



Concept Note: Infrastructure based on Act East Policy

9th October 2018
Confidential

Concept Note

Preamble

India's north east region (NER) is endowed with huge untapped potential natural resources and is acknowledged as the eastern gateway for the country's 'Act East Policy'. However, despite being endowed with vast natural resources, the region has not experienced a relative robust growth. A key constraint to the growth has been poor infrastructure and limited connectivity, both within the region as well as with rest of the country.

The need for this study stems from the developmental needs of North-East Region, which is crucial pre-requisite for the successful implementation "Act East" Policy. The critical aim of "Act East" policy, which is to stimulate economic growth in the North-East Region (NER), would not be attained unless certain issues hampering economic development in the region (infrastructure connectivity, identification of growth drivers based on local resource utilization, local capacity building, internal security issues, etc) are addressed effectively.

This study attempts to provide necessary insights on various developmental necessities, constraints and bottlenecks as well as strategies to capitalize opportunities constraints (i.e. Ground realities) as well as strategies to capitalize opportunities for economic rejuvenation of NER. Studies of this nature helps to define potential for the sector's growth and actionable steps for how to grow. This study attempts to create an overall notion on the development of specific actions and policy improvements towards corrective measures to enhance the region's capacity through appropriate policy framework with an eye on the ASEAN markets, highlight the need for infrastructure and capacity building measures and focus on policies to create enabling environments for the export market and to identify potential areas for future investment and product development based on regional comparative advantages. Hence there is a need to undertake studies of similar nature in the region for the critical appraisal of key the key economic indicators along with a detailed sketch of the individual strengths of the seven states is necessary to achieve a holistic framework to target growth in the region.

The study provides a comprehensive look of the NER in terms of the resources and potential sectors in the region. Strategic/Assessment studies of this nature will not be able to determine if the project will be initiated, since that would depend on a lot of factors like the environment scenario, concerned stakeholders etc. However, the information and data offered in the study, given realistic assumptions provide the basis for a decision.

From "Look East" to "Act East"- Paradigm Policy Shift

The "Act East" Policy mooted by the current NPA Government is essentially a progressive version of "Look East" Policy, which was launched by UPA Government in 1992 with a two-fold aim of shifting India's focus from the west and neighbours to the booming South East Asian economies, as well as spurring economic growth in the North-East Region.

The Look East policy, has been termed as a "lacklustre" policy as it could not create the desired impact, failed to enhance India's relevance and influence and check China's clout in these regions. Neither it helped North-East India in a significant scale. Though, "Look East" policy was a positive step in India's foreign policy, but it could realise not much due to lack of political will and institutional bottlenecks resulting into delays in the implementation of projects and lack of coordination of its various agencies/departments.

Though the founding objective of both the policies remains unchanged, the fundamental distinction between the two policies lie in the connotation, context and resolution. Subtle aspects which differentiates these two policies are enlisted below:

1. The "Act East" policy, as its name connotes, goes one step beyond and encourages a proactive role for India to play in its eastern neighbourhood.
2. "Look East" Policy was driven by economic interests; while "Act East" focusses also on Security Interests besides economic interests, i.e. gives credence to current geopolitics of the region

3. The scope of “Look East” was limited to South East Asia, whereas “Act East” scope is extended to East Asia (i.e. especially CLMV countries)
4. The “Act East” policy highlights North East as an integral part of India’s foreign policy and accords this region as the main beneficiary and primary actor in our foreign policy concerning South East and East Asian countries.

From the actions that followed in the wake of revised Act East Policy, it appears the government has taken substantial positive steps towards building close relationships with India’s ‘East’ partners. PM Modi’s state visits to Mongolia, Japan, China, Malaysia, Myanmar, Vietnam, Singapore, South Korea, as well as recent Japanese Prime Minister’s Visit to India are examples of the current government actively pursuing the Act East policy. Common ties of Buddhism and culture, a shared history of colonialization etc. are used in the Act East policy rhetoric to build a sense of togetherness.

Connectivity is an important enabler of regional economic integration and is of importance to India’s Act East policy. Cross-border connectivity is critical for the Act East policy to succeed but is largely missing in the critical northeast areas of India. The Act East policy has significant trade potential for both India and the Southeast Asian countries. India’s Act East initiative has been further augmented by the ASEAN countries who are increasingly looking west for trade and investment. According to studies done by the Asian Development Bank and others, the benefits of economic integration between South and Southeast Asia could be about \$570 billion, of which about two-third would benefit South Asia. It is important to note that these benefits can accrue under certain assumptions such as reduction in non-tariff barriers etc. Indian states in the northeast are therefore critical for regional economic integration and the success of the Act East policy. However, for the benefits of the Act East policy to accrue, the north-eastern states need holistic economic development that can sustain the local economy as well as give impetus to regional integration. In other words, the states in the northeast should benefit directly from development and not as a side-effect of the Act East policy. To this effect, connecting the north-eastern states to mainland India should be an important objective of the government. Further, this connectivity between the northeast and the rest of India is also critical for the Look East/Act East corridors to function. Bangladesh can play an important role in connecting the Northeast to mainland India through land and water. Consequently, initiatives such as BIMSTEC are important in this regard. While financing is a concern for all big infrastructure undertakings, the private sector can be mobilised to invest in projects in the northeast if there is enough political will.

Several issues can be identified as reasons for the lack of inadequate connectivity in Northeast India. Internal security issues such as human trafficking, immigration, insurgencies etc. hamper the overall economic development of the region to some extent, affecting connectivity. Security challenges posed by insurgent groups in the northeast have proved to be a significant challenge for successive Indian governments, impeding economic development. There is a need for more political acumen in dealing with various security issues in the northeast and understanding the linkages between them. The north-east region is extremely critical for India’s ambition Act East policy to succeed.

According to the Indian government, “The objective of the ‘Act East’ policy is to promote economic cooperation, cultural ties and develop strategic relationship with countries in the Asia-Pacific region through continuous engagement at bilateral, regional and multilateral levels thereby providing enhanced connectivity to the States of the North-eastern Region including Arunachal Pradesh with other countries in our neighbourhood. Further, the Act East Policy offers an “interface between Northeast India and the ASEAN region”. The focus has shifted to the northeast region. With the AEP in place, the rhetoric and narrative have changed. Further, the engagement with the Indo-Pacific region has deepened. India has a long history of eastward engagement and has become an increasingly important economic, political and strategic factor in the Indo-Pacific region. With a shift in approach and discourse from ‘Look East’ to ‘Act East’, it has acquired greater strategic dimension. India has not only institutionalised regular consultations on foreign and defence affairs at ministerial and senior official levels; it has also established strategic partnerships with many countries in the region.

Developing the North East-The Heart of ‘Act East’

If one looks at the transition from the LEP to the AEP, the most important shift is the centrality of the northeast region in the new policy. From the northeast region perspective, the AEP marks a major foreign policy initiative and is, in many ways, a distinct shift in India’s relations with its ASEAN neighbours. For the northeast region, the AEP is much more than

just a commercial opportunity. The AEP acknowledges the importance of the northeast region by scripting and defining it as an essential part of India's developmental trajectory as well as fitting the region into the nation's foreign policy architecture. Second, the AEP clearly assigns a definitive role and agenda for the people of the northeast region in India's pursuit of economic relationships with ASEAN countries. Third, the AEP is the only major policy initiative available to the region for the development of tangible trade and commerce with the neighbouring countries. Fourth, the policy provides an opportunity to the different communities in the region to re-establish their age-old sociocultural ties as well as historical links with the people of the Southeast Asian nations. The Indian government is working with a concrete action plan and is providing resources to implement the agendas in each timeframe. Hence, it is expected that the AEP would bring fundamental changes which touch on the economic, political, socio-cultural and psychological aspects in the lives of the peoples in the northeast region.

The NDA government has taken several steps to implement its ambitious agenda of developing the northeast region and strengthen connectivity between the northeast region and ASEAN via trade, culture, people-to-people contacts and infrastructure development. The government is working on various plans, including economic cooperation with Asia-Pacific facilitating bilateral trade, via the northeast region; enhancing sea and road connectivity of the northeast region through other nations; enhancing rail and air connectivity internally in the northeast region; and developing the northeast region as an organic farming hub. The Buddhist-Hindu pilgrimage circuit from India to Southeast Asia, passing through the northeast region, is also being developed further to boost tourism. Furthermore, the government is trying to give the landlocked northeast region access to the sea via Bangladesh and Myanmar. This will transform the region's economy, raise living standards, reduce road and rail transport time, and curb fuel cost. Similarly, work is in progress on the India Myanmar-Thailand Trilateral Highway from Moreh in Manipur to Maesot in Thailand via Mandalay in Myanmar – this will improve connectivity. In addition, inland waterways are being improved for the transport of goods to important ports in ASEAN. Nineteen additional waterways have been declared national waterways.

India's relationship with ASEAN is a key pillar of its foreign policy and the foundation of Act East Policy. The up-gradation of the relationship into a Strategic Partnership in 2012 was a natural progression to the ground covered since India became a Sectoral Partner of the ASEAN in 1992, Dialogue Partner in 1996 and Summit Level Partner in 2002. There are, in total, 30 Dialogue Mechanisms between India and ASEAN, cutting across various sectors. India-ASEAN trade and investment relations have been growing steadily, with ASEAN being India's fourth largest trading partner. The annual trade between India and ASEAN stood at approximately US\$ 76.53 billion in 2014-15. It declined to US\$ 65.04 billion in 2015-16 essentially due to declining commodity prices amidst a general slowing down of the global economy. Similarly, India's trade relations with BIMSTEC countries and China have been thriving in recent years. Owing to the geographic and cultural factors, North East India becomes a major component in expanding the trade relations with these countries, particularly the ones with which it shares its borders and South-East Asia.

Development of NER is crucial to augment and strengthen the quantum of exports to ASEAN, as NER is at the lowest distance from the ASEAN member countries, with shared boundaries and proposed multinational infrastructure projects. Provision of Goods and Services from NER will drive down the transaction costs drastically and will amplify the bilateral trade with ASEAN member countries. Reducing the transaction costs by driving down the transportation costs will augment the trade quantum with the ASEAN countries with smaller economics. This could be achieved by investing in infrastructure creation in NER.

High rates of economic growth have never been a single sufficient condition for development. Employment rate is crucial in the growth ecosystem and historically, countries/regions which attained high rates of employment growth in conjunction with high rates of economic growth are the ones who succeeded in reducing poverty significantly. The WA Population/NWA Population for NER in 2011 was about 1.54, slightly higher than national ratio of 1.53, indicating a demographic dividend which could be capitalized as India's demographic cycle is about 10-30 years behind that of other growing countries and the next few decades present an opportunity for India to increase the per capita income levels. About 19% of the Working Age population (15-59 years) in NER, were seeking work as per Census 2011, demonstrating the lack of employment opportunities in the region.

The potential workforce could be engaged by development of the region through targeted policy intervention facilitating investments into the region, increasing public funding and creating export-oriented growth avenues. Policy intervention should aim at nurturing an enabling environment for investment by targeted action as the region needs to generate jobs, that are productive relative to investment, have the potential for broader social transformation, and can generate exports and growth. Lack of job opportunities acts as a dampener for the human development index of a region, leading to large scale migration and rise of anti-social activities. National Skill Mission/ National Skill Development Corporation (NSDC) or allied organisations can work out skill requirement in different sectors and take process for their skill development and employment in the region or other parts of the country or even abroad (ASEAN countries), considering high literacy rate of the region. Setting up one State of Art Educational Institute in NE Region, where 50% seats be marked for admission from ASEAN countries, to increase the bondage in between the countries is very much necessary.

Revenues from mining sector and allied industries have tremendous potential to contribute to the economic and social upliftment of the local population, as these industries create direct and indirect job opportunities and provide government with the funds which could be utilized in regional development. Concisely, the economic growth of a region abundant with mineral resources will depend on how the resources are developed, how proper regulations are implemented, how monitoring of operations are conducted, how the revenue generated is managed and allocated and how a better citizen participation in the process is achieved.

North Eastern Region (NER) has a rich potential wealth of mineral resources (most of it untapped), with substantial reserves of lime stones of different grades, coal, petroleum and natural gas, fire clay, feldspar, quartz/silica sand, granite, brick earth and silt, fullers earth, quartz pebbles, and moderate reserves of minerals like china clay and dolomite. Occurrences of iron ore, multi-metallic minerals, chromite, placer gold and phosphate have also been reported and investigated. It is observed that except for coal, petroleum and natural gas, limestone, and multi-metallic minerals, adequate geological or techno-economic assessment is yet to take place regarding quantity, quality of other minerals, commercial viability of exploration and possible value addition to these resources.

Agriculture provides livelihood support to 70 % of NER's population. It produces only 1.5 % of country's food grain production and continues to be a net importer of food grains even for its own consumption. The North-East region produces only 3.10 per cent of national food grains production and continues to be a net importer of food grains even for its own consumption.

The North-East India is rich in fruit diversity and contains more than one-third of the country's total diversity. The major fruits produced in NER include Banana, Oranges, Pineapple, Lime/lemon, Guava, Jack Fruit, Papaya, Plum, Litchi, Kiwi, Passion fruit and others. The supply/production of fruits in NER far outpaces the consumption and hence the region is a net exporter of fruits. There exists an immense potential of capitalizing this resource and creating employment and investment opportunities by setting up of allied industries like processing centers, manufacturing of value added products, storage and preservation industries and others. Fruits like Tezpur Litchi (Assam), Khasi Mandarin (Meghalaya), Kachai Lemon (Manipur), Queen Pineapple (Tripura), Arunachal Orange and Nagaland Tree Tomato have been accorded the prestigious Geographical Indication (GI) tag, which needs to be capitalized for accentuating export potential.

Northeast is home to a unique range of spices that are quite different in taste and attributes from the commonplace spices used in the cuisines of mainland India. The tribal population of NE India uses some proven, close-to-nature and indigenous methods to grow these spices. Some of the major spices exclusive to NER are Karbi Anglong Ginger, Lakadong Turmeric, dried pepper long etc.

Tea, coffee, rubber and bamboo are the major plantation crops available in the north-eastern region. Assam alone accounts for about 50% of the total tea production of the country. Coffee cultivation was introduced in the North-East Region with an aim for socio- economic upliftment of the local people as well as for preservation of the fragile ecosystem. Coffee is a labour-intensive crop, requiring 2.5 person per hectare for its maintenance. The NER accounts for about 6% of the total rubber production of the country. The region also has about 18% of the total rubber cultivation land in India. Tripura has the highest yield in rubber closely followed by Assam among the NER states. In the Northeast, rubber is cultivated in

Tripura, Assam, Mizoram, and Meghalaya. Tripura, which has 35,760 ha of rubber plantation area, is regarded as “Second Rubber Capital of India”, after Kerala. Bamboo is one of the vital minor forest produce that assists in subsistence income of tribal folk of NER, who use this potential resource for food, shelter, furniture, handicrafts, medicines, and various ethno-religious purposes. NER nearly accounts for 40% of the country’s total Bamboo Bearing area (in sq. km). Among the NER states, Arunachal Pradesh has the largest Bamboo Bearing Area.

Although agriculture is the prime source of livelihood for most of the rural population in NER, dependence on livestock as an alternative source of income is noteworthy, with significant proportion of landless labourers, small and marginal farmers, female population having access to livestock resources engaged in the sector resulting in household income augmentation and employment generation. The sector complements agriculture sector through involvement in agricultural operations, transport, fuel and fertilizers, utilization of agricultural by-products and wastelands. However, states of NER have not been able the required acceleration in growth of animal husbandry and dairying as compared to other regions of the country owing to lack of basic infrastructure including road communication, marketing, input supplies, credit, and finance support etc. The region, through virtues of conducive geography and tradition is best suited for development of mono-gastric animals, backyard poultry and piggery. Rearing of small ruminants also has great potential in this region. Given the low absorptive capacity of the industrial sector in the NER, dairying is one of the possible ways to augment income and employment of the small farmers aided by the wet climate of the region which is conducive for dairying and milk processing activities. Dairying acquires special significance in the hill areas of NER which exhibit economic dependence of households on animal husbandry activities owing to low availability of per capita arable land and lack of other income generating avenues. NER has a good potential in the field of meat production, which in turn, has huge export potential to neighbouring countries.

Livestock and poultry are important components of mixed farming system in the region and dependence on Poultry farming, as an alternative source of income, is significant. Because of social acceptance, consumption of egg and meat is relatively higher in this region, compared to that of milk and milk product. Combined with increasing per capita income, urbanization and changes in life-style, the region has seen an increasing demand for poultry and poultry products and is facing a deficit in their production. Different states in the region depend on inter-state trade in poultry and poultry products to meet demand. The widening gap between demand and supply of poultry and poultry products can be bridged by introducing changes in production structure and augmenting with appropriate facilities. Although the region has some improved local poultry breeds, it has lagged in terms of production and productivity because of extensive system of rearing.

The entire NER accounts for around 6% of total poultry produced in the country. The North-Eastern States have enormous untapped potential for fisheries in terms of rivers, streams, floodplain, wetlands, lakes, ponds, and large areas under rice fish culture system. The region is also considered as one of the hot spots of freshwater fish diversity in the country.

North East has the unique distinction of being the only region producing four varieties of silk and is a hot spot of Serio-biodiversity particularly in case of non-mulberry (vanya) silk sector which apart from producing exquisite silk, plays a significant role in sustainable rural livelihood and poverty alleviation in interior and tribal parts of the country. Sericulture spawns an industry of allied activities like silk reeling, twisting, weaving (handlooms and power looms), dyeing, printing and garment manufacturing. The sector provides employment to about 8.25 million rural people of the country particularly women folk. The vanya silk cultivation is an eco-friendly and women friendly occupation that provides high employment, vibrancy to village economies and is an ideal programme for weaker section of society. The role of programme and policies formulated by the Government of India such as Catalytic Development Programme, Indian Forest (Conservation) Act 1981, Fibre Policy 2010 and Brand Management for conservation of vanya silk with inclusive societal development have been instrumental for its growth. A cluster-based approach in sericulture – from soil to fabric is essential to boost the sector in NER owing to the current information and logistical disparity amongst various value chain actors.

Energy consumption, Economic Growth and Employment growth have been studied extensively for identifying causal relationships to assist energy policy making. Ghosh (2009), assessed the relationship between electricity supply, employment, and GDP in India for the period (1971- 2006) and inferred that economic growth leads to increased electricity supply which in turn leads to increased employment. It states that growth in real GDP and the electricity supply in India

are responsible for the high level of employment in the country. Hence, creating electricity infrastructure in the region will have a positive impact on employment in the region. The power supply in North Eastern Region has improved in recent years owing to commissioning of power infrastructure (mostly renewable), which has reduced the power supply deficit (gap in Power Requirement and Power Availability) from 6% in 2015-16 to 3% in 2016-17. As on Jan 2017, the power deficit in the entire NER is 362 Million Units (MU) against a supply of 12,767 Million Units (MU), with states like Meghalaya and Sikkim having no deficit in power supply.

Tourism Sector has been universally recognized as an agent for socio-economic growth and development. Tourism sector, through its backward and forward linkages, has always been an inclusive growth driver for India by generating employment in sectors such as hospitality, travel, wellness, entertainment and promoting other industries in the economy. With a focus on boosting tourism, Government of India has undertaken various initiatives through policy interventions and by fostering infrastructure development resulting in a phenomenal growth in domestic tourism, foreign tourist arrivals, foreign exchange earnings, and employment opportunities. India's tourism sector witnessed a growth of 4.5 per cent in terms of foreign tourist arrivals (FTAs) in 2015 with 8.2 million arrivals, and a growth of 4.1 per cent in foreign exchange earnings (FEEs) of USD 21.1 billion over the previous year. North East India is endowed with diverse tourist attractions ranging from perennial rivers, snow-capped mountains, hillocks with dense vegetation, forests with exotic flora and fauna, archaeological marvels, important religious and devotional centres, indigenous people/tribes with rich cultural history, places with deep cultural and historical roots, with each state having its distinct flavour and features. Despite of such abundance of natural resources, growth in tourism and hospitality sector in the region has always been muted owing to factors such as dispersed locations with less connectivity, lack of accommodation, tourist amenities and other allied infrastructure and owing to security issues caused by insurgency in the region.

Considering all the important resource base the NER is endowed with, it is quite important to identify the niche sectors for the NER. The sectors identification/prioritization was done on basis of 4 broad criteria viz. Economic, Social, Environmental, and Institutional. The methodology for the selections of sectors/themes having potential for development in the NER was evaluated on the criteria's in Economic, Social, Institutional and Environmental. Tourism, sericulture, agriculture/horticulture, IT, Oil and gas and power are some of the sectors that NER must focus and look to further work upon for better economic development in the region. The Ministry of Tourism has taken initiatives to identify certain niche tourism sectors and the NER has immense potential to develop these niche areas in cruise, adventure, medical/wellness, golf, polo and mice tourism.

North East region is one of the richest reservoir of genetic variability and diversity of different crops i.e. various kinds of fruits, different vegetables, spices, ornamental plants, and medicinal and aromatic plants. The NER can look to tap in the fruit processing possibilities and look to further explore the value addition options for the different horticulture/agriculture crops. In a country like India floriculture as an industry has tremendous potential for generation of gainful employment in rural as well as urban areas. Since the global demand of floricultural products is increasing day by day, India and very especially North-East region can effectively capitalize this opportunity to solve the problem of unemployment and poverty through achieving a consistent growth in production and export of this commodity as well earn valuable foreign exchange. A total value of INR 210 Crore worth ornamental flowers has been exported to different countries from India during year 2015-16. United States, Germany, UK, and Netherlands are some of the major European countries serving as export markets for flowers from India. The NER has immense potential to boost the trade from our nation and contribute to the economic development. Out of the top most traded medicinal plants of the country, majority of them are from the North-East Region. Hence the medicinal plant sector of the NER has great trade potential.

North Eastern India provides for more than 90% of the Eri silk production in the country. Eri is a multivoltine silk spun from open-ended cocoons, unlike other varieties of silk. Muga popularly known as the golden thread is the most expensive and durable of all silk threads in the world. It is indigenous to NER and has been accorded the prestigious Geographical Indication (GI) tag. Japan is one of the most dynamic silk markets in the world with customers seeking authentic and durable lifestyle products with high Quality expectations. Singapore and the Republic of Korea are other important Asian markets for Indian Silk. Handwoven silk cloth for funerals (tradition in South Korea) is rather expensive and considered to

be a good market opportunity. In terms of product categories, kimonos, silk Jewellery, wedding dresses, funeral dresses and silk fabric are products that can be promoted in the Japanese and Korean markets. In general, handwoven silk is regaining popularity in the Asian market and several emerging economies have increased purchasing power. India has presence in Sri Lanka, Bangladesh, and Nepal markets. Countries such as Indonesia, China, Philippines, Brunei Darussalam, and Myanmar are interesting new markets for Indian silk. It is pertinent to understand the import scenario of silk and silk goods of the ASEAN/BIMSTEC countries to assess the export potential of silk from NER to these markets.

North Eastern Region has rich potential wealth of hydrocarbon resources, mostly untapped, with parts of Mokokchung, Longleng and Tuensanj districts exhibiting rich potential deposits of petroleum oil. Northeast India has two sedimentary basins viz. Upper Assam Shelf and Assam-Arakan Basin, the former contributing to 90% of the current oil and gas production while only about 10% of the total area of Assam-Arakan fold belt has been explored. This belt is a treasure-house of hydrocarbons as it falls between the prolific oil and gas producing regions of Bangladesh and Myanmar. Only 50% of the total sedimentary basins have been explored till now, owing to difficult terrain and lack of connectivity infrastructure. The area wise reserves show that NER holds 26% and 12.5% of India's balance recoverable reserves of crude oil and natural gas respectively.

Prime Minister Narendra Modi and Bangladesh Prime Minister Sheikh Hasina jointly inaugurated BSNL's International Internet Gateway in Tripura on 23rd March 2016. India will supply 100 megawatts of electricity in return for 10 Gigabits per second International Internet bandwidth from Bangladesh. Software Technology Parks of India (STPI), is an Autonomous Society set up by the Ministry of Electronics and Information Technology (MeitY), Government of India in 1991, with the objective of encouraging, promoting, and boosting the Software Exports from India. Software Technology Parks of India maintains internal engineering resources to provide consulting, training, and implementation services. Services cover Network Design, System Integration, Installation, Operations and maintenance of application networks and facilities in varied areas. Owing to the ample room for development in the NER, after addressing various gaps in infrastructure and acceptability among the locals, the improvement in the internet and telecommunication services will have a significant impact on the economic upturn of the region. The basic ICT and network coverage can aid seamless inter and intra-regional trade and deliveries across sectors in the North-Eastern Region. The enablement and integration of the digital corridor in the NER can help facilitate and nurture the business environment, by providing diverse growth opportunities to industries and attracting investment. Aiming at the all-round development of the infrastructure of the cities, the Smart City Mission, under Ministry of Urban Development, marks a paradigm shift towards overall urban development in the country since it is based on participatory approach with the involvement of citizens in the formulation of a city vision and smart city plans and the urban local bodies and state governments piloting the mission on backbone of strong ICT infrastructure. Eight cities of NER have been selected and included in the upcoming 100 Smart City Project. Three cities in NER -- Guwahati, Imphal and Agartala, have been selected for the implementation of the ambitious smart city plan, while the rest will submit revised plans. The initiative includes leveraging many interventions-ICT and digital technologies, public private partnership (PPP) and other policies to the different aspects of livelihood such as adequate water supply management, sanitation facilities, affordable housing, sustainable environment, efficient urban mobility, safety and security of the citizens and good governance.

Development of industrial clusters as an extension to the mining activities in a region has multi-pronged benefits :- (a) Improves the bargaining power of the mining firm in case of vertical integration into extraction/processing/product manufacturing (b) Better allocation of benefits from the natural resources owing to job creation and allied industry growth, thus reducing the effects of "Resource Curse" (c) Proximity to raw materials improves the supply chain management for industries in the cluster and the geographical proximity of buyers, suppliers and firms in clusters creates short feedback loops for ideas and innovations, which leads to faster and more effective knowledge diffusion. Some of the famous industrial clusters in the country established and sustained by proximity to raw material source include Petrochemical industry cluster in Dahej and Nandesari (Gujarat), Footwear Cluster in Agra, Steel Clusters in Rourkela (Orissa), Bokaro and Jamshedpur (Jharkhand), Bhilai (Chattisgarh), Durgapur (West Bengal), Ceramic Cluster in Morbi (Gujarat) etc.

Considering the resources available in the NER and the sector prioritisation matrix developed, the sectors in pharma, tourism, agriculture/horticulture, rubber exhibit potential for coming up in the region. The region should look to develop specific sector/project profiles for the above-mentioned sectors.

North East Industrial Development Scheme (NEIDS) has been launched to further catalyse the industrial development in the North-Eastern Region including Sikkim. It has come into force from 01.04.2017 and will remain in force up to 31.03.2022. The Scheme covers new units in manufacturing and services sectors. The scheme provides for Central Capital Investment Incentive for access to credit, Central Interest Incentive, Central Comprehensive Insurance Incentive, Goods and Services Tax Reimbursement, Income Tax Reimbursement, Transport Incentive; and Employment Incentive to the extent indicated in the gazette notification against each of the components. The truncated Transport Incentive (TI), covering only finished goods, is a positive move towards plugging the leakages linked to the NEIIPP. This will also encourage industries to utilize local raw materials for servicing the national and international market. The reimbursement of Central Governments shares of CGST and IGST has brought clarity on the budgetary support under Goods and Service Tax (GST) regime to the units located in the north-eastern states. The NEIDS provides adequate leverage for setting up of industries in the region. This coupled with the respective state government policies will encourage local entrepreneurs as well as established business houses to come forward to set up industries the region.

The NER must also look to improve trade relations with the neighbouring countries. Modernizing and harmonizing customs administrations by streamlining and simplifying clearance procedures will be beneficial to traders and businesses and stemming informal trade. Incentivizing the traders/small businesses to get registered and pay duties by providing support in form of subsidies/rebates in the business processes and extending capacity building and training support. Fast, efficient, and subsidized phytosanitary certification to control informal trade in agricultural/horticultural products for escaping SPS (Sanitary and Phytosanitary Measures) controls. Inclusion of agricultural/horticultural products which have demand on the other side of border in the list of tradable items at border haats. Increasing the number of items tradable and number of traders at border haats will help stem informal trade. Adequate information and advisory services are required for spreading awareness amongst traders and suggestions on potential trade items. Ensuring speedy implementation of proposed border points like border haats and LCS and implementing measures to convert the non-functional border trade points would also boost the trade prospects of the region.

Element of Sustainability in the plan

The overall direction of development proposed for North-East captures the essence of sustainable development goals (SDGs) promulgated by UNDP. These 17 goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities.



These seemingly different goals are interconnected and have a symbiotic relationship, i.e. success on one will result into tackling issues more commonly associated with another. They all together intend to tackle the root causes of poverty to realise the ultimate vision of poverty free world.

Even after 60 years of independence, North East states have remained isolated and underdeveloped, despite being endowed with vast natural resources in terms of forests, biodiversity, hydro-electricity. The major hurdles in the development of North-East have been difficult terrains, poor infrastructure, limited connectivity (both within the region as well as with rest of the country), insurgency and ethnic violence. Overcoming these bottlenecks is critically important for inducing sustainable development that can make this region a vibrant economy.

The key to achieving regional growth conforming to SDGs is to adopt an approach that ensures equitable growth, i.e. economic vibrancy without disturbing socio-economic and environmental balance. The development directions proposed for NER development takes cognizance of this and hence proposes to transform region by focussing on 5 C's – Commerce, Connectivity, Conservation, Culture and Co-operation.

How these focus areas will influence various dimensions and lead to attainment of SDGs has been captured in the chart below

Focus Areas	Influence areas	Associated SDGs
 <p>Commerce</p>	<ul style="list-style-type: none"> Increased employment and Livelihood Opportunities Improved Education and Skill Levels Higher Income, Higher GDP, Higher Consumption, Higher Government / ULE Revenues, Higher spending by Govt, ULBs on Infrastructure Improvement 	<p>No Poverty, Zero Hunger, Decent Work and Economic Growth, Reduced Inequalities</p> <p>Quality Education</p> <p>Sustainable Cities & Communities, Decent Work and Economic Growth, Clean Water, Energy & Sanitation</p>
 <p>Connectivity & Infrastructure</p>	<ul style="list-style-type: none"> Increased market reach (increased trade and commerce) & Increased Travel and Tourism Increased investment flow Better Living Conditions Increased mobility (improved employment and livelihood opportunities) 	<p>No Poverty, Zero Hunger, Decent Work and Economic Growth, Reduced Inequalities</p> <p>Industry, Innovation & Infrastructure, Clean Water & Sanitation</p> <p>No Poverty, Zero Hunger, Decent Work and Economic Growth, Reduced Inequalities</p>

Focus Areas	Influence areas	Associated SDGs
 <p>Conservation</p>	<ul style="list-style-type: none"> Longevity of resources 	Responsible consumption and Production
	<ul style="list-style-type: none"> Less Environmental Degradation (Clean Environment and Better Living Conditions) 	Good Health & Well-being
	<ul style="list-style-type: none"> Ecological Balance (lesser adverse impact of climate change) 	Climate Action
 <p>Culture & Cooperation</p>	<ul style="list-style-type: none"> Better Understanding 	Gender Equality, Peace; Permanence
	<ul style="list-style-type: none"> Lesser Conflicts 	
	<ul style="list-style-type: none"> Collective Benefits and Prosperity 	Responsible consumption and Production
	<ul style="list-style-type: none"> Better utilization of resources 	

Concluding Remark

"Neglect of the North East" can be corrected implementing Look East /Act East policy in full earnestness and by making local inhabitants and neighbouring countries in South East and East Asia countries partners in the development program.

India need to assume leadership position by reinvigorating platforms such as BIMSTEC and working actively on infrastructure connectivity issues. Connecting North East region to Sittwe port in Myanmar and Chittagong port in Bangladesh, focusing on India-Myanmar-Thailand trilateral highway and Kaladan Multi-Model Transport Project are some of the projects which needs to be pushed under the Act East Policy. In addition, India should capitalize on its soft power and by cultural link through Buddhism to build better relations with the eastern neighbours.

Recent infrastructure creation though mainly done with security requirements in mind has also proved beneficial in Assam and Meghalaya. The next phase of development activity must take advantage of Hydel, O&G potential of the NE in addressing chronic power crisis. There is a strong case for developing Integrated Water Transport (IWT) in NE as its eco-friendly, rivers are perennial, also in-demand from local inhabitants and tourists. Border Haat across will keep the goods flowing in two ways, develop people to people contacts and reduces smuggling activities.

Recent Foreign Trade Policy has talked about making NE - Organic hub of India. "Brand NE" must be promoted as a source of Organic Tea, Honey, Horticultural and high value crops like Pineapple. Food processing Industries would also be a natural extension of such development.

Our media and to an extent the govt have only reported on the problems of NE. Both, Domestic and International travellers will travel to NE when marketing campaigns like "Pristine North East" centered around community and adventure tourism is promoted.

All the above initiatives will act as an encouragement when skills are developed, governance structure of autonomous councils and state govts is improved on priority basis. Now it's time from them to develop on par with other regions.

