View metadata, citation and similar papers at core.ac.uk
brought to you by CORE
provided by Research Papers in Economics

UNITED NATIONS UNIVERSITY

UNU-WIDER
World Institute for Development Economics Research

Research Paper No. 2006/78

Reconstruction from Breakdown in Northeastern India

Building State Capability

M. Sajjad Hassan*

July 2006

Abstract

The northeast region of India remains fraught with severe violence, poor growth and acute frustration among its youth. Success of policies to resolve the region's crisis has proved less than encouraging. What could be the way out of the violence–poor growth trap? This paper argues that a key determinant of the instability in the region is the absence of the effective role of the state: to provide security and opportunities for social and economic wellbeing equitably to all sections of society; and to uphold the rule of law. For reconstruction to work the state must act to provide key political goods to all its citizens, and restore its legitimate authority by implementing policies and enforcing laws cleanly and transparently. Political leaders can contribute to this endeavour by organizing politics inclusively.

Keywords: conflict, reconstruction, state-building, capability, legitimacy, rule of law, governance, institutions, development, growth, cohesiveness, inclusive politics
JEL classification: R11, R58, O18

Copyright © UNU-WIDER 2006

*DESTIN, London School of Economics

This study has been prepared within the 2005 UNU-WIDER Internship Programme, and is published in the Reconstruction in Conflict and Post-Conflict Societies project, directed by Tony Addison.

UNU-WIDER acknowledges the financial contributions to the research programme by the governments of Denmark (Royal Ministry of Foreign Affairs), Finland (Ministry for Foreign Affairs), Norway (Royal Ministry of Foreign Affairs), Sweden (Swedish International Development Cooperation Agency—Sida) and the United Kingdom (Department for International Development).

ISSN 1810-2611 ISBN 92-9190-856-8 (internet version)

Acknowledgements

I am grateful to Tony Addison and to participants at a seminar at UNU-WIDER, where an earlier draft of the paper was presented, for their useful comments.

The World Institute for Development Economics Research (WIDER) was established by the United Nations University (UNU) as its first research and training centre and started work in Helsinki, Finland in 1985. The Institute undertakes applied research and policy analysis on structural changes affecting the developing and transitional economies, provides a forum for the advocacy of policies leading to robust, equitable and environmentally sustainable growth, and promotes capacity strengthening and training in the field of economic and social policy making. Work is carried out by staff researchers and visiting scholars in Helsinki and through networks of collaborating scholars and institutions around the world.

www.wider.unu.edu *publications@wider.unu.edu*

UNU World Institute for Development Economics Research (UNU-WIDER)
Katajanokanlaituri 6 B, 00160 Helsinki, Finland

Camera-ready typescript prepared by Lorraine Telfer-Taivainen at UNU-WIDER.
Cartography by Christopher Beacock.

The views expressed in this publication are those of the author. Publication does not imply endorsement by the Institute or the United Nations University, nor by the programme/project sponsors, of any of the views expressed.

1 Introduction

The northeast region of India has historically seen high levels of violence, stemming mostly from ethnic and separatist conflicts.[1] In 2003, there were 1,107 militancy-related deaths in the region, 882 in 2004, and 715 in 2005. In the first two months of 2006 alone, as many as 112 people died in violent incidents (Government of India 2005b: 165; Institute for Conflict Management 2006).[2] An official report describes the law and order situation in the region as being 'vitiated', an outcome it claims of the activities of the region's insurgent and extremist groups (ibid.: 34). A crucial aspect of the violence in the region has been frequent ethnic clashes resulting in heavy loss of life and property.[3] These have also led to large displacements. According to one estimate, there are between 150,000 to 200,000 internally displaced persons in the region.[4] Ethnic violence exists alongside interethnic contestations over resources and opportunities in which the state finds itself pulled in different directions with little ability to provide solutions.[5] As a result, politics has often moved to the streets and protests, 'public curfews' and blockades by students and ethnic associations, many with the active support of armed groups, have become commonplace (Sandham: 2004).

Table 1: Insurgency violence in northeast India

	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Tripura	Total
Population (m)	1.1	26.6	2.2	2.3	0.9	2.0	3.2	38.3
Occurrence of violence								
2002	32	559	239	66	-	90	386	1372
2003	39	401	205	79	1	86	296	1107
2004	43	315	212	47	4	97	164	882
2005	-	242	331	29	-	40	73	715

Source: Author's calculations based on Government of India (2005b); Institute for Conflict Management (2006).

1 The region is made up of seven provinces—Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura—with a total population of 38 million.

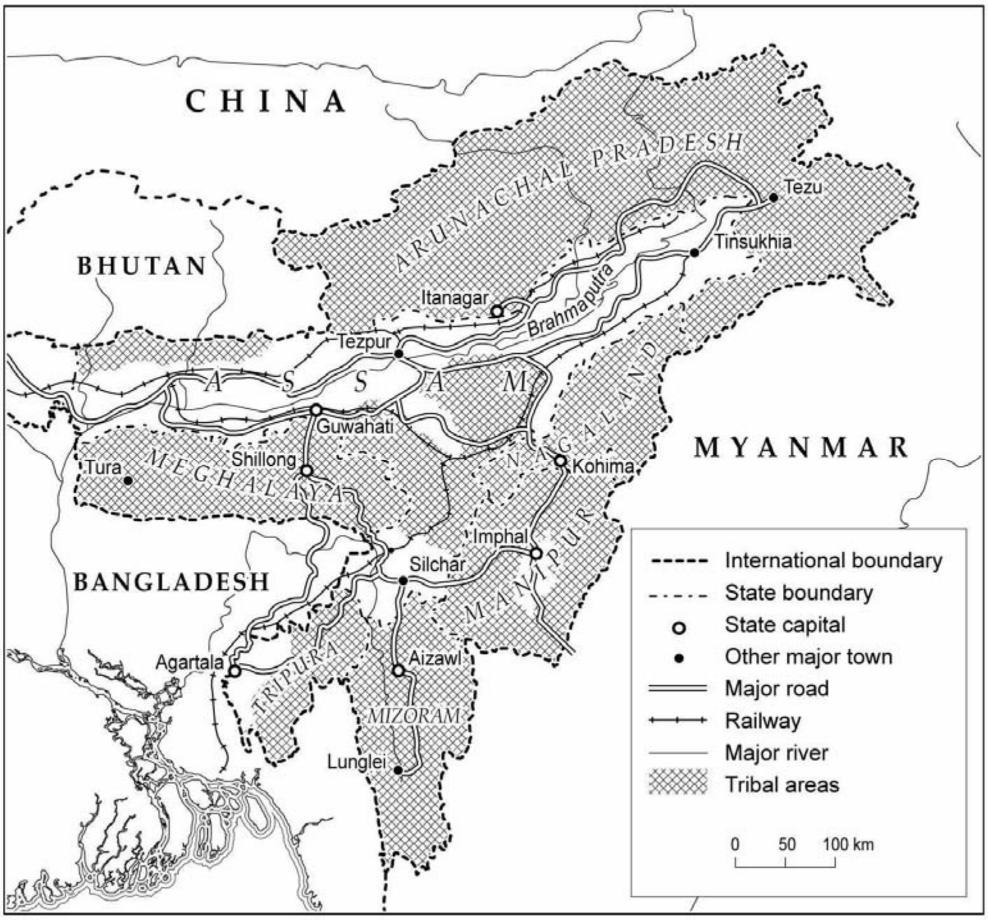
2 These figures include rebels, government forces and civilians killed in separatist and ethnic clashes.

3 Naga-Kuki, Kuki-Paite and Naga-Metei clashes in Manipur; Hmar-Dimasa violence in Assam; tribal and non-tribal violence in Tripura and inter-tribal conflicts in Nagaland, being the prominent ones.

4 The US Committee of Refugees in its World Refugee Survey 2003 quoted in *The Times of India*, Guwahati, 2 July 2004. Also see Hussain (2005).

5 The northeast has a significantly higher level of ethnic and linguistic fractionalization compared to the rest of India. While it makes up only 4 per cent of the country's population, the region accounts for 58 of the 114 recognized languages and 100 of the 600 tribes in India (Registrar General of India 2001).

Map of northeast India



Source: Commissioned by UNU-WIDER.

There has been much engagement in both the policy and the academic communities in India with the crisis in northeast India. But as is evident, peace has eluded much of the region at serious costs to the region's societies and to its citizens. Prolonged violence in the region has also impacted on the character of the state and on its democratic credentials. The urgency to restore peace is therefore strong. This paper is concerned with peace building in northeast India, and with the practical issues of negotiating challenges to reconstruction from conflicts there. The paper is organized as follows: I begin by examining the response of the central state to violence in northeast India to show how these remain inadequate. I follow this with brief survey of some ongoing research on conflicts in the region to understand what could be learnt from them. I then set out to propose some interventions for the region's reconstruction. Visualizing reconstruction as the process of strengthening the legitimate authority of the state helps me structure those interventions around the state's principal functions—enabling security and rule of law and providing basic services and economic opportunities for all citizens, cleanly and transparently. I conclude by emphasising the importance of social cohesiveness in the reconstruction process and how inclusive political organizations and policies can help to construct it.

2 The state's response

The central government has adopted, broadly three approaches to dealing with violence in northeast India: (i) use of force against rebel groups, (ii) accommodation of ethnic aspirations of cultural communities, and (iii) enhanced transfers to the region for its socioeconomic development. The first has been the state's 'counter insurgency' approach. Outbreak of violence in Nagaland soon after independence (led by the Naga National Council) and in Mizoram in 1966 by the Mizo National Front (MNF), and by groups in other parts of the northeast in successive years, all led to strong military responses declaring rebel groups as unlawful, deploying central forces, including the army and creating an institutional environment to facilitate military operations.[6] While these special measures were initially introduced in specific pockets in the region, today the army and central forces are deployed in much of the entire northeast, as is the application of special counter-insurgency laws. Yet, central agencies admit, 'despite heavy deployment of (central paramilitary) forces, it has not been possible to meet the demands of the states for additional forces', to contain the activities of the region's numerous armed groups. (Government of India 2005b: 33-5).[7]

National leaders have also shown a willingness to meet 'legitimate grievances of the people' of the region. (Government of India 2005b: 34) Along with the use of force, they have tried to accommodate separatist demands by redrawing political boundaries and by creating new administrative units in the region. India's constitution introduced the institution of Autonomous District Councils (ADC) to give the region's tribal groups a semblance of self-rule by providing them greater control over local resources and protection of cultural identity. Where a particular group was not satisfied with this 'limited' accommodation, as was the case with the Nagas, central leaders went ahead and created separate provinces for them, providing local elites with more effective control over resources and power. Mounting demands for protection of identities and increase in separatist insurgencies led, in 1972 and in a smaller measure in 1987, to the central government's undertaking a wholesale reorganization of northeast India and creating (in some cases upgrading) existing units to provinces with substantial political and economic powers. Over the years, demands for creation of new administrative units and divisions of others have multiplied, providing a commentary on the efficacy of the policy of accommodation-by-separation.

The 1972 reorganization of northeast India coincided with a growing feeling in policy circles that the region's crisis could well be on account of economic factors, particularly due to its economic backwardness.[8] This led to a policy frame favouring the central

---

[6] These include the Armed Forces Special Powers (AFSPA) Act 1958, legislated to deal with insurgency in the northeast.

[7] According to the report, there are at least 13 major armed groups active in northeast India.

[8] Admittedly, driving the newfound interest in the development of the northeast was security concerns, especially India's anxiety about China's presence on the regions borders.

government's active role in developing the northeast and improving its infrastructure to catalyze growth. The same year, the North Eastern Council—a regional development institution with no parallel in the rest of India—was set up, with its base in Shillong, to plan and monitor development. Creation of new provinces had also meant the establishment of large administrative structures in each of them. As most provinces did not have adequate financial base, much of the expenditure for this large public sector was subsidized by the central government. This trend has continued with creation of new developmental structures and increase in developmental investment in the region.[9]

But it is evident that the central government's package of interventions has only managed to keep the lid on the situation. Political order and security in northeast India, both for the state and its citizens, remain elusive. Each of its interventions, perfectly sensible as they may appear, has had associated costs. Excessive reliance on force by vesting central forces with special powers to counter the insurgent threat, has led to frequent allegations of human rights violations by state agencies responsible for upholding the rule of law. This has in turn diminished the legitimacy of the state in the eyes of people—an emotion that has been exploited by rebels to their advantage. Rebel groups have also managed to occupy, with some success, the void left by the national and subnational state's poor ability to provide security to citizens, especially with regard to ethnic violence (Baruah 2002). On the other hand, the large infusion of resources, not only for capital investment but also for maintenance of the region's bloated public sector has contributed to limiting the ability of subnational states in the northeast to improve management of their economies. Alongside, hefty transfers to the region have, in the absence of effective accountability mechanisms, encouraged extensive rent-seeking by those able to access those resources, which has led a criminal economy with militias colluding with public officials to siphon off public funds (Sahni 2001; also Verghese 1996). It has also been argued that central leaders have often been tolerant of rent-seeking activity by the region's political class precisely to be able to buy their support for counter insurgency practices (Baruah 2002: 3). In any case, while it is unclear if the large infusion of resources from the rest of the country to northeast India has led to any measure of equitable growth, there is a case for seeing the transfers-driven developmental thrust, at least in its present form, as having complicated matters further.

And responding to identity-based demands by creating community-specific territorial units may have helped crystallize and further harden ethnic divisions in society. The policy has also promoted a spurt in competitive ethnic mobilization by elites of different communities, precisely to have separate dispensations, a dynamic that contributes to cycles of conflict. (Baruah 2005: 11). Despite the abundance of evidence pointing to the

[9] The Ministry of Development of North Eastern Region (MDoNER) set in 2001. Among its chief tasks is to ensure that central departments spend at least 10 per cent of their annual budget on projects in the region. Government of India (2005a: 13). In 1997 the centre also announced the US$2.2 billion package for development of physical and social infrastructure of the region.

role of community-specific political institutions in fragmenting societies and weakening the authority of the democratic state, prescriptions for accommodation of identity-based demands have continued to propose further strengthening of traditional institutions and for bringing them centre stage in the region's governance (Government of India 2001a).

3 Conflicts of authority

Part of the problem could be with the understanding of the phenomenon. Conflicts in the region have been seen as responses of local communities to their unequal and forced integration into the Indian 'mainstream' or deriving from the instability caused by rapid modernization of the region, even from the unequal power structures and inter-community competition over resources (Sanajaoba 1988; Singh 1987; Shimray 2004). Some accounts attribute the disorder to weakening political institutions and to leadership choices of the central state and to its use of authoritarian policies and structures (Kohli 1998; Baruah 2005). While each of these explanations is valid and has contributed in its own way to the problem, they all miss the point about variance of violence within northeast India, something that determines the crucial characteristic of the crisis. As is evident from a reading of Table 1, different provinces have shown different susceptibility to violence and breakdown. Violence in Tripura, Assam and Nagaland shows a decline in recent years. Manipur's has been a case of sustained and spiralling cycles of the phenomenon, over time. And as Mizoram demonstrates, restoring peace in the region is definitely possible. Mizoram went through two decades of intense violence on account of clashes between government forces and the rebel Mizo National Front (MNF). An agreement, negotiated in 1986, brought an end to separatist violence and has provided the basis for stability in that province.

How has it been possible to restore peace in Mizoram, while in places like Manipur, violence has got worse? And why is peace-building proving so difficult in Nagaland, admittedly not surprising, considering its history of broken peace agreements? In the literature, the Mizoram exception has been attributed to the role, either of the central government—the 'economic largesse' for socioeconomic development of the province and the readiness and capability of national leaders to integrate and accommodate the MNF (Jafa 2000; Baruah 2005: 71) or to that of forces closer home—a cohesive Mizo society, undisputed leadership within MNF ranks and the ability of religious/social organizations to demand peace (Baruah 2005: 71).

Surely, showering economic largesse has been a staple response of the central government to the challenge in the northeast and has not been confined to Mizoram. As has been argued, this has led in many cases to outcomes at variance with their intended objectives. Integrative capabilities of the Congress party have also not proved very helpful for peace in provinces like Manipur or Nagaland that have a long 'congress tradition'. However if central to restoring peace in Mizoram were issues of united rebel ranks, proactive role of church-based organizations and a cohesive society; questions that we need to focus on, and which have direct implications for reconstruction, are: what explains the cohesiveness of Mizo society; what accounts for the synergy of political leaders and social organizations there to work for peace and indeed for a semblance of good governance; why is society in places like Manipur so fragmented; why do state leaders there find themselves so unable to connect with society? Why do they find themselves so helpless in the face of pressure from conflicting social groups? And why have Manipur's social organizations not had the same leverage for peace as similar organizations in Mizoram?[10]

Ongoing comparative historical research on conflicts in the region may provide some tentative answers to these questions. According to one such account, it is the process of state-making that has played the key role, along with the character of the society, in determining the authority of the state and its capability, at least in Manipur and Mizoram (for some very preliminary results and discussions, see Hassan 2006). The argument is that it was colonial and post-colonial policies and strategies used by political leaders that led, on the one hand, to consolidation of the state's authority and its impact on enabling a cohesive society in Mizoram; and on the other, to contested and weak authority of state agencies and fragmentation of society in Manipur. It has been demonstrated that in Mizoram, while colonial policies helped consolidate the authority of the state, state-making leaders reinforced their hold over state power by building an inclusive Mizo identity and by broad-basing their support. This has resulted in formation of a Mizo state that is embedded in society while its leaders have managed to remain largely autonomous from social groups that could constrain the authority of the state—all ending up in upholding the capability and legitimacy of the state. On the other hand, political actors in Manipur have historically strengthened the hold of traditional and non-state actors, creating both a weak and contested authority structure and the salience of multiple identities. This has led on the one hand to fragmentation of society and on the other to poor downward reach of the state. State leaders often find themselves powerless and with little legitimacy in society. This has had negative implications for the capability of state leaders to manage conflicts and provide good governance. These findings echo observations that see powerful traditional political institutions in the region, engendering 'conflicts of authority' that are the basis of tribal identity and separateness, hence likely to augment the forces of conflict (Harriss 2003: 2; Baruah 2004; Sharma 2004).

Therefore if a key driver of instability in northeast India are conflicts of authority and its adverse impact on the state and on society, policy prescriptions for the region that result in weakening the authority of the state—in part by strengthening exclusive and traditional institutions—and by facilitating transfers to the region that are more likely to

[10] The same could be said about other provinces, though the Manipur example is more extreme, and hence analytically more 'useful'. However, some may find these society-centred dynamics in Nagaland, better suited to comparison with Mizoram's, on account of the all-tribal character of the former and ongoing efforts there to forge an overarching Naga identity.

be captured by traditional elites, may well be adding to the problem rather than helping to solve it. If this interpretation of the phenomenon in the region is accurate, then the task of peace-building must be: to enhance the authority of the state, weaken incentives that promote institutions competing with the state's authority, establish state-wide rules in place of community specific ones, and work to promote greater cohesiveness in society.[11]

Enhancing the authority of the state is essentially about enhancing its strength and capability, i.e. ability of the state to plan and execute policies and to enforce laws cleanly and transparently (Fukuyama 2004: 5). This implies that while it is important to develop instrumentalities of the state—specifically bureaucracy, courts and a monopoly over coercive power—and devise incentive structures that would make the action of the state and its leaders effective, the exercise will be a non-starter if enhancing state authority is not accompanied by adherence of the instruments of state to democratic political institutions, i.e. formal and informal constraints such as accountability, transparency and the restraint of corruption embodied in the concept of 'rule of law' (North 1991: 97). In other words, unless the state is seen to be *legitimate* in the eyes of those it governs, its strength, and therefore its authority, will remain contested. It is evident that by pursuing militaristic practices that come at a cost to the rule of law, and economic policies that have little mechanism for accountability, the state in northeast India may have greatly compromised its legitimacy in the eyes of citizens. Therefore the reconstruction challenge can be rephrased to read: building the legitimate authority of the state and promoting cohesiveness in society.

According to this reading, a cohesive society is essential to enhancing the legitimate authority of the state as it enables the state to plug into society's strength and helps the society to identity with the state. But a cohesive society is crucial to a strong (meaning legitimate) state in another way. It is only societies that are cohesive which seem to have generated demand for good institutions that then result in reforms. Where society is not organized in cohesive groups, citizens, rather than demanding accountability from the government, organize into sections and interest groups to seek greater government subsidy and benefits (Fukuyama 2004: 47). It has been argued that this lack of domestic demand for good institutions is the chief barrier to development in developing societies. In the absence of domestic demand, most effort at building institutions comes from external agencies. The result of these externally driven reform efforts has been mixed.

The importance of domestic demand for good institutions rings true for northeast India as it does for other successful cases of state-building. A cohesive society in Mizoram

---

[11] Clearly the 'conflicts of authority' argument applies best to tribal areas of the region. But state power in non-tribal areas, such as in Manipur, is equally a subject of contest. Commentators have pointed to the persistence of class conflicts in the region and to the monopolization of state power by the dominant class. See Singh (1998: 247-50) for an account of Manipur. Perhaps it is the precarious base of state power that preserves conditions of crisis in that society.

enabled its social and political organizations to demand peace, work for and obtain it. Other societies, (the case of Nagaland is instructive), divided as they are, have been unable to rise above mutual contestations to demand a change, often falling prey to divisive attempts by vested interest. Faced with widespread disorder and poor capacity of subnational states in the region, the central state has responded by trying to contain the violence, accommodate ethnic aspirations, and spur growth. Poor success of much of this agenda has led the central government, steadily assuming to itself, the functions of subnational state agencies, further weakening domestic state capacity. And as has been the case in Manipur, often actions of national leaders have themselves contributed to fissures in domestic societies in the region, further compromising the capability of subnational states and deepening the crisis (Phanjoubam 2004). This reading of the trajectory of weakening state capability and deepening crises highlights the crucial role of building cohesive societies to enable good institutions. If a central problem of the region is that societies are not organized in cohesive groups that can demand and work for peace and for accountable and efficient public institutions, then at least as much effort should go into building cohesion in society, as into enhancing the state's legitimate authority and into invigorating local economy to create growth.

4 An agenda for reconstruction: peace and recovery

A useful manner of engaging with reconstructing from war and collapse is provided by the 'crisis states' framework that sees developing societies as states-in-the-making, where formal rule systems (of the state) exist alongside and in conflict with rule systems of non-state actors. According to this reading, conflicts between rule systems occur broadly around three dimensions of the state: (i) the security system (ii) the legal system (iii) the administrative system. It is how the state is able to perform along the three dimensions of 'stateness' vis-à-vis the performance of non-state actors that would determine its strength and capability (Putzel 2005: 4). Seen this way, reconstruction (used here to mean enhancing the strength of the state) would firstly entail penetration by the state, politically and economically, throughout society. This is possible only when the state is able to substitute informal authority and rule systems with the formal state-wide system and also become the credible source of security for all—the powerful as well as the masses. Also required will be increasingly capturing most economic activity within the formal sphere and allocating property rights; and building institutions that help mitigate extreme inequalities and those that provide equal access to basic services and create economic opportunities. It has been argued that, ultimately, the success of reconstruction will depend on crafting a cohesive society by building inclusive state-wide organizations and pursuing inclusive policies. It is this framework of the institutional analysis of the state along its basic functions that I will use to engage with possible reconstruction efforts in northeast India.

4.1 Providing security

A prerequisite for reconstruction is for agencies of the state to be able to dominate the security system. This system provides for, among others, the enforcement of laws and judicial and administrative decisions and for protection from violence and threats. Domination of the security system entails strengthening capabilities of state agencies to provide these functions effectively and in consonance with the rule of law. Ability of the state in the northeast to enforce laws and to provide security is evidently limited. These are on account of the poor capacity of coercive agencies of the state as well as on account of the competition that state agencies face from non-state actors in the security arena. Late colonization and consequently delayed state-building efforts combine with a difficult terrain to constrain abilities of state forces. In much of the region, and definitively in the tribal tracts, the presence of the formal coercive authority of the state—the police and investigative agencies—is only symbolic. This may in part be due to the colonial legacy of reliance on chiefs and tribal strongmen to police and provide security in their tracts; policies that have generally been allowed to continue. Rather than building capacities of agencies of provincial forces, the move has been to deploy central forces, armed with special powers and little appreciation of local realities, to counter challenges by rebel groups. While central forces may have helped shore up the coercive power of the state, they have often also been accused of compromising the rule of law by violating human rights of civilians. (Luithui et al. 1984; Baruah 2005; Parrat 2005). Reliance on central forces has also shifted focus away from the need to build effective local capacities. Poor training, leadership, control, command structure and weak accountability mechanisms have contributed to reduced legitimacy of provincial forces among citizens (Laishram 2004, for a summary of these dynamics in Manipur).

Rebels pose an equally big challenge to the coercive authority of state agencies. The myriad armed groups active in the region enjoy significant coercive power in society, and perform a variety of roles: from protecting their communities against attacks by other militants groups, to imposing taxes and to regulating social behaviour in the community. On the other hand, agencies of coercive power of the state appear incapable of enforcing their monopoly to provide these functions to society. Despite the continued deployment of significant force levels in the region, the state's success in monopolizing authority, by eliminating rebel groups, has been poor. A variety of factors could be contributing to this—hilly terrain which makes military operations difficult; rents and benefits that rebels as well as state and other non-state actors are able to generate in the climate of violence—and have led to a vested interest in continuance of violence, as well as the considerable sympathy that rebel groups seem to command among local populace due, in part, to the commissions and omissions of state agencies themselves (Baruah 2002).

At the same time, national leaders have not been very successful in negotiating peace with rebel groups and in bringing armed movements to a close.[12] Currently the central government has ceasefire agreements with a number of militant groups in northeast India. But as demonstrated by the Naga case, the path to peace has been rough. National leaders have invested much in the peace talks with the National Socialists Council of Nagalim, Isaac-Muivah faction (NSCN-IM), arguably the strongest rebel organization in the region. But despite many rounds of peace negotiations, including at the highest political level, signs of a settlement are not hopeful. The dispute is undoubtedly complicated, requiring a likewise solution. But many observers blame national leaders for having made a difficult situation worse by conducting peace talks unimaginatively—being secretive and narrow in approach and inspiring little trust among the different parties to the peace process (Phanjoubam 2004).

An equally big failure of the state, something that impacts on security for citizens, has been its inability to demilitarize societies where ceasefire deals have been in effect. The Naga peace talks provide a good example again. The central government's ceasefire agreement with NSCN (IM) has only very weak provisions concerning withdrawal of armed forces, by both the state and rebels and of the restoration of rule of law in areas where the agreement is in effect. State agencies have shown little urgency to enforce even those weak provisions. As a result, while violence between Naga rebels and state forces has reduced notably, violence in society itself amongst rival Naga factions and against civilians by militias has continued (Table 2). It is clear that though state forces have managed to contain their own losses, society at large continues to be troubled by violence. Alongside, legitimate authority of the state in areas affected by the ceasefire, has been compromised while rebels have increased their hold in society leading, among other things, to increased criminality (Shashinungla 2005).

Table 2: Insurgency related killings in Nagaland

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
State forces	48	38	14	4	4	2	2	3	1	0
Rebels	112	218	72	118	84	76	29	31	22	31
Civilians	144	104	26	26	13	25	5	3	35	9

Source: Institute for Conflict Management (2006).

But often legitimate authority of the state has been compromised by state agencies themselves, who are frequently accused of violating rights of citizens and of undermining the rule of law (Routray 2003). Both formal institutional arrangements and informal values and codes of practice within which security agencies operate may account for this. The Armed Forces Special Powers (AFSP) Act 1958 has been criticized by civil society and human rights groups for being tolerant of human rights

[12] The notable exception being MNF. As demonstrated, this was at least as much a product of the Mizo domestic demand for peace as of the ability of central leaders to negotiate it.

violations and of obstructing redress of genuine grievances (Laishram 2004; Rana 2005).[13] Further, informal codes and values at work on the ground enable principles of democratic practice such as strict civilian control of armed forces, adherence to rule of law and disciplined conduct of security personnel, to be violated (Parratt 2005: 145-60). In the absence of an effective and independent oversight mechanism over security operations, violations of rule of law often go unpunished. Though many provinces in the region have their own human rights commissions which supplement the work of the National Human Rights Commission, their role is limited to advising and recommending corrective action and falls very much short of being able to enforce them.

Restoring the state's monopoly over legitimate coercive power, a sin qua non for reconstruction, will therefore require extensive institutional reforms in the security sector—both in formal laws and regulations as well as in informal codes of conduct to uphold democratic values. Much of the ongoing effort of the centre to enhance capacity of provincial agencies to tackle insurgency has been limited to 'modernizing' police forces of the region, which has inevitably meant a focus on better and more sophisticated equipment with some efforts at better training of officers (Government of India 2005b: 181). Perhaps a more complete reform of the security sector could include:

(i) reforming formal laws such as special regulations that conflict with norms of justice and that may facilitate human rights violations, to bring them in line with rule of law; and putting in place effective independent mechanism for oversight that could hold forces—local police as well as central paramilitary agencies and army formations—accountable for their actions;

(ii) developing more robust informal constraints and codes of conduct through better leadership and appropriate command and control mechanism to make security agencies disciplined and effective in fighting insurgency without having to resort to violation of rules; and

(iii) enhanced capacity-building through better equipping of forces and better training for officers, but also training for the rank and file to improve their effectiveness to respond to the security challenge. Is the state able to provide security to all, the powerful and the marginalized, the majority and the minority? That is essential test of the legitimacy of the state's coercive power. Unless the state in northeast India is able to provide this assurance to all sections of society, its claim to monopoly will remain a matter of contest.

[13] Widespread public agitation in Manipur led the central government to set up a committee to review the working of AFSPA and recommend suitable changes. Government of India (2005b: 34)

4.2 Establishing the rule system

It is equally important for the state to be able to provide its citizens with a single rule system (formal institutions) to govern their lives. The rule system provides mechanism for dispute resolution and codifies property rights as well as regulations that govern social, economic and political activities. In the northeast, and particularly amongst its tribal communities, much of the formal laws of the state encompassing key institutions such as property rights, as well as the organizational means to enforce those, are excluded. Thus the Constitution (Article 371A) excludes national laws in respect of religious and social practices of Nagas and, more important, their customary law and procedures, administration of civil and criminal justice involving decisions according to Naga customary law as well as in respect of ownership and transfer of land in the state. Similar provisions exist for Mizoram (Article 371G) and for other tribal areas in the region. With national laws excluded, it is customary codes and procedures (specific for each community) that determine social interaction. Multiplicity of ethnic groups and hence codes and practices has led to a multitude of community specific codes operating in the region, most in conflict with each other. The state has sought to penetrate these areas by enhancing its administrative presence, particularly via its 'developmental' thrust. The package of programmes aimed at 'developing' individuals and communities in the region has produced its own set of formal and informal rules and practices.

A case in point is the hilly area of Manipur, where multiple formal and informal institutions and structures exist, engendering friction and crises. The formal land system in Manipur (Manipur Land Revenue and Land Reforms Act 1960) is excluded from its Hills that make up some 70 per cent of the total land area of the province. Consequently property rights in those areas are community-specific, in some cases even specific to the particular village; and there is little consolidation or codification of practices. Thus much of the interpretation in dispute resolution depends on personal judgment (and often interest) of those who decide. Land is often owned collectively by the village, there is no system of formally recording land titles, and little private ownership. Community ownership of land means that the system allows for a degree of equal access to livelihoods, and may be behind the absence of acute poverty in these areas as in other tribal parts of the northeast. But in the absence of formal and recorded rights to individuals, the system has also favoured the hold of local elites who enjoy authority. Absence of private ownership has also proved a barrier to investment in productive enterprise (Government of India 1981: 40). Absence of formal property rights also means that these societies are vulnerable to attempts by vested interests that can use ethnic mobilization and violence to forcibly evict landholders, a dynamic that has often fed the frequent ethnic clashes in the region.[14]

[14] The Naga Kuki clashes (1992-96) and Kuki Paite clashes (1997-98) in Manipur, for example, led to large eviction of people from their lands.

Administrative and judicial authority in these parts exists in village councils that are headed by unelected tribal chiefs and who rely on traditional authority and customary codes for their control.[15] These are specific to the community, may not be democratic and tend to exclude non-locals and women. Traditionally, chiefs and local councils have the authority to tax and police their village and now increasingly to implement and monitor publicly funded development programmes. In an arena where the state's authority is tenuous, new social organizations, with little democratic credentials, have begun to play an increasingly large role and capture authority. For instance, in 1988 the Tangkhul Naga Long (TNL) compiled the *shiyan tanza*, or code of customary law, for the Tangkhul community and set up its court as a forum where intra- and inter-village disputes could be resolved based on customary laws and practices that it had devised. Today, most cases of disputes in villages in Ukhrul district are referred from the village councils to the TNL court. (Shimray 1985: 185-6). Similarly the Zeliangrong Union (ZU) has taken the Zeliangrong community's common customary code for its judicial activities. It has set up its own court to which disputes are referred by the village *pei* (council) for adjudication. Community specific 'tribal' organizations have therefore acquired de facto authority in society. They also use this authority to capture the substantial resources that the state spends on development in these areas. Their chosen manner of mobilizing support is identity-based and which has fed into conflicts. Similar multiplicity and frictions and consequent conflicts of authority and contestations exist in other provinces (see Baruah 2004; Sharma 2004). While provisions ensuring salience of traditional institutions may have been necessary at the time of writing of the Constitution, 'to accommodate tribal aspirations and identities within the democratic framework through tribal self rule', their continued presence and further strengthening, poses obvious problems (Government of India 2001a).

But the task of institutional reforms in the region still faces the challenge of accommodating community/tribal sensitivities, which may not be served by a wholesale switch to formal nationwide laws. A probable solution to this dilemma may be provided by the Mizoram example. In that province, a chain of events in colonial and post colonial times, led to consolidation of customary laws and practices of different communities into a unified code of legal practice (*Mizo Hnam Dam*) and its being brought within the formal legal system of the state. Alongside, reforms in property rights in the province in 1956 led to abolition of the institution of chiefship (with its iniquitous land laws) and to its substitution by elected village councils and to formal and equitable rights over land. (Das 1987, 1990). Legal reforms have helped the state consolidate its authority and legitimacy in the province, and have contributed to bringing its communities closer. And formal property rights in land have enabled more equitable access to resources (Das 1990: 219) and as is increasingly being realized now, to the state being better positioned to attract investment. To repeat, it is not that community practices and codes in Mizoram were supplanted by formal ones; but only

[15] Manipur Village Authority in Hill Areas Act 1956.

that they have been co-opted and brought within the framework of the formal system, preventing those community specific institutions from acting as autonomous bases of authority, contestations and mobilization. This has helped to balance Mizo identity and attachment to culture with reforms that have allowed establishing formal and equitable property rights. This may have contributed to stability in the province.

A key step towards reconstruction then must be to consolidate rule systems. This must include codifying customary rules, bringing them within the formal legal framework while ensuring that property rights accommodate aspirations of all sections and provide equal access to resources for all. Consolidate of rule systems must not be misread as centralizing the state's power and supplanting community life by one that is state-sanctioned. The issue at hand is whether rules systems that communities live by are consistent with democratic norms and if they conflict with state-wide norms. Customary codes and traditional practices can hardly consistent with democratic norms. They also embody in them conditions of crisis. Consolidation of formal rule system does not mean diluting special protection for disadvantaged communities, provisions that in fact make the state more legitimate in the eyes of those sections. Rather, it means addressing institutional arrangements that could possibly facilitate exclusive practices and crises.

Given the sensitivities surrounding tribal identity in the region—which is so tied up with traditional institutions and practices—this task may have to be phased, beginning with instilling liberal, democratic and equity norms in exiting community codes and practices and then eventually bring them all within the formal framework. Ultimately, it is the state that must guarantee this change by being committed to acting as the sole provider of rule systems or at least to being the system that provides the framework within which multiple systems can function, to ensure they do not contradict norms of natural justice. As has often been the case, the state has itself left the terrain open for non-state agents to provide alternative rule systems. In Manipur for instance, structures for enforcing *the* formal legal system—the police, magistracy and law courts—have, over the years, denuded their presence in hill areas, due sometimes to security reasons, but often due to the poor commitment of the state to providing all sections of society with equal access to governance. The void left by this move has been filled by a variety of non-state actors—traditional tribal organizations, informal social associations and increasingly by armed groups, eager to establish their authority.[16] And in Mizoram the gains made by consolidation of customary rules may be beginning to be unraveled by penetration of local structures of the state by exclusionary social organizations (Baruah and Sharma 2004).

4.3 Enabling public services and opportunities

Reconstruction will be incomplete without provision of public services and economic opportunities to citizens. Challenges here are around delivery of public services

[16] *The Sangai Express*, 'NPMHR rejects verdict of Ato Longphang', 21 September 2005.

adequately, and effective management of economy. They are also about the institutional and organizational arrangements necessary to ensure capital formation, private investment and growth. Important here, as in other dimensions of the state, is its ability to provide these public goods equitably for all. How has the state performed on these counts in the region? What can be done to improve access of communities to public services and to enable better and more broad-based growth?

Performance in the social sector, and the consequent wellbeing of citizens in the region, appears to be a mixed bag (Table 3). The northeast as a whole has performed much better than the rest of India in terms of literacy, a fact that has been credited less to the working of the state than to the historical role of Christian missionaries and to the continued support of local communities. A case in point is Mizoram, with a history of sustained missionary contribution in primary education, which ranks second only to Kerala, in terms of literacy attainments in India. Yet there are pockets in the region with a much less impressive showing on literacy. Health indicators such as infant mortality rate (IMR) and attitudes towards gender (sex ratio being a good proxy), though on the whole better in the region than the rest of India, demonstrate a similar variation. Manipur and Mizoram perform much better on these counts than do Arunachal Pradesh and Meghalaya. In terms of incomes and extent of poverty however, the region appears to have, according to the data available, performed worse than the rest of the country. Except in Mizoram, the poor in northeast India account for a larger share of the population than they do in India as a whole. Together these counts create a situation where the region—generally rich in resources and where access to land and other assets is considered equitable—has performed only moderately in terms of overall citizen wellbeing.

Table 3: Key social indicators for northeast India

	Literacy	IMR	Sex ratio	Poverty level (1999-2000)	PKI *IRs/year (01-02)	HDI rankings 1991
A. Pradesh	54.34	37	901	33.47	-	29
Assam	63.25	70	932	36.09	10,951	26
Manipur	70.53	14	978	28.54	13,213	9
Meghalaya	62.56	61	975	33.87	14,510	24
Mizoram	88.80	14	938	19.47	-	7
Nagaland	66.59	42	909	32.67	11,119	11
Tripura	73.19	34	950	34.44	-	22
All India	64.84	63	933	26.10	17,978	-

Source: Government of India (2001b; 2005a); Government of Nagaland (2004).

Note: *US$1 = IR45

Though finding a direct link between status of wellbeing and violence across provinces in northeast India is difficult, a probable relationship could be found between variations within provinces and levels of violence in them. Though intra-province data is hard to come by, preliminary findings conform this. The case of Manipur is demonstrative. Much of the success of the province in the social sector appears to have taken place in its central valley region, home to its majority community and where its administrative headquarters are located, while hill districts inhabited by tribal communities continue to lag behind (Table 4). Similar spatial disparities can be noticed in Nagaland, where the peripheral Mon and Tuensang districts fall much below the rest of the province in literacy rate (42.25 per cent and 51.30 per cent respectively, compared to 67.11 per cent overall), sex ratio (Mon with 881 compared to 909 overall) and access to health services (Government of Nagaland 2004); as well as in Mizoram where literacy levels among the Chakma and other Kuki categories were 14.7 per cent and 27.16 per cent compared to 67.76 per cent for Mizos (Registrar General of India 1981).

Table 4: Inter-district disparity in Manipur

	HDI	HDI rank	% of poor
Hill districts			
Chandel	0.5154	6	42.0
Churachandpur	0.5676	4	40.0
Senapati	0.4602	8	51.3
Tamenglong	0.5120	7	54.5
Ukhrul	0.5800	3	44.4
Valley districts			
Bishnupur	0.6390	2	26.24
Imphal	0.6455	1	19.33
Thoubal	0.5559	5	24.39

Sources: Government of Manipur (2003).

Table 5: Macroeconomic indicators

	Growth rate (% SDP) (1997-2002)	PK NSDP (IRs) (2004-05)	Own tax GSDP (1990s)	% own rev. to total rev. (2003-04)
AP	4.4	14,771	0.66	11.0
Assam	2.1	11,034	3.58	39.0
Manipur	6.4	11,410	1.46	08.3
Meghalaya	6.2	15,070	3.23	22.0
Mizoram	NA	19,696	0.56	07.0
Nagaland	2.6	18,911	1.30	06.0
Tripura	7.4	17,459	1.94	18.0
All India	5.3	17,822	5.3*	

Source: Government of India (2000, 2001b; 2005c).

Note: *Average for all states, as per cent of GDP.

Part of the problem of disparity in wellbeing is the overall poor economic performance of the region (Table 5) Though the data shows a variance in overall growth rate of economy, per capita wealth creation across provinces in the region has been below the national average.

A variety of reasons could account for this poor performance. Though the region has rich resources, there have been (barring the case of Assam) little organized efforts to exploit them productively. Further markets in the region are not developed; there is also the problem of transportation, of availability of power and of poor infrastructure and limited investment. There is also poor agricultural surplus. Late integration of the region in the national economy; impact on the region's economy of the partition of the country in 1947, and continuing internal disturbances within, are other factors for northeast's 'interrupted development' (Government of India 1997: 2). Infrastructural gaps and poor state finances resulted in central government stepping in, from the late 1970s, to subsidize most subnational governments in the region. This created growth in the decades of 1980s and 1990s, but as the cases of both Manipur and Mizoram demonstrate, this growth was mostly on account of expansion of the public sector, mostly the bureaucracy (Lahiri 2002: 10-11; Roy 2004). Of the total number of people in gainful employment (in the organized sector) in Manipur in 1991, 98.6 per cent were in the public sector. In 2002, there were over 90,000 persons employed by the Manipur state government (North Eastern Council 2000). Similarly, the Mizoram government employs some 13 per cent of the total work force in the state, perhaps one of the highest in the country (Roy 2004). It has been a similar story of bloated bureaucracies across the region. Ratio of state government employees to the population in the 1980s was 1:17 in Nagaland, 1:20 in Mizoram, and 1:29 in Tripura. The all-India figure was 1:113 (Verghese 1996: 340).

Reliance on the public sector and dependence on central transfers for its upkeep have prevented attention on developing a viable private sector as the engine for growth and for creating opportunities. This also meant that most public expenditure has been on maintaining the large and largely ineffective public sector leading many to comment, 'financial situation of most northeastern states is not sustainable even in the medium run' (Sachdeva 2001: 80). This has had negative implications for development investment by state governments. According to an official report, the health sector in Manipur has seen consistent decline in fund allocation over the preceding five years. (Government of India 2004: para 3.2). Insured transfers from the centre to subsidize states' revenue expenditures have also meant that there is little incentive for local leaders to improve public service delivery, increase own revenues and stabilize state finances (Table 5). In conjunction with other factors, this has facilitated rent-seeking activity and wasteful expenditure.[17]

[17] *The Pioneer*, 'Manipur: Anarchy Rules', 6 December 2000.

Policy changes at the central government led in the late 1990s to an employment freeze in the region's public sector. Along with high levels of education, this has led to a serious unemployment problem, especially amongst educated youth (Table 6) and which adds to the sense of frustration that feeds into conflicts. Though unemployment rate is lower than in India overall, the northeast's unemployment assumes special significance given its high growth in recent years; 10.74 per cent in Manipur compared a national figure of 4.55 per cent, between 1993-94 and 1999-2000 (Bhawmik 2002: 400).

Rising unemployment sets up the issue of conflicts over resources and opportunities that fuel so much of northeast's violence. Inability of the state to provide opportunities for educated youth and absence of an effective private sector has worsened these. Comparative material from Manipur and Mizoram demonstrate that where state leaders have tried to accommodate different sections of society and provided them with a sense of equitable access to opportunities; conflicts have been mitigated and serious violence avoided. Where leaders have failed on these counts, contestations have multiplied and have taken more violent turns. In Manipur skewed representation of communities in public employment has been a source of continuing radicalization of tribal youth. While reservation policy has fixed tribal representation in public sector in Manipur at 31 per cent (compared to their population proportion of 37 per cent) their actual share in public sector is much lower: 20.3 per cent in medical, 8.5 per cent in education, 21.80 per cent in the state police, and 16 per cent in the civil service (Nengsong 2003). This imbalance is exacerbated by skewed allocation of budgetary resources for the province's tribal districts: 26 per cent in education, 25 per cent in health, 22 per cent in public works, 14 per cent in social welfare, 12 per cent in agriculture. (Government of Manipur 2004).[18] Investment by commercial banks in the province shows a similar imbalance: proportion of credit to hill districts as a proportion of credit to the province as a whole was 21.4 per cent in 2003 and only 7.8 per cent in 2002 (Union Bank of India various).

Table 6: Employment in northeast India

	Population (m)	Employment: public ('000) 1997	Employment: private ('000) 1997	Unemployment: (%) 1999-2000
Arunachal Pradesh	1.1			0.9
Assam	26.6	538.9	566.8	4.6
Manipur	2.2	77.6	1.8	3.5
Meghalaya	2.3	69.1	7.7	0.9
Mizoram	0.9	39.6	1.4	2.0
Nagaland	2.0	69.0	2.7	3.5
Tripura	3.2	99.6	10.5	1.9

Source: North Eastern Council (2000).

[18] Hills districts, home to tribes, make up 70 per cent of the land area of the province.

In Mizoram, Autonomous District Councils (ADC) have to some extent, and for the time being, insured that allocation of opportunities and resources across communities and regions is less skewed. But the opportunity problem of the northeast has grown a beyond the point where equitable access could hope to resolve it. There simply is not enough opportunity available for the region's large and rising population of educated youth. As rising contestations between groups in Mizoram demonstrate, strains on the existing distributive system are clearly evident, with peripheral communities demanding greater share of jobs and resources.[19] Critical for the reconstruction effort in the region will therefore be the ability of state leaders to create additional jobs through growth in the private sector.

For reconstruction to be effective in northeast India, it must also encompass the following:

(i) public expenditure and revenue reforms: better management of state finances, including enhancing state revenue and better allocation of resources across sectors and groups;

(ii) public management reforms: improving the capability of institutions of the state to better deliver public services and making them accountable;

(iii) creation of greater opportunities through private sector growth.

All this will need to be done inclusively, ensuring equitable access for all sections.[20] Economic reforms at the centre have led the central government pressurizing state governments in the region to put in place measures for public expenditure and revenue reforms. All state governments are now implementing the Mid Term Financial Restructuring Policy (MTFRP). While there is little evidence to show that these measures have been backed with a solid commitment to reforms, attempts to grapple with other concerns of reconstruction—enhancing better management and oversight of public services and more equitable access to resources—have hardly received the attention they deserve. Efforts to enhance private sector investment and growth, where they have been taken up, have largely ignored the institutional conditions that constrain private capital formation in the region.

MTFRP basically entails package of measures to improve the states' fiscal situation through instrument to contain public expenditure and enhance state revenue. The former has been implemented by, first freezing employment in the public sector and by attempts to restructure and downsize government departments; reforming public sector undertakings (PSU), involving winding up of loss making units, privatizing those that could attract buyers and in some cases to revival of existing units. (Sachdeva 2001: 79-80; Das 2001: 62). While these measures together may have helped to contain the

[19] *The Telegraph*, 'Mizo Minority Tribes Seek Union Territory Status', Calcutta, 22 October 2004.

[20] These interventions are informed by works on reconstruction in Africa (Addison, 2001a, 2001b, 2003).

growth in public expenditure, reducing expenditure has mostly been a pipe dream.[21] The situation has been worsened by the implementation of revised pay scales for central government employees that were adopted in whole by state governments in the region, and which significantly pushed up salary expenditures of state governments (Das 2001: 62-3).

Revenue enhancement measures have included attempts to introduce new taxes, widen the tax net to cover more taxpayers, improve revenue governance and introduce measures to increase non-tax revenues. But the revenue generating ability of the state in the region has always been questionable. All seven provinces in northeast India are 'special category states' whose development plans are almost entirely centrally financed on the basis of 90 per cent grant and 10 per cent loan. Central assistance for state plan outlays has been historically as high as 111 per cent for those in the region, as opposed to 37 per cent for India as a whole (Verghese 1996: 38). Result has been that regional economies are heavily dependent on the rest of the country for their basic needs. Barring Assam, all provinces have shown a poor propensity to raise revenue (Table 5).

While quality of revenue governance including poor performance of tax collection machinery and a poor tax structure contribute to poor revenue extraction in the region,[22] there are other institutional factors that undermine revenue capacity of the smaller provinces. Most economic activity in the region remains in the informal sector, outside of state control and regulation and taxation. This sector provides the bulk of the economic activity in the hill areas, from forest produce to the large cross-border trade in consumer goods as well as narcotics from and to Myanmar (and Nepal) (Verghese 1996: 121-3; Harriss 2003: 2). Further, the entire tribal population in the region stands outside the state tax net, there being no tax on personal income for tribes.[23] And land in tribal areas being a community asset does not incur state tax either; the only form of taxation, in Manipur for instance, being the token hill house tax. Despite recommendations to bring economic activity in the hills within the formal system and to introduce some form of income tax, little has happened[24] (Government of India 1997: 27). Together, these factors have derailed attempts to reform the fiscal system.

---

21 Commitment of the political leadership being major problem. In Manipur for example, there have been instances where decisions to merge or abolish government departments were reversed (Lahiri 2002: 3).

22 An example being: of the 903 lawyers registered in Manipur, only 3 had paid mandatory professional tax in 2000-01 (Lahiri 2002: 23).

23 Tribes make up 28 per cent of the population of the region; excluding Assam, their share in population in the region is 65 per cent (Registrar General of India 2001).

24 This is even as non-state actors, particularly rebel groups have managed to establish sophisticated tax extraction networks that target the large informal economy; tribals and non-tribals alike, as well as the region's bloated bureaucracies, to their advantage; *The Hindustan Times*, 'Insurgency and Misgovernance Deterring Development', 19 June 2001.

Both the central government and state governments in the region recognize that private capital is the critical component for the northeast's economic progress. To be able to facilitate this the Shukla Commission, looking into backlogs in basic services and gaps in infrastructure development, recommended investment in the region of over U$11.75 billion over time, mostly in power, roads, railways, flood control, irrigation and inland water transport) Government of India (1997: 8-9). These recommendations formed the basis of the 'package for the northeast' worth some US$2.23 billion announced by the central government in 1997 and which have led to significant increase in capital inflows into the region (see Ahmad 2000). Attempts are also being made to create an investor-friendly environment through a variety of incentives and tax breaks, by central ministries as well as by individual state governments (e.g. North East India Industrial Policy, 1997). Central agencies have also attempted to get state leaders to promote their provinces as investment destinations, also for foreign capital.[25] Of late, the centre has taken much interest in promoting its Look East Policy, with the objective to promote northeast region as the gateway to India's trade and cultural links with South East Asia.[26] Private business has been closely associated in these promotional efforts and observers have noted the changed mood for investment in the region among business as demonstrated by the increasing activity of business associations. Though investment has begun to pick up in Assam it is still very limited in the rest of the region (Sachdeva 2001: 81).

Private sector investment requires—besides tax breaks, transport subsidies and road shows—an institutional environment that facilitates capital formation. Critical here is security of life and property, and a legitimate legal framework. Also required is an institutional environment that allows free movement of factors of production and absence of entry barriers. Little of this exists in the region with its high levels of violence, myriad and conflicting legal and bureaucratic regulations, significant barriers to entry and movement in some provinces and, in much of the region, an effective absence of market for land, with little private rights in land, let alone security of property right.[27] Studies on the region have long underlined the need for changes in property rights (Government of India 1981: 40). Others have pointed to the need of an effective labour policy (Sachdeva 2001: 82). Without these necessary, though admittedly difficult changes, hopes of private investment and growth will remain unfulfilled. Moreover, half-hearted attempts at instilling fiscal discipline and attracting private capital without concomitant steps to ensure rule of law and accountability

---

[25] The annual northeast India Business Summits and northeast India Agri Business meetings are good examples.

[26] *The Telegraph*, 'Northeast Echoes', Calcutta, 13 December 2005.

[27] Some of these are the Inner Line Regulation (ILR), restricting 'outsiders', foreigners as well as Indian nationals from outside the region, entry into tribal areas; regulations that prevent non-tribes buying land or doing business in tribal areas; numerous customary codes and practices existing in place of the formal law codes. The state also has little authority in some of these areas to enforce laws, agreements and contracts.

mechanisms in public institutions have led to pervasive corruption in public life, resulting in loss of legitimacy of the state. It is only by enhancing its legitimate strength—through better management of its economy; by bringing most economic activity within its control; by enabling services and opportunities for gainful employment for all sections of society; and finally by improved and accountable working of its institutions—that national leaders can hope to regain the state's lost legitimacy and spur growth.

5 Conclusion

Admittedly, the 'development' challenge before societies in northeast India, as in the rest of India, is huge. Issues around resources, capabilities and political commitment to undertake reforms constrain their resolution. These are important issues that cannot be just wished away in situations of late development. Where societies are in the thick of protracted conflicts and violence, the path to development and to reconstruction is further muddied. And yet some societies, particularly those that are cohesive, seem to have done better than others in pulling out of these crises (see Migdal 1988; Fukuyama 2004). Comparative material from northeast India supports this finding: a cohesive Mizo society has managed to restore peace and follow it up with some tentative steps towards growth versus a fragmented society in Manipur, where groups seem to be perpetually locked in contestations and violence, leading to policy paralysis among state leaders. A central reconstruction concern then is: how can divided societies be made cohesive?

A way forward is use of politics, particularly the role of political organization and policies and practices of political leaders, to bring about cohesiveness. Cohesiveness can be constructed, where politics is organized inclusively; i.e. where political parties have inclusive make-up and where they use citizenship or other state-wide criteria to mobilize people; and where political elites establish coalitions across groups. Much of the cohesiveness that one notices in Mizoram is itself the outcome of these inclusive organization and policies—investing in and promoting centralized and inclusive political parties such as Mizo Union and Mizo National Front; mobilizing people around an inclusive Mizo identity; undertaking legal and administrative reforms enabling all sections access to power and resources; and finally building political coalitions across groups. Of course, the Mizo record of cohesiveness is by no means unblemished. Rising socioeconomic challenges have begun to strain relationships amongst groups in Mizoram, and contestations are on the rise. Given this, the big challenge before Mizo leaders is how to build on and reinforce inclusive tendencies of their past leaders, steer clear of exclusivity, spur economic growth, and create enough opportunities that all sections are able to get their fair share.

Before we conclude, two issues need to be flagged that could form the basis of a future research agenda. Given the multinational character of the Indian state, an important issue that policymakers must contend with is: how to determine the right mix of policies to strengthen the state in relationship to society? ‘Strength’ meaning the ability of the state to plan and execute policies and to enforce laws cleanly and transparently thereby exercising its legitimacy. The Indian response to multiculturalism has been in the form of recognizing cultural differences and the rights of cultural (and religious and linguistic) communities to protect and promote their distinct ways of life. For religious communities this space has meant freedom of religion; right to establish own institutions; and recognition of personal laws of communities. For linguistic minorities it has entailed creation of language-based administrative units with political rights to govern themselves within the national federal system. For tribal communities in the northeast region, exclusive territorial units have been created within which tribes have been given the freedom to govern themselves according to their distinct customary practices. Additional concessions, meant to help integrate tribes into the ‘Indian mainstream’ provide for their reservation in elected bodies and in public employment. Commentators have cited these as important factors for the stability of Indian democracy. What has been the cost to the capability of the state, of these cultural and economic policies, designed to accommodate multiculturalism? As we saw in the case of northeast India, persistence of multiple and conflicting rule systems in tribal areas has compromised the authority and strength of the state and may be feeding into the crises in the region—though admittedly the crisis goes beyond tribal areas. Other concessions designed to promote the interests of specific communities impact on the ability of the state to stimulate nationwide growth.

An associated issue is that of the relationship between cultural rights of communities and basic rights of individuals as citizens. Often it has been seen that even though the individual has ample rights as member of a cultural community, their rights as citizen are less well served. As we saw in our preceding discussion, a member of a particular tribal community may enjoy latitude in their cultural practices and customary codes (latitude that may have helped more the elites than the masses) individuals face significant disempowerment in terms of public goods that the state is duty bound to provide them as citizens of the country—access to education, healthcare, opportunities, and to security of life. Of course this dichotomy is not unique to the northeast. Protection of cultural diversity of peripheral communities in the country exists, increasingly now, along with their marginalization and discrimination within the polity. Indeed provision of community rights could also be seen as providing a rationale for denial of basic rights to citizens? What does this mean for the future of democracy and stability in India? As a commentator has warned, ‘if the multicultural fabric of Indian federal democracy is to sustain itself then affirmation of special rights needs to go hand-in-hand with affirmation of the basic rights of individuals as citizens of the polity’ (Mahajan 2005: 311). It is important therefore to ask what is important for the state and the citizen: cultural rights and recognition of diversity for the community or rights of the individual as citizen, irrespective of cultural association. And if both are important, then what is the right mix?

Annexe

Armed insurgencies in northeast India: timeline

1947	Naga National Council's (NNC) declares Independent Nagaland
1947	India's Independence
1949	'Princely states' of Manipur and Tripura, integrated into the Indian union, and brought under direct central rule
1955	Eruption of armed violence between NNC cadres and government forces in Naga districts of Assam
1958	Armed Forces Special Powers Act (AFSPA) promulgated in Nagaland
1962	Government of India signs 16-Point Agreement with moderate Nagas NNC keeps out
1963	State of Nagaland created, carved out of Assam
1964	NNC signs ceasefire deal with the centre. Peace Mission established by government to mobilise support for a peaceful settlement to the Naga issue
	United National Liberation Front (UNLF) established in Manipur to restore pre-integration status; UNLF's methods became violent in 1990s when it set up Manipur Peoples' army (MPA)
1966	Violence erupts in Mizo district of Assam with Mizo National Front's (MNF) declaration of independent Mizoram
1972	MNF negotiates a ceasefire with the Government. Mizo district carved out of Assam and made into a union territory with its own legislature but under direct central administration; centrally administered territories of Manipur and Tripura made full states
1975	Shillong (peace) Accord signed between central government and NNC in Nagaland
1977	Peoples' Revolutionary Party of Kangleipak (PREPAK) formed in Manipur to expel outsiders from the state
1978	People's Liberation army (PLA) formed in Manipur to establish a free Manipur
1979	Anti-foreigners movement launched in Assam led by Asom Gana Parishad (AGP); same year United Liberation Front of Asom (ULFA) formed to liberate Assam through armed struggle
1980	Key leaders of NNC break away from the party over the issue of Shillong Accord and form the National Socialist Council of Nagaland (NSCN) to continue their armed movement against the government
1986	Central government signs the Mizo Peace Accord with MNF, ending the violence in the state
1987	Mizoram gains full statehood. MNF chief Laldenga elected chief Minister of the state
1988	NSCN splits over leadership issues, into NSCN (Isak-Muivah) and NSCN (Khaplang) factions, each supporting different tribal groups within the Naga community
1989	National Liberation Front of Tripura (NLFT) set up in Tripura with the objective to set up a sovereign tribal Tripura
1990	All Tripura Tiger Force (ATTF) established in Tripura to restore Tripura's tribal character and drive away outsider settlers
1991	Ethnic violence between Nagas and Kukis sparks off in Manipur and Nagaland, led mostly by insurgent groups on either side
1992	Hynniewtrep National Liberation Council (HNLC) formed in 1992 by Khasis and Jaintias in Meghalaya to oust outsiders from the state and gain freedom
1995	Achik National Volunteer Council formed in Meghalaya to fight for a Garo homeland in Meghalaya
1997	Onset of ethnic clashes between Kuki and Paite tribes in Manipur
1997	NSCN (Isak-Muivah) signs ceasefire agreement with central government

2001	NSCN (Khaplang) signs ceasefire agreement with central government
2001	Outbreak of protracted mass agitation and ethnic violence in Manipur between Meteis and Nagas, sparked off by centre extending its ceasefire agreement with NSCN (Isak-Muivah) to Manipur (and other neighbouring areas); Naga peace process complicated by NSCN demanding bringing together Naga areas of Manipur with Nagaland (into a Greater Nagalim) and Meteis opposing the call
2005	Attempts by the centre and civil society in Assam, to initiate peace dialogue with ULFA
2006	(31.1–5.2) 10th round of peace talks between central government and NSCN (Isak-Muivah)

Compiled by author from Institute for Conflict Management (Timeline) online edition www.satp.org

References

Addison, T. (2001a). ‘Reconstruction from War in Africa: Communities, Entrepreneurs and States’, *Discussion Paper* 18, UNU-WIDER: Helsinki.

Addison, T. (2001b). ‘Do Donors Matter for Institutional Reform in Africa?’ *Discussion Paper* 141, UNU-WIDER: Helsinki.

Addison T. (ed.). *From Conflict to Recovery in Africa*, Oxford University Press for UNU-WIDER: Oxford.

Ahmad, Z. (2000). ‘Package for the Northeast’, *IPCS Article* 338, Institute of Peace and Conflict Studies: New Delhi.

Baruah, A. (2004). ‘Ethnic Conflicts and Traditional Self-Governing Institutions: A Study of Laitumkrah Dorbar’, *Crisis States Programme Working Paper* 39, London School of Economics: London.

Baruah, S. (2002). ‘Gulliver’s Troubles: The State and Militants in India’, *Economic and Political Weekly*, 12 October, Mumbai.

Baruah, S. (2005). *Durable Disorder: Understanding the Politics of northeast India*, Oxford University Press: New Delhi.

Bhawmik, S.K. (2002). ’Emerging Employment and Unemployment Scenarios in West Bengal: Implications for Policy’, *Journal of Indian School of Political Economy,* July-September.

Das, H.S. (2001). ‘Second Generation Reforms with Special Reference to the State of Assam’, in North Eastern Council (eds), *Vision for the Northeastern Region in the New Millennium*, Post-Seminar Proceedings, North Eastern Council: Shillong.

Das, J.N. (1987). *A Study of Administration of Justice Among the Tribes and Races of Northeastern Region*, Law Research Institute: Gawhati.

Das, J.N. (1990). *A Study of Land System of Mizoram*, Law Research Institute: Guwahati.

Fukuyama, F. (2004). *State Building: Governance and World Order in the Twenty-First Century*, Profile Books: London.

Government of India (1981). *Report on Development of Northeastern Region,* Planning Commission, National Committee on the Development of Backward Areas: New Delhi.

Government of India (1997). *Executive Summary of the Report of the High Level Commission on Tackling Backlogs in Basic Minimum Services and Infrastructural Needs in the northeast Region,* Planning Commission, National Committee on the Development of Backward Areas: New Delhi.

Government of India (2000). *Report of Eleventh Finance Commission*, Ministry of Finance: New Delhi.

Government of India (2001a). *Consultation Paper on Empowering and Strengthening Panchayati Raj Institutions/Autonomous District Councils/Traditional Tribal Governing Institutions in Northeast India*, National Commission to Review the Working of the Constitution, Ministry of Law, Justice and Company Affairs: New Delhi.

Government of India (2001b): *National Human Development Report 2001*, Planning Commission: New Delhi.

Government if India (2004). *Report of the Comptroller and Auditor General of India for the State of Manipur, 2003-2004,* Comptroller and Auditor General of India: New Delhi.

Government of India (2005a). *Annual Report 2004-2005,* Ministry of Development of Northeastern Region: New Delhi.

Government of India (2005b). *Annual Report 2004-2005,* Ministry of Home Affairs: New Delhi.

Government of India (2005c). *Economic Survey 2004-2005,* Ministry of Finance: New Delhi.

Government of Manipur (2003). *Statistical Tables*: *Human Development Series*, Directorate of Economics and Statistics: Imphal.

Government of Manipur (2004). *Budget Estimates,* Finance Department: Imphal.

Government of Nagaland (2004). *Nagaland State Human Development Report*, Department of Planning and Development: Kohima.

Harriss, J. (2003). 'The State, Tradition and Conflict in the North Eastern States of India', *Crisis States Programme Working Paper* 13, London School of Economics: London.

Hassan, M.S. (2006). 'Explaining Manipur's Breakdown and Mizoram's Peace: The State and Identities in Northeast India', *Crisis States Programme Working Paper* 79, London School of Economics: London.

Hussain, M. (2005). 'Internally Displaced Person in India's North East', *Economic and Political Weekly,* 4 February, Mumbai.

Institute for Conflict Management (2006): *Data Sheet*, Institute for Conflict Management: New Delhi.

Jafa, V.S. (2000). ‘Mizoram: Contours of Non-military Intervention’, *Faultlines* 4; online, Institute for Conflict Management: New Delhi.

Kohli, A. (1998). ‘The Rise and Decline of Self Determination Movements in India’, in A. Basu and A. Kohli (eds), *Can Democracies Accommodate Ethnic Nationalism? Community Conflicts and the State in India*, Oxford University Press: Calcutta.

Lahiri, A.S., S. Chattopadhyay and O.P. Bohra (2002). *A Study of Fiscal Reforms in Manipur*, National Institute of Public Finance and Policy: New Delhi.

Laishram, B.S. (2004). ‘Insurgency and the Collapse of Justice’, *IPCS Article* 1491, Institute of Peace and Conflict Studies: New Delhi.

Luithui, L., and N. Haksar (1984). *Nagaland File: A Question of Human Rights,* Lancer International: New Delhi.

Mahajan, G. (2005). ‘Indian Exceptionalism or Indian Model: Negotiating Cultural Diversity and Minority Rights in a Democratic Nation-State’, in W. Kymlicka and B. He (eds) *Multicultralism in Asia*, Oxford University Press: Oxford.

Migdal, J.S. (1988). *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World,* Princeton University Press: New Jersey.

Nengsong, H. (2003). ‘Public Interest Litigation: Manipur Tribal Employees Association (MTEA)’, Gauhati High Court: Guwahati

North, D.C. (1991). ‘Institutions’, *The Journal of Economic Perspectives* 5(1): 97-112.

North Eastern Council (2000). *Basic Statistics of Northern Region 2000*, North Eastern Council: Shillong.

Parrat, J. (2005). *Wounded Land: Politics and Identity in Modern Manipur*, Mittal Publications: New Delhi.

Phanjoubam, P. (2004). ‘Manipur: The Search for Solutions’, *Faultlines* 15; online version available at www.satp.org, Institute for Conflict Management: New Delhi.

Putzel, J. (2005). ‘War, State Collapse and Reconstruction’, *Crisis States Programme Working Paper* 1, London School of Economics: London.

Rana, R. (2005). *Silencing International Obligations and the Armed Forces Special Powers Acts, 1958, Article 1671*, Institute of Peace and Conflict Studies: New Delhi.

Registrar General of India (various). *Census of India,* Registrar General and Census Commission: New Delhi.

Routray, B.P. (2003). ‘Fuelling Dissent, Anti-Terror Laws in India’s Northeast’, *Peace and Conflict* 6(5) online, Institute of Peace and Conflict Studies: New Delhi.

Roy, S. (2004). ‘Economic Sustainability and Structural Transformation in Mizoram’, mimeo, Aizawl.

Sachdeva, G. (2001). ‘Second Generation Reforms in the Northeast’, in North Eastern Council (ed.), *Vision for the Northeastern Region in the New Millennium,* Post Seminar Proceedings, North Eastern Council: Shillong.

Sahni, A. (2001). ‘The Terrorist Economy of India’s northeast: Preliminary Explorations’, *Faultlines* 8; online version available at www.satp.org., Institute for Conflict Management: New Delhi.

Sanajaoba, N. (1988). *Manipur Past and Present*, Mittal Publications: New Delhi.

Sandham, O. (2004). ‘Who Rules Manipur’s Streets ?’, *IPCS Article* 1835, Institute of Peace and Conflict Studies: New Delhi.

Sharma, M. (2004). ‘Critically Assessing Traditions: The Case of Meghalaya’, *Crisis States Programme Working Paper* 52, London School of Economics: London.

Sharma, M., and A.K. Baruah (2004). ‘Mizoram at Crossroads: Democracy vs. Traditional Values’, *Crisis States Programme Working Paper* 79, London School of Economics: London.

Shashinungla (2005). ‘Nagaland: Insurgency and Factional Intransigence’, *Faultlines* 16; online version available at www.satp.org, Institute for Conflict Management: New Delhi.

Shimray, R.R. (1985). *Origin and the Culture of Nagas*, Pimphipei Shimray: New Delhi.

Shimray, U.A (2004). ‘Socio-Political Unrest in the Region Called Northeast India’, *Economic and Political Weekly*, 16 October, Bombay.

Singh, B.P. (1987). *The Problem of Change: A Study of Northeast India*, Oxford University Press: New Delhi.

Singh, N.L. (1998). *The Unquiet Valley: Society, Economy and Politics in Manipur (1891-1950)*, Mittal Publications: New Delhi.

Union Bank of India, (various) *Minutes of the State-Level Bankers’ Co-ordination Committee Meetings*, Union Bank of India: New Delhi.

Verghese, B.G. (1996). *India’s Northeast Resurgent: Ethnicity, Insurgency, Governance, Development*, Konark Publishers: New Delhi