues to be one to two per cent higher in the north-eastern hill states than in the country as a whole.

Physiographically, the NER is broadly divided into three sections: the eastern Himalayan chain comprising Arunachal Pradesh, Nagaland, Mizoram, and mountain tracts of Manipur and Tripura; the valleys of Brahmaputra, Surma and Imphal; and the plateau area comprising Meghalaya and Assam hill districts (Figure 18).

Forests and other barren and uncultivated land comprise the largest land-use category. Forests are the core of the resource base although development of the road network means that vast areas are being depleted. Despite this, the NER accounts for 25% of the country's forest cover. Forest covers 81.9% of Arunachal Pradesh, 30.4% of Assam, 78.0% of Manipur, 69.8% of Meghalaya, 89.1% of Mizoram, 85.81% of Nagaland, and 52.9% of Tripura (GOI 1998). The region also possesses a variety of mineral resources. However, except for hydro-carbons and coal, the exploitation of

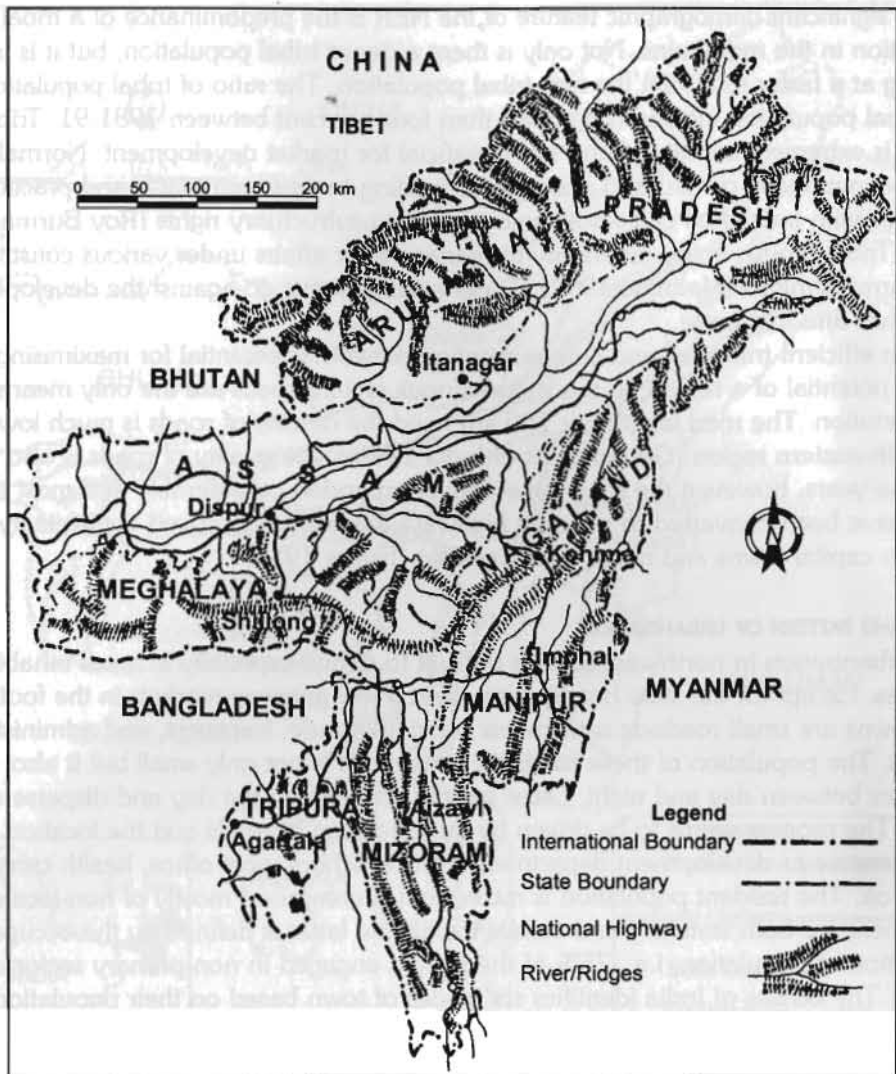


Figure 18: Physical features of north-eastern India

mineral resources is still in a nascent stage. The exploitation of oil and coal in Assam has led to the growth of towns in upper Assam with some linkages in Arunachal Pradesh and the Nagaland hills. However, most mining is decentralised; SCATTERED households work in mining and there are no mining towns.

More than 86% of the population of the region is rural and engaged primarily in agriculture and allied activities; however, low productivity and subsistence agriculture means the economy has remained suppressed. Development in agriculture has not kept pace with population growth. The yield of rice, which is the main crop of the region, has always been below the all-India average (Government of India 1995). Consequently, the region is a net importer of food grain, and also meat, milk and vegetables, to meet the needs of the rapidly rising population. There is a distorted market characterised by a one-way flow of consumer goods from outside the region.

A significant demographic feature of the NER is the predominance of a tribal population in the mountains. Not only is there a dense tribal population, but it is increasing at a faster rate than the non-tribal population. The ratio of tribal population to non-tribal population increased by more than four per cent between 1981-91. Tribal culture is extremely traditional and not beneficial for market development. Normally, land is communally owned and managed according to customary laws and practices of the tribes with individual cultivators enjoying only usufructuary rights (Roy Burman 1987). Tribal groups enjoy autonomy to manage their affairs under various constitutional arrangements (Maithani 1997). These arrangements go against the development of markets and free trade.

An efficient transport and communication network is essential for maximising the growth potential of a region. In this mountainous region, roads are the only means of transportation. The road length per 100 km² and the density of roads is much lower in the north-eastern region (Government of India 1995). The quality of roads is also poor. Over the years, however, the road network has expanded considerably and most arterial roads have been converted to national highways leading to improved connectivity between capital towns and major urban centres (Figure 19).

TREND AND PATTERN OF URBANISATION

Urbanisation in north-east India is difficult to define especially in areas inhabited by hill tribes. Except for the state headquarters and a few gateway markets in the foothills, most towns are small roadside settlements providing trade, transport, and administrative services. The population of these roadside settlements is not only small but it also fluctuates between day and night. Often people converge in the day and disperse after sunset. The process seems to be driven by the extension of roads and the location of an administrative or development department's office, school, post office, health centre, and so on. The resident population is mixed and is comprised mostly of non-locals.

There are both statutory and census towns: the latter is defined by the occupational distribution of population, i.e., 75% of the people engaged in non-primary sector occupations. The census of India identifies six grades of town based on their population size.

- Towns with a populations of more than 100,000 - I
- Towns with populations between 50,000 and 100,000 - II
- Towns with populations between 20,000 and 50,000 - III
- Towns with populations between 10,000 and 20,000 - IV
- Towns with populations between 5,000 and 10,000 - V
- Towns with populations of less than 5,000 - VI

In the north-east, according to the census of 1991, the majority of towns fall into grades IV and V (105 out of a total of 183). The number of grade III and VI towns was 33 and 30, respectively. Among the hill states, Mizoram stands out prominently from the other mountainous states of Arunachal Pradesh, Meghalaya, and Nagaland with 22 towns (Table 21). Figures 20-26 show the distribution and growth rates of towns in each of the north-eastern states.

The fact remains that the region is characterised by a low level of urbanisation. From the 1991 census, the total urban population of all seven states was only 4.38 million; this is distributed among 183 towns with an average population of 24,000 per town compared to 180,000 per town in the country as a whole. Except for Mizoram and Manipur, the level of urbanisation is much lower than the all-India average of 25.71%. If the valley towns of Imphal and Thoubal are excluded, urbanisation in Manipur is also

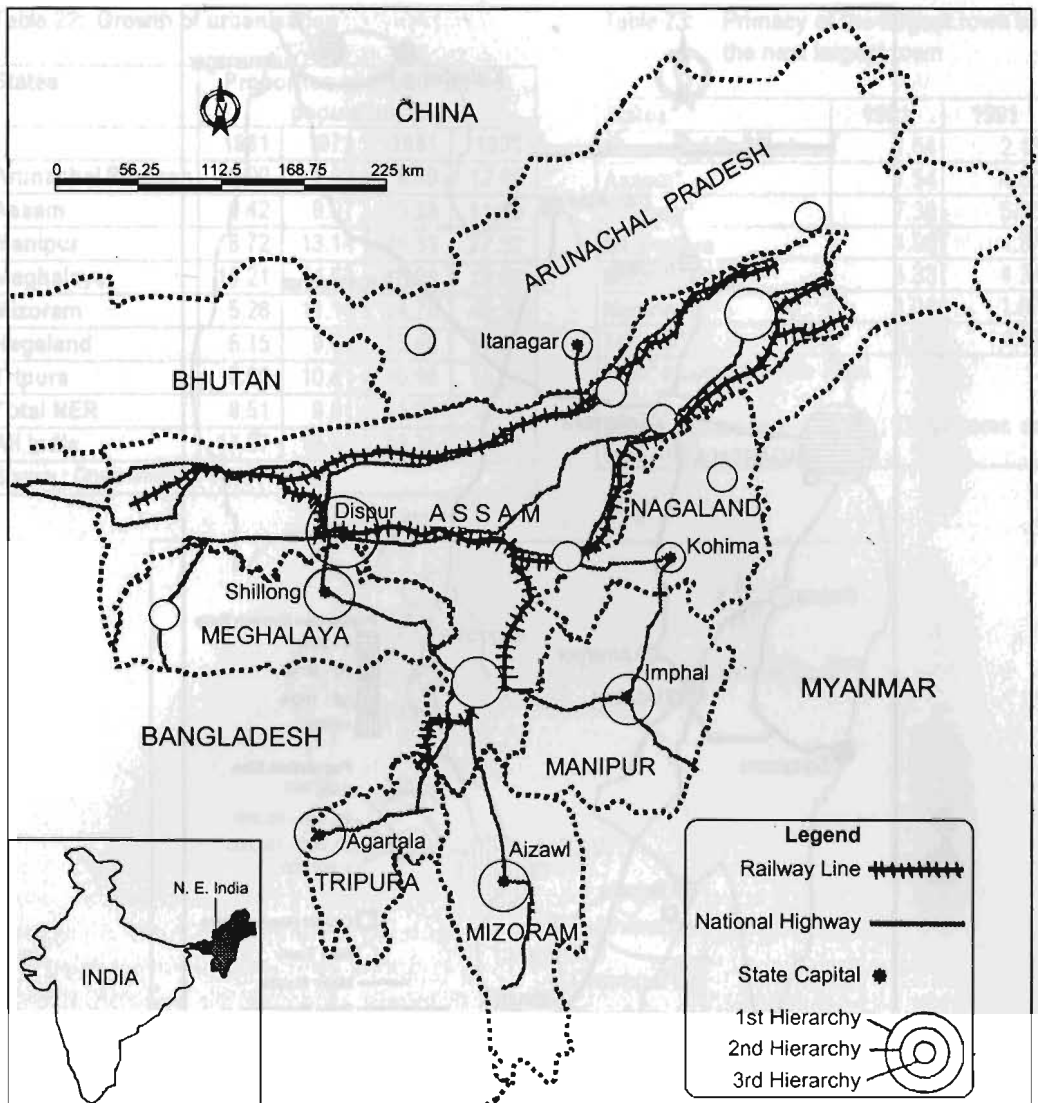


Figure 19: Hierarchy of urban centres and transport net

Table 21: Distribution of towns by size class (1991)

States	I	II	III	IV	V	VI	Total
	> 100000	50000 to 100000	20000 to 50000	10000 to 20000	5000 to 10000	< 5000	
Arunachal Pradesh	-	-	-	5	5	-	10
Assam	5	4	20	31	15	12	87
Manipur	1	-	3	5	17	4	30
Meghalaya	1	-	2	1	3	-	7
Mizoram	1	-	2	2	5	12	22
Nagaland	-	2	2	3	2	-	9
Tripura	1	-	4	7	4	2	18
Total	9	6	33	54	51	30	183

Source: (Government of India 1995)

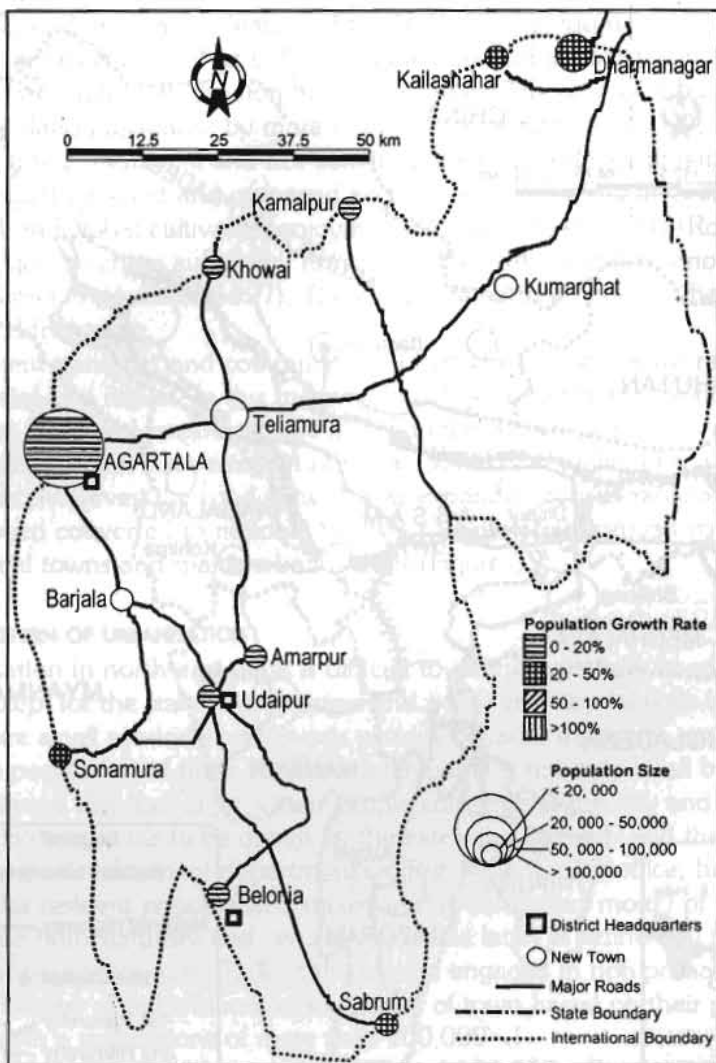


Figure 20: Tripura – distribution and growth rate of towns (1981-91)

low at less than 10%. However, the three hill states of Arunachal Pradesh, Mizoram, and Nagaland had a higher urban growth between 1961 and 1991 compared to Assam and Tripura (Table 22).

FACTORS CONTRIBUTING URBAN GROWTH

The high growth rates of urban population are attributable to two major factors. Firstly, urbanisation in all the states of the region is characterised by the presence of a primate town, which is also the state headquarters, dominating all other towns within the state. These primate towns in most states are extremely large—almost five larger than the next largest town (Table 23). Nagaland and Arunachal Pradesh are exceptions. Thus, the rise in the rate of urbanisation is largely governed by the rate of growth of the primate towns. In cases where the rate of growth of the primate towns has fallen, e.g., Manipur and Meghalaya, the urbanisation rate of the state has also fallen.

Table 22: Growth of urbanisation

States	Proportion of urban to total population (%)			
	1961	1971	1981	1991
Arunachal Pradesh	0.00	3.63	6.49	12.80
Assam	8.42	9.07	10.29	11.10
Manipur	8.72	13.14	26.39	27.52
Meghalaya	15.21	14.53	18.04	18.60
Mizoram	5.26	11.14	24.70	46.10
Nagaland	5.15	9.88	15.48	17.21
Tripura	9.02	10.41	10.96	15.30
Total NER	8.51	9.61	11.92	13.89
All India	17.97	19.91	23.31	25.71

Source : Government of India (1993a)

Table 23: Primacy of the largest town to the next largest town

States	1981	1991
Arunachal Pradesh	1.54	2.13
Assam*	1.54	4.50
Manipur*	7.39	5.96
Meghalaya	4.96	4.87
Mizoram	4.33	4.34
Nagaland	1.04	1.07
Tripura*	6.35	4.49

Note: * Includes the plain areas.

Source: Government of India (1993). Census on India, 1991

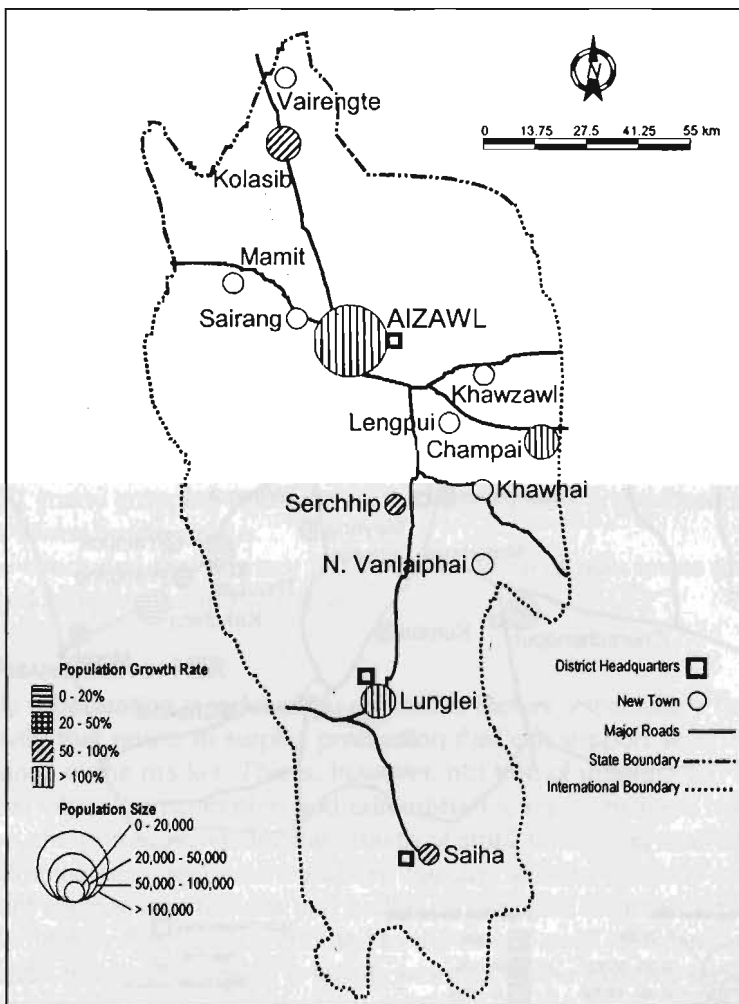


Figure 21: Mizoram distribution and growth rate of towns (1981-91)

Table 24: Number of Towns 1981 & 1991

States	1981	1991
Arunachal Pradesh	6	10
Assam	80	87
Manipur	32	30
Meghalaya	7	7
Mizoram	6	22
Nagaland	7	9
Tripura	10	18
Total	148	183

Source: Government of India (1993a)

Secondly, the urbanisation process is also helped by the addition of new towns. States such as Arunachal Pradesh, Assam, Mizoram, and Tripura have seen substantial additions of new towns. Almost 40% of the new towns are in the hills. Conversely, the low rate of urbanisation in Manipur is because of the loss of two towns during the 1981-91 period. Nagaland shows a slight increase and in Meghalaya there were new towns during the period (Table 24).

The sharp increase in the number of

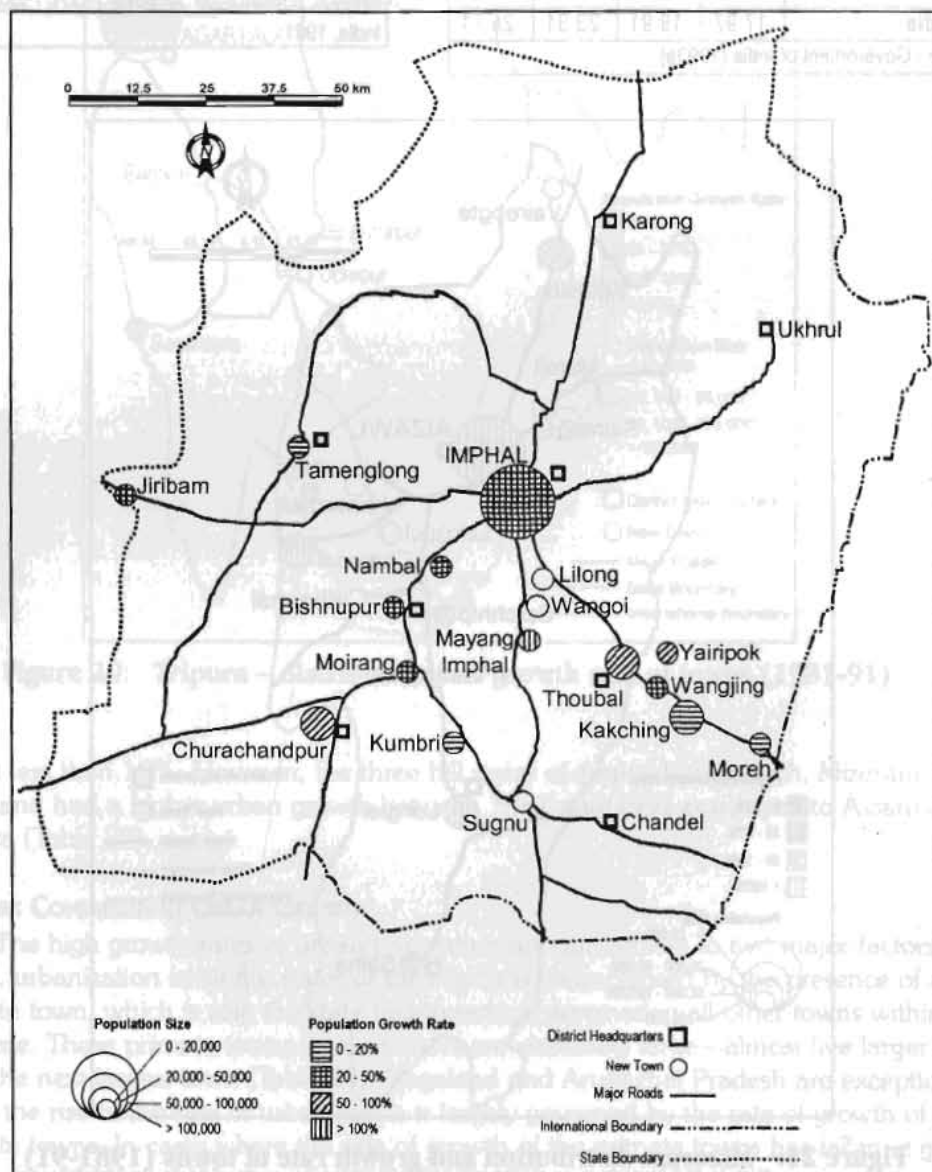


Figure 22: Manipur – distribution and growth rate of towns (1981-91)

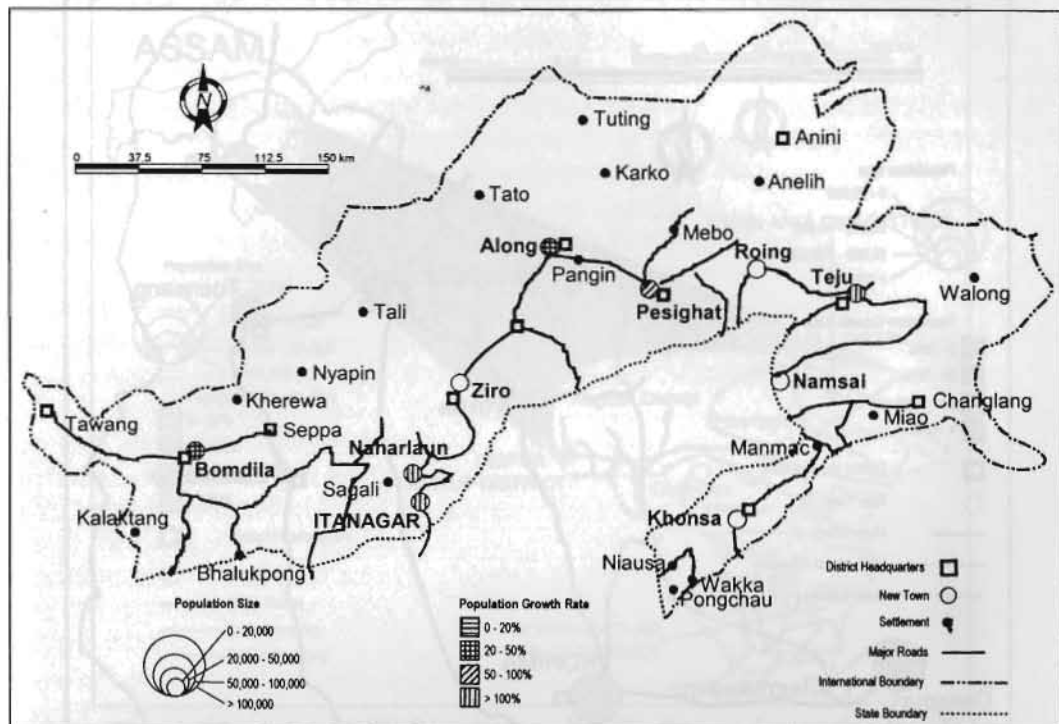


Figure 23: Arunachal Pradesh – distribution and growth rate of towns (1981-91)

towns in Mizoram is explained by the government, in collaboration with the security forces, adopting the policy in 1967 of regrouping villages to protect against attacks by insurgents. During this period 516 villages were evacuated and the people moved to 110 existing settlements leading to a tripling of population in the grouping centres located mostly along the main roads (Nunthara 1989). Although the policy was abandoned in 1980, many grouping centres grew into small towns and subsequently became designated as towns by the census.

It can be concluded that primacy factor and addition of new towns are behind the process of rapid urbanisation in the region.

PROCESS OF URBANISATION IN NER

Normally urbanisation is induced by economic factors, especially a rise in agricultural productivity that results in surplus production that can support secondary processing and exchange in the market. This is, however, not true of urbanisation in hill and mountain areas where transportation and administrative functions have been, and continue to be, the prime movers for the growth of small towns and market places. Apart from administration and road transport, tourism, location of army cantonments and recruitment centres, sanatoriums and health centres, and location of pilgrimage sites are some other factors that have contributed to the rise of small town and market centres. Urbanisation in mountain areas is largely induced by the external factors rather than internal economic processes. The eastern Himalayas are no exception. The first settlement was established by the British to house administration and troops in Shillong, the present capital of Meghalaya, which, with its population of 250,000, is one of the

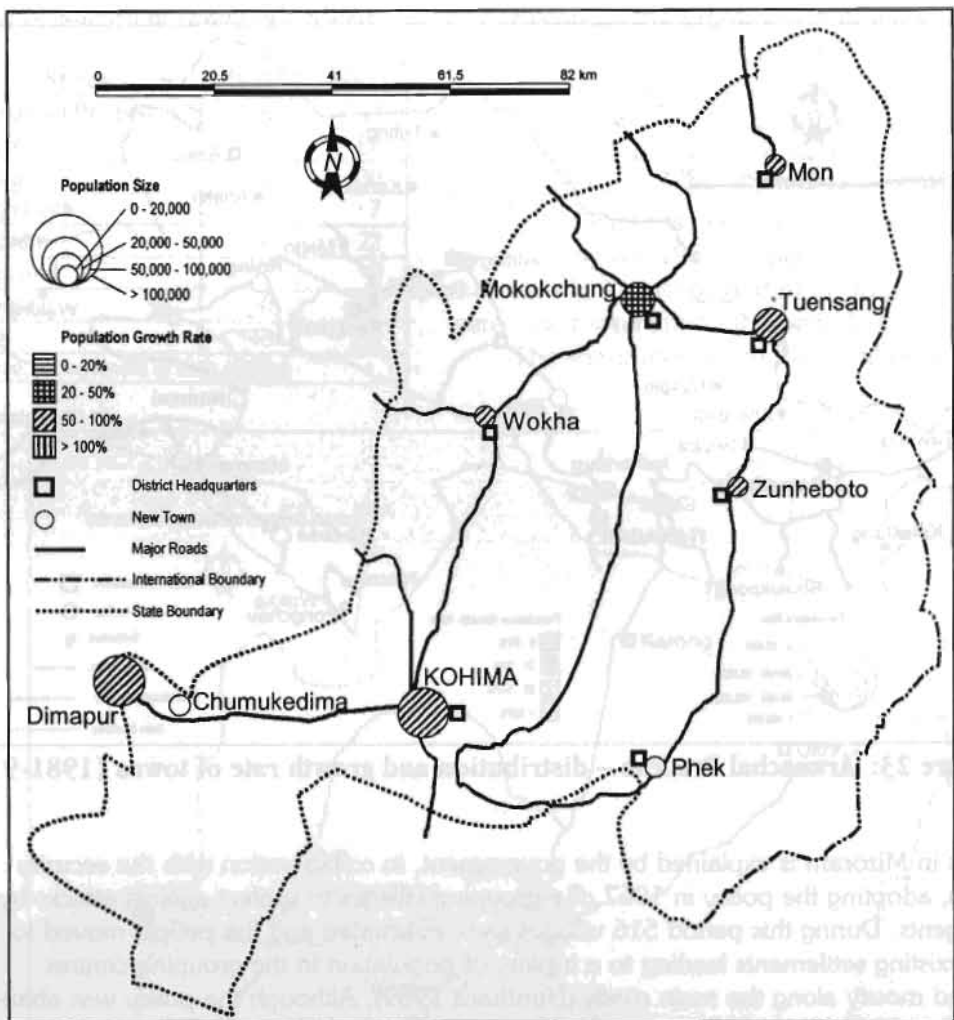


Figure 24: Nagaland – distribution and growth rate of towns (1981-91)

biggest mountain towns of India. More administrative centres and military garrisons were established during the Second World War when the north-east was an active front. After independence, the role of the administration underwent a change from maintenance of law and order to fostering planned development under government sponsorship. This brought more functions and responsibilities within the fold of the government. For administrative convenience, new small states were carved out of the undivided Assam. Thus, Nagaland was formed in 1964, Mizoram in 1971, and Meghalaya in 1972. Arunachal Pradesh was made a fully fledged state in 1987.

With the formation of new hill states, new capital towns began to emerge and acquire functions related to development and administration. In the next phase, the states opened up further with the creation of new districts, sub-divisions, and Community Development Blocks. This raised the number of district and sub-divisional headquarters substantially. Where there were only four hill districts on the eve of independence, there are now 41 districts: their headquarters house the district administration. The consequence of the creation of new states was the emergence of towns. To provide the requisite administrative infrastructure and staff, suitably located villages grew into town-

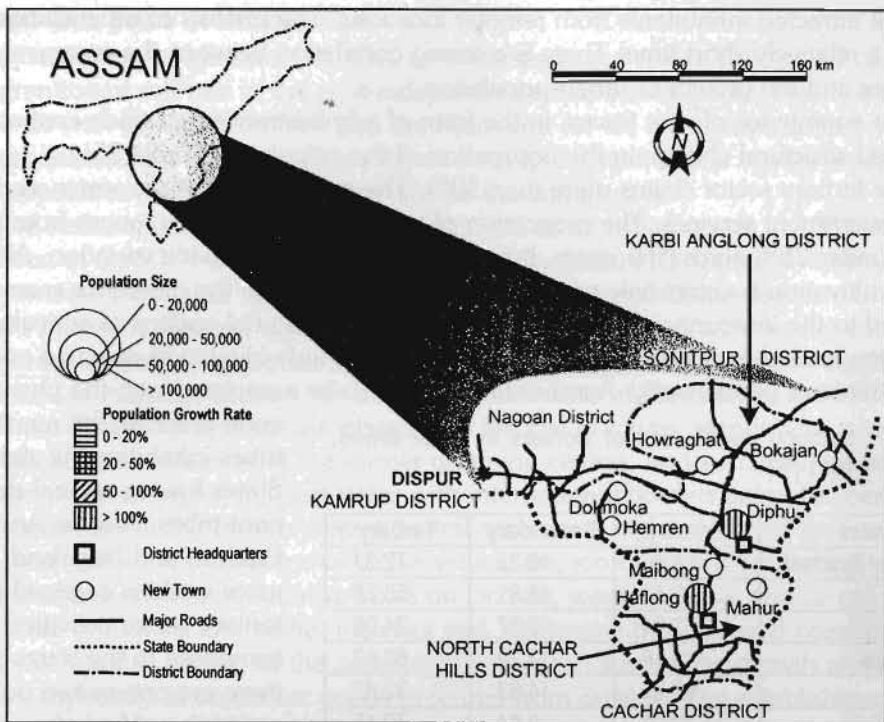


Figure 25: Assam (Hill Districts) – distribution and growth rate of towns (1981-91)

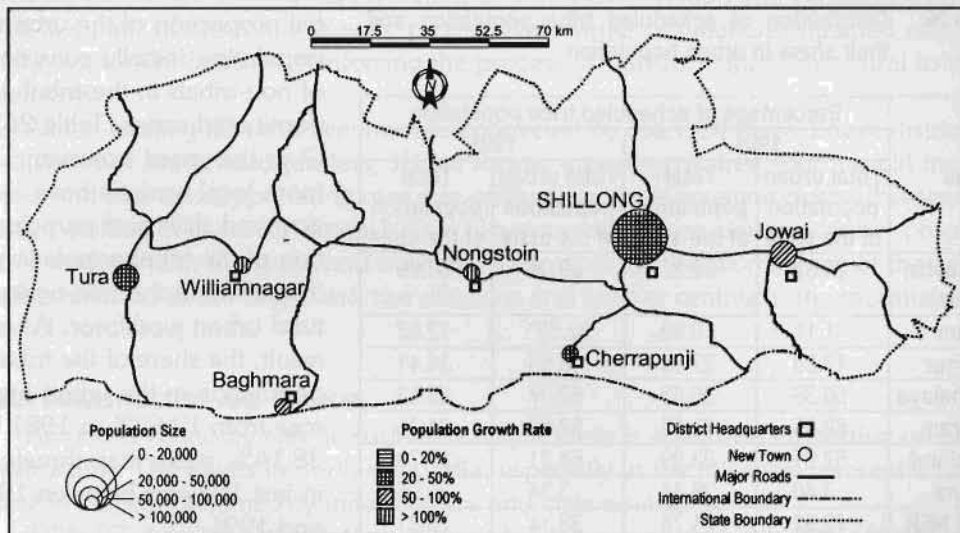


Figure 26: Meghalaya – distribution and growth rate of towns (1981-91)

ships that attracted inhabitants from remoter locations. The process of urbanisation took place in a relatively short time. There is a strong correlation between the emergence of new states and the growth of urban population.

The emergence of new towns, in the form of administrative and trade centres, also introduced structural change in the occupation of the population (Table 25).

The tertiary sector claims more than 50%. The majority of tertiary sector workers are in government services. The proportion of tertiary sector workers ranges from over 72% to under 25% across the states. It is difficult to explain this wide variation. Although shifting cultivation is commonly prevalent in all the hilly areas, the difference seems to be related to the insecurity of landholding in the typical tenurial pattern of agricultural land where land changes hands in different cycles and individual cultivators do not possess the land permanently. Another factor likely to be associated with the phenom-

Table 25: Sectoral distribution of workers in small towns, 1991 (%)

States	Primary	Secondary	Tertiary
Arunachal Pradesh	8.86	18.82	72.32
Assam	22.42	18.81	58.78
Manipur	62.24	13.67	24.08
Meghalaya	19.16	12.22	68.62
Mizoram	62.35	14.83	32.82
Nagaland	19.21	8.64	72.15
Tripura	16.79	14.82	68.29
NER	36.99	12.87	50.15

Note: Only the hilly areas of Assam, Manipur and Tripura; and excludes the primate towns of Mizoram, Nagaland and Meghalaya.

Source: Government of India (1993a)

Table 26: Distribution of scheduled tribe population and their share in urban population

States	Percentage of scheduled tribe population			
	1981		1991	
	Total urban population of the state	Total population of the state	Total urban population of the state	Total population of the state
Arunachal Pradesh	24.82	69.82	29.04	63.66
Assam	1.11	10.99	32.52*	12.82
Manipur	12.03	27.30	10.53	34.41
Meghalaya	56.36	80.53	62.37	85.53
Mizoram	89.05	93.55	92.93	94.75
Nagaland	52.91	83.99	61.31	87.70
Tripura	3.40	28.44	3.34	30.95
Total NER	12.52	21.76	38.14	25.81

Note: Relates to hill districts only.

Source: Government of India (1993a)

enon is social: the number of tribes inhabiting the state. States having several dominant tribes, such as Arunachal Pradesh and Nagaland, have more workers engaged in tertiary sector activities compared to the states where there are one or two dominant tribes. Meghalaya is an exception.

Most towns have their origin as administrative centres. In the absence of local trained workers, large numbers of tertiary sector workers migrated from outside. Therefore, a substantial proportion of the urban population initially consisted of non-tribals in the tribal dominated states (Table 26).

Over the years, however, more local workers have acquired skills and participation of the tribal population is increasing in the non-agricultural urban workforce. As a result, the share of the tribal population in the urban areas rose from 12.52% in 1981 to 38.14%, more than threefold, in just 10 years between 1981 and 1991.

MIZORAM: CASE STUDY IN URBANISATION

Urbanisation of Mizoram provides an interesting case study. The spread of Christianity, granting of self-rule in the post-independence democratic polity, high literacy rate, experience with grouping centres, and the Mizos zest for life have all contributed to the rapid urbanisation of Mizoram. The process has represented a clear spatial readjustment of the population thus decreasing pressure on the countryside.

The state capital, Aizawl, was first designated as an urban centre in 1951 with a population of 6,950. It was then headquarters of the Lusai Hill district of Assam. Urbanisation remained low until 1971 when the district was granted Union Territory Status and renamed Mizoram. Several villages were regrouped and merged with Aizawl and other roadside settlements. The growth of urban centres, many of administrative significance, contributed to making Mizoram the most urbanised state of the country in 1991.

Three distinct factors are associated with the rise of towns: recruitment in administrative services, stabilisation of the former grouping centres, and successful trade, business, and other enterprises. Tribal states with international borders enjoy the benefits of special treatment in the form of liberal central assistance, higher planned investment per capita, reservation in institutions of higher education, job opportunities through reservation, and above all exemption from taxes on income, wealth, excise, and so on. These benefits are translated into higher incomes and, consequently, increased consumption of a small but sizeable section of the population which can sustain the growth of trade and business, especially in consumer goods procured from outside. The establishment of a market within the urban and semi-urban economy, with the additional advantage of no tax, spurred local initiatives for trade and business ventures. Many professional traders from outside the state took advantage of the opportunities by setting up businesses in the name of locals who readily reciprocated. Aided by the expanding road network providing favourable access, a class of people with expendable incomes invested in activities such as plantation, orchards, and other rural enterprises. The new land-use policy introduced in 1984, under which blocks of two hectares of land were distributed to families, ostensibly to control shifting cultivation and promote settled cultivation, added further impetus to capital formation and market development. As villages followed this path of economic growth, progressively larger populations attracted additional government facilities, reinforcing the process of transformation from rural to urban settlements.

All the existing 22 urban centres are connected by road. Of these 12 are district, sub-division or block headquarters, 18 are former grouping centres, four are old trade centres and two are supported by wet-rice cultivation, an innovation over subsistence-oriented shifting cultivation (Singh 1996). Government service claims a higher proportion of workers than the trade and business. This confirms the prominence of the administrative function in the origin and rise of towns and market centres in the mountain areas of north-east India.

URBAN INFRASTRUCTURE AND SERVICES

An urban economy can be sustained only if there is adequate supportive urban infrastructure. The towns in north-east India, especially in the hill areas, present a mixed picture in respect of some key infrastructure and civic amenities.

Table 27 shows the percentage of households having selected facilities in urban places of the region. In respect of electricity, four out of seven states show higher coverage than the all-India average. Two states—Manipur and Nagaland—are level with the

Table 27: **Percentage of households having select civic amenities in urban areas (1991)**

States	Electricity	Toilet facility	Safe drinking water	Concrete houses * 1993
Arunachal Pradesh	81.0	75.1	81.6	NA
Assam	63.2	86.1	64.1	68.1
Manipur	75.5	70.2	52.1	10.2
Meghalaya	83.0	85.7	75.4	NA
Mizoram	85.5	84.4	19.9	51.3
Nagaland	75.6	75.1	45.5	58.5
Tripura	80.4	96.3	71.1	NA
India	75.8	63.9	81.4	73.8

Note: * Based on data from National Sample Survey Organization, 38, 44 & 49th rounds.

Source Kundu et al. (1999).

national average and Assam is below the national average. Viewed from the hills-plains' perspective, the performance of the hill states is better as Arunachal, Meghalaya, and Mizoram show more than 80% of households having electricity and Nagaland close behind with 75.6% against the national average of 75.8% of households.

In respect of toilet facilities, the north-eastern states far exceed the national average and reflect a cultural trait rather than economic prosperity. Despite some internal variations within the region, largely owing to economic and exposure factors, preference for toilet facilities among the people of the north-east

is uniformly high.

Concerning safe drinking water and quality of housing, the north-eastern states display a wide variation. Whereas, in Arunachal Pradesh, 81.6% of households have safe drinking water, which is a little over the national average of 81.4%, in Mizoram only 19.9% of households have safe drinking water. The north-eastern states have a preponderance of non-concrete and semi-concrete houses. These figures can be partially attributed to natural, social, and cultural factors specific to the region. A large segment of the population in these states depends on springs, streams, and rivulets for water that is generally potable and rich in minerals. However, these sources are not considered safe by the technical definition of safe water. Similarly, traditional houses, built with bamboo, mud, and so on, although of high quality and hygienic, are considered non-concrete in the classification (Kundu et al. 1999).

A nation-wide study of regional distribution of infrastructure and basic amenities in urban India has observed a high level of inequity in the provision of basic services across the states and size categories of urban centres (Kundu et al. 1999). The study found that 'investment for the development of infrastructure and basic services has not been spatially balanced' and, more specifically, the promotional agencies of the state have not exhibited sensitivity in favour of small and medium towns. It says that, 'given the resource crunch in the economy' and the declining trend in public investment under the liberalised regime, disparity in the levels of amenities across the states and size class of urban centres would be accentuated. Moreover, since public sector projects depend more and more on institutional borrowing and capital markets, this would emphasise the gap between rich and poor localities. The implications for the tribal hill states of north-east India are not good. Unfortunately, the towns in north-east India, being of recent origin, missed the benefits of subsidised amenities provided through government programmes during the 1970s and 1980s. Now, the withdrawal of government support and relegation of the provision of infrastructure to the market could have adverse consequences for regional equality, especially for small towns and market centres in remote hill and mountain areas.

URBAN GOVERNANCE

Urban governance has assumed added importance in the context of the market-driven urban development. Unfortunately, the north-eastern hill states are ill-equipped to meet the challenge because of their lack of experience. The idea of a modern state is new and alien to the traditional tribal culture that has always been village-centred. The mountain tribes of north-east India, subsisting on shifting cultivation, lived in small groups and enjoyed more or less sovereign powers over their territorial jurisdiction. Each village had its well-defined territory that was the common property of the whole group. All members of the group had the right to practice shifting cultivation on the village land. This way of living called for a strong regulatory authority at the village level to defend the village and community from external aggression, manage the common property resources, and maintain peace and order. This gave rise to two types of village government: autocratic chieftainship and republican-style village councils (Maithani 1997).

Although the form of government varied from tribe to tribe, in each case, the village council or chiefs exercised sovereign, authority over the village. They constituted the basic, as well as the apex, unit of administration dispensing justice and mobilising the village community for both defensive and productive collective action. The hill tribes have always managed their affairs independently of external control. The kings and maharajas of Assam and Manipur adopted a policy of peaceful co-existence with the tribal chiefs by not interfering in their internal affairs. The hill areas had only tenuous economic ties and related political arrangements with the kingdoms in the plains. It was only during the British period that they came under the political control of the colonial rulers. The British, also realising the difficulty of administering the tribal hill areas in accordance with the rules and procedures of a modern state, declared the hill areas non-regulated areas and allowed them to be governed by tribal customs and traditions.

Even after independence, hill tribal communities, fearing loss of identity, wanted and were granted protection and freedom to pursue their traditional way of life and control over their land according to their customary laws and practices under the Sixth Schedule to the Constitution. Even after the formation of separate states of Arunachal Pradesh, Meghalaya, Mizoram, and Nagaland, these areas continue to be governed under the protective cover of the Sixth Schedule and similar constitutional arrangements. This leads to the suggestion that, even today, these areas have not yet acquired the necessary experience and skills for administering the modern state apparatus. They are particularly weak in internal resource mobilisation and management of public finances.

The hill states of north-east India are, in a sense, confederations of old autonomous village states where governance was confined to interpreting the custom. The small towns and market places that have developed around various administrative centres have a sizeable section of non-tribal population. The tribal population in these places, unlike in the village, is mixed. The non-tribal population normally consists of government servants, petty traders, and artisans. Most of these new market centres and small towns lack a representative urban authority that could consider the needs of all sections and functional groups. There are no urban authorities; except for Kohima and Shillong that have Municipal Boards and Diphu and Halflong that are managed by town committees.

In the absence of any formal legislation for the administration of these urban areas, the majority tribal population is introducing its own town councils/committees based on the form and functions of the traditional village councils. These self-appointed bodies

not only try to impose the customs and practices of the dominant tribal community but are often found to be passive, if not inimical, to the needs and interests of the non-local population. There is a dominance of traditional tribal institutions that appear to be democratic and egalitarian structures from within but are highly regimented in their relation to outsiders. This has hampered the growth of market centres and small towns.

In Shillong, which has been the seat of administration of the whole of north-east India since the British time and is now the headquarters of Meghalaya, the authority of the Syemship (a traditional tribal institution) and the Municipal Board overlap in the regulation of trade and the administration of justice. This dual control not only creates confusion but, at times, gives rise to serious law and order problems when the traditional authority enforcing customary rules tends to work against the canons of modern civil laws. Similarly, Aizawl, the state headquarters of Mizoram, with a population of over 150,000, is governed by 61 village councils. Large numbers of small towns, created mainly as administrative centres, are administered by the state as they lack any democratic mechanism in the form of municipal and town committees. Most of these are in Arunachal Pradesh.

The hill states of the NER have a long way to go towards urban governance. Firstly, representative bodies, managing the development of towns and market centres, have to be put in place. Then these bodies will need to be enabled through delegation of adequate administrative and financial powers. So far, the entire development approach has focused on rural development through sectoral line agency programmes. Towns and market centres have been neglected largely because of their mixed population and a lack of appreciation of the role of towns in promoting rural development through functional integration. As the proportion of the tribal population in the non-agricultural urban work force is increasing, creation of local self-governing bodies for towns and market centres cannot be delayed further.

Once these bodies are created, some arrangement will have to be made for sharing revenue and grant-in-aid resources between the state governments and the urban authorities. The seventy-fourth constitutional amendment provides for strengthening urban local bodies to undertake planning and development responsibilities and transferring powers to them to generate adequate tax and non-tax revenue for this purpose. The constitutional recognition of municipalities has given them the right to exist with an autonomous identity (Minar 1997). Moreover, the amendment provides for the constitution of a nagar panchayat for a transitional area, i.e., an area in transition from rural to urban definition (Government of India 1993b). However, none of the hill states of the north-east has issued the notification regarding transfer of power and responsibilities to the local bodies. Moreover, in the specific context of north-east India where state governments themselves depend on central grant-in-aid to the tune of 90% of their budget, expecting nagar panchayats and Municipal Councils to raise their own resources is impractical. Given these realities, there is a need for the provision of special assistance to these states for the development of small towns and market centres.

POLICY ISSUES AND RESEARCH AGENDA

The country has a policy for the 'Integrated Development of Small and Medium Towns'. Urban areas with a population below 50,000 have grown fastest in backward areas over the last two decades. This growth has been largely because of migration of the unemployed rural workforce from hinterlands characterised by acute poverty, stagnant agricultural production, and lack of diversified occupational structure (Kundu

1992). Small towns suffer from a weak economy in the absence of an industrial base, scant commercial activity, and poor infrastructural facilities. The policy for the development of small towns rests on two points. The first is to check migration of rural workers to towns and cities by developing agriculture and creating more wage employment opportunities in rural areas through public works' programmes. The second is to strengthen the infrastructural facilities of small towns by investing in sanitation, construction of roads and drains, and provision of electricity and drinking water. The latter has been diluted with the progressive reduction of subsidies by the government during the 1990s as a consequence of the new economic policy. The Eighth Five-Year Plan (1992-97) envisaged cost recovery to be built into the municipal finance system. This has been reinforced in the Ninth Five-Year Plan (1997-2002) with the substantial reduction in budgetary allocation for infrastructural facilities (Kundu et al. 1999).

The current scenario portrays a bleak future for the health of small towns, especially in the interior hill areas of north-east India. To overcome these handicaps there are three possible courses available.

- One is to accelerate the pace of the existing and evolving pattern of urban and rural development by streamlining the process of socioeconomic and infrastructural development with greater emphasis on efficiency. Legal, administrative, and legislative measures required to infuse efficiency in economic and infrastructural sectors need to be more vigorous. Care will, however, have to be taken to ensure that hastened economic activity does not lead to the destruction of the environment leading to ecological imbalance in the fragile mountain ecosystem.
- The second is, given the vastness of the area and the small population base, to relocate the population scattered in tiny villages and settle them in a few places convenient for generating economies of scale and efficiency in the provisioning of social services. Settlement agglomeration is one of the solutions to providing basic services of health, education, drinking water, electricity, transport and communication in remote, dispersed mountain villages (Sharma and Khanal 1996). In fact, this strategy has been already tried in Mizoram in a different context. There is growing realisation that the scattered population cannot be helped if they remain where they are. The argument is that the best way to develop rural areas is to facilitate urban growth. In other words, the ultimate aim of rural development is urbanisation (Zohmangaiha 1994). It envisages converging the population of Mizoram into 10 townships that will release the land for afforestation, nature conservation, horticulture, and commercial plantation crops. Given the low population base and large area of Arunachal Pradesh and Mizoram, this policy could be economic and effective. The problem with such an approach would be to develop mechanisms that do not rely on coercion.
- The final alternative, which also stems from the favourable land: person ratio in the mountain areas of the north-east, is to resettle the rural population into clusters of farmsteads, each farm having about 10 ha of land. This way families will be able to devote their energies to developing farms along modern lines providing adequate income and purchasing power to the people. It is based on the premise that each rural family currently engaged in shifting cultivation in a 10-year cycle cultivates about 10 ha of land. However, the land under shifting cultivation constitutes only 2.5-10% of the total area of these states (Maithani 1998). If households are settled in consolidated blocks of 10 ha each, it will not only motivate farmers to give up shifting cultivation but will also relieve pressure on the remaining land and release it

for use for plantations and eco-restoration. The clusters of farms will be able to sustain the growth of towns and market centres on their own economic strength. Other issues connected with the development of small towns in the region are restrictions on the sale and purchase of land by non-tribals, continuation of inner line regulations for the entry of non-natives into the hill areas, and continuation of the restricted area permit system for the entry of foreigners. Not only are non-tribal populations restricted from buying land, but they are also banned from establishing businesses in these areas. Non-tribal businessmen often work as non-owners with licences for the shops and business establishments that are registered in the names of local tribals who profit from the rent. Given this restriction and the lack of business and entrepreneurial orientation of the tribals, private investment in market development is severely restricted. Similarly, continuation of inner line and restricted area permit systems have restricted the flow of tourists, thereby constraining the growth of tourism-induced market development.

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Chapter Five

Market and Small Towns of North-West Frontier Province, FATA and Northern Areas of Pakistan

Dr. Sheelendra Singh

Abstract: This study examines the development of market towns in the North-West Frontier Province (NWFP), Federally Administered Tribal Areas (FATA), Northern Areas and disputed territory of Kashmir within the context of Pakistan's rural and urban systems. It also identifies the role of these market towns in the region's economic, social and cultural development. The findings show that market towns in the region are primarily established as a result of the region's geographical location and its strategic importance. The region's market towns are primarily established as a result of the region's geographical location and its strategic importance.

The North-West Frontier Province (NWFP), Federally Administered Tribal Areas (FATA), Northern Areas and disputed territory of Kashmir occupies roughly 20% of Pakistan's total land area but only 2% of its population. Physically, the region is diverse. The northern part of the region is dominated by high mountains. The southern and western part is a mountainous plain, while the eastern and eastern part is plain. The region represents diverse agro-ecological systems from tropical subtropical forest to forest covered mountains, a wide range of natural resources, favourable climate and fertile soil. This region is the meeting point of the Indian, Chinese, Middle-Eastern and the northern region (Figure 5.1).¹

The region is a centre of trade for its mountain occupants and a major trading area in the lowland plains. In the western part, the NWFP was a major trading centre of the Northern Areas, agriculture products from the highland region were sent to the lowland areas to the east of Islamabad. In the west, exports on trade of raw materials for the whole of the area depend on the lowland plains. The exception of a few rivers, such as the Kabul, Indus, Ravi and Jhelum, in the western part of the region, no other rivers are available within the region are available. It was the westward trade route that the region depends on for trade to India and onward to China. The region is pre-occupied with the international trade, which belong to many other and highland regions.

Over the years, however, the trade has proceeded as before to Punjab, Islamabad and other lowland areas in the region. However, the NWFP and Northern Areas in the lowland plains are mountainous. The lowlands are a major trading centre in the region and the mountainous areas. The lowlands are a major trading centre in the region and the mountainous areas. The lowlands are a major trading centre in the region and the mountainous areas.

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