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Drivers of Economic Development in Mizoram: A Sectoral Perspective

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Abstract:
The paper examines the multi-sectoral growth trajectory of Mizoram economy, emphasizing the primary, secondary, and tertiary sectors. The analysis highlights recent economic developments, sectoral contributions, and future prospects, with a focus on agricultural modernization, industrial expansion, and service sector growth. The study reveals that the State economy is on a progressive path, driven by strategic government initiatives, infrastructural investments, and sustainable practices.

Key words: Economic development, sectoral contributions, sustainable

Introduction

The economy of Mizoram has traditionally been characterized by its dependence on agriculture and allied activities. However, recent years have witnessed a paradigm shift towards industrialization and the expansion of service-based industries. This transition is vital for sustainable development, diversification, and improving the overall socio-economic indicators of the state. This paper analyzes the recent sectoral performances, identifying key drivers and challenges, to provide a holistic understanding of economic evolution of the state.

Objectives of the study

(i) To study the sectoral composition of Mizoram economy.
(ii) To examine recent growth trends and developments in agriculture, industry, and services sectors.

Methodology

The study employs a mixed-method approach, primarily relying on secondary data sources such as government reports, statistical abstracts, economic survey and official publications to analyze the economic landscape. The focus is on assessing the contributions and growth patterns of the primary, secondary, and tertiary sectors by examining sector-specific Gross State Value Added (GSVA), growth rates, and underlying drivers. Quantitative analysis involves descriptive statistics to identify trends in agriculture, industry, and services, while a qualitative review evaluates the impact of infrastructural investments, government initiatives, and policy measures on sectoral development. The integration of these approaches enables a comprehensive understanding of the factors shaping economic evolution of the state, highlighting opportunities and challenges for future sustainable and inclusive growth.

Sectoral Composition of the Economy

The structural composition of Mizoram economy highlights a progressive shift towards industrialization and service-oriented activities. The state economy across various sectors highlights a well-balanced growth trajectory. The Primary Sector has shown steady growth due to advancements in agricultural practices and rural development initiatives. The Secondary Sector has experienced significant growth, driven by industrialization, construction activities and improvements in utility services. The Tertiary Sector continues to dominate the economic landscape, supported by strong growth in trade, finance, education and health service.(Mizoram Economic Survey)

Table 1: Sectoral Contribution to Gross State Value Added (GSVA) at Current Prices

Financial Year	Agriculture &Allied	Industry	Tertiary
2011-12	20.12	20.46	59.43
2012-13	18.95	18.91	62.14
2013-14	18.74	23.24	58.02
2014-15	31.49	20.87	47.63
2015-16	31.41	20.74	47.85
2016-17	30.87	21.72	47.42
2017-18	26.51	26.64	46.85
2018-19	27.18	26.63	46.19
2019-20	25.73	24.82	49.45
2020-21	26.15	26.68	47.17
2021-22	23.71	29.23	47.06
2022-23	20.36	31.23	48.42
2023-24	20.45	32.68	46.87
2024-25	20.55	34.21	45.24

Source: Mizoram Economic Survey 2024-25

Primary Sector: Agriculture and Allied Activities

The primary sector remains a cornerstone of State economy, contributing significantly to employment and rural livelihoods. In 2023-24, the Agriculture & Allied Sector is projected to achieve a Gross State Value Added (GSVA) of ₹698,472 lakhs, reflecting a 6.40% increase from the previous year (i.e ₹ 601820 in 2022-23). This growth is attributed to advancements in agricultural productivity, adoption of modern farming techniques, and government support for rural development initiatives.

The sector encompasses crops, livestock, forestry & logging, and fishing & aquaculture. While crops have shown steady growth, livestock, forestry, and fishing sectors experienced fluctuations but overall contributed positively to the economy. Efforts towards sustainable agricultural practices, diversification of crop varieties, and improved irrigation infrastructure have played a crucial role in sustaining this growth trajectory.

Secondary Sector: Industry and Construction

The Secondary Sector, encompassing mining & quarrying, manufacturing, construction and utility services, has exhibited robust growth, driven by infrastructure development and industrial expansion. The GSVA (current prices) for this sector was projected to reach ₹11,16,220 lakhs in 2023-24, up from ₹ 9,23,223lakhs in 2022-23, indicating a strong 13.03% growth. Some of the key contributors to this growth include:

- ***Utility Services:*** The Electricity, Gas, Water Supply & Other Utility Services sub-sector expanded significantly from ₹6,35,638 lakhs to ₹7,99,457 lakhs, a 19.76% growth. This surge is driven by investments in renewable energy projects, enhanced power distribution networks, and efficient water management systems, aligning with sustainable development goals.
- ***Construction:*** The construction sector grew from ₹2,47,887 lakhs to ₹2,71,989 lakhs, a 6.34% increase, supported by public infrastructure projects, urban development initiatives, and housing schemes. These developments are critical for improving connectivity, urbanization, and facilitating industrial activities.

The industrial growth reflects Mizoram's strategic focus on expanding infrastructure, renewable energy, and manufacturing capabilities, positioning the state for future economic resilience.

Tertiary Sector: Services and Trade

The tertiary sector remains the dominant and fastest-growing component of Mizoram economy, contributing approximately 46.87% to the Gross State Domestic Product (GSDP). In 2023-24, the sector's GSVA is projected at ₹16,00,638 lakhs, an 8.17% increase from the previous year. The sector growth is driven by:

- ***Trade, Hotels & Restaurants***: This sub-sector experienced a substantial growth of 14.78%, rising from ₹4,02,456 lakhs to ₹4,68,223 lakhs. The growth indicates a burgeoning tourism industry and increased commercial activities.
- ***Public Administration and Other Services***: Public administration expanded from ₹3,60,685 lakhs to ₹3,93,273 lakhs, reflecting enhanced governance and administrative capacity.

The expansion of financial services, tourism, and public administration emphasises the strategic push towards service-sector-led development, enhancing employment and income levels.

The recent sectoral developments in Mizoram reveal a balanced and diversified economic structure. The steady growth in agriculture signifies resilience and the importance of rural livelihoods, while the rapid expansion of the industrial and utility services sectors highlights infrastructural improvements and investment climate enhancement. The dominance by the service highlights the shift towards a knowledge and experience-based economy. However, challenges such as climate change impacts, resource management, and ensuring inclusive growth remain. Sustainable practices in agriculture, renewable energy investments, and infrastructure development are vital for maintaining momentum.

Major Findings

(i) The primary sector contributed significantly to state economy, with an estimated GSVA of ₹698,472 lakhs in 2023-24, marking a 6.40% increase. Improvements in agricultural productivity, modern farming techniques, and rural government support have driven this growth.

(ii) The secondary sector experienced a strong growth rate of 13.03%, reaching ₹11,16,220 lakhs. The expansion was primarily fueled by utility services (notably renewable energy and water supply) and construction activities, reflecting infrastructural development and industrialization efforts.

(iii) The tertiary sector remains the largest contributor, accounting for nearly 47% of GSDP. It grew by 8.17%, with significant contributions from trade, hospitality, and public administration sectors, indicating a transition towards a service-oriented economy.

(iv) Investments in renewable energy, water management, urban infrastructure, and public administration have been pivotal in propelling sectoral growth, supporting sustainable development goals in Mizoram.

(v) The state economy is transitioning from agriculture-based to a more diversified structure, emphasizing industrialization and services, which sets the economy favorably for long-term resilience and socio-economic progress.

(vi) While growth is promising, challenges such as climate change, resource management, and ensuring inclusive development remain. Emphasis on sustainable practices and strategic planning is necessary for sustained progress.

Conclusion

The evolving economic landscape of Mizoram demonstrates a strategic transition towards industrialization and services, supported by government policies, infrastructural investments, and sustainable practices. The sectoral growth patterns suggest promising prospects for economic resilience and socio-economic development. Continued focus on diversification, innovation, and sustainability will be essential for Mizoram to realize its full economic potential.

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