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Abstract

Shifting cultivation (or locally called *Jhum*) is widely practiced in Mon district of Nagaland. Health-wise, the district ranks among the best in the state. However, establishment of a rural market has been very inadequate despite various policies introduced by the state government to promote commercialization of agriculture. Policy makers often blame the lack of infrastructure as the main deterring factor. Interestingly, such 'mainstream' arguments miss the roles of social norms and historical trajectory of the communities in accepting the logic of 'market'. Drawing upon the conceptual framework of institutional and evolutionary economics for our analysis, we intend to offer an institutional view to understand the problems of establishing a market in rural areas of Nagaland based on a field survey of six villages in Mon district of Nagaland. We argue that the logic of a market is based on individualistic values and rights, while their existing system of governance–production and education focuses on collective rights and patronage, making transition to market difficult. We propose that a smooth and effective transition to market would depend very much on the way interdependent system of governance–production and education can be altered. Only relying on short-term incentives may prove to be ineffective to ensure such a transition.

Keywords

Jhum cultivation, pre-market society, local institutions, market, Nagaland

Introduction

‘Land of the *Anghs*’—Mon district in the state of Nagaland comprises of nearly 94 per cent of rural population (Government of Nagaland 2011). Shifting cultivation, locally known as *Jhum*, is practiced widely in this district. *Jhum*, in this district employ about 88 per cent of the population (*ibid.*). Conventionally, redistribution has been the dominant form of allocation mechanism in this area in which surplus crops are given to the local chiefs, who, in turn distribute these crops to families in need. In recent years, attempts are being made to establish formal markets for goods. Such attempts, however, have met with limited success. In our study district, establishment of a rural market has been very inadequate despite various market policies introduced by the state government to promote commercialization of agriculture. Policy makers often blame the lack of infrastructure as the main deterring factor. We do observe that the district of Mon has the lowest Human Development Index (HDI) amongst the eight districts in Nagaland (Government of Nagaland 2004).¹ The low rank generally signifies backwardness with respect to education, employment and income (see Table 1).²

Added to it, a dearth of facilities like agricultural inputs, proper roads and transportation, marketing infrastructure and linkages are believed to be some major impediments (Government of Nagaland 2011). Interestingly, such ‘mainstream’ arguments often miss the roles of local institutions, and the historical/institutional trajectories of the communities in accepting the logic of a ‘market’.

Table 1. Nagaland Human Development Index 2001

District	Index for per capita DDP	Combined Index for Educational Attainments	Combined Index for Health Attainments	Human Development Index
	X1	X2	X3	HDI
1. Dimapur	0.624	0.793	0.781	0.733
2. Mokokchung	0.483	0.866	0.767	0.705
3. Wokha	0.53	0.846	0.632	0.669
4. Kohima	0.468	0.779	0.773	0.673
5. Phek	0.384	0.736	0.834	0.651
6. Zunheboto	0.31	0.713	0.811	0.611
7. Tuensang	0.298	0.53	0.708	0.512
8. Mon	0.031	0.459	0.861	0.45
Nagaland	0.438	0.661	0.769	0.623

Source: Nagaland SHDR 2004, p. 231.

Note: 1. Districts arranged according to Human Development Index (HDI) ranks.
2. DDP stands for District Domestic Products.

Indeed, transition to a market is perhaps not an automatic process and involves various kinds of uncertainties, which may have compelled Schumpeter (1934) to treat establishment of new markets as an important component of innovation. Note that by market here we mean the monetized process of impersonal exchange of property rights over goods and services done to satisfy individual aspirations in the form of utility or profit (Gudeman 2001; Kanbur 2002; Löfving 2005; O’Niell 1998). About half a century ago, Haimendorf (1933) observed that

When you hire Konyaks (people of Mon) as coolies, they come in twos, or even in threes for each load, carrying it alternately. Of course they must also share the wages, but they do not mind that. The Angami (people of Kohima) prefers carrying a full load and receiving the whole wage for himself. (p. 88)

The individualistic aspirations of profits and property rights on which market is based seem to differ across communities in Nagaland. Haimendorf’s observation made half a century ago appears to be valid even today. While communities like Angamis have made a transition to market already, Konyaks living in the district of Mon have not. We intend to offer an institutional explanation to understand the challenges of establishing a market in rural areas of Nagaland based on a field survey of six villages in the Mon district of Nagaland.

The Institutions of Market: A Conceptual Framework

Incidentally, both the terms ‘institution’ and ‘market’ have been subjected to diverse usage by scholars in social sciences. It is, therefore, important to outline the boundaries of these two concepts used for the specific context of the present study.

Although the propensity to barter and trade according to Adam Smith is an intrinsic desire of human beings, modern markets are barely a couple of centuries old. What distinguishes a market from these various other forms of transactions (or allocation of resources) is the unequivocal focus on economic aspects of gains and private property. The credit for such clear demarcation between market exchange and other types of transactions goes to Karl Polanyi.

Karl Polanyi’s challenge is straightforward. Polanyi contends that markets have only dominated resource allocation for a brief span in history...Before that time...other allocative systems have characterized economic organizations and these other systems are not grounded in economizing behavior. (North 1977: 703)

Polanyi argues that societies before the industrial revolution conducted their economic activities based on the principles of reciprocity (between groups of kin), householding (production for use) and redistribution (collective pooling and reallocation of goods by a central authority) (Polanyi 2001: 59).³ Both these forms of ‘transaction’, namely, reciprocity and redistribution, are based on social relations,

rather than the objectives of private gains. In a similar vein, ethnographers have extensively argued and showed that historically economy includes more than market or the market-like exchange of goods and services (Patterson 2005). Transactions in such cases are mixed with communal ties, where contracts are often open-ended, and trade partners belong to the same ethnic group.⁴ ‘Rational’ economizing behaviour, dis-embedded from social relations and governed by ‘self interest,’ is, therefore, not observed in these societies.

These arguments run orthogonal to the opinions of neoclassical economists and Austrian economists like von Mises, who seem to make economy synonymous with market. Scholars like Fredrick von Hayek saw in markets a way to ascertain individual freedom and reduce the burden of coordinating a diverse set of knowledge and belief structures possessed by individuals (O’Neill 1998: Chapter 5). Interestingly, however, Leacock (1982: 159) talking about pre-market societies argues exactly the opposite. According to him, there is no exploitation in these societies because of the unity of the production process and the participation of all adults in the production, distribution, circulation and consumption of the social product. Since each individual is dependent on the community, there are no structural differences between producers and non-producers. One may articulate the differences between market and non-market modes of allocation in terms of property rights.⁵ While in a market the emphasis is on individually owned products, non-market spheres are often marked by a complex system of rights ranging from patronage and monarchy to collectively owned commons.⁶

In principle, the relations between people, and between people and things, are contractual in a market. However, the forms and nature of such contracts vary with the size of markets. North (1977) agrees that, at times, the hassles of enforcing property rights in large markets can be a good enough reason for resorting to non-price allocation of resources. In this framework, however, non-price allocation of resources is shown to be a part of economizing behaviour. For the pre-market societies Polanyi had in mind, on the other hand, economic motives are argued to be absent. Consequently, price risks are ‘insured’ by embedding economic activities in larger social relations of kinship, patronage and other kinds of politico-religious affiliations (North 1977: 708).

Property rights, kinship and hierarchies are nothing but institutions. Institutions are the subject matter of research in many disciplines, and the definitions of institutions reflect this diversity in focus and methodology. Even within the broad discipline of economics, many scholars have emphasized on various, often non-overlapping, roles of institutions. In one of the earlier definitions, Parsons (1940) defines institutions as normative patterns that constitute proper, legitimate or expected modes of action or social relationships.

North (1990: p. 3) while defining institutions as ‘humanly devised constraints that shape human behaviour’ makes a distinction between formal and informal institutions. The former kind of institutions are codified and are created or changed by official fiats. The latter type of institutions, on the other hand, are non-codified, emerge spontaneously and signify social values, conventions and

customs. Interactions between formal institutions, representing the *de jure* rules and informal institutions, the *de facto* rules, lie at the core of North's institutional dynamism. The conclave of these institutions can produce contrasting or accommodating outcomes (Helmke and Levitsky 2004). In fact, it is this interaction which, according to North, makes institutional change a complex, uncertain process (see, for instance, North 1993). In the context of our study, uncertainty unfolds as the economy intends to move from a 'substantive' state (which deals with material wants in the broader sense of 'provisioning') to 'formal' state, where the main focus is on economizing behaviour (see Frakenberg 1967; Polanyi 1957). For our study, the *de facto* 'informal' rules refer to the set of conventional institutions practiced by the communities at Mon, which are non-codified but rooted in the customs, practices and traditions of the Konyak communities. The *de jure* rules, on the other hand, refer to the institutions of market exchange propagated by the various government departments of Nagaland from time to time. North (1993) argues that formal institutions, in order to be effective, have to be compatible with informal institutions. In other words, formal institutions become ineffective when not supported by the informal institutions of a society. This proposal, however, remains incomplete without an exposition of factors that make informal institutions more rigid than formal institutions. In other words, one needs to explain why do informal institutions not change (instantly) following a change in formal institutions in order to be compatible with the latter?⁷

Many scholars have looked into the complex relationship between institutions and human cognition to understand this aspect. Williamson (2000), while taking stock of the status of new institutional economics, acknowledges that an analysis of human cognition is necessary for a proper understanding of governance. North (1993) also acknowledges that cognitive dimensions are the internal representations of institutions, while rules are their external representations. In one of the earliest articulation, Veblen (1919: 26) defined institution as 'settled habits of *thought* common to the generality of man' and 'an outgrowth of habit'. One possible way through which institutions relate to human cognition is perhaps, through its role as organizers of information (Schotter 1981). Such organization of information is key to efficient decision-making by 'boundedly-rational' human beings (Simon 1956). Bounded rationality refers to the limited capacity of human memory to respond to incoming sensory experiences. As a result, it pays attention to new (incoming) information only in a discriminatory manner (Devetag 1999). In such a situation, the pieces of incoming information which can be associated with the pattern existing in memory are favoured over the rest. In other words, incoming information are ignored when some similar pattern cannot be identified in the memory. Anderson (2000) calls such a complex system of cognitive patterns 'cognitive frames', which helps enrich long-term memories. It plays the central role in restricting or guiding the memory structure to interpret new information. In this sense, a cognitive frame is a 'schematic' representation of an individual's perception of the environment built through prior learning and adaptation (Witt 1998; 2000).

Since prior learning and adaptation is a social process, these schemas or frames can be assumed to function as socially shaped filters (Bandura 1986). Note that it is precisely this influence of past experience on the subjective memory structure that makes cognitive processes central to the concept of bounded rationality (Loasby 2001; 2002). Subjectivity in perceiving and making sense of environment explains why past experience has a significant influence on learning, decision-making and economic behaviour. Cognitive frames are, therefore, central to understanding why individuals might stick to a particular mode of perceiving the environment and are often unable to switch to another mode, even in the medium-run (Bhaduri and Worch 2008), giving rise to stability in informal institutions. Informal institutions, however, do change, often through social learning (Bandura 1986; Witt 2008). Bandura proposes two types of social learning: direct and indirect or observational learning. While the first one refers to learning through one's experience with problem situation, the second type of learning refers to learning through observing other's behaviour. Due to bounded rationality, individuals do not pay equal attention to everybody. Rather behaviour of people belonging to one's own community/clan and/or people with high social status becomes subject of close attention. Behaviours change when propagation for such changes is done by these individuals.

In the following section we give an overview of the structures of production, governance and education of the Konyaks to analyze the cognitive aspects of their conventional institutional structure.

Production, Governance and Education in Mon

This section has been written on the basis of primary and secondary information collected through field surveys in Nagaland.

An Overview of Study Area and Field Survey

Study Area

The district of Mon is located in the north-eastern part of Nagaland. It is surrounded by the state of Assam on the north, Arunachal Pradesh on the north east, Myanmar (erstwhile Burma) on the south east and Tuensang and Longleng districts of Nagaland on the south.

Its area is about 1,786 sq km with a population density of 145 persons per sq km, nearly 94 per cent of which are rural.⁸ The district is inhabited by the Konyaks, one of the 16 major tribes of Nagaland. They speak a dialect which bears resemblances with the Tibeto-Burman languages (Elwin 1961; Haimendorf 1933). The district has the lowest literacy rate of 42 per cent reflecting a low spread of formal education systems. Interestingly, however, the health of the people living in Mon does not seem to be that bad. Its average life expectancy hovers around 75 years, and it has the lowest infant mortality rate (IMR) among all the districts in Nagaland (Government of Nagaland 2004).⁹

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The secondary sources include various reports published by the national as well as the state government. These reports provide us with information about the geography, demography and institutional structure at the district level. From these reports we see that Mon district does not have *Mandis*¹⁰ (Government of Nagaland 2011).¹¹ The district is also marked by a complete absence of marketing cooperatives (see Figure 1). The concept of a market, therefore, seems to be quite alien to the Konyaks!

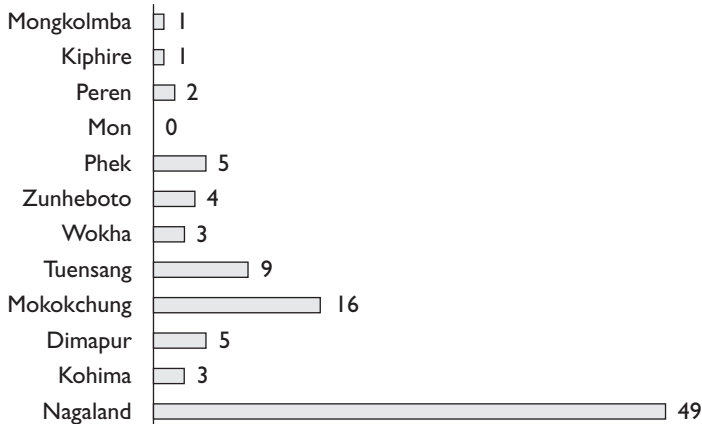


Figure 1. Marketing Co-operative Societies in Nagaland (District-wise)

Source: Registrar of Co-operation Directorate, Statistical Handbook of Nagaland 2007.

Field Survey

The primary sources aided us in exploring the pattern of market exchanges in the respective villages. We conducted the field work in three phases (March 2008, February 2009 and November 2009). We visited six villages in the Mon district, namely, Chenmoho, Choknyu, Chui, Langmeang, Longchang and Lungwa. The interviews were conducted using ethnographical and participatory rural appraisal (PRA) methods. Through these interactions, we tried to understand the various aspects of their production and distribution mechanisms. With open-ended questionnaires we interacted with the members of village council/boards, village pastors and teachers. We also had interactions (informal interviews) with the officials of various governmental departments (Agriculture, Horticulture, Soil and Water Conservation, Land Resources and Environment and Forests) located in Kohima and other district towns. At another level, we discussed with academicians working on shifting cultivations in various universities and research organizations [for example, Jawaharlal Nehru University (JNU), North-eastern Hill University (NEHU), Nagaland University and Nagaland Environment Protection and Economic Development (NEPED)]. We also conducted field works in the districts of Mokokchung and Wokha to compare our findings.

The Interlinked System of Production, Governance and Education

Production Systems

Shifting cultivation is the dominant land-use system and the mainstay of economy for the hill-people in south and south-east Asia, including India's north-eastern region (Dalong 2004). The method of cultivation has different local names in different countries or regions (Borthakur 2002). In north-east India, it is locally known as '*jhum*' meaning *cultivation on hill slopes using hoes* (see also Dev Varman 1971). Though reliable figures about the exact extent of *jhum* land and other related practices are not available, broad estimates indicate that out of the total area of 25.5 million ha. of land in the North-East, about 3 million ha. is under settled agriculture and about 2.7 million ha. is under *jhum* (North Eastern Council 2007). The basic principle of *jhum* cultivation is the alternation of short crop phases (usually one or two years of cropping) with phases of natural (or slightly modified) vegetational fallow (Dalong 2004). It is the tribal population that practices shifting cultivation and comprises 80 per cent and more of the total population in the states of Arunachal Pradesh, Manipur, Mizoram and Nagaland.

Rich tribal diversity exists in Nagaland, and decentralized local institutions often guide their practice of shifting cultivation. In this context, it is important to note that much of the authority of local institutions is derived from a special provision of the Indian Constitution (Article 371A), which protects the tradition and customary laws of the state of Nagaland. According to this provision any act of the parliament, relating to religious, social and customary practices of the Nagas and those relating to land and its resources shall not apply to Nagaland unless it is ratified by the State Assembly. As a result, local institutions of this state have not come in conflict with other sets of formal institution of this country. This is an important case in point, which shows how informal institutions can influence formal institutions. This provision remains a cornerstone of policy making in Nagaland. It has ensured protection and preservation of the unique traditions and customary laws of the various tribal communities.

Around 92 per cent of the land in Nagaland is unclassified and are under the community ownership, which may fall under any one of the four recognized categories, namely, (a) Private land; (b) Clan land; (c) *Morung* land; and (d) Common Village land. The land tenure system in Nagaland is characterized by tribe level and village level diversity. In most of the communities, the major proportion of land is held as common village land, in the form of either *jhum* land or community forestland, Mon being no exception (Figure 2). The land earmarked as *jhum* land does not belong to any individual but to the entire community and the land is regulated by the Village Councils.¹² *Jhum* in Nagaland is practiced in contiguous areas, and *jhum* lands are divided into '*jhum* blocks' to enable the communities to sustain the practice by allowing only one block per year to be used for *jhum* and thereby maintaining appreciable *jhum* cycle (Dalong 2004).

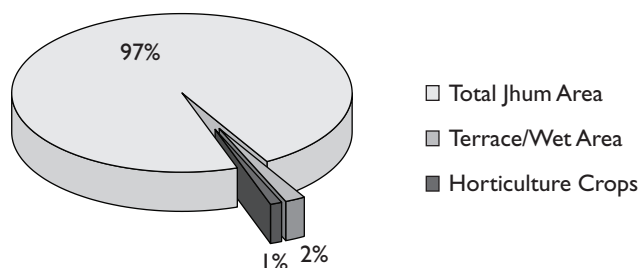


Figure 2 Agricultural Land Use Pattern in Mon 2011

Source: Mon DHDR 2011.

Governance Systems

Conventionally, Naga communities practiced village-based governance systems. For each village, local customary laws shaped the governance of common affairs, maintaining law and order, providing justice and protecting the people from alien aggressions. Although the form of these governance systems varies (ranging from aristocratic to republican to monarchic), there apparently existed a democratic spirit behind these institutions (Elwin 1961; Singh 2008).

Mon is often called the ‘Land of the *Anghs*’. *Anghs* are hereditary chiefs, who work under the Chief *Anghs*. In the entire Mon district, seven ‘Chief *Anghs*’, locally addressed as *Pongyin Angh*, are present.¹³ The *Pongyin Anghs* rule over a group of satellite villages under them. *Anghs* in each village work in consultation with the Village Council. The members of the village councils generally comprise of the ‘village elders’, who administer law and maintain order in the villages. Under the council, there are different boards to look after education, health care, sanitation, water, electricity and development. Each village has a *Morung*—the place to train local youth about the customary laws and practices.

There exists a system of taxation and redistribution in Mon. These taxes are paid in kind, often in terms of a certain share of crops. Along with the compulsory taxes, surplus crops are also given to the *Anghs* who in turn redistribute them among the community members. This appears to be quite unique to Mon. Other districts like Mokokchung and Wokha have less prominent redistribution mechanism. Villagers in these districts allocate surplus crops with neighbours in symmetry based reciprocity, without much intervention from the village council. It may be noted that *Angh*-ship is absent in these villages, which are run only by the village elders.

Education Systems

In the previous section we discussed how the existing pattern of information in memory influences selection of new incoming information, and, the interpretation of problem situations. Insofar as institutions shape our response to a problem situation, they have cognitive underpinnings. Education, one may note, influences one’s dealing with problem situations by shaping memory structures since childhood. To

put it differently, we argue that the systems of production and governance draw the necessary cognitive support from the system of education in a community.

Being a traditional and primitive society, the written form of script is largely unknown to Naga people. Following Douglass North, such a system can, therefore, be characterized as 'informal'. As mentioned above, *Morungs* are the places for providing training and education about customary laws and practices.¹⁴ This institution served the Naga society for centuries and incorporated in its functioning tribal values, life-centred learning and exposure to customary practices and experiences. Here, young men and women grew up under the supervision of the community elders. Through community living, these young men and women got to know each other in a natural way and forged relationships that extended from the personal to the social domain.

The phase of colonial education in Nagaland began in the 1850s when for the first time the western Baptist Christian missionaries made their entry into the Naga hills. Subsequently, they established churches, schools and hospitals, purportedly, for the moral and material upliftment of the Nagas. The missionaries learnt the important Naga dialects and translated the Bible, various Christian hymns and other religious works into the Naga vernacular using the Roman script. Later scholars however argued that the primary intention of these missionaries was not to spread education, but to build up a religious population based on Christianity (Elwin 1969; Singh 2008). Those who had received education were sent out of the villages to teach the principles of Christianity. Schools, therefore, formed a very important part of the missionary programme (*ibid.*).

The significance of the village organizations began to decline with the advent of the British rule and the spread of Christianity in Nagaland. Though the British administrators interfered very little in the local affairs of the Nagas, the new set of rules and institutional systems, which were imposed on the Nagas influenced their movement towards the 'modern' modes of living and development. Moreover, Christianity made a deep impact on the Naga society and contributed to changing the customary practices of the Nagas, making them more and more responsive to the new set of social organizations and religious faith. The new religion asked the Naga believers to part with all their old culture and follow the new European or American culture in almost all spheres of life (Singh 2008). According to Elwin (1969), the introduction of modern education has had a substantial influence on the socio-cultural life of the Nagas. New syllabi taught in the schools set up by the government and missionary people reoriented the mental make-up and vision of the Naga people. The educated Nagas began to understand the differences between tradition and modernity. Note, however, that the spread of modern education in Nagaland is quite uneven even after almost 150 years of involvement of the missionaries. The percentage of people trained in formal education in the Mon district is only about 45 per cent (Government of Nagaland 2011), lowest among all districts and far lower than the state average (66 per cent). The districts like Mokokchung and Wokha, for instance, have much higher number of modern schools and better literacy rates (Government of Nagaland 2004).

We argue on the basis of the preceding discussion that the education system helped develop the schematic frame necessary to maintain the production system and the system of governance in Mon. In particular, maintaining common lands and emphasis on centrality based redistribution crucially depended on respecting the authority of the *Anghs* and the village councils. The schematic frame in conformity with such governance mechanisms was developed, and strengthened, through the traditional *Morung*-based education system.

Transition to Market: An Analysis

The discussions in the previous section highlight that the systems of production and governance are closely linked with the conventional system of education in the Naga society. Their system of education helped shape a schema which would support the method of shifting cultivation and related governance and administration in each tribe. Markets for products rarely exist for the *Jhumia* communities of the three districts we have surveyed. Modes of resource allocation in these societies are generally based either on reciprocity or redistribution. As signs of innovation, we, however, observe a movement, away from these non-market modes of allocations, towards market based allocation at varied speed.

In the Mon district, where monarchy prevails, the dominant form of allocation is redistribution. The *Angh* considers it his main duty to provide food and other supporting mechanism to a family who is deprived of basic needs. The surplus production in his village is distributed first among the community members, and then for livestock. Only the residual finds its way to nearby markets. Note that marketable products, in this village are still the food products. Production of cash crops has a limited presence in the villages of Lungwa and Choknyu. In case of Lungwa, cash cropping has been initiated under the National Agricultural Innovation Project (NAIP) of the Indian Council of Agricultural Research (ICAR).¹⁵ Ironically, the response of the farmers towards cash cropping is not encouraging since it affects the profile of subsistence crops in the long run. For Choknyu, the initiative to grow cash crops like oranges has been taken by the State Horticultural Department of Nagaland. The response of the villagers, however, is very similar to that observed in Lungwa. Note that these villages have a smaller presence of modern school education and, therefore, more influence of the *Morungs*, which reinforce the beliefs in the centrality based redistribution by the *Anghs*.

In comparison, districts like Wokha and Mokokchung have shown a stronger tendency towards market based exchange, especially for cash crops. Note that these villages do not have *Anghs*, and do not, conventionally, practice redistribution. The village councils are run by the collective leadership of the 'village elders'. Decision-making in these districts can therefore be said to be more decentralized, which is reflected in their allocation mechanism as well. Lands are distributed by the village councils and surplus crops are transacted reciprocally by the community members without much intervention of the village councils. In fact, these

communities have historically engaged with reciprocal transactions with other Naga tribes and the Ahom rulers of Assam in the pre-British era (Gait 1926).¹⁶ In our view, villagers of these districts learned the rule of market exchange faster because of their earlier practice of decentralized, symmetric reciprocal modes of transaction. In other words, the ‘schematic distance’ between market exchange and reciprocal transactions can be argued to be less than that between redistribution and market exchange, primarily because both market exchange and reciprocity, unlike redistribution, rely more on symmetry and less on centrality. Ideally, of course, market exchange is different from reciprocity because in the former goods are exchanged solely on the basis of their prices (and quality characteristics), while in the latter the social identity of buyers and sellers have an important bearing on prices and transactions. The aspect of price determination in these emerging markets, however, needs further analyses to throw light on this issue.

The relative similarity, or lack of it, between market exchange and the existing mode of transactions, however, explains the transition to market only partially. We argue that the educational system also influences this process. First, modern education puts more emphasis on the importance of individual rights and aspirations and, thereby, legitimizes economizing behaviour in market exchange. Second, which may be more specific to our study area, modern education has initiated a process of social learning of an interesting type. Since school education is formally structured and designed to educate the villagers about modern societies and practices, it is only natural that after completing school education, the young generation would go out of their villages for higher education. Such exposure to higher education gives them job opportunities in various government departments and other autonomous organizations. Often these individuals go to their native villages to propagate the various government schemes. Their newly acquired social status has been found to have helped them win over the village councils in many cases. We have mentioned earlier that the districts of Mokokchung and Wokha have higher literacy than Mon. Consequently, almost all the state government departments have a better representation of the Aos (a tribe from Mokokchung) and Lothas (a tribe from Wokha). These officials play a pivotal role in introducing governmental policies in their villages. For instance, the programmes under NEPED, which encourages market entrepreneurship have got good response in these districts as compared to Mon. Note that such changes involve uncertainty. The villagers in such uncertain circumstances ‘trust’ the officials from their own communities. In case of Mon, since officers are rarely Konyaks, villagers representing the council often find it difficult to accept the logic of the governmental programmes, further slowing down the speed of transition to market.

Conclusion

We observe that the speed with which communities move to market based exchange varies: the communities governed by centrality and monarchy seem to make the transition at a slower rate than the communities practicing symmetry

based reciprocity. We also observe that governance patterns are linked closely with the systems of production and education. Excessive policy push to expedite the process of transition either through command and control or by offering short run incentives, which are mostly directed to alter the system of production, alone may not make such transitions effective. Sengupta (1980) found that abrupt change in the institutional framework of agriculture from patronage and centrality to private property and market exchange during the British period had left the peasants in a hapless situation, and increased uncertainties. Similarly Joshi (1974) highlighted how a radical and fast land-reform in independent India had hurt the poorest the most. Alternatively, one may think of strengthening the system of 'modern' education, which establishes a particular mode of processing information, and develop a schema, more akin to market. However, changing the educational system also is far from being a smooth process, and such attempts by the missionaries have in the past faced resistance from the Naga communities. As mentioned, Article 371A of the Indian Constitution also provides these communities the necessary flexibilities to adhere to their social norms and governance practices. Summarily, therefore, the policies should address the complex whole of production–governance and education in a comprehensive manner so that transition to market does not cause socio-economic distress in the process of economic development. Moreover, future research is also needed to explore the form of such markets. Since collectivism has had a dominant influence on allocation in these societies, people may find transition to a form of 'unregulated' market, emphasizing solely on individualized impersonal exchange, too uncertain. Further research should be carried out to analyse how the emerging forms of market incorporate the various socio-cultural values to reduce such uncertainties.

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Notes

1. Presently Nagaland has 11 districts. The *Nagaland SHDR* 2004 undertook the study for eight districts. See Table 1.
2. The health scenario is better in Mon district as compared to the other districts. See Table 1.
3. See also Strathern and Stewart (2005); Yan (2005).
4. Social relations are not exploitative in the sense that one group does not extort product or labour from the other throughout the entire developmental cycle (Polanyi 1957).

5. As Geertz (1978) points out, various socio-cultural factors may determine access to information and cidentalization even in a market exchange. A real-world market is not, therefore similar to perfect competitions. However, property rights are assigned clearly to individuals to enable the process of exchange in any market.
6. Lee (2003) points out that among the hunter-gatherer Dobe Ju/'hoasis tribe in Botswana, the meat brought by hunting does not belong to the hunter but rather to the owner of the arrow used for hunting. Thus, it is the owner of the arrow, and not the hunter, who (re)distributes the meat.
7. Cooter (1998) indeed suggests that law can change social values by imposing 'a psychological penalty to a forbidden act'. Interestingly he argues that such changes in social norm may take place without changing the individual values. In such scenarios the incompatibility between formal and informal institution would disappear to a large extent.
8. Mon district has 111 villages, as recorded under the Statistical Handbook of Nagaland, 2007.
9. In 2006, the Ministry of Panchayati Raj named Mon as one of the country's 250 most backward districts (out of a total of 640). The district is currently receiving funds from the Backward Regions Grant Fund Programme (BRGF), a scheme under the Ministry of Panchayati Raj, Government of India.
10. The word '*Mandi*' is used to denote 'a market place' in many Indian languages.
11. According to the study conducted by Indicus Analytics Pvt. Ltd., for the Ministry of Agriculture (2004), 22 *Mandis* (Wholesale Agricultural Produce Assembling Markets) were available in the entire state of Nagaland.
12. Village Councils in Nagaland are autonomous local bodies. The Nagaland Village and Area Councils Act, 1978 empowers village councils to take all decisions based on their customary laws.
13. They live in the villages of Mon, Chui, Shengha Chingnyu, Lungwa, Choknyu, Jaboka and Tangnyu.
14. For the Colonial Administrator, James Phillip Mills (1926), *Morung* was an informal school of a Naga child.
15. The basic objectives of the NAIP include poverty alleviation and income generation by collaborative development and application of agricultural innovation by the public research organizations in partnership with the farmer's groups, the private sector, civil society organizations and other stakeholders. For details visit <http://www.naip.icar.org.in/> (accessed on 19 December 2011).
16. Such transactions later became less regular due to the Yandabo Treaty of 1826. By this treaty, Assam came under the regime of British India that brought an end to the First Anglo-Burmese War. See Gait (1926) for details.

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