

Present Scenario of Rural Industrialization in Arunachal Pradesh: An Analytical Study

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Article History

Received: 27.05.2026

Accepted: 15.07.2026

Published: 24.07.2026

Journal homepage:

<https://www.easpublisher.com>

Quick Response Code



Abstract: Rural industrialisation has become an important aspect of inclusive economic growth, job creation, poverty alleviation and balanced regional development in India. In Arunachal Pradesh, with over two-thirds of the population in rural areas and agriculture being the key activity, the process of industrialisation in rural areas has emerged as a vital tool for livelihood diversification and a way to curb dependence on subsistence farming. The state has vast natural resources, high biodiversity, traditional skills and unique cultural heritage, which offer tremendous potential for rural industries development. The important sectors that have been developed in the rural area are Handloom, handicrafts, bamboo & cane-based industry, food processing, agro based industry, forest-based industry and also the rural tourism. Though the industrial potential is huge, the rural industrialisation is marred by many other problems like lack of infrastructure, remoteness, lack of market connectivity, lack of access to finance, technology backwardness and lack of skilled man power in Arunachal Pradesh. The present scenario of rural industrialisation in Arunachal Pradesh is analysed with emphasis on its growth, achievements, challenges, government initiatives and prospects.

Keywords: Job Creation, Poverty Alleviation, Livelihood Diversification, Subsistence Farming.

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INTRODUCTION

Rural industrialisation is the establishment and development of non-farm economic activities in rural areas especially of the small scale and household enterprises using local resources and labour. Industrialization is a more important element of rural development in the state of Arunachal Pradesh because of the strong reliance on agriculture, less development of industry in urban area and the high percentage of tribal population living in rural area. Diversification of rural livelihoods through micro and small industries is crucial in employment creation and poverty alleviation in hill and tribal areas, according to development scholars (Todaro & Smith, 2020). The state has distinct ecological and cultural assets which offer good opportunities for traditional knowledge-based rural industries.

Rural industrialisation is regarded as a promising measure to provide jobs, alleviate poverty and achieve even regional development in backward areas. Rural industries are very important in livelihood diversification in Arunachal Pradesh, where the industrial activities are still underdeveloped and agriculture and allied activities rely on a big population. (Deb, 2012)

Industrialisation has been seen as a key element of economic development for a long time. But the industrial clustering of industries in the urban areas may result in regional inequalities, migration and uneven development. Rural industrialisation aims to resolve these issues through establishing industrial and business activities in rural areas, resulting in job creation and utilization of local resources.

Rural industrialization has a special importance in Arunachal Pradesh as the state has a highly rural population, tough topography, dispersed population and limited industrial base. Traditionally, the state's economy relies on agriculture, horticulture, animal husbandry and forest resources. A key focus of policy has been rural industries to ensure sustainable economic growth and enhancement of rural livelihoods over time (Government of India, 2024).

The tribal communities have rich tradition of handloom and handicrafts, availability of bamboo, cane, medicinal plants, fruits and tourism potential base for rural industrialisation. The promotion of micro, small and medium enterprises (MSMEs) has also contributed

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to the additional opportunities for entrepreneurship and employment creation in rural areas.

The state has a huge potential for the development of rural industries owing to its rich natural resources, huge bamboo and cane reserve, traditional craftsmanship and indigenous knowledge systems (Mandal, 2014).

Concept of Rural Industrialisation

Rural industrialisation can be defined as the initiation and development of industrial and entrepreneurial activities in the rural areas based on locally available resources, labour and indigenous knowledge. It includes cottage industries, village industries, small scale manufacturing units, agro processing industries, handicrafts, hand looms production and rural service industries.

From the economic development point of view, the role of rural industrialisation in contributing to:

- Employment generation;
- Improved access to education; and
- Improvements in women's health and nutrition; and
- Promotion of entrepreneurship;
- Improvement in the quality of rural life; and
- Balanced regional development;

Sustainable use and management of local resources

Rural industrialization in Arunachal Pradesh is indigenously related to the traditional tribal livelihoods and production systems. Traditional tribal occupations of rural area in Arunachal Pradesh are the roots of the rural industrialisation. Prior to modernization, the majority of the tribal people were self-reliant in the making of textiles, bamboo products, wooden handicrafts, farm implements and domestic implements. In the past ladies of almost all the tribal groups have been involved in handloom weaving such as Adi, Nyishi, Apatani, Monpa, Galo, Tagin and Mishmi. Likewise, the bamboo and cane handicraft industry was a part of rural economy. Local materials were used by traditional artisans in the making of various items such as baskets, mats, hats, fishing paraphernalia, furniture and ceremonial items (Mandal, 2014). After the Independence of India, the Government intervened to encourage the establishment of cottage industries and small-scale industries. The setting up of industrial training centres, handicraft promotion agencies and financing institutions slowly reinforced the industrial development in the rural area.

OBJECTIVES

The study aims at achieving the following objectives:

The present study is aimed at analysing the temporal and spatial aspects of rural industrialization in Arunachal Pradesh in terms of growth pattern of industries, distribution of rural industries across different districts of Arunachal Pradesh and employment generation. It also aims to evaluate the potential of

government policies and institutional instruments to support rural industrial development, and to pinpoint main bottlenecks for sustainability and growth.

RESEARCH METHODOLOGY

The study adopts descriptive and analytical research design, with secondary data that has been analyzed. The data have been gathered from publications by the Ministry of Micro, Small and Medium Enterprises, Census of India, Directorate of Industries (Government of Arunachal Pradesh), NABARD Reports, and academic literature. Data are tabulated and interpreted using percentage analysis and comparative method District-wise and Sector-wise. The analysis is based on consolidated and indicative figures, because of the lack of district level industrial surveys with updated data.

PRESENT STRUCTURE OF RURAL INDUSTRIES

Handloom and Handicraft Sector

The handloom industry is one of the most important sectors in the process of rural industrialisation in Arunachal Pradesh and plays an important role in socio-economic and cultural lives of the tribal people. The weaving craft was traditionally practiced by many tribes of the state, which is deeply rooted in the custom, identity and the daily life of the people of the state. Handloom weaving is mainly a domestic craft, where women are the leading producers and artisans of traditional fabrics, embodying the cultural heritage of their communities. Nearly all tribal households have the ability to weave and the products are a key part of their livelihood and income. The traditional clothing like gales, shawls, skirts, jackets, ceremonial dresses and decorative textiles are highly appreciated both in the state and in the external markets for their unique designs, colour and motifs. It is the use of indigenous knowledge, traditional craftsmanship and local resources that are paramount in the sector, and with the rise in commercialisation, this has opened opportunities for artisans to exhibit and be a part of trade fairs and digital marketing platforms. Jini and Chatterjee (2024) have emphasised that the handloom industry is important in maintaining cultural values and is one of the best ways to provide economic empowerment, especially for women in rural communities. The Government of Arunachal Pradesh came up with the Handloom and Handicrafts Policy 2025 to strengthen and consolidate institutional support, enhance market access, improve skills and provide more opportunities for Handloom and Handicrafts artisans and weavers to expand their business and tap into wider markets.

Handloom and Handicraft is one of the most significant livelihood activities of the tribal population of Arunachal Pradesh (Mandal, 2014). The sector promotes culture and cultural values of various tribes and at the same time provides income for the household. Traditional textiles, masks, wooden items, canes and

bamboo products, carpets are among the main products in the rural sector.

Mandal (2014) also noted that there are many applications of bamboo and cane products in the rural economic system as it is used for household use, agriculture and commercial purposes.

According to Sharjo and Garg (2025) the handloom and handicrafts sector is still one of the biggest cottage industries and still offers significant employment opportunities, especially in the fields of women and tribal people. The authors stressed that the sector plays a significant role in the balanced development of the region and the preservation of culture.

The handicrafts industry in Arunachal Pradesh is yet another important sector in the process of rural industrialization and is a key component in maintaining traditional livelihoods and traditional culture of the states tribal groups. Handicrafts are a diverse range of products that include bamboo and cane-made products, carpets, wood crafts, metal crafts, masks, pottery, traditional ornaments and decorative handicrafts that are representative of the artistic skills and cultural values of the local community. The sector is an example of resource-based rural industrial development as these products are manufactured with indigenous methods and local raw materials. In addition to its cultural value, the handicraft industry is a primary source of ancillary income for farmers and also creates jobs, especially for women and artisans, in rural areas. The sector is very special with bamboo and cane crafts, due to the availability of bamboo in the state and traditional knowledge of bamboo utilization. Handicrafts are not just a source of income for the households, but also act as an important means of sustaining the cultural identity and economic sustainability of tribal communities (Mandal, 2014). The sector has also been boosted in recent years by innovation and entrepreneurship promotion measures through government initiatives. The Arunachal Pradesh Bamboo and Cane Technology Centre is a significant milestone in the modernization of production methods, product quality, and competitiveness of bamboo-based businesses in both domestic and international markets.

Agro-Based Industries

The agro based industries have emerged as an important contributor to the agro industrialization in Arunachal Pradesh in terms of value addition, income generation and employment generation in rural areas. The agro-climatic conditions are favorable for growing various crops and horticultural crops, which provide a significant processing and value addition potential to the state. Industrial activities related to agriculture are processing of fruits, processing of spices, ginger processing, orange processing, tea production, honey processing and food preservation. The state Arunachal Pradesh is especially known for its horti crops like

oranges, kiwis, apples, pineapples and big cardamom which have immense market potential. Local processing units can help minimise post-harvest losses and raise farmers' incomes while providing more jobs in rural areas. Moreover, agro-processing industries play a role in the diversification of the rural economy by establishing linkages between agriculture, industry and markets. Value addition and product diversification by agro-based industries can help to make the traditional agriculture into a commercially viable business that can make a contribution to the economic development of the rural people.

Forest-Based Industries

The forest-based industries are one of the significant sectors of industrialisation of the rural areas in Arunachal Pradesh with its vast forest cover and rich biodiversity. With abundant forest resources, there are great possibilities for the development of industries based on bamboo processing, cane-based enterprises, processing of medicinal plants and extraction of essential oils, and the use of non-timber forest products. In addition to providing jobs, these industries help to ensure sustainable use of natural resources. Bamboo and cane processing industries are prominent due to the availability of raw materials and an increasing demand for environmentally friendly products. Likewise, the forests of Arunachal Pradesh have a rich diversity of medicinal and aromatic plants with potential applications in the pharmaceutical, cosmetic and herbal sectors. Yet the sustainable operation of forest industries relies on the implementation of environmentally sound practices and management strategies. Forest-based enterprises can play an important role in generating income for rural people, while also protecting the environment and biodiversity if they are managed sustainably.

Rural Tourism Enterprises

Arunachal Pradesh's cultural heritage, scenic beauty, rich biodiversity and vibrant tribal lifestyle make rural tourism a potential area of rural industrialisation in the state. Eco-tourism, cultural tourism, adventure tourism and homestay-based tourism is an emerging opportunity in the rural livelihoods. This is what has been happening as more and more households from the rural areas are engaged in activities related to tourism including homestay, traditional food business, selling handicrafts, cultural programs and nature guiding. These activities not only provide extra income but also help to boost the local culture and traditions. Rural tourism also fosters sustainable economic development and the maintenance of traditional knowledge systems through the development of marketable products and experiences based on traditional knowledge. Government measures to improve the tourism infrastructure, skill development programmes and promoting entrepreneurship have further reinforced the importance of tourism as a rural industry. This has made tourism a significant way of income generation and employment creation in remote and rural areas of the State of Arunachal Pradesh.

MSMEs' role in rural industrialisation

Micro, Small and Medium Enterprises (MSMEs) are the backbone of the rural industrialization in Arunachal Pradesh as it fosters entrepreneurship, employment generation and utilization of local resources. The MSME sector offers an opportunity to individuals and communities to start businesses using local raw materials and traditional skills. The sectors of handloom, handicrafts, food processing, bamboo-based industries and other small-scale manufacturing and service are especially robust in rural MSMEs. These businesses play an important role in the income diversification, skill enhancement and economic empowerment of the rural populations. Moreover, MSMEs contribute significantly in the reduction of rural poverty and the reduction of migration movements as well, by generating employment in the local community. The Government of Arunachal Pradesh has recently implemented a slew of policy changes to enhance the investment climate, streamline business processes and promote private sector investment. The measures are anticipated to boost the possibilities of MSMEs for better growth and increase their role in the industrial development of rural areas and regional economic transformation.

Districts Sectors of Rural Industrial Activities

Rural industrialization is different across the districts as natural resources, tribal traditions, market access and infrastructure are different.

East Siang District

East Siang is known for handloom weaving, Handicrafts, bamboo products and horticulture. The Adi

community has also rich weaving traditions and their weaves are renowned in the North East.

Lower Subansiri District

The Apatani community has evolved innovative agriculture system to sustain agro based industries and rural tourism. Hand weaving of cloth and handicraft making is still a key activity in the household.

West Kameng and Tawang Districts

The districts are famous for carpet weaving and manufacturing products using wool, traditional textiles, and tourism businesses. Monpa people have maintained unique handicraft traditions which are attractive to domestic and international tourists.

Lohit and Anjaw Districts

Weaving and making crafts from bamboo are significant livelihoods. Weaving centres and training programmes have been established to help the artisans produce and sell their work. Programmes for training and marketing have been set up to support local artisan businesses.

Papum Pare District

As Papum Pare is located near the state capital, the infrastructure and market connectivity are relatively good. The district has many small-scale units, handicraft units and processors units.

Rural Industrialization – District Wise Trends

There is a high inter-district variation in the rural industrialization in Arunachal Pradesh with regard to accessibility, population density and raw material availability.

Table 1: District-Wise Distribution of Rural Industrial Activities

District	Dominant Rural Industry	Level of Industrial Activity
Papum Pare	Handloom, agro-processing	High
East Siang	Rice milling, weaving	High
West Siang	Bamboo & cane crafts	Moderate
Lower Subansiri	Handloom, forest produce	Moderate
Tirap	Handicrafts, minor processing	Low
Changlang	Forest-based industries	Moderate
Upper Siang	Traditional crafts	Low
Other Districts	Dominant Rural Industry is not found	

Districts along major transportation corridors are relatively higher in their industrial activity, and the rest of the districts in the interior are still limited by infrastructure limitations.

District-wise Pattern of Rural Industrialization

There are significant variations in the rural industrialization process in Arunachal Pradesh at district level, mainly attributed to variation in connectivity, administrative concentration, resource endowment and the distance of the rural areas from the urban areas. Rural industrial activity is comparatively higher in the districts like Papum Pare, East Siang, West Siang and Lower

Subansiri while in more remote border districts it is comparatively less. Micro and small businesses, especially in trading, food processing, repairing, and construction services have developed well in these districts because of administrative headquarters, improved road infrastructure, market accessibility, and other factors. Thus, with the urban spillover effects, Papum Pare district is attracting MSMEs as it is located near the state capital Itanagar, making it an industry hub.

The districts of Anjaw, Upper Subansiri, Upper Siang and Dibang Valley, however, have seen only a small amount of industrial development in the rural

areas, owing to their extreme geographical isolation, low population and poor infrastructure. These are the districts where the process of rural industrialization is restricted to house based traditional handicrafts, forest-based processing and small retail trade. A lack of reliable market linkages and institutional support have limited the ability to upscale rural enterprises, leading to an industrial structure which is subsistence oriented.

Districts along road corridors and river valleys exhibit relatively high levels of diversification of rural economic activities. For example, with the development

of transport, small-scale manufacture and agro-processing units, the rural non-farm employment rate is higher at the East Siang district. This means that infrastructure determines the spatial structure of rural industrialization in a state to a large extent.

Sector-Wise Composition of Rural Industrial Activities

The structure of rural industries in Arunachal Pradesh shows a clear dominance of traditional and resource-based sectors.

Table 2: Sector-Wise Distribution of Rural Industries in Arunachal Pradesh

Sector	Major Activities	Estimated Share (%)
Handloom & Weaving	Traditional textiles, shawls	35
Handicrafts	Bamboo, cane, wood crafts	25
Agro-Processing	Rice mills, oil extraction, spices	20
Forest-Based Industries	Medicinal plants, NTFPs	10
Others	Repair services, rural workshops	10

The handloom industry is still the largest contributor to employment in the rural sector owing to the continuity of culture and the family-based nature of the production chain, commonly known as MSME (MSME 2022).

1 Agro-Based and Food Processing Industries

The agro based industries are the most significant sector under rural industrialization in Arunachal Pradesh. Rice, maize, millets, fruits, spices and horticultural produce are processed small-scale and these activities are included. Agro-processing is a viable option for value addition and income generation, due to its importance in rural livelihoods. But the industry is still relatively unorganized and mostly non-mechanized and non-mechanised with low productivity. The availability of raw materials in the season, lack of storage facilities and limited access to markets are factors that limits the development of agro-based rural industries.

2 Handloom, handicrafts and traditional industries

In Arunachal Pradesh, handloom and handicraft activities are a part and parcel of rural industrialization in the midst of the tribal communities of the state, who are deeply rooted to their traditional culture. Most of these industries are household-based and use indigenous skills that are handed down from generation to generation. Woven textiles, bamboo and cane products, wood carvings and traditional ornaments provide additional income for the rural households. These industries are of significant cultural and economic importance, but are constrained by problems of design innovation, standardization of quality, branding and market integration, which restrict their commercial potential beyond the local market.

3 Construction and Infrastructure-Linked Activities

Arunachal Pradesh is seeing a significant shift towards the construction industry as a significant source

of non-farm employment in rural areas, especially in districts experiencing infrastructure development. Rural industrialization is manifested here in the form of small contractor units, material supply units, transport services and skilled and semi-skilled labor engagement. Construction-related activities also exhibit the multiplier effects of government investment in roads, bridges, and government buildings. This industry has a high employment potential, but is also dependent on the ups and downs of public expenditure and not sustainable without other industrial diversification.

4 Trade, Transport, and Service Enterprises

In the state, the trade and service enterprises are the part of growing rural industrialization. Since the region's demand for these services is growing in rural communities and connectivity has improved, the number of small retail stores, repair shops, transportation and hospitality services has grown. The activities are vital to ensuring rural integration into regional markets and movement of goods and services. But, the dominance of informal operations and low investment in capital limits the productivity growth and scalability of enterprises in this segment.

COMPARATIVE ASSESSMENT OF DISTRICT AND SECTORAL TRENDS

A comparative analysis of the district level and Sector level trends indicates that the industrialisation process in the rural areas of Arunachal Pradesh is not uniform and fragmented. The higher the infrastructure and administrative presence in the district, the more sectoral diversification is observed, and in remote districts, traditional and subsistence-oriented activities dominate. Industries have developed at different rates sectorally, with construction and services being the fastest-growing industries, and agro-processing and manufacturing the slowest, suggesting a pattern of consumption-led instead of production-led rural

industrialization. This imbalance underscores the need to develop targeted interventions that facilitate the development of productive sectors that can create sustainable jobs and value addition.

Prime Minister's Employment Generation Programme (PMEGP)

Rural industries are an important source of supplementary livelihoods, including for women and marginal farmers in Arunachal Pradesh. It has been found that handloom and handicrafts generate seasonal and part-time jobs, which helps in decongesting migration and improving the income security of the households (NABARD, 2021). Women have higher representation in activities of weaving and food processing, which helps to improve social inclusion.

The Prime Minister's Employment Generation Programme (PMEGP) has proved to be one of the most significant initiatives of the Government of India for industrialization in rural areas in Arunachal Pradesh. The scheme offers financial support to the budding entrepreneurs to start micro enterprise in manufacturing and service sectors. PMEGP has enabled the development of many micro enterprises in the villages, providing jobs and opportunities for self-employment, through the access to credit and the provision of subsidies. The programme has proven to be very useful to young people, women and first-generation entrepreneurs who want to build sustainable livelihood enterprises.

Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM)

The Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM) plays a crucial role in promoting rural entrepreneurship and livelihood diversification in Arunachal Pradesh. The mission facilitates the development of enterprises and the provision of self-employment at the level of Self-Help Groups (SHGs), community institutions and village level enterprises. Its flagship initiative is the Start-up Village Entrepreneurship Programme (SVEP) which offers entrepreneurs from rural areas training, financial aid, mentoring and business development. The objective of the programme is to establish a conducive environment for the growth of enterprises and sustainable livelihoods in rural communities through the interventions.

Self-Help Groups (SHGs)

Self Help Groups have emerged as a very potent tool for rural industrialisation and socio-economic development in Arunachal Pradesh. The women's SHGs are actively involved in many income generating activities such as handloom making, food processing, bamboo craft making and local marketing. The learning groups are established to enable rural women to act collectively, access financial services, acquire skills and promote entrepreneurship. SHGs have made major contribution to women empowerment and improving

household income through their savings, their credit activities and their enterprise development activities. SHGs have been strongly encouraged by the Government of Arunachal Pradesh and NABARD as a tool for economic development and inclusive growth at the grassroots level.

One District One Product (ODOP)

The One District One Product (ODOP) is an effort to encourage specialization, value addition, branding and market development of district specific products. The programme is based on the idea of focusing on local products that have unique characteristics and commercial potential. The ODOP is designed to promote production, processing, packaging and marketing; improve competitiveness of the products; build sustainable livelihoods and to strengthen local economies. The project also enables integration of traditional products in bigger regional, national, and international markets.

Bamboo Development Initiatives

Due to the huge bamboo resources and the tradition of using bamboo in Arunachal Pradesh, bamboo development programmes have been gaining importance in the context of the rural industrialisation in the state. The recently established Bamboo and Cane Technology Centre is to encourage innovation, entrepreneurship and skill development in the bamboo-based industries. The centre offers technical assistance, training and research facilities to enhance production technology, product diversification and competitiveness in the market. These schemes will create job opportunities, value addition, and boost the bamboo economy as a key contributor to sustainable rural industrial development in the state.

CONSTRAINTS AND CHALLENGES FOR RURAL INDUSTRIALIZATION

Though there is policy support, the industrialization of the rural areas in Arunachal Pradesh is hampered by a number of problems such as lack of good road connectivity, high transportation costs, the absence of modern technology, inaccessible credit and insufficient marketing networks. The delicate ecological situation also demands sustainable industrial activities, especially those dependent on forests.

Some of the critical issues are covered below:

Although significant improvements have been made, there are still a number of restrictions which limit the progress of industrialisation in rural areas.

Inadequate Infrastructure: The transportation infrastructure is inadequate, with unreliable electricity supply and weak communication infrastructure, which raises the production costs and lowers competitiveness.

Market Accessibility Problems: Geographical isolation and inadequate marketing networks are some of the

challenges faced by many rural producers in accessing the national and international markets.

Financial Constraints: Many rural entrepreneurs are not having access to institutional credit. Informal finance sources are commonly used by small producers.

Technological Backwardness: There is a lack of productivity and product standardization in traditional production methods. Widespread availability of modern machinery and technological innovations are not available.

Skill Gaps: While there is a wealth of traditional skills, modern entrepreneurial and managerial skills are still lacking.

High Transportation Costs: The state's mountainous landscape substantially drives up transportation costs and makes it harder to make profits. The competition came from machine-made products. Machine Made Products were the competitors. The traditional handloom and handicraft products are increasingly losing competition to cheaper mass-produced products.

Emerging Opportunities: There are a number of emerging trends that provide new opportunities for rural industrialisation in Arunachal Pradesh.

Digital Marketing: Through digital platforms, artisans and entrepreneurs can reach larger markets.

Bamboo Economy: The potential of the bamboo-related industries is increasing due to its increased demand for eco-friendly products.

Organic Products: With growing consumer demand for organic products, there are opportunities for agro-processing businesses.

Border Area Development: The Vibrant Villages Programme and other infrastructure development initiatives could enhance access to the remote rural areas and provide its inhabitants with new business opportunities.

Developing Rural Innovativeness and Entrepreneurship:

Digital technologies can help enhance market access and productivity in the rural sectors and entrepreneurial performance. The transformative impact of digital innovations in rural economies has become a subject of increasing research on rural entrepreneurship.

POLICY IMPLICATIONS

The spatial and sectoral variations in industrialisation of the rural areas indicate that a uniform policy approach may not be suitable for Arunachal Pradesh. Developing a plan to support rural industrial development in a balanced way requires strategies

specific to the district, based on the district's resource potential, connectivity, and skill sets. Increased institutional support, technological upgrading, and access to markets are needed to increase competitiveness of agro-based and traditional industries. Meanwhile, the need for formalisation and skills development in the service and construction industry is to enhance its productivity and quality of jobs. Ensuring linkages of district level planning and targeted interventions in the sectors can give a boost to the rural industrialization of the state.

The government's initiatives like MSME development programmes, cluster-based approaches and credit support from NABARD have been a major factor in boosting the infrastructure of the rural industries. PMEGP and SFURTI are such schemes that are launched to support the self-employment and traditional industry clusters. But, issues with implementation and limited market integration remain to be a challenge for outcomes.

The study recommends enhancing rural industrial clusters, infrastructure connectivity, skill development in line with the resources available in the area and improving digital and physical market access. Fostering value-addition and branding indigenous products can make a significant contribution to the income realization of the rural producers. A multi-pronged approach of infrastructure, sound policy, institutional and market interventions are necessary to overcome the diverse challenges of rural industrialization in Arunachal Pradesh.

First, physical infrastructure needs to be improved by investing in rural roads, secure power supply, and industrial parks and common facility centres for lowering transaction costs for rural businesses and bringing about supply chain connections with regional and national markets. Infrastructure development will directly contribute to the production, distribution and market connectivity for products coming from remote rural areas (Bhattacharjee & Sinha, 2026).

Second, the increased availability of formal financing to rural entrepreneurs is key. The strengthening of micro credit institutions, reduction in collateral and increasing awareness and availability of government initiatives such as PMEGP, Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) and other specific rural credit initiative can help this. Access to credit needs to be accompanied by financial literacy campaigns to encourage proper use of credit.

Third, capacity development in terms of skill building and technology upgrading would facilitate rural producers to enhance product quality and improve production efficiency. Skill gaps can be addressed with modern vocational education and training programmes, customized in the field of crafts, agro-processing and

digital platforms, which can boost competitiveness in domestic and international markets.

Fourth, to expand beyond local markets, rural enterprises require marketing support and the building of a brand. Rural producers can leverage larger consumer markets through initiatives like rural product exhibitions, digital marketing platforms, and/or collective rural branding partnerships. Market networks for indigenous products (IJFANS) can be boosted through partnerships with e-commerce companies and national fairs.

Fifth, socio-cultural obstacles to entrepreneurship can be addressed through strengthening institutions and engaging stakeholders. The active involvement of community organisations, self-help groups (SHGs) and producer cooperatives in enterprises can help to ensure local ownership and collective branding, improving industrial performance.

Finally, policy reform and monitoring implementation should aim at minimising the bureaucratic barriers, simplifying the regulatory process and facilitating beneficiaries' access to existing schemes. Review mechanisms and a systematic system of performance assessment based on data can be used to detect implementation gaps and enhance the impact of development programmes in rural industrial sectors.

Future Possibilities of Rural Industrialisation

The future of industrialisation in rural areas in Arunachal Pradesh looks bright. There are several reasons for the positive forecasts.

First, the gradual improvement of the connectivity through infrastructure development is a part of central and state government programmes. Stronger infrastructure in terms of roads, telecommunication and electric power will boost the competitiveness of industry.

Second, the penetration of digital increases the opportunities for e-commerce, online marketing and digital entrepreneurship. The rural artisans can get access to the national and international market directly without depending on the intermediaries.

Thirdly, the comparative advantages of Arunachal Pradesh are very well suited to the growing demand for sustainable, handmade, organic and culturally authentic products in the world.

Fourth, in this regard, the establishment of bamboo technology centres, artisan hubs, entrepreneurship development programmes and handloom policies are building a conducive environment for industrialization.

Last, traditional knowledge can combine with current technologies to produce innovative goods that

can be competitive in high-end markets and retain cultural identity.

CONCLUSION

Current state of industrialization in Arunachal Pradesh, a rural area, marks a great achievement and still shows several problems. Traditional activities like handloom and handicraft, bamboo and cane craft, agro-processing, and rural tourism are still significant contributors to employment opportunities and livelihoods in rural areas. Growth of rural industries has been helped a great deal by the activities of government, MSME development programmes, SHG movements, and entrepreneurship promotion programmes.

Inclusive and sustainable development in Arunachal Pradesh continues to be greatly attributed to rural industrialization. The sector has experienced continuous growth in traditional and agro-based industries, but implementation of policy measures, investments in infrastructure, and integration into the market will be crucial for sustaining its growth. The strategy of the district and sector-based approach should be the key to maximizing the potential of rural industries in the State.

Yet, poor infrastructure, market constraints, financial constraints, technological gaps and geographical isolation remain as important challenges to fast industrial growth. The future strategies should emphasize on improving the rural infrastructure, the development of digital connections, skill enhancement, access to finance, innovation, and strengthening market linkages. With modern tools of entrepreneurship and sustainable use of local resources, rural industrialisation can be a key enabler to inclusive and sustainable development in Arunachal Pradesh.

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Cite This Article: Wangda Gyatso Gyana (2026). Present Scenario of Rural Industrialization in Arunachal Pradesh: An Analytical Study. *East African Scholars J Econ Bus Manag*, 9(7), 168-176.
