

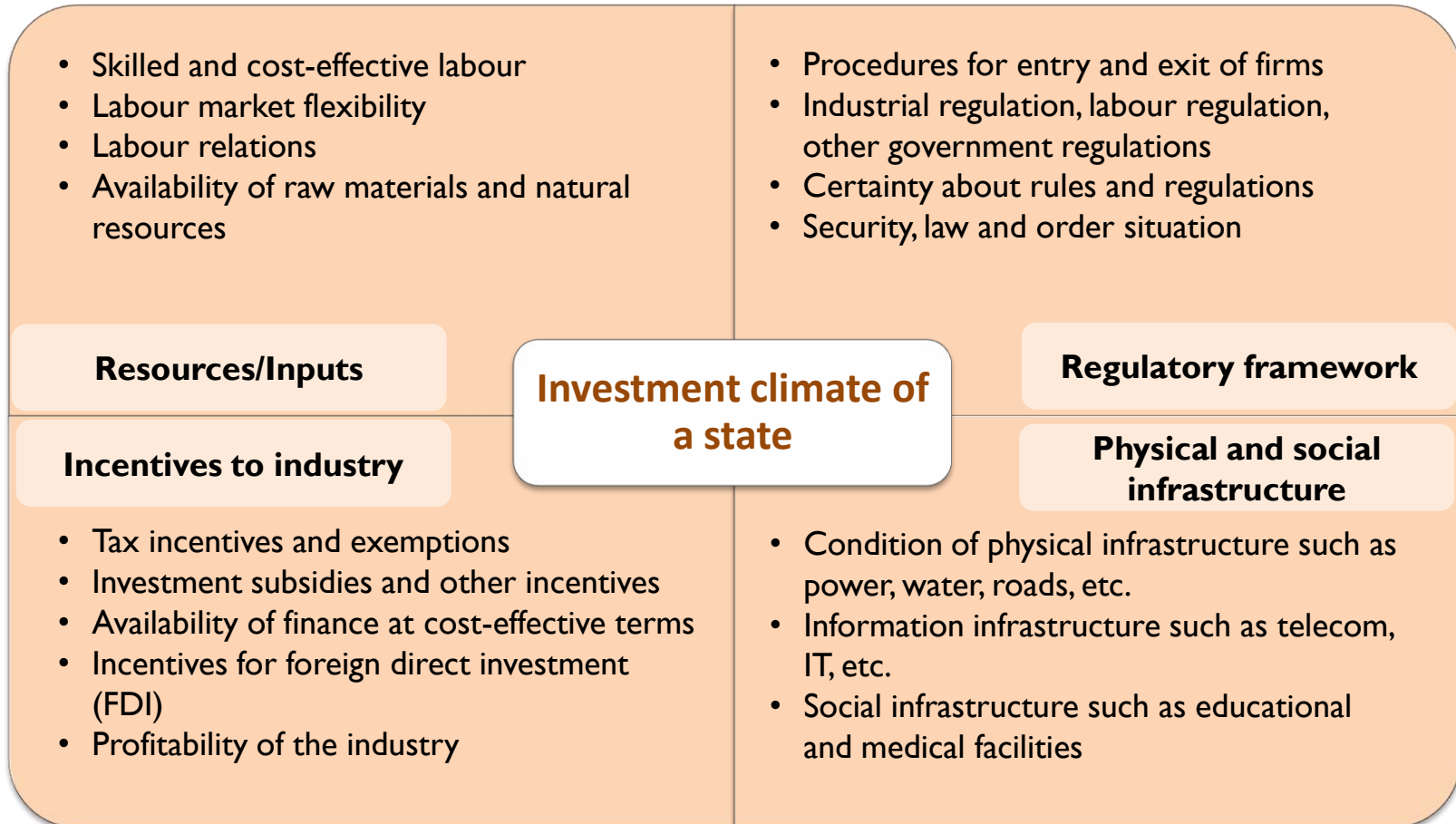


NORTH-EAST STATES

September 2009



Investment climate of a state is determined by a mix of factors

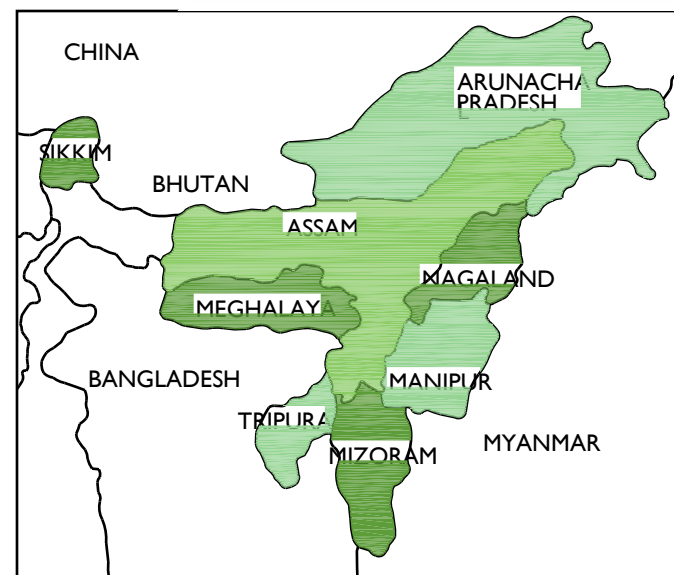
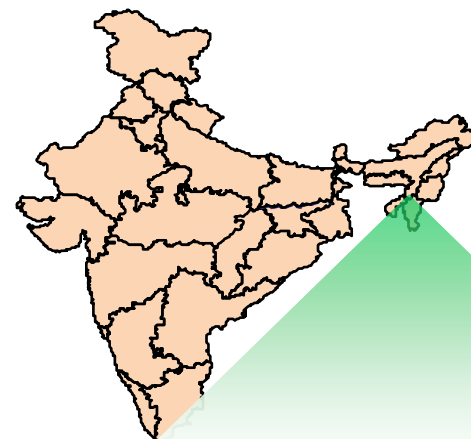


The focus of this presentation is to discuss...

- ❖ State economy and socio-economic profile
- ❖ Infrastructure
- ❖ Policy and incentives
- ❖ Business opportunities
- ❖ Doing business in North-East states
- ❖ Overall competitiveness of the state

North-East Region – a snapshot

- The North-east region (NER) refers collectively to the eight states located in the midst of the East Himalayan region, comprising Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura.
- It covers an area of 262,230 sq km, accounting for 7.9 per cent of India's total geographical area.
- With a total population of 39 million (Census 2001), it accounts for 3.8 per cent of the country's total population.
- The NER is connected to the rest of India by a 22 km. wide stretch of land (at Siliguri, West Bengal).



North-East Region – a snapshot

- It shares 2,000 km. of international borders with Nepal, Bhutan, Tibet, Myanmar and Bangladesh.
- The region is well endowed with natural resources and ideal climatic conditions for agriculture, plantations and sericulture.

Socio-economic snapshot

	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura
State capital	Itanagar	Dispur	Imphal	Shillong	Aizawl	Kohima	Gangtok	Agartala
Area (sq. Km.)	83,743	78,438	22,327	22,429	22,081	16,579	7,096	10,486
Population (2001 Census, in million)	1.1	26.7	2.2	2.3	0.9	2.0	0.5	3.2
Sex ratio (2001 Census, per 1000 males)	901	932	978	975	938	909	875	950
Literacy rate (2001 Census, per cent)	54	64	69	63	88	67	70	74
GSDP* (US\$ billion) at current prices — 2006–07	0.67*	14.69	1.45	1.45	0.67	1.4*	0.46	2.1*
Annual per capita income in US\$ (year)**	510.80 (2007-2008)	360.41 (2008-2009)	379.19 (2007-2008)	498.98 (2007-2008)	444.80 (2008-2009)	413.78 (2005-2006)	590.04 (2007-2008)	508.11 (2006-2007)
Natural resources	Crude oil, natural gas, coal, marble, forest resources, other minerals							
Key industries	Tea, agro and forest-based products, rubber, natural gas, petroleum, silk, handloom and handicrafts, breweries, distilleries, tanning.							

Sources: Census 2001; “GSDP at current prices”, MOSPI website, accessed 14 September 2009; “Handbook on Statistics of the Indian Economy 2008-09”, RBI

* GSDP value of 2005-06

** As per availability of data

Socio-economic profile

- The NER has a high literacy rate of 68 per cent, which is higher than the national average of 65.4 per cent.
- Mizoram has the second-highest literacy rate in the country at 88 per cent.
- Educational infrastructure has improved considerably over the past decade and, so have the associated metrics of teacher-student ratio, enrollment rates and the number of schools and colleges.
- More than 50 per cent of all the state's population is employed by the primary sector.
- Handloom industry provides employment to a large section of the population.

Literacy rates	
Arunachal Pradesh	54.74
Assam	64.28
Manipur	68.87
Meghalaya	63.31
Mizoram	88.49
Nagaland	67.11
Sikkim	69.68
Tripura	73.66
NER	68.00

Source: Census of India, 2001

Socio-economic profile

Sector-wise distribution of workers						
States	Rural			Urban		
	Primary	Secondary	Tertiary	Primary	Secondary	Tertiary
Arunachal Pradesh	83.4	7.5	9.0	8.7	13.4	77.9
Assam	67.7	6.2	26.2	6.0	13.5	80.5
Manipur	75.3	8.9	15.8	28.3	15.6	55.9
Meghalaya	86.5	3.0	10.5	1.3	14.6	84.1
Mizoram	88.5	2.4	12.2	30.3	14.7	55.0
Nagaland	79.7	2.2	18.1	8.4	12.1	79.5
Sikkim	60.8	9.9	29.3	2.1	16.1	81.8
Tripura	45.7	12.0	42.3	2.7	8.0	89.3
India	76.3	11.4	12.4	8.8	32.0	59.2

Source: Census of India, 2001

Economic profile

- Higher contribution of the agriculture sector to the GSDP than the country average.
- Primary sector activities mainly constitute cultivation, on which approximately 75 per cent of the region's population depends for employment; agriculture accounts for approximately 26 per cent of the NSDP.
- Secondary sector activity comprises infrastructure, construction and mining; contributes to approximately 16 per cent of the NSDP.
- Industrial products primarily include crude petroleum, natural gas, tea, minerals and steel fabrication.
- Tertiary sector constitutes tourism-related activities, real estate businesses and public administration; accounts for approximately 58 per cent of the NSDP.

Net state domestic product at factor costs, (US\$ mn)				
States	2002-03	2003-04	2004-05	2005-06
Arunachal Pradesh	441	505	585	625
Assam	8,899	9,697	10,804	11,726
Manipur	710	805	1,026	1,157
Meghalaya	1,003	1,122	1,201	1,300
Mizoram	437	471	493	539
Nagaland	990	1,061	1,125	N.A.
Sikkim	244	273	306	345
Tripura	1,406	1,579	1,728	1,892
NER	14,128	15,513	17,268	-

Source: Handbook on Statistics of the Indian Economy 2008-09, RBI

Economic profile

Assam

- Largest producer of tea in India and other agricultural produce including rice, maize and jute.
- Secondary industries include coal mining, crude petroleum, cement and fertilizers.
- Assam accounts for about 15 per cent of India's crude output and about 50 per cent of India's total onshore production of natural gas.
- Muga silk, known for its natural shimmering gold colour, is extracted from a species of insect found only in the NER, particularly Assam

Manipur

- The state produces paddy, wheat, maize, pulses, oilseeds and rubber.
- Handloom products are sarees, bed sheets, curtains and woollen shawls.
- Bamboo production is above one million tonnes per annum and the state is also known for bamboo craft.

Economic profile

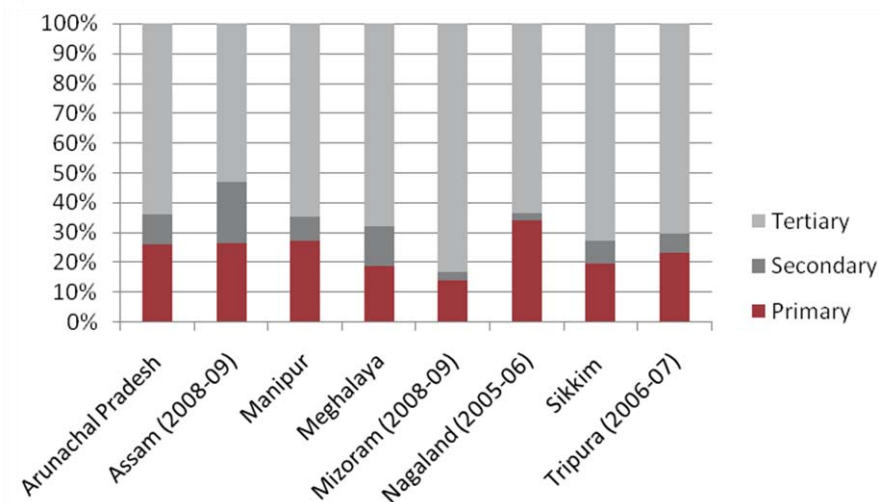
Arunachal Pradesh

- Major agricultural produce is food grain, oil seeds and pulses.
- Handicraft and handloom industry provides employment to a large section of the population.

Meghalaya

- Major crops and plantations include rice, maize, jute, rapeseed, mustard, rubber and coffee.
- Agriculture employs more than 50 per cent of the total workforce.
- Meghalaya's turmeric is considered to be the best in the world, with curcumin content as high as 7.5 per cent.
- Horticulture is widely practiced in the state and food-processing has high potential.
- Major crafts are cane and bamboo-based.

Sectoral contribution to NSDP in NER states, 2007-08



Source : Handbook on Statistics of the Indian Economy 2008-09, RBI

Economic profile

Mizoram

- Bamboo forests in the state account for 14 per cent of the total bamboo forest area in India.
- Bamboo is used in construction, agriculture and allied services and micro enterprises.

Sikkim

- Main crops produced are rice, wheat and maize
- Sikkim produces 80 per cent of India's large cardamom.
- Sikkim is famous for its locally grown 'Temi' tea.
- The liquor industry is a major source of excise revenue.

Nagaland

- 70 per cent of the population is dependent on agriculture
- Main crops include rice, millet, maize and pulses.
- Major crafts are artistic textiles, cane and bamboo straw, woodwork and metal-ware

Tripura

- Second-largest producer of rubber in India.
- Largest producer of true potato seed (a high-yield variety) in India.
- Fifth-largest in tea production among the 14 tea-producing states in India.

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- ❖ **Infrastructure**
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Physical infrastructure — roads and railways

- The NER has a total road network of 1,73,261 Km., including 4,935 Km. of national highways.
- For every 100 sq. Km. area, the NER has 66.08 Km. of road length as against the country average of 74.73 Km.
- The total railway network is 2,450 km. long, with 1,068 Km. of broad gauge and 1,384 Km. of meter gauge; the bulk of the railway network runs through the state of Assam.
- A total of US\$ 1,742 million of National Road and Railways Projects ear-marked for completion by end of 11th Five Year Plan (2012). About US\$ 311 million has been budgeted for 2008–2009's on-going road and railway projects.
- Important rail-heads in the NER are mainly in Assam — Guwahati, New Bongaigaon, Jorhat, Tezpur, Dibrugarh Town, Lumding and Silchar.
- Creation of a 10,466 km. network of inter and intra-state road network under the Special Accelerated Road Development Program in the 11th Five Year Plan (SARDP-NE); an overall investment of US\$ 3.5 billion has been made for the 11th Five Year Plan period.

Physical infrastructure — roads and railways

Roads and railways (Km.)	
Total road network	1,73,261
National highways	4,935
Rail network	2,450
Broad gauge	1,068
Meter gauge	1,384
Road length/100 sq. Km.	66.08
Surfaced roads	27.1 per cent

Source: www.indiastat.com

Physical infrastructure — roads and railways

Road infrastructure (Km.)					
States	Road length per 100 sq. Km.	National highways	State highways	Major district roads	Village roads
Arunachal Pradesh	21.93	392	NA	12,169	4,657
Assam	114.09	2,836	1,811	26,146	44,135
Manipur	51.21	954	1,118	6,638	2,172
Mizoram	24.07	927	354	3,518	NA
Meghalaya	42.65	717	991	5,416	604
Nagaland	126.79	369	398	13,754	5,137
Sikkim	28.45	62	186	1,502	NA
Tripura	155.41	400	136	5,569	7,912

Sources: North Eastern Region Vision 2020: Annexures , MoDNER and NEC; “Annual report 2008-09, Ministry of Road Transport and Highways, Gol

Physical infrastructure — airports and waterways

Air connectivity in the NER			
	2006	2007	Increase
Flight/day	32	38	18.70 per cent
City pairs/day	80	93	16.20 per cent
Seats deployed/day	9,493	11,288	18.90 per cent

City pairs/day – NE cities connected with other frequented neighbouring cities in India in a single connecting flight.

Cargo handled by various modes	
Mode of transportation	Amount handled (MT)
Air (Guwahati)	85.1
Waterways (Assam)	1.3 million*
Road	NA

Sources: Indiatat.com; * Annual Report 2007-08, Inland Waterways Authority of India

Airways

- 11 operational airports, with six in Assam and one each in the other states excluding Arunachal Pradesh and Sikkim which have helipads.
- Alliance Air is a major carrier in the NER.
- 50 airports and airstrips in the NER proposed by the end of the 11th Five Year Plan (2007–2011), ensuring 600 flights a week connecting all the state capitals and other cities in the region.
- Three proposed greenfield airports in Pakyong (Sikkim), Itanagar and Tawang (Arunachal Pradesh)

Physical infrastructure — airports and waterways

Waterways

- River Brahmaputra in Assam is National Waterway 2 (NW2). River Barak has maximum navigation potential.
- Connectivity between NW1 and NW2 via Bangladesh provides a shorter route than road and railway; best-suited for bulk commodities and low cost connectivity.
- Waterways of 3,839 Km. have high potential for movement of cargo and passengers but require infrastructure improvement.
- Fund allocation of US\$ 23 million was made to the IWAI during 2007–08 of which US\$ 5.35 million has been spent for the purpose under the NE pool.
- Investment is proposed to be through public sector investment and Public Private Partnerships (PPP).

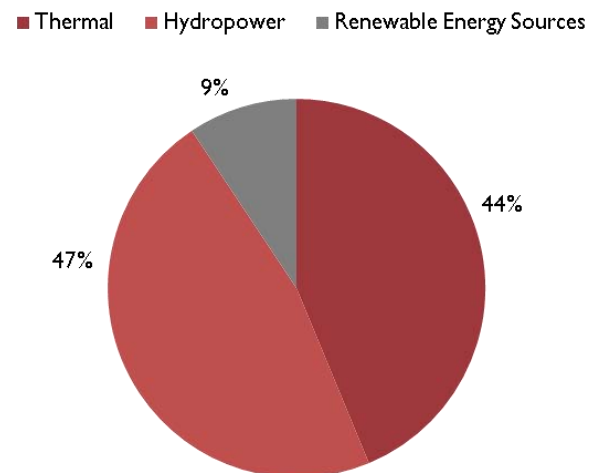
Physical infrastructure — power

- Present installed capacities: 4,533 MW; highest in Assam (980.3 MW) and the lowest in Nagaland (102 MW) as of August 2009.
- The total developed capacity for power generation in the NER was recorded to be 1,179 MW (approx.).
- The region also has abundant coal, oil and gas resources for thermal power generation.
- Hydro electric power: NER has 2,126 MW of total hydro potential but only seven per cent has been tapped. Assam (431 MW) and Meghalaya (229 MW) are the highest contributors.
- Natural Gas: Reserves of 151.68 billion cubic meters which is capable of generating 7500 MW for 10 years.
- Coal: 864.78 million ton which is capable of generating approximately 240 MW/day for a period of 100 years.

Physical infrastructure — power

State	Potential assessed (MW)	Potential developed (MW)
Arunachal Pradesh	50,328	416
Assam	680	275
Manipur	1,784	105
Meghalaya	2,394	185
Mizoram	2,196	-
Nagaland	1,574	99
Tripura	15	15
Sikkim	4,286	84
Total	63,257	1,179

Mode-wise Installed capacity, 2009



Source: 11th Plan Project: Report of Working Group of Power, Ministry of Power, www.powermin.nic.in/; North Eastern Region Vision 2020: Annexures, MoDONER and NEC

Physical infrastructure — telecom

- Average tele-density in NER lower than the India average; gap being bridged by cell phone operators in the region.
- Mobile services started in 2005 by Reliance and Airtel.
- Number of cell phone (GSM and CDMA) subscribers in the NER stood at about 9 million in March 2009.
- Total number of internet connections stood at 12,479 in 2005–06, a growth rate of about 121 per cent over 2003–04.

Status of telecommunications in the NER			
As on March 2009	Assam	North-east 1*	North-east 2**
No. of telephone exchanges	605	344	222
% Villages covered by public phones	93.01	58.17	54.53
Urban teledensity	86.98	139.10	27.36
Rural teledensity	9.36	14.67	3.69
Total telephone connections(BSNL)	1,324,128	569,530	535,179

Source: Annual Report 2008-09, Department of Telecommunications, MoCIT

Note: Does not include Sikkim, *includes Meghalaya, Mizoram, Tripura;

**includes Nagaland, Manipur, Arunachal Pradesh

Physical infrastructure — telecom

Number of GSM phone subscribers, 2009	
Operators	Subscribers
Reliance Telecom	1,796,335
Bharti Airtel	1,941,260
BSNL	1,646,187
Vodafone Essar	163,925
Dishnet Wireless	2,533,725
NER	8,081,432

Source: Cellular Statistics, Cellular Operators Association of India website, www.coai.com, accessed 15 September 2009

Number of internet connections			
Circle	2003-2004	2004-2005	2005-2006
Assam	3,202	3,636	3,143
Northeast – 1	1,285	1,751	4,590
Northeast – 2	1,345	5,060	4,746
NER	5,632	10,447	12,479
India	500,290	785,358	802,701

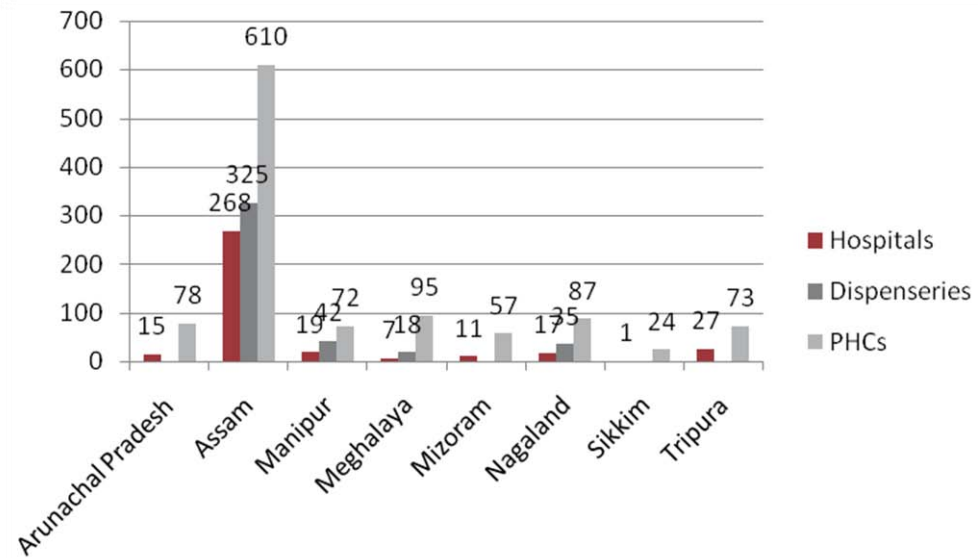
Source: www.indiastat.com, Rajya Sabha Unstarred Question No. 3499, May 18, 2006.

Social infrastructure — health

Health infrastructure

- Impressive public health infrastructure through a network of hospitals, primary health centres, primary health sub-centres and community health centres.
- Over 100 hospitals in the NER
- The declining infant mortality rate compares very favourably with the national average.
- Increase in child immunization, and increasing life expectancy in almost all NER states.

Status of healthcare infrastructure in NER states

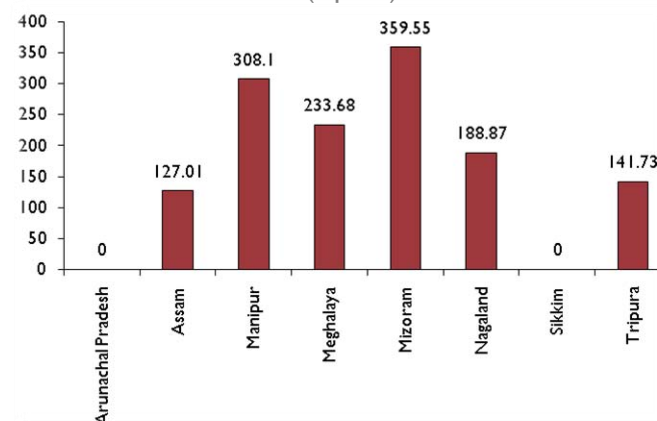


Social infrastructure — health

Health infrastructure

- Apart from Assam and Tripura, there is a surplus of primary and community health centres in rural areas.
- Manipur has the lowest IMR in India.
- Apart from Assam and Tripura, there is a surplus of primary and community health centres in the rural areas.

Average rural area covered by Public Health Centre (sq.km.)



Source: "North Eastern Region Vision 2020: Annexure"s, MoDNER and NEC

Social infrastructure — education

Education

- The NER has a high literacy rate of 68 per cent, as per Census 2001.
- 616 colleges in the region, including 66 professional colleges and 16 universities.
- Important institutes include Indian Institute of Technology, Guwahati; National Institute of Technology, Silchar; regional centres of Indira Gandhi National Open University and central universities.

Social infrastructure — education

Number of recognised educational institutes in NER region, 2007–2008								
	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura
Universities	2	7	2	1	1	1	1	1
Colleges of general education	10	348	58	54	26	37	3	14
Colleges of professional education	5	28	9	4	4	4	6	6
Higher secondary school/Jr. College	223	5,527	705	655	560	391	162	667
Middle/senior basic	528	9,716	831	1759	1,121	481	205	1,004
Primary and junior basic school	1,380	30,499	2,552	5,851	1,688	1,520	733	1,863
Other institutions	1	202	10	10	NA	24	4	5
Total	2,093	44,309	NA	8,386	3,390	2,429	798	3,117

Source: Annual Report 2007-08, Ministry of Human Resource Development, Govt of India

Industrial infrastructure

Arunachal Pradesh

- Bamboo Technology Park under construction.
- Large and medium industries in the state include the cement, fruit processing, tea and plywood industries.

Assam

- Assam has Software Technology Park (STP), Export Promotion Industrial Park (EPIP), Food Processing Park (FPP) and four proposed Integrated Industrial Development Corporations (IIDC).
- Industrial Growth Centres (IGC) have physical and social infrastructure

Meghalaya

- Seven industrial estates and areas have basic infrastructure.
- An EPIP is being set up with basic services and facilities.

Industrial infrastructure

Manipur

- Houses six industrial areas.
- IIDC, EPZ, FPP and growth centres have been proposed.

Mizoram and Sikkim

- Apart from the industrial estates present there are no other dedicated economic zones currently.

State-wise industrial infrastructure			
State	Large and medium scale Industries	Small scale industries	Industrial estates/ area
Arunachal Pradesh	17	2,526	16
Assam	115	45,193	21
Manipur	12	5,779	6
Meghalaya	38	4,564	7
Mizoram	NA	4,600	2
Nagaland	NA	347	4
Sikkim	NA	730	NA
Tripura	NA	2,066	12
NER	182	58,337	80

Source: Respective SIDCs-State Industrial Development Corporations

Industrial infrastructure

Nagaland

- IGC would provide all basic services and facilities in an industry-friendly environment.
- EPIP with industrial infrastructure and facilities is being set up.

Tripura

- Houses 12 industrial estates.
- IGC has all basic facilities.

Industrial estates and areas in NER

State	IIDC	Growth Centres	Export Promotion Parks	Industrial Estates	Industrial Areas	Commercial Estates
Assam	3	11	9	24	36	52
Arunachal Pradesh	5	1		12	4	
Meghalaya	1		1	6	1	
Mizoram	1	1		3		
Manipur	1	1	1	1		
Nagaland		4		8		
Tripura	1	1	1	5	1	

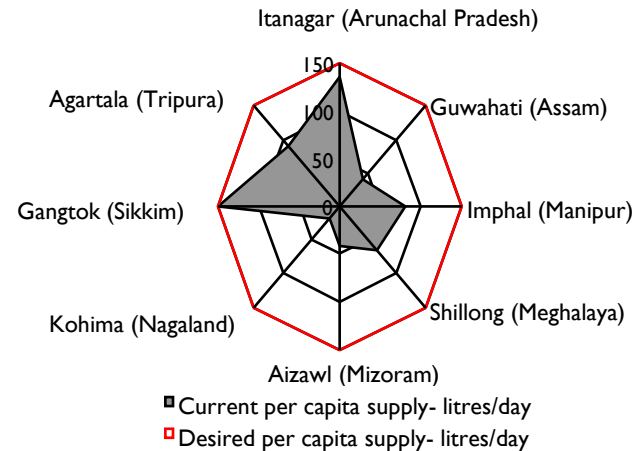
Source: Information Booklet on North East Industrial and Investment Promotion Policy, 2007, Ministry of Commerce and Industry, GoI

Urban infrastructure

Water supply

- Average per capita supply of water is 78 Lpcd.
- Itanagar, Gangtok and Agartala have adequate water supply.
- Cities have 30-40 per cent coverage of water supply,
- Cost recovery is very low; approximately 50 per cent of water supplied is unaccounted for.

Per capita supply of water in various cities (lpcd)

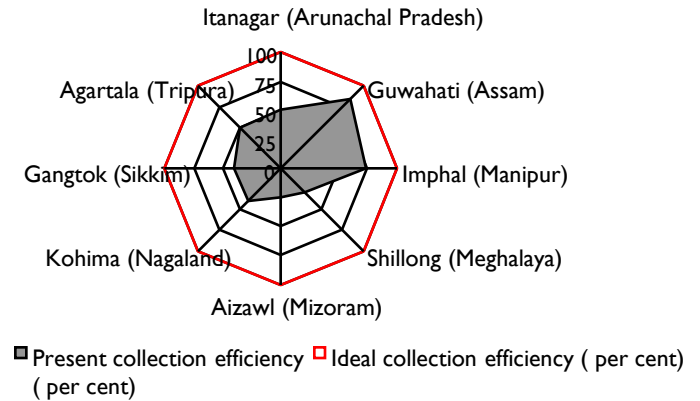


Urban infrastructure

Sewerage system

- Well-developed drainage and sewerage system is not entirely available in all states.
- Solid waste management
- Collection efficiency is 50 per cent on an average for all the cities.
- Solid waste and medical waste management needs improvement.

Collection efficiency of solid waste (in per cent)



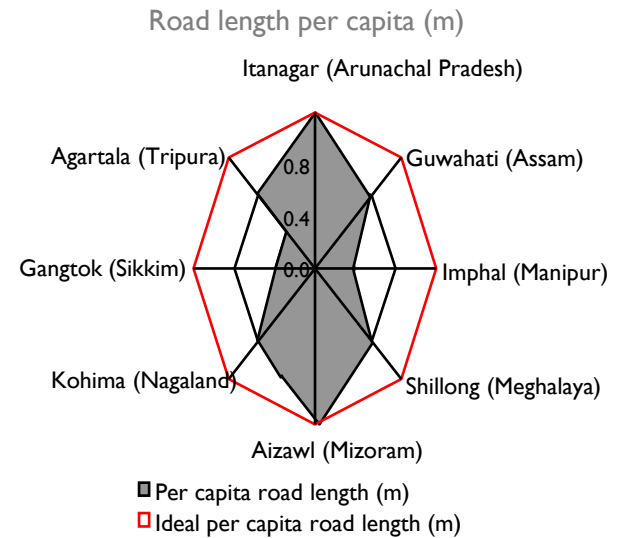
Urban infrastructure

Roads

- Per capita road length is lower in all cities except for Itanagar and Aizawl.

Emphasis on development

- Opportunities of investment in these sectors are vast due to recent reforms, government initiatives to improve infrastructure in the region and, quantum of funds flowing into the sector from various donor agencies.



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North East Industrial and Investment Promotion Policy (NEIIPP), 2007

- Industries, under this policy, are eligible for incentives for a period of 10 years from the date of commencement of commercial production.
- Incentives include various subsidies in transportation of goods, capital investment, interest rates, income tax, power, excise duty and, insurance schemes.
- 100 per cent excise duty exemption will be continued on finished products made in the NER.
- 100 per cent income tax exemption will continue under NEIIPP 2007 as was available under the North East Industrial Policy (NEIP) 1997.

North East Industrial and Investment Promotion Policy (NEIIPP), 2007

- Capital investment subsidy will be enhanced from 15 per cent of the investment in plant and machinery to 30 per cent and the limit for automatic approval of subsidy at this rate will be US\$ 0.36 million per unit, as against US\$ 73,170, under NEIP, 1997.
- Interest subsidy: Interest subsidy will be made available at three per cent on working capital loan under NEIIPP 2007.
- Comprehensive insurance: New industrial units as well as the existing units will be eligible for reimbursement of 100 per cent insurance premium while going in for substantial expansion.
- The current policy has replaced the NEIP 1997.

State policies

State	Industrial policy	Tourism policy	Agriculture policy	IT policy
Arunachal Pradesh	<ul style="list-style-type: none"> Introduced in 2001. 100 per cent equity ownership of industries to be handed to investors. 	<ul style="list-style-type: none"> Reduce poverty by ensuring economic participation of the local community in tourism opportunities. Increase capacity building and deployment of mechanisms in support of small and medium scale enterprises. 	<ul style="list-style-type: none"> Introduced in 2001 Priority accorded to increasing the income of farmers. Stress on development of marketing infrastructure. Focus on development of agro-processing units. 	
Assam	<ul style="list-style-type: none"> Introduced in 2003 Increase the share of the industrial sector in State Domestic Product. Attract out of state investments. Promote private sector investments. Develop industrially backward regions. Growth and development of SSI units. Promote IT, biotech and export oriented industries. 			<ul style="list-style-type: none"> Introduced in 2000. Many special incentives have been proposed for the IT industries. Policy encourages private sector participation in setting up of IT units.

State policies

State	Industrial policy	Tourism policy	Agriculture policy	IT policy
Manipur	<ul style="list-style-type: none"> • Introduced in 2002 • Focus on enhanced investments, investor-friendly environment, provision for infrastructure and institutional support. • Setting up of IT centres, IIDC, EPIP, EPZ and an IGC (Industrial Growth Centre). 			<ul style="list-style-type: none"> • Introduced in 2003 • Implement single window system. • 50 per cent concession on rentals for five years. • Local entrepreneurs will get 50 per cent concession on rentals for two years.
Meghalaya	<ul style="list-style-type: none"> • Introduced in 1997 • Encourages public and private sector investments, infrastructure development, development of EPIP and growth centres. • Promotes industrialization of backward areas with infrastructure facilities. 	<ul style="list-style-type: none"> • Introduced in 2001 • Ensure that benefits reach the grassroots of the populace, mitigating innumerable interlinked problems. • Strong incentives have been put forward in the policy to attract investment. 		<ul style="list-style-type: none"> • Introduced in 2004 • Encourage setting up of IT units with adequate incentives. • Setting up of IT-related organizations. • Build IT Infrastructure including an IT park. • Drive investments in the sector.

State policies

State	Industrial Policy	Tourism Policy	Agriculture Policy	IT Policy
Mizoram	<ul style="list-style-type: none"> • Introduced in 2002 • Lays stress on improving infrastructure like road, power, communication and water supply. • Establishing growth centres, industrial estates and areas, EPIP, IT Park IIDC and SEZ. • Offers special promotional packages for rural and traditional industries. • Focusses on training facilities and,developing research and development facilities. 			<ul style="list-style-type: none"> • Introduced in 2001 • IT interventions in administration, education, health, rural development, agriculture and tourism. • Encourages private sector to establish Software Technology Park (STP). • Attractive package for setting up such units and also provides single window clearances.

State policies

State	Industrial policy	Tourism policy	Agriculture policy	IT policy
Nagaland	<ul style="list-style-type: none"> Introduced in 2000 Policy envisages development of industrial areas with infrastructure facilities of adequate power and water supply. Attractive incentives have been proposed for industrial units. 			<ul style="list-style-type: none"> Introduced in 2004 Provides tax and other incentives and quality infrastructure for development and growth. Creation of a state-wide network with a central control mechanism.
Sikkim	<ul style="list-style-type: none"> Follows NEIIPP 2007 for industrial promotion. 			<ul style="list-style-type: none"> Introduced in 2006. Envisaged to lead to employment generation, resource mapping, etc.
Tripura	<ul style="list-style-type: none"> Tripura Industrial Development Agency to act as a single window for facilitation. Promote simple, transparent and need-based package of incentives. Identification and facilitation of food processing, natural gas, IT and, export -oriented projects. 	<ul style="list-style-type: none"> Eco tourism policy introduced in 2004 Policy envisages promoting the natural beauty of the state to establish sustainable tourism as a source of revenue and also create local employment. 		<ul style="list-style-type: none"> Introduced in 2000 Separate objectives for electronic governance and setting up of IT industries. Simple procedures have been laid down for approval for IT industries, with adequate incentive schemes.

Other Policies in NER

State	Policies
Arunachal Pradesh	<p>Small Hydro Power Policy, 2007</p> <ul style="list-style-type: none"> • Envisages private participation in the development of small hydro projects. • Promotes formulation of action plan for small hydro power generation plants • Commits incentives for natives to take up projects • Project sites and up-coming projects to be identified by State Government • State government shall allocate projects for development on BOOT basis for a period of 50 years
Assam	<p>Assam Bamboo Policy, 2005</p> <ul style="list-style-type: none"> • Focussed efforts on improvement of quality, productivity and output from plantations • Promote market development and support • Assam bamboo and cane development policy to be developed • A cane and bamboo development institute to be established in state • Funding support to be worked out
Meghalaya	<p>Meghalaya Power Policy, 2007</p> <ul style="list-style-type: none"> • Ensure immediate developments to generate thermal power in state, providing thermal-hydro mix • Attract private investments and project development on BOOT basis • Ensure opportunities of employment to natives • Identification of projects by independent power producers as well as the government • Empowered Committee under Chairmanship of the Minister of Power (State) to be constituted • Industries encouraged to install captive plant to meet own requirements

Other Policies in NER

State	Policies
Mizoram	<p>Bamboo Policy, 2002</p> <ul style="list-style-type: none"> • Addresses environmental concerns as well as the need to augment production • To accomplish bamboo resource mapping and assessment • To ensure regulated harvest • Promote natural regeneration as well as plantation development • Establish state level institutional support <p>Power Policy for Power Through Non-Conventional Energy Sources</p> <ul style="list-style-type: none"> • Implement grid interfacing and capacity augmentation • Wheeling and banking of electricity (distribution and storage) • Incentives like exemption from electricity duty, grants, etc.
Sikkim	<p>Disinvestment Policy for State of Sikkim, 2003</p> <ul style="list-style-type: none"> • Releasing locked up potential of public sector enterprises for revamping industrial scenario • Reduction of public debt • Transferring commercial risks • Disinvestment of PSUs making loss for more than three years

Source: Investmart – 2008, Conference on North-Eastern States, Assocham, released in October 2008

Central and state level incentives for industries

Category	Central Government	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura
Land subsidy				✓		✓		Follow NEIIPP 2007	✓
Transport subsidy	✓	✓		✓		✓	✓		✓
Capital investment subsidy	✓	✓	✓	✓	✓	✓	✓		✓
Interest subsidy	✓	✓	✓	✓	✓	✓	✓		✓
Insurance scheme	✓								
Income tax exemption	✓			✓			✓		
Power subsidy	✓	✓	✓	✓	✓	✓	✓		✓
Excise duty exemption	✓			✓			✓		
Sales tax			✓	✓	✓	✓	✓		✓
Price preference		✓		✓		✓	✓		✓

The focus of this presentation is to discuss...

- ❖ State economy and socio-economic profile
- ❖ Infrastructure
- ❖ Policy and incentives
- ❖ **Business opportunities**
- ❖ Doing business in North-East states
- ❖ Overall competitiveness of the state

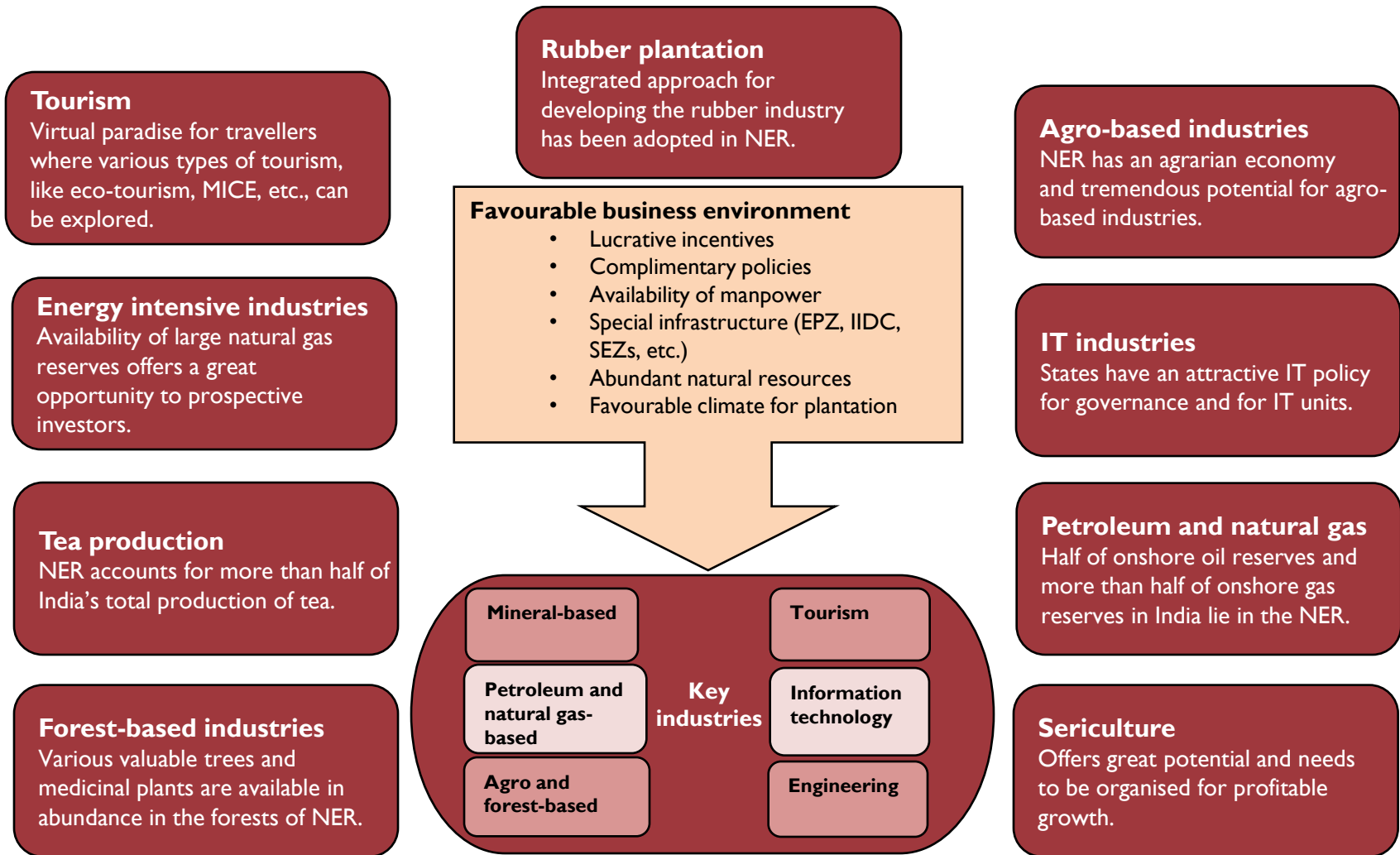
Key thrust areas

Sectors	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura
Tourism	↑		↑		↑	↑		↑
IT-based industries		↑	↑	↑	↑	↑	↑	↑
Tea-based industries	↑	↑			↑		↑	↑
Food processing industry	↑	↑	↑	↑	↑	↑	↑	↑
Infrastructure	↑							
Crude oil and natural gas		↑	↑	↑				↑
Petrochemicals		↑	↑			↑		
Pharmaceuticals and bio-tech			↑	↑		↑	↑	
Agro-based industry	↑	↑	↑	↑	↑	↑	↑	↑
Forest-based industry	↑	↑		↑	↑	↑	↑	↑
Fishery industry	↑							
Sericulture-based industry	↑		↑			↑	↑	↑
Mineral-based industry	↑	↑	↑	↑	↑	↑	↑	

Key thrust areas

Sectors	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura
Engineering industry	↑	↑	↑	↑			↑	
Chemicals industry	↑	↑	↑	↑				
Services sector	↑			↑		↑	↑	↑
Handloom sector	↑		↑	↑	↑	↑	↑	↑
Handicrafts sector	↑	↑	↑	↑	↑	↑	↑	↑
Textile-based		↑	↑					
Miscellaneous industry	↑	↑	↑	↑	↑	↑	↑	↑
Horticulture	↑	↑		↑				
Floriculture			↑			↑	↑	

Attractive sectors



Attractive sectors

Tea production	Tourism	Agriculture and allied industries
<p>Assam</p> <ul style="list-style-type: none"> • Produces 51 per cent of India's tea and accounts for a sixth of the tea produced globally. • Is home to one of the world's oldest and largest tea research centres, started in 1911. • Is home to the world's second-largest tea auction centre established in 1970 at Guwahati. • Tea production in 2007 stood at 479 million kgs. <p>Mizoram</p> <ul style="list-style-type: none"> • Tea produced in Mizoram has a distinct quality and flavour, similar to tea grown in high altitudes such as the Nilgiris and Darjeeling. 	<p>Arunachal Pradesh</p> <ul style="list-style-type: none"> • Offers opportunities in eco-tourism, wildlife, adventure, cultural and historical tourism. <p>Assam</p> <ul style="list-style-type: none"> • Its natural landscape, green forests, famous wild life sanctuaries and pilgrimage spots make it an attractive destination. <p>Manipur</p> <ul style="list-style-type: none"> • The state is known for its natural beauty and exotic flora and fauna. <p>Meghalaya</p> <ul style="list-style-type: none"> • Has tremendous scope for nature, adventure and health tourism. 	<p>Assam</p> <ul style="list-style-type: none"> • 75 per cent of workforce engaged in agriculture and allied activities, with 40 per cent area under cultivation. • Agriculture contributes roughly 40 per cent of the GSDP. <p>Manipur</p> <ul style="list-style-type: none"> • Agriculture sector employs 76 per cent of the workforce. • State's traditional agro-based liquor, Yu, is comparable with any other quality liquor. <p>Meghalaya</p> <ul style="list-style-type: none"> • 80 per cent of state's population depends on agriculture. • States' produce of turmeric is considered the best in the world.

Attractive sectors

Tea production	Tourism	Agriculture and allied industries
<p>Sikkim</p> <ul style="list-style-type: none"> Is well known for 'Temi Tea', considered a top quality and premium tea in the international market. <p>Tripura</p> <ul style="list-style-type: none"> Tripura is fifth-largest among the 14 tea producing states of India The state is categorised as a traditional tea-growing state-with about 60 tea estates and 3,000 small tea growers, producing about 7.5 million kg. of tea every year. 	<p>Mizoram</p> <ul style="list-style-type: none"> Bamboo forests, virgin rivers and mountains offer potential for adventure tourism. <p>Nagaland</p> <ul style="list-style-type: none"> Its reputation as the 'Land of Festivals', rich art and culture is a major tourist attraction. <p>Sikkim</p> <ul style="list-style-type: none"> With a clean environment, natural beauty and a rich cultural heritage, the state has abundant tourism opportunities. <p>Tripura</p> <ul style="list-style-type: none"> Rich cultural heritage and flora and fauna offer potential for nature tourism. 	<p>Nagaland</p> <ul style="list-style-type: none"> Over 70 per cent of the population is dependent on agriculture. Of the total gross cropped area under cultivation of food grains, rice accounts for about 70 per cent. <p>Sikkim</p> <ul style="list-style-type: none"> Agriculture plays a dominant role in the state economy. Vast potential for the commercial production of large cardamom, ginger, medicinal herbs and exportable flowers.

Attractive sectors

Handicrafts and handloom	IT industries	Professional education infrastructure
<p>Manipur</p> <ul style="list-style-type: none"> • Handloom industry provides maximum employment after agriculture. • Handicrafts produced by Manipur have a unique place in the various crafts of the country. • Kouna (water reed) craft also has huge potential for large-scale plantation, production and marketing. <p>Mizoram</p> <ul style="list-style-type: none"> • Handicrafts industry is built around the cane, bamboo and textile craft. Cane and bamboo products are popular because of their pliability and strength. 	<p>Manipur</p> <ul style="list-style-type: none"> • Government of Manipur accords high priority to the electronics and information technology sector as a major thrust area for development. <p>Meghalaya</p> <ul style="list-style-type: none"> • Strategic location of Meghalaya for IT business in South East Asia, the surplus power generation and its high literacy rates are contributing to the focus on the IT industry as a strategic sector for the state. 	<ul style="list-style-type: none"> • Vast potential for private professional education and training institutes for students in NER. • This will create a market for skilled labour as well as provide business for private educational institutes. • Sectors of education may include IT, management, biotechnology, mining/minerals, agro-sciences.

Attractive sectors

Handicrafts and handloom	IT industries	Professional education infrastructure
<p>Tripura</p> <ul style="list-style-type: none"> In Tripura, handloom represents a unique harmonious blend of three traditions-tribal, Bengali and Manipuri weaving. Tribal fabrics of Tripura are well known for their elegant design, bold color combinations and lasting texture. 	<p>Mizoram</p> <ul style="list-style-type: none"> IT policy envisages greater IT coverage for vital sectors such as industry, education, government, health, tourism, agriculture and IT for masses. The policy has provided a number of incentives for entrepreneurs in the state. <p>Tripura</p> <ul style="list-style-type: none"> The IT sector has been identified as one of sectors with major growth potential by the state government. NEDFI has set up an IT Park at Agartala. This was the second IT Park in the North-East. A STP (Software Technology Park) hub centre would also be set up in Agartala by STPI under the Ministry of Communications and IT. 	<ul style="list-style-type: none"> The Ministry of Human Resource Development (MoHRD) has taken certain initiatives such as setting up a new Indian Institute of Management (IIM) in the NER, setting up of a Faculty of Engineering and Management in select institutions in each state of the NER.

Attractive sectors

Medicinal and aromatic plants industries	Sericulture industries	Forest-based industries
<p>Assam</p> <ul style="list-style-type: none"> About 300 types of medicinal herbs and plants are known to exist in abundance in the state. It is estimated that only about five to 10 per cent of the plants and herbs are currently utilised for commercial purposes. <p>Nagaland</p> <ul style="list-style-type: none"> Medicinal herbs and plants are abundantly available in the hilly regions of the state. One of the most valuable medicinal plants found in the state, commonly known as Ginseng, has tremendous export potential. 	<p>Assam</p> <ul style="list-style-type: none"> Traditional varieties of silk cultured include eri, muga and mulberry. State offers tremendous potential for the development of large-scale industry based on silk. <p>Manipur</p> <ul style="list-style-type: none"> Sericulture is a traditional industry in the state. All varieties of silk are produced in the state, viz., oak, tasar, eri, muga and mulberry silk. <p>Nagaland</p> <ul style="list-style-type: none"> State government has identified sericulture as a thrust area. 	<ul style="list-style-type: none"> Various valuable trees like bamboo, cane, sal, teak, bansom, simul, sishu, gamari, sarol, halokh, are available in abundance in the forests of NER. As per the available statistics of recent years, the forests of this region, on an average, provide 7.05 million tonne bamboo (one of the largest contributors in India), 0.8 million cubic meter of ordinary timber, soft wood for the production of 0.16 million cubic meter plywood etc.

Attractive sectors

Bamboo-based industries	Rubber plantation
<p>Mizoram</p> <ul style="list-style-type: none">• Mizoram contributes to about 14 per cent of India's total bamboo production.• About 20 varieties of bamboo have been recorded in the forests of Mizoram. <p>Tripura</p> <ul style="list-style-type: none">• Tripura is endowed with rich and diverse bamboo resources.• Only about two per cent of the extracted bamboo is utilised for value addition through handicrafts, etc.; immense potential for commercial use.	<p>Tripura</p> <ul style="list-style-type: none">• Tripura accounts for the second-largest production of rubber in India after Kerala. The Rubber Board now considers Tripura the "Second Rubber Capital of India".• Only about 10 per cent of locally produced rubber is used by industrial units and the remaining is sold outside the state.• Availability of high-quality rubber offers sufficient scope for setting up of rubber-based industries in the state.

Attractive sectors

Mineral-based industries

Mizoram

- Minerals in Mizoram are typically hard rock of tertiary formation, which are mainly utilised as building materials.

Nagaland

- Mineral and fossil fuel reserves which can be exploited for commercial purposes are petroleum and natural gas, high grade limestone, marble and dimensional/ decorative stones, coal.

Tripura

- Natural gas available is of high quality, with high methane content of up to 97 per cent.

Assam

- State accounts for about 15 per cent of India's crude oil output.
- Wells at Digboi, Duliajan and Sibsagar produce natural gas accounting for about 50 per cent of India's total onshore production.
- Limestone, china clay, decorative stones and coal also have high reserves in the state.

Meghalaya

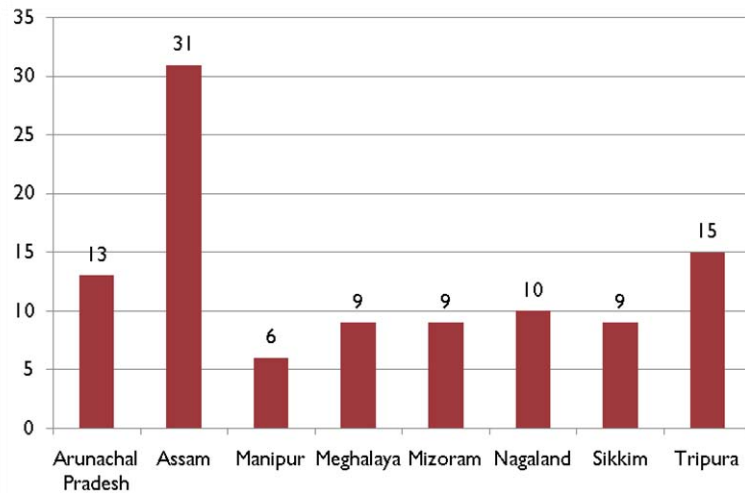
- Its wealth of mineral deposits offers great potential for industry.
- The state has large deposits of coal, limestone, granite, clay and other minerals which can be exploited commercially.

Investments in NER

- Total amount of investment disbursed by the Ministry of Development of North-East Region (DoNER) in 2008–2009 was US\$ 136 million. Maximum amount was approved for Assam, Tripura and Arunachal Pradesh in the roads and power sectors.
- NER is expecting investments and trade opportunities from Thailand and will explore potential of rubber, tea and bamboo industries for developing exports.
- Significant investments are coming in from the Central Government and international financial institutions for the development of infrastructure.
- Asian Development Bank is investing in road projects, urban development projects, trade and capacity building.
- World Bank is investing in natural resources, water, environment and livelihood projects.

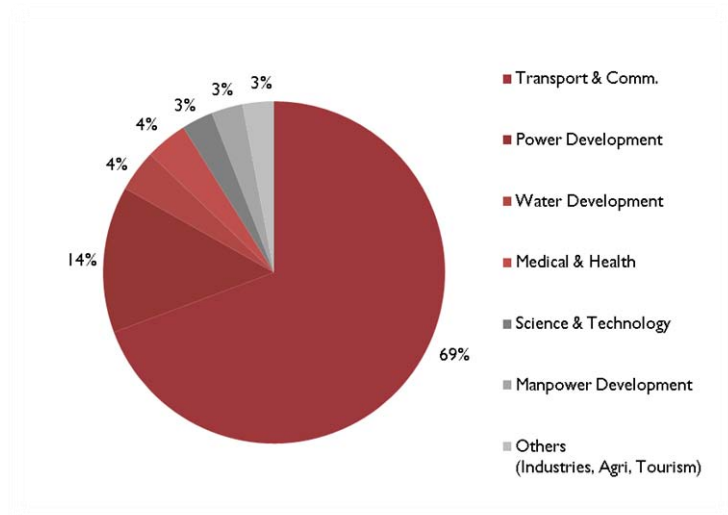
Investments in NER

State-wise assistance approved by Ministry of DoNER, 2008–09 (US\$ million)



Source: Annual Report, 2008-2009, Ministry of Development of Northeast Region

Sector-wise expenditure by Ministry of DoNER, 2008–09 (in %)



Key players in the region

Industry player	Key highlights
North Eastern Regional Agricultural Marketing Corporation Ltd	<ul style="list-style-type: none"> • Public sector undertaking incorporated in 1982 • Helping farmers in procurement of agro-horticultural commodities. • Engaged in fruit preservation training programmes.
North Eastern Handicrafts and Handlooms Development Corporation Ltd	<ul style="list-style-type: none"> • Public sector undertaking set up in 1977. • Responsible for promotion, development and marketing of handicrafts and handloom products of NER.
Oil and Gas Corporation Ltd	<ul style="list-style-type: none"> • Set up in 1955. • Extracts oil and natural gas in the region and also engaged in exploration activities.
Oil India Limited	<ul style="list-style-type: none"> • Pioneer in field of crude oil transportation. • Owns and operates a state of the art pipeline having the capacity to transport over eight MTPA of crude oil feeding four public sector refineries in NER India.
Reliance Group	<ul style="list-style-type: none"> • India's largest private sector enterprise. • Providing mobile services in the region and expanding into the petrochemical sector.

Key players in the region

Industry players	Key highlights
Acer	<ul style="list-style-type: none"> • Manufacturer of desktops and notebooks, plans to set up six Acer malls and four Acer points. • Focussing on retail business.
Greenply Industries Limited	<ul style="list-style-type: none"> • Leader in the plywood and laminate industry established in NER. • Greenply accounts for 25 per cent of NER's organised plywood and 15 per cent of its organised laminate market and operates mainly out of Arunachal Pradesh.
Sarda Plywood Industries Limited (SPIL)	<ul style="list-style-type: none"> • SPIL is the flagship company of the prestigious Chitlangia Group and was founded in 1957. • Plywood manufacturing facility is established in Assam.
Apeejay Tea Limited	<ul style="list-style-type: none"> • Founded in 1889 in London, one of the oldest tea companies in the world. • Each of the group's gardens is ISO 9002 compliant. • Has the largest tea factory in Assam. • Great emphasis is being laid on the development of direct exports.

Key players in the region

Industry players	Key highlights
Tata Tea	<ul style="list-style-type: none"> • Set up in 1964 as a JV with UK-based James Finlay and Company to develop valued-added tea operations with product and brand presence in 40 countries. • Represents the world's second-largest global branded tea. • Extensive plantations in the state of Assam.
Williamson Tea Assam Limited	<ul style="list-style-type: none"> • Founded in 1869, a family-owned enterprise • 17 tea estates in Assam producing 21 million kgs of tea for domestic and export consumption
McLeod Russell India Limited	<ul style="list-style-type: none"> • Group's principal activity is to cultivate, manufacture and market tea. • Early producers of Assam tea.
Local and regional groups	<ul style="list-style-type: none"> • Shivdham Industries Pvt Ltd, Sikkim Mining Corporation, Manipur Cements Ltd, DHTC (India) Ltd, Manipur Spinning Mills Corporation Ltd.
Other players in tea sector	<ul style="list-style-type: none"> • Bishnauth Tea Co., Assam Company, AFT Industries, Bengal Tea and Fabrics, Goodricke Tea, etc.

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- ❖ State economy and socio-economic profile
- ❖ Infrastructure
- ❖ Policy and incentives
- ❖ Business opportunities
- ❖ **Doing business in North-East states**
- ❖ Overall competitiveness of the state

Key approvals required

List of approvals and clearances required	Respective departments of states
Incorporation of company	Registrar of companies
Registration, IEM, industrial licenses	Department of industries, respective state governments
Permission for land use	
Allotment of land	State Industrial Development Corporation Ltd
Site environmental approval	State Pollution Control Board
No objection certificate and consent under Water and Pollution Control Act	
Registration under States Sales Tax Act and Central and State Excise Act	Excise department
Commercial taxes	
Sanction of power	
Power feasibility	Power department/State electricity board
Power connection	
Approval for construction activity and building plan	
Water and sewerage clearance	Public works department
Water connection	

Average cost of doing business

Parameter	Cost
Manufacturing	
Land price (US\$/sq. Km.)	NA
Labour (US\$/man year)	497 – 994
Lease rent (US\$/Sq. km./month)	2.48 – 7.45
Electricity (US cents/unit)	
Commercial	9.94 – 11.18
Industrial	6.21 – 9.94
Office space rent (US\$/sq. ft./month)	0.75 – 2.48
Residential rent (US cents/sq. ft./month)	24.84 – 49.69
Five-star hotel room (US\$ per night)	37.3 – 74.5

Business climate

Abundance of natural resources

- The region has enormous natural resources like oil, natural gas, minerals and forest resources.
- It has favourable climate for tea and rubber plantations.
- It has immense potential for commercial exploitation of natural resources.
- It offers ideal environment for success of agro and forest-based industries

International trade opportunities

- Geographic location of the NER provides immense opportunities for international trade with neighbouring countries of Bangladesh, Myanmar, Bhutan, China and Nepal.
- Specific initiatives undertaken by the central and state governments for promotion of cross-border trade with said countries; trade agreements; infrastructure improvements to provide an additional impetus.

Business climate

Favourable policies and incentives

- Central and state incentives and subsidies available for power, transportation, land and capital investment through-out the NER.
- Further incentives for promotion of thrust sector industries and export-oriented industries such as food processing.

Availability of skilled labour

- Average literacy rate for NER is 68 per cent; higher than the national average.
- Strong communication skills since English is a widely-spoken language.

Business climate

Improvement in connectivity and infrastructure

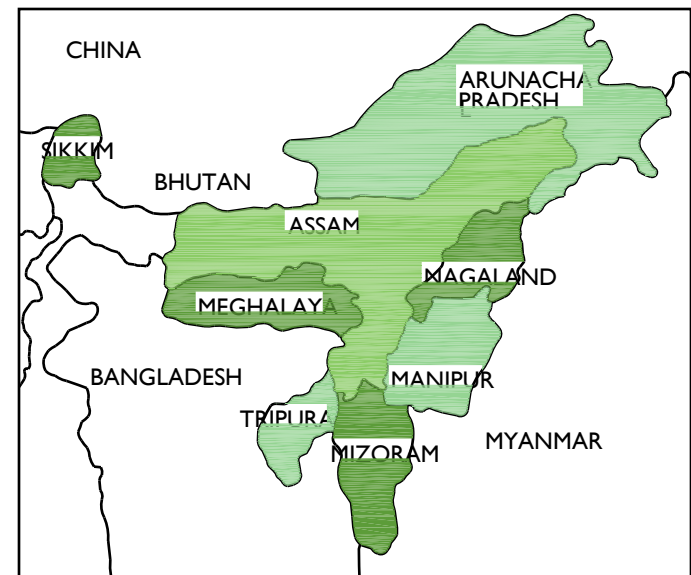
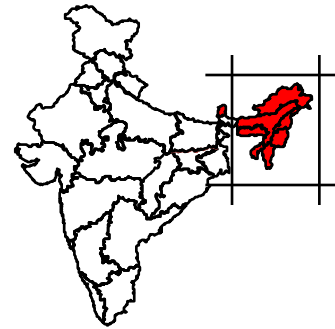
- Being Special category states, NER has substantial investments from Central Government/IFIs for the development of roads, railways, airways and waterways.
- Promotion of development of industrial and urban infrastructure under various PPP models.
- Opportunities for investment in the industrial and urban sector are vast due to recent reforms to overcome the lack of adequate infrastructure services, such as the Special Accelerated Road Development Programme for NER and the National Highway Development Programme .

The focus of this presentation is to discuss...

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Advantage — NER

- Vast untapped potential in natural resources such as oil and natural gas, minerals, agricultural and forest products and hydel power.
- Congenial investment climate-comprehensive central policy for NER and liberalised state industrial policies, both providing attractive incentives and subsidies with proposed deployment of single window clearance facility.
- Location suitability for foreign trade with neighbouring countries, particularly China and Bangladesh.



Advantage — NER

- Favoured choice for tourists with its pleasant climate, scenic landscape and adventure tourism options.
- Availability of skilled and cheap workforce.
- Strong communication skills since English is a widely-spoken language in the NER.

Overall competitiveness of the states

Parameter	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura
Opportunities in type of industry								
Tourism	High	Medium	High	Medium	High	High	Medium	High
Information technology	Low	High	High	Low	High	High	High	High
Food processing industry	High	High	High	High	High	High	High	High
Crude oil and natural gas	High	High	Low	Low	Low	Low	Low	Low
Petrochemicals	Medium	High	High	Low	Low	High	Low	Low
Pharmaceuticals and biotechnology	Low	Low	High	Low	Low	High	Low	Low
Agro and forest-based industry	High	High	High	High	High	High	High	High
Mineral-based industry	High	High	High	High	High	Low	High	Low
Engineering industry	High	High	High	High	Low	Low	High	Low
Chemicals industry	High	High	High	High	Low	Low	Low	Low
Handloom and handicrafts	High	High	High	High	High	High	High	High
Sericulture-based industry	High	Low	High	Medium	Low	High	High	High



Overall competitiveness of the states

Parameter	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura
Doing Business								
Fiscal and non-fiscal incentives	●	●	●	●	●	●	●	●
Cost of doing business	●	●	●	●	●	●	●	●
Availability of labour	●	●	●	●	●	●	●	●
Setting up and carrying out business	●	●	●	●	●	●	●	●
Industrial infrastructure existing and proposed								
Power	◐	◐	◐	◐	◐	◐	◐	◐
Connectivity	◐	●	◐	◐	◐	◐	◐	◐
Industrial estates/areas	●	●	●	●	●	●	●	●
STP	◑	●	◑	◑	◑	◑	◑	◑
EPIP	◑	●	●	◑	◑	●	◑	◑
EPZ	◑	●	●	◑	◑	◑	◑	◑
IIDC	◑	●	●	●	●	●	●	●
Industrial growth Centre	◐	●	●	●	●	●	●	●



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