



SPEECH

OF

HIS EXCELLENCY

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ON THE OCCASION OF

CONFERENCE ON 'DESTINATION NORTH EAST'

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Introduction

At the very outset, I congratulate ShriBhjanka and ShriDengzonpa and their teams for organising this very important conference. This initiative of Bharat Chamber of Commerce and North East Officers and Professionals Welfare Association will definitely help the North East region in the path of progress and prosperity.

I am impressed by the deliberations by eminent speakers and Hon'ble Members from various States of North East region. The speeches were very informative and have covered the core sectors, which provide investment opportunities for trade, industrial development, tourism and exports to the neighbouring countries. The speakers rightly raised issues, which need utmost attention and immediately addressed.

To be socially, and economically sustainable, India's growth story needs to be inclusive. However, the country's north east has been experiencing a comparatively slower pace of industrialisation and socio-economic growth. Though the region is blessed with abundant natural resources for industrial development and social development, they have not been utilised to their full potential. The region has certain distinct advantages. **It is strategically located with access to the traditional domestic market of eastern India, along with proximity to the major states in the east and adjacent countries such as Bangladesh, Myanmar and China, encompassing Ganga-Mekong-basin and Bay of Bengal littoral States. The region is also a vantage entry point for the South-East Asian markets.**

The resource-rich north east with its expanses of fertile farmland and a huge talent pool could turn into one of India's most prosperous regions. Yet, owing to its unique challenges and given the issues related to poor infrastructure and connectivity, unemployment and low economic development, law and order problems, etc. its potential is not harnessed effectively. More reform needs to be initiated in a range of areas, such as investment in agriculture, hydel power, infrastructure as well as in creating new avenues of growth through the development of vertically integrated food processing chains, market-linked skill development and cross-border trade. As multiple avenues for growth and development emerge, it is of paramount importance that the region, as a collective identity, embarks on a vibrant journey to realise the dreams of a

better future. This vision can be realised only through the combined effort of all stakeholders. Let me delineate some of these opportunities and attempt to provide insights to the ongoing interventions to raise the north east of India to higher levels of inclusive economic development.

Demographics and social Infrastructure

Although Assam accounts for 68% of the population of the North East, the states are home to only 4% of the country's population for 8% of India's geographical spread.

The region stands way below in comparison with the rest of India in socio-economic indicators, except the literacy. In that, other than Arunachal Pradesh, all the other States have literacy rates about or above national average of 64.8%, which provides a good pool of educated human resources in the region. Also, the population is younger comparatively. These assets need to be taken note of.

Considering that **development of any kind, particularly infrastructure, in this part of India will be associated with socio-political issues such as land acquisition, displacement of people, apprehensions of environmental degradation, the policy and aids of the central and state governments should address these issues to accelerate the completion of developmental projects.**

Power

The region is endowed with perennial rivers and water bodies, therefore, it has a huge hydroelectricity potential. This potential, if tapped well, can be used to export power to other regions of the country. **Arunachal alone is sitting on nearly 60,000 MW of hydro power.** The spill-over benefits will be the development of infrastructure such as roads, communications, and electricity supply to remote hilly areas, resulting in better quality of life.

The improvement in power generation will in turn help in establishing lead industries (e.g., cement) by annulling the effects of high transportation costs. This in turn will help in skilling workers in modern industry oriented production activities and address the gap in the ready availability of an industrial workforce in the region.

Agriculture

Agriculture provides livelihood to 70% of the region's population. However, the pattern of agricultural growth has remained uneven across regions. The states continue to be net importers of food grains even for their own consumption. **The region, which is heavily dependent on the agriculture sector, needs a green revolution to eradicate poverty and boost its economy.** e.g. share of production of major crops is less than 1% except for Rice, which accounts for 5%. Such a green revolution must be adequately backed by financial institutions, marketing functionaries and the R&D.

Rubber and bamboo are among the important agricultural produces, which can attract a lot of investment opportunities. The region's comparative advantages in producing fruits, vegetables and other horticulture products can be tapped by setting up small-scale processing units for the local market which will also boost rural employment. Arunachal Pradesh has taken up the cultivation of horticulture produce especially of sub-tropical fruits on a large scale with assistance from the government. There is also scope for dairy processing and poultry, fishery processing in the region. Private entrepreneurs need to be encouraged to set up storage, distribution and marketing infrastructure such as a cold storage chain along major arterial highways.

Physical infrastructure

Road is an important mode of travel in the hilly areas as other mode of travel is either too expensive or difficult. The road infrastructure is relatively deficient in the NER although the region's road density per capita is significantly higher as compared to the rest of the country. Given the low density of population and the hilly terrain of the region this is an expected outcome. To address this The Ministry of Road Transport and Highways (Morth) has been paying special attention to the development of national highways in the region.

Railways are the best mode of mass transportation in the country. However, in the hilly terrains of the NER it is difficult and expensive to setup rail networks. This accounts for the absence or nominal presence of railway lines in hilly states like Arunachal Pradesh, Manipur, Meghalaya and Mizoram.

Even in Nagaland and Tripura the railway route has been setup in the plain areas of the region. **It is to be noted that in the last 60 years, except for Assam, North East has just added around 50 kms. of rail track.**

Inland water transport can be a viable, cost-effective alternative in the plain areas of NER, given the high cost of other mode of transportation. It also creates employment opportunities, promotes tourism and opens up inter-country routes for trade and commerce. Waterway connectivity between Mizoram and the port of AkyabSittwe is under consideration and could lead to enhanced trade opportunities with the country.

The NE region has one international airport in Guwahati, AssamThe Airport Authority of India (AAI) plans to make it one of the major international airports, connecting Southeast Asia with India. A greenfield airport has been proposed near Itanagar, for which environmental clearance has been received in April 2010. The Ministry of Civil Aviation has also planned to operationalise airports at Daporijo and Tezu in Arunachal. Nagaland has one operational airport at Dimapur. A second airport is being planned for Kohima.

Under the 'Look-East Policy', improved links with international neighbours is a priority. Bangladesh, Bhutan, Myanmar and TAR should be connected to Guwahati in addition to Bangkok. **Another international airport for the southern part of NER in Agartala can be prioritized.**

Skill development

According to the study on development and employment generation potential of the north-eastern states, between 2011 and 2021, the region will have only 2.6 million jobs. And half of this demand will be in Assam alone, which is about 1,234,357 jobs. **As opposed to the low demand, there will also be a supply of 17 million people in 2011-2022, an excess of 14 million job seekers.**

So there is a **need for a twin approach for developing skills for both local employment and for those who seek to migrate.**For this, the North Eastern Council (NEC) and the Ministry of Development of North Eastern Region (DoNER) have prepared the 'Vision 2020'.

To realise the economic potential the region holds, it is imperative to utilise the demographic advantage parameters that will lead to market linked skill development. The key thrust areas that evolve from an analysis of these parameters are as follows:

- **The forest plays a major part in the economies of these states.** Sadly, the NER forest resources are facing degradation and deforestation. Planned outlays in training and awareness for imparting correct skills-set to the community for the states to preserve the biomass is required.

- Institutions of higher education focussing on **environment sciences** need to come up for building local community awareness to **ensure conservation of NER's forest resources.**

- The rich cultural canvas, the flora and fauna of the region calls for a **measured policy intervention that should aim at preserving and economically exploiting the cultural heritage.** A growth in tourism will be followed by growth in the hospitality sector. This region has a large English speaking population that finds employment in the hospitality industry across India and outside. There are thus opportunities for leveraging the local talent by setting up training institutes in hospitality and hotel management.

- **Good English language skills** also can find employment in call centres and the government can create the environment by improving connectivity and adding courses in its ITIs for this trade.

Policymakers are finally creating a framework and inviting private investors in higher education, filling a glaring shortage that has in the past seen students in the region migrating to the rest of the country.

Incentives to invest

As per the 'North Eastern Industrial and Investment Promotion Policy (NEIIPP)– 2007' by the Ministry of Commerce and Industry, the region has been declared as special economic zone (SEZ) with all its attendant benefits. It must also be noted that 10% of Central Govts budget is now earmarked for the North East and it is non-lapsable.

Border trade

With the emergence of globalisation, economic integration among nations has become a necessity. Cross-border trade is the most important medium of the current wave of globalisation. In this process, knowingly or unknowingly the north east economy has emerged in to a new dimension of cross-border trade (informal trade) with neighbouring nations and that increases social welfare of the poor masses of the region. **Under the “Look East” policy, India seeks economic cooperation with ASEAN and other neighbouring countries through the gateway of the region.** Opening up and augmenting trade with the neighbouring countries such as Bangladesh, Myanmar and through Myanmar to South East Asia will also help in realising the full potential of the region.

The North East is located at a crossroads between three major economies – East Asia, South Asia and Southeast Asia. This geopolitical advantage, has however, not really translated into the region's economic development. Despite the high growth in India's trade ties with Southeast Asia and China in the recent past, the Northeast's role has been marginal in terms of its contribution to trade and as a trade route. The Northeast has not been able to integrate and benefit from the various regional and sub-regional initiatives that neighbouring countries have created .Out of India's export volume of about \$254.4 billion, the Northeast's share is only about \$0.01 billion. The Planning Commission's report on North east's border trade with the neighbouring countries' shows that the region mainly exports primary products like boulder stone, limestone, fruits, tea, coal etc. Nearly 94 per cent of exports from the region consist of tea and coal. On the other hand, manufactured goods have a negligible presence in the export basket. Even the manufactured goods produced in areas other than North East are not very significant in official border trade.

In order to benefit from the cross border trade initiatives industries in the region need to develop goods to be exported to the neighbouring countries. Processing industries have to be set up to manufacture quality goods, which can be offered in international markets at acceptable prices. Infrastructure and connectivity improvements in terms of strategic roads to border areas as well as Integrated Check Posts and

border trade points need to be developed. This will also lead to reduced informal trade between NE and the neighbouring regions.

Myanmar is India's gateway to ASEAN as it is the only country of this grouping which has a land and maritime boundary with India. With India becoming a summit level partner of ASEAN and a member of the East Asia Summit, improved relations with Myanmar will be beneficial in many respects.

Bangladesh apart from being a huge market also provides us access to the littoral States of Bay of Bengal. *The World Bank statistics on India's trade status with Bangladesh points out the following interesting facts:*

- *Over 15% of Bangladeshi imports come from India.*
- *Bangladesh has a large trade deficit with India; this is offset by surpluses with other countries.*
- *Bangladeshi exports to India receive tariff concessions (under SAFTA).*
- *They account for less than 1% of total India's imports.*
- *Illegal trade between the two countries amounts to 3/4 of regular trade.*

Conclusion

(Institutional change supporting economic enhancement and growth at a social level requires economic incentives, supported by political will. With India moving into a new era of economic liberation, the region should not be left out. The framework for development of the region can be broadly based upon four vital components. The first component of this development plan should be social empowerment. It needs to empower rural communities, create sustainable institutions so that they manage common activities around microfinance, livelihoods and natural resource management. The second component needs to be economic empowerment. The objective of this component should ideally be to develop the capacity of rural communities to plan and manage funds for various economic initiatives and common activities for the public. The third component will be partnership development. The objective of this component should be to partner with various service providers, resource institutions and public and

private sector organisations to bring resources such as finance, technology, and marketing into the project so that the community groups are able to improve their livelihoods. The fourth and final component will be project management. This will facilitate various governance, implementation, co-ordination, learning and quality enhancement efforts in the project.

It is vital that this process includes mechanisms for equitably sharing the benefits to be derived from development and focusses not only on the big-ticket items that support broad-based, long-term growth, but also on those complementary activities that have immediate impact on poverty reduction at the community level.)

Ultimately, as in other fields, our North East suffers not so much by lack of planning, but by poor implementation. The public and private sectors both have a vital role to play. In this forum, I will appeal to the Captains of Industry and the Government both to pick up the gauntlet and grab the opportunity. At best, presently we are looking at a 'work in progress' situation and a renewed momentum to make our dream of North East a reality is required.

Finally, as I conclude, on behalf of people of Arunachal Pradesh and on my own behalf, I expressed our gratitude to Bharat Chamber of Commerce and North East Officers and Professionals Welfare Association. I look forward for the recommendations of this conference and a new enthusiasm amongst the captains of industries towards North East region.

Thank you all.

Jai Hind.