RESEARCH PAPER

The possibility of North Eastern States to lead the growth story of India: A viability study

Dr. Susmita Priyadarshini
Associate Professor, Dept. of Economics, DCB Girls’ College, Jorhat, Assam

Abstract
In recent years, growing concern has been noticed among Indian leaders and policy makers regarding the North East’s potentialities of growth. They have said that NE states can lead the growth story of India. Though, rich in natural resources, NE states have failed to take place among the developed states of the country. This paper deals with the question of possibility of NE states leading the growth story of India. It is based on secondary data collected from reports of the government and international organisations.

Keywords: Growth, Potentialities, Possibilities, Leading

Introduction
The North Eastern Region- a land of mesmerizing beauty, with a rich cultural legacy and abundant natural resources, has failed to occupy the centre stage in the development initiatives undertaken by the Government of India. In recent years, growing concern has been noticed among Indian leaders regarding North East’s potentialities of growth. For the Indian Council for Research on International Economic Relations (ICRIER) in March, 2021, a conference was held. Jitendra Singh said that the North Eastern Region would be India’s development motor in the post-Covid world in his keynote presentation as Union Minister of State(independent Charge) for Development of the North Eastern Region (DONER). It is clear that the Union Minister did not say so due to the apparent success of North Eastern States in Covid management in first and second waves of Covid though economic impact of pandemic cannot be denied. An important part of Northeast India’s post-Covid financial prospects would be enhanced trade infrastructure and connectivity, according to his remarks. Reiterating their belief in the north East’s potential since the introduction of the Look East Policy in 1991, policy makers and economists have been suggesting the same. Creating new hope among the people of North East, Look East changed to Act East in 2014. The new emphasis of the transformed policy is on the extended neighbourhood in the Asia and pacific region. It wants to create connectivity within Assam first, then to the NE, then to Myanmar and finally to Bangladesh but eventually push by road, sea, air to Vietnam and Japan. During his 2018 speech at the Global Investors Summit in Assam, P M Modi emphasized the importance of Act East Strategy in helping the north-east region achieve both balanced development and rapid growth. People to people interaction, commercial links and other relationship with countries on India’s east coast, particularly with ASEAN nations, are essential to the Act East Policy. It is possible to entirely transform the economic landscape of the area by executing the Act East policy in its true essence.

https://www.ijmds.in/
On this background, area of our study remains limited to the potentialities of N E states.

**Literature Review:**

Several studies have been conducted on potentialities of North East Region by international organisation and Govt. Of India which guide us in finding weakness and strength of North east region to assess whether the region is competent to lead the economy of the country. on November 27,2014 FICCI released a report titled GATEWAT to the ASEAN: India's North East Frontier. The research found that region’s current complementary countries reflects the current complementary trade outlook in the region. For this infrastructure and industrial development should be promoted. An integrated economic corridor can be developed in North East Region for exploiting the potential the region has to offer. KPMG _FICCI study on Emerging North-East India(2015) found prospect of development in tourism and handicraft industries. It is necessary to establish linkage between existing tourism circuits. It warned that overuse and commercialisation of eco sensitive zones could lead to depletion of resources and weakening of attraction. It considered rich bamboo reserves as NER’s strength and focuses on its economic use. A study conducted by Hyderabad based Sathguru Management Consultants Pvt. Ltd was commissioned by the Agricultural and Processed Food Products Export Development Authority (APEDA, 2017) found huge potential for agri export from north east. It emphasised on the need for a focused marketing and visibility campaign for NER products. The lack of adequate infrastructure, the absence of processing companies, issues with production and aggregation, among other things, hamper the NER’s agricultural and horticultural output value chains, the report says. One of the main goals of the North east Region’s Vision2020(NEC,2008) is to improve infrastructure and connectivity in the region. It also identified three critical non-economic requirements to create an environment congenial for growth –

(i) the maintenance of public order and safety, including internal safety,
(ii) inclusive good governance at the bottom of the food chain
(iii) if the foreign policy and national economic development goals are to be mutually supportive, diplomatic initiatives should be undertaken.

Reforms should be undertaken to facilitate region’s increased participation in regional and global value chains(World Bank,2019). To increase exports and create more jobs, the report identified areas that may benefit from new value chain. A new approach to regional supply was thus suggested by the report.

India’s gateway to Southeast Asia, according to a research by the Asian Development Bank, (ASSAM AS INDIA’S GATEWAY TO ASEAN (2021) would be Assam. By focusing on suitable manufacturing capabilities, infrastructure and people, in Assam’s advantageous location, the report claims that the state can satisfy neighbouring nation’s import demands. It sees huge potentialities of trade with neighbouring countries in Agri products, mineral based products, plastics, medicinal plants, sericulture, handloom and handicraft, information technology and refined oil.

**Objective:**

The objective of this study is to examine the possibility of NE states leading the growth story of India.

**Methodology:**

This is a secondary data-driven analytical analysis where data have been collected from reports of the Govt. and international organizations. The year 2021-22 is kept out of analysis due to abnormal situation of pandemic.

**Analysis:**

To determine if the north–eastern states can take the lead in India’s growth narrative, we should compare the growth of the north eastern states with that of other Indian states.
India’s fastest growing state was Meghalaya in 2013-14. With a growth rate of 9.7% it surpassed the fastest growing big state Madhya Pradesh. While only 12.8 million people lived below the poverty line in entire north east, one of the developed state of the country Karnataka had 12.9 million poor people at that time. During period 12-19, at constant prices Mizoram has the highest average growth rate (12.56%), followed by Tripura (9.94%) and Gujrat (9.83%). Of course, Manipur and Arunachal Pradesh were among the bottom five states. At current prices, Mizoram, Tripura and Sikkim were among the top five Indian states having growth rate above India’s average of 11.72% during 2012-19. So, high rate of growth of the state does not make it a leader in growth story. Growth rate may be high due to base effect. Some NER states experienced negative annual growth rate of NSDP at constant prices several times during the period 1961-62 to 1983-84. For example, Assam experienced negative growth rates of NSDP in 1974-75,1976-77,1978-79 and 1979-80.Manipur experienced negative growth in 1967-68, 1969-70,1970-71,1978-79 while Arunachal Pradesh experienced negative growth in 1979-80. So, it is not the rate of growth of the state, but the share of GSDP in the GDP of the country that matters. As the methodology adopted for the new series of GDP is different from the earlier one, GDP new series data can not be compared with the old series. So, we will try to concentrate on new series. In 2018-19, share of NE states in GDP at constant prices was just 2.75%.

**Table 1.1**

| Name of the State | GSDP at current prices (CrINR) | Share in GDP (%) | GSDP at Constant prices(CrINR) | Share in GDP (%) |
|-------------------|-------------------------------|-----------------|--------------------------------|-----------------|
| Assam             | 315881                        | 1.67            | 234048                         | 1.67            |
| Tripura           | 55,984                        | 0.26            | 40583                          | 0.26            |
| Meghalaya         | 36,572                        | 0.18            | 26695                          | 0.18            |
| Sikkim            | 32,496                        | 0.12            | 20673                          | 0.12            |
| Manipur           | 31790                         | 0.14            | 19300                          | 0.14            |
| Nagaland          | 27283                         | 0.14            | 17,647                         | 0.13            |
| Arunachal Pradesh | -                             | 0.13            | -                              | 0.12            |
| Mizoram           | 26,503                        | 0.12            | 18797                          | 0.12            |
| India             | 20,351,013                    | 1.67            | 14,569,268                     | 1.67            |

Source: Ministry of Statics and Programme Implementation

**Table 1.2**

| Name of the State | GSDP Growth RATE at 2011-12 Prices | GSDP at Current Prices |
|-------------------|------------------------------------|------------------------|
|                   | Avg(12-19)                        | Avg(12-19)             |
| Mizoram           | 14.07                             | 14.97                  | 17.56 |
| Tripura           | 9.79                              | 14.02                  | 14.66 |
| Sikkim            | 6.92                              | 10.60                  | 14.56 |
| Assam             | 6.42                              | 11.55                  | 11.99 |
| Arunachal Pradesh | 4.59                              | 9.68                   | 12.26 |
| Manipur           | 2.93                              | 8.07                   | 11.73 |
| Nagaland          | 7.05                              | 11.40                  | 12.27 |
| Meghalaya         | 9.38                              | 13.46                  | 7.76  |
| India             | 6.53                              | 10.51                  | 11.72 |

Source: Ministry of Statistics and Programme Implementation
Table 1.3
First Five States with High Percentage share in GDP of the country

| Name of the State | Share in GDP(%), Current Prices | Share in GDP(%), constant prices(2011-12) |
|-------------------|---------------------------------|------------------------------------------|
| Maharashtra      | 13.94                           | 14.56                                    |
| Tamil Nadu       | 8.63                            | 8.68                                     |
| Uttar Pradesh    | 8.39                            | 8.02                                     |
| Gujrat           | 7.96                            | 8.47                                     |
| Karnataka        | 7.91                            | 7.79                                     |

Source: Ministry of Statistics and Programme Implementation

If we consider NSDP, NSDP growth rate and % share of NE states in NDP, we will get the same result. The share of NE states in NDP of the country is just 2.8%. Both the GSDP and NSDP data prove that states having high growth rate don’t have high percentage share in GSDP and NSDP respectively. On the basis of growth rate Maharashtra’s rank in GSDP and NSDP in 2018-19 at current prices is 17. Its rank in GSDP at constant prices is also the same.

Table 1.4
NSDP at current prices

| Name of the State | NSDP19-20(CrINR) | NSDP18-19(CrINR) | % share in NDP |
|-------------------|-------------------|-------------------|----------------|
| Assam             | -                 | 282782            | 1.69           |
| Tripura           | 50,227            | 44,835            | 0.27           |
| Meghalaya         | 32,833            | 29,544            | 0.18           |
| Manipur           | 29,148            | 25,323            | 0.15           |
| Sikkim            | 28,391            | 25,141            | 0.15           |
| Nagaland          | -                 | 24,534            | 0.15           |
| Arunachal Pradesh | -                 | 22,488            | 0.13           |
| Mizoram           | 24,424            | 20,947            | 0.13           |
| India             | 17,994,301        | 16,704,645        |                |

Source: Ministry of Statistics and Programme Implementation

Table 1.5
NSDP Growth Rate of NER states at current prices

| Name of the State     | 19-20 | 18-19 | Average(12-19) |
|-----------------------|-------|-------|----------------|
| Mizoram               | 16.60 | 14.85 | 18.64          |
| Tripura               | 12.32 | 14.02 | 14.66          |
| Sikkim                | 13.13 | 10.60 | 14.56          |
| Assam                 | -     | 11.55 | 11.99          |
| Manipur               | 14.07 | 8.07  | 11.73          |
| Arunachal Pradesh     | -     | 9.68  | 12.26          |
| Nagaland              | -     | 11.40 | 12.27          |
| Meghalaya             | 9.23  | 13.46 | 7.76           |
| India                 | 7.21  | 10.95 | 11.72          |

Source: Ministry of Statistics and Programme Implementation

Table 1.6
States with high percentage share in NDP(2018-19)

| Name of the State | % share in NDP |
|-------------------|----------------|
| Maharashtra      | 13.97          |
| Tamil Nadu       | 8.77           |
| Uttar Pradesh    | 8.41           |
| Karnataka        | 8.09           |
| Gujrat           | 7.92           |

Source: ministry of Statistics and Programme Implementation
If we move 15 years back and consider the year 2004-05 since when GDP new series data are available, we will notice a decline in percentage share of NE states in GDP in 2018-19 in comparison to 2004-05. In 2004-05, NE states have 2.95% combined percentage share in GDP of the country.

### Table 1.7
GSDP in 2004-05 (at constant price 2004-05)

| Name of the State   | GSDP (in Crores) | % share in NDP of the Country |
|---------------------|------------------|-------------------------------|
| Assam               | 53398            | 1.79                          |
| Arunachal Pradesh   | 3488             | 0.12                          |
| Manipur             | 5133             | 0.17                          |
| Meghalaya           | 6559             | 0.22                          |
| Mizoram             | 2682             | 0.09                          |
| Nagaland            | 5839             | 0.20                          |
| Sikkim              | 1739             | 0.06                          |
| Tripura             | 8904             | 0.30                          |
| India               | 2971464          |                               |

Source: Handbook of statistics on Indian states, 2019-20, RBI

So, from the above analysis, it is clear that high growth rate of NE states is due to low base effect, it will not suffice to the high percentage share in GDP. In order to lead the growth story of India, NE states have to raise their GDP and NSDP to the level of states like Maharashtra, Tamil Nadu. It is noteworthy that the pattern of sector-wise GDP of NE state is almost same as that of Maharashtra, Tamil Nadu. According to latest data, except Sikkim, in all the NE states the highest contribution to GDP is made by tertiary sector. This is the reality even after the engagement of 71% of population in agriculture in the region. In Maharashtra and Tamil Nadu, tertiary sector has the highest share in GSDP, contributing 57.05% and 50.96% respectively.

### Table 1.8
Sector-wise GDP of NE States (%)

| Name of the State   | Primary Sector | Secondary Sector | Tertiary Sector |
|---------------------|----------------|------------------|-----------------|
| Assam               | 30.39          | 29               | 40.62           |
| Tripura             | 37.73          | 15.79            | 46.48           |
| Arunachal Pradesh   | 31             | 25.74            | 43.26           |
| Nagaland            | 24.89          | 13.69            | 61.41           |
| Mizoram             | 22.77          | 31.08            | 46.16           |
| Manipur             | 23.10          | 14.49            | 62.41           |
| Sikkim              | 7.77           | 64.64            | 27.59           |
| Meghalaya           | 20.43          | 19.55            | 60.02           |

Source: statisticstimes.com

Now the question is how the NE states can increase their share in the GDP of the country? This leads us to following question.

**a. Can Act East Policy be the game changer?**

NER is not resource deficient. By establishing connectivity with its neighbouring countries by all possible routes and capturing the Asia-Pacific markets with the products in the production of which it has comparative advantage and taking the advantage of all bilateral trade agreements and regional cooperation framework, NER can completely transform its economy to become a leader in India’s growth experience. In this regard, Act East Policy opens a door of ample opportunities. Geographical position, broad land boundaries and plenty of resources like mineral and agricultural resources make NER an ideal location to prosper.
If we go back to past then we see that we have a glorious past. Prior to 1947, trade and commerce flourished in North East India. Then it was one of the prosperous regions of the country. It is the discovery of Oil, Coal and Tea in Assam that initiated the process of development of the region. The British Government was compelled to invest in the development of transport infrastructure in the region. First tea garden was established in 1853 and more and more tea gardens were established soon, facilitating exports from this region. Since then Assam’s tea has occupied a special place in international markets. The first Oil Refinery of the region, Digboi Oil Refinery, was established in Digboi in 1890. With it started the industrial activity. One of India’s earliest railway lines connected Dibruagarh with Chittagong in 1904. To facilitate trade North East India was well connected to markets in India as well as rest of the world. Global trade was conducted through Chittagong port (which is now in Bangladesh) and Kolkata port. These ports were connected to the region with all the routes- waterways, roadways and railways. But the problem started with the division of India. Division made the region geographically isolated. Chicken Neck – the Siliguri Corridor connects it to the rest of India. Inland water, road and railway communication through Bangladesh was interrupted with this division. As a result distance to markets increased. It required more time to reach the markets. The transportation cost increased. It discouraged trade. So, we can say that the NER suffers from geographical isolation mainly due to partition. Until a few years ago, most of the region’s consumer items came from outside the area. Besides transport and logistics bottlenecks, lack of adequate institutional and physical infrastructure, coupled with an insurgency in parts of the region have slowed down the progress. These issues, in reality, have wiped out NER’s advantage on the border and have been highlighted as severe growth constraints. The successive Gov’t. of the country could realize this. Therefore North Eastern Council was set up in 1971 to give a holistic approach to the development process in the region. In 2001, the Department of North Eastern Region was set up to monitor the development initiative of the different Government and semi-govt. agencies. In addition the Govt. has been providing special economic assistance to the area. When H.D. Deve Gowda was the Prime Minister, he announced an economic package of Rs.6100 crore for particular projects in the NER in 1996. A further economic package of Rs.10,271.66 crore was announced by Atal Bihari Bajpai in the year 2000. Post refor, the area has been unable to attract private capital investment from domestic and foreign investors because of its weak infrastructure. It was a factor in the region’s lagging growth. Since the year Look East Policy has included NER development. Look East Policy needed sea and land connections to the ASEAN via Bangladesh, Myanmar and China. Act East replaced Look East in 2014. Developing a unified market with Bangladesh, Bhutan and Nepal on the one hand and ASEAN on the other hand, with an ambitious connectivity initiative, has been the main emphasis of the Asian economic Partnership (AEP). To put it another way, the fundamental premise here is that international commerce will bring prosperity to this neglected region. The underlying assumption is that trade across borders will usher in economic prosperity to this neglected frontier. The combined GDP of the ASEAN block’s ten member nations is 2.3 trillion USD. Malaysia, Thailand, Indonesia, Philippines, Singapore, Cambodia, Myanmar, Vietnam, Laos, Brunei are all part of this group. In addition, NE is surrounded by China in the North, Myanmar in the east, Bangladesh in the southwest and Bhutan in the northwest region. The region’s lengthy international border has the potential to convert the NE into an export centre, despite the region’s lack of land connectivity with the rest of India. 2.81 billion people live in India and the nations that border NE. NER industries will certainly benefit from India’s exports to Bhutan, Myanmar and Bangladesh.

b. We have a model before us: YUNNAN

Yunnan province in China offers a model to NER to follow. This Chinese province located in the geographical centre of Asia, rich in biodiversity and natural resources is home to some of the China’s important trading routes. It is a critical agricultural hub for China. It is the fifth largest province in China accounting for 4.1% of country’s total land.

Similarities between Yunnan and NER

- Similarly sized population
- Diverse indigenous communities
- Mountainous region
- A rich natural resource base
- Hydropower potential

https://www.ijmds.in/
- Rich tourism potential
- Yunnan’s international border with Myanmar, Laos and Vietnam is 4060 kms long, whereas NER’s international border with China, Myanmar and Bangladesh is 5000 kms long.

Despite the above mentioned natural advantages, YUNAN remained poor and underdeveloped till 1979. After 1979 Yunnan was positioned as a gateway to both southwest PRC and southeast Asia. The result was tremendous. Between 2010 and 2016, the real GDP growth rate in this area was 10.9%, which was higher than the country’s growth rate of 8.1% over the same time period. To put it differently: Tourism accounts for about a quarter of the Yunnan economy’s GDP. Trade between YUNAN and ASEAN totals $14 billion. However, the overall gross domestic product (GDP) of the North East is approximately $65 billion. Rate of growth of combined GDP of NER is 6.5% (2018-19). In 2005-6, rate of growth of NER was 4.8%. In order to reach the above mentioned enviable feat, following strategies were adopted for Yunnan:
  1. Targeted sectors with high export potential,
  2. Connection was the foremost focus. In order to better connect Yunnan with ASEAN, several highways and rail lines were constructed
  3. Built border trade infrastructure.

Key merchandise exports from Yunnan are agricultural products and fertilizers, labour intensive manufactured product, electrical equipments, non ferrous metals.

Under Act East policy, the government is relying on three C’s (culture, connectivity, commerce) to develop better relation with ASEAN via NER. It gives ample opportunity for NER to improve infrastructure and increase export and thereby to acquire a prominent place in the growth story of India. The ASEAN block consisting of 10 countries provides a large market to NE products. Taking into account demand from the BBN and ASEAN along with it, NE states can rely on certain products for exports in which they have some advantages. Nepal and Bhutan, for example, are totally reliant on Indian electrical equipment. Similarly, electrical equipment is in high demand in Bangladesh and Myanmar. Annual per capita power consumption is less than national average in NER, with economic development of the region, demand for electrical equipments will also increase. In order to capture both the external and internal market, Assam can increase investment and production in this sector. Following sectors/industries can be considered as strengths of NE to rely on for increasing trade with BBN, ASEAN and Pacific.

1. Tea
2. Agriculture and agro based, including horticulture
3. Bamboo based
4. Mineral based
5. Tourism including medical tourism
6. Plastics
7. Electric Equipment
8. Forest based
9. Oil, for refined products
10. Articles of Apparel and clothing accessories

As far as plastics are concerned, the upstream component of the plastic value chain is already in place in India. There has been an increase in polymer feedstock supply after the establishment of Brahmaputra Cracker and Polymer Limited. Bangladesh has the potential to be a downstream link. With its surplus agricultural and horticultural production, NER can capture the market of border countries as well as ASEAN. The following table shows the surplus agricultural and horticultural production in NER which can be marketed.
Table 1.9.
Surplus produce that can be sold (as a % of total production)

| Agricultural and horticultural produce | As % of total production |
|---------------------------------------|--------------------------|
| Orange                                | 85                       |
| Pineapple                             | 95                       |
| Rice                                  | 5                        |
| Chilli                                | 27                       |
| Ginger                                | 86                       |
| Lemon                                 | 82                       |
| Banana                                | 80                       |
| Jackfruit                             | 83                       |

Source: Asian Development bank, Assam as India’s Gateway to ASEAN, March, 2020

Among Indian states Assam is the major pineapple grower in India and it is also the top producer of ginger. About a quarter of the country’s ginger is grown in the NE region. NER can gain markets including ASEAN, Western and Eastern Europe, as well as the US and Middle Eastern countries by focusing on crops like pineapple and ginger that have a comparative advantage. It will be feasible to transport fresh pineapple to other parts of India and the Gulf States through containerized transportation if a multimodal logistic park is built. 28% of India’s bamboo land and 66% of its growing stock are North East India. Developing supply chains for bamboo products, Assam and north east can capture the markets of India and European Union. For this a targeted approach is needed based on bamboo timber, agarbatti (incense stick), and product diversification. Bamboo promotion activities have already been undertaken in NER. It is the Narendra Modi Government that amended the 90 year old INDIA FOREST ACT of 1919 of the British Government to bring Bamboo out of its purview. But the most promising outcome of these efforts will be increased industrialization and investment in the NER with positive effects on GSDP.

Just like Yunnan, several connectivity projects have already been undertaken by the Govt. so that NER can receive more investment and export orders. Containerized and large bulk transshipment, for example, heavily rely on the chittagong port’s accessibility.

Agartala-Sabroom route is expected to serve this objective. This 110 km project has already provided a new rail route to Bangladesh. A sub regional grouping of Bangladesh, China, India and Myanmar has been set up to deepen friendly cooperation among member states. Under the BCIM-EC initiative, the North-East in general and the Barak Valley and Manipur in particular will be benefitted. Some projects which will increase trade and commerce from the region are:

1. Trans-Asian Highway, Trans-Asian Railways
2. India-Myanmar-Thailand Trilateral Highway
3. East-West Corridor
4. Kaladan Multimodal Transit Project
5. Bangladesh-China-India-Myanmar Economic Corridor (BCIMEC)
6. SAARC Corridor

Additionally, the Government of India is working hard to develop rail links between India and its neighbouring countries such as like Bhutan, Bangladesh and Myanmar. This will help in expanding India’s rail network across the northern region. The United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) is spearheading the Trans-Asian Railway project. The rail route joining Myanmar to India through Moreh-Tamu and all of the Trans-Asian Network’s inter-country links would greatly improve NER cargo movement and transit. The trilateral Highway project will connect North-east with Myanmar and Thailand. We have now an international airport in Guwahati. Besides flights to Dhaka and Bangkok, flights to four other cities will be started under UDAN scheme. As of 2018, the Pakyong Airport in Sikkim will be connected to Indian airspace. There is still a very limited rail network in the whole north east. The possibility of improved internal rail connectivity by
March, 2022 has been announced by the Railway Ministry. The zokhawhar land custom station in Mizoram has fragmented infrastructure and little formal commerce. There is a lot of trade passing through the integrated check post at Moreh in Manipur. Moreh’s custom station handles 50 million dollar worth of goods between India and Myanmar each year.

The Government of India has built a system of export infrastructure facilities along its border with neighbouring nations in order to encourage commerce. Sutarkandi (Karimganj district), Mankachar and Golokganj (Dhubri district), Darrang (Balas district), Jagun (Tinsukia district) are the five border trade centres sanctioned by our state. These are at various stages of implementation. Assam as well as all the north eastern states can kick start economic development by strengthening their links with important gateways in the region to be benefitted from the neighbouring international market. Border trade centre, integrated check points (ICPs), ports and airport are at instances of gateways. The Chattogram port in Bangladesh was the key export-import port prior to the country’s split. After independence, goods to and from NER have to take a route through Siliguri corridor to Kolkata port requiring more time and cost. The development of Chattogram port as transshipment hub will increase trade from NER. India and Bangladesh have already arrived at an agreement for movement of goods to and from India through Chattogram and Mongla ports. Sonamura-Daudkandi route of inland water ways between Tripura and Bangladesh has already begun. There is the potential to utilize refining capacity in North East by importing crude from neighbouring countries such as Myanmar which has rich petroleum and gas reserves. There are four refineries in Assam with total refining capacity of 7 million tones of crude annually. If these refineries utilize its near full capacity, the region will have sufficient surplus of refinery products for exports. The refined petroleum products will then be exported back to Myanmar. Myanmar’s needs for energy have been continuously increasing. Assam has already taken steps to step up oil to Bangladesh and Myanmar in a few years. The Numaligarh Refinery Limited will increase its capacity from existing 3MMT to 9MMT besides bringing 6 MMT crude oil to Assam from Odisha. After bringing crude oil from Paradeep in Odisha through pipeline, it would be refined in Assam. Then oil would be exported to Bangladesh and Myanmar. The export of diesel to Myanmar presently is done by road utilizing tank truck through the Moreh Tamu border. ONGC is engaged in exploration of natural gas in Myanmar. The gas supply from Myanmar along with the Tripura gas reserves can be used for thermal power generation and other industrial uses in the region and other parts of the country.

Asian Development Bank (ADB), World Bank, UNDP etc., among others, are working with the North eastern States on AEP. In recent years, there has been a great deal of help from neighbouring countries for this endeavour. Setting up consulates for all ASEAN countries is vital to promote simple travel and people-to-people engagement. Bangladesh and Bhutan have already opened consulates in Guwahati. Nepal and Myanmar are also planning to open the same. Singapore has opened a skill development centre in Guwahati. Japan India Act East Forum is set up to assist the NER states to attract Japanese technology and investment, sharing of experiences in skill development as well as to strengthen the supply chain competitiveness. Tokyo’s deepening involvement is already evident not only in road network connectivity but also in many other spheres including energy, water supply, health, irrigation, environment and people to people exchange. Even at the time of second wave of Covid 19 NER got help from Japan. UNDP and Japan partnered to provide eight oxygen plants to ensure an uninterrupted supply of oxygen to hospitals in NER. NER can be indirectly benefitted from the investment made in neighbouring countries in recent years by QUAD, China or Japan. For example, several Japanese companies have been investing in Bangladesh and Myanmar in recent years. For example, Honda Company has set up a new assembly plant in Bangladesh. Taking the advantage of make-in –India initiative NER can start to manufacture parts and other components and can supply those to Bangladesh. Similarly it can establish trade tie taking advantage of forward linkage effect to provide basic services to the real estate project in Yangon developed by Japan’s Fujita company. Ambassador Anil Wadhawa once rightly pointed out access to Bay of Bengal and rest of India with Bangladesh is very essential for harnessing the unutilized economic capability in the north Eastern States of India.
Conclusion:

An environment congenial for the growth of industries and investment has steadily developed in the NER. Taking apart the economic factors from the political ones, we see the good prospect of NER leading the growth story of India. Among all the North Eastern States, Assam has proceeded fast in case of investment. It has become a new investment destination. Some well-known firms have made investment in Assam in last few years like ITC, NATCO Pharma, Sun Pharma, Dalmia Bharat Cement, Infinity, Mahindra, Spice Jet, Patanjali, Dabur etc. Premier hospital chains like Apollo, Sankar Netralaya, Fortis, Narayana Health are just few of the major hospital chains that have already joined the state’s health market. Taj Vivanta, Raddison blu and Novotel are some of the international hotel groups that have already opened their branches in NER. Some top pharmaceutical companies have already opened manufacturing units in North East India. They are – Ozone Pharmaceuticals Ltd. with their modern and high-tech manufacturing unit in Guwahati, Nilamani Pharmaceutical in Imphal, Chemico laboratories in Shillong etc. Infrastructural development undertaken under Act East Policy coupled with investment friendly policies and programmes of the state and centre have inspired the companies to invest in NER. More such positive outcomes can be expected from the implementation of different strategies of Act East Policy which have the power to completely transform the economy of NE and make it a leader in the growth story of India.

References

Reports

1. Assam as India’s Gateway to Asean, Asian Development Bank, March, 2020
2. Comprehensive Master Plan for Tapping The Export Potential of North Eastern States, commissioned by APEDA, Sathguru Management Consultants Pvt. Ltd, Hyderabad, 2017, Sathguru.com
3. Databook December, 2014, CSO
4. Economic Survey, 2017-18
5. Emerging North-East India: Economically and socially inclusive development strategies KPMG-FICCI, (2015), KPMG.com
6. Gateway to the ASEAN, India’s north east frontier, FICCI, November 27, 2014
7. NER Vision 2020, NEC, 2008, www.Necouncil.gov.in
8. Playing to Strengths: A Policy Framework for Mainstreaming Northeast India, December, 2019, World Bank

Articles

1. De Prabir, Act East-North east: Unlocking the potentials, www.economictimes.com, October 16, 2019, 10.55 AM, IST
2. Kundra Ashish, A leaf out of Yunnan’s book, www.thehindu.com, July 31, 2019, 00:15 IST

Books

1. Debroy Bibek, Bhandari Laveesh, Aiyer Swaminathan S. Anklesh, Freedom of the States of India, 2013
2. Das Gurudas, Thomas C Joshua, Look east to Act East Policy: Implication’s for India’s Northeast, Routledge India, February 16, 2016
3. Singh Amarjeet M., (edited), North East India and India’s Act East Policy, Identifying the Priorities, Routledge India, July 9, 2019

Web sites

1. www.mospi.gov.in, updated on March 1, 2021
2. www.statisticstimes.com
3. www.cmie.com