India-EU Free Trade Agreement

Potential Impact on the Northeast India

**Shukhdeba Sharma Hanjabam,
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TISS Working Paper 10

TISS Working Paper No. 10
March 2016

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भविष्य की पुनर्कल्पना RE-IMAGINING FUTURES
TISS

Research and Development
Tata Institute of Social Sciences

TISS Working Paper No. 10, March 2016

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ABSTRACT

Starting from the 1990s, the Northeastern part of India became an extremely important strategic area for the policy makers in New Delhi, for example, policy makers in order make a foray into the domain of South East Asia and East Asia initiated what is today known as the Look East Policy so as to forge a greater economic and strategic tie with Association for South East Asian Nations (ASEAN). Although a byproduct of post-Cold War geo-political reconfigurations, the significance and necessity of the policy could be seen as a foreign policy response on the part of India. Such developments provided the grounds for opening up of India's economy to global capitalism. Other than signing Regional Trade Agreement (RTA) with the ASEAN in 1990, other RTAs that have potential impact on the Northeast include agreements undertaken with countries such as Thailand and Singapore. Negotiations having similar interest and ones that would potentially impinge upon the Northeast are underway with the BIMSTEC Group, China and Malaysia, etc. ; the recent most case being the proposed India-EU Free Trade Agreement. Two broad areas can be identified that have direct bearing on the people of the Northeast on account of such agreements. One relates with security *per se* (militarization) and the other is the issue of livelihood, although both terms can be included under the broad category of human security, and are intrinsically interrelated. The study concludes for a humane approach to trade agreement, especially the India-EU FTA, to safeguard human rights and rights of the indigenous people. Such suggestions underscore the fact that in the prevailing global neo-liberal economic system, it is simply impossible to prevent countries entering into trade agreements but a plea can always be made to incorporate policy and legal measures to protect human security of the indigenous people in terms of ownership of land and resources as well as the environment.

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INTRODUCTION

The working paper is divided into two sections. The first section focuses on the details of the proposed free trade agreement (FTA) between India and European Union. The FTA talks began in June 2007 and 15 rounds of negotiations have been held so far. 'Defensive approach' adopted by the Commerce Ministry of India, which is the nodal government body for FTA talks, is one of the reasons for stalling the talks since May 2013. Unwillingness on the part of the Ministry to accommodate demands of the European Union on many sectors is on account of the fact that there was no political consensus on these issues. These included attempts of EU to get India to commit to opening accountancy and legal services, multi-brand retail, postal and courier and banking to foreign investments and professionals. A number of contentious issues including restrictions on movement of professionals to the EU and within European countries, import tariffs on alcohol, automobiles, auto-parts, dairy products and machinery in India and rules guiding government procurement have held up India-EU free trade agreement.

The second section deals with the potential impact of the FTA on the fragile agro based economy of Manipur. How the trade pact will have a detrimental effect on the extractive industry, oil & natural gas sector and food security and livelihood in Manipur is critically analysed in this section.

SECTION I
PROPOSED FREE TRADE AGREEMENT BETWEEN INDIA AND THE EUROPEAN UNION

Economic ties between India and Europe dates back an early time ; the arrival of Portuguese, Dutch, French and English East India Companies changed the nature of trade between India and Europe. This market-determined economic relationship between India and Europe changed further with the advent of British colonialism in the sub-continent (Prakash 1998).[1] At the time of independence in 1947, a major portion of India's trade was either with Britain or its colonies and allies. This pattern continued for some years. After independence, Indian leadership adopted a policy of 'self-reliance' (Roy 2002).[2] As independent India established its relations with other countries, trade diversified. During the Cold War period, India adopted a policy of non-alignment and maintained a close relationship with the former Soviet Union. As a result, its interactions with Europe became limited.' Still, trade and economic relations with Europe have always been very important for India and formed the core of India-European Economic Community (EEC)/EU relations.

Realizing the importance of economic relations with European countries, India was amongst the first few countries to establish diplomatic relations with the EEC in 1962. Later, India and the EEC signed a couple of agreements in 1973 and 1981. The Commercial Cooperation Agreement (CCA) of December 1973 (which came into force in April 1974) was the first one to be signed by the EEC with any 'non-associated developing country embodying the concepts of commercial and economic cooperation linked with trade'.3 This agreement focused on trade promotion with India in such a way that it would not affect India's bilateral relations with individual EEC member-states. As a comprehensive agreement, it covered a wide range of economic issues including trade, economic cooperation, industry, services, energy, telecommunication, tourism, private sector investment, science and technology, intellectual property, agriculture, development cooperation, environment and human resource development.' It provided for a Joint Commission and three Sub-commissions on the following areas such as

(i) Trade and commercial cooperation

(ii) Economic cooperation, and

(iii) Development cooperation.

Later, six working groups in areas of agriculture and marine products, information technology, environment, textiles and consular issues were also set up. In 2001, India and the EU signed a science and technology agreement. They also signed a custom cooperation agreement in 2004 to simplify customs procedures to facilitate trade as per international standards.

India's Integration with the Global Economy & Trade Relationship with EU

Since the early 1990s, India has embarked on a process of economic reform and progressive integration with the global economy that aims to put it on a path of rapid and sustained growth. Per capita

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1 Prakash, 1998, quoted in Gulshan Sachdeva, "India EU Economic Linkages: Need to Broaden Strategic Partnership", *International Studies*, Vol. 45, No. 4, 2008, pp. 341-68.

2 Roy 2002 quoted in Gulshan Sachdeva, 2008, pp. 341-68.

3 Some of the perceptions and misperceptions have been 'aptly summarized by India's former Foreign Secretary J.N. Dixit. See Dixit, J.N., *Indian Foreign Policies and its Neighbours*, Gyan Books, New Delhi, 2001.

incomes more than doubled during the period 1990-2005. Table 2.1 shows, EU-India trade, which has grown substantially. A year on year trade from 2007 to 2010 has grown at a CAGR of about 9 percent. At the sesame time according to EUROSTAT, 2012, EU investment to India has more than tripled since 2003 from 759 million to 3 billion in 2010 and trade in commercial services has tripled from 5.2 billion in 2002 to 17.9 billion in 2010.

TABLE 1.1:
European Union, Trade with India (in million)

Period	Imports	Variation	Share of total EU Imports	Exports	Variation	Share of total EU Exports	Balance	Trade
		(%, y-o-y)	(%)		(%, y-o-y)	(%)		
2007	26587	17,6	1,9	29177	19,6	2,4	2591	55764
2008	29530	11,1	1,9	31263	7,1	2,4	1732	60793
2009	25442	-13,8	2,1	27427	-12,3	2,5	1985	52869
2010	33228	30,6	2,2	34797	26,9	2,6	1569	68025

Source: EUROSTAT, 2012.

Table 2.2 shows India's trade with European Union. As the table shows, India's export to EU has substantially increased over the years, although there is fluctuation as far as import is concerned. This is on account of the financial instability in EU. Exports from India have grown at a CAGR of about 9 percent. And overall trade has grown at a CAGR of about 4 percent. This is low as compared to EU's overall trade with India as shown in Table 2.1.

TABLE 1.2:
India, Trade with European Union (in million)

Period	Imports	Variation	EU Share oftotal Imports	Exports	Variation	EU Share of total Exports	Balance	Trade
		(%, y-o-y)	(%)		(%, y-o-y)	(%)		
2007	32428	20,8	18,0	24186	16,9	22,0	-8242	56614
2008	27743	-14,4	14,6	25748	6,5	21,6	-1996	53491
2009	26434	-4,7	14,5	25045	-2,7	21,3	-1389	51479
2010	32071	21,3	12,2	31343	25,1	18,8	-728	63413

Source: EUROSTAT, 2012

Table 2.3 shows a comparative picture of European Union trade with India as compared to other countries in 2011 alone, with a break-up of the trade items.

TABLE 1.3 European Union Trade with India

European Union, Exports to the World: 2011			**European Union, Exports to India: 2011**			
Sections	**Value (millions of euro)**	**Share of Total (%)**	**Sections**	**Value (millions of euro)**	**Share of Total (%)**	**Share of total EU Exports (%)**
TOTAL	1531122	100	TOTAL	40419	100	2.6
Machinery and transport equipment	647511	42.3	Machinery and transport equipment	15729	38.9	2.4
Chemicals and related prod, n.e.s.	253037	16.5	Manufactured goods classified chiefly by material	13480	33.4	5.3
Manufactured goods classified chiefly by material	195760	12.8	Chemicals and related prod, n.e.s.	4245	10.5	2.2
Miscellaneous manufactured articles	157631	10.3	Miscellaneous manufactured articles	2665	6.6	1.7
Mineral fuels, lubricants and related materials	98650	6.4	Crude materials, inedible, except fuels	2415	6.0	2.4
Food and live animals	63726	4.2	Mineral fuels, lubricants and related materials	307	0.8	0.5
Commodities and transactions n.c.e.	43679	2.9	Commodities and transactions n.c.e.	296	0.7	0.7
Crude materials, inedible, except fuels	40920	2.7	Food and live animals	234	0.6	0.6
Beverages and tobacco	25107	1.6	Beverages and tobacco	87	0.2	0.3
Animal and vegetable oils, fats and waxes	3874	0.3	Animal and vegetable oils, fats and waxes	22	0.1	0.6

Source: EUROSTAT (Comext, Statistical regime 4); World excluding Intra-EU trade and European Union: 27 members.

In addition to trade, the EU is providing trade related technical assistance to India, in order to assist India in continuing its efforts to better integrate into the world economy, with a view to further enhancing bilateral trade and investment ties. 13.4million was allocated through the Trade and Investment Development Programme (TIDP) funded from the Country Strategy Paper (CSP) 2002-2006. At present, the follow-up programme to the TIDP is being designed and will be funded by the Country Strategy Paper 2007-2013.

Cooperation Framework with India

In 2004 India became one of the EU's "strategic partners". Since 2005, the EU-India Joint Action Plan (revised in 2008), aims at realizing the full potential of this partnership in key areas of interest to India and the EU.

The EU and India have in place an institutional framework, cascading down from the annual EU-India Summit, to a senior-official level Joint Committee, to the Sub-Commission on Trade and to working groups on technical issues such as technical barriers to trade (TBT), sanitary and phytosanitary measures (SPS), agricultural policy or industrial policy. These are the fora where a number of day-to-day issues, such as EU market access problems, are discussed.

In the first summit meeting held in Lisbon in June 2000, India and the EU agreed to enhance their trade and cooperation. As a result, the 11th EU Joint Commission encouraged industry to launch the 'Joint Initiative to Enhance "Trade and Investment"'. These meetings led to 'India-EU Strategic Partnership' in 2005. At the sixth summit in 2005, a 'Joint Action Plan' was also launched.' These meetings have been supplemented by 'India-EU Business Summits' organized by apex chambers of commerce and industries on the Indian side and the Union of Industrial & Employers' Confederation of Europe' (UNICE) and local chambers of commerce from the member states representing the Presidency on the EU side.

The 2005 EU-India Summit generated a serious political commitment to increase bilateral trade and economic cooperation and to tackle barriers to trade and investment. Within the Joint Action Plan, the Summit launched a High Level Trade Group (HLTG) and mandated it to explore ways and means to deepen and widen the bilateral trade and investment relationship. The HLTG was also tasked with examining the possibility of launching negotiations on a broad-based trade and investment agreement. With its combination of rapid growth and relatively high market protection, India was an obvious partner for one of the new generation of EU FTAs launched as part of the Global Europe strategy in 2006.

The parameters for an ambitious FTA were set out in the report of the EU-India High Level Trade Group in October 2006, which was tasked with assessing the viability of an FTA between the EU and India. Other studies have reinforced the economic potential of an FTA between the EU and India (Report of the EU-India High Level Trade Group, October 2006). The HLTG met five times in New Delhi and Brussels, to engage in substantive discussions on a wide range of subjects. The broader trade policy context was examined and information was exchanged on the EU's and India's bilateral trade agreements with other parties. In order to facilitate dialogue, the HLTG exchanged non-papers on trade in goods, trade in services, investment, trade facilitation, public procurement, intellectual property rights, competition and dispute settlement.

Key Highlights of the HLTG

The HLTG observes that trade and investment is a cornerstone of the EU and India's multidimensional relationship. As natural allies in a wide range of global issues, this relationship was upgraded in 2004 to a Strategic Partnership, which led to even closer cooperation on a broad range of areas. Both the EU and India are committed at many levels - governments, businesses and consumers - to open the door to further engagement. This presents a unique opportunity to bolster trade and investment relations.

Possible Broad-Based Trade and Investment Agreement proposed by the HLTG

In the back ground of the optimistic observations laid down by it, the HLTG discussed a number of specific areas that would be relevant to any future bilateral trade and investment agreement. The thrust of these discussions along with any relevant conclusions are set out by area below.

Trade in Goods

The HLTG proposed for a reduction of trade barriers to bring progressive improvements in trading conditions with the objective of promoting growth, employment and sustainable development. HLTG opined, "Bilateral free trade agreements (FTA) aim to eliminate tariffs between the parties on almost all trade and thus provide opportunities for current and potential exporters to develop their business and diversify the export Base". The HLTG discussed the principles behind any possible future FTA between EU and India and concluded that any bilateral agreement should be WTO compatible and build upon the outcome of the DDA negotiations. It was further determined that

Trade in Services

The HLTG analysed the importance of the service sector to both the EU and India and considered the scope for negotiations of a FTA in services. There was unanimity on the principle that any such agreement should build upon the outcome of the DDA, to which both partners are fully committed, and that any agreement should be compatible with GATS. In concrete terms, the parties concurred that any agreement should:

- Ensure substantial sectoral coverage measured in terms of number of sectors, volume of trade and modes of supply. No mode of supply should be excluded; and
- Provide for the elimination of substantially all discrimination between the parties.

Furthermore, the HLTG determined the importance of a common understanding being reached on various points. In particular, the following areas can be the focus for further discussions

- The use of the current level of opening as the point of departure for additional services commitments.
- Liberalisation commitments in modes 1, 2, 3 and 4 as well as exploring areas of mutual interest to facilitate the mutual recognition of professional qualifications in various sectors and related issues.

The HLTG concluded that there was a potential interest in an ambitious free trade agreement. Nonetheless, both parties recognised the sensitivities of certain service sectors. The HLTG agreed on the importance of the transparency of regulatory requirements which have an impact on trade in services.

Investment

The HLTG recognised the need to promote long-term productive investment that generates stable employment and sustainable growth. Whilst bilateral investment flows already represent a notable share of both parties' total FDI, the HLTG assessed that there were significant opportunities for increasing bilateral investment and that there was clear mutual interest in facilitating these flows further. Thus, the HLTG considered that a chapter on investment should be included in any future agreement. The parties developed certain principles of such a chapter and were of the opinion that it should:

- Improve market access and provide for national treatment to investors;
- Ensure that host and home states retain their right to regulate;
- Foster transparency by clarifying the regulatory framework;
- Aim at freeing the flow of payments and investment-related capital movements; and
- Seek to facilitate the movement of investment-related natural persons.

The HLTG noted India's interest in including provisions on investment protection and promotion in any possible future bilateral trade and investment agreement. The EU is ready to further consider this issue on the understanding that any such provision would have to be complementary to bilateral investment treaties between India and EU Member States.

Trade Facilitation

Trade facilitation promotes transparency, cuts red tape and simplifies trade procedures, saving both time and money for business. Moreover, procedural barriers in export markets can be a particular burden for SMEs. In addition, trade facilitation measures can reinforce security and promote higher customs revenues and a better investment climate. Cooperation in this area therefore has considerable potential to improve supply chains and trade logistics between the EU and India, thereby enhancing trade flows.

Negotiations in the DDA on trade facilitation have been making good progress. The EU and India have been cooperating closely with a view to achieving an ambitious outcome in line with the negotiating modalities. The HLTG agreed that the parties should support and build on this constructive collaboration.

Consequently, the HLTG advocated that the EU and India develop provisions on trade facilitation within any possible future bilateral trade agreement, as a complement to a future DDA Agreement. They should also complement the activities foreseen in the EU-India Customs Cooperation and Mutual Assistance Agreement. Discussions could cover reinforced co-operation with the aim of developing a joint working programme and initiatives in the customs field, simplified procedures, supply chain security, automation, the role of customs in enforcing IPR, and other modern challenges in customs work.

Public Procurement

The HLTG examined the role of public procurement policies in ensuring that public money is spent in a transparent, efficient and equitable manner. An open and competitive tendering framework allows public authorities not only to make significant cost savings, but to tap into the full financial and technical potential of the private sector. Companies also benefit from an open procurement regime in that it grants them unhampered access to larger markets and provides a level playing field for economic operators. Finally, a competitive procurement regime facilitates the transfer of state of the art technologies and management practices, thus contributing towards the competitiveness of the knowledge and skills economy.

The HLTG examined how to capture these benefits in the bilateral trade arena noting, in particular, the possibilities for improving reciprocal market access. It agreed that a pragmatic approach should be followed for addressing government procurement. This approach shall *inter alia* include better understanding of each party's procurement practices, examine measures to enhance transparency, as well as examine ways to possible improvements in market access opportunities.

Technical regulations - TBT and SPS

Cooperation on technical barriers to trade (TBT) and sanitary and phyto-sanitary measures (SPS) aims to prevent and eliminate barriers to trade, while respecting legitimate objectives in terms of protecting health, food safety, the environment etc. As signatories to the WTO TBT Agreement and SPS Agreements, the EU and India are committed to follow common and accepted principles under the SPS & TBT Agreements,

Recognising the importance of technical cooperation, the HLTG agreed that a chapter on these topics should be included in any possible future bilateral trade agreement with a view to increase bilateral trade.

On TBT-related issues, the HLTG decided that a forum should be set up for examining current barriers to trade and for exchanging information in general as well as on statutory notifications. The HLTG also agreed on the importance of ensuring that technical regulations not be more trade restrictive than necessary, and recommended a further exploration on how mutual recognition could be established for technical regulations and conformity assessment, including exploring ways to establish suppliers' declaration of conformity, with a view to increasing bilateral trade.

On SPS issues, the HLTG noted that there is a need to enhance bilateral cooperation in order to promote mutual understanding and trust between India and the EU. Both sides would efficiently search for mutually acceptable solutions with a view to facilitating trade. Both sides would exchange information on good regulatory practices, development of specific provisions for application of regionalisation, and for assessment of equivalence.

Intellectual Property and GIs

Ensuring an adequate level of protection of intellectual property plays an important role in developing the right climate for trade and foreign direct investment. Both the EU and India consider that robust intellectual property laws play a decisive role in an economic policy that supports innovation and creativity.

The HLTG agreed that the WTO Agreement on trade-related aspects of intellectual property rights (TRIPS) sets minimum standards of protection for each category of right. WTO Members have the right to go beyond these standards if they consider it necessary and appropriate in order to incite innovation, to spur investment and to reward creators and innovators for their work

The HLTG agreed to include provisions on intellectual property in any possible future bilateral trade agreement in a manner that was complementary to the appropriate WTO provisions and respecting national sovereignty. The intention is to move towards the effective protection and enforcement of intellectual property rights. The HLTG also recognised that geographical indications (GIs) constituted a potentially important part in bilateral trade and should be covered in any possible bilateral agreement. Both the EU and India are committed to the reinforcement of GI protection as part of the DDA negotiations. Bilaterally, the protection of GIs on each other's markets would be enhanced by the negotiation of an agreement on GIs.

Competition Policy

Competition rules are important to promote growth and efficiency of economies and, in a trade policy context, to ensure that the benefits of liberalisation and related regulatory reform are not undermined by anti-competitive conduct of private parties. Competition rules are not about increasing market access per se but about ensuring the conditions which will enable that access is translated into real, not just theoretical, business opportunities. Robust competition policy also improves the attractiveness for foreign investors by creating transparent and non-discriminatory legal frameworks for foreign operators. Effective domestic competition law regimes are thus, essential to guarantee that commonly defined and agreed forms of anti-competitive behaviour detected in bilateral trade can be addressed, whilst fully respecting national sovereignty. Enhanced cooperation among competition authorities can play a vital part in this direction.

The HLTG agreed that it is fundamental to have comprehensive domestic competition laws, which effectively address anti-competitive behaviour and are based on principles of transparency, due process and non-discrimination on the basis of nationality. Both parties considered that there would be an interest in developing their cooperation in the field of competition under the framework of a possible future bilateral trade agreement. Examples of cooperation provisions include the possibility for competition authorities to exchange non-confidential information and the coordination of enforcement activities.

Dispute settlement

In accordance with the overall objectives of increasing trade and investment and providing greater commercial and legal certainty, bilateral dispute settlement mechanisms are designed to settle any trade irritant or manage it so as to avoid a spill over on the broader relationship. Consultations or other cooperative means remain the preferred means of resolution but where this is not possible, a dispute settlement mechanism can help enforce the rules.

The HLTG agreed that any possible future bilateral trade agreement should include a binding State-to-State dispute settlement mechanism. It noted the degree of convergence between the parties' approaches to this issue in existing bilateral trade agreements. The details of the architecture of such a mechanism, including appropriate timeframes, mediation/consultation, selection of panelists and openness of procedures, would need to be negotiated at the appropriate stage.

Trade Negotiations & Rounds of Meetings

Negotiations for such FTA were launched in June 2007. These were undertaken under the broad framework provided by the HLTG report. The 15th and final round was held on November 25–29, 2013 in New Delhi.[4]

At the ninth India-EU Summit held in Marseille, France, in September 2008, both the partners agreed to a revised 'Joint Action Plan' extending strategic partnership to new areas aimed at promoting peace and comprehensive security, sustainable development, research and technology and cultural exchanges. The summit also approved a joint work programme on energy, clean development and climate change, a horizontal civil aviation agreement and launch of a European business and technology centre in India. Apart from bilateral India-EU issues, the leaders also discussed regional and global issues, especially the situation in Afghanistan and Myanmar, Iranian nuclear issue, terrorism, food security, climate change and global financial crisis. On the sidelines of the political summit, *Movement des Enterprises de France* (MEDEF) International, a French business federation, also hosted an India-EU business summit.

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4 The 11th Round between India and EU was held during November 8–11, 2010 at Brussels. The next round of meeting was held at Brussels in November 2011. In a Statement on the state of play of the EU-India FTA Negotiations, EU Trade Spokesman John Clancy stated, "This is a very important deal for the EU and India. There are some important issues outstanding and only an ambitious agreement will bring significant benefits. But the EU and India are working with full steam ahead to find solutions which are acceptable to both sides. Intense negotiations will therefore continue over the coming months to effectively solve the remaining core issues between now and the EU-India Summit, which is scheduled for 10 February". The negotiations on India-EU FTA have reached at an intense stage as both trading partners are hoping to finalize the agreement at the India-EU Summit on February 10, 2012 in New Delhi. This was expected to be the concluding summit but nothing is known because of the secretive nature of the agreement, however, trade to take off in spite of earlier prediction that it would start by early 2011. Another significant India-EU Summit was held in Brussels, on 26 June 2012. In a "Joint Statement on the Outcome of the EU-India Trade Ministerial", EU Trade Commissioner Karel De Gucht and Indian Commerce Minister Anand Sharma expressed their satisfaction that negotiations towards an ambitious EU-India Free Trade Agreement are making good progress.

Commissioner De Gucht and Minister Sharma agreed to hold another ministerial meeting before the end of the year with a view to concluding the negotiations. To this end, they instructed their negotiating teams to identify possible solutions on all remaining issues in the coming months. A number of inter-sessional meetings will be held and chief negotiators will also meet again in September to take stock of the negotiations. Both sides are keen to find results which are mutually acceptable so as to achieve an ambitious outcome which would give an important boost to trade between the EU and[5] India. This is particularly important in the current economic climate.

The FTA is to be in the form of regional trade agreement (RTA), meaning to say EU comprises of 27 member countries. At present, the negotiations on the India-EU FTA involve the following thematic areas:

- Trade in goods
- Trade in services
- Cross border investments
- Non-tariff barriers
- Rules pertaining to intellectual property rights
- Competition policy
- Trade facilitation and custom co-operation
- Government procurement
- Regulatory transparency
- Dispute settlement

For EU, FTAs will help in economic expansion. EU economies are moving away from industrial production to knowledge-based and service sectors. On account of the ongoing financial recession in Europe, there is a political pressure within EU to conclude the FTA. And four EU countries such as United Kingdom, France, Germany and Italy are actively pushing forward for the conclusion of the agreement.

EU is exploring trade cooperation with India in a wide range of areas, from direct trade in goods to partnership in mining. EU is looking for access to the large Indian market.[6] Potential sectors where EU wants to make inroad in India include trade in goods, services, Banking, Finance, Savings & Insurance (BFSI), Infrastructure (telecommunications and water supply) and extractive industries, legal services and accountancy, and investment especially in three sectors such as minerals, water management and retail services.

At present, EU is the largest trading partner of India and at the same time, the largest and investor in India. On the political front, India is ready to enter the FTA since India is vying for a permanent membership at the United Nations Security Council. India has already signed bilateral investment agreements with 18 EU member-states. By signing the FTA, India expects greater exports of goods and services (IT). Indian banks expect to tap the NRI population living in European countries. They want

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5 EU-15 countries are Austria, Belgium, Denmark, Finland, France, Germany, Greece, IrelandItaly, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom. EU-25 countries are EU-15 plus Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia (these ten countries joined EU on 1 January 2004). EU-27 countries are EU-25 plus Bulgaria and Romania which joined EU on 1 January 2007.

6 EU-India 11 summit FTA agreement.

greater market share in workers' remittances. Big Indian corporate houses (Tatas, UB Group, Mittal, ONGC, etc.) which are acquiring companies in Europe are potential investors in EU.

A successful conclusion of the Doha round is believed to have contribute significantly to a more open and stable environment for trade and investment for both the EU and India. India is also a major player in the DDA negotiations and, as a leader of the group of (advanced) developing countries known as the G20, has been one of the "G4", along with the EU, US and Brazil. However, EU feels that India's trade regime and regulatory environment still remain comparatively restrictive. This was viewed in the backdrop of downgrading of Indian rank by World Bank. In 2009 the World Bank downgraded the Indian rank to165 from 120 in 2008 (out of 183 economies) in terms of the 'ease of doing businesses. At the same time EU feels that, tariff barriers to imports, India also imposes a number of non-tariff barriers in the form of quantitative restrictions, import licensing, mandatory testing and certification for a large number of products, as well as complicated and lengthy customs procedures.

SECTION II: EXTRACTIVE INDUSTRY, OIL & NATURAL GAS SECTOR AND THE EU

A three-day maiden visit in May 2012 by a delegation of ambassadors from European countries to Nagaland sent shock waves to many quarters. The Union Home Ministry was upset over the European members' visit as the delegates have not taken any security clearance from it and has asked the ministry of external affairs to explain its "unilateral" decision to give clearance to the visit. It was upset over the meeting of diplomats with Naga civil society groups and political parties as it was thought that the Naga political issue would be internationalised. (*The Telegraph*, Kolkota, May 15, 2012)[7] On the other hand, civil society organisizations in region working in the areas of livelihood and human security viewed the visit as a silent manipulation and assessment of potential investment, as the India-EU FTA dialogue is already in progress.

The United States of America, too, has been showing serious intentions of exploring possible investment in key sectors in the North-East Furthermore, in the last few years, the Northeast has become a destination of MNCs for exploration and drilling of oil. Jubilant oil and Energy is a case in point. In addition to energy from water harnessing extractive industry and oil and natural gas are potential sectors for investment from the EU.

Issues related with mining and exploration and drilling of oil and natural gas is that such ventures undermine the traditional customary laws on land use and often violates environmental and forest laws of India, and infringes upon international human rights and Indigenous Peoples standards. Further, there are the related issues of resettlement, protection of Indigenous Peoples and promoting sustainable development. As such, any free trade agreement should be sensitive to such matters and Government should work out safeguards for the local population and resources. It shall be shown in the following sections, such as the case pertaining to Odhisha and Meghalaya, in the case of mining, Union laws prevail over state legislations and MNCs come out victorious, defeating the rights of Indigenous people and exposing the precarious ecosystems to imbalances . The same is the case with oil and natural gas exploration and drilling in the case of Manipur.

Another pertinent issue relates to the armed-conflict situation in the region. The conflict that has raged on for around five decades between the State and non-state actors have had a heavy toll on the security of the people: many have been killed and maimed, livelihood means devastated and human rights violated. The imposition of the Armed Forces Special (Powers) Act 1958 to contain armed opposition movement or "insurgency" has highly militarized the region. Absence of social clause in the proposed FTA is a matter of concern, for example, other than trade related issues EU is expected to be a mere spectator when human rights are violated. However they are expected to act and intervene when Europeans or personnel of a corporate body working in the Northeast are either abducted or threatened. Finally, in a conflict zone, there can be possibilities when armed groups enter into business dealings at the expense of the civilians – in terms of dispossessions of community resources and livelihood means. Thus, it is pertinent that a political solution is reached so that a conducive business and law and order environment can be created

Mining and Mineral Ores

7 *The Telegraph*, Kolkota, May 15, 2012.

The *Draft Industrial and Investment Policy of Manipur, 2011* places mining (extractive industry) as an area of potential investment. However, it is silent on oil and natural gas. Further, other than giving an estimate of available deposit, unlike the case of hydel projects, it has not made any project estimates. Nevertheless, these are areas where the state is looking for invest and returns. Minerals in Manipur are mainly confined to certain types of rocks such as ophiolite suite, Oceanic Pelagic Sediment (OPS) and melanges in the Ophiolite Belt. Amongst these, chromite, limestone and serpentinites (as dimensional stone) are important for immediate exploitation. Other minerals are PGE/PGM (platinum group elements/platinum group minerals), idocrase, rock salt, etc.

Chromite Deposits

The chromite deposits of Manipur fall in the third category of Indian chromite associated with the Tertiary Ophiolite Formation (Government of Manipur 2011).[8] The GSI and the State Geology & Mining Division have recorded a number of chromite occurrences of metallurgical and refractory grades from the ophiolite belt of Manipur in Ukhrul and Chandel districts bordering Myanmar. Chromites occur as floats on the surface and in-situ pods of varying dimensions. These chromites are found as massive boulders, blocks, tabular bodies as well as nodular masses within the altered ultramafics (ibid). Some are also found as disseminated type. These belong to the Alpine Type Podiform Chromite. There is possibility of occurrences of deep-seated chromite in this belt. Intensive searching and exploration using geophysical and drilling inputs are necessary. Preparation for intensive search is going on and will be completed soon (ibid). Availability of chromite deposits in Manipur is given below.

TABLE 2.1:
Chrome Deposit

Sl. No.	Name of deposit	District	Probable reserve	Grade	Cao%
1	Phangrai	Ukhrul	77,400 tonnes upto 1 m depth	Metallurgical and Refractory	42.92 to 50.27 %
2	Hangkau	do	66,000 tonnes upto 1 m depth	do	24.6 to 30.30 (Cr2%)
3	Gamnom	do	1,68,900 tonnes upto 1m depth	do	39.11 to 50.00 %
4	Nampisha	do	1,25,200 tonnes	do	40.1 to 55.0 %
5	Sirohi	do	13,500 tonnes	do	40 to 57 %
6	Kwatha	Chandel	66,000 tonnes upto 1 m depth	do	42.92 to 53.29 %
7	Khudengthabi	do	28,500 upto 1 m depth	do	45 to 53 %

Source: Government of Manipur, *Draft Industrial and Investment Policy of Manipur, 2011.*

Seven Sisters Post, Kolkota reported on May 10, 2012 that scores of mining companies from mainland states have lined up exploration drilling plans for chromite in Manipur but are yet to start off for lack of security. Companies such as Visa and Ananda Ferro Alloys, which are based in Orissa and claimed to “very experienced in extraction and processing” of chromite has plans for exploratory drilling in

8 Government of Manipur, *Draft Industrial and Investment Policy of Manipur,* Imphal, 2011.

Ukhrul district but has been delayed as "The state government is promising us protection but there are so many rebel groups operating in the state and we are not sure how to get started,"

Earlier the move to extract natural resources including chromite from the Phangrei range near Shiroi peak in Manipur's Ukhrul district has evoked opposition from the human rights bodies, besides leaving certain questions unanswered. Tangkhul bodies including the Naga People's Movement for Human Rights (NPMHR), Ukhrul Chapter in particular, is monitoring the issue in association with the affected villagers. "Besides our activities on educating human rights, we are now focusing on issues relating to the mining activities in our region" (Sobhapati Samom, 2008).[9] NPMHR also sharply reacted to the assurance made by the State leaders in a Business Summit outside the State to provide security for the investors who wish to come to Manipur. According to the sources, one Orissa mining company is reportedly all set to start mining activities in the Phangrei range which comes under the jurisdiction of Sehai village authority in order to extract Chromite despite the objection from the villagers and others also not happy with the government's move, sources added.

Limestone Deposits

Cement and steel melt shop (SMS) grades of limestone are found in the lensoidal bodies of melanges in the west and in the oceanic pelagic sediment (OPS) in the east of Ophiolite belt of Manipur in Ukhrul and Chandel districts (ibid). Limestones are mainly massive with a few fissile at the periphery. They occur as bouldery outcrops and bedded lensoids of varying dimensions. These limestones can also be used in lime burning industries. The important limestone deposits are mainly reported from three linear melange bands in the west of Ophiolite belt in Disang sediments. There are more than 85 small limestone deposits in the ophiolite belt of Manipur.

Some of the important limestone deposits in Manipur are given below.

TABLE 2.2:
Limestone Deposits in Manipur

Sl. No.	Name of deposit	District	Probable Reserve	Grade	Cao%
1	Ukhrul	Ukhrul	4630000 tonnes	Cement and SMS Grade	43-44 %
2	Hundung North	Do	501000 tonnes	Do	44.3 to 50 %
3	Hundung South	Do	170000 tonnes	Do	50.65%
4	Mava	Do	36000 tonnes	Do	50.65%
5	Phungyar	Do	1532000 tonnes	Do	48.70%
6	Meiring	Do	5760000 tonnes	Do	49-50 %
7	New Paoyi	Do	256000 tonnes	Do	47.25%
8	Khangkhui	Do	260000 tonnes	Do	47.74%
9	Narum	Do	158000 tonnes	Do	47.86%

Source: Government of Manipur, *Draft Industrial and Investment Policy of Manipur, 2011.*

9 Sobhapati Samom, "Chromite mining project opposed by Manipur bodies", *The Assam Tribune*, Guwahati, Wednesday, October 22, 2008.

Serpentinites

Serpentinites occur extensively in Chandel and Ukhrul districts within the Ophiolite Belt of Manipur extending over an area of 1100 sq.km (about 110 km. long and 5-15 km. wide) (ibid). The belt trends NE-SW from south of Moreh in Chandel District to north-east of Tushom in Ukhrul District up to Nagaland border and technonically overlies the Disang sediments on its west and is interlayered with Oceanic Pelagic Sediments.

Serpentinites are also commercially known as "Green Marble". It, like granite and marble, can be processed into monuments, tiles, slabs and other building blocks. It is considered that Serpentinite of Manipur has a huge market potential, both as finished products and raw forms, both within India and outside. So far Manipur is concerned; it could become the most important mineral industry generating large scale employment and appreciable export earnings (ibid).

PGE/PGM & Associated Sulphides

The Arakan-Chin belt extending between the Andaman Islands and the North-East India corresponds to a trench-arc up-thrust of the Middle Cenozoic. Small ultramafic bodies are associated with these elongated fold belt. The belt transects the eastern part of Manipur where it covers an area of about 100 km by 15 km. Occurrences of chromite, nickel, PGM and Copper Sulphides have been found along this ophiolite belt in Myanmar, and it is highly probable that the same mineralisations can be found in the Manipur section of the belt (BRGM-France). The Geological Survey of India (GSI) has also reported presence of some PGE/PGM in some chromite and serpentinite samples from Kwatha, Chandel district (20 and 90 ppb) and Phangrai (Ukhrul district). The GSI has further viewed that trace metals like Ni, Co, V, Cu, Cr, Sr, As, Mo, Sn, Mn, Ba, Ti, Zr; precious metals like Au, Ag, PGE (by replacing Cr, V, Ti, Al); and REE like Ce, Ga, La could be enriched in selected locales/horizons in the pelagic sediments. High concentration of Nickel (up to 74,000 ppm) in the soil above the ultramafite was indicated by the GSI in the areas of Gamnom to Ningthi, Ukhrul District, Manipur. The geochemical prospecting also indicated the increase in nickel concentration near the soil-rock contact. Two sulphide mineralisations were also located at Nampisha and Yentem ophiolite suites by the Department of Geology and Mines (DGM). The State DGM has initiated actions to take up the exploration at some selected blocks in technical collaboration with the G.S.I. (ibid)

Issues Related with Mines and Mineral Ores in India

In India, the State Governments are the owner of minerals located within the boundaries of the State concerned. Although mineral wealth is vested with the State Govt, yet the subject of regulation of Mines and Minerals development is covered under 7th Schedule of Constitution of India as a central subject , as it deals with the wealth of the nation. The power to make policy legislation in respect of minor minerals have been delegated to the States under section 15 of this Act.

In accordance with Article 297 of the Constitution, the Central Government is the owner of the minerals underlying the ocean within the territorial waters or the Exclusive Economic Zone of India. In this connection, entry at serial No. 23 of List II (State list) to the Constitution provides that 'Regulation of mines and mineral development subject to the provisions of List I with respect to regulation and development under the control of the Union', are within the purview of States while entry at serial No. 54 of List I states that 'Regulation of mines and mineral development to the extent to which such regulation and development under the control of the Union is declared by Parliament by law to be expedient in the public interest' shall be within the purview of the Central Government. In pursuance to entry at serial No. 54 of List I, Parliament has passed legislation titled 'The Mines & Minerals (Development and Regulation) Act, 1957' as Central Act (No. 67 of 1957).

The State Governments grant the mineral concessions for all the minerals located within the boundary of the State, under the provisions of the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR) and Mineral Concession Rules, 1960 (MCR) framed thereunder. Under the provisions of the MMDR Act, 1957 and MCR, 1960, prior approval of the Central Government is required in the following cases:

- Granting mineral concessions in respect of minerals specified in the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957.
- Granting areas under prospecting license and mining lease to a person in excess of limits prescribed under Section 6(1) (a) and Section 6(1) (b) of the Act.
- Imposing special condition(s) in mining lease under Rule 27(3), in prospecting licence under Rule 14(3) and in reconnaissance permit under Rule 7(3) of Mineral Concession Rules, 1960 over and above the conditions prescribed in MCR, 1960.
- Granting mineral concession in an area previously reserved by the Government, or previously held under a mineral concession, without first notifying the same by relaxing the provisions of Rule 59(1) under # Rule 59(2) of MCR, 1960.
- Revision of any order made by State Government with respect to any mineral except a minor mineral. (Section 30 of MMDR Act.)
- Relaxation of Rules in special cases under Section 31 of the Act, keeping in view the interest of mineral development.

There are three kinds of mineral concessions, viz Reconnaissance Permit (RP), Prospecting License (PL) and Mining Lease (ML). RP is granted for preliminary prospecting of a mineral through regional, aerial, geophysical or geochemical surveys and geological mapping. The RP for any mineral or prescribed group of associated minerals is granted for 3 years and for a maximum area of 5,000 sq. kms, to be relinquished progressively. After 2 years, the area should be reduced to 1,000 sq. kms or 50% of the area granted, whichever is less. At the end of 3 years, area held under an RP should be reduced to 25 sq kms. In a State, a person can be granted a maximum area of 10,000 sq. kms under RP subject to the condition that area in a single RP does not exceed 5000 sq. kms. A RP holder has preferential right to obtain PL(s) in the area concerned.

PL is granted for undertaking operations for the purpose of exploring, locating or proving mineral deposit. A PL for any mineral or prescribed group of associated minerals is granted for a maximum period of 3 years. A PL can be renewed in such a manner that the total period for which a PL is granted does not exceed 5 years. In a State, a person can be granted a maximum area of 25 sq. kms in one or more PLs, but if the Central Government is of the opinion that in the interest of development of any mineral it is necessary to do so, the maximum area limit can be relaxed. A PL holder has preferential right to obtain ML in the area concerned.

ML is granted for undertaking operations for winning any mineral. A ML for any mineral or prescribed group of associated minerals is granted for a minimum period of 20 years and a maximum period of 30 years. A ML can be renewed for periods not exceeding 20 years each. In a State, a person can be granted a maximum area of 10 sq. kms in one or more MLs, but if the Central Government is of the opinion that in the interest of development of any mineral it is necessary to do so, the maximum area limit can be relaxed.

In pursuance of the reforms initiated by the Government of India in July, 1991 in fiscal, industrial and trade regimes, the National Mineral Policy was announced in March, 1993. The National Mineral Policy recognized the need for encouraging private investment, including foreign direct investment and for attracting state-of-the-art technology in the mineral sector. Further, the policy stressed that the Central Government, in consultation with the State Governments, shall continue to formulate legal measures for the regulation of mines and the development of mineral resources to ensure basic uniformity in mineral administration so that the development of mineral resources keeps pace, and is in consonance with the national policy goals.

The procedure for grant of mineral concessions is that all such applications are received and processed in the Directorate of mines. The application which is received is required to be acknowledged in the prescribed form. The application is thereafter sent to the draughtsman and surveying section to ascertain the availability of the area. After doing the needful, the case is further processed by the dealing hand. If any deficiencies are noticed in the matter of submission of documents as required under the law or as decided by the competent authority, the same are brought to the notice of the applicant for rectification. References are also made to Revenue and Forest Department to ascertain their views on the suitability of the site from the point of public nuisance or forestry angle. The area is also inspected by a geologist of this Directorate to ascertain the suitability of the area from mineral potential point of view including the possible adverse effects arising from prospecting or mining activity. If the area involved is a forest land the case is processed for clearance under section 2 of FCA if the state government agrees in principle to grant the prospecting license/mining lease. Clearance under section 2 of FCA 1980 involves a detailed proposal from the applicant in terms of Forest Conservation Rules and the guidelines prescribed by Ministry of Environment. The applicant is also directed to obtain environmental clearance in terms of EIA Notification dated 14/09/2006.

Irrespective of the above scrutiny and action under FCA if required, the application is also processed for obtaining a prior approval of the Ministry of Mines, Government of India, if the mineral involved is listed in Schedule I to the Act 1957. After obtaining the prior approval of the Ministry of Mines, Government of India as well Ministry Of Environmental Forest, Government of India (where forest land is involved) and the environmental clearance, the case is put up for approval of the State Government. After the issue of the order of grant by the State Government, the area applied for grant of mineral concession is surveyed and demarcated on the ground. A plan is prepared by the surveyor which is signed by the surveyor, the Senior Geologist and the Director and kept in the file as the original document. A true copy of the plan is prepared by the draughtsman, which forms a part of the lease deed document. The applicant is thereafter called upon to effect the payment towards security deposit as well as expenses involving survey, issue of certified copy of plan. A lease deed is thereafter executed at Government level.

Entry 23 of the State List relates to “Regulation of mines and mineral development”. However, it is expressly subject to the provisions of the Union List with respect to regulation and development under the control of the Union. Entry 54 of the Union List provides for “Regulation of mines and mineral development to the extent to which such regulation and development under the control of the Union is declared by Parliament by law to be expedient in the public interest”. It is significant that Entry 23 of List II has not been made subject to any specific Entry of List I. This means that apart from Entry 54, there are other Entries in List I which may, to an extent, overlap and control, the field of Entry 23 of List II.

The Constitutional arrangements regarding the regulation of Mines and Minerals Development are generally on the lines of Government of India Act, 1935, except that the Entry relating to "Oil fields" has been dealt within a separate Entry, of the Union List in the Constitution. (Entry 53 List I).

Parliament has enacted the Mines and Minerals (Regulation and Development) Act, 1957 (MMRD Act) to "provide for regulation of mines and the development of minerals under the control of the Union" in public interest.

Conflicts do arise as to how much of the field of Entry 23 of List II has been taken over by Parliament by enacting the MMRD Act, 1957 by virtue of Entry 54 of List I. Conflicts can also arise when States impose taxes under Entries 18, 49 and 50 of List II. The Constitutional position with regard to Entries on regulation of mines and minerals development and the related Entries in List I and II, therefore, needs to be examined. The Supreme Court has considered these points in a number of reported cases.

The power of the State legislature under Entry 23 has been made subject to the provisions of List I with respect to regulation and development under the control of the Union. Parliament enacted the MMRD Act. A question arose in regard to the extent of the legislative power of the State following an enactment under Entry 54 of List I. It was held by the Supreme Court:

"The jurisdiction of the State legislature under Entry 23 is subject to the limitations imposed by the latter part of the Entry. If Parliament by its law has declared that regulation and development of mines should in public interest be under the control of the Union, to the extent of such declaration the jurisdiction of the State Legislature is excluded. In other words, if a Central Act has been passed which contains a declaration by Parliament as required by Entry 54, and if such declaration covers the field occupied by the impugned Act, the impugned Act, will be ultra vires not because of any repugnance between the two statutes but because the State legislature has no jurisdiction to pass a law. The limitations imposed by the latter part of Entry 23 are a limitation on the legislative competence of the State Legislature itself".

The Odhisha Case

In December 1952, the Legislature of the State of Orissa passed the Orissa Mining Areas Development Fund Act. The Act received assent of the Governor. Rules were also duly notified under the Act. The Administrative Officer concerned with the enforcement of the Act called upon the petitioners to submit the monthly returns for the assessment of the cess. Subsequently, a warning was issued for non-submission of the returns and threatening prosecution under Section 9 of the Act. The petitioners, therefore, filed a petition challenging, inter alia, the validity of the Act. The validity of the Act was challenged on several grounds. One of the grounds was that the State Legislature had no jurisdiction under Entry 23 of List II of the Seventh Schedule of the Constitution since that Entry is subject to provisions of List I with respect to Regulation and Development under the control of the Union; that is Entry 54 of List I. The Court held that a combined reading of Entry 54 of List I and Entry 23 of List II had the following effect:

The jurisdiction of the State Legislature under Entry 23 is subject to the limitations imposed by the latter part of the Entry. If Parliament by its law has declared that regulation and development of mines should, in public interest, be under the control of the Union, to the extent of such declaration, the jurisdiction of the State Legislature is excluded. In other words, if a Central act has been passed which contains a declaration by Parliament as required by Entry 54, and if such declaration covers the field occupied by the impugned act, the impugned act will be ultra vires not because of any repugnance between the two statues but because the State Legislature has no jurisdiction to pass a law. The limitations imposed by the latter part of Entry 23 are a limitation on the legislative competence of the State Legislature itself.

The above Company, incorporated under the Indian Companies Act, was working in the Manganese Mine in the State of Orissa under the lease granted by that State under the provision of Mines and Minerals (Development & Regulation) Act, 1948, i.e., Central Act 53 of 1948 and the Rules framed therefrom. While so, the Legislature of State of Orissa passed and act called the Orissa Mining Areas Development Fund Act, 1952 [the same Act was under challenge in Hingir—Rampur Coal Co. Vs. State of Orissa 1961 (2) ACR 537]. The fee under this Act which became due between July 1951 and March 1952 became the subject matter of litigation. A demand was made from the Company. The Company filed a petition before the High Court impugning the legality of the demand and claimed certain assets. The writ petition was allowed by the High Court.

The question arose whether the Mines and Minerals (Development & Regulations) Act, 1948 which is a Central Act has rendered the Orissa Act ineffective. The Supreme Court held as follows:

> Subject to the provisions of List I, the power of the State to enact Legislation on the topic of "mines and mineral development" is plenary. To the extent to which the Union Government had taken under "its control" "the regulation and development of minerals" under Entry 54 of List I so much was withdrawn from the ambit of the power of the State Legislature under Entry 23 of List II and legislation of the State which had rested on the existence of power under that Entry would, to the extent of that "control", be superseded or be rendered ineffective, for here we have a case not of mere repugnancy between the provisions of the two enactments but of a denudation or deprivation of State legislative power by the declaration which Parliament is empowered to make under Entry 54 of List I and has made. The Central Act 67 of 1957 covered the entire field of mineral development, that being the "extent" to which Parliament had declared by law that it was expedient that the Union should assume control (AIR, 1961 (2) SCR 536).

Relaying on the provisions of Sec. 18(1) which cast a duty upon Union Government "to take all such steps as may be necessary for the conservation and development of minerals in India" and "for that purpose the Central Government may, by notification, make such rules as it may deem fit", it was contended that the entire field of mineral development including the provision of amenities to workmen employed in the mines, vested with the Union Government. The Court was inclined to agree to this contention but held that this position has been concluded by its decision in Hingir-Rampur Coal Co. Vs. State of Orissa (AIR, 1961 (2) SCR 537).

The appellant's father had obtained a mining lease from the Government of Madras. He was permitted to work on the mines and mine the ore in the leased property. It is material to point out that under the lease, the lessee was bound to pay certain rent per year if he used the land for the extraction of iron ore and higher amount if he used the land for other purpose. Besides, he also bound himself to pay certain royalty per ton of iron ore if the ore was used for extraction or if the iron ore was used for any other purpose for sale at the rate of Re. 1 per ton (or a higher amount). In addition, there was a stipulation that there was a payment for surface rent.

To raise finance for carrying out local administration in the District Board, several taxes are leviable. Among them, Section 78 of the Madras Distribution Act of 1920 imposes a land cess on lands in the State.

After his father's death, two notices were issued on the appellant demanding payment of the land cess by the District Board for the years 1952—54 and 1955—57 and threatening action in the event of non-payment. The appellant challenged the validity of the notices in the High Court of Andhra Pradesh. The Petition was dismissed. The matter came in appeal before the Supreme Court. One of the contentions was that with the passing of Mines and Minerals (Development and Regulation) Act, 1957, the land cess that could be levied under the District Board Act must be exclusive of royalty under the mining lease.

It was held that there was no connection between regulations and development of mines and minerals dealt with in the Central Act of 1957 and the levy and collection of land cess for which the provision was made by Sections 78 and 79 of the District Boards Act. Therefore, there was no scope at all for the argument that there was anything common in between the District Board's Act and Central Act of 1957 so as to require a detailed examination of these enactments for discovering whether there was any overlapping.

It was further held that land cess imposed by the Madras District Board Act was in truth a tax on land as per Entry 49 of State List and not a tax on minerals under Entry 50 of State List.

The Court also relied on its earlier decisions AIR 1961 SC 459 (Hingir-Rampur Coal Co. Vs. State of Orissa[10] and State of Orissa Vs. M.A. Tullock and Company)[11].

The appellant was the transferee of a lease-hold right, the lesser being one Babu Bijan Kumar Pande. The rent accruing on the lease was deposited upto September 1965.

On coming into force of the Bihar Land Reforms Act, 1950, the lessor Babu Bijan Kumar Pande ceased to have any interest from the date of vesting of the property in the State of Bihar because as per provisions of that Act, the State of Bihar was deemed to be the new lessor.

In its capacity as the new lessor, the rent and royalty, etc. in respect of mining and minerals irrespective of the date on which the lease was granted were to be paid by all categories of lessees to the State of Bihar according to the rates given in the rules framed under Bihar Act referred to above. A demand was made according to these rules which became the subject matter of controversy.

The main question that came up for consideration before the Supreme Court was the effect of the combined reading of Entry 54 of the Union List and Entry 23 of the State List of the Seventh Schedule to the Constitution. The Court held:

> [....] it is open to Parliament to declare that it is expedient in the public interest that the control should rest in the Central Government. To what extent such a declaration can go is for the Parliament to determine and this must be commensurate with the public interest. Once this declaration is made and extent lay down, the subject of legislation to the extent laid down becomes an exclusive subject for legislation by Parliament. Any legislation by the State after such declaration and trenching upon the field disclosed in the declaration must necessarily be unconstitutional because that field is abstracted from the legislative competence of the State Legislature" (ibid).

The Court also relied upon its own decisions in Hingir-Rampur Coal Company v. State of Orissa[12] and State of Orissa v. M.A. Tulloch & Co[13]. The Court further held:

> These two cases binding and apply here. Since the Bihar Legislature amended the land reforms Act after coming into force of Act 67 of 1957, the declaration in the latter Act would carve out a field to the extent provided in that Act and to that extent Entry 23 would stand cut down. To sustain the

10 AIR 1964 SC 1284

11 AIR 1970 SC 1436

12 AIR 1961 SC 459.

13 AIR 1964 SC 1284.

amendment, the State must show that the matter is not covered by the Central Act. The other side must of course, show that the matter is already covered and there is no room for legislation"[14].

Lafarge Limestone Mining Imbroglio in Meghalaya

Lafarge Surma Cement (LSC) Project was one of the first project of South Asia Sub regional Economic Cooperation (SASEC) and was promoted and claimed by ADB's former President Tadao Chino as one that visualize ADB's dream of borderless Asia. (Forum for Indigenous Perspectives and Action , 2007)[15] This transnational project involved a cement plant in Chhatak in Sunamganj district of Bangladesh while the raw materials (limestone) were being sourced from its captive plant in Khasi area of Meghalaya state. LUML (Lafarge Umiam Mining Pvt. Ltd, a French-Spanish joint venture) had been mining the lime stone quarry area spread over 100 hectares. Lafarge and Spanish cement producer Cementos Mollins had set up the state-of-art fully integrated cement plant at Chhatak with a captive power plant of 300 MW. In 2001, the Bangladesh High Commissioner and then Indian Foreign Secretary Lalit Mansingh had signed an agreement for uninterrupted supply of raw material to the plant from the mines in Meghalaya. For the French cement giant Lafarge, the project involved an estimated amount of US$255 million.

Despite Asian Development Bank (ADB)'s call for poverty reduction, sustainable development and respect of indigenous peoples' rights, there are glaring cases of how their involvement in LSC has resulted just the opposite. The project has led to massive takeover of Indigenous Peoples land of the Khasi People of Meghalaya in North East India, destruction of forest areas which was used for traditional rice cultivation and also other seasonal vegetations and medical plants. The Blasting of hills and forests have caused physical changes leading to artificial changes in water flow regimes, subsequently impact on other aspects of human daily activities (ibid).

The LSC project has also seriously undermined the traditional customary laws on land use and violated environmental and forest laws of India and other international human rights and Indigenous Peoples standards (ibid). ADB did not apply any of its safeguard policies, concerning Resettlement, on protection of Indigenous Peoples and promoting sustainable development. The application of Accountability Mechanism also has been blocked due to certain clause in the Mechanism. Rather, ADB relied on World Banks policies, without addressing clear cut accountability and monitoring mechanisms (ibid).

Lafarge entered into legal wrangle on account of stiff opposition from civil society bodies, the Shella Action Committee. In February 2010, a three judge special bench headed by chief justice KG Balakrishnan ordered for a complete halt of mining in East Khasi Hill District till March 19, 2010. It further directed for pricing of the piled up material already mined at the prevailing market price. The court passed the order taking into account two grounds. First, the allegation of tribal land was being transfered to the French company's subsidiary and then mortgaged to foreign banks for raising a loan of US $153 million (Economic Times, 2010).[16] It was pointed out to the court that land under mining in Shella in Meghalaya was sold to Lum Mawshun Mineral Pvt Ltd which was further transferred in 2006 to Lafarge Umiam Mining Pvt Ltd.((LUMPL). These lands have now been mortgaged to

14 Ibid.

15 Forum for Indigenous Perspectives and Action, *The Negation of Indigenous Peoples Territory: The Case of Lafarge Cement in Meghalaya, NE India,* Imphal, 2007,

16 "Lafarge can't do limestone mining in Meghalaya: SC", *Economic Times,* February 8, 2010.

Lafarge Surma Cement which is a joint venture of French cement giant and Cementos Mentus Spanish Company.

Second, not only was the eco-fragile area opened up without the mandatory forest clearance, the raw material was being sent to Bangladesh at the cost price depriving India of a huge revenue due from customs and other duties. (ibid) The court, remarked, "It is a very serious issue. Both issue of mortgagee of land to foreign banks and mining in eco-fragile areas have to be answered."(ibid).

However in July 8, 2011, literally injecting a fresh lease of life at LUMPL, which was losing approximately US$1 Million every month, the Supreme Court of India, lifted an interim stay that opposed mining activities in Meghalaya. It allowed LUMPL, to resume limestone mining in Nongtrai, East Khasi Hills, Meghalaya.[17] The SC dismissed a series of petitions filed by Shella Action Committee. The order came after a gap of 17 months and the apex court has issued environmental guidelines to the government. The SC has ordered the state government to create a national regulator which will grant permission to projects of similar nature and an imposition of heavy fines to polluting industries. Lafarge, on the other hand has promised to compensate affected people in form of employment- to people affected due to pollution by constructing hospitals and schools for them.

Oil & Petroleum Exploration and Drilling in Manipur

The western margin of Manipur constitutes a portion of basinal (geosynclinal) part of the Assam-Arakan Oil Basin. This has been categorized by the Ministry of Petroleum & Natural Gas, Government of India as belonging to Category – I Basin (proven petroliferous basin). Sediments of over 10 km thick and ranging in age from Upper Cretaceous to Recent is present in the fold and thrust belt (Naga Schuppen Belt). Eocene-Pliocene sequence contains potential source, reservoir and cap rock. More than 40 oil and gas fields have been discovered from the nearby basin. (New Exploration Licensing Policy VIII, Government of India)[18]

One of the development processes which has flouted all human rights norms on indigenous peoples' rights in Manipur is the case of provision of licensing for oil exploration and drilling in Manipur by the Government of India to a Multinational Company without informing and taking the consent of the indigenous peoples (Northeast Dialogue Forum 2011).[19] The Ministry of Petroleum and Natural Gas, Government of India granted license to Jubilant Oil and Gas Private Limited, based in Noida, a Multinational Oil Company in 2009, the headquarter of which is based in the Netherlands, for exploration and drilling works[20].

Under the Eighth round of New Exploration Licensing Policy (NELP-VIII), the Government of India have signed one production sharing contract on 19th July 2010 at New Delhi for onland oil block in Manipur, codenamed (AA-ONN-2009/1) with the Jubilant Oil & Gas Pvt. Limited (Poknapham Daily, 2011)[21]. The total area granted for oil exploration is 3850 Square Kilometres,

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17 http://www.lawisgreek.com/sc-court-allows-lafarge-cement-continue-mining-meghalaya-after-17-months

18 New Exploration Licensing Policy (NELP) VIII, Ministry of Petroleum and Natural Gas, Government of India

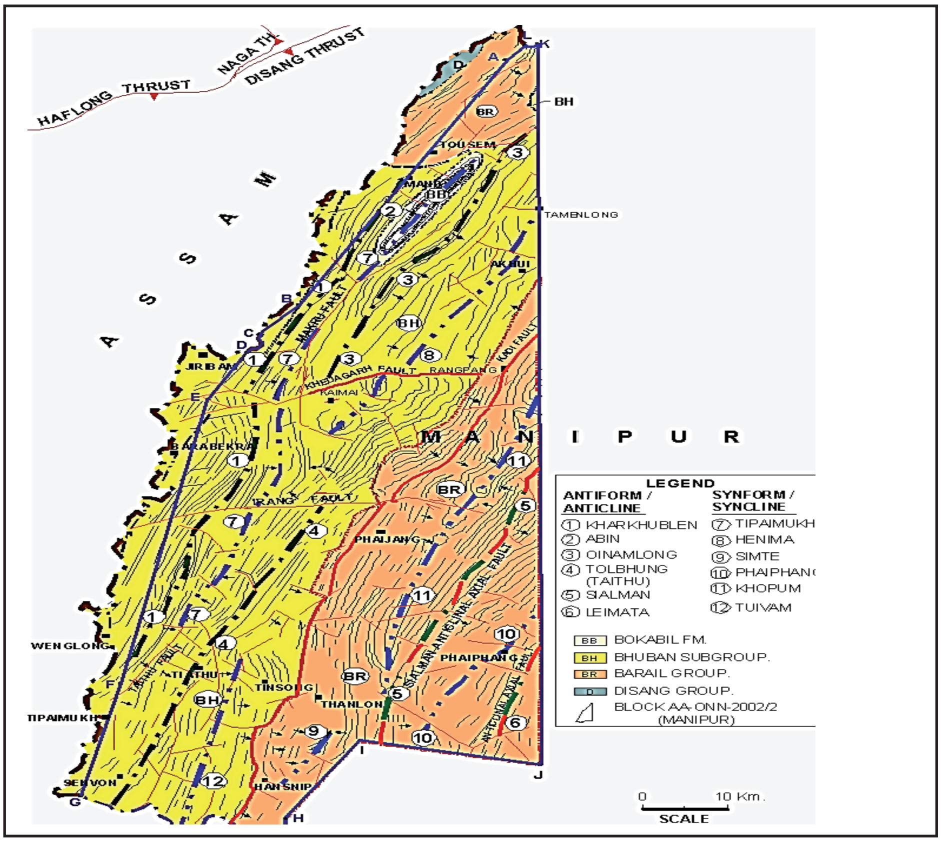
19 Northeast Dialogue Forum (2011), *Memorandum submitted to The Special Representative, The Secretary General on the Issues of Human Rights and Transnational Corporations and Other Business Enterprises,* United Nation's Organisation, Geneva by, Imphal on November 29,.

20 Signing of PSC for AA-ONN-2009/2 Under NELP-VIII, Source: http://www.dghindia.org/nelpviiiblock.aspx

21 "*Manipuri gi Block ani dagi Petroleum Louthoknaba 'Jubiliant Energy' da exploration license Pikhre",* the Poknapham Daily, Imphal, April 25, 2011.

which is almost one sixth of total geographical area of Manipur. The Government without informing the people had already undertaken extensive surveys for oil exploration in Tamenglong, Jiribam and Churachandpur Districts, where the Zeliangrong, Meitei, Hmar and Kuki peoples resides.

FIGURE. 2.1:
MAP SHOWING THE PETROLEUM DEPOSITS IN MANIPUR



Source: Jubilant oil and Gas

Further, signing of the agreement, memorandum of understanding and other procedure, which are done normally for such task, have been executed stealthily between the government and implementing agency (company) and hence did not take prior fair and informed consent of the people thereby violating the Article 10 of the United Nations Declaration on the Rights of Indigenous Peoples.

In the year 2003 and 2009, the Government had undertaken a comprehensive promotional exercise to promote the oil blocks through road-shows at New Delhi, London, Houston, Calgary and Perth, inviting bids for Oil Corporate bodies for explorations. These licensing is in the premise setting that all hydrocarbons deposits in India belongs to the Union[22] which completely contradicts the provisions of United Nations Declaration on the Rights of Indigenous Peoples which mentions clearly that all resources in indigenous peoples land belongs to them and they have exclusive rights own, control and manage their own resources in accordance to their wishes and aspirations.

At the moment, the Government of Manipur is facilitating the Alpha Geo Private Limited, based in Hyderabad, India in preparation to conduct Seismic studies at Tamenglong District for necessary

22 The Oil Fields (Regulation and Development) Act, 1948 , The *Oil Industry (Development) Act, 1974*; Petroleum and Minerals Pipelines (Acquisition of Right of User in Land), Act, 1962; and Petroleum & Natural Gas Rules, 1959, Industries (Development and Regulation) Act, 1951

explorations (Government of Manipur, 2011).[23] Entry 53 of List I of the Seventh Schedule of the Constitution of India outlined that regulations and development of oilfields and mineral oil resources, petroleum and petroleum products, other liquids and substances declared by Parliament by law to be dangerously inflammable falls under Union list which is in the exclusive control and management of the Central Government of India.

Notwithstanding the absence of free prior and informed consent, there has been no environmental impact assessment due to exploration and drilling in Manipur**.** Neither there has been any assessment of the impact due to influx of immigrants as oil exploration related exploration and drilling work and increase militarization, which would further aggravate human rights violations, including violence against women. No one in Manipur is aware of what kind of terms and conditions are laid down in the licensing between the Government and the Jubilant Oil and Gas private Limited and how the people of Manipur would benefit from this entire process of oil exploration. With the high prevalence of corruption and state priority to maintaining security machinery, the limited loyalty, if provided to Manipur will never reach its peoples, but would rather facilitate more conflict and human rights violations and to more poverty as the territory and resource which they depend for survival are taken away and polluted. There is no information as to how the oil will be transported and whether new pipelines would be laid and whether these pipelines would be an additional source of environmental catastrophe and rights violations.

The efforts to explore and drill oil in Manipur involves a process of disrespect and non-application of human rights based approach to development, one that recognize indigenous peoples rights, more with self-determined development over their land and resources and which integrates universally accepted human rights norms and principles.

The Memorandum placed the following demands[24].

1. The plan for the exploration of petroleum is in the territory of the indigenous people where government of India and the company fail to seek the free, fair and prior informed consent of the indigenous people under the ILO Convention 107 and UN Declaration on the Rights of the Indigenous People. It is mandatory to ask the government of India to seek the free, fair and prior inform consent of the people without any delay.

2. No systematic Environmental Impact Assessment (EIA) has been done and it should be requested to do before starting the exploration works;

3. There is no plan for relocation of the indigenous people who are going to be displaced from their traditional land. Thus, rehabilitation and resettlement should be done before commencing the exploration work. It is worth to mention here that rehabilitation and resettlement (R & R) for the displaced people due to any kind of developmental project is mandatory, however, no R & R has been done properly for those projects which are already completed;

4. Sharing of the earning from the petroleum with the people of Manipur is not clear. We demand equitable share from it.

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23 Circular of the Director, Commerce and Industry Department, Government of Manipur, Date 31 March 2011, Memo no. D(5)-15(1)/IND/2010/IH7; "*Manipuri gi Block ani dagi Petroleum Louthoknaba 'Jubiliant Energy' da exploration license Pikhre",* the Poknapham Daily, Imphal, April 25, 2011.

24 Memorandum submitted to The Special Representative, The Secretary General on the Issues of Human Rights and Transnational Corporations and Other Business Enterprises, United Nation's Organisation, Geneva by Northeast Dialogue Forum, Imphal on November 29, 2011.

BOX 2.1:
CRUDE OIL SEEPAGE HITS NAGA VILLAGES, PIL FILED

The Gauhati High Court has directed motion counsels representing two oil-spill affected villages in Nagaland, to issue notices to the Oil & Natural Gas Corporation Ltd (ONGC) and a number of departments of the government of India and Nagaland. Court held a hearing for admission of the Public Interest Litigation (PIL) today, Monday September 12, filed against the Oil and Natural Gas Corporation Ltd, the Basin Manager of ONGC, Cinnamara in Jorhat, Ministry of Environment and Forests, Government of India, the State of Nagaland, the Nagaland Geology and Mining Department, Nagaland Forest Department, the Nagaland State Pollution Control Board and the Union of India represented by the Ministry of Petroleum and another, the Natural Gas and the Ministry of Environment and Forests, Government of India.

The PIL was filed by Mhonlumo Kikon and others, representing Changpang village and Tssori village in Wokha district of Nagaland against the crude oil giant and the governments. In the PIL the two villages – Nagaland's only two areas rich in crude petroleum – have sought at least Rs. 1, 000 Crore as consolidated compensation to the villagers for environmental, agricultural and economic damage allegedly caused by the about-16 years of unabated oil spillage from the ONGC's abandoned oil rigs.

Sources informed tonight that the HC court heard the PIL and directed the counsels of the petitioners to issue notices to the stated respondents. Picking up the case, sources informed that the High Court would be holding the next hearing somewhere in the first week of November this year.

The matter was heard in the court of the Chief Justice and Justice Meruno in the Guwahati High Court, the sources said. As reported earlier in The Morung Express, the demands stated in the PIL are several. For instance, the petitioners are seeking Rs. 1, 000 Crore compensation for the affected villagers, criminal proceedings against ONGC and government officials and departments, clearing the affected area of spilt oil; court order against any negotiation, understanding or permission with the ONGC or other companies (Indian and foreign) working on oil exploration, extraction or production to explore, extract oil in the state of Nagaland till the issue of oil spill affected area is redressed.

Source: North East People Alliance, September 13, 2011

BOX 2.2:
ONLINE PETITION "SAVE CHANGPANG AND TSORRI VILLAGES FROM ONGC OIL SPILLS IN NAGALAND"

Oil spills from Oil and Natural Gas Corporation (ONGC) well sites in Wokha district of Nagaland, India have severely destroyed Changpang and Tsorri villages of the district. More than two thousand indigenous Lotha Naga peoples of the villages have seen the farmlands, forests and water sources they rely on for their survival contaminated due to the spillage, including their spiritual sites. Further, health problems in the district have increased significantly in this area since the spillage, with higher rates of water-borne diseases, malnutrition, miscarriages, cancer, kidney failure and nerve problems.

The ONGC began extraction since 1981 after acquiring permission from the Government of Nagaland in 1973 to explore oil and natural gas in the villages without obtaining the Free Prior and Informed Consent of the indigenous communities as per the national and international law (Art. 371(A) of the Constitution of India and UNDRIP Art. 19). As per the provisions of Art. 371(A), both mineral and surface resources belong to the communities and not the State. Only after continued protests by numerous civil society groups for over a decade, the government withdrew permission in 1994.

Due to improper and careless capping of the oil well sites, oil spillage has continued for over 17 years now and continues to affect the lives of the peoples in the villages. Before the extraction was stopped, the ONGC is estimated to have produced more than 1.2 million metric tons of oil from this area yet the company appears not to have used a portion of the profit from this for making sure the sites were properly secured.

Recently, a case has been filed at Guwahati High Court against the ONGC, Government of Nagaland and its affiliated departments that are going on. We need your urgent support to save the villages and attain justice for harms the villagers suffered.

Source: North East People Alliance, February 22, 2012

Conclusion

Investment is needed uplifting the economy of the state. As far as mining and oil exploration and extraction are concerned Union laws can easily bypass state legislations. As we have seen in the case of Odhisa and Meghalaya, the Union laws override state legislation. The case of Meghalaya is merits attention. Mining at low scale has been a traditional practice of the indigenous people in the state, which the state legislations recognizes. At the same time, customary laws related with landownership and lease is a legislated piece of legal safeguard in the state unlike Manipur. In spite of the existence of such laws , Lafarge could come out victorious. When one compares the two states of Manipur and Odhisha , The fragility of the state of Manipur is clearly seen , both in terms of absence of laws as well as given the totality of the social composition of population. As of now, conflict originating from mineral resources has not taken place in Manipur. On the brighter side, communities, irrespective of tribe and ethnic affiliations have come out together to oppose the move against oil exploration and drilling by Reliance Energy. However, the proposed India-EU FTA is likely to exacerbate displacement and dispossession of the peoples' right to own resources and conserve them. The FTA is likely to weaken of existing legislative safeguards such as laws related with lease, rental and ownership. It would also entail influx of skilled non-local labourers and deny work opportunities to the natives . A case in point is the influx of skilled non-skilled labourers on account of the construction boom that is taking place in Manipur and in other North-eastern states as the wages of the non-local labourers are cheaper. Arushi Gupta states, "…, on the employment front, outsiders work for lower wages and this does not work in favour of the indigenous Manipuri population"[25].

Finally, information related with ores and metals are closely guarded only accessible to few MNCs, given the tag of national wealth. As a result, locals and those historically involved in the state are denied free information. What puts Manipur's fragile economy and ecology at risk is that apart from information that is incomplete and partial, hence there is no accurate details on the availability of ores, minerals and metals. Thus, other than, these public materials, others, such as availability of uranium, and plans for investment from willing parties, are kept as confidential from actual stake holders. Given the closely guarded nature of the negotiations related with the proposed India-EU FTA, one is not sure if already plans are afoot for investment in these sectors. Thus, the civil society bodies region working in the areas of livelihood and human security have every reason to be apprehensive about the three-day maiden visit in May 2012 by a delegation of ambassadors from European countries to Nagaland.

25 Arushi Gupta, "The Turmoil In Manipur", http://swarajyamag.com/politics/the-turmoil-in-manipur

SECTION III:
FOOD SECURITY AND LIVELIHOOD OPTIONS IN AN EU-INDIA FREE TRADE REGIME

INTRODUCTION

The ongoing EU- India Free Trade agreement includes a number of provisions relating to agriculture and its allied activities. The main concern in the Indian scenario has been the exposure of agriculture to the forces of free trade; as this will pave way for vulnerability of food security and livelihood since agriculture accounts for largest number of workforce in the country. The major apprehension is that the FTA will make India dependent on international trade for basic food security. Moreover, entry of firms in India will divert agriculture resources to cash cropping through contract farming as European interest is in non-food grain agro-business such as wines, beers, spirit etc. Whether the agriculture sector is in the list of items for the FTA or not, operationalization EU-India FTA will generate a series of reaction or negative trickledown effect which is going to severely affect the food security and the livelihood options, in an area that forms a point ofconcern for most of the people, across all socialsection. The structural changes brought by the implementation of EU-India FTA will definitely impact these two areas. Food security and livelihoods are two most vulnerable area of an economy that can be exposed to external agents. The process of liberalization carried out in the early 1990s has sown the negative impacts on the economy of Manipur. The issue of food security in the state is very crucial from the point that the state has limited agricultural land, which is rapidly depleting due to haphazard urbanization process of the state. The present chapter will look to the likely effects of the proposed agreement on the food security and livelihood patterns of the state.

Brief Background to Food Security in Manipur

The issue of food security has gathered momentum becoming a serious issue and challenge in the global community owing to the emerging widespread prevalence of poverty, mostly in developing countries. Food and Agricultural Organization (FAO) defines food security as a situation in which "all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life". So the notion of food security has four basic components: availability, accessibility, utilization and stabilization. The four components of food security viz. availability, is a function of production, accessibility is related to purchasing power, utilization is determined by the availability of minimum basic needs i.e. safe drinking water, primary health care, primary education, proper housing facilities, environmental hygiene and fourth one, stabilization is influenced by the extent of attention given to the sustainability of the system. Though all the aspects of food security is crucial for any region, but the primary aspects i.e. availability is the cause of concern for Manipur. The study will look primarily at the aspects of availability, which is a function of production, as the deficit of food grains is increasing at a alarming rate and will be more grim when the proposed FTA is set in motion. Though self-sufficiency in food grains is not a sufficient condition for food security, it is taken as a primary concern as other aspects will be built on the self-sufficiency. Moreover the problem is not more of distributive factor but rather low production which always felt short of requirement and had to be adjusted through PDS system and import from other states and even from Myanmar. The study will focuses on rice as it is the staple food crop and more than 90 pc of the total cultivated area is under rice.

Food Security: Historical Roots and Beyond

Manipur has a rich of surplus food grains but its self-reliant capacity has been on downward spiral in the recent times. The art of crop husbandry especially rice in the state dates back to first few centuries A.D.. The people of the Manipur have rich history of harnessing its water resources for agriculture purposes. The art of dredging rivers and digging new courses were mastered in the first century AD and the peasantry had become mainstay of society. The two river systems of Imphal River and Iril River was regularly dredged for transport as well as for irrigation. Later on the temporary damming of rivers and supplying of water to the fields through canal were carried out in the 5th century AD. This is known as the *Thigel* (damming) *and Ithai* (diversion of water) *Loukhong Complex*. The complex which were built on community labour, still exist[26]. With this complex system of water management, wet paddy cultivation— broadcasting as well as transplanting was practiced. In the northern and eastern hills of the state, terracing rather than *jhum* cultivation had led to settled tribal life (ibid). British agents and writers like Brown[27] and Pemberton[28] had reported very high yield and productivity owing to its specialized crop husbandry in the state. Brown reported average yield of 4050 kg per *paree*. If converted to modern day measurement, it accounts to 3375 kg per hectare which is hard to attain in the post green revolution. Brown also estimated that one year produce was enough to feed the population for two years. Not only high production or productivity, the whole administration and socio-political matrix of the Native Rule revolved round rice economy and cultivating land of rice. Land cultivation, measurement and collection of land rent formed an important administrative part of king during the Native Rule. Land administration was important for revenue generation and also for a self-sufficient agrarian economy.

British colonialism was built on this strong and vibrant rice economy, in fact it formed the nucleus of the colonial economy. Rice was an important source of revenue and formed the most important export item resulting from huge surplus extraction. Table 5.1 shows the amount of rice exported during the colonial period (1900-01 to 1938-39). In the year 1900-01, 2655 tonnes of rice was exported from Manipur and it increased almost five fold and reached 14143 in 1938-39.

TABLE 3.1:
Export of Rice from Manipur (1900-01 to 1938-39)

Year	Rice (tones)
1900-01	2655
1911-12	4107
1924-25	7589
1932-33	10541
1934-35	9334
1938-39	14143

Source: Various Administrative Reports

26 Singh, Priyoranjan Chongtham, "Agrarian Structure and Production Relations in Manipur", Unpublished Ph.D. Thesis, Manipur University. 2005, p 27

27 Brown, Robert, *Statistical Account of Manipur*, New Delhi: Mittal Publications, 2001 (first edition 1873).

28 Pemberton, R.B., *Eastern Frontier of India*, New Delhi: Mittal Publications, 1979 (first edition 1835).

Colonial Economy, Artificial Scarcity of Rice and the Nupi lan in Manipur

The extremity of colonial extraction from rice economy was evident from the *Nupi Lal* (Women's war against the export of rice) of 1939. Historically the Nupi Lan had its immediate cause in the artificial famine of 1939 caused by the profiteering activities of the Mayang (Indian) traders who exported rice to colonial garrisons outside Manipur. In another sense, Nupi lan was caused by profiteering activities of speculators which ruined the people and brought famine. When the ban hitherto enforced on the export of rice was lifted in 1939 to the great advantage of the *Mayangs*, the price of paddy soared up, thus, seriously affecting the local petty traders, mostly women, and the poor consumers as well. The atmosphere of agitation was looming with the women traders ready to take a course of action against the inflation and the starving stomachs.

In November 1939 when the harvesting was in full swing, the ban enforced on the export of rice was suddenly lifted, as the result of which the mill-owners started heavy buying of the new paddy with the object storing it up and making large profits afterwards. The price of paddy soared up; the numerous petty traders and poorhouse holders were thus deprived of their supplies of paddy; so that in midst of plenty there was starvation. On 12 December 1939 hundreds of women who were demanding an end to the free trade on rice[29] besieged the president of the Manipur State Durbar[30] and the officials who came to his aid[31] . In the scuffle that broke out[32] between the women and the Assam Rifles, twenty one women and one Indian officer and seven other ranks of the Assam Rifles were injured[33] . In the following months, women targeted the rice-mills owned by the *Mayangs*[34], which, "with a daily out-turn of 11,200 mounds of rice, absorb the entire paddy available in the state (and)… threw out of employment the bulk of the people who lived by husking". Women boycotted the main bazaar, i.e., the hub of hoarding and profiteering that was under colonial protection and protest meetings were held in the Police Bazar. They formed vanguards, intercepted rice carters carrying paddy for sale to the Mayang and at times threw cartloads of rice into gutter[35]. In January 1940 alone they held up about 150 rice loaded carts. In the course of the months long struggle women besieged state thana and fought several pitch battles with the security personnel[36] . In one of the pitch battles fought on 14 January,

29 Manipur Administrative Report (hereafter MAR) for the year 1939-40.

30 Disturbance at Imphal, December 1939; Confidential File, Manipur State Archive

31 *Op.cit.* MAR 1939-40.

32 "They (women protestors) surrounded them (Captain Stone's men) and tried to snatch the rifles from their hands and men in the background threw stones"; *Letter from the commandant, 4th Battalion, AR, Imphal To the Political Agent in Manipur*: letter no. 2014/IV-18 (B) dated 13th December 1939.

33 Disturbance at Imphal, December 1939; Confidential File, Manipur State Archive

34 *Mayangs* refer to the Marwaris, who were colonial British agents indulging in trade and commerce in Manipur. Now the term has expanded to include non-Manipuris of Aryan and Dravidian origin. There were as many as 18 mills operating in the state in 1939 and most of the political thinkers felt that these mills "with a daily outturn of 11,200 mounds of rice, absorb all the available paddy in the state thereby creating unemployment amongst the women"; Resolution passed by Manipur Praja Sanmelini. They considered that mills consumed thousands of maunds of paddy daily, which suggested throwing out of employment the masses that lived by husking, thus perpetuating problem of unemployment in Manipur; Resolution passed by Manipur Praja Sanmelini. 7th sitting: Police Bazar Field; 2 pm. 7-1-40.

35 *Op.cit.* MAR 1939-40.

36 Ibid.

forty women agitators and some men were injured[37]. Women organized anti-tax gathering and the leaders advised the agitators to arm themselves with tem (a long wooden appliance used for weaving cloth) and wear two *phaneks* (sarong type of cloth worn by the women of Manipur) while confronting tax-collectors [38]. In short, there was a qualitative shift of the movement towards popular struggle for a responsible government. The movement, however, subsided as a result of the approach of the Second World War in Manipur in early 1940s.

Nupi lan has to be seen against the background of the rise of *Mayang* power in Manipur. By 1939 the *Mayangs*, being the protected British Subject in Manipur, were able to establish as monopoly rights holders in cotton trade, vehicular traffic[39] ,tea-seed trade, silk manufacturing right, growing mulberry or silk farming[40] right to fell and log some of the trees on the borders of the Kabow Valley, bees-wax and agar[41], elephant tusk, deer horn and orchids[42] , Rubber Mahal[43], jade[44] and Chalmugra Seed Mahal[45] , Orchid Mahal and so on. *Mayang* control of the economy under British rule and their economic oppression of the people were revealed in an application addressed to the judicial members, Manipur State Durbar dated, 28 September 1920:

> [That] your humble petitioners are extremely aggrieved at the hard lot of the carters or cart owners who owe money to the Marwaris mahajans. They are compelled to carry the goods of their *mahajans* at a lower rate of annas 8 or 12 or even Rs 1 per maund than the ordinary market rate of hire, as they are not allowed to look to any means for their gains…. Moreover, according to the system of compound interest and to carry a few maunds in excess in every cart gratis. Moreover, there are the occasional insertions of fake and real accounts against their name in the khata for taking some necessaries of the cart. They even take interest on the value of the articles after turning them into capital. Thus after the end of the year when all accounts are settled and the interests are changed into capital, is spite of their hard labour throughout the year to clear the debt by occasional payment of the little savings of the wages they find to their great astonishment that about the same of even greater capital than that of the last year. Then they are compelled to write another bond in the *khata* for the coming year. Thus…they…gradually increases year by year till it is beyond their power of clearing it.

Under the forced 'liberal trade' and forced taxation of the people there was underdevelopment of Manipur, which was marked by a decline of local production and increase both in the quantity and volume of import, which had a corresponding adverse impact in the balance of payment[46]. Colonial economy was largely responsible for an material condition of 'underdevelopment' characterised by

37 It is recorded that "in the case of three women the injuries were rather severe. A woman, Oinam Ibemahan by name was subjected to the most inhuman treatment by the police members of the Durbar (the 2nd son of the King) who kicked her in the private parts, as the result of which the women fell down senseless and bleeding; Irabot's letter

38 Mayanglambam Kunjeshwari, *The Women movements in Manipur*, Unpublished M. Phil. Dissertaion, Manipur University. 1992, p.65 & p. 42.

39 A. Balkrishna Sharma, *Irabot and his time; a brief History of Colonial Manipur*, Based on the Biography of Neta Hijam Irabot. National Research Centre (NRC) library, Imphal, p. 13.

40 MAR for the year 1907-08.

41 MAR for the year 1915-16.

42 MAR for the year 1935-36.

43 MAR for the year 1909-10.

44 MAR for the year 1937-38.

45 *Op.cit.* MAR 1935-36

46 Indebtedness had crept in since 1916 and at the close of the year 1923-24 the state was indebted to Government to the extent of Rs 268750; MAR for the year 1923-24

decline of Manipur's economy from 'self-sufficiency' into an economy that fully depended on imports from other regions. It subverted interests of various sections of the peoples[47] in varying ways. In other words there was collective subordination of the people and their national aspiration.

Food Security in the Post British Period

The reviving of rice surplus state after the 2nd world war proved to be impossible. The post-colonial period witnessed a complete turnaround in the agrarian economy of the state. The state was reduced from a net exporter of rice during the colonial period to a net importer after the merger with Indian Union, though some small/negligible amount of rice was exported during the pre-statehood period.

In the post Green Revolution phase, both the productivity (rice yield per hectare in the state, 2273 kg is higher than both the North East Region, 1567 kg and all India average, 1913 kg) and production increase but the state never reach the comfort zone of being self-sufficient in food grains. The factors are numerous but some worth mentioning are lack of and proper utilization of irrigation, lack of institutional credit, marginalization of land holdings, demographic pressure, lethargic approach from the government, pathetic scene of rice cultivation in hills etc. Even the Draft Annual Plan 2007-08, for agriculture has identified lack of adequate and reliable irrigation infrastructure, lack of adequate infrastructure for mobilizing development programme in the hills as major constraints during the Tenth Plan 2002-07 to the production of food grains. The contour of the evolving agrarian economy in the state is explained by the existing agrarian structure and relation.

TABLE 5.2 shows amount of rice exported from Manipur from 1967 onwards.

TABLE 3.2:
Export of Rice from Manipur (1967 to 2006)

Year	Rice (tones)
1967	45.3
1968	6101
1969	930
1970	208
1971	0
1972	40.7
1973–84	0
1985	10.6
1986–2006	0

Source: Export-Import Files, Marketing Intelligence Department, Govt. of Manipur.

From 1967 to 1970 the state exported 7284.30 tones of rice. And in 1972 and 1985 the state exported negligible amount of rice i.e. 40.7 and 10.6 tones respectively. The state becomes heavily dependent

47 "*Marwaris* in the business atmosphere of Manipur meant exploitation in every available products of the state, at the expense of your humble subjects — who have no capital and resources enough to compete with them in their new struggle. Thus they are left in a critical position — to choose either their own destruction or the thralldom of the Marwari capitalists — who eat up every moment into the entrails of the state"; Application to the judicial members, Manipur State Durbar. 28 September 1920. By Manipur State Subjects for redressing the wrongs they suffered at the hands of the Marwaris.

on the import of rice from outside the state. Forces and counter forces came into interplay in shaping the state a very dependent in terms of food grains. On the one hand both production and productivity increases after the Green Revolution, on the other hand population increases on a very rapid scale, the state remains dependent on the import of food grain from outside. In other words, the increase productivity with the application of HYVs, irrigations, chemical fertilizers (the state has high consumption rate of fertilizer, 105kg/ha than North East average 78 kg/ha and all India average, 90 kg/ha) in the post Green Revolution gave an inducement to rice production in the state. Despite increased production, the crop yield cannot feed the burgeoning population of the state. As the state has limited cultivable area due to hostile topography, the increase production and productivity was the result of new technology. Table 5.3 shows the area, production and yield of rice in Manipur from 1960 to 2008.

TABLE 3.3:
Area, Production and Yield of Rice in Manipur 1960-2008.

Year	Area (000 ha)	Production (000 tn)	Yield (Kg/ha)
1960	162.20	127.00	782.98
1961	161.50	107.00	662.54
1962	161.80	108.00	667.49
1963	160.50	109.00	679.13
1964	160.50	185.00	1152.7
1965	160.50	218.70	1362.6
1966	160.90	260.00	1615.9
1967	174.00	246.00	1413.8
1968	167.00	300.00	1796.4
1969	144.00	232.00	1611.1
1970	140.00	184.20	1315.7
1971	136.00	158.56	1165.9
1972	146.60	152.16	1037.9
1973	169.78	238.62	1405.5
1974	176.51	274.68	1556.2
1975	177.19	276.42	1560.0
1976	177.20	266.97	1506.6
1977	179.13	299.98	1674.7
1978	159.56	255.21	1599.5
1979	155.20	227.53	1466.0
1980	188.55	273.04	1448.1
1983	161.22	255.13	1582.5
1984	167.41	332.99	1989.1
1985	164.60	332.53	2020.2

Year	Area (000 ha)	Production (000 tn)	Yield (Kg/ha)
1986	165.14	242.47	1467.3
1987	165.76	312.76	1886.8
1988	167.06	319.72	1913.8
1989	162.37	245.12	1509.6
1990	157.41	274.17	1741.8
1991	160.30	340.45	2123.8
1992	151.19	273.12	1806.5
1993	161.87	348.82	2154.9
1994	163.93	358.51	2187.0
1995	134.93	338.05	2505.4
1996	166.10	367.28	2211.2
1997	157.90	351.67	2227.2
1998	166.89	382.19	2290.1
1999	157.05	364.98	2324.0
2000	156.96	381.69	2431.8
2001	162.57	387.26	2382.11
2002	153.11	335.67	2192.35
2003	157.83	381.24	2415.51
2004	176.31	435.93	2472.52
2005	166.23	386.07	2322.09
2006	165.37	389.17	2353.33
2007	166.15	406.15	2444.48
2008	168.40	396.96	2357.20

Sources: 1. Government of India, Estimates of Area and Production of Principal Crops in India, Various issues.
2. Government of Manipur, Directorate of Economics and Statistics, *Statistical Handbook of Manipur 2002, p.* 77 and *Statistical Abstract of Manipur 1998*, p. 91. , *Statistical Abstract of Manipur 1998 Various Economic Survey*

TABLE 3.4:
Comparative Rice Yield in (Kg/ha) of Manipur and India.

Year	Manipur	India
1960–61	783	1013
1970–71	1316	1123
1980–81	1450	1336
1990–91	1742	1740
1995–96	2505	1797
1996–97	2211	1882

Year	Manipur	India
1997–98	2227	1900
1998–99	2290	1921
1999–00	2324	1986
2000–01	2431	1961
2001–02	2382	2078
2002–03	2192	1804
2003–04	2416	2078
2004–05	2473	1984
2005–06	2322	2102
2006–07	2353	2131
2007–08	2444	2202
2008–09	2357	2178

Source: Same as Table 5.3

The productivity growths in terms of yield of rice have been impressive in Manipur as compared to India. The productivity trend show that rice productivity of Manipur was low up to early 90s and but more than Indian average. From the mid-90s its productivity has touched 2300 mark and is consistently maintaining the trend. In 2008-09 the percentage of difference for the yield rate between India and Manipur is 8.22.

TABLE 3.5:
Compound growth Rates of Area, Production and Yield of Rice (in percent per annum)

Period	Area	Production	Yield
1960-1970	0.28	12.57	12.88
1970-1980	1.95	5.59	3.57
1980-1990	0.68	1.39	2.08
1990-2000	0.15	2.75	2.59
2000-2008	0.88	0.49	-0.39
1960-2008	0.08	2.40	2.32

Source: Calculated from Table 3

The compound growth rate of area in the state declines from 0.28 in 1960-61-1969-70 to 0.15 in 1990-91-2000-01. In the early phase of Green Revolution both growth rate of production and yield touch 12 pc mark i.e. for production 12.57 and yield 12.88 in 1960-1970 but it also starts declining. But looking at the overall from 1960-2008 production and productivity almost matches i.e. 2.36 and 2.38, depicting positive impact of Green Revolution. But the area under rice cultivation remain almost same, it depicts that neither net nor gross sown area increase.

The state was unable to establish self-sufficiency in food grains due to inflated population caused by the influx of migrants. The state experienced a high percentage decennial growth rate. The annual growth in area sown for the period 1982-1992 was 1.43 per cent. During the decade 1991-2001, the net area sown had, in fact, declined whereas the population had grown at an annual rate of 3 percent. The result of asymmetric growth between the area sown and the population, led to stagnant yield; the state is now facing an increasing deficit in rice production (Institute for human Development, 2006), 109)[48]. Table 5.6 shows population growth in terms of hill-valley and percentage share of rural and urban population.

TABLE 3.6:
Population Growth in Manipur (1951 census to 2011 census)

Year	Persons	Percentage Annual Growth	Percentage Decennial Growth			Percentage of Urban Population	Percentage of Rural Population
			Manipur	Hills	Valley		
1951	577635	…..	….	….	….	0.5	99.5
1961	780037	3	35.04	….	….	8.68	91.32
1971	1072753	3.19	37.53	….	….	13.19	86.81
1981	1420953	2.81	32.46	41.27	28.22	26.42	73.58
1991	1837149	2.57	29.29	32.38	27.65	27.52	72.48
2001	2293896	2.22	24.86	35.46	19.04	25.1	74.9
2011	2721756	1.72	18.65	NA	NA	NA	NA

Source: Government of Manipur (2008), *Statistical Abstract Manipur 2007*, Directorate of Economics and Statistics; Census of India 2011, Provisional Report

The state registered a very high decennial growth of 35.04, 37.53, and 32.46 in 1961, 1971 and 1981 respectively and it declines to 24.86 percent in 2001. The high percentage growth in 1961 and 1971 was the result of influx of migrants. Percentage annual growth rate hovers around 2½. The hill registered higher growth rate than the valley; almost 75 percent of the total population live in rural areas. The effect increasing population has a direct impact on food demand. Table no 5.7 shows the production, requirements and shortage of rice in Manipur from 1972 to 2006.

TABLE 3.7
Production, Requirements and Shortage of Rice in Manipur ('000 tonnes)

Year	Requirement of Rice	Production of Rice	Shortage of Rice	Percentage Shortage & Surplus
1972	232.59	152.16	-80.43	-34.58
1973	239.9	238.62	-1.28	-0.53
1974	247.21	274.68	27.47	11.11
1975	254.85	279.42	24.57	9.64
1976	261.85	266.97	5.12	1.96
1977	269.15	299.98	30.83	11.45
1978	276.46	255.2	-21.26	-7.69
1979	283.78	227.53	-56.25	-19.82

48 Planning Commission *Manipur State development Report* (New Delhi: Institute for Human Development, 2006)

Year	Requirement of Rice	Production of Rice	Shortage of Rice	Percentage Shortage & Surplus
1980	291.09	273.04	-18.05	-6.20
1981	298.4	253.14	-45.26	-15.17
1982	305.71	219.47	-86.24	-28.20
1983	313.02	255.18	-57.84	-18.48
1984	320.34	232.99	-87.35	-27.27
1985	327.65	332.53	4.88	1.49
1986	334.96	242.47	-92.49	-27.61
1987	342.27	358.64	16.37	4.78
1988	363.66	326.82	-36.84	-10.13
1989	367.89	245.12	-122.77	-33.40
1990	386.81	274	-112.87	-29.18
1991	360.63	340.45	-20.18	-5.60
1992	368.89	273.12	-95.77	-25.96
1993	377.56	348.82	-28.74	-7.61
1994	386.29	358.51	-27.78	-7.19
1995	395.09	338.05	-57.04	-14.44
1996	403.95	367.28	-36.67	-9.08
1997	412.87	351.67	-61.2	-14.82
1998	421.83	382.19	-39.64	-9.40
1999	430.83	364.98	-65.85	-15.28
2000	439.88	381.73	-58.15	-13.22
2001	449.37	387.26	-62.11	-13.82
2002	458.53	335.67	-122.86	-26.79
2003	468.02	381.24	-86.78	-18.54
2004	477.56	435.93	-41.63	-8.72
2005	487.16	386.07	-101.09	-20.75
2006	496.82	389.17	-107.65	-21.67

Source: Various Statistical Handbooks and Abstract of Manipur, Directorate of Economics and Statistics, Government of Manipur

The state fell short of the requirement except for the year 1974-77, 1985 and 1987. In these six years the state manages to generate rice surplus of 27.47, 24.57, 5.12, 30.83, 4.88 and 16.37 tonnes respectively. Looking at the trend, requirement is creeping up all the time and the production is not able to catch up the requirements resulting in huge shortages. In 2005 and 2006 the shortage of rice was a massive 101 and 107 thousand tonnes respectively i.e a percentage shortage of 20.75 in 2005 and 21.67 in 2006 and the trend will not easily reverse.

Land Holding Pattern

Land holding is an important parameter in agriculture for explaining the nature, status, strength of agrarian economy. Marginalization of land holding is the present trend in the state and is severely affecting the agarian economy. Marginalization is predominantly the result of high population pressure especially in the rural areas (see Table 5.4). According to the 2001 census, 74 pc population lives in the rural area. Bothe NSS and census data shows marginalization of operational land holding in the state.

TABLE 3.8:
Distribution of Operational Holdings in Rural Areas of Manipur (NSS)

Size Class	1991-92			2002-03		
	No. of hhs (00)	Area (00 hect)	Average area	No. of hhs (00)	Area (00 hect)	Average Area
Marginal (Less than 1 hectare)	1204 (71.12)	489 (37.44)	0.41	1918 (82.57)	844 (59.65)	0.44
Small (1 to 2 hecters)	340 (20.08)	459 (35.15)	1.35	355 (15.28)	441 (31.16)	1.24
Semi Medium (2 to 4 hectares)	148 (8.74)	355 (27.18)	2.40	45 (1.94)	104 (7.35)	2.31
Medium (4 to 10 hectares)	1 (0.06)	3 (0.23)	3.00*	5 (0.21)	26 (1.84)	5.2
Large (10 hectares &above)	-	-	-	-	-	-
All Holdings	1693 (100)	1306 (100)	0.77	2323 (100)	1415 (100)	0.61

Note: Figures in the parenthesis indicate the percentage distribution.

Sources: 1. NSSO. 1997. Operational land Holdings in India 1991-92: Salient Features, 48th Round, Report No. 407.

2. NSSO. 2006. Some Aspects of Operational Land Holdings in India 2002-03, 59th Round, Report No. 491.

Operational holdings in rural Manipur as per given by NSS is shown in Table 5.8. From 1992 to 2002 the number of operational holdings has increased by 63 thousand and area by 11 thousand resulting in the decreased of average size of operational holding from 0.77 hectare to 0.61 hectare. For marginal holdings, number of households increased by 59 per cent and area by 72 percent. The increasing momentum of marginal holdings mainly comes from the breakdown of semi medium holders where both the number of households and area operated declined by about 70 percent. In the case of small holdings while the number of households increased by 4.4 percent the area operated has reduced by 2.2 percent, similar for semi-medium holdings. Contrarily, there is an increase in both number of households and area operated under medium holdings.

Table 5.9 shows distribution of operational holdings in the state according to 1990-91, 1995-96 and 2000-01 agricultural Censuses. As per the Agricultural Census 2000-01 the area of operational holding is about 172 thousand hectares operated by 149 thousands farmers. The number of marginal holders increases from 69 thousand in 1990-91 to 75 thousand in 2000-01. In 2000-01, the marginal and small holders account for 83 percent of operational land holders. Large holders are virtually non-existent. The average size of operational holdings for Manipur has slightly decreased from 1.22 hectares in 1995-96 to 1.15 hectares in 2000-01. The area operated in small and marginal holdings accounted for 59.88 percent in 2000-01. Average size of operational holdings of all holders has also declined—

TABLE 3.9:
Distribution of Operational Holdings in Manipur

Size Class	1990–91			1995–96			2000–01		
	No. ('000)	Area ('000 hect.)	Average (Hect.)	No. ('000)	Area ('000 hect.)	Average (Hect.)	No. ('000)	Area ('000 hect.)	Average (Hect.)
Marginal	69(48.59)	38(21.71)	0.55	69(48.59)	39(22.41)	0.57	75(50.33)	40(23.25)	0.53
Small	49(34.50)	67(38.28)	1.37	49(34.50)	67(38.50)	1.37	49(32.88)	63(36.63)	1.29
Semi Medium	21(14.78)	54(30.86)	2.57	21(14.78)	54(30.85)	2.57	22(14.77)	55(31.98)	2.47
Medium	3(2.11)	15(8.57)	5	3(2.11)	14(8.00)	4.67	3(2.01)	14(8.14)	4.86
Large	Neg.	1(0.57)	12.16	Neg.	Neg	-	Neg	Neg.	11.38
All Size	142 (100)	175 (100)	1.23	142 (100)	174 (100)	1.22	149 (100)	172 (100)	1.15

Source: Government of Manipur (2008), *Economic Survey Manipur 2007-08*, Directorate of Economics and Statistics.

Note: Figure in the parentheses indicates percentage.

for marginal 0.55 in 1990-91 to 0.53 in 2000-01, for small 1.37 in 1990-91 to 1.29 in 2000-01, for semi-medium 2.57 in 1990-91 to 2.47 in 2000-01, for medium 5.00 in 1990-91 to 4.86 in 2000-01 and for large 12.16 in 1990-91 to 11.38 in 2000-01.

Marginalization and smallness of holdings have reduced the farmers to a state were even to achieve subsistence level is difficult, which in turn has discouraged the farmers to invest for private capital formation. Rice cultivation has become a part time job for most of the small and marginal farmers and it has become an a force of habit rather than a commercial proposition. They are cultivating not because it is profitable or allow them to subsist with dignity but because they don't want their land to remain idle. As marginal and small farmers seldom get institutional credit, they resort to land for their immediate needs and debt servicing through selling out or mortgaging out their land. As a result, the interlocking of credit and land market is rampant in the rural Manipur. Landis used not for productive proposes but for consumption purposes through selling or mortgaging out. In some pockets of valley due to lack of inducement in farmers doing rice cultivation are turning into fishing , their paddy land is converted to fish farms , sometimes even being sold out for other purposes.

The distribution pattern of land holdings is directly related with the distribution of assets of the cultivating households as the agriculture productivity is dependent upon the types of assets used. The information on inventory assets owned by the cultivating households is available in the various rounds of Debt and Investment Survey, NSSO. The distribution of assets per reported cultivating household in 48th and 59th round of NSSO is shown in Table 5.10.

TABLE 3.10:
Distribution of Assets per Reported Cultivating Household in Rupees
(48th and 59th Round NSS)

Assets	As on 30.06.1991		As on 30.06.2006	
	Average Value (Rs)	Percentage	Average Value (Rs)	Percentage
Land	52776	55.87	121153	60.58
Building	25680	27.18	43442	21.72
Livestock & Poultry	3000	3.18	5523	2.76
Machinery & Equipment	4094	4.33	6543	3.27
Household durables	7516	7.96	13628	6.81
Financial assets	1377	1.46	9671	4.84
Loan receivable	20	0.02	38	0.02
Total	94463	100	199998	100

Source: 1. NSSO. 1998. 48th Round, Report No. 419.

2. NSSO. 2006. 59th Round, Report no.500.

The average value of assets owned by the cultivating household increased from about Rs. 94 thousand in 1991 to Rs. 2 lakh in 2002. Out of all the assets owned by cultivating household, land is still the most important asset. Its share in the average value of the assets owned per reporting household increases from 56 percent in 1991 to 61 percent in 2002. The contribution of building to the total asset has declined from 27 to 21 depicting deteriorating living standard of cultivating household. The values of livestock and poultry have also declined from 3.18 to 2.76 portraying weak diversification of agricultural allied activities or less incentive. Machinery and equipment also shows a declining trend from 4.33 to 3.27, a clear indication of falling rate of private capital formation among the cultivator. Machines and equipments are owned by affluent cultivators but small and marginal farmers are also deserting bovine for cultivation; service of machine hiring is emerging in rural Manipur. Increase of financial asset may be come from other non-agricultural activities especially trade. Institutional credit is depicted by the small contribution of loan amount. Institutional credit for cultivation is still a far cry for most of the cultivators.

Irrigation Infrastructure

Poor irrigation infrastructure is leading agrarian economy of the state to nowhere. State is still heavily dependent on monsoon for agricultural purpose. Irrigation the most important input of agriculture has received attention only immediately after the attainment of statehood. The first major irrigation project, the Loktak Lift Irrigation (LLI) project was taken up in the year 1973-74 and later in the Fifth Plan besides LLI, new projects comprising three medium river irrigation project viz. Imphal Barrage, Sekmai Barrage, Khoupum Dam, one Multipurpose project Singda Multipurpose Projects, was taken up. By the end of Ninth Plan, the irrigation potential from the completed or partially completed project is 28,500 ha with a utilization of only 20,910 ha. Most of the major and medium irrigation projects are confined to the Valley. A number of Minor Irrigation Scheme (MIS), both in the hill and valley has been initiated with a potential of 30,645 ha and utilization capacity of 18265 i.e. 59.60 pc (Institute for human Development, 2006, p 100). At the end of Tenth plan the irrigated area is 30,980 ha. i.e. 13.24 pc of the net agricultural land (Government of Manipur, 2008).[49]

The underutilization, and lack of irrigation has not encouraged double and multiple cropping which would have boost food grain production. Investment in irrigation and drainage not only will raise yields directly, they will also facilitate multiple cropping, thereby raising the year round utilization of both land and labour (Bruce F. Johnston and P. Kilbey 1982, p 53)[50]. Several micro surveys in India comparing agricultural performance in areas commanded by irrigation works and those outside (and in a few cases between irrigated and unirrigated lands in the same area) also show that land is used more intensively (both in terms of the extent of fallowing and of multi cropping); that irrigated lands grow more of higher productivity, high value crops; and that average yields of practically all crops are substantially higher in irrigated areas. But irrigation system is not producing the desire result in the state. The problem is more of 'maintenance and utilization of assets'. The irrigation facility in the state focuses more on 'creation of assets' and employment generation rather than the 'maintenance, utilization and sustainability of assets'. For rice cultivation, still, the state depends on the timely arrival of monsoon. In other words, the irrigation system in the state has not reduced, at least to some extent, the overdependence on monsoon. Deformity in irrigation not only discourages double and multiple cropping but also severely affects the use of HYVs. Looking at the past few years, there is inconsistency in the use of HYVs. Area under HYV and improved Variety (IV) from 2000 to 2007 is given in Table 5.11.

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49 Government of Manipur, 2008,.*Draft Annual Plan, 2007-08,* Department of Agriculture,

50 Bruce F. Johnston and P. Kilbey, "'Unimodal' and 'bimodal' strategies of agrarian change" in John Harris (ed.), *Rural Development: Theories of peasant economy and agrarian* change, London: Hutchinson, 1982, p. 53.

TABLE 3.11:
Area under HYV/IV

'000 Hectares

Year	Hill		Valley	
	HYV/IV	Others	HYV/IV	Others
2000–01	6.37	61.59	70.92	18.11
2001–02	12.12	59.5	74.04	16.91
2002–03	8.71	64.02	38.65	41.73
2003–04	13.86	63.19	46.42	34.36
2004–05	12.7	62.78	88.62	12.21
2005–06	9.71	72.96	62.39	21.2
2006–07	12.56	67.27	54.1	31.44

Source: Government of Manipur (2008), *Statistical Abstract Manipur 2007*, Directorate of Economics and Statistics.

HYV/IV which is predominantly used in the valley shows inconsistency. In 2000-01 and 2001-02, 70.92 and 74.04 thousand hectares in the valley were under HYV/IV. It drastically came down to 38.65 in 2002-03 and 46.42 in 2003-04. Again it increases to 88.62 in 2004-05 and come down again in 2006-07 with 54.10. This affects both the productivity and production. As HYV required timely surveillance of irrigation, with uncertainty in irrigation coupled with frequent floods, farmers resort to local variety which can stand untimely irrigation and floods, as a risk management. In the state where agriculture is synonymous with paddy cultivation, the pathetic state of irrigation has neither supercharged the production nor increased the net sown area.

Unbalanced use of fertilizer and HYV in hill and valley is another cause of concern for the rice economy of the state. HYV and fertilizers are predominantly used in the valley and its used in the hill is marginal. Table 5.12 shows the fertilizer consumption in hill and valley from 2000-01 to 2006-07.

TABLE 3.12:
Region Wise Consumption of Fertilizer in Manipur (in tones)

Year	Manipur	Hill	Valley
2000–01	46747	3006 (6.43)	43741 (93.57)
2001–02	46487	3782 (8.14)	42696 (91.86)
2002–03	56700	4370 (7.71)	52330 (92.29)
2003–04	59046	4957 (8.40)	54089 (91.60)
2004–05	44137	3607 (8.17)	40530 (91.83)
2005–06	30594	2027 (6.63)	28567 (93.37)

Source: Government of Manipur (2008), *Statistical Abstract Manipur 2007*, Directorate of Economics and Statistics.

Note: Figure in parentheses is percentage to the total

In the last six years the consumption of fertilizers in the hills did not cross the 10 percent mark of the state's total consumption. In 2000-01 hill consumed 3006 tonnes of fertilizer i.e. 6.43pc of total consumption which remain almost the same in 2005-06, 2027 (6.63pc). Whereas the valley consumed almost 90pc of the state total consumption of fertilizers i.e. 93.37pc in 2005-06. The valley also accounted for higher percentage use of HYV as compared to hill regions. The used of high percentage of HYV and fertilizer with better irrigation compare to hill results in higher productivity as well as production of rice. The valley account for 60pc of total productivity of rice and hill for 10pc in 2006-

07 and the yield per hectare of rice is also high as compare to hill. In 2006-07 the yield rate of valley 2742.24 kg/hectare as compares to hill 1907.5 kg/hectare. But the concern is over the high prevalence of *jhum ming* in the hills. The ratio of settled to *jhum* cultivation in the hills is given in Table 5.13.

TABLE 3.13:
Settled Land Vs *Jhum* Land under Rice in the Hill Districts of Manipur.

(in '000 ha)

Year	Settled	Jhum	Ratio of Settled to Jhum
2000–01	28.17	39.79	0.70
2001–02	29.15	42.47	0.68
2002–03	29.55	43.18	0.68
2003–04	35.26	41.79	0.84
2004–05	30.78	44.70	0.68
2005–06	37.07	45.60	0.81
2006–07	45.18	34.65	1.30

Source: Government of Manipur (2008), *Statistical Abstract Manipur 2007*, Directorate of Economics and Statistics.

The ratio of settled to *jhum* in the hill seems to be improving. In 2000-01 it is 0.70 and it increases to 1.30. This is a positive sign and needs to be sustained. As the agriculture in the state is confined to 10.48 pc of the total geographical area (the geographical area being 22.327 lakh ha) and the net agricultural area being 2.34 lakh ha[51], there is little scope for expansion of agricultural land in the face of swelling population, urbanization and development process. The situation calls for an urgent policy, practical and physical intervention from the state for restoring the erstwhile food security status. There is very serious concern for the food grains security of the state which is on the verge of exposition to the global juggernaut like EU-India FTA.

Flawed Utilization of Land

A major factor which has a direct bearing on development in general and agro-related activities in Manipur is the pattern of utilization of land. Two existing Acts, and the manner in which they have been employed, have had a negative impact on arable land. The former pertains to Land Acquisition Act, 1894 (extends to the whole of India except the state of Jammu and Kashmir), which has been perpetually (mandatory) used by the state or central government to undertake massive development projects for 'public purpose'. The second pertains to Section 20 of the Manipur Land Revenue & Land Reforms Act, 1960, put in place for purpose of revenue collection based on nature of land holding and to avoid diversion of land but hardly given weightage or importance in the case of Manipur. If rightly followed in spirit, this Act can act as a deterrent to increasing instances of converting arable land into settlement areas or other purposes in Manipur.

Section 3(a) of the Land Acquisition Act states, 'The expression 'land' include benefits to arise out of land, and things attached to the earth or permanently fastened to anything attached to the earth.' The Maharashtra Government amended this section in 1964 stating, 'The expression 'arable land' means land fit for cultivation whether in fact cultivated or not; and includes garden land.' Section 4(1) and 4(2) are mandatory to be used by any government when any land is intended to be acquired by the government. Section 4(1) reads:

51 Government of Manipur 2008

> Whenever it appears to the [appropriate Government] that land in any locality [is needed or] is likely to be needed for any 'public purpose' [or for a company], a notification to that effect shall be published in the Official Gazette [and in daily newspapers circulating in that locality of which at least one shall be in the regional language] and a Collector shall cause public notice of the substance of such notification to be given at convenient places in the said locality [the last of the dates of such publications and the giving of such public notice, being hereinafter referred to as the date of the publications of the notifications].

Further Section 4(2) reads:

> Thereupon, it shall be lawful for any officer, either generally or especially authorised by such government in this behalf, and for his servants and the workmen, - to enter upon and survey and take levels of any land in such locality; to dig or bore into the sub-soil; to do all other acts necessary to ascertain whether the land is adapted for such purpose; to set out the boundaries of the land proposed to be taken and the intended line of the work [if any] proposed to be made thereon; to mark such levels, boundaries and line by placing marks and cutting trenches; and, where otherwise the survey cannot be completed and the levels taken and boundaries and line marked, to cut down and clear away any part of any standing crop, fence or jungle: provided that no person shall enter into any building or upon any enclosed court or garden attached to a dwelling house [unless with the consent of the occupier thereof] without previously giving such occupier at least seven days' notice in writing of his intention to do so.

Using these rigid Sections, government has been forcibly acquiring lands in the name of 'public purpose'. An alarming scenario is the acquisition of agricultural lands for development projects. It is a fact that agricultural lands are being aggressively used for various projects and schemes of both the state and central governments (N. Manichandra Singh , 2013)[52]. Two issues further arise as a consequence of acquisition of land for 'public purpose'. On one hand is the immediate injury caused to the owners of the land, and second is the damaged caused in the aftermath of construction of development projects, both of which leads to destruction of agricultural land. Two illustrative examples are discussed in this regard. One pertains to the recent most case which concerns the acquisition of 519.843 acres of agricultural land for the construction of Industrial Growth Centre at Waiton, Chingarel, Imphal East District (Government of Manipur (2008) and the second case relates to the submersion of 27,404.94 acres of agricultural land in three districts of Manipur as a result of commissioning of the Loktak Hydro Project at Komreikap in year 1994.

It is worthwhile to elaborate here that Growth Centres scheme was initiated in the Eight Plan by the Government of India with the aim of tackling the problem of regional imbalances in industrial development. As a model, large villages or small towns which have the potential to become the nuclei for the socio-economic development of the surrounding area are identified as Growth Centres. The Growth Centres can be identified by different orders with respect to the quality and the quantity of services and facilities, service area and population. A Growth Centre of lowest order should have services such as agricultural input centre, primary and middle school, maternity and child care centres and daily market. At the highest level, it must have manufacturing industries, hospitals, colleges and so on.

Idea of Growth Centres is situated within the understanding that with the doing away of the system of licensing of industries and coming into play of market forces, the industries tend to gravitate towards already developed areas which provide better infrastructure, easier availability of skilled workforce and forward and backward linkages in terms of availability of raw materials and markets for products.

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52 Singh, N. Manichandra, "Foodgrain Economy and Food Security" in Homen Thangjam & H. Isworchandra Sharma (eds.), *Quest for Development in Manipur: Continuity Constraints and Contradictions,* New Delhi: Concept, 2013, pp. 67-93.

Growth Centres are, therefore, taken as special measures to promote development of industries in backward areas by policy makers.

Under the Growth Centre schemes, in year 2008, the Central Government approved an Industrial Growth Centre Project in Manipur at Lamlai, Napet at a project cost of INR 30.00 crore of which INR 15.00 crore will be the Government of India contribution, INR 5.00 crore as state government contribution, INR 4.00 crore as loan and equity contribution from the financial institutions and INR 6.00 crore as loans and equity from other sources. A sum of INR 1.50 crore was sanctioned and released by the Government of India. However, there is no official notification defining the nature of the proposed Centre.

As a follow up to this proposal, site of proposed Centre was shifted. In a notification dated November 18, 2008, the Government of Manipur through the application of Land Acquisition Act, 1894, authorised the concerned authority to acquire around 519.843 acres of agricultural land for the construction of Industrial Growth Centre at Waiton, Chingarel, Imphal East District. Ironical issue is that the Government 'knows' that the land to be acquired are agricultural land. For example, the same Gazette elaborates the Classification of the lands in question into two types such as *Anganphou* and *Phourel*.

A public notice served by the affected farmers read as follows:

> This is a very fertile land giving yield of around 1000 kg to 1400 kg per acre. Annual production of rice in this area is around 1,032,000 kg giving an annual income of around INR 2.27 crore from rice only. In addition, from associated agricultural works such as weeding, transplantation, cutting and threshing, etc. gives income to agricultural workers, annually, a total sum of around INR 6.20 lakhs. Income from hay and straw sums up to around INR 6.02 lakhs from this area of agricultural land. Furthermore, seasonal fish, vegetables and herbs are other benefits given to the people by this area of agricultural land[53].

Following Table 5.14 illustrates the total number area proposed to be acquired by the state government number of persons likely to be affected by the construction of the proposed Growth Centre.

TABLE 3.14:
Schedule of land proposed to be acquired for Industrial Growth Centre, Chingarel

Area of agricultural land likely to be acquired (in acres)	No. of pattadars likely to be affected
519.843	339

Source: Government of Manipur. 2008. *Manipur Gazette*. 2008. No. 309, December 1. 1–26.

With regard to the second example, as per a Report conducted by the Committee of Experts, Constituted by the Government of Manipur, vide Order No. 25/15/99-Power(HC) dated December 22, 1999 submitted to the Gauhati High Court Imphal Bench in connection C.R. No. 32 of 1994, which was duly signed by Chief Engineer (Power), Government of Manipur, Chief Engineer (ICFD), Government of Manipur, Pr. Conservator of Forest, Government of Manipur, Director of Agriculture, Government of Manipur, Deputy Commissioner of Bishnupur, Imphal West and Thoubal, Joint Secretary (Power), Government of Manipur, and Commissioner Revenue, Government of Manipur, respectively, the estimated areas of land affected due to submersion by the Loktak Hydro–Electric Project is 27,404.94 acres of 12,129 pattadars (approximately). The district wise affected area due to the commissioning of the Loktak Hydro Project at Komreikap in year 1994 is given as follows:

53 Waiton Mamang Chingarel Loukol Kanba Lup 2008.

TABLE 3.15:
District wise affected area due to the commissioning of the Loktak Hydro Project at Komreikap in year 1994

District	Area of land affected (in acres)	No. of pattadars affected (as on March 2006)
Imphal West	8,818.75	3,109
Thoubal	11,989.57	5,978
Bishnupur	6,596.62	3,042
Total	27,404.94	12,129

Source: Government of Manipur. 2006. *Report of the Committee of experts constituted by the Government of Manipur (vide Orders No. 25/15/99-power (HC) dated 22/12/1999 in pursuance of the Hon'ble Gauhati High Court's orders passed on 12/11/1999 in R.R. No. 32 of 1994) to examine loss and damage caused by Loktak Hydro-Electric Project.* Imphal: Secretariat (Power Department). April 18: 4.

The Committee was of the view that since maintaining Loktak at certain predetermined level and/or in a manner controlled by the National Hydro-electric Power Corporation (NHPC) in order to enhance retention of water in the reservoir for generation of hydro electric power largely factored in the submersion of agricultural and other classes of lands around the lake, the Corporation, among others, has the onus to find ways and means to redress the grievances of the affected people on the one hand and to conserve the Loktak Wetland on the other. The Committee also felt that degradation of the catchment areas resulting in deposit of silt in Loktak over the years is another factor that has contributed to submersion of lands at the periphery of the Lake and loss to a large number of land owners and farmers. But the question is why the stake holders, especially the NHPC, which has been exploiting the Loktak (reservoir) to generate hydro-electric power for more than two decades at minimum cost, did not invest the resources at their command, for the purpose of conservation/sustainable development of (the catchment areas of) Loktak Wetland – its ecology, bio-diversity, form and character (Government of Manipur 2006, 5).

TABLE 3.16:
Estimated value of average yield/loss per acre of 'Phourel' class of land

Items	Value	Remarks
Average yield/acre	1200 kg i.e. 40 *Sangpais* of 30 kg Each	*Sangpai* is the local term of measure of quantity
Value of yield/acre i.e. 40 *Sangpais* @ Rs. 90 per *Sangpai* of 30 kg	INR 3,600.00	
Cost of cultivation/per acre	INR 1,760.00	
Net value of yield/acre i.e. value of yield minus	INR 3,600 (-) INR 1,760.00 = INR 1,840.00	

Source: Government of Manipur. 2006. *Report of the Committee of experts constituted by the Government of Manipur (vide Orders No. 25/15/99-power (HC) dated 22/12/1999 in pursuance of the Hon'ble Gauhati High Court's orders passed on 12/11/1999 in R.R. No. 32 of 1994) to examine loss and damage caused by Loktak Hydro-Electric Project.* Imphal: Secretariat (Power Department). April 18: 7.

Table 5.16 shows the average yield of rice per acre of land of the affected land, value of the yield, and cost of cultivation and so on to bring into knowledge the extent of damaged caused.

TABLE 3.17:
Estimated value of average yield/loss per acre of 'Taothabi' class of land

Items	Value	Remarks
Average yield/acre	1000 kg i.e. 40 *Sangpais* of 25 kg each	*Sangpai* is the local term of measure of quantity
Value of yield/acre i.e. 40 *Sangpais* @ INR 90 per *Sangpai* of 30 kgs	INR 2,600.00	
Cost of cultivation/per acre	INR 925.00	
Net value of yield/acre i.e. value of yield minus	INR 2,600 (-) INR 925 = INR 1,675.00	

Source: Government of Manipur. 2006. *Report of the Committee of experts constituted by the Government of Manipur (vide Orders No. 25/15/99-power (HC) dated 22/12/1999 in pursuance of the Hon'ble Gauhati High Court's orders passed on 12/11/1999 in R.R. No. 32 of 1994) to examine loss and damage caused by Loktak Hydro-Electric Project.* Imphal: Secretariat (Power Department). April 18: 7.

Here it is worthwhile to add that in spite of the visible damages that have come forth with the commissioning of a hydro project, government of Manipur still has not learnt a lesson. Development is still understood in terms of large projects at the cost of land, gene pool of bio-diversity and human beings.

BOX 3.1: LAND ACQUISITION FOR AIRPORT EXPANSION

250 farming families are protesting the acquisition of their fertile lands for modernisation of the Imphal airport.With cultivable land already at a premium in Manipur, the transition of agricultural land to infrastructure development all over the state will exacerbate the food crisis, add to poverty levels and cause loss of livelihoods

Torn asunder for years by insurgency and limping development indices, Manipur is a tired state. Agriculture and allied activities like animal husbandry, horticulture, forestry and pisciculture, which engage 80pc of the workforce, are under threat from myopic development policies. And with non-agricultural activities having remained more or less at the household level of enterprise, Manipur's people face an uncertain future. Inevitably then, when the government sought to acquire 512 acres of land for modernisation and expansion of the runway at Imphal's Tulihal airport to international standards (as part of Prime Minister Manmohan Singh's special package for the state), there were widespread protests. On April 2, 2008, dissent against land acquisition reached a peak, and in a confrontation reminiscent of Nandigram, residents of villages that will be affected by the expansion – Malom, Ningombam, Meitram, Kodompokpi, Mongsangei and Konjeng Leikai – fought pitched battles with the police. Over the years since 1960, approximately 600 acres of arable land have been acquired already for the expansion of Tulihal airport.

Apart from the macro issue of marginalisation of agriculture at a time when a global food crisis looms large, the most important concern at the micro level in Manipur is scarcity of cultivable land. Spread over an area of 22,327 sq km, Manipur, which shares its northern, southern and western borders with Nagaland, Mizoram and Assam respectively and international borders with Myanmar on its eastern flank, has two distinct physical regions -- a flat oval-shaped valley encompassing around 2,200 sq km of fertile land interspersed with wetlands, and an outlying hilly area. Farming in the hills, for obvious reasons, is largely subsistence, while cultivation in the valley is reasonably productive with many households augmenting their livelihood with horticulture and fish farming.

The flatlands, however, comprise barely 10pc of the state's area and, due to its better accessibility and location of the state capital; Imphal is already under pressure from population and infrastructure expansion.

So, even if only 250-odd families, or 10,000 people, are displaced by the Tulihal expansion, in real terms, the human cost would be monumental, ranging from loss of ancestral property and secure livelihoods to ecological imbalance and impoverishment. Already Manipur's per capita income lags behind the national average, the state having swiftly changed from a subsistence economy, at the time of its accession to the Indian Union in 1949, to a reliant economy heavily dependent on imports of almost all essential commodities. "Any further alienation of land is likely to swell the ranks of the poor, and give a fillip to insurgency. As it is, many insurgent groups believe that shortsighted government policies have ignored the people's requirements," insists Deejen Khoisnam.

The government says loss of arable land will be compensated by a growth in tourism. State tourism minister T N Haokip told newsmen recently that an airport of international standards would help attract tourists and act as the launch pad for other tourism-related infrastructure development. Although tourism would be an easy sector to promote in a state that has some of the most beautiful locales in the country, a rich cultural heritage, endemic flora and fauna, the only floating sanctuary in the world (Keibul Lamjao National Park) and the largest freshwater lake in India (Loktak lake), the JAC remains unconvinced that a tourist-centric economy could ever make up for a reduction in production bases.

The JAC's grouse against the airport expansion move is based on several points. For one, it does not believe that the government is being entirely truthful in claiming that it needs more land for the runway's extension since the blueprint of the upgraded airport does not show one. Second, large tracts of land acquired earlier continue to be under the occupation of the security forces and the Central Public Works Department (CPWD) inside the airport premises; the government remains tight-lipped on the issue. Third, the government's argument that a bigger airport would help land essential commodities whose entry into Manipur, as of today, is hampered by frequent blockades and extortion on the highways by insurgent groups is feeble. The state has three airports of which two are still under the control of the military. One of them could easily be used to land cargo planes. The government could also set up a highway protection force instead of tamely submitting to militancy. And, finally, as Khoisnam says: "The government could take a pointer from Mizoram and think of an airport in the sparsely populated hill area, where land use is optimal and human displacement minimal."[54]

There are no available data on land diversion in Manipur[55]. However, it is an observable fact that agricultural lands are largely converted into homesteads, sites of private entrepreneurial sites, parking lots and so. This phenomenon is not specific to the valley areas alone but also to the hill areas. Section 20 of the Manipur Land Revenue & Land Reforms Act, 1960 with regard to diversion of land reads as follows:

(1) If any person holding land for any purpose wishes to divert such land or any part thereof to any other purpose except agriculture, he shall apply for permission to the competent authority which

54 Choudhuri, Monideepa, "Manipur resists land alienation", Info Change News & Features, May 2008, May 2008. http://infochangeindia.org/agriculture/features/manipur-resists-land-alienation.html

55 *Manipur Land Revenue & Land Reforms Act, 1960* states, 'Diversion' in this (section) means using land assessed to one purpose for any other purpose, but using land for the purpose of agriculture where it is assessed with reference to any other purpose shall not be deemed to be diversion'.

may, subject to the provisions of this section and to the rules made under this Act, refuse permission or grant it on such conditions as it may think fit.

(2) Permission to divert may be refused by the competent authority only on the ground that the diversion is likely to cause a public nuisance or that it is not in the interest of the general public or that the holder is unable or unwilling to comply with the conditions that may be imposed under sub-section 3.

(2) Conditions may be imposed on diversion for the following objects and no others, namely, in order to secure the public health, safety and convenience, and in the case of land which is to be used as building sites in order to secure, in addition, that the dimensions, arrangement and accessibility of the sites are adequate for the health and convenience of occupiers or are suitable to the locality.

(3) If any land has been diverted without permission by the holder or by any other person with or without the consent of the holder, the competent authority, on receiving information thereof, may impose on the person responsible for the diversion a penalty not exceeding one hundred rupees, and may proceed in accordance with the provisions of sub-section (1) an if am application for permission to divert had been made.

(4) If any land has been diverted in contravention of an order passed or of a condition imposed under any of the foregoing sub-section, the competent authority may serve a notice on the person responsible for such contravention, directing him, within a reasonable period to be stated in the notice, to use the land for its original purpose or to observe the condition; and such notice may require such person to remove any structure, to fill up any excavation, or to take such other steps as may be required in order that the land may be used for its original purpose, or that the condition may be satisfied. The competent authority may also impose on such person a penalty not exceeding one hundred rupees for such contravention, and a further penalty not exceeding four rupees for each day during which such contravention continues.

The purpose of citing elaborately sub-sections of the appropriate Section is to emphasise that there are stringent laws applicable with the protection of the agricultural land. Original intent of the Section is to rationalise revenue creation on land. However, current demand on land due to raising population, urbanization, and so makes it pertinent to utilize these sections of the land Act to protect agricultural land from diverting into other purposes. Refusal for diversion of agricultural land could be affirmatively done using sub-section 2 of Section 20 on the ground of 'public interest'; shortage of food grain is a public issue. Worrisome picture is the unavailability of records of land diversion due lapses on the side of the law implementing agencies.

Food Security vis-à-vis FTA

The full implementation of EU-India free trade will bring major structural shifts and impulses which will be detrimental to the food security of the state. The food deficiency of the state which is counterbalanced through imports from the other state through PDS is going to be severely affected by the agreement as it will bring about intense liberalization and marginalized government role. Before going into the likely impact of the EU-India FTA on the food security of the state, let us go into the details of the likely requirement of food grains of the state in the next 10 years as it will inform about the precarious condition of food grain procurement in the state and the seriousness of the situation. Table 5.18 gives the projection of population, food grains requirement, estimated food grain production and estimated deficit.

TABLE 3.18:
Estimated Population and Rice Production,
Rice Requirement and Deficit (in thousand tones)

Year	Population	Requirement	Production	Deficit (Case 1)	Deficit (Case 2)
2012	2768570	534.33	403.0283	-131.3	-98.4
2013	2816190	543.52	404.5598	-138.96	-107.59
2014	2864628	552.87	406.0971	-146.77	-116.94
2015	2913900	562.38	407.6403	-154.74	-126.45
2016	2964019	572.06	409.1893	-162.87	-136.13
2017	3015000	581.89	410.7442	-171.15	-145.96
2018	3066858	591.9	412.3051	-179.59	-155.97
2019	3119608	602.08	413.8718	-188.21	-166.15
2020	3173265	612.44	415.4445	-197	-176.51
2021	3227845	622.97	417.0232	-205.95	-187.04

Source: Based on calculation by the authors

The population projection is calculated by taking the annual growth rate of population from 2001 to 2011 which is at about 1.72 percent. The growth rate may even rise due to the influx of outsiders as consequence to the operation of FTA. The food grain requirement is calculated from the per capita yearly requirement of food grains as given by the Planning Commission[56] which is 193 kg per capita per annum. The food grain production estimated using the growth rate attained in the last 8 years i.e. 0.49pc. So by 2021 the food grain deficit of the state will cross the 200 thousand tones mark. So by 2021 the state will have food deficit for feeding its 10, 67,098 people. Even we took the highest production in the last 10 years i.e. 435.98 thousand tones, the estimated deficit is 187.04 thousand which is the yearly requirement of 9,69119 people. We are assuming that the gross crop area is the same which is not a likely situation in the coming years looking at the prevailing situation. In other words the situation will be worse off owing to the existing rapid structural distortion in the agricultural sectors.

The state does not have a draft agricultural policy; there is increasing urbanization with swelling population and shrinking agricultural land. Not only is the agricultural land but also cultivable waste land decreasing at a fast rate , owing to massive construction work of the state. In 1990-91 the cultivable waste land was 1440 hectares and reduces to 740 hectares, a decrease of more than 50 percent. So cultivable waste land is falling at a rate of 6.44 per cent per year, at this rate by now cultivable waste land would be 380 hectares. As the option of expanding agricultural land is cut off, the only available remedy will be intensive cultivation through a combination of modern inputs. But the available evidence

56 Planning Commission was an institution in the Government of India, which formulated India's Five-Year Plans, among other functions. It was formed on March 15, 1950 and dissolved in 2014 and replaced by new institution NITI (National Institution for Transforming India) Aayog, a policy think-tank of Government of India on January 1, 2015.

on agriculture discusses above forecast a very gloomy picture and agrarian distress is looming large in the state. The situation calls for very active intervention from the state which will be a tale of despair in a regime of free trade. Important inputs like chemical fertilizers, weedicides, insecticides which have to be imported from other parts of India will be costlier day by day as subsidies provided to Indian farm sector are miniscule and will be reduced once the FTA set into motion.

The increase cost of production will discouraged double cropping in paddy cultivation which is already felt in the past few years as the area sown more than once to total net sown area is 6.81 percent in 2000-01. Paddy cultivation is done in kharif season and the scope of doing in rabi season is limited as it is less remunerative due to high cost and rampant marginalization of land holdings. So food security for the state in the coming years will be herculean task and state intervention is the ultimate tool. But in FTA regime, the government will be obliging to the aspiration of EU-India FTA not to the immediate need of the people. In such a situation the most needed task of elevating Manipur to a food secure state remains impossible .

FTA agreement allows deep penetration of the economy through influx of cheap goods and its ground work comes in the form road expansion, enlargement of urban area, highway expansion, railway networks, airport expansion which ultimately lead to depletion of agricultural land which is more faster in the state like Manipur where there is limited agricultural land. With the increasing global penetration there will be change from 'production' economy to 'exchange' economy and as result will be a transformation of the base of production i.e. land are into other form which only smoothen (free) trade for instance agricultural land in the valley are converting into oil pumps, brick fields, hotels and godowns, etc which will be more heighten after the full operational of the EU-FTA. The cost of cultivation which is on an uninterrupted increase has discouraged cultivation which fuel by lethargic attitude from the government. The cumulative result will be the marginalization of the issue of food security in the state.

Moreover, in India there is apprehension of weakening of PDS system in India as consequences of the EU-India FTA. So there is double trouble for Manipur as food grain deficiency is made up by this channel and on the other hand acceleration of food grain deficit of the state. The emerging scenario will be a grave threat to the food security of the state. If the situation is persist like this, the state will heavily dependent on the import of food grains from other regions and it means the people of the state will be heavily dependent on trade for our basic food security. So access to cheap, affordable and basic food grains will be under serious threat and incidence will be more on the poor and marginalized section which form the bulk of the population.

As discuss above, the components of food security – availability, accessibility and sustainability are not separate phenomenon, they are interrelated. Food security is linked to livelihood, food access and food consumption. Livelihood options or access in turn influences the demand for food and incentive for productions. Better livelihood access also leads to better life, better living, better education, better health and better absorption. Agriculture not only provides food but also the bulk of employment especially in rural areas. Agriculture being disturbed by the process of FTA would mean that livelihood opportunity of the majority would be at stake. Deprivation of livelihood means the other important objectives of food security such as accessibility and sustainability will be a far cry. Even if there is availability of food grain, low purchasing power as result of low quality of unemployment or loss of livelihood will derail the core of the food security. In this situation, there are only two ways in which the food security can be ensured. First, government directly supplying food grains at a subsidized rate and secondly, expanding the employment opportunity and livelihood options through sectoral development. Both of which is not an easy task looking at the existing scenario and will not be a conducive option during the FTA regime.

For analyzing likely impact of FTA on the employment structure and livelihood patterns, the study will use the concept of population census data which are available decennially. The population census data used three concepts of workers – main workers, marginal workers and non-workers. The main workers was defined as a person whose main activity was participation in any economically productive works by his physical and mental activities and who had worked for 183 days or more. A marginal works is defined as a person whose main activity was participation in any economically production work by his physical or mental activity for less than 183 days. A non-worker is defined as a person who had not done any work at any time. From 1981 census these concepts were in use.

TABLE 3.19:
Composition of Work Force (as percentage of population)

Type of workers	1981	1991	2001
Main	40.3	38.6	30.4
Marginal	2.1	3.6	13.2
Non-workers	54.1	57.3	58.2

Source: Census of India 1981, 1991, 2001

From Table 5.19 it is observed the percentage of main workers is declining and is more pronounced in 2001. On the other hand, marginal workers also show an increasing trend with rapid growth during 1991 and 2001. The non-workers increase marginally during the period. The period 1991 and 2001 marks the liberalization phase and it witnessed increasing marginalization of employment. The structural changes brought about by liberalization has reduced the opportunity of engaging as a main worker and only resulted in accelerated marginalization. In other words, workers are unable to sustain their livelihood as result of the penetration of external elements in the economy and such situation will be more intense in a FTA regime. The sex wise and activity wise break up will give a more meaningful picture. Table 3.20 and 3.21 show the sex wise distribution of workers and main workers by industrial categories.

TABLE 3.20:
Distribution of Workers by Sex

Type of worker	1991	2001	Pc rise/decline
Main workers	708283	659364	-6.9
Male	414812	430277	3.6
Female	293471	229137	-22
Marginal Workers	66621	285849	329
Male	9958	96984	873
Female	56663	188860	233

Source: Same as Table 3.19

TABLE 3.21:
Main Workers by Industrial Categories

Type of Workers	1991	2001	Rise/decline (%)
Cultivator	437499	285809	-34.67
Male	243267	174864	-28.11
Female	194232	110940	-42.88
Agricultural labourer	47350	41819	-11.68
Male	19151	25837	32.56
Female	28199	16432	-41.72
Man., Pro., repa.*	57433	43163	-24.84
Male	17293	14337	-17
Female	40140	28826	-28.18
Other Services	166001	288573	73
Male	135101	215634	59.60
Female	30900	72939	136

Source: Same as table 3.19

**Note:* Man., Pro., repa. stands for manufacturing, processing and repairing, respectively.

Table 3.20 gives the distribution of main and marginal workers by sex. It is observed that main workers decline by 6.9 per cent. But the male main workers increases by 3.6 per cent and female shows a 22 per cent decline. For marginal workers, it shows a gigantic rise i.e 329 % and it has been more intense in men (873 percent) than in women (233 percent). Even though male marginal workers have increased more than that of female, absolute number of female marginal workers has doubled as compared to male. The incidence of liberalization has been more on female workers as female's economic and social positions are weaker and a harshly competitive atmosphere hurts the weakest the most. An FTA regime will make the situation more intense. Looking at the activity wise category of main workers, all the industrial categories except for other services has declined and the highest being the cultivator followed by manufacturing, processing and repairing services. The decrease in cultivator is not the result of agriculture becoming productive per worker but due to intrinsic weakness of the agricultural system as discuss above. In all categories that have shown a declining trend, female workers have declined more than male workers (except for agricultural labourer where male have shown positive increase). The only categories that have shown increase is the other services where females have exceeded male workers but male absolute numbers is triple that of female workers. Employment pattern and livelihood option in the post liberalization phase has deteriorated for both male and female but more pronounced in female;FTA regime will bring more of such unfriendly atmosphere as FTAs are 'high degree' liberalizations. Agriculture which carries bulk of both food security and livelihood (more 50 per cent of working population are engaged in agriculture) is under grave threat owing to evolving structural distortion and political economy shaping in the state and situation will be more worst with the onset of FTA like that of EU-India which are taken in the interest of MNCs not necessarily for the common people.

Conclusion

Issue of food security is a matter of pertinent concern, not only for Manipur but also for the entire world. The India-EU FTA is expected to have a significant impact on livelihoods, access to food and productive resources in the state, especially for the poor and marginalised. The lack of transparency and adequate consultation with all stakeholders, especially vulnerable groups like farmers, indigenous groups, women, patients' groups, and micro, small and medium enterprises, during the FTA negotiation process has been a consistent worry to civil society organisations and development policy analysts. In India, neither the draft text nor the impact assessment studies have been shared with stakeholders, state governments or with civil society, and nor is there any form of parliamentary oversight. That such an important policy measure can be introduced without transparent and extensive consultations with stakeholders undermines Indian democracy.

In terms of the EU's trade policy, a joint perusal of CAP and the demands made in its FTAs with developing countries will throw into serious doubt its claims of being supportive of sustainable development in the Third World. The EU's insistence on including agriculture belies the European Commission's claims that agriculture is not a major issue in the negotiation. It is clear that the EU recognizes that it is a hugely sensitive sector for India in terms of its livelihood and food security implications, but is still continuing with aggressive demands in this sector. Whether the Indian Government will give up its policy of pursuing self-sufficiency in agriculture and food, even when there is evidence of a rapidly exploding food crisis, which is bound to recur more often than before, remains to be seen.

SECTION IV:
CONCLUSION

India and the EU began negotiations on a broad-based Bilateral Trade and Investment Agreement (BTIA) in Brussels, Belgium on June 28, 2007. These negotiations are pursuant to the commitment made by political leaders at the 7th India-EU Summit held in Helsinki on October 13, 2006 to move towards negotiations for a broad-based trade and investment agreement on the basis of the report of India-EU High Level Technical Group.

India and the EU expect to promote bilateral trade by removing barriers to trade in goods and services and investment across all sectors of the economy. Both parties believe that a comprehensive and ambitious agreement that is consistent with WTO rules and principles would open new markets and would expand opportunities for Indian and EU businesses.

The negotiations covered trade in goods, trade in services, investment, sanitary and phytosanitary measures, technical barriers to trade, trade remedies, rules of origin, customs and trade facilitation, competition, trade defence, government procurement, dispute settlement, intellectual property rights & geographical indications, sustainable development. So far, 15 rounds of negotiations have been held alternately at Brussels and New Delhi. The last meeting was held in the week of May 13, 2013 in New Delhi.

The study has identified key areas, which can be negatively impacted as a consequence of the proposed India-EU FTA agreement. Trade and investment, hydropower, mining, oil exploration and drilling and agriculture have been given prime focus in the study. Apart from the model of development initiated in the state dictated primarily by exogenous factors and movers, which does not take into account local needs and aspirations, the study has also highlighted militarization and security concerns of both trade and development in the state. The initiatives taken in developing the Two processes have been identified as reproduction of the British colonial policies after merging with India in which security remains the central concern in any development doctrines and policies as far the Northeast region . This has largely led to underdevelopment of the region. Although there has been shift in the perception of the policy makers as far as the region is concerned from the early 1990s, from a region inaccessible, hostile terrain and that no development can take place, to a land of opportunity and Gateway to the East, centrality of security has never been abandoned. The change in the perception was dictated by changes taking place around the world, in terms of geo-politics, after the end of the Cold War, and structural adjustment programme undertaken by India for its liberalization and privatization drive. Thus, the Northeast became strategically important for India's Look East Policy.

But as witnessed from the experience of the Indo-Myanmar Border Trade, as a part of the LEP, Manipur has not benefitted from the ongoing trade. Formal trade is as good as non-existent, illegal trade thrives in spite of presence of numerous security forces along the highway. In fact, the intrusion of Chinese made cheap goods have resulted in destruction of traditional industries,making Manipur merely a transit route and further damaging it's already weak manufacturing base...When analysed at a deeper level, the trade has not benefitted Manipur in two distinct ways. First, in the identified list of tradable goods, there are no locally produced goods, such as products of handloom and handicraft and others. Secondly, not only have the traditional women-Moreh-traders, who were at the fore of trade and commerce since historical times, been displaced, there is also no substantive participation in the trade by local traders, largely on account of lack of capital, expertise and bottlenecks prevalent in getting licenses. In such a scenario, other than providing secondary and tertiary services, one can say that there is no involvement of the local population in the Indo-Myanmar border trade, and thus, no benefits.

Further, the study has also highlighted that the Indo-Myanmar Trade is a guise to fight insurgency in the region. This has been corroborated by the fact that the border trade has not improved while viewed within the context of the overall trade between India and Myanmar.

Viewed behind this background, the proposed India-EU FTA is bound to maximize the environment of militarization and further the destruction of local industry. let us look at this in detail in two areas:

Harnessing water energy for manufacturing with export as primary goal -- this has security issues, as elucidated by the experiences in Manipur, such the Tipaimukh and others show. militarizing civilian space and leads to displacement and environmental destruction. Northeast presents as a viable area where potentials for investment exist for EU and others. Even if a company has received environmental clearance, there needs to be safeguards, which does not allow the same to blame local population as has been shown by the experience of the Loktak Lake.

Mining and oil exploration and extraction in the region where Union laws can easily bypass state legislations. As we have seen in the case of Odhisa and Meghalaya, the Union laws override state legislations. The case of Meghalaya is merits attention. Mining at low scale has been a traditional practice of the indigenous people in the state, which the state legislations recognize. At the same time, customary laws related with landownership and lease is a legislated piece of legal safeguard in the state unlike Manipur. In spite of the existence of such laws,a large MNC like Lafarge could come out victorious. Compared to Meghalaya and Odhisa, Manipur is at a fragile state, with a volatile social composition and no strong laws to protect land resources As of now, conflict originating from mineral resources has not taken place in Manipur. On the brighter side, communities, irrespective of tribe and ethnic affiliations came out together to oppose the move against oil exploration and drilling by Jubilant oil and Energy, for example in Tamenglong and Chandel Districts. However, the proposed India-EU FTA is likely to exacerbate displacement and dispossession of the peoples' right to own resources and conserve them. The FTA is likely to weaken of existing legislative safeguards such as laws related with lease, rental and ownership. It would also entail influx of skilled non-local labourers and deny work opportunities to the natives. This is a worrisome aspect when viewed at the background of illegal influx and demographic shifts in the state.

Finally, with information related with ores and metals are closely guarded secrets of the State, and are given the tag of national wealth, the true stake holders are often unable to assess the potential of their natural resource and plan optimal use of it. This is because apart from information partially made public, there can be no access to information on the availability of ores, minerals and metals. Thus, other than these public materials, others, such as availability of uranium, and plans for investment from willing parties, are kept as confidential. Given the closely guarded nature of the negotiations related with the proposed India-EU FTA, one is not sure if already plans are afoot for investment in these sectors.

The full implementation of EU-India free trade will bring major structural shifts and impulses which will be detrimental to the food security of the state. The food deficiency of the state which is made through imports from the other state through PDS is going to be severely affected by the agreement as it will emphasise more on role of private players and reduce government role. The study shows that by 2021 the food grain deficit of the state will cross the 200 thousand tones. So by 2021 the state will have food deficit for feeding a population of about 10, 67,098 people. Even we took the highest production in the last 10 years i.e. 435.98 thousand tones, the estimated deficit is 187.04 thousand which is the yearly requirement of 9,69119 people.

Food security is linked to livelihood, food access and food consumption. Livelihood options or access in turn influences the demand for food and incentive for productions. Better livelihood access also leads to better life, better living, better education, better health and better absorption. Agriculture not only provides food but also the bulk of employment especially in rural areas. Agriculture being disturbed by the process of FTA means livelihood opportunity of the majority at stake. Deprivation of livelihood means the other important objectives of food security such as accessibility and sustainability will be a far cry. Even if there is availability of food grain, low purchasing power as result of low quality of unemployment or loss of livelihood will derail the core of the food security. In this situation, there are only two ways in which the food security can be ensured. First, government directly supplying food grains at a subsidized rate and secondly, expanding the employment opportunity and livelihood options through sectoral development. Both of which is not an easy task looking at the existing scenario and will not be a conducive one during the FTA regime.

With regard to employment, the study has shown that even though male marginal workers has increased more than that of female, absolute number of female marginal workers has doubled as compared to male. The incidence of liberalization has been more on female workers as female's economic and social positions are weaker and a harshly competitive atmosphere hurts the weakest the most. An FTA regime will make the situation more intense. Employment pattern and livelihood option in the post liberalization phase has been deteriorated for both male and female but more pronounced in female and FTA regime will bring more of such unfriendly atmosphere as FTAs are 'high degree' liberalizations. Agriculture which carries bulk of both food security and livelihood is under grave threat owing to evolving structural distortion and political economy shaping in the state and situation will be more worst with the onset of FTA like that of EU-India which are taken in the interest of MNC not necessarily for the common people.

The FTA talks which began in June 2007 and 15 rounds of negotiations came to a standstill since May 2013. 'Defensive approach' on the part of the Commerce Ministry, Government of India and host of contentious issues was responsible for stalling the negotiations. For example, the Ministry was unwilling to accommodate demands of the European Union on many sectors as there was no political consensus on these issues. These included attempts of EU to get India to commit to opening accountancy and legal services, multi-brand retail, postal and courier and banking to foreign investments and professionals. In other words, a number of contentious issues including restrictions on movement of professionals to the EU and within European countries, import tariffs on alcohol, automobiles, auto-parts, dairy products and machinery in India and rules guiding government procurement have held up India-EU free trade agreement. Relenting to the demands of EU on these areas will mean intrusion from external nations. India, on the other hand, wants the EU to remove the safeguard clause it has introduced in its offer of 40,000 additional work visas for Indian professionals in the EU every year. The safeguard clause will allow individual EU countries to stop giving visas if the number exceeds 20 percent of the total number for one country.

However, by May 2015, Prime Minister Narendra Modi has expressed his desire resume the FTA negotiations with EU from the month of June 2015. New Delhi expressed willingness to accommodate the EU's demands for lower duties on wines, spirits and automobiles, provided Brussels relents to grant India 'data secure nation' status besides facilitating easier movement of skilled Indian professionals in Europe. The Prime Minister is keen to get the latest technology and expertise from EU to ensure that his 'Make in India' and 'Digital India' initiatives are successful. As a result he has directed the Commerce Ministry to take a "positive" stand and resume the talks either at the commerce secretary-level or commerce minister-level. It remains to be seen what will the exact outcome once the negotiations are sealed and actual trade progresses.

APPENDICIES

APPENDIX 1:
Memorandum of Understanding

THIS MEMORANDUM OF UNDERSTANDING is signed BETWEEN The Indian Trade Delegation represented by Shri M. Chandrakishore Singh, North East Federation on International Trade (NEDFIT), Manipur Chapter AND Myanmar Trade Delegation represented by U Hla Maung, President, Union of Myanmar Border Trade Chamber of Commerce (UMBTCC), Tamu (Myanmar), on this 17th May, 2010 on the occasion of Two-Day Buyer Seller-cum-Ground Level officials Meet.

WHEREAS the trade organizations after detailed discussions decided to lay down the following agreement to strengthen and enhance, economic, trade and investment activities for promotion of trade in goods and services as well as create a transparent, liberal and sincere regimes to explore new areas and develop appropriate measures for closer economic co-operation between the parties, the following broad agreements were made:

1. That at Myanmar and India border, Myanmar authorized Immigration Department to allow the Indian Businessmen for entry into Myanmar territory issuing Border Pass from morning 6.00 a.m. to evening 6.00 p.m. (MST). This border pass ticket is invalid if the businessman return back to India Territory. Such Border Pass may be validated for 7 (seven) days especially for businessmen. Authority of Myanmar shall be requested.

2. That exchange of traditional cultural troupe of Manipur and other North Eastern States (India) and Myanmar at the convenient time to strengthen bilateral ties of friendship shall be considered by both sides if required necessary permission shall also be obtained.

3. That as an initiative for promotion of tourism. The trade delegates of Manipur or North Eastern States of India, visits to Mandalay in Myanmar by Indian delegates and to Gwahati and other North Eastern States of India for the Myanmar delegates shall be affected to promote trade and people-to-people contact.

4. That UMBTCC and NEDFIT, Manipur Chapter have agreed in principle to request the respective country Govt. for facilitation of Visa on Arrival at Tamu-Moreh border points.

5. That Indian side and Myanmar side may consider for allowing movement of export-import cargo/ vehicles up to warehouse on both sides which was considered during the visit of Indian Inter-Ministerial Team on 9/11/2009 to Tamu.

6. That the two sides agreed to exchange lists of prospective traders of both sides within May, 2010 or whichever is earlier.

7 That the privilege of weighing the export-import consignment in the Land Customs Station, Moreh constructed under ASIDE Scheme of Ministry of Commerce, Govt. of India may be taken by both sides.

8. That the Food Safety norms of International Rules and Regulations may be adopted for which the NEFIT shall supply a copy of the Handbooks/Rules & Regulations to UMBTCC at the earliest.

9. That to facilitate import-export of fish and livestock, operational of animal quarantine office may be considered by both sides.

10. The import of rice by Indian side shall be started at the earliest to help the shortage of rice faced by State of Manipur and North Eastern States.

11. That Indian side may be allowed to open more number of banks at the border town as well as at Yangon as the present designated bank of UBI is unable to cater the need of traders for operational L/C facility.

12. That both sides may extend mutual co-operational of Imphal to Mandalay Bus Service.

13. That state Government of Manipur or Indian side shall request the Supreme Court of India to lift the ban on import of timber from Myanmar through the North East States. The NEDFIT, Manipur Chapter shall coordinate with different NE States and other agencies and it shall move the High Powered Committee constituted by Supreme Court to effect necessary changes in this regard in the interest of the NE region.

14. That to facilitate and promote game & sports, a friendly football match shall be arranged at Tamu and Imphal for the boys & girls of both sides within the winter season of 2010 subject to approval of appropriate authorities.

15. That holding of regular Buyer Seller and Ground Level Officials Meet of both the country will definitely speed up the development of bilateral trade. That such meeting will enable the authorities on both sides to articulate their problems, evolve collective and appropriate solutions and implements them. Most important aspects of such meeting are to settle trade discrepancies/misunderstanding/disputes of both sides and to bring amicable solutions. The Meet to held in every 6 (six) months to help the traders, guide them to develop, disseminate and share business information among the authorities on one side and traders/entrepreneurs on the other.

Signed on 17/05/2010 at Water World Restaurant Hall of Tamu, Sagaing Division, Myanmar in presence of officials from both the countries in two originals in English language.

For UMBTCC
(U Hla Maung)
President

For NEDFIT, Manipur Chapter
(M. Chandrakishore Singh)
President, Manipur Chapter

In presence of:-
(U San New Win)
Director, Border Trade Department
Government of the Union of Myanmar.

(T. Pamei, IAS)
Director of Commerce & Industries,
Government of Manipur

(Bijoy Phangcho)
Working President,
NEDFIT.

APPENDIX II: Recommendations of the Moreh Chamber of Commerce, Moreh

The Moreh Chamber of Commerce, Moreh is bound to recommend the following suggestions/comments after a minute discussion on the past and present trend of Trade:-

1. The Export and Import activities in the Indo-Myanmar Border Trade is not upto the mark rather declining day by day to a number of reasons, a few point is as below:

Trade in the barter and exchange mechanism is restricted to only 22 items. Trade(s) who want to import commodities from Myanmar suffer dearth/scarcity of commodities to export, whereas highly demanded goods which are not enlisted in the 22 items viz: motorcycle, textiles, medicines, bi-cycles, cosmetics, sandal-woods and their parts, manure etc. are exported illegally.

Therefore, the 22 items needed review, and items on demand should be included.

Obstruction by the antisocial element:

To initiate a peaceful fruitful dialogue with any group of people whose activity is associated with antisocialism might not be conventional. It may goes beyond the framework of our constitutional and general ethics of Border Trade. So, handling with them may be convenient with the help of some other 3rd party as to bring to a feasible negotiation.

2. The Central Government makes amendment in the classification of Export and Import items from time to time as Free Trade Policy. Obviously, almost all commodities of Myanmar Origin are permitted, excepting third country goods, to import through the border. But in reality, as far as volume of goods imported and amount expended to Myanmar is concern goods of the 3rd country dominates by 70% of the imported goods (including Electronic items, Blankets. House-hold items from China, Japan, and Thailand etc.etc.). It may be assumed that the total amount in purchasing the goods of 3rd country as 500 crores annually, and for which extortion money is collected by the personal of different Govt.Deptt(s).

As authorities of Myanmar have no restriction in trading the 3rd countries' goods meanwhile buyers/traders demand the same highly; here comes the point where Govt.Deptt(s) practicing extortion in bulk for their own pocket.

It can be checked by making a State Trade Policy legalizing the trading of #rd countries' goods, empowering Local trade bodies. As consequence it may enhance the state income not less than 5 (five) crores annually, transact the traders' business peacefully, settle goods and their cost effectiveness regularly and help the Govt. machineries deployed to develop a good moral atmosphere by discharging their duties up the mark.

3. It is very much necessary to open a market at Moreh where all the goods items found at Nanphalong (Myanmar) Market should be made available at a price almost equal to that of Nanphalong, and goods of India origin may in exposition.

So as to survive the market in practical working hours for marketing in Nanphalong by the Indian buyers may be scheduled to either before noon or after noon

4. Keeping the reduction of cost effectiveness for items, and mutual co-operation and understanding among the traders of both countries for the development of the Border trade, in mind Free move-

ment by the citizens traders of both countries upto some specific points Namely, from Moreh to Mandalay and Tamu to Guwahati vice versa along with items of goods should be allowed.

5. The practices of extortion of illegal Taxes at least by the Govt. machineries mainly Manipur Police, Customs at different gates should be reduced/stopped, and the No. of check gates should be reduced.

6. Traders/Buyers from different parts of the countries should be managed to get aid/guidance through a responsible trade-body well equipped by the Govt (State).

7. For construction of composite check post the most feasible point is in and around Kondong Lairembi because all roads converge at this point.

I, on behalf of the chamber of commerce submit the above few suggestion/comments, and pray you to extend Mutual co-operations for the betterment of the border trade.

With Regards.

Dated; 08/11/06 I. Rajendra Singh

Moreh *Representative*

Moreh Chamber of Commerce, Moreh

APPENDIX III:
Agreement Between the Government of the Republic of India and the Government of the Union of Myanmar of Border Trade Between the Two Countries

The Government of the Republic of India and the Government of the Union of Myanmar, being desirous of promoting trade relations India and Myanmar and through friendly consultations have agreed to the formal establishment of border trade on the basis of equality and mutual benefit and have reached the following Agreement:

ARTICLE I

The border Trade shall be conducted through the following designated customs posts and in accordance with the laws, regulations and procedures in force in either country:

(a) Moreh in India and Tamu in Myanmar

(b) Champai in India and Rih in Myanmar

(c) Other places that may be notified by mutual agreement between the two countries.

Adequate provisions will be made to enable buyers of either country to inspect and take delivery of goods at the customs posts in the country of the seller.

The goods to be traded on the border under this agreement shall be as permitted by both Governments.

ARTICLE II

Exchange of locally produced commodities as indicated in Annexure I, by people living along both sides of the Indo-Myanmar border will continue as per the prevailing customary practice including the barter mechanism.

ARTICLE III

Trade under this Agreement may be conducted in freely convertible currencies or in currencies mutually agreed upon by the two countries, including through counter trade agreements.

ARTICLE IV

This Agreement shall be reviewed periodically by both sides to ensure successful implementation of its objectives and provisions. In case of difference relating to and arising out of this agreement, the same shall be amicably settled in the spirit of mutual cooperation and friendship.

ARTICLE V

Amemdment(s) and /or supplements (s) to this agreement shall be made by Exchange of Letters between the two sides.

ARTICLE VI

This Agreement shall come into force with effect from a date mutually agreed upon by the two sides and shall remain in forces two years from date. It shall be automatically extend for a period of two years at a time unless either side gives notice in writing of its intention to terminate this Agreement three months in advance of the date of expiry.

Done in New Delhi on the 21st day of January, 1994 in three originals, in Hindi, Myanmar and English Languages. The three texts shall be equally authentic, but in case of any divergence of interpretation, the English text shall prevail.

On behalf of the Government	
On behalf of the Republic of India	of the Union Myanmar
Sd/-	Sd/-
(TEJENDRA KHANNA)	(LT. COLONEL KYAW MYINT)
SECRETARY	DIRECTOR-GENERAL
MINISTRY OF COMMERCE	DIRECTORATE OF TRADE
	MINISTRY OF TRADE

ISSN 2320–1894

March 2016

Shukhdeba Sharma Hanjabam (MSW, PhD) is Assistant Professor, Department of Social Work, Indira Gandhi National Tribal University, Regional Campus, Manipur. He received his PhD in Social Work from the School of Social Work, Tata Institute of Social Sciences, Mumbai. He was awarded Fogarty International Centre Fellowship to conduct research at the Department of Epidemiology, University of Florida, Florida, USA for a period of six month in the year 2014-15. He is one of the Member, Panel of Consultant, Manipur Commission for Protection of Child Rights. He interests are human security, peace process, conflict resolution and indigenous people.

Homen Thangjam teaches political science in the Maharaja Bodhchandra College, Imphal. He received his doctoral degree from the Jawaharlal Nehru University, New Delhi. He has co-edited the following books: "Quest for Development in Manipur: Continuity, Constraints & Contradictions, 2013"; "Location, Space and Development: Development Trajectories in India's North East, 2011". He has also co-authored "Situating Conflict and Poverty in Manipur, Working Paper 37, New Delhi: Indian Institute of Public Administration & Chronic Poverty Research Centre, 2011.

Hanjabam Ishworshandra Sharma (MA, PhD) is Assistant Professor, Department of Economics, Manipur University, Canchipur. He received his PhD from Department of Economics, Manipur University

Tata Institute of Social Sciences
V.N. Purav Marg, Deonar, Mumbai 400088 • www.tiss.edu

Published by S. Parasuraman, Director, Tata Institute of Social Sciences, and printed at Mehta Printing Press, Ghatkopar (East), Mumbai.