

ECONOMIC DEVELOPMENT AND GOVERNANCE: A PREREQUISITE CONDITION FOR INDUSTRIAL DEVELOPMENT IN TRIPURA, INDIA

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ABSTRACT

Economic development and good governance of any developing country positively affect internal security and economic stability of that country, which is one of the pre-requisite conditions of sustainable industrial development and ensure employment generation. Industrial development in return speed-up economic development and improves the quality of governance. Under such circumstances, the present study using Auto-regressive Distributed Lag (ARDL) model based on thirty-seven years (1983-84 to 2020-21) time series data of the state of Tripura, a tiny north-eastern state of India, to empirically find out the relationship between economic development and governance so that the basis of industrial development may be built-up or not. The study finds that there is positive and bidirectional causal relationship between economic development and governance in the long run. In the short-run, no relationship is found between them. This study may be an example that the practice of good governance and economic development in the long run can create and improve a primary base of industrial development of Tripura and other north-eastern states of India, where the progress and growth of industrial sector are lagging behind.

KEYWORDS: ARDL Model, Economic Development, Governance, Industrial Development

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INTRODUCTION

Economic development, governance and industrial development are interrelated to each other in any developing country. An effective and efficient government can promote the socio-economic development of the people by carrying out public sector reforms. Provision of public goods and services including basic infrastructure like roads, bridges, schools, hospitals, markets (Berman et al. 2011; Fitzsimmons 2013); electricity and irrigation facilities (Jones 2008) and strengthening law and order (Jones 2008) are found to have stabilized the political regime and economic development of any developing or underdeveloped country. Government of those countries may take initiatives for industrial development and ensure employment opportunities. Under these circumstances, it is important to understand the triangular and intrinsic relationship between economic development, governance and industrial development before ensuring sustainable industrial development.

LITERATURE REVIEW

Many studies have been undertaken in order to identify the causes of industrial underdevelopment in different socio-economic environments. Industrial bottleneck is not only the problem of Tripura; it also widely permeates in many a developing country in the world. A vast literature has been developed that explores the relationship between any two of the three variables economic development, governance and industrial development in different socio-economic and political settings.

Relationship between Economic Development and Governance

According to Mira & Hammadache (2017), if countries have to reach a sound level of economic and social development, the policies of good governance are needed. World Bank economists Daniel Kaufmann and Aart Kraay (2019) using a set of Worldwide Governance Indicators in 175 countries for the period 2001-02 have argued that the quality of governance has a very strong positive impact on the per capita income across the countries. Examining the association among governance and economic growth in five selected SAARC countries using panel data for the period 1996-2014, it is revealed that two institutional indicators of governance, namely government effectiveness and political stability have positive and significant effect on economic growth, while government effectiveness has greater influence on GDP growth (Awan et al. 2018). Nguyen (2016) said that for successful state-building at Southeast Asian region where there is a vast diversity and majority of population still lives under the trap of poverty, economic development-based democratic strategy is followed. A study of Adefeso (2018) relating to a panel of 37 African countries during 1996 to 2016 found bidirectional causality between governance and development in the short-run and unidirectional causality from development to governance in the long-run. While studying the case of Nigeria, Chimezie (2016) observed that good governance acts as a panacea for accelerated economic, political and social development. An investigation into the impact of governance on economic growth in China, Liu (2018) has found that higher governance quality brings a high-speed economic growth. Another study tested the causal linkages between the quality of country-level governance, economic growth and a well-known indicator of economic sustainable development, for a large panel of world-wide countries for a period of 10 years (2006–2015), has found reasonable evidence of Granger causality running from country-level governance to economic growth, but no causality is confirmed from economic growth to country-level governance (Avram et al. 2018). Bardhan (2002). Good governance, according to Liu et al. (2018), exerts a significant positive effect on economic growth across the globe. Higher governance quality in the western region might result in rapid economic growth, whereas higher governance quality in the eastern region could result in high-quality economic development. Policymakers should improve local governance quality, boost independent innovation ability, and encourage the accumulation of high-quality human capital in order to promote the long-term development of a nation.

Relationship between Economic Development and Industrial Development

Kaldor (1966), who was of the opinion that cross-country variations of 'economic performance' were linked with industrialisation, showed that 'fast rates of growth of an economy are almost consistently associated with the fast rate of growth of the secondary sector, mainly manufacturing sector. Chenery *et al.*, (1986) identified that some advanced structural transformation in final demands, intermediate demands and in international trade take place along the process of industrialization which lead to an exporter of manufactured goods, economic growth and development. Murphy *et al.*, (1989) expressed that over the last two-hundred years industrialization was the root cause of rapid productivity growth and upgraded living standards in every country. The industrially successful countries like Britain in the 18th century or Korea

and Japan during 20th century grew rich focussing to production of manufactures capturing advantage of economies of scale. A study by Rodrik (2009) shows that there is a significant positive relationship between GDP growth rate and shares of industry and engine of growth acts as the transition into modern industrial activities. The study of Jelilov G. and Iheoma E. H. (2016) finds that economic growth had a negative impact on industrialization in Nigeria. Cross-country econometric analyses for industrialized and non-industrialized countries by Ortiz C., Castro J. & Badillo E. R. (2009) revealed that the highest growing countries like Singapore, Korea, Taiwan, Hong-Kong, China, Indonesia, Japan, Malaysia and Thailand enjoy the benefits of economic growth in industrialization due to some threshold of technological integration in the manufacturing sector. On the contrary, lowest growing economies are the non-industrialized countries during the period 1965-90. Again, Study by Kniivila (2007) has shown growth in the industrial sector is crucial for sustained long-run growth and poverty reduction after the initial phases of economic development. In the countries of China, Taiwan, Indonesia, Brazil, Korea, Mexico under study, the growth of the manufacturing sector has created scope of employment outside agriculture.

Relationship between Governance and Industrial Development

As stated by Mahmoud (1990), governance of market economies accelerates industrial expansion by contributing prudently to the construction of an industrial infrastructure. From Leftwich's view point (1993), the more prosperous a country is, the more likely it is to maintain governance where the workers get democracy to both defend and develop their interests in the course of industrialization. Mira & Hammadache (2017) remarked that good governance is a crucial requirement for creating institutional conditions that minimize transaction costs which enhance resource allocation efficiency and speed up economic growth. According to Baland et al. (2010), bad governance is expensive to the industrial development. Gumede (2015) in his study stated that the role of governance must be changing one for changing the industrial development strategies which should be framed in terms of regional integration. In case of India (Ranawat & Tiwari, 2009), today's product advancements, in the field of automotive sector, by indigenous companies like Tata Motors and Bajaj Auto are the result of regulations framed by the Indian Government. With every major shift in policies made by the Indian government, the automotive industry has come out stronger and better.

SIGNIFICANCE OF THE STUDY

From the above literature, it is seen that good governance brings up economic development in some of the countries. Some others have analysed the causal relationship in between economic development and governance. Some of the studies find that there is a positive impact of economic development on industrial development. Some literature surveys conclude the opposite result, i.e. industrial development leads to economic development. Besides, some of the studies reveal that good governance plays an important role in industrial development. In this ground it is imperative to say that there is an intricate relationship between economic development, governance and industrial development. Some of one has the impact on other. No such studies have analysed this dimension taking these three variables simultaneously. From this clue the present study tries to capture this aspect and draw a presumption that if governance and economic development grows, there seems to be an industrial development and vice-versa. The following circular flow diagram (Figure-1) tries to spelling out this dilemma.

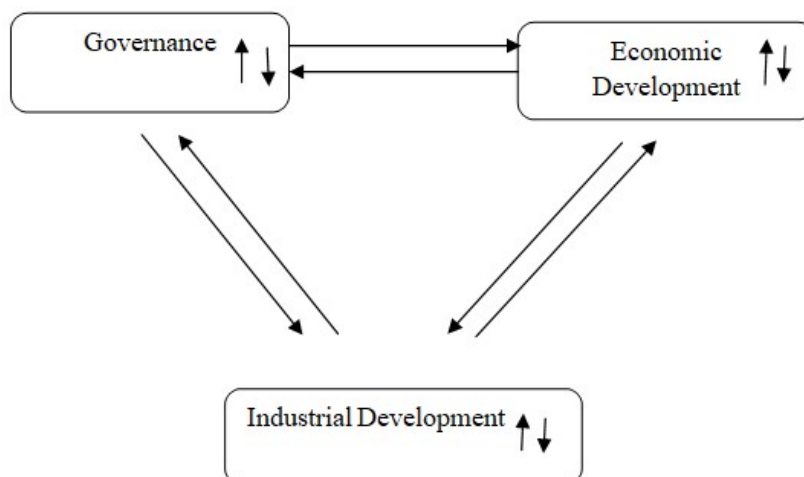


Figure 1: Circular Flow Diagram Showing Interrelationship Between Economic Development, Governance and Industrial Development.

Source: Authors' Own Analysis

In that direction firstly the study empirically examined the relationship between economic development and governance which is a pre-requisite and institutional requirement of industrial development. No in-depth study at the local level in Tripura context was captured to analyze the above facts. The proposed study tries to fill up this gap and aims at establishing this co-integration using time series data relating to the state of Tripura, by way of using an Auto-Regressive Distributed Lag (ARDL) Model taking a cue from Habibullah et al (2016) and Debnath & Das (2017).

MODEL SPECIFICATION AND METHOD

The Model

The study hypothesized that the governance is influenced by economic development and economic development, in turn, is influenced by governance. Here an attempt has been made to specify the base structural equation model for investigating the hypotheses.

$$govn_t = \theta_0 + \theta_1 ecodv_t + \mu_t \quad (1)$$

$$ecodv_t = \partial_0 + \partial_1 govn_t + \varphi_t \quad (2)$$

Where, the values of both the variables—governance (govn) and economic development (ecodv) –are taken in natural logarithm, following Shahbaz (2013) and Debnath & Das (2017). The log values of the variables are used in order to interpret the expected change in dependent variable due to the change in independent variables in percentage terms. μ_t and φ_t are the error terms. It is *a priori* that we expect θ_1 and $\partial_1 > 0$.

Variables & Data Source

As economic development and governance are qualitative variables, they cannot be captured using single indicating variable. Usually, researchers use a set of indicating variables in order to measure the conceptual variables. Our choice of indicating variables for the construction of an index for economic development is based on some welfare-oriented public sector schemes and programmes relating to expenditure (at current prices) on agriculture, transport and communication,

education, health, public utilities, and community services. In line with Lall (1999), Malik and Hussain (2006), Joshi and Mason (2008) and Kennedy (2010), ten such indicating variables have been chosen for constructing the index for economic development.

On the other hand, following the studies of Kim and Conceicao (2010), Kennedy (2010), Mundle et al. (2012) and Coastalli et al. (2014), nine variables relating to the strength of the network of public utilities have been used to capture the performance of governance. Good governance mainly addresses issues of public goods services like infrastructure services, social services and maintenance of law and order which may improve the livelihood and socio-economic status of the people leading to peace and security (Mundle 2012). Infrastructure services include household electricity connection (HEC), number of bank branches (CBB), road length (RL) per 100 sq.km (Lall 1999; Malik 2009). In this study number of tourist spots (TS) as a variable is also included under infrastructure services because the people may generate income and get employment for improving their socio-economic condition and will create a base of tourism industry. Social services comprise health and education. To explain health service, the proxy variable like number of health centre (HC) is included in the study (Kennedy 2010). As a measure of education, the variables like number of schools (SC), and enrolment of students (SE) at school level are chosen (Kennedy 2010; Mundle et al. 2012; Costali et al. 2014). Law and order include number of police station (PS) and number of police personnel (PP) (Kennedy 2010).

The time series data of the indicators of economic development and governance for the period of thirty-seven years from 1983-84 to 2020-21 are collected from different State Government Offices like Department of Economics & Statistics, Electricity Department, Department, of Industries, Agriculture Department, Health Department, Transport Department, Education Department, Tripura Police Department, Health Department, Transport Department, Education Department, Reserve Bank of India (Tripura Branch) and Tourism Department.

Index Construction

For estimating equation 1 and 2, indices of economic development and governance have been constructed using Principal Component Analysis (PCA) by assigning loading of each of the indicating variables throughout the thirty-seven years. After computing the loadings of each indicating variables following the standard practice of PCA, the principal components (P_{ij}) of each of the two variables—economic development and governance—for thirty-seven years are constructed using the following equation:

$$P_{ij} = l_{1j}Z_{1ij} + l_{2j}Z_{2ij} + l_{3j}Z_{3ij} \dots \dots + l_{kj}Z_{kij} \quad (3)$$

Where, $i=1, 2, \dots, 33$ (number of years) and $j=1, 2$ (number of variables). l stands for loading and Z denotes the standardized values of X_i 's (indicating variables). Since the index values of the variables for each of the year should not be negative, so an equal scale of 100 is added with the P_{ij} values. These indices of economic development and governance are then used for estimating our model.

Firstly, the values of the KMO test for both the indicators of economic development and governance are greater than 0.6 (table-1), it indicates that the samplings are adequate in both cases.

Table 1: KMO and Bartlett's Test

KMO and Bartlett's Test		Economic Development	Governance
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.731	0.803
Bartlett's Test of Sphericity	Chi-Square (χ^2)	728	812
	df	43	61
	Sig.	0.000	0.000

Source: Banik & Das, 2019 and Authors' Re-Calculation

Secondly, the results of Bartlett's Test of Sphericity show that the Chi-Square (χ^2) values for both the variables—economic development and governance—are significant at one percent level. This indicates that the data are suitable for constructing a separate index for each of them.

Thirdly, indices of economic development and governance have been constructed by assigning loadings (table-2) to each indicator using PCA.

Table 2: Loading Values of Economic Development & Governance Indicators

SL No.	Index	Variables	Loadings
1.	Economic Development Index	Public Expenditure on Education	0.109
		GSDP at current price	0.108
		State Revenue	0.107
		Per Capita Income at current price	0.107
		Public Expenditure on Mining, Manufacturing and Construction	0.107
		Public Expenditure on Transport and communication	0.106
		Public Expenditure on Electricity, Gas and Water supply	0.105
		Public Expenditure on Health	0.102
		Public Expenditure on Agriculture	0.101
		Public Expenditure on Community Services	0.091
2.	Governance Index	Number of Police Stations	0.140
		Number of Schools	0.139
		Household Electricity Connections	0.138
		Number of Tourist Spots	0.136
		Number of Health Centers	0.135
		Road Length per 100 sq.km	0.131
		Number of Commercial Bank Branches	0.118
		Students Enrolment at school level	0.115
		Number of Police Personnel	0.054

Source: Banik & Das, 2019; Banik & Das, 2021 and Authors' Re-Calculation

Using the loadings of the indicating variables the separate time-series indices of economic development and governance are constructed for the period of thirty-seven years using equation (3).

Index values of economic development and governance will be used for regression analysis. Simple regression analysis using OLS method provides spurious result using time series data. Therefore Auto-Regressive Distributed Lag Model will be used to capture the relationship between them. Before applying regression analysis through ARDL it is required to test whether the time series index values of economic development and governance are stationary or not.

Unit Root Test

In time series data use of econometric tools to ascertain both the long run as well as the short-run relationship between economic development and governance calls for unit root test of these two datasets in order to verify whether the variables are stationary or not. The results of the unit root test are presented in the following table.

Table 3: ADF Unit Root Test on Economic Development and Governance

Variables	Level	1 st Difference
Economic Development	-4.01**	NC
Governance	1.87	-4.54***

Source: Banik & Das, 2021 and Authors' Re-Calculation

Note: ** and *** denote significant at 5% and 1% level respectively. NC indicates not required to calculate.

The results show that economic development is stationary at the level as the probability value of t-statistic is significant at 5% level i.e., the order of integration is $I(0)$. Governance is not stationary at level. It is stationary at first difference level at 1% level of significance, i.e., the order of integration is $I(1)$. Thus, the ADF results signify that the variables under consideration are stationary but at different levels.

Testing for Long Run Co-integration

For capturing both way causality between governance and economic development, the ARDL unrestricted error-correction model (UECM) is written in equations 4 and 5.

$$\Delta g\text{ovn}_t = \alpha_0 + \sum_{i=1}^p \alpha_{1i} \Delta g\text{ovn}_{t-i} + \sum_{i=0}^q \alpha_{2i} \Delta e\text{c}\text{od}\text{e}\text{v}\text{t}_{t-i} + \beta_1 g\text{ovn}_{t-1} + \beta_2 e\text{c}\text{od}\text{e}\text{v}\text{t}_{t-1} + \vartheta_t \quad (4)$$

$$\begin{aligned} &\Delta e\text{c}\text{od}\text{e}\text{v}\text{t}_t \\ &= \gamma_0 + \sum_{i=1}^p \gamma_{1i} \Delta e\text{c}\text{od}\text{e}\text{v}\text{t}_{t-i} + \sum_{i=0}^q \gamma_{2i} \Delta g\text{ovn}_{t-i} + \delta_1 e\text{c}\text{od}\text{e}\text{v}\text{t}_{t-1} + \delta_2 g\text{ovn}_{t-1} \\ &+ \mu_t \end{aligned} \quad (5)$$

where, Δ is the difference operator, p and q are lag length chosen; α_0 and γ_0 are constant; ϑ_t and μ_t are disturbance terms; α_{1i} , α_{2i} , γ_{1i} and γ_{2i} are short-run coefficients, and β_1 , β_2 , δ_1 and δ_2 are long-run coefficients. The optimum lag length (p , q) for equation 4 and 5 are (1, 0) and (4, 5) respectively and are calculated using Akaike Information Criteria (AIC).

ARDL model, given in equation 4, is characterized by having lags of the dependent variable (i.e., governance) and both the current and lags of economic development as independent variables. Similarly, in equation 5, lags of the economic development and both the current and lags of governance have been considered as independent variables.

Bound Test based on Wald-Test (F -statistic) is used to find out co-integration or long-run relationship between economic development and governance. For equation 4, the null hypothesis is that the variables are non-co integrated, i.e., there is no long-run relationship between them and the alternative hypothesis is that the variables are co-integrated. Therefore, ($H_0: \beta_1 = \beta_2 = 0$) for non-cointegration among the variables is tested against $H_1: \beta_1 \neq \beta_2 \neq 0$. Similarly, for equation 5, the null hypothesis $H_0: \delta_1 = \delta_2 = 0$ for non-cointegration is tested against $H_1: \delta_1 \neq \delta_2 \neq 0$ for co-integration. Both the calculated and tabular values of F -statistics are given in the following table.

Table 4: Bound Tests for the Existence of the Long-Run Relationship

Dependent Variables	Calculated <i>F</i> -statistic	5% Critical Value		Conclusion
		<i>I</i> (0)	<i>I</i> (1)	
Governance	18.03	3.62	4.16	Co-integration
Economic Development	6.97			Co-integration

Source: Authors' Calculation

The calculated *F*-statistic for equation 4 is 18.03, which is much higher than upper bound critical value (4.16) at 5 percent level of significance when governance is a dependent variable. So the null hypothesis ($H_0: \beta_1 = \beta_2 = 0$) gets rejected confirming that there is long run co-integration from economic development to governance. It means that in the long run, economic development will affect governance. In case of equation 5, the calculated *F*-statistic (6.97) is greater than the upper bound value at 5 percent level of significance where economic development is a dependent variable. Thus, the alternative hypothesis of co-integration ($H_1: \delta_1 \neq \delta_2 \neq 0$) is accepted. Hence, a long run co-integration is found to run from governance to economic development. It means that in the long run, governance will affect economic development. Thus, the null hypothesis of no co-integration is rejected in both the cases, indicating presence of long run bi-directional relationship between the variables.

The mechanism, through which bidirectional relationship between economic development and governance exists, can be explained in the following way: Government of Tripura boosted up economic development through implementation of welfare oriented various centrally sponsored public sector schemes and programmes relating to the expenditure on education, health, electricity, water supply, transportation and communication, agriculture, social security community services, etc. As a result socio-economic status and employment opportunities in different schemes and projects relating to various social sectors like, education, health, construction of physical infrastructure like road, building, electricity, drinking water supply etc. have increased which, in turn, have raised the human development and livelihood of the people. This has largely helped in instilling greater confidence on the governance and forging a closer cooperation between the people and the government. Continuous monitoring of the public utility services as well as income generating schemes and programmes made governance to deliver development.

Nature of Long Run Co-integration

Although there exists bi-directional relationship between the variables in the long run but the nature of their relationship is not clear, i.e., whether the relationship is positive or negative. ARDL co-integration technique is used to identify the exact nature of this long run co-integration between governance and economic development by way of estimating equation 4 and equation 5. The results are shown in table 5.

Table 5: Long Run Coefficients Estimating Results

Variables	Model 1	Model 2
ARDL (<i>p, q</i>)	Governance ARDL(1,0)	Economic Development ARDL(4,5)
Constant	0.91* (1.93)	0.87*** (5.76)
Governance	-	0.56*** (7.37)
Economic Development	1.45*** (6.15)	-

Source: Authors' Calculation

Note: *, **,*** significant at 10, 5 and 1 per cent level respectively. Student’s t-tests are in parenthesis.

It is evident in the first model (table 5) that the coefficient of economic development is positive and statistically significant at 1 percent level, i.e, in the long run economic development positively affects governance. In the second model (table 5) we find that the coefficient of governance is positive and statistically significant at 1 percent level. This indicates that governance also positively affects economic development in the long run.

So, both the variables in the long-run affect each other positively.

Testing for Short-Run Co-Integration

In order to capture the short run co-integration between governance and economic development, ARDL equation 4 and 5 are modified to the Auto Regressive Distributed Lag- restricted error correction (ARDL-REC) in equation 6 and 7:

$$\Delta gov_n_t = \alpha_0 + \sum_{i=1}^p \alpha_{1i} \Delta gov_n_{t-i} + \sum_{i=0}^q \alpha_{2i} \Delta ecoddev_t_{t-i} + \pi ECT_{t-1} + \tau_t \tag{6}$$

$$\begin{aligned} \Delta ecoddev_t &= \gamma_0 + \sum_{i=1}^p \gamma_{1i} \Delta ecoddev_t_{t-i} + \sum_{i=0}^q \gamma_{2i} \Delta gov_n_{t-i} + \rho ECT_{t-1} \\ &+ \varphi_t \end{aligned} \tag{7}$$

Where, π and ρ represent coefficient of error correction term (ECT) which signify the speed of adjustment parameter to reach at the long-run equilibrium steady-state position. ECT is the residual of v_t and μ_t in Equation 4 and 5.

There is no short-run relationship running from economic development to governance because the lag length of equation 5 is (1, 0) meaning that one period lag value of governance does not depend upon present value of economic development. Table-6 shows the short-run coefficient estimate of equation 7, obtained from the ECM version of the ARDL model.

Table 6: Estimation Results of Short-Run Coefficients

Variables	$\Delta ecoddev_t$ ARDL (4,5)
Constant	0.57 (1.90)*
$\Delta Ecoddev_t$	0.87*** [57.94]***
$\Delta Govn$	-0.17 [1.01]
ECT_{t-1}	-0.65*** (-4.87)***
F-Statistic	404.84
Prob.(F-Statistic)	0.00
Diagnostic Test Statistics	
χ^2 (heteroscedasticity)	1.72
J-B (Normality)	0.62
B-G (serial correlation)	0.54
Adj (R ²)	0.92

Source: Authors’ Calculation

Note: *, **, *** stand for at 10, 5 and 1 per cent level of significance respectively. Figures within round bracket () are calculated Student's t-tests. Figures within angle bracket [] are calculated Wald test statistics (F - value).

The parametric diagnostic tests are insignificant (p -values of χ^2 , J-B and B-G), so we can safely assume that the residuals have constant variance; the error terms are normally distributed and there is no autocorrelation. Hence the following inferences can be drawn:

Keeping economic development as a dependent variable, the Wald test result shows that the probability value of F -statistic (404.84) is significant at 1 per cent level, so at the primary level we may say that there is short run causality from governance to economic development. But the coefficient value of Δ governance (-0.17) is not statistically significant. Thus, it is ascertained that there is no short run relationship from governance to economic development.

Hence, in the short-run there is no relationship between them. The reason may be that it is difficult to implement any development programmes by the government within a short span of time that can have any significant impact on income and employment of the people concerned. Public sector development planning and its implementation in relation to physical and social infrastructure requires a longer time as it moves through democratic decision making at different levels and hierarchical bureaucratic formalities.

MAJOR FINDINGS AND CONCLUSION

The study examined the relationship between economic development and governance and found that there exists a bidirectional causal relationship between governance and economic development in the long run. The causal relationship with each other is positive. This implies that if governance improves, economic development also gets better (Mira & Hammadache, 2017; Aart Kraay, 2019; Awan et al. 2018) and vice versa. No short-run co-integration from governance to economic development and economic development to governance are found.

As the government of Tripura is working for the creation and restoration of public goods and services, basic infrastructure like schools, hospitals, primary health centres, banks, roads, markets, drinking water, electricity, etc., these enabled people to enhance their social and economic capability, improve upon their skill, sources of income, better livelihood, and create economic stability, peace and social security. As a result not only human development is grown up but also the Government officials are also planning and initiating for the improvement in road connectivity and other channels within the state and rest of the state and expand transport facilities through surface and rail network which will strengthen marketing channel at state and domestic level as well as international level.

Once good and effective governance and economic development is ensured in the state, peace and social security will build up, it will make political and economic stability. That will open various sources of livelihood and generate income source, which will increase purchasing power of the people and will promote the choice and demand for industrial products as well, broaden the market space of production and selling of industrial products and government may take various innovative policies regarding industrial development at the initial position so that new investors, entrepreneurs and the youth may come forward and it could be one of the way out of future poverty-unemployment-poor growth trap in developing country in general and Tripura in particular.

Public and many private sector entrepreneurs will also get interest to invest in starting and expanding their business and commerce through introducing small scale industries like agro-processing industries; bamboo and rubber-based industries; tea industries etc. Gradually with successful acceleration of economic growth and development, the

resources will be shifted from low to high productivity sectors and will generate diversify domestic production structure, that will generate new initiatives, new activities, strengthen economic linkages with rest of the country. New technological innovation in marketing will come up. But in all cases government have to come forward where the state or country is at the development stage until become developed. But it is difficult for the government to effectively implement the development activities within a short span of time. It will take time to successfully and effectively execute the whole planning.

Therefore, economic development and good governance are seriously needed and it is one of the pre-requisite conditions for sustained industrial development. If the base of facilities are made available, it will create and opening up of new start-ups, industrial units, promotion of business which will create huge employment opportunities and help in bringing socio-economic-political stability and industrial growth.

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