

**Working Paper Number 179****Institutional Diversity and Capitalist Transformation in Rural  
Arunachal Pradesh**

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*This paper contributes a preliminary analysis of the process of capitalist transformation in Arunachal Pradesh, one of the least studied regions of India. Primarily based on information collected through a field survey in eleven villages, the paper seeks to explain the nature and implications of institutional unevenness in the development of capitalism. Institutional diversity is not simply mapped across space; it is also manifested in the simultaneous existence of market and non-market institutions across the means of production within the same village or spatial context. In addition there is a continuous and complex interaction among these institutions which both shapes and is shaped by this incipient capitalist transformation. Against the near universal consensus of social theorists that non-market institutional forms and processes would decline with the expansion and consolidation of the capitalist economy, the evidence presented here suggests that institutional adaptation, continuity and hybridity are as much integral to the emergence of the market economy as are the processes of creation of new institutions and demise of others. There is no necessary correspondence between the emerging commercialisation of the different productive dimensions of the agrarian economy. These uneven processes of institutional diversity, hybridity and interdependence are deeply influenced by existing and emerging power relations. Primitive accumulation, which was thought to be an archaic feature of early capitalism, emerges as a continuing characteristic of the on-going agrarian and non-agrarian capitalist transformation.*

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## **Institutional Diversity and Capitalist Transformation in Rural Arunachal Pradesh**

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*'Of course, infinitely diverse combinations of elements of this or that type of capitalist evolution are possible, and only hopeless pedants could set about solving the peculiar and complex problems arising merely by quoting this or that opinion of Marx about different historical epochs'.*

Lenin (1964:33)

### *Introduction*

The transformation of pre-capitalist production relations in agriculture has attracted much scholarly attention over the past century. It has been established that there is no standard, unilinear and inevitable path of transition to capitalism, even in European contexts (Byres, 1986). Scholars working on the agrarian transformation of Asian economies have noted the inherent danger of following a reductionist and narrow conceptualisation of agrarian transformation (Hart et. al, 1989; Hayami and Kikuchi, 1981).

In a recent debate, Bernstein has argued that the agrarian question, in the classical sense of the term - which, according to Byres (1996: 26) involves the 'continuing existence in the countryside, in a substantive sense, of obstacles to an unleashing of accumulation in both the countryside itself and more generally' - has already been solved or by-passed in most of the world and what remains as the agrarian question of the twenty

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first century is essentially the agrarian question of labour<sup>2</sup>. Commentators and scholars working on various dimensions of capitalist transformation in India, however, continue to note the relevance of the agrarian question (Byres, 1996; Harriss-White, 2008). Even though Bernstein's key argument - that the constraint on capitalist transformation imposed by stagnant agriculture has become redundant under globalisation (as easy access to global capital allows backward and transitional economies to develop independent of the capacity of domestic agriculture to generate surplus for industrial growth) appears to be true for globalising India - the accumulation process is only one of the dimensions of the agrarian question<sup>3</sup> (Akram-Lodhi, 1998). Moreover, there are still parts of the world where the agrarian economy has not been de-peasantised and commercialised and where a significant proportion of households could retreat to subsistence production without being destroyed - at least for a while - since they practise subsistence agriculture, pastoral economy, hunting and gathering (for food, fuel, medicinal, ceremonial and religious purposes and raw materials for craft), local redistributive trade and a wide range of 'craft' skills for use<sup>4</sup>.

There are two agrarian questions raised in the contemporary literature on capitalist transformation and agricultural development: the first, classical question 'concerns the capitalist transformation of agriculture and its many trajectories and distributional consequences', while the second concerns 'the economic roles that agriculture must play to service the development of the rest of the economy', during the very process of the first agrarian transition (Harriss-White, 2008). In the context of the wide variations in the contemporary pathways of transition to capitalist agriculture, the salience of the supply of labour and of savings for the development of the non-agricultural economy and the widely acknowledged phenomena of the survival of the

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<sup>2</sup> Henry Bernstein argues that '[d]ue to land reforms and other dynamics of capitalist restructuring and accumulation in the post-war period,...predatory landed property had largely vanished as a significant economic and political force by the end of the 1970s. This was one marker of the end of the agrarian question of capital on a world scale', and hence 'there is no longer an agrarian question of (global) capital, nor of "national" capitals (and states) in poorer countries today'. What remains is 'crisis of labour as a crisis of reproduction' (Bernstein, 2006: 452-3, *emphasis in original*). The case of Arunachal is certainly an outlier and the essay will reveal widespread relations of predatory landed property.

<sup>3</sup> The three significant 'problematics' of Byre's agrarian question are 'accumulation', 'production' and 'politics' (Bernstein, 1996). While the first refers to the understanding of the 'extent to which agriculture can act as a basis for surplus accumulation, the second explores the extent to which capitalism has been able to transform the countryside, the forms that it takes, the barriers which may impede its development' (Byres, 1991). The third problematic, 'politics' involves 'the impact of political forces and forms on the evolution of rural change explicit in both the accumulation and production problematics' (Akram-Lodhi, 1998: 38). Akram-Lodhi (1998: 146) argues that since Byres associates agrarian transition with overall development of capitalism and its ultimate dominance, 'agrarian transition may occur without necessarily requiring changes within the individual spheres of accumulation, production and politics'. Thus, capitalist transformation may be facilitated through changes in rural production and politics, even without any apparent net contribution to accumulation being made by agriculture.

<sup>4</sup> In the specific case of Arunachal Pradesh that we discuss here, the skills include spinning and weaving, the production of alcohol along with an elaborate culture of domestic manufacture using stone, wood, bamboo and bark for artefacts in agriculture, in the maintenance of paths, communications, water supplies and sanitation, housing and shelter, and domestic utensils.

'peasant' family farm alongside capitalist production relations - or of the capitalist incorporation of petty commodity production in many parts of the developing world - the study of the agrarian transformation of Arunachal Pradesh is one attempt to understand the nature of this complex transition process<sup>5</sup>. Arunachal is the mountainous border state situated in the extreme northeast corner of India. To analyse this transition, as elaborated in the subsequent sections, requires the incorporation of the various historical, ecological and institutional specificities of the state and their inter-relationships. However, three significant dimensions of the agrarian economy of Arunachal Pradesh deserve special mention at the outset: the ecological specificities of mountain agriculture<sup>6</sup>; the institutional complexity underlying the use of and access to the various forces of production such as land and labour; and the historical role of the state as the prime mover of agrarian transformation. Thus, power, politics and the role of the state, become the central focus of this analysis.

The agrarian transformation of Arunachal Pradesh also generates interesting questions which have relevance beyond the immediate and specific context of the region under study. When a relatively isolated, subsistence-oriented, nature-based economy, where most of the crucial means of production, such as land and forests, are collectively owned, is integrated into the capitalist production system, what kind of an agrarian transition results? Are there aspects of the transition process from 'pre-capitalist' to capitalist mode of production that are unique to such a region? What role do the ecological variables, such as steep, high altitude landforms play in these specificities? How do institutions change in this transformation of communal agrarian systems? How do the institutional specificities shape the transformation process?

This paper contributes a preliminary analysis of the agrarian element in the capitalist transformation of one of the least studied regions of India. We have used secondary information obtained from a variety of sources along with information collected through a field survey in eleven villages of Arunachal Pradesh, during late 2007<sup>7</sup>. Our object here is to explore and start to explain the extent of institutional

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<sup>5</sup> The purpose here is not to establish the extent to which capitalist transformation has already taken place; rather the emphasis is on forms and processes through which agrarian transition is taking place in the State. Salam (2007, 2008), on the basis of household data from West Kameng district, from which he has analysed the organisation of labour using the labour exploitation criterion (E-criterion) pioneered by Utsa Patnaik (Patnaik, 1976), has argued that capitalist production relations has already made significant inroads in rural Arunachal Pradesh.

<sup>6</sup> The total geographical area of Arunachal Pradesh is 8,374 thousand hectares. Of the total reported area under land utilisation about 94 per cent is covered by forest, and about 12 percent is under permanent snow covers and glaciers. Mountain specificities, such as inaccessibility, fragility, marginality and diversity, have been found to have significant implications for the local economies (Jodha, 2001).

<sup>7</sup> The villages were selected purposively from five districts of Arunachal Pradesh so as to reflect the diverse ecological conditions and levels of economic development within the State. For practical and security reasons, the eastern most districts of Arunachal Pradesh have been excluded from the study. The study covered the Western districts of Tawang and West Kameng, and the districts of Lower Subansiri, West Siang and East Siang in Central Arunachal Pradesh. Information on village institutions was collected on the basis of 76 semi-structured, open-ended questionnaires mostly through interpreters. In each of the villages information was collected from at least three informants, including the *gaon burah* or village chief. Further

unevenness in the development of capitalism, which we discovered through an enquiry into the penetration of markets. Institutional diversity is not simply mapped across space; it is also manifested in the simultaneous existence of market and non-market institutions constituting the forces of production within the same village or spatial context. We examine the forces and relations of production one by one to show the continuous and complex interaction among these institutions which both shape and are shaped by the incipient capitalist transformation of the agrarian economy.

### *Land Relations*

One of the fundamental aspects of the classic agrarian question is how private property rights are created in agricultural land. Property rights are important in understanding agrarian relations because they define and condition the use of the means of production<sup>8</sup>. The formation of property rights in Arunachal Pradesh has undergone substantial change over the last half-century. Historically, land ownership was collective, although animals, tools and implements were privately owned. Many forms of ownership of different types of resources at different times have been noticed in aboriginal and tribal contexts.

The traditional economic base for tribal communities was slash and burn agriculture, supplemented by hunting and gathering, although handicrafts and barter exchanges with Tibet and the plains of Assam, were also mentioned in many colonial accounts. Commenting upon the land relations among the Nyshi tribe practicing slash-and-burn agriculture, prior to 1960s, Mishra (1983: 1842) writes:

‘During the period of cultivation, and before being abandoned to the forest a plot of field remains under exclusive possession of the family. After it has been abandoned, it becomes the common property of the village...Thus, no sooner than a family’s private right of exclusive possession ceases, the village community’s exclusive property rights supervenes and remains in force until the plot is again opened by a family after the vegetation cover has had time to regenerate’.

Although this description was applicable to a number of tribes, the conception of village community varied considerably. While in some areas the institution of chieftainship was well developed and individuals derived their rights of ownership from the village chief, as in the Nocte and Wancho tribes, in many areas the village-council,

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detailed information about various aspects of cultivation was collected from two cultivator households in each of the villages to substantiate the village-level information. Along with 33 village interviews, we talked to 13 state officials in agriculture, horticulture, local government, the food administration and planning as well as parastatal authorities (Buddhist Gompa monks) and university researchers. We also interviewed 30 local and migrant traders, contractors, engineers and businessmen operating in the non-farm economy.

<sup>8</sup> As pointed out by Furubotn and Pejovich, property rights are not relations between men and things, but rather such rights should be seen as ‘the sanctioned behavioural relations among men that arise from the existence of things and pertain to their use’ (Furubotn and Pejovich, 1972: 1139).

consisting of all adult male members was the basic institution of decision-making, conflict resolution and collective action<sup>9</sup> (Misra, 1979; Das, 1995; Dutta, 2003).

In these tribal economic formations the scope of inequality was limited, as the land area cultivated was invariably constrained by the amount of family labour and also by the practices of reciprocity and redistribution<sup>10</sup>. So far as the 'traditional' mechanisms for resource distribution and conflict-resolution were concerned, encounters with colonial rule and other state structures<sup>11</sup> shaped the role and functioning of these traditional orders. For example, the payment of *posha*<sup>12</sup>, a payment which was made to the chiefs by the Ahom kings and later on by the British - against the guarantee that villages in the plains would not be raided for goods or slaves- created a degree of differentiation among the tribal population. This was reaffirmed when the payments were made in money and when 'trade fairs' were organised at the border posts to encourage the tribes to take part in market transactions. Although these early encounters with colonialism created change within the tribal social formations<sup>13</sup>, by and large, land and forests remained under

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<sup>9</sup> By and large the traditional village-level institutions in Arunachal Pradesh can be categorized into three categories: a) those within an hierarchical structure under the Buddhist monasteries particularly found among the Buddhist tribes of West Kameng and Tawang districts of western Arunachal Pradesh; b) the chieftaincies found in eastern-most corner of the state and c) the republican village-councils among the Tani-group of tribes in central Arunachal Pradesh. Elwin's '*Democracy in NEFA*', contains a detailed, though not always accurate, account of these village institutions. His basic argument was that these institutions, by and large are democratic, and they should be served as the basis of the governance structures. For relatively recent descriptive accounts of these institutions see Talukdar (2002); Roy Burman (2002); Pandey et al (1999).

<sup>10</sup> For a discussion how the reproduction of the population and its governing institutions were intimately related to the economic reproduction of the family and that of the community, see Mishra (1983).

<sup>11</sup> Tribes of the region had maintained contacts with the Ahom rulers of Assam, the monasteries of Tibet and Bhutan. Pre-colonial tribal social formations, though relatively isolated, had been interacting with these neighbouring economies for centuries (Sikdar, 1982; Salam, 2008; Dutta and Jha, 2002).

<sup>12</sup> During the reign of the Ahom ruler Pratap Singh (1603-1641AD), the 'Akas, the Dufflas, the Miris, the Abors' were granted the right of levying *posha* which apart from annual collection of goods in specified areas included labour-service of the Assamese pykes for which the ryots were given corresponding remission from the state's revenue demand. With the advent of the British rule, attempts were made to fix the amount of commodities to be paid to each of the tribes. The British, who termed the *posha* as 'blackmail, blackmail levy or compensation levy for blackmail', 'within a short period of 25 years of their rule, commuted it into money terms and made the tribal chief and leaders, agree to receive the amount each year directly from the Deputy Commissioner's office' (Mishra, 1983: 1838). Other scholars have viewed *posha* differently, such as a 'rent' for using the plains that belonged to the tribal people. Haimendorf, for example, writes '[T]he officers of government had generally considered *posha* as a form of tribute with which in the early days of British rule the hillmen had been bought off from raiding the plains, but I am convinced that in this they were mistaken and *posha* was really a kind of rent for land belonging to the Miris and other hillmen by right'. (Haimendorf, 1982: 27).

<sup>13</sup> For a discussion on the impact of the colonial rule on the tribal economies of present-day Arunachal Pradesh see Sikdar (1982). While noting the enormous impact of the colonial intervention on trade and commerce, Sikdar (1982:23) notes that '[t]he political sensitiveness of the area because of its proximity with Tibet, China and Burma, the very factor which enhanced the economic significance of the region, also narrowed down the chances of investment by capitalist entrepreneurs. The restricted pattern of trade could not obviously initiate any structural change in the economy and hence ruled out the possibility of the

collective control and the basic features of the tribal economies remained unaltered till the Indian government started establishing and consolidating administrative structures during the post-independence period. After the Indo-China border conflict of 1962, there was a perceptible change in the attitude of the government regarding administration of this mountainous border region known as the North-Eastern Frontier Agency<sup>14</sup> (Map 1).

Limitations in analysing the agrarian structure exclusively through land and its relations have been pointed out by many scholars<sup>15</sup> (White, 1989: 19; Harriss-White, 1999: 382). However, land continues to provide a useful entry point to study agrarian relations. However, the available secondary information is grossly inadequate to draw any definitive conclusion regarding the changing agrarian structure in Arunachal Pradesh. In the absence of data on ownership holdings, inferences must be made about the distribution agricultural land from looking at the changes in the distribution of operational holdings (Table 1). In 2000-01, as per the Agricultural Census data, 14 percent of the holdings were marginal holdings and their share in area was less than 2 per cent. In total, holdings of less than 5 hectares in size accounted for nearly 33 percent of holdings. By contrast, medium and semi-medium holdings together had a share of 62 percent. Over the period 1970-71 to 2000-01, there has been a decline in the share of large and medium sized holdings while that of smaller size-classes has registered an increase. So the most prominent feature of the agrarian structure is the move towards smaller holdings<sup>16</sup>. The fragmentation of holdings due to family/clan-partition, partial or complete abandonment of large *jhum*<sup>17</sup> plots in favour of smaller permanent holdings might have caused the decline in the presence of large size holdings.

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emergence of a new “comprador” class, The invasive forces had no option but to seek the cooperation of the ruling chiefs’.

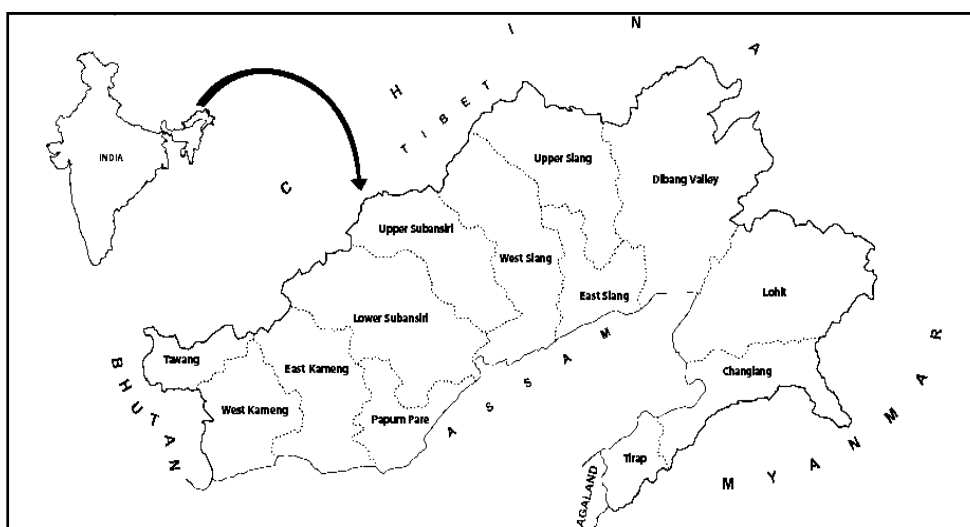
<sup>14</sup> After India’s defeat in the Indo-China war of 1962, the Nehru-Elwin policy of gradual integration of the North-East Frontier Agency (NEFA), often termed as ‘isolationist’ and ‘a legacy of the colonial policy’ towards the region, came under severe criticism (Baruah, 2003b: 919). The post-1962 period witnessed a rapid expansion and consolidation of administration in the region. In 1972, NEFA was renamed Arunachal Pradesh and was made a Union Territory. In 1987, Arunachal Pradesh became the 24<sup>th</sup> State of the India (Luthra, 1993; Govt of Arunachal Pradesh, 2006).

<sup>15</sup> While agrarian structure is conventionally understood as the distribution of landholdings across classes, the degree of concentration of agricultural land and its tenurial arrangements, a more inclusive definition of the term includes ‘structures of commerce, of exchange arrangements in land, water and labour, as well as changing ideologies of gender, caste and ethnicity’ (Rogaly, 1999: 358). The access to land, however, is of critical importance in understanding these multiple aspects of agrarian structure, and hence we start the discussion of agrarian structure through the conventional parameters. Even here, the conclusions are necessarily tentative, because of the low reliability of the official figures.

<sup>16</sup> The average size of holding has declined from 6.19 ha in 1970-71 to 3.69 ha in 2000-01, partly showing increasing population pressure on the agricultural land. Within the different size classes, the decline has, however, not been uniform. In the large size class for example, the average size increased, during 1970-71 to 1980-81, thereafter it has declined steadily till 1995-96. Between 1995-96 and 2000-01, there has been a noteworthy increase in the average size of the large size-class of holdings. The average size of holdings in the marginal, small and semi-medium size classes has declined during 1990-91 to 2000-01.

<sup>17</sup> In northeast India, the agricultural practice of shifting cultivation is also known as *jhum* cultivation. *Jhum* generally involves clearing a patch of forest land, cultivating it for two to three years and then abandoning

Map: 1  
Map of Arunachal Pradesh



Source: Arunachal Human Development Report 2005

Further catalysts of differentiation include the shift of manpower from rural/agricultural occupations to urban/ non-agricultural occupations; increasing population pressure on fertile plain land which is in scarce supply and the resulting demographic differentiation; and the influx of migrant labourers as tenants (Mishra, 2006). However, given the diffusion of horticulture<sup>18</sup> and the drive by the neo-rich to occupy land, the underreporting of area under the large-category of holdings is also a distinct possibility (Mishra, 2001; 2002b). There exist considerable inter-district variations in the distribution of operational holdings by size-class. The share of marginal holdings (under 1 ha) in the districts, for example, varies from a high of 70.79 per cent in Tawang to a low of 1.58 per cent in Upper Subansiri district.

So far as land-use is concerned, the available secondary data makes it clear that there has been a steady decline in the extent of shifting cultivation in the state<sup>19</sup>. The shift from *jhum* to permanent cultivation is generally associated with the move from common property to a private property regime. In all the eleven villages under study some form of

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it for 10-20 years to allow the natural vegetation to grow back and the soil to regain its fertility. In recent years the *jhum* cycle has been reduced to 2-3 years in many parts of the region (Ramakrishnan, 1992; also see Das, 2006).

<sup>18</sup> In recent years, there has been much emphasis by various government agencies on the growth of horticulture in the state. The New Agricultural Policy (2001) of Arunachal Pradesh has laid special emphasis on horticulture as a way of modernising agriculture. By 2004-05 the total production of horticultural crops reached nearly 140,605 metric tonnes per annum and the total area under horticulture was 67,584 hectares (Govt. of Arunachal Pradesh, 2005).

<sup>19</sup> The steady decline in the proportion of area under *jhum* cultivation during 1970-71 to 1990-91 seems to have slowed down during 1990-91 to 1995-96 (Mishra, 2006).



private property over agricultural land has already emerged (Table 2). The property rights over land are better described as preferential or limited property rights<sup>20</sup> as control of the community institutions has not been completely destroyed. In particular the right to transfer land persists. Except in urban areas, and in some villages having weak community institutions land cannot be transferred to those falling outside the moral economy of the village, although the membership rules exhibit variations at times. Generally non-tribals are not permitted to own any land. Even tribals belonging to elsewhere within the State are also not allowed to buy land in some cases. There is a clear preference for people belonging to the same tribe and the same or nearby villages. In two of the villages in Tawang district, most of the agricultural land is even considered to be the property of the Tawang monastery. Monks and *gaon burahs* alike reported that farmers are considered to be tenants 'enjoying' a long-term lease.

Table: 1  
Size Class wise Distribution of Operational Holdings (Arunachal Pradesh):  
1970-71 to 2000-01

(in percentages)

Size Class of Operational Holdings (in Ha)	Share in Total Holdings													
	1970-71		1976-77		1980-81		1985-86		1990-91		1995-96		2000-01	
	No	Area	No	Area	No	Area	No	Area	No	Area	No	Area	No	Area
Marginal	7.67	0.71	9.69	0.99	16.53	2.25	17.18	2.67	17.38	2.87	19.26	3.03	14.04	1.90
Small	11.96	2.77	18.25	4.36	20.75	6.89	18.87	7.02	18.40	7.51	19.37	7.62	18.78	6.73
Semi-Medium	25.91	11.63	27.42	12.75	28.13	17.81	31.17	21.80	32.01	24.00	28.97	22.36	34.05	24.57
Medium	36.40	35.00	27.32	28.34	28.10	38.87	27.01	40.17	27.16	42.13	26.65	43.32	27.80	43.49
Large	18.06	49.89	17.33	53.57	6.48	34.18	5.77	28.33	5.04	23.50	5.75	23.67	5.33	23.30
All	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Source: Agricultural Census, Government of Arunachal Pradesh, Various Years

Although the privatisation of ownership rights over land is the most widely noticed dimension of the transitional phase in Arunachal Pradesh, it is important to note that collective or communal property rights have also acquired complex and diverse context-specific operational meanings. The land under shifting cultivation, generally described as under ownership by the whole village community and over which individuals are supposed to have use rights alone, is in fact owned by specific clans and by individual households<sup>21</sup> (Bordoloi, 1998). Actually existing property rights structures

<sup>20</sup> 'Limited transfer rights' refers to temporary transfer rights under mortgage, use rights without inheritance rights, inheritance rights without rights to alienate etc., while 'preferential transfer rights' refers to transfer within family, clan or tribe (See Gibbs and Bromley, 1991 and Hanna et al, 1995)..

<sup>21</sup> In West Kameng district we came across a case where an entire patch of forest on a hill had been purchased from the village council at least twenty-five years ago. In many parts of the State, we have noticed conflicting claims of ownerships over forest lands - the heads of village institutions typically stress the collective ownership of these lands, but individuals and households point out the inherited property as theirs.

in Arunachal are known to lie along the entire continuum between the two extremes of collective and private property rights.

Table: 2  
**Land Relations in Study Villages**

Sl. No.	Features	Alternatives	No of Villages
1.	Type of Cultivation	Only Settled Cultivation	09
		Both Settled and <i>Jhum</i> (Shifting Cultivation)	02
2.	Major Crops Grown	Rice	09
		Maize	05
		Millet	05
		Wheat	02
		Horticulture	04
		Vegetables	11
3.	Land Ownership	Privately Owned (informally) but restrictions imposed by village institutions on land sales to outsiders	09
		Privately Owned (informally) but considered to be the property of <i>Gompa</i> (Buddhist Monastery)	02
4.	Land Revenue payment to non-state authorities	Paid to the Village Council	02
		Paid to <i>Gompa</i> (as rent)	02
		No land revenue paid, but payments to the village fund reported	07
5.	Land sales (agricultural land)	Frequent	04
		Few	03
		Not at all	04
6.	Land leasing	Frequent	05
		Few	03
		Not at all	03
7.	Landlessness	Very High	00
		Low	08
		Not present at all	03
8.	Availability of Irrigation	For most of agricultural land	06
		Available, but for few	01
		Not available	04
9.	Irrigation provision and management	By state government departments	04
		Provided by the state and managed by village council	01
		Provided and managed by the village council	02
10.	Ownership of Grazing land	Entirely private	04
		Entirely collective	02
		Partly private and partly collective	05

Source: Field Survey, 2007

Unsurprisingly therefore, the history of emergence of private ownership is uneven across the various villages studied. In general permanent cultivation seems to have a longer history in the western Tawang region than in other areas (other than the notable exception of the Apatani valley towards the centre of Arunachal Pradesh). This may be for two reasons. Firstly, being a high altitude region, the natural regeneration of vegetation cover takes a longer period in this region than other parts of the state.

Secondly, the consolidation of land administration under the Tawang *Gompa*<sup>22</sup>, which involved a meticulous recording of land titles and rents and tributes to be paid to the monastery, might have facilitated the early shift to permanent cultivation with individual land rights. These individual rights were, of course, not absolute. In majority of the cases the ultimate ownership rights over agricultural land rested with the *Gompa* and the cultivators were considered to be tenants<sup>23</sup>.

In two of the villages, rent or land revenue is paid to the *Gompa*, while in two others, land revenue is paid to the village council. In rest of these villages, annual payment to the village council is reported but the nature of these payments was more in the nature of a household contribution to the village fund rather than land revenue<sup>24</sup>. The sale of agricultural land was reported from all but three of the villages under study. In five villages, land sales were reported to be 'common'. Thus, in the absence of a formal private property rights regime with the exclusive backing of state power, an informal system of recognition and transfer of private property rights over land has already emerged in parts of rural Arunachal Pradesh.

Similarly, land leasing was reported in eight of the study villages, in five of which it was described as common. However, substantial differences were discovered in the significance and frequency of land-lease transactions across those villages where the existence of this market was reported. This is at variance with the official statistics. According to the Agricultural Census data, in 2000-01, 99 per cent of holdings in the State were self-operated. This is a clear case of underreporting (or extraordinarily rapid and deep change). Micro level field research has revealed that a land-lease market has already developed in parts of the state, with labourers from neighbouring states and countries migrating to the rural areas as tenants and waged workers under contract (Roy and Kuri, 2001; Mishra, 2002a, 2002b). Landlessness was reported in eight of the villages, although its extent was not very high<sup>25</sup>.

Of the seven villages where irrigation facilities were available, in four they were provided by the state, in two they were provided by the village council, and in one of the villages they were provided by the state but were managed by the village council. Similarly, the ownership of grazing land varied across villages. It ranged from being

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<sup>22</sup> A *Gompa* is a Buddhist monastery or hermitage. Tawang *Gompa*, one of the largest and oldest monasteries in India.

<sup>23</sup> A lump-sum grant by the state government to the monastery has resulted in significant reduction in the amount of rent paid by the farmers, but not in its elimination.

<sup>24</sup> While land revenue is assessed on the basis of the amount of land cultivated or the amount produced, household tax is a fixed (usually annual) payment levied on the households.

<sup>25</sup> This is consistent with other field research. The extent of landlessness, the few micro-level studies indicate, varies considerably- from 30 per cent in the densely populated Apatani valley in Lower Subansiri district to around 10 per cent in West Kameng (Mishra, 2002a) and five per cent in Papumpare district (Roy and Kuri, 2001).

entirely privately owned in four of the villages to entirely collectively owned in five of the villages. In two of the villages mixed ownership was reported.

Table: 3  
Forest

Sl. No.	Features	Alternatives	No of Villages
1.	Ownership of Forest	Entirely private	03
		Entirely collective	03
		Mixed	05
2.	Extent of Forest Dependency	High	03
		Medium	03
		Low	05
3.	Restrictions imposed by village councils on collection of NTFPs (Non-timber forest products)	Yes	03
		No	04
		No clear information	01
		Not applicable (entirely private)	03
4.	Exclusion of migrants/ outsiders/ late-comers from the collection and use of forest products	Strong collective regulation and monitoring	03
		Weak collective regulation and monitoring	02
		No clear regulation	03
		Not applicable	03
5.	Market for forest products	Yes	08
		No	03

Source: Field Survey, 2007

### Forest

This institutional diversity extends to forest ownership and management as well. In Arunachal Pradesh nearly 61 percent of forest land (categorised as 'unclassified forest') is in the hands of village communities and clans<sup>26</sup>, but the effective control of these forests varies greatly among the tribal communities. Unconstrained individual property rights over land coexist, often in the same village, with collective rights in forests. However, irrespective of the precise nature of the property rights regime operating on the ground, there is an unmistakable tendency towards de facto privatisation of the ownership or at least of use rights over forests, some of which are now fenced, with state support and subsidy. Property rights over forests vary from being entirely private to entirely collective, and in five of the study villages while the forests near the villages have been privatised there still remain some forest, which are collectively owned. In contrast, in three of the villages the communities collectively owned forests. The extent to which there is effective monitoring of the collectively owned forests also shows a great deal of diversity. At least in three villages restrictions have been imposed upon the collection of non-timber forest products. Similarly, in five villages, rules concerning restrictions on the rights of outsiders and latecomers over forest products have been formulated. In three of these villages these new rules have been found to be strictly implemented and monitored

<sup>26</sup> As per the *State of Forest Report, 2005*, out of the total recorded forest area of 51,540 km<sup>2</sup>, which is 61.55 per cent of the total geographical area of the Arunachal Pradesh, Reserve Forests constitute 20.46 per cent, Protected Forest 18.49 per cent and Unclassed Forest 61.05 per cent (Forest Survey of India, 2008).

by the village council. It is clear from the survey is that in the majority of the villages there is a market for forest products of various kinds.

### *Labour Relations*

Our survey shows that family labour, exchange labour and wage labour in agriculture coexist in all the study villages<sup>27</sup>. Wage labour is found to be the dominant mode of labour organisation in agriculture only in three of them. Exchange labour is still significant in a majority of villages. Labour exchange practices were found to exist in fairly complex and varied forms across the study villages. In the past, the most common form of labour mobilisation used to take the form of *generalised cooperative labour sharing*, where the entire village/clan worked as a single unit. In such a collective mobilisation of labour, reciprocity was generalised and monitoring was a collective responsibility, often institutionalised through the village councils led by the *gaon burah*, or the chief. *Specific labour sharing* arrangements, on the other hand, are agreed upon by two or more households, independent of the other households in the village or clan. There has been a gradual decline in the former and it was reported that *generalised labour sharing* has been largely limited to work related to religious and social festivals, and, in few cases, the creation and maintenance of village commons. Two different forms of specific labour sharing practices could be distinguished. In the first case, which can be termed an *open-ended specific labour sharing* arrangement, two or more households combine their resources (primarily labour, but the practice may include implements and draft animals as well) to carry out farm and forest-related activities. The second form of specific labour sharing is a *limited liability* arrangement, where two or more households exchange a mutually agreed number of working days in agricultural or non-agricultural work, such as house construction. Here the range of commitment and cooperation is generally narrower than that in open-ended arrangements, although both altruistic motivations and elements of patronage are not altogether absent<sup>28</sup>. Both these forms of specific labour sharing were noticed in the villages, but the second case is increasingly becoming the standard practice. Labour sharing, specifically in the changing context, is not independent of the relative resource endowment position of the household. The capacity to mobilise ‘community labour’, which is particularly important in building houses, making terraces and the clearing of forests, depends on the quality and quantity of food and liquor that the host can offer.

The shift of a section of manpower to non-agricultural occupations and also to the urban, administrative centres has contributed to the transformation of labour relations in the villages. Apart from the fact that this has led to shortage of manpower in the labour-intensive farming operations, such as *jhum*, it has put tribal labour institutions under great stress. As the relatively skilled, better-educated members of the labour force migrate

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<sup>27</sup> The organisation of family labour varies between *jhum* and wet rice cultivation. Agricultural operations are gendered and women contribute substantially to the production process, particularly in *jhum*.

<sup>28</sup> These findings were broadly similar to those of earlier findings by one of the authors in West Kameng district (Mishra, 2004).

outside the village, the mechanisms for collective labour mobilisation that were premised on voluntary labour contributions from all able bodied people has nearly collapsed. The effort in some villages to impose fines for non-contribution has led to a situation, where the rich and the well-to-do people have been able to monetise their contribution to the collective labour pool.

The emergence of a casual non-farm labour market in parts of the State has also transformed labour relations in many ways (Mishra, 2006). Seasonal migration for work in road construction, permanent labour contracts involving migrant labourers (mainly from Assam, Bangladesh and Nepal) and tribal land owners, piece rate contracts in rice cultivating areas, credit-labour interlinkage—all these are fast becoming part of the changing labour relations in this region. The evolution of labour sharing also denotes a gradual movement from collective labour to wage labour arrangements<sup>29</sup>. To sum up, while family labour continues to remain significant, there is a great deal of diversity in labour relations as well. However, these ‘transitional’ forms of labour relations should not *necessarily* be viewed as ‘points on a linear trajectory leading inexorably to single-stranded wage-labour arrangements’ (Hart, 1989: 36). As of now, from our field discussions about the recent history of labour arrangements, we are led to conclude that the various transitional forms and the straightforward wage labour contracts coexist stably in many parts of the state.

Table: 4  
**Labour Relations**

Sl. No.	Features	Alternatives	No of Villages
1.	Casual wage labour in agriculture/ forest	Exists	11
		Does not exist	00
2.	Family labour	Exists	11
		Does not exist	00
3.	Exchange Labour	Exists and significant	07
		Exists but declining	02
		Does not exist any longer	02
4.	Non-farm casual labour	Exists	10
		Does not exist	01

Source: Field Survey, 2007

#### *Other agrarian resources and markets*

The institutional features discussed so far are not found in a uniform or coordinated pattern. There has been a rapid growth of markets for agricultural inputs and

<sup>29</sup> In a field-survey in West Kameng district, Mishra (2002a) investigated the relative importance of work sharing and wage employment within agricultural and forest related activities in different villages and across the size-classes by examining the percentage of working days spent on them. It was found that wage labour arrangements have a relatively higher presence in villages having inferior land quality as well as lower per capita operated land. The changing labour-use patterns have very clear gender implications as well. This was both because of out migration and diversification of the male labour force to non-farm occupations. In interior villages, labour sharing is a process in which both men and women participated equally. But in villages nearer to urban centres, when the men take non-farm work, the burden of sustaining agriculture and also participating in labour sharing arrangements falls on women.

outputs. In our field survey, we found that agricultural produce is marketed in all but one of the study villages. In eight of the ten villages where agricultural output produce is marketed, the sale of output was reported to be regular (Table 5). This does not yet imply more than sporadic and fragmented market exchange<sup>30</sup>. At the same time non-market institutional arrangements continue to work in a variety of ways. A significant portion of the surplus continues to be exchanged through barter, particularly in relatively interior villages, at rates fixed by custom or mediated by known market prices. A portion of the produce is also spent in gifting, ritualistic or customary payments to friends, relatives, subordinates and superiors as well as in kind payments for labour exchange.

One factor contributing to the complexity of the institutional arrangements is that there is hardly any correlation between physical remoteness and the lack of emergence of private property, or between physical accessibility and the weakening of non-market institutional arrangements.

Firstly, the privatisation of land ownership rights does not necessarily mean the existence or emergence of a land market. For example in four villages with clear private ownership rights over land no land market operates and in many others land sales were reported to be sporadic. The rights to alienate are not considered a part of the private rights of the individual landowner. Land sales are necessarily subject to the consent of the *gaon burah* or village chief. Thus, there is a clear disjunction between the right to inherit and the right to sell. The moral and political authority of the village does not simply disappear as a result of the emergence of individual rights over agricultural land. In some cases, the land/forest is privately owned, but people can forage for building materials, NTFP and firewood. Often there is reported to be no restriction on hunting on privately owned forests.

Secondly, although the land-lease market has been reported to be operating in as many as eight of the study villages, an important distinction has to be drawn between two kinds of land leasing. The first is the type of land leasing that has emerged within the clan/village community in response to some out-migration to urban or non-agricultural occupations. Here the primary objective is often, but not always, to retain inheritance claims. So the terms of lease are unspecified and ambiguous. The other kind of land leasing is with tenants from outside the State (mainly from Assam) or outside the country (Nepalese migrant labourers in Western Arunachal Pradesh and Bangladeshi migrants in East Siang and other districts). The incidence and frequency of such land leasing depends on a number of factors such as the availability of land for labour-intensive wet rice cultivation and accessibility and not simply on the degree of 'commercialisation of agriculture'.

Thirdly, the 'commercialisation of agriculture' and production for the market does not necessarily mean dependence on wage labour. The overwhelming importance of family labour was confirmed in all the study villages irrespective of the type of cultivation (*jhum* or wet rice cultivation), crops produced, property rights over land and

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<sup>30</sup> An earlier field investigation in West Kameng district by Mishra (2002a) also supports this. Marketisation of agricultural produce is more pronounced in fruits and vegetables than in cereals.

extent of marketisation of output. However, in the three villages in East Siang district, close to the town of Pasighat, where the sale of output in markets is more frequent than in other villages, the dominant form of labour organisation, other than that of family labour, is tenant rather than wage labour. Otherwise long-term, tied labour contracts with outside labour (in many cases illegal foreign migrant labour) seem to be the dominant mode of labour contract for many of the tribal landowners. Commercialisation and market participation has created conditions for new forms of bondage and unfreedom, hitherto unknown in the tribal context<sup>31</sup>.

Although wage labour was reported in the majority of villages, the incidence of landlessness among the tribal population itself was typically low. Landlessness is the distinctive feature of non-Arunachalee migrant households, who, in any case, whether Indian or not, do not have the right to own land in Arunachal Pradesh. Thus, a significant commercialisation of the output market is found in the absence of well-known processes of depeasantisation and local differentiation<sup>32</sup>. In certain villages in Tawang district, where agricultural production continues to be largely for subsistence, there are, however, early signs of differentiation. A stratum of local rural society has started working on road and other construction activities, mainly for local tribal contractors and against wage advances<sup>33</sup>. At present this is confined to non-agricultural seasons and is viewed by those concerned more as a livelihood supplement rather than as entry to the non-farm labour force to which it is likely to be a prelude. But their increasing dependence on wage advances to meet consumption requirements, combined with declining productivity in agriculture<sup>34</sup> could lead towards their proletarianisation.

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<sup>31</sup> Forms of bondage such as slavery were prevalent in pre-independence Arunachal Pradesh (Thakur, 2003). Bondage in the tribal economy of Arunachal Pradesh, during the precolonial period, was mainly of two categories: firstly, there were hierarchical relations among the clans within the tribes and in some cases there were slaves from within a given tribal community (Deori, 1982: 55). Some of the slaves were from the neighbouring tribes who had been captured through war and predatory raids. In many cases the chiefs or nobles had rights over the labour of these dependent individuals or clans (Misra, 1979). Secondly, there were hierarchical relations among the tribes as well. Early anthropologists, for example, have described the Sulungs, now called Puroiks, as a 'slave tribe' (Deori, 1982). However, the tribal economy was not dependent upon the labour of the slaves alone (Sikdar, 1982: 16). Thus, Mishra (1983: 1839) writes, 'there was slavery of sorts in some tribes of the region, but there was no slave-based economy'.

<sup>32</sup> Elsewhere in India the processes of depeasantisation was more pronounced as part of the processes of commercialisation of agriculture during the colonial period. For an analysis of the interlinked changes in land and credit market in the tribal regions of Chhotanagpur, see Mahapatra (1990).

<sup>33</sup> The typical contracts involved Rs 1000 of money advance to each of the workers against commitment to work in construction and quarrying.

<sup>34</sup> During the 1990s growth rates of agricultural production have worsened in most of the districts of Arunachal Pradesh. During the same period production and yield rates of all the foodgrains, except maize and pulses, registered negative growth rates. During 1980-81 to 2002-03, the growth rate of production and yield of rice in Tawang district was negative, while cereals production grew at a rate of 0.78 per cent per annum (Mishra, 2006).



**Table: 5**  
Variations in institutional arrangements across Villages

Name of the District/ Major Tribe	Property Rights			Land Market	Land-lease	Wage Labour		Labour Exchange	Informal Credit market	Agricultural Output Markets
	Agricultural Land	Grazing Land	Forests			Agriculture	Non-farm Activities			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(11)	(12)
West Kamneng Monpa	Private	Mixed Ownership, both public and private ownership	Mixed Ownership, both public and private ownership	Infrequent Land sales reported	Present but low incidence	Exists	Exists	Exists, not significant, declining	Exists, Not well developed <sup>#</sup>	Exists, regular but crops specific
Tawang Monpa	Privately owned but considered the property of Gompa on lease	Mixed Ownership	Entirely Collective	Infrequent Land sales reported	Significant presence	Exists but insignificant	Exists	Exists and significant	Exists, Not well developed	Exists, regular
Tawang Monpa	Privately owned but some land are owned by Tawang Gompa	Mixed Ownership	Entirely Private	No land sales reported	Significant presence	Exists but insignificant	Exists, seasonal out-migration	Exists and significant	Exists, not significant	Exists, regular
Tawang Monpa	Private only	Mixed Ownership	Mixed Ownership	No land sales reported	No land lease Reported	Exists but insignificant	Exists, seasonal out-migration	Exists and significant	Exists, Significant,	Infrequent sales
Lower Subansiri Apatani	Private only	Entirely Private	Mixed Ownership	Relatively frequent Land sales reported	Present but low incidence	Exists	Exists	Exists and significant	Exists, well developed	Exists
Lower Subansiri Hill Miri, Nyishi	Private only	Mixed Ownership	Mixed Ownership	No land sales reported	No land lease Reported	Exists but insignificant	Exists	Exists and significant	Exists, Not well developed	No output sale reported
West Siang Nyishi Hill Miri	Private only	Entirely Collective	Entirely Collective	No land sales reported	No land lease Reported	Exists	Exists	Exists and significant	Exists, well developed, high interest rates <sup>+</sup>	Exists
West Siang Adi/ Galo	Private only	Entirely Private	Mixed Ownership	Infrequent Land sales reported	Present but low incidence	Exists	Does not exist	Exists and significant	Exists, not significant	Infrequent sales
East Siang Minyong/ Adi	Private only	Mixed Ownership	Entirely Collective	Relatively frequent Land sales reported	Significant presence	Exists, Credit-land-labour interlinkage	Exists	Exists, not significant, declining	Exists, well developed	High
East Siang Minyong /Adi	Private only	Entirely Private	Entirely Private	Relatively frequent Land sales reported	Significant presence	Exists	Exists	No more exists except for maintenance of irrigation	Exists, well developed, high interest rates	High
East Siang Minyong /Adi	Private Only	Entirely Private	Entirely Private	Relatively frequent Land sales reported	Significant Presence	Exists, Credit-land-labour interlinkage	Exists	No more exists	Exists, well developed, high interest rates	High

Notes: (i) # A not well developed credit market means (a) 'friends and relatives' continue to remain the main source of informal credit, and (b) credit is often available with zero or substantially low interest rates.

(ii) + High interest rate means sixty percent per annum or more.

Source: Field Survey, 2007

### Credit

The absence of legal entitlements over land for collateral, which is often cited as the reason behind weak penetration of the formal credit institutions in the region, has not come in the way of the emergence of informal credit institutions of various kinds. In many cases, the village councils, clans and even monasteries were reported to be the main sources of informal finance. Informal credit transactions were reported in many of the villages. In some it was mainly in the form of interest free and collateral free advances from friends and relatives but in others, land, ornaments and *mithuns*<sup>35</sup> were offered as collateral and the interest charged was found to be in the range of 36 to 60 percent per annum. In the villages in East Siang district which were fairly near to the town of Pasighat, there was a noticeable correspondence between relatively frequent land sales, the commercialisation of agricultural production and frequent personalised transactions in the informal credit market at high, exploitative interest rates. The explicit interest rate in loans (mostly in kind) advanced to sharecroppers and fixed produce tenants by the landlords was in the range of 50-60 per cent per annum.

#### *The Complexity of 'Transitions' to Agrarian Capitalism*

In our field research we discovered instances of institutional continuity, destruction, adaptation and innovation. In many of the villages, for example, the 'village council' continues to control land transactions. The informal authority of the council, or the *gaon burah* as its representative, has been effective in demarcating and safeguarding the 'membership' rule, i.e. who is and who is not a member of the micropolitical community<sup>36</sup>. However, while this political institution is secure, labour institutions are being destroyed. In parts of the state where wet rice cultivation with migrant tenant and labourers has already become the norm, the traditional exchange labour system is disappearing. Yet even in villages where there is considerably less dependence on exchange labour and where agricultural production is substantially for the market, cooperative institutional arrangements are found to be significant in specific activities such as house construction as well as the collective provision of irrigation maintenance and some services like the watchman protection of crops from domestic and wild animals<sup>37</sup>. In some of the villages, village councils have reinvented their role as organisers of labour groups. The elites deposit money with the council and the council mobilises community labour. There were instances where village councils have managed

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<sup>35</sup> The '*Mithun*' (*Bos Frontalis*) a species of large cattle, which is found both in wild and semi-domesticated form, has great significance in the social and cultural life of the people of Arunachal Pradesh. Traditionally, the *mithun* was the medium of exchange and was a store and indicator of the wealth of a person.

<sup>36</sup> Not with standing the introduction of the panchayati raj institutions in the state, the *gaon burah* continues to be the functional head at the village level. It was common for most of the *gaon burahs* while responding to our queries regarding the number of households in the village to exclude the migrant tenants and state officials.

<sup>37</sup> The latter two types of collective behaviour, however, imply the monetisation of cooperative behaviour. In traditional cooperative labour mobilisation practices, the contribution was in kind, i.e. in terms of labour power, while in the new arrangements households contribute to a collective pool of cash and the work is carried out through market exchange.

to get contracts from the state, have completed the tasks with labour contributions from households and then distributed payments among the members after paying for the costs<sup>38</sup>. Although the organisations and new institutions of state and market have been working towards weakening the authority of these institutional arrangements, village councils have also devised new ways of generating revenue. We came across a case where the village council manages to obtain rent from the National Hydro Power Corporation for the use of village land and water. Similarly, in a village in Tawang, college educated youth have been instrumental in devising effective quantitative restrictions on the extraction of forest products from collectively owned forests<sup>39</sup>. In a nutshell then, the non-market institutional arrangements are not just withering away. For a variety of reasons, they continue to operate in old and new roles.

The evidence described above clearly goes against the near universal consensus of social theorists that non-market institutional forms and processes would atrophy with the expansion and consolidation of the capitalist economy. Our evidence reveals that institutional adaptation, continuity and hybridity are as much integral to the emergence of the market economy as are the processes of creation of new institutions and demise of others. The reasons behind the persistence of such institutional diversity are complex, but a few tentative hypotheses are suggested by our field experience.

Partly as a result of the deliberate policy of ‘preserving’ tribal institutions under the Nehru-Elwin policy of tribal protection, partly out of the political necessity of creating a loyal citizenry in a weakly-administered border State, located in a disturbed region, and partly by virtue of the recent nature of Arunachal’s status as a State the Indian state has followed a policy of gradual integration into the regime of economic citizenship, rather than one of imposing a uniform legal and administrative structure at one go. The preservation of ethnic identities has remained at the core of this administrative transformation. With the emergence of the capitalist economy a powerful minority of local elite tribes and of elites within these tribes has developed with considerable power over the state apparatus. The economic basis of this class lies in access, through both lawful and unlawful means, to the resources of the state. Occupationally this group consists of politicians, businessmen and traders and bureaucrats. The expansion of the state bureaucracy, of construction and infrastructural activities undertaken by the military and the civil administration, the timber trade and general trading and business opportunities in consumption goods created by the emergence of the urban, service class has nurtured these elites. But the key to their economic base is their access to the resources of the state, which has depended in turn upon their capacity to exploit an ethnicised polity and society. Since outsiders cannot own property, local elites extract rent literally in four ways: from rented land, from house and business sites, from business licenses as well as from the state. The ability to extract rent both from the state and from

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<sup>38</sup> The *gaon burah*, and the Anchal Samiti Member (ASM) jointly keep the accounts, oversee the work and also distribute profits.

<sup>39</sup> As per the new rules, every household is allowed to collect house-building materials, including timber, once in a life time and one truck load of firewood every year from the village commons.

the various agents in the market, not only from migrant traders but also from labourers originating from outside the state, has depended upon the capacity of the elites to ‘speak on behalf of’ or represent their tribal communities. With growing competition for resources, the continuation of this ethnicised political governance is a necessary condition for the reproduction of this tribal elite<sup>40</sup>. Not only does it enable them to have access to new and existing resources or ‘rents’, but also to safeguard them against competitors from among other tribes of Arunachal Pradesh and from outside the State. These elites also protect themselves from the formal accountability mechanisms of the state<sup>41</sup>. There are therefore strong connections between the interests of the elites and this institutional diversity<sup>42</sup>.

For example, local elites use the *informal* transition to private property rights over land and forests noted earlier to seize and capture huge chunks of land. This primitive accumulation extends to urban land and land for plantations as well as for agricultural purposes. They have also been able to appropriate village commons like forests for private rent-seeking and for profit<sup>43</sup> (Mishra, 2001). The inadequate demarcation, recognition and safeguarding of communal property has ultimately resulted in an increasing concentration of income and wealth. When we asked about the ways through which local people ‘have become rich’ since independence, the answer was that while in the traditional order agriculture and animal wealth was considered to be the path to economic mobility, in the new (capitalist) scheme of things wealth is accumulated from trade and business (specifically the timber trade and government contracts, supply-orders,

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<sup>40</sup> The apparently strong presence of the Indian state, reflected through the heavy military and financial presence in the north-east India, coincides with its relative weakness in safe guarding the basic rights and security of the people in their everyday life (Baruah, 2004). The relative weakness of the state in safeguarding property rights and enforcing contracts typically creates scope for the emergence of ethnic groups to provide private means of securing property rights (Bates, 1998). Unlike in other northeastern states, where this has resulted in the proliferation of a number of insurgent groups defending the interest of specific ethnic communities, in Arunachal Pradesh, ‘it has led to competition and bargaining among different tribal groups to acquire a larger share of government’s resources – a form of ‘quiet pressure’ exercised from within the system’ (Mishra and Upadhyay, 2007).

<sup>41</sup> This happens in a variety of ways including selective application or non-application of existing legal provisions and also through relations of complicity. In the event of public complains about wrongdoing, community support becomes crucial for the elites to save themselves from prosecution.

<sup>42</sup> To argue that the elites have a vested interest in perpetuating such an institutional arrangement, however, does not necessarily mean that they are the only ones who have interests in preserving it. The common masses belonging to various tribes of the State also report that such institutional heterogeneity is in their best interest. Not only do such arrangements, to the extent that the nativist policies are implemented on the ground, give them an edge over migrant workers, traders and government officials from outside the state, but also – in the general framework of an ethnicised polity – the support of the elites is considered to be in the best interest of all members of the tribe. Since their claims over the state’s resources and benefits are mediated through these ‘public leaders’ they prefer not to weaken their strength by raising questions of accountability against them, even though they might be well aware of the corrupt practices of some of the elites.

<sup>43</sup> Such processes have been noted from many other areas of the northeastern region as well (Baruah, 2003a; Fernandes, and Pereira, 2005, Roy Burman, 1989).

public sector construction and infrastructure), party and ethnic politics and government 'services'<sup>44</sup>.

Another example of the link between accumulation and institutional diversity is the way the emergence of a wage labour market (consisting largely of migrant labour from outside the State, demand for which was generated by the state's development and security apparatus) has been used by the elites to subvert traditional institutional mechanisms in order to plunder common property for private benefit. Many of the pre-capitalist institutional mechanisms in the villages of Arunachal Pradesh were designed to regulate both current and future labour flows. Since labour was the main constraint facing this community-based agriculture, most institutional mechanisms, notwithstanding their inter-tribe variations, emphasised the regulation and guarantee of its equitable distribution. And many of the other rules governing access to important assets like land, forest and pastures were based on the prior assumption of communal control over labour-power. The rules governing access to forest products, including timber, were based on the membership-rule, on fulfilment of which there was no quantitative restriction on the amount of forest product that could be extracted by each member. In the past, such an arrangement did not result in over-exploitation or widespread inequality precisely because there was a restriction on the total amount of labour that could be mobilised for the purpose. But once a labour market and a cash economy emerged, those having access to surplus cash could mobilise outside labour and used their membership status to maximise the extraction of forest products. Something similar has also happened in the case of agricultural land: outside labour, either as tenants or casual labour, has been mobilised to clear and occupy increasingly large tracts of land. Baland and Platteau (1996: 30-31) have commented that if the rules of access are the only rules concerning resource-use in a context where natural resources are scarce and if the community cannot decide and enforce a set of rules of use, then the communal property regime degenerates into open access. In Arunachal Pradesh, while community institutions have managed to limit the number of users to some extent, the rules of use have not been very effectively enforced. In some cases at least, this has led to the emergence of a large landlord class, even in the absence of a high degree of commercialisation.

There are, of course, significant political barriers to entry to the labour market in this State. The 'Inner Line Permit' system, imposed by the British Government to restrict the entry of outsiders into certain 'restricted areas' is still in force. Outsiders, even if Indian citizens, are not allowed to purchase land or built property in the state. These two institutional specificities together determine the growth in employment and migration patterns in rural Arunachal Pradesh<sup>45</sup>. Apart from these two restrictions, trading licenses

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<sup>44</sup> Allowing for multiple answers, of the 11 villages under study, business and contracts (including timber business) were mentioned in 10 villages, agriculture was mentioned in five villages, (although its declining importance was also noted), government service was mentioned in four, politics and livestock were each mentioned in two villages in response to a query about the ways people in the village have become rich.

<sup>45</sup> These two restrictions, for example, discourage migrant labourers to move into interior rural areas, and hence they tend to crowd in urban areas, in rural settlements nearer to urban settlements and to a limited extent in the roadside 'labour camps' maintained by various state agencies, including the army.

are restricted to the local population of Arunachal Pradesh Scheduled Tribes (APST). Outsider businessmen, who may have acquired licences in the past through the negotiation of exemptions, find it increasingly difficult to renew their licences. Most of the business and trading firms are registered in the name of local people, but are effectively managed and run by capitalists from outside the State. In many cases, this creates substantial rents both for the licence holders for such enterprises and for the commercial capitalists for whom the permit sets up political conditions for monopoly or oligopoly<sup>46</sup>. Maintaining the ethnicised character of the polity helps the consolidation of such rents<sup>47</sup>. Ethnicised citizenship maintains the hold of tribal elites as representatives of the ‘community’.

Given the tendency of the relatively wealthy rentier class to shift to non-agricultural activities and urban sites, there is little productive re-investment of surplus in agriculture. But the growing value of land in a State where transactions in land markets are restricted provides reasons why the elites control as much land as possible. Land nearer to urban areas attracts high sales values as well as high rents, when sold or rented out for non-agricultural and residential use. So landowning elites invest in land control, mostly using migrant labourers as tenants on appropriated commons. This may involve heavy expenditures on land levelling, terracing, and construction of bunds etc. Occasionally attempts to enclave more land under cultivation has led to conflictual competition among and within tribal communities. These conflicts also affect the institutional mechanisms in diverse ways. The rules of access of the tenants and dependent labourers to the village commons are often unclear. We encountered cases where tenants and other migrants are levied extra fees by village councils, but in many cases they have de facto rights over forests, and councils fail to monitor the use of forest products or to enforce restrictions on their use. In some cases, the precise nature of the rights varied between the tenant households, depending upon the status and position of their landlord households in the local socio-political hierarchy.

The specificities of Arunachal Pradesh outlined above have influenced the nature of agrarian transformation in several ways. In the absence of data on land ownership and trends in capital formation in agriculture, in view of the substantial role of state transfers from New Delhi (including the multipliers of military expenditure – see below), and in view of the obvious limitations of our field investigations, it is difficult to ascertain the extent to which the commercial non-agricultural economy is driving the process of commercialization and differentiation within agriculture. In parts of the State, investment in horticultural gardens, the cultivation of high value spices and aromatic crops suggests

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<sup>46</sup> There have been strong nativist demands, particularly by the student organisations, but also by the political parties and civil society groups, to protect the interest of the local population by reserving jobs, government contracts and trading licenses exclusively for the indigenous population. The politics of affirmative action by the state in the presence of such politicisation of ethnicity and ethnic difference has led rules of difference rather than civic rules (Baruah, 2003). In a recent move, the student organisations were also involved in the eviction of allegedly illegal migrants (mainly ‘Bangladeshis’) working as tenants.

<sup>47</sup> The politics of ethnicity and difference, though benefits the elites most, they are not the only beneficiaries of such an arrangement. Ordinary people also benefit from traditional and new networks of solidarity and patronage.

that farmers in the state have started responding to the local market signals. But this process of commercialization has only been possible because of state interventions of various kinds. Has a class of capitalist farmers emerged in the state? If it has, it is very small. Although a full answer requires a deeper study of agrarian relations the indication of our field research is that apart from the few tea gardens, horticultural estates and the vegetable farms on the urban fringes, Arunachal's agriculture, by and large, is still for subsistence. Sporadic surpluses are sold locally (often at collectively fixed money prices or barter rates). The class of landowners who have acquired substantial chunks of land and have leased it out to migrant tenants is an increasingly visible form of production in the paddy-producing areas of the state. The few landlords with whom we conducted detailed interviews were developing neo-feudal relationships, including the imposition of private and arbitrary extractions in kind.

### *The Role of the State in Agrarian Transformation*

In the context of the rice economies of South East Asia, Hart has argued that 'State patronage is central to the understanding of agrarian processes. It not only influences forms of extraction and accumulation, but also generates tensions and contradictions that constitute important sources of change and differentiation' (1989: 31).

In Arunachal Pradesh, the state has influenced the process of agrarian transformation in several ways, some of which were not necessarily deliberate. Firstly, the state played an important role in creating and expanding a regulated capitalist economy. The state policies of discouraging shifting cultivation and providing incentives for 'modern' technology hastened the process of transition to a private property regime, although it was never explicitly recognised as a policy objective. Secondly, by its military, administrative and development interventions, the state has created a labour market in a pre-capitalist social formation. The specificity of this state-induced labour market was through the in-migration of outside labour rather than through the dispossession of producers from their means of production. At least in the initial phase, there has been a local disjunction in the emergence of wage labour in agriculture and the internal differentiation of the peasantry, though the wage labour force was created by differentiation and primitive accumulation elsewhere in South Asia. Thirdly, the role of state patronage and protection in creating large agricultural estates can hardly be overemphasised. Almost all the privately owned tea gardens and large horticultural estates are owned by powerful politicians and their relatives<sup>48</sup>. Often these owners have received substantial support from the state, either in the form of direct subsidies, through assistance in marketing, or through informal appropriation and virement of the labour of government employees. In other words, the state is deeply implicated in the primary accumulation of the tribal elites<sup>49</sup>. Finally, the social origins of the large landowners in

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<sup>48</sup> Among the tea estate owners are the families of prominent politicians and chieftain families. The large number of migrant labourers in these estates do not get many of the benefits enjoyed by the labourers in the tea gardens of Assam, but are tied through a range of patron-client relations with their employers.

<sup>49</sup> The other form of primitive accumulation that has been happening is through the expansion of infrastructure, reserved forests and land enclosures for military security and administrative purposes. So far this has not resulted in large-scale eviction of self-producers mainly because of the favourable land-man

the State demonstrates the significance of state intervention and the politics of the creation of the large landlord class. Some of the large landowners (although the magnitude of 'large' differs with altitude) were nobles, chiefs or religious heads in the tribal orders, but a majority of them are now contractors, politicians and state officials. Access to the resources of the state, often through corrupt means, has been the main source of the illegal resources commanded by the emerging elites. Influential individuals and families in formal as well as informal structures of governance are often incorporated to secure the loyalty of local tribal voters. Accountability structures have been weak and there has been hardly any independent public scrutiny of the activities of bureaucrats and the politicians. This facilitated a process of elite capture of the development process. With legal restrictions on the purchase of land, the mobility of labour and the issuing of trading and business licences, government contracts and licences were increasingly rationed to the local elites, some of whom accumulated capital while others earned rents by out-sourcing their licences and contract to third parties. For the politicians of Arunachal, this has been a key instrument of patronage and control.

A second source of surplus for the local elites, until recently, was the huge 'profits' from timber trade. Although timber trade was by and large controlled by the large-scale business from outside the State, the local business class, as junior partners and facilitators, managed to corner a substantial share for themselves. Some of them invested the surplus in establishing sawmills, plywood factories and transportation businesses. Although in the first instance the timber trade appears to be independent of the state, the manner in which the state allowed the plundering of the commonly owned forests for private profit makes it clear that state support and protection was essential for the timber trade. While the forest department of the state government retained control over the supply of permits to cut trees, these permits were issued with such frequency and under such a framework of political patronage that community control over forests remained at best a minor irritant both for the traders belonging to indigenous tribal groups as well as those originating from outside Arunachal. Against the backdrop of very low local revenue generation, the revenue earned from the timber trade was a non-trivial source of earning for the government<sup>50</sup>.

Significant aspects of surplus generation in the local economy are that firstly, surplus has been created largely outside agriculture; and secondly, access to political power and resources of the state acted as key factors in the creation and sustenance of this surplus flow. These are the further peculiarities<sup>51</sup> resulting from the prominence of the

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ratio. However, this is going to loom larger in future as the State is going to construct several large and medium hydropower projects.

<sup>50</sup> The contribution of forestry to the NSDP of the State declined from around 21 percent in 1970-71 to around 9 percent during the early 1990s. Just before the restrictions imposed by the Supreme Court, it was nearly 11 percent in 1996-97, after which it has declined to 4.3 per cent 2004-5. In absolute terms, forest revenue was nearly 49 crores rupees in 1995-96.

<sup>51</sup> To be sure, the significance of access to state power in the structures of accumulation within agriculture is a feature of third world agriculture that has been widely noticed and commented upon. In many other states of India, access to political power and state structures consolidated the position of the landowning



state as the key agent of economic transformation. In Thai and Indonesian contexts, observers have noted that the rural elites act as, ‘political and economic agents of the state in the countryside and are co-opted into the larger structure of power as preferred but dependent clients. Their access to subsidised credit, inputs, licenses, guaranteed prices and so forth stems not so much from their ability to sway agricultural policy in their favour through direct influence, but rather from the services they render to larger centres of accumulation by helping to police the countryside’ (Hart, 1989: 33). Much of this description is relevant to the case of Arunachal Pradesh, so far as the relationship between the state and the tribal elites is concerned, although surplus generation from agriculture itself is far less developed.

These forms of agrarian relations also create the need to maintain social networks and support structures. Turton (1989b) observes that in rural Thailand a great deal of the expenditure on travel, social events, feasts and so forth is in effect ‘geared to establishing and reproducing social relations with strategic superiors and subordinates in order to enhance political and economic position, to secure lucrative offices and contracts, to gain protection for illegal economic activities, and to accumulate political and economic clients’ (Turton, 1989b: 83). ‘These activities are clearly designed to ensure the conditions of accumulation in the long run’ (Hart, 1989:35). The traditional horizontal reciprocities among people of the same social strata and the vertical reciprocities among nobles and commoners, which have been prevalent in different parts of Arunachal Pradesh in varying degrees and forms, have acquired new meanings and roles in the transition to capitalism<sup>52</sup>. Although the state has given formal recognition to the traditional institutional mechanisms, such as community laws<sup>53</sup>, the state in its various ‘developmental’ activities (such as building roads, providing incentives to ‘progressive’ farmers, issuing land occupation certificates to individuals) has played an active role in undermining the historical bases of authority and control of the tribal political

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classes and facilitated their hold over the rural economy, but agricultural surplus remained the main source of income and (re)investment for the landowning class for a considerable period during the agrarian transition. In the case of Arunachal Pradesh, however, access to economic rents (mostly in the non-agricultural economy) and political power has been the main source of the surplus which was used to expand the area owned by large landowners.

<sup>52</sup> Interestingly the forms of celebration of many tribal festivals have undergone substantial changes in past years. Increasingly these festivals are celebrated as public festivals under the patronage of the more resourceful members of the community. They not only serve as an occasion to cement ties among members of the community who have moved out of their villages, but in the competitive politics of difference and recognition among different ethnic groups, they also serve the purpose of identity assertion.

<sup>53</sup> The official web-site of the Government of Arunachal Pradesh claims that ‘Arunachal Pradesh is not a linguistic state. It is an ethnic state inhabited by colourful tribal people of diverse culture and lifestyle. All of them have their own unique culture and traditions. They also have customary laws and a time tested dispute resolution mechanism. The disputes in tribal societies are resolved by a system of administration of justice founded on customs and customary laws of each tribe by the Village Council. Though, there were no written rules for administration of tribal villages, but the customs and traditions were almost compatible with the modern concepts of jurisprudence...The council derived their authority from the expression of the will and power of the people. They had the support of both social and supernatural. Thus the concept of parliamentary democracy is not new to the tribal society’. <http://arunachalpradesh.nic.in/govt.htm>

institutions. As the expansion and consolidation of the state administration at the grassroots has continued, access to state resources in the form of services, contracts, subsidies and other incentives, became increasingly central to the strategies of accumulation and survival of rural households. On the one hand, to the extent that access to authority and power in the tribal hierarchy influenced access to state resources, the sphere of influence of the tribal political institutions expanded to these 'non-traditional' areas. On the other hand, the primary site for resource-conflicts was no longer confined to the land, forests and water that used to be controlled by tribal institutions. The straddling of customary and state regulative regimes is increasingly part of the newly emerging elites' strategies for political and economic consolidation involving forging alliances, maintaining patron-client relations and minimising dissent from within the community - all of which are vital for maintaining accumulation in the long run.

### *Conclusions*

Returning to the three significant dimensions of the agrarian economy of Arunachal which we mentioned at the outset – the distinctiveness of the transition in mountain regions; the diversity of institutions and the role of the state - the field research reported here suggests that the transition to capitalism of the agriculture of a mountain region like this takes a distinctive form due to five major factors. The first is the sheer variety of physical resources created by the range of temperatures, aspects, altitudes, soils and precipitation whose use value is being transformed into exchange value through the penetration of markets – a process which has been found to be highly uneven. The second is the physical cum technological limits to expanded reproduction in fragile agrarian environments, which in turn triggers the out-migration of (young) skilled labour. The third is the high cost of the process of capitalist development due the remoteness of mountain regions from urban/national effective demand, which commercial agricultural markets have to serve - and thus the dependence of mountain regions on remittances, on state transfers for productive investment and on local effective demand for (imported) consumer goods. The fourth is the resistance of mountain agriculture to energy intensive inputs based directly or indirectly on petro-chemicals - and thus the enduring importance to agricultural production of human labour and energy. The fifth is conditioned by the way modern states use mountains as frontiers and militarize them. Even when military food supplies are brought in by the army from other regions - as in the case of Arunachal, the military creates multipliers through ancillary expenditure which may act as local incentives for the commercial production of food, spices and groceries. However, production for a local market – in the marked absence of the extraction of surplus from wage labour or through interest, and without productive reinvestment in agriculture - is a restricted kind of capitalist relationship. This is in no sense to argue that a mountain state like Arunachal is not profoundly incorporated into the global capitalist system, but it is to argue that the modes of incorporation are not primarily through its agricultural production.

Second, the heterogeneity of institutional arrangements that characterise the rural economy of Arunachal Pradesh may contribute to a more general understanding of the processes of economic transformation under global capitalism. Institutional diversity appears to be a pervasive feature of this process. The older forms of institutional

arrangement for the rural economy are not simply being replaced by new, market institutions; instead the institutional transitions are far more varied. Some of the old institutional arrangements weaken and new institutions emerge, but many of the non-market institutional arrangements persist, albeit in different forms, serving new regulative purposes in the emerging capitalist economy. There is no necessary correspondence between the emerging commercialisation of the different productive forces of the agrarian economy. These uneven processes of institutional diversity, hybridity and interdependence are deeply influenced by existing and emerging power relations. In this essay, we have attempted to demonstrate the manipulation of such institutional diversity for the accumulation trajectories of local elites. The politics of ethnicity and difference that has been used by them to safeguard their own interests vis-à-vis the state and also to protect themselves from competition – both local and outside - will endure as a key attribute of the political economy of Arunachal's development process in general and a driver of Arunachal's agrarian transition in particular.

A further feature of Arunachal's institutional unevenness and the early stage of its transition pertains to primitive accumulation. Often treated as an obsolete feature of the era of early capitalism, primitive accumulation emerges as an important characteristic of the on-going process of agrarian and non-agrarian capitalist development. Primitive accumulation - also translated as original or primary accumulation – has two elements. The one most visible in Arunachal at present is the private seizure of the means of production: the creation of private property which is historically and logically prior to productive investment. This is taking three forms. One gives rise to productive investment in horticulture and tea plantations, the second is carried out by the state for land-extensive infrastructure (owned privately as well as publicly), while the third involves the large-scale private sequestration of forested land with no change of use. Although the processes and mechanisms through which the new land enclosures are created have context-specific implications for land-owners, they have coercion in common. State power remains decisive in this rural transition and the ways in which state power manifests itself are becoming more extensive in the present 'neo-liberal' context than in the past. The second element in primitive accumulation, the dispossession of labour from the means of production so that it is 'free' to sell its labour power, does not relate in an exact way to land seizure, due to local differences in population-land ratios. It is being achieved at a distance for, while demand for wage labour is being created and agriculture is shedding labour, for the most part the labour shed is educated and migrates-out while the wage labour demanded is abjectly poor and being forced to migrate-in.

When the state is the prime mover of capitalist transition, it assumes distinctive forms. They are the third dimension we explored. The capitalist economy has expanded in ways subservient to the interests of the state, at least in the early contemporary phase. Although the evidence gathered here allows only a tentative conclusion, capital, in a remote and 'backward' region like Arunachal Pradesh, strengthens rentier state power. As well as searching for cheap labour and raw materials and expanding the market, capitalism has also generated forms of differentiation that have encouraged the

emergence of neo-feudal production relations.<sup>54</sup> While neo-feudal contractual arrangements strengthen and consolidate state power in this border state, this rentier class fraction is heavily dependent upon state investment, salaries, and resources plundered from the state for its survival and reproduction. Predatory property in general and predatory landed property in particular has certainly not vanished.

Returning finally to the questions asked at the outset about the kind of agrarian transition underway in this remote mountain frontier region and thus to the (ir)relevance of the agrarian question itself, our answers depend on admitting the vital role of the state in the non-agricultural sector and the roles of *both* in driving change in the agrarian economy. The incorporation of Arunachal into India's capitalist development has been significantly determined by the consolidation of the state apparatus, both civil and military. The development of the non-agricultural economy, which is dominated by the expanding service sector, infrastructure and public administration, has resulted in its rapid integration with markets beyond the state. In terms of the consumption patterns of the urban population, the linkages between capitalists from outside the state and the local tribal elites, the flow of goods (even some food), services and capital, and the growth of a migrant wage labour force, the non-agricultural economy is fully integrated with the Indian - and to some extent even with the global - circuits of capitalism. Bernstein's argument that the agrarian question has simply been by-passed appears to be supported by the pace of the development of capitalism outside agriculture. Indeed the results of the NSS 59<sup>th</sup> round data (NSSO 2006) support our field research findings that though the non-agricultural economy has been more or less incorporated into the capitalist system, agriculture is far from fully transformed. The agrarian economy is on a slower transition, one moving in the same direction as the rest, but one in which agriculture currently services little but itself. In terms of the development of wage labour, the commercialisation of other input and output markets, the investment of surplus in productive technology etc., the agrarian system continues to exhibit non-capitalist production relations. Yet Arunachal's agrarian society would find it very hard to reproduce itself for long without the state and capitalist markets. And at the same time, predatory land seizures, estates and plantations dot the landscape, local landless wage labour emerges alongside share-tenancies and the peasantry shows signs of early differentiation. Even though, as we understand them, the underlying dynamics of these processes are not those of the classical models of transition to capitalism, our field evidence points to the diverse pathways of the transition towards the subsumption of labour to capital in agriculture. The existence of institutional constraints to the kind of rapid imposition of capitalist production relations that has characterised the non-

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<sup>54</sup> Adduci (this issue) has explained the recent changes in the political economy of Orissa in terms of existence of a neo-rentier class that has come to dominate the State's economy. For this neo-rentier class, she argues, 'the process of extraction of rent was intimately linked to the control of the state apparatus, through which they control the state's natural resources. ..While serving the needs of the capitalist development process at the national level, the neo-rentier class in Orissa managed to find within it the social spaces which allowed their very reproduction'. Rao (1995, 234-5) earlier noted the fact that capital, serving the interest of the state, had tended to create neo-feudal production relations in the tribal regions of Orissa. Our evidence is not extensive enough to support conclusions about a significant neo-feudal *class*; but it certainly indicates the existence of neo-feudal forms of production relations in agriculture and rentier activity surrounding the state alongside emergent forms of mercantile and productive capitalism.

agricultural economy only reinforces the significance of the classical agrarian question, as Byres has argued. It still remains to be resolved. All aspects of the agrarian question are still relevant to Arunachal Pradesh.

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