

Hills Economy of Manipur: A Structural Change

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The structural shifts during the past decade in the economy of the hill areas of Manipur reveal a marginal growth in agriculture and manufacturing. The predominantly rural character of agriculture with low productivity and operating under conditions of rural life and isolation that cannot easily be penetrated by modern economic methods remains one of the fundamental challenges faced in the hill districts of Manipur. Lack of modern institution and infrastructure put them in a disadvantageous position when competing with domestic and export markets. Under such situations the people have little options for promoting basic economic activity. This paper attempts to highlights the nature of hills economy of Manipur by examining the NSDP and employment share in different sub-sectors. The study put forward the importance of agricultural development in the hills areas of Manipur by reviewing the poverty level. It also examines the existing land system and its impacts on the economy.

Keywords: Agriculture, Economy, Hills NSDP, Land System, Poverty and Sectoral Employment.

The hill areas of Manipur, which is 20,089 Sq. Km. in size, comprise of five revenue districts and 24 subdivisions. The five revenue districts are Ukhrul, Senapati, Chandel, Tamenglong and Churachanpur. They constitute 90 percent of the total areas of Manipur and accounts for 38 percent of the total population of the state. The density of population in the hill districts is 44 persons per sq. km. as against the state average of 103 persons per sq. km. Majority of the population living in the hill areas of Manipur are rural residents with small pockets of urban populations found in Chandel district. It is home to tribal people who are 33 recognised tribes as well as other minor tribes under the groups of the Nagas and Kukis. The ethnoses of the hill areas of Manipur present a picture of homogeneity and heterogeneity among themselves and with their neighbours in Imphal Valley and other states of North East India, as well as Burma (Myanmar). According to Economic Survey of Manipur 2005-2006, in 2001 the total population of Manipur rose to about 22,93,896 from 18,37,149 in 1991. In most of the districts, except Senapati and

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Chandel districts, growth rate has declined during the decade 1991-2001. The population of Imphal valley accounts for 64.56 percent of the state population in 1991 and 61.54 percent in 2001. On other hand, the population of hill districts constitutes 35.44 percent in 1991 and rose to 38.46 percent in 2001. Growth rate of the hill districts is higher than those of the valley districts in the decades 1991-2001. Districts wise literacy rates show a wide gap of distribution even within the hill districts of Manipur. As revealed by Statistical Handbook of Manipur 2002, in 2001 the literacy rate of Senapati, Tamenglong and Chandel districts ranges from 50 percent to 58 percent. Whereas in Churachanpur and Ukhrul districts it is 74 percent and 68.96 percent respectively, which is higher than the State level, which is 68.87 percent. How this manpower is utilised in the hills is another issues impinging on the development of hill people (Bijoy 2005).

Economic Structure of Hill Districts of Manipur

Income and Employment

The structure of income and employment (measured by workforce) of hill districts as shown by Economics and Statistic Department of Manipur, Imphal, reveal that the Net State Domestic Product (NSDP) of the hill districts of Manipur constitutes 35.45 percent in 1990-1991 and 33.97 percent in 2000-2001 of the state total, which show a declining rate of 1.48 percent. The primary sector's contribution in the hill districts declined from 51.36 percent to 42.27 percent during 1990-91-2000-01. The secondary sector contribution has increased from 8.74 percent to 11.49 percent and the tertiary sector increased from 39.90 percent to 45.76 percent during the same period. In areas where wet-rice/terrace were practiced more by cultivators show a higher share of contribution from primary sector to the NSDP in 2000-2001, which were 46.45 percent in Senapati district and 43.74 percent in Chandel district respectively. While in areas where shifting or jhum cultivation were widely practiced the share of primary sector to NSDP is lower, that is 43.58 percent in Tamenglong district, 41.81 percent in Ukhrul and lowest in Churachanpur district that is 37.88 percent. The contribution of secondary sector to NSDP ranges from 10 percent to 14 percent, and the contribution of tertiary sector to NSDP ranges from 42 percent to 50 percent in all the hill districts of Manipur during 2001. The contribution of secondary sector to NSDP from manufacturing was 44.33 percent and declined to 36.52 percent, and construction was 41.99 percent and increased to 65.88 percent during 1990-1991 to 2000-2001. The contribution of service sector from trade, hotels and restaurant was 34.80 percent and declined to 25.80 percent, while transport, storage and communication was 3.05 percent and increased to 3.37 percent during the same period.

The decline of primary sector and the rapid increase of tertiary and secondary sector show initialisation of modern economic growth process where tertiary sector growth is fueled by manufacture. But secondary sector growth in the state is construction led rather than manufacture propelled and tertiary sector is clearly government led rather than a true service sector boom. Experience shows that in the early phase of economic growth fall in agriculture is proportionate with the rise in manufacturing because the demand for manufacturing increases much faster than productivity, as income grows, and in

overpopulated countries exporting manufactured products is their only way of providing full employment and food (Lewis 1997). Thus, with regard to output, and labor force in many countries, manufacturing was the major rapidly rising division in the economy (Kuznets 1966). From the rising role of secondary and tertiary sectors in the hill districts one can say that it is mainly through household industry such as handloom and handicraft. In public sector, factory or industrial activities are non-existent. The evolving tertiary structure of the hills economy, as well as in the valley, is mainly due to the pattern of plan investment in the state and the type of political economy that has emerged out of such developmental process. This happens because “the focus of the plans has been mainly on administrative, health, education, roads and bridges and other physical infrastructures. These are the reasons why the government accounted for one-third of NSDP in 2001-2002. One can imagine the strength of the vested interest groups, consisting of contractors, bureaucrats and politicians, who had a large say in the executive of schemes involving 78 pc of all plans fund” (Priyoranjan 2005).

Census based indicator known as the work force participation rates (WFPR) can be used as alternative source to figure out the employment rates of the hill districts of Manipur. Table 1 shows the work force participation rates in Manipur is 43.6 percent. While in the valley it constitutes 42.6 percent, in the hills it is 45.5 percent, which is higher than the state and the valley levels. It also reveals that the work force participation rates across districts of Manipur have a rate higher than the state average. But due to the persistence of shifting cultivation, low proportion of (High Yielding Varieties) HYV, low degree of mechanisation, low proportion of irrigated areas and lack of employment opportunity in the private sector due to lack of industrial base this higher rate of work force participation rates does not lead headway to income generation. A sectoral contribution to the NSDP from the hill districts shows the economy is moving toward tertiarisation. This phenomenon can be observed from sectoral compositions of workforce.

Table 1: Work force participation Rate in the District of Manipur, 2001

Districts	Workers	Population	WFPR
Chandel	54,545	1,18,327	46.1
Churachanpur	99,363	2,27,905	43.6
Senapati	71,888	15,6513	45.9
Tamenglong	50,863	1,11,499	45.6
Ukhrul	66,515	1,40,778	47.2
<i>Hills Total</i>	<i>3,43,174</i>	<i>7,55,022</i>	<i>45.5</i>
Manipur	9,45,213	21,66,788*	43.6

Note: * excludes population of the three Sub-divisions in Senapati.

Source: Census of India, 2001

Sectoral Compositions of Workforces

Sectoral compositions of workforces in the hill districts of Manipur by occupation is given in Table 2. It gives the picture of the population of workers whose main activity is

participation in any economically productive works involving physical or mental activities in various sectors. According to 1991 census report, out of 6, 51,157 total populations of the hills, 46.38 percent of the total populations are engaged as main workers and 1.71 percent are engaged as marginal workers. Whereas in 2001 census report (excluding Mao, Maram and Paomaita of Senapati District), out of the 7,55,022 total populations of the hill districts, 29.09 percent of the total population are engaged as main workers and 9.81 percent are engaged as marginal workers, and the rest 46.69 percent are non-workers. In hill districts, the proportion of main worker to total population decreased from 46.38 percent to 29.09 percent in 1991- 2001, whereas marginal workers increased from 1.71 percent to 9.81 percent in the same period.

As revealed in Table 2, in 1991, out of 7,08,283 main workers only 42.64 percent are from the hill districts with the majority of main workforces engaged in primary sector (84.43 percent) and a very less percentage of them engaged in secondary sector (2 percent) and tertiary sectors (14 percent). In 2001, there is a decline of some percentage in primary sector (12.23 percent) but still occupy the majority of the main workforces (72.2 percent), whereas secondary sector (3 percent) does not show much progress. The underdeveloped or destruction of small scale and cottage industries and unavailability of alternate manufacturing sector job creation may led to non development of workforce in the secondary sector. But tertiary sector shows a rapid growth that is 24.87 percent in 2001. The NSDP per worker in the hill districts works out at Rs. 12,214, Rs. 81,114, and Rs. 94,406 respectively in primary, secondary and tertiary sectors. This shows that an average primary sector worker is placed in the most disadvantageous position. One major implication of the relatively low per worker output in agriculture in the underdeveloped countries is that a large proportion of the population is attached to a sector with low productivity operating under conditions of rural life and isolation that cannot easily be penetrated by modern economic methods (Kuznets 1966). The very low productivity of the land most households make out a living by maintaining a diversified pattern of occupation; no single activity provides sufficient resources to entirely ensure their livelihood. At the same time, the historical isolation of the hill areas and its people has slowly been broken down. The increasing penetration of manufactured goods and expansion of modern commercial forces that have gradually dislocated many traditional off-farm activities and adversely affected groups associated with these activities, particularly craftsmen and artisans. The hill people have been migrating, both seasonally and permanently, in search of alternative economic activities outside the village.

The economy of the hill districts as seen above gives a grim picture. The decline in the share of agriculture in the total NSDP, though a healthy sign of development is not accomplished by a corresponding decline in the share of workforce in this sector. A major share of population is still engaged in primary activities.

Agriculture

Agriculture is not only the main source of livelihood but also a traditional way of life enjoying a place of pride in the socio-economic life of the region. In the hill areas, traditional, measures and practices have been evolved by the people themselves through informal experimentation over the generations. Broadly speaking, they are location-spe-

Table 2. Sectoral Composition of Main Workforce in Hills districts of Manipur by Occupational Sector

Districts	1991				2001			
	Primary	Secondary	Tertiary	Total	Primary	Secondary	Tertiary	Total
Senapati	94,896	1,053	8,732	1,04,681	37,915	1,421	10,537	49,873
	90.66	1.00	8.34	14.78	76.02	2.85	21.13	7.56
Tamenglong	34,597	749	3,864	39,210	34,413	709	8,231	43,353
	88.54	1.91	9.85	5.54	79.38	1.63	18.99	6.67
Churachanpur	60,319	2,089	12,484	74,892	47,754	2,610	21,569	71,933
	80.54	2.76	16.67	10.57	66.39	3.63	19.98	10.91
Chandel	27,434	582	6,285	34,301	28,265	1,492	10,178	39,935
	79.98	1.70	18.32	4.84	79.78	3.74	25.48	6.06
Ukhrul	37,759	822	10,352	48,933	36,981	1,266	13,317	51,564
	77.16	1.68	21.16	6.91	71.72	2.45	25.83	7.82
Hills Total	2,55,005	5,295	41,717	3,02,017	1,85,328	7,498	63,832	2,56,658
	84.43	2	14	100.00	72.2	3	25	100
With state	84.43	1.76	13.81	42.64	72.21	2.92	24.87	38.92
Manipur	4,95,792	68,408	1,44,087	7,08,283	3,27,628	43,163	2,88,573	6,59,364

Sources: Statistical Handbook of Manipur 1992, Statistical Abstract Manipur 2005 and Economics Survey Manipur 2005-2006

cific and small in scale, diversified and interlinked in their operations; are often land extensive and centered on locally renewable resources; are mainly supported by folk knowledge and informal social sanctions, and generally have lower input and lower but stable productivity (Jodha, 1996). Lack of modern institutions, the persistence of primitive and primordial methods of cultivation that is slash and burn/shifting/swidden cultivation and due to the increasing population pressure on land and shortening of jhum cycles agricultural productions were declining and it “has to heavily depend on the valley for food supply” (Thuanliang 1997). Agriculture in the hills has slowly and steadily moved towards diversification as “nowadays many jhumias have started planting horticultural crops like banana, papaya, mango, lemon, citrus, pineapple, etc. during the fallow periods to have a permanent place of cultivation and have a stable income” (Sumarjit, Luikham, Kunjaraj and Ram 2006). The increasing demand of cash income from farming has made marketing facilities fundamental to rural development. In the hill areas there are limited markets for their produce due to sparse population, less consumption, difficult terrain and high transportation costs to deliver products to densely populated distant markets. The hill people are in a considerably disadvantaged position when competing with farmers in more accessible areas in the domestic export markets, and as such they receive less benefit from the same opportunities.

The transport that gives “place utility” to farm product is one of the main problems in Manipur. As motorable roads do not properly connect most of the production areas and in some of the interior areas there is not even a road where even bullock carts as a means of transport for bringing farm products to the assembling centers cannot be used. Consequently, the farmers have to sell their commodities at a lower and uneconomical price to the itinerant traders at their farm itself (Rajagopal n). In hill areas formal credit

systems are either inaccessible or unaffordable, which forces farmers to depend on informal credit sources available on high interest rates from local money lender, local financial society, friends, etc. Rasul and Karki (2007) reveal that in all hill states in India the flow of institutional credit per hectare of cultivated area is much lower than the national average. Per hectare institutional credit in the Indian Himalayan states varies widely from 3-63 percent of the national average, with the lowest per hectare credit registered in Manipur (3 percent), and the highest rate registered in Himachal Pradesh (63 percent).

According to Tribal Bench mark survey of 1982, in Manipur 92 percent of the total families are cultivators of which 72 percent are engaged in jhum cultivation. According to the Directorate of Economics and Statistics Department of Manipur, out of 66.45 thousand hectare estimated area under rice by type of cultivation in the hill districts of Manipur during 1985-86, 37.97 percent was under jhuming and 62.03 percent was under permanent cultivation (Land Utilization Survey of Manipur 1985-86). In 1990-91, out of 56.07 thousand hectare estimated area under rice by type of cultivation, 42.46 percent sown area was under jhuming and the remaining was under permanent cultivation (Report on Crop Estimation Survey of Manipur 1990-91). Then in 2000-2001, out of 67.96 thousand hectare estimated area under rice by type of cultivation, 58.55 percent sown area was under jhuming (Report on Crop Estimation Survey of Manipur 200-01). This shows the farming system of the hills districts of Manipur increasingly continues to rely on primitive types of cultivation. This prolongs dependence on the age old practice is, perhaps, a sign of "primitive economy" (Mohendro 2001).

According to Crop Estimation Survey of Manipur 2000-01, area under HYV rice and improved seeds in the hill districts is only 8.24 percent of the total state. Whereas areas under rice by other seed (local varieties) constitute 77.28 percent during the same period (Crop Estimation Survey, 2000-01). According to Statistical Abstract of Manipur, 2005, the total consumption of fertilizer in 2000-01 in hill areas is only 6.43 percent out of the state totals (i.e. 46,747 tones) and an estimated area under rice by different types of irrigation was only 11.93 ('000 hec) out of the state total 44.98 '000 hec during the same period. "Although the land-person ratio is higher in the hills than in the valley, agricultural productivity has been very low" (Singh 2007: 253). Table 3 shows that the yield rates of rice from the hill district of Manipur from 1986-2001 are almost stagnant i.e. 1708kg/hect in 1986, 1460kg/hect in 1991, and 1942kg/hect in 2001. The increase and decrease of the yields mostly depends on the increase and decrease in areas (i.e 66.45 '000 hec. in 1986, 56.07 '000 hec. in 1991, and 67.96 '000 hec. in in 2001) and not from the application of modern inputs like HYV seeds, fertilizer and irrigation.

The Food and Agricultural Organization (FAO) defines food security as a situation which "exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life" (FAO, 2010). Self-sufficiency in food grains is an important requirement for food security, but in most cases it is not a sufficient condition. In the hills of Manipur where dispersed population living in remote, intractable and poorly connected terrains, and poor infrastructure, local self-sufficiency is crucial for food security. Based on our estimate of rice requirement and production, the agrarian sector in

Table 3. Areas, Production and Yields of Rice in Hill Districts of Manipur

District	1986			1991			2001		
	A= '000 hec	Y= kgs/hect	P= '000 tonnes	A= '000hec	Y= kgs/hect	P= '000 tonnes	A= '000 hec	Y= kgs/hect	P= '000 tonnes
Senapati	21.39	1628	34.38	21.1	1578	33.29	23.23	2291	53.23
Tamenglong	11.02	1196	13.18	9.01	1018	9.17	9.19	1193	10.96
Churachanpur	10.87	1512	16.43	3.47	1459	12.36	12.6	1864	23.49
Chandel	6.11	1372	8.38	5.51	1194	6.53	9.41	1241	11.68
Ukhru	17.06	2411	41.14	11.98	1712	20.51	13.53	2409	32.6
Hills	66.45	1708	113.51	56.07	1460	81.91	67.96	1942	132
Manipur	164.6	2020	332.5	157.4	1742	274.2	157	2432	381.7

Sources: Report on crop Estimation Survey 2000-01 & 2001-02, Report on Crop Estimation Survey 1990-91, 1991, Crop Utilisation Survey in Manipur 1985-86, 1986

the hills had surplus in the first period and then it fall back to deficit economy that is +10, -64, -38 in 1986, 1991 and 2001 respectively as shown in Table 4. A hard marginal life, continuous work just to survive, inability to produce surplus, low return from labour, little security of life, poor diet and nutrition, and a universal level of livelihood which is an impediment to economic development (Nietschmann 1971: 83). The food deficit economy of the hills is reflected on mass poverty of the regions.

Table.4. Areas, Production and Rice Status in Manipur Hills(1986-2001)

Year	Hills Population (in Lakhs)	Areas ('000 hec)	Demand ('000Ton nes)	Rice Production ('000Tonnes)	Surplus/ Deficit ('000Tonnes)	Percent Surplus/ Deficit
1986	4918	66.45	101.80	113.51	11.71	+10
1991	6512	56.07	134.79	81.91	- 52.83	-64
2001	8821	67.96	182.59	132	- 50.59	-38

Sources: Crop Estimation Survey 1990-1991 and 2000-01 and 2001-02, Directorate of Economics and Statistical Dept. of Manipur
Note: Demand per person per annum at 207 kg as in NSS.

Poverty

According to Eight Five Year Plan 1992-97, the hill districts, except Senapati, are reel-ing under acute poverty mainly due to under utilisation of their natural resources and lack of infrastructure. The percentage of population below poverty line in various dis-tricts of Manipur is shown in Table 5. The percentage of population living below poverty line in the hill districts is between 51 and 64 percent. In Senapati, the poverty infested people forms 21.57 percent of the population, which is the lowest in the entire state mainly due to better connectivity and enterprising nature of the people (Singh). Serto (2000) studies on poverty situation in some of the hill districts of Manipur finds that the problem of poverty still continues to be serious among the Scheduled Tribes in the hill

Table 5. Percentage of Population below poverty line in various Districts of Manipur

DISTRICT	Percent of Population below poverty line
Imphal East/ West	48.87
Thoubal	42.02
Bhishnupur	38.01
Senapati	21.57
Tamenglong	55.1
Churchandpur	51.78
Chandel	64.07
Ukhrul	52.28

Source: Eighth Five-Year Plan 1992-1997

areas of the state. According to his findings, out of the total of 325 families in two hill districts of Manipur, 278 families (85 percent) are found living below poverty line. According to 61st Round of NSS, 22.26 percent (in rural areas) and 3.3 percent (in urban areas) of the population of Manipur are living below poverty line during 2004-05 (Economics Survey of Manipur 2009-10). In 2007, the study of John S. Shilshi (2007) reveals that, 58.34 percent of the tribal population in Manipur is living below poverty line. Bijoy (2009) states that, “the persistent predominance of shifting cultivation, low proportion of use of HYV or improved varieties of seeds, low degree of mechanisation and low proportion of gross irrigated area in the hills are closely linked with the issue of land ownership related incentive system”. He further states that uncertain tribal land ownership system and low agricultural productivity have been one of the factors behind persistent poverty in tribal or hill areas of Manipur.

Land System

The ownership of Land in the hills districts of Manipur is patterned after kinship relation within the community. Land belongs to the whole village community. The village chief, the village council and the intra-clan head of the village were the institutional heads for the smooth functioning of the land system based on community ownership rather than private ownership. Kamei (2009) notes that “the Naga land system covers the community land, clan land and individual land. There is a strong community ethos behind the system. The Kuki-Chin system is based on the ownership of land or the whole village vested in the chief who is a hereditary functionary”. Traditionally land becomes the village common property and every villager has the right to access equitably, defend, and to look after for the welfare of the village. Land, thus, becomes not only a material resource but also a symbolic domain that regulate social exchange, livelihood and political power (Priyoranjan 2009). These types of ownership are regarded by many eminent

scholars as unproductive since less incentive has been created to the cultivators to invest for further improvement and profit making. Agricultural land as CPRs would be subjected to significant management problems, including temptations to free ride on investment costs. The lack of incentives to invest and innovate would lead to stagnation; even decay (Dasgupta 2004). It also deprives farmers of access to formal credit, inputs, and other institutional services required to improve agricultural practices. Most importantly, they do not provide incentives to shifting cultivators or forest dwellers to be true stewards of the land and its resources and provide disincentives instead (Serto 2004).

From time to time the Government of Manipur has been trying to enforce new land laws in the hills areas of Manipur but failed to implement successfully. The Manipur Hill People's Regulation Act, 1947 and The (Hill Areas) Village Authorities Act 1956 diluted the traditional polity and did not affect the land holding system, but recognise it as a "statutory unit of administration" (Kamei 2009). Land reform acts such as Manipur Land Revenue & Land Reform Act, 1960 which disrupted the traditional land system was vehemently opposed by the tribal peoples of Manipur out of fear from being alienated of their land and to protect their culture and custom because "all matters relating to lands in the hills areas are governed by customary laws" (Das 1995). As such land laws in the hill areas of Manipur are still governed by tribal customs and practices and exist outside the state control. A number of factors have helped sustain and consolidate the authority of traditional social forces in Manipur hills (Hassan 2006). The Manipur Hill Areas District Council Act 1971 was also rejected on account of non-inclusion of the Sixth Schedule in the hill areas. A new law "Hill Areas Autonomous District Council Act, 2000" was enacted by the state assembly. But this Act was repealed by the Government of Manipur in March 2006 pass another act, "The Manipur Hill Areas District Council Act 2008". Therefore, the decision lies on the people, whether to demand for Sixth Schedule or accept the Act of 2008 (Kamei 2008).

For tribal people, "land is not merely an economic assets, land managed according to their community-based, customary law is also the centre of their identity" (Fernandes, 2011). Land becomes "a source of productivity and prosperity, losing the same could be source to ethnic conflict and human rights violation" (Debbarma 2007). Any programme or plan to alter or encroached their ancestral land led to ethnic conflict and disturbances on the livelihood of the peoples. The claim of one adversely affects the interest of others (Gangte 2007). The idea of "land for each ethnic group is the immediate extension of the body self" (Singht, Thiyam n).

Recent ethnic conflict like, the Naga-Kuki conflict during the 1990s, the Thadou-Paite clashes in 1997, and the Hmar displacement in 2006 (because of underground clashes and harassment) are worthwhile mentioning. The best example is the ethnic conflict that broke out between the Nagas and the Kukis during the 1990s. The conflicts took a toll of several hundred human lives and a number of villages were completely razed to ground. A few thousand people were permanently displaced from their home (Das 2007). This conflict caused the largest single displacement of population in recent time (Phanjoubam n). The conflict has been concluded but the bitterness still remains. Till now land issues have not been reconciled between the two communities. Both remain sensitive to any possible development which may give one edge over the other

(Mangi 2009).

With the invasion of modern state institution norms and markets forces, private property and accumulation consciousness inevitably cut at the moral foundation of the tribal land system. Traditional institutional frameworks such as customary laws and regulation, administrative machinery and institutions have been slowly broken down and replaced by modern administration and state organs. These are yet to be popularly accepted by the tribal people, especially among the elderly people who recognise and respect their traditional institutional and administrative set up (Faustine, Diyamett, Towo 2002). This gives rise to conflict between “tradition” and “modernity”. The beneficiaries of some of the decaying traditional institutions often clash with the interests of the emerging elites as the latter are much better placed for deriving the benefits of the modern institutions (Goswami 2002).

Conclusions

The need for economically viable and environmentally sound development programmes and their effective implementation are clearly the major concern of hills development strategy. The array of problems in the hill areas are formidable, long before development forces have had a chance to established strong institutional roots. There is virtually little growth in the productive sectors of agriculture and manufacturing. The increasing share of secondary and tertiary sectors to total NSDP is not contributing to the real growth of productive base of the economy. Major share comes from construction and government job instead of manufacture and banking services. “These are actually not directly productive and in many ways retarded economic growth through the negative of distorted rent seeking political economy” (Gyanendra 2009). The need of the hills economy is to bring about favourable changes in various existing institutional structure - social, economic, political, and technological institutional. However, the nature of change must be in such a way that it will not lose its separate identity, because the issue of tribalism is that institutions are the framework within which cultures thrive and identities are form. Just as modes of production change over time and give birth to efficient production processes, institutions have also to change and give birth to new culture, cultures that strengthen our identities rather than destroy them.

The economy of about 70 percent of the population engaged in agriculture sector is necessary to strengthen the provision of effective institutional support based on local agro-ecological and socio-economic conditions. Deficiencies in the institutional environment or attitudes unfavorable to change are critical limiting factors; and in any event, continuing improvement in institutions and incentives can be expected to facilitate agricultural progresses (Johnston and Mellor 1961). Economic development typically involves a number of closely related changes for the rural household: a shift from subsistence to market oriented production, from sale of primary produce to sale of semi-processed or processed goods, from self employment to wage employment, and so on. At the macro level, structural changes in the economy as a whole is required, most notably a shift from agriculture to industry to services, often accompanied by migration from rural to urban areas. But such changes are gradual, and some of them may not respond to increased economic opportunities, but to reduced viability of traditional activities. The

tribal practice of outmoded or unproductive activities will not disappear immediately. A series of gradual displacements in different sectors need to be brought about. A land system which takes into consideration the tribal traditions and democratic ethos of the constitutions need to be regulated. The question on the claims of proprietorship over land and demands for independence between the Nagas and the Kukis will continue inevitably and the ethnic clashes and internal tension between them will continue until a proper solution is made by the State and Central governments. Availability of proper institutions, infrastructures, coordination, committed leadership for development, balanced sectoral development, integrated development plan and proper management of resources with involvement of the local people and to provide general sensitivity to specific conditions by blending the rational of traditional measures with the formal technological and institutional intervention is utmost importance in hills economy of Manipur. The secret of successful development is to provide a framework which induces people to make the best use of the opportunities which exist in their economy and environment (Sanwal 1983).

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