

GOVERNMENT OF ASSAM

**A Brief Review of
The Economy of Assam
1986-87**

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**A BRIEF REVIEW OF THE ECONOMY OF ASSAM,
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During the year 1986-87 the economy of Assam suffered from the adverse effects of two unprecedented natural calamities. The State witnessed during the year a prolonged dry spell from mid-April to mid-August, a phenomenon which is quite unknown to the State, immediately followed by devastating floods that spread over several districts of the State. The occurrence of these two natural calamities in quick succession led to severe set-back in the State's agricultural activities. In the industrial and mineral front the overall production performance, however, appeared to be more or less satisfactory during 1986. In the two key infrastructure sectors viz., power and transport, the economy witnessed mixed performance during 1986-87. As regards prices, the situation is not very favourable and has become a matter of concern on several occasions. The only redeeming feature is that the rate of rise in prices during 1986-87 was slightly lower when compared with the trend in the earlier few years. The ranks of the unemployed in the State have been swelling year after year and this has continued to be a matter of serious concern for the economy. Nevertheless, despite being beset by various constraints and adverse circumstances the economy appears to have moved towards a hopeful future due mainly to increased developmental efforts carried out for all-round economic development of the State. Viewed against this background, the economy of the State during 1986-87 is expected to maintain a growth rate slightly lower than that of the previous year.

POPULATION :

The population of Assam is estimated at 23.4 million as on October, 1986 as against 19.9 million (projected) in 1981 and 14.6 million in 1971 (census). Since the beginning of the present century, Assam's population has been growing at a considerably faster rate in comparison to the average growth rate of population in the country. While in 1981 the population of the country increased by about three times over 1901 the same in Assam rose by about six times during this period. The average density of population per square kilometre works out to 254 in Assam compared with the all India average of 221 in 1981.

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The estimates available from the Sample Registration System revealed that over the years there was little difference in the birth and death rates of Assam and the country as a whole. The three-yearly moving averages of birth and death rates during 1982-84 in Assam stood at 34.4 and 12.4 per mille respectively as against the corresponding averages of 33.8 and 12.1 per mille for all-India. During 1980-82 the birth and death rates were of the order of 33.0 and 11.9 per mille respectively for the State as against 33.8 and 12.3 per mille respectively for the country. In the light of this background it appears that the higher growth in population in the State for the past decades as compared to the country as a whole is due to factors other than natural growth alone.

STATE DOMESTIC PRODUCT:

The State Domestic Product (SDP) is not likely to show appreciable increase during 1986-87 as agriculture, the most dominant sector of the State's economy, suffered a set-back in production due to natural calamities as stated earlier. In the previous year i.e. in 1985-86 the SDP (Quick estimates) at current prices registered a substantial rise of around 14 per cent over the previous year i.e. from Rs.4070.6 crores (Q) in 1984-85 to Rs.4638.0 crores (Q) in 1985-86. At constant (1970-71) prices the SDP rose to Rs.1394.9 crores (Q) in 1985-86 from Rs.1306.7 crores (Q) in 1984-85, showing a rise of 6.7 per cent over the year. The per capita net SDP at current prices increased to Rs.2016.5 (Q) in 1985-86 from Rs.1820.6 (Q) in 1984-85, displaying a rise of 10.7 per cent during the same period while there was a fall of 2.2 per cent in 1984-85 over the previous year. At constant prices also the per capita SDP went up from Rs.584.4 (Q) in 1984-85 to Rs.603.9 (Q) in 1985-86 thereby showing rise of 3.3 per cent as against a fall of 0.3 per cent in 1984-85 over 1983-84.

AGRICULTURE:

As already stated the year 1986-87 is not a very prospective agricultural year for the State. During the year, agricultural activities, particularly relating to Kharif crop in the State were badly hit first by prolonged dry spell at the sowing stage and then by widespread floods at the time of harvesting. Data so far available reveal very adverse affect on autumn paddy and jute crops in terms of reduction in area coverage as well as lower yield rate leading to large shortfall in production. The production of autumn paddy is

estimated to have declined from 5.07 lakh tonnes in 1985-86 to 3.35 lakh tonnes in 1986-87 thereby showing a fall of 34%. The prospects of winter paddy also do not appear to be upto expectations during the year because of damages caused by floods. So far as jute crop is concerned, its estimated production of 9.51 lakh bales in 1986-87 remained well below the production level of 11.78 lakh bales in 1985-86. Similar effect is likely to be observed in the production of rape & mustard and rabi-pulses too. It is however, worthwhile to mention here that the State Government undertook effective drought relief and post-flood measures in the shape of provision of power pumps for irrigation, free tractorisation, distribution of seedlings etc., which saved the situation in the agricultural front from further deterioration. Further, the State Government also introduced the crop insurance scheme from the agricultural year 1986-87 with a view to give relief to the farmers in the event of crop failure.

The index of agricultural production (base triennium ending 1969-70=100) attained the peak of 158 in 1985-86 from 145 in 1984-85 showing an impressive rise of about 9 p.c. over the year. During 1986-87 the index may register some decline due to adverse impact on production.

INDUSTRY :

The State's manufacturing and processing sector maintained a more or less satisfactory performance in output during 1986. Data available for the first few months of 1986 (9 to 10 months) suggest encouraging trend in the output of industries like fertilizer, petroleum products and plywood. However, some decline in output was also observed in respect of a few industrial items such as tea, sugar, match and cement during the first few months of 1986 over the comparable output level of the preceding year. In order to accelerate the process of industrial development of the State, various efforts aimed at creation of a favourable industrial climate in the State continued to be undertaken. In this regard mention may be made of the new industrial policy announced by the State Government during the latter part of 1986. This new policy aims at encouraging growth of industries in the State based on local resources and local demands and is expected to give a major boost to the small scale sector. A few noticeable traits in the State's industrial scene during 1986 were : re-opening of the Silghat Co-operative Jute Mill with effect from 1st January, 1986, commissioning of

the State's first Polyester Spinning Mill at Nathkuchi near Tihu during June, 1986 and inauguration of another Synthetic Spinning Mill at Noapara near Bijni during December, 1986 etc.

The index of industrial production (base 1970=100) which was 154 in 1983 went up to 165 in 1984 and then to 172 in 1985. Judging from available production trends, the index during 1986 is likely to show a nominal rise over the index of the previous year.

MINING :

Data so far available for 1986, reveal a better outlook in the performance of the State's mineral sector. During the first nine months of 1986 production of petroleum (crude) and natural gas (utilised) showed encouraging rise over the production level in the corresponding period of 1985. Similar encouraging trend in output was also observed in respect of other mineral items such as coal and limestone as indicated by output data available for the first eleven months of 1986.

TEA :

Production of tea in the State which recorded considerable step-up during 1985 is likely to show some decline during 1986. The State produced a total of 352 million kg. of tea in 1985 as against 335 million kg. in 1984 and 322 million kg. in 1983. From available indications it appears that during 1986 it would remain below the production level of the previous year. Tea crop estimates available for the first nine months of 1986 reveal that during the said period tea production has declined by about 9 p.c. in North India and by about 7 p.c. at all India level over the production in the corresponding period of the previous year.

An encouraging development witnessed in the State's tea industry is that, of late, the Guwahati Tea Auction Centre has emerged as one of the most leading tea auction centres in the country. During the first nine months of 1986 a total of 98.3 million kg. of tea were sold through the centre as against 86.2 million kg. sold during the same period of 1985. Altogether 120.2 million kg. were sold during the whole year of 1985. The average price fetched per kilogram of tea at the centre also recorded some rise from Rs.22.85 per kg. in 1985 to Rs.23.20 per kg. in 1986 (upto September).

POWER :

Despite recording a steady progress in the sphere of power development over the recent few years, there, still exists a big gap between availability and demand for power in the State. The total installed capacity of power in the State stood at 427.98 M.W. (including the capacity of stand by sets) at the end of March 1986 as against 349.4 M.W. at the end of March 1985 and only 141.5 M.W. at the end of March 1980. During 1986-87, particularly during the first half of the year, the State had to experience severe power shortage due to reasons like technical difficulties in some of its power projects, non-availability of gas for gas units, inadequate supply of power from neighbouring system etc. However, the power supply position improved to some extent during the latter half of the year. The generation of power in the state which recorded marginal decline from 852.0 million kwh in 1984-85 to 845.1 million kwh in 1985-86 is likely to show some improvement by the end of 1986-87.

RURAL ELECTRIFICATION :

In the sphere of rural electrification, altogether 13,648 villages, out of 21,995 villages in the State have been electrified upto the end of March 1986. This accounts for about 62 percent of the State's total inhabited villages. The target fixed for 1986-87 is to cover another 2211 villages under the programme of rural electrification.

FORESTRY :

Assam has around 17.4 thousand sq. km. of area under reserved forests and about 4 thousand sq. km. of area under proposed reserved forests. The area under reserved forests, thus, accounts for about 22 per cent of the total geographical area of the State. The volume of revenue earned by the State Government from its various products such as timber, fuelwood, bamboo, stone, sand etc. amounted to about Rs. 21.6 crores during 1985-86 as against Rs.25.2 crores during 1984-85. Since importance of forestry lies not only with its productivity but also with its capacity of providing cover for prevention of soil erosion and also for maintenance of ecological balance, the State Government has duly emphasised the need for proper management and development of this sector. Accordingly, various forest development programmes continued to be undertaken in the State. Till the end of March, 1986 the areas covered under the programme of regeneration and social forestry stood at 36.8 thousand hectares and 23.9 thousand hectares respectively as against 34.6 thousand hectares and 18.6 thousand hectares respectively at the end of March, 1985.

BANKING :

The banking facilities in the State are gradually expanding following opening of more bank branches in the State in recent times. As on June, 1980 the State had only 466 offices of scheduled commercial banks which rose sharply to 854 in June, 1985 and further to 974 in June, 1986. However, in terms of coverage of population per bank office, the position continued to be not much satisfactory in Assam as there was one bank office for every 21 thousand population in the State as against one bank office for every 13 thousand population in the country as a whole in June, 1986 (based on 1981 population census). A notable feature of the State's banking sector is the quick growth in the volume of deposits which rose from a mere Rs.350.3 crores in December, 1980 to Rs.910.7 crores in June, 1985 and then to Rs.975.6 crores in June, 1986. Similarly, deployment of credit also recorded rise from Rs.186.7 crores in December, 1980 to Rs.485.0 crores in June, 1985 and further to Rs.517.4 crores in June, 1986. Despite such increases the credit-deposit ratio of scheduled commercial banks however, stands at a lower level in Assam, being 53.0 per cent in June, 1986 compared with 65.5 per cent at all-India level.

So far as the net-work of regional rural banks are concerned, the State had altogether 321 branches of such banks in June, 1986 as against 262 branches in June, 1985. The volume of deposits with and advances by these banks totalled Rs.38.4 crores and Rs.28.6 crores respectively in June, 1986 as against Rs.27.4 crores and Rs.19.6 crores respectively in June, 1985.

PRICE SITUATION :

The upward trend of prices in the previous three years continued to exert pressure in 1986 too. It has, however, been observed that although the overall price level in the State during 1986 was ruling higher than that in 1985, the extent of the rise was somewhat lower when compared with the rate of rise in 1985 over 1984. The average general wholesale price index showed a rise of 5.9 per cent during the first ten months of 1986 (latest available) over the index of corresponding period in 1985. In contrast, the annual average of 1985 displayed a rise of about 12.7 per cent over 1984. The rate of rise was as high as 17.6 per cent in 1984 over 1983 and 11.7 per cent in 1983 over 1982. On a point-to-point basis, the index in October,

1986 was higher by about 4 per cent over January, 1986 while it was higher by 5.9 per cent in October, 1985 over January of the same year.

The rise in consumer prices had been somewhat more when compared with the rise in wholesale price indices. The average consumer price index number for working class in Assam (base 1949=100) increased by 7.5 per cent during the first ten months of 1986 over the corresponding period of the previous year. As against this, the annual average of 1985 recorded a slightly lower rise (6.5 per cent) over 1984. Nevertheless, the rate of increase during the first ten months of 1986 was still well below the increase of 10.7 per cent recorded in 1984 over 1983 and 11.2 per cent in 1983 over 1982.

Data available on monthly average retail prices of essential commodities reveal mixed trend in the movement of prices of these commodities. A comparison of prices prevailing during the month of October, 1986 (upto which latest data are available) with those at the corresponding month of the previous year indicates varying degree of rise and fall over the period. It was found that over the period the rate or rise in retail prices was moderate in respect of commodities like rice (8.5 p.c.), atta (7.6 p.c.), egg (3.4 p.c.), kerosine oil (9.4 p.c.) and writing paper (2.9 p.c.), while it was very sharp in case of few other commodities such as potato (57.3 p.c.), onion (23.8 p.c.), mustard oil (37.3 p.c.) and small fish (34.8 p.c.). On the other hand, some fall in prices of a few items viz., sugar (5.9 p.c.), salt (1.8 p.c.), moongdal (10.6 p.c.) and masurdal (0.2 p.c.) had also been observed over the same period.

SUPPLY POSITION OF ESSENTIAL COMMODITIES :

The State depends heavily on outside sources for supply of a large number of essential commodities of mass consumption. The monthly allocation of certain essential items made by the Government of India from its central pool meet a part of the State's requirement. During the year 1986, the monthly allocation of rice from central pool in favour of the State was around 40 thousand M.T. But the FCI could not deliver the entire monthly quantity, the actual delivery on an average being about 30 thousand M.T. per month in the State. The delivery position of central pool wheat was also very poor particularly from the month of April, 1986, as only one-fourth of the total allocation was delivered during the year.

Levy sugar is another item distributed through the public distribution system. The allocation made for the State during the year was little over 9 thousand M.T. per month in addition to allotment of a monthly quota of 1500 M.T. of imported sugar. The availability position of levy-free sugar in the State market was by and large satisfactory during the year. In case of Kerosine, mustard oil and L.P.G., the supply position was found to be critical at times. So far as supply position of salt, pulses, cement etc. are concerned the situation remained more or less satisfactory during the year. With a view to provide relief to the consumers, the State Government sponsored a scheme of supply of rice and masurdal at subsidised rate through the public distribution system which was in operation from July, 1986 to the middle of December, 1986.

POVERTY ALLEVIATION PROGRAMME :

Various poverty alleviation programmes (viz. IRDP, NREP, RLEGP etc.) made considerable headway in the State during 1986-87. Under IRDP a total of 31,269 families (including 9272 S.C./S.T. families) were assisted upto November 1986 as against the target of 46 thousand families to be assisted during 1986-87. Under NREP total employment generation was 23.85 lakh mandays during 1986-87 (upto November/86) as against 25.77 lakh mandays during 1985-86 while under RLEGP it was possible to create 17.27 lakh mandays during 1986-87 (up to November/86) as against creation of 22.32 lakh mandays during the previous year. The volume of credit mobilised under IRDP through different financial institutions aggregated Rs.9.16 crores during 1986-87 (upto November/86) compared with Rs.14.97 crores during 1985-86.

The achievements under the programme of TRYSM (National Scheme of Training of Rural Youth for Self-Employment) in the State during 1986-87 (upto November, 1986) were as follows : a total of 2359 youths were trained in various trades and vocations as against the target of training of 5360 youths during the year. Of the trained youths, only 1352 youths were found to be self-employed upto November 1986. The number of youths trained and self-employed during 1985-86 were 4435 and 2475 respectively.

EMPLOYMENT SITUATION :

Notwithstanding efforts made for generating additional employment opportunities, the problem of growing unemployment in the State continued to be a matter of serious concern. This is evident from the continuous increase in the number of employment seekers through employment exchanges of the State. The live register of employment exchanges revealed that the total number of jobseekers which was 4.89 lakhs at the end of 1984 swelled to 6.03 lakhs at the end of 1985 and then to 7.82 lakhs at the end of September, 1986. The problem had further been accentuated due to the fact that out of 7.82 lakhs job seekers at the end of September, 1986, the number of educated job seekers totalled 4.34 lakhs there by accounting for about 55 per cent of the live register total. As on the same date women jobseekers numbered 1.34 lakhs while Scheduled Caste and Scheduled Tribe jobseekers numbered 41.6 thousand and 64.9 thousand respectively. Between January and June, 1986 altogether 6448 vacancies were notified to the employment exchanges of the State against which 2866 vacancies were filled up during the period.

Data available from the Employment Market Information Programme disclose that the number of employed persons in the organised sector of the State (Public and private sectors together) stood at 10.45 lakhs at the end of September, 1986 which was 5.9 per cent higher than the figure for September 1985 (9.87 lakhs). Public sector comprising Central Government, State Government, Quasi Government bodies, local bodies etc. employed about 4.43 lakh persons as at the end of September 1986 while under private sector the total employment was 6.02 lakhs during the said period.

TABLE—3

State Domestic Product, Assam (Revised Series)

Year	State Domestic Product (Rs. Crores)		Per Capita Income (Rs.)	
	At current Prices.	At constant (70-71) Prices.	At current Prices.	At constant (70-71) Prices.
1	2	3	4	5
1970-71	771.4	771.4	534.7	534.7
1975-79	1817.8	989.2	926.7	536.9
1979-80	1968.3	968.1	1003.5	509.1
1980-81 (P)	2397.8	1095.1	1220.8	557.6
1981-82 (P)	2640.4	1081.9	1302.1	535.5
1982-83 (P)	3342.0	1192.2	1596.1	569.4
1983-84 (P)	4030.6	1268.6	1662.2	586.1
1984-85 (Q)	4070.6	1306.7	1820.6	584.4
1985-86 (Q)	4638.0	1394.9	2016.5	603.9

(P)—Provisional estimates
(Q)—Quick estimates.

TABLE—4

Index of Agricultural Production In Assam (Base Triennium Ending 1969-70=100)

Year	Food grains	Non-food grains	All Crops
1	2	3	4
1970-71	107	101	105
1975-76	123	113	119
1976-77	117	117	117
1977-78	127	117	123
1978-79	118	123	120
1979-80	105	129	114
1980-81 (P)	140	135	138
1981-82 (P)	125	141	131
1982-83 (P)	143	143	143
1983-84 (P)	141	149	144
1984-85 (P)	137	158	145
1985-86 (P)	157	158	158

(P)—Provisional

TABLE—1

Decadal Variation Of Population (percentage)

Decade	Assam	India
1	2	3
1941-51	19.9	13.3
1951-61	35.0	21.6
1961-71	35.0	24.8
1971-81	36.1*	25.0

*Based on projected figure for 1981.

TABLE—2

Estimated live birth and death rates in Assam and India
(Based on three-year moving average)
(Per mille)

year	Birth rate		Death rate		Natural growth rate	
	Assam	India	Assam	India	Assam	India
1	2	3	4	5	6	7
1976-78	31.3	33.3	13.7	14.5	17.6	18.8
1977-79	31.1	33.1	12.5	13.9	18.6	19.2
1978-80	32.2	33.3	11.7	13.1	20.5	20.2
1979-81	32.9	33.8	11.5	12.7	21.4	21.1
1980-82	33.0	33.8	11.9	12.3	21.1	21.5
1981-83	34.0	33.8	12.4	12.1	21.6	21.7
1982-84 (P)	34.4	33.8	12.4	12.1	22.0	21.7

(P)—Provisional

Note : The aggregated estimates for India exclude Bihar and West Bengal for the period 1976-78 to 1979-80.

TABLE-5

Production of Some Important Crops in Assam

Crops	Unit	Production					
		1980-81	1981-82 (P)	1982-83 (P)	1983-84 (P)	1984-85 (P)	1985-86 (P)
1	2	3	4	5	6	7	8
1. Rice	Lakh tonnes	25.2	27.3	25.8	25.5	24.4	28.3
2. Pulses	"	0.5	0.5	0.5	0.5	0.6	0.7
3. Sugarcane (Gur)	"	1.7	2.0	2.2	2.1	2.6	2.9
4. Rape & mustard	"	1.0	1.0	1.2	1.4	1.2	1.4
5. Potato	"	2.2	2.8	2.6	3.2	3.2	3.1
6. Jute	Lakh bales	9.1	9.5	9.6	8.5	8.3	11.8

(P) = Provisional

TABLE-6

Production of some important industries and minerals in Assam.

Item	Unit	Production			
		1983	1984	1985	1986 (P)
1	2	3	4	5	6
1. Plywood	Million Sq. metre	31	43	42	35 (10 months)
2. Match	Thousand gross boxes	5079	5046	4976	4271 (11 months)
3. Cement	Thousand tonnes	147	183	169	137 (10 months)
4. Petroleum products	"	1845	1898	1910	1547 (9 months)
5. Tea	Million Kg.	322	335	352	N.A.
6. Sugar	Tonnes	7986	5680	2949	2121 (11 months)
7. Fertilizers	Thousand tonnes	186	225	187	164 (10 months)
8. Coal	"	751	840	835	743 (11 months)
9. Petroleum (crude)	"	5024	4896	4790	3865 (9 months)
10. Natural gas (utilised)	Million Cu. metre	733	771	751	611 (9 months)
11. Limestone	Thousand tonnes	201	209	168	193 (11 months)

(P) — Provisional
N. A. — Not available

TABLE-7

DETAILS OF TAX AND NON-TAX REVENUE, ASSAM

(Rs. Crores)

Heads	1984-85 (Accounts)	1985-86 (Revised estimates)	1986-87 (Budget estimates)
1	2	3	4
1. Total Revenue (i+ii)	699	939	1040
(i) Tax Revenue (A+B)	341	461	484
(A)—State's own Tax Revenue	187	193	188
(B)—Share of Central Taxes	154	268	296
(ii) Non—Tax Revenue (C+D)	358	478	556
(C)—State's own Non—Tax Revenue	83	92	158
(D)—Grants-in-aid	275	386	398

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