

ANALYSIS REPORT

DEVELOPMENT OF INDIA'S NORTHEASTERN REGION

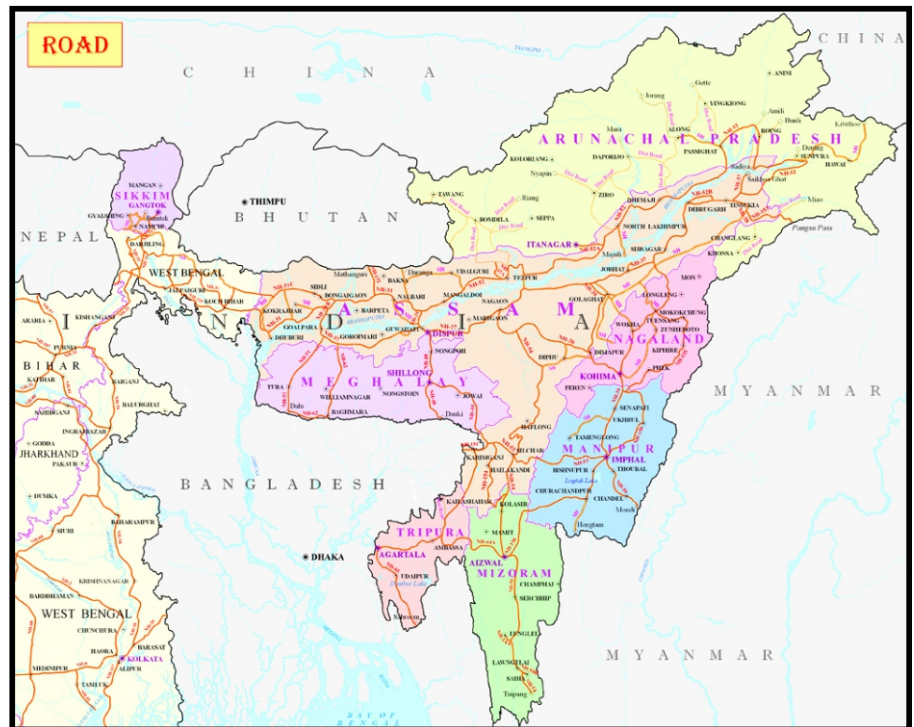


01 Overview

The North-Eastern Region (NER) of India consists of eight states namely Arunachal Pradesh, Sikkim, Meghalaya, Tripura, Assam, Manipur, Nagaland, and Mizoram. The region is strategically located with national and international borders. It is blessed with an abundance of nature-gifted natural resources, biological diversity, distinctive flora and fauna, strategic importance, and cultural diversity.

Nonetheless, NER comes across multiple challenges such as socio-economic development, environmental loss, livelihood scarcity because of continuous resource extraction, geographical remoteness, conflicting ethnic society, and underdeveloped infrastructure. To address these concerns, **the Government of India constituted the Ministry of Development of North Eastern Region (MDoNER) in 2001** which acts as the nodal department for the planning, execution, and monitoring of central government schemes related to the development of the Northeastern region.

Eight NE States



Source: <https://mdoner.gov.in/road-map-only-nh->

This ministry aims to boost the development rate of the socio-economic factors prevailing in the region to achieve equality with the other parts of the country. It focuses on the success of launched schemes internally driven through proper planning, and execution to keep a close watch on its development throughout its final commissioning. There are several initiatives and schemes nurtured under the guidance of MDoNER such as PM-DevINE, special packages for the NE region, etc.

Details of Schemes Running under MDoNER (As of 31st January 2024)

<p>All Schemes</p> <p>No of Projects - 3489</p> <p>Approved Cost - ₹ 39450.33 Cr.</p> <p>Financial Expenditure - ₹ 27728.91 Cr.</p> <p>U.C. Received - ₹ 22900.46 Cr.</p>	<p>NESIDS-ROADS</p> <p>No of Projects - 90</p> <p>Approved Cost - ₹ 4110.89 Cr.</p> <p>Financial Expenditure - ₹ 2328.68 Cr.</p> <p>U.C. Received - ₹ 693.98 Cr.</p>	<p>NESIDS-OTRI</p> <p>No of Projects - 1553</p> <p>Approved Cost - ₹ 18603.89 Cr.</p> <p>Financial Expenditure - ₹ 14434.24 Cr.</p> <p>U.C. Received - ₹ 13896.65 Cr.</p>
<p>SCHEMES OF NEC</p> <p>No of Projects - 1725</p> <p>Approved Cost - ₹ 12878.75 Cr.</p> <p>Financial Expenditure - ₹ 9791.13 Cr.</p> <p>U.C. Received - ₹ 7220.96 Cr.</p>	<p>PM-DevINE</p> <p>No of Projects - 16</p> <p>Approved Cost - ₹ 2659.87 Cr.</p> <p>Financial Expenditure - ₹ 121.20 Cr.</p> <p>U.C. Received - ₹ 121.20 Cr.</p>	<p>SPECIAL PACKAGES</p> <p>No of Projects - 105</p> <p>Approved Cost - ₹ 1196.93 Cr.</p> <p>Financial Expenditure - ₹ 1053.66 Cr.</p> <p>U.C. Received - ₹ 967.67 Cr.</p>

Source: <https://mdoner.gov.in/dashboard/>

The phased-wise resolution of prevailing challenges in the NER makes this beautiful landscape, a vibrant trade and tourism hotspot with well-drafted policies and effective implementation of schemes, initiatives, and projects. Across the sectors, the development is bringing new hopes for livelihood and entrepreneurship opportunities for the regional population to amalgamate them into India's economic growth during the 'Amrit Kaal'.



02 Geographical and Strategic Importance of Region

Northeast India, officially known as the North-Eastern Region (NER) holds substantial geographical and strategic importance at the national and international levels boosting economic stability and global relations. **Before Sikkim became the eighth state of the NER in 2002, it was also known as the 'Land of Seven Sisters'** under the authority of the North Eastern Council (NEC) responsible for the overall development of NER.



North Eastern Council Government of India

Source: <https://necouncil.gov.in/>

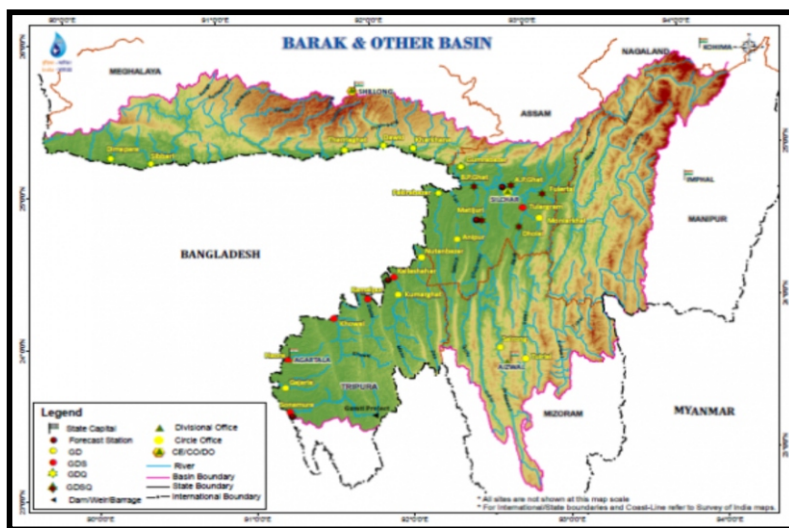
The geographical layout of the NER makes it one of the richest regions in India witnessing an abundance of ecosystem diversity consisting of many endemic species seeking ecological conservation. **It is also a part of the Indo - Burma Biodiversity Hotspot (IBBH).** It has a substantial store of natural resources, fossil fuels, and minerals boosting the economy of the country

International Border with India's NE Region



Source: <https://thenortheasttoday.com/states/borders-of-northeast-challenges-and-prospects/cid3875857.htm>

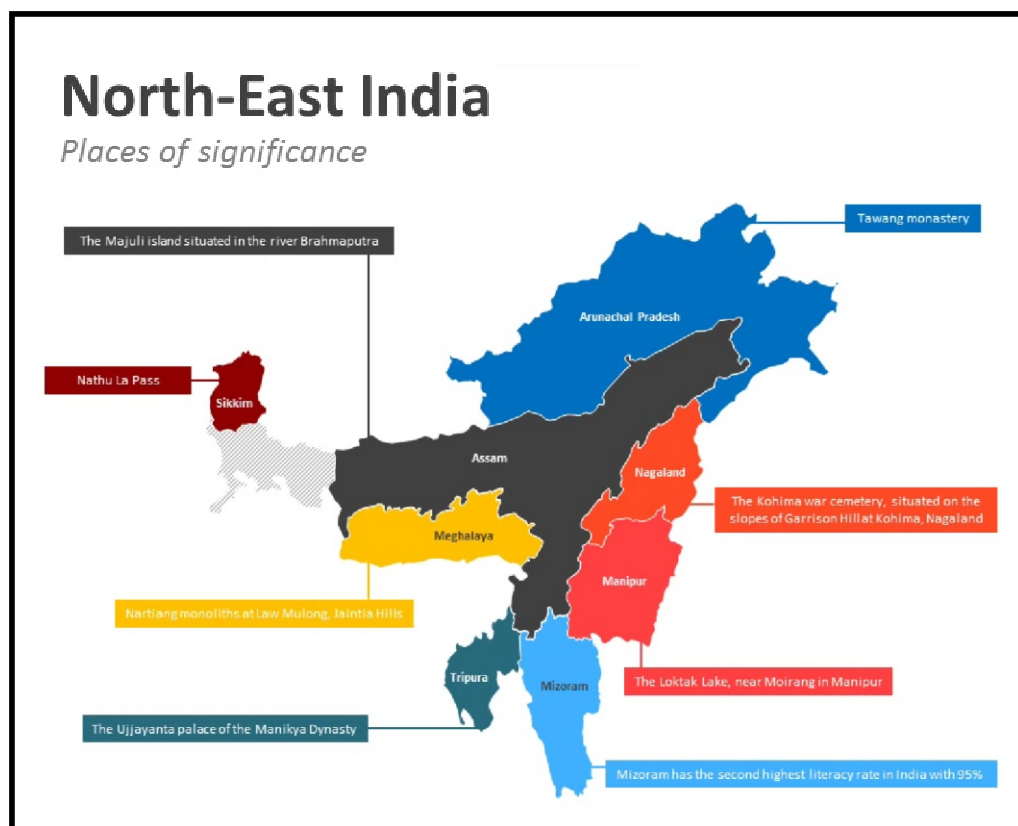
It acts as the doorway to Southeast Asia and is the locus of India's 'Act East Policy'. At the domestic level, the NER is connected through the rest of India via the Siliguri Corridor a tiny piece of land in West Bengal also known as Chicken's Neck acclaiming its geopolitical and geoeconomic importance. The region is blessed by the rivers Brahmaputra and Barak used for trading, transport, agriculture, etc, and acts as the lifeline of the local mass.



Source: https://indiawris.gov.in/wiki/doku.php?id=barak_and_others

The NER showcases significant strategic importance especially on the national security part as it shares international borders with neighboring countries Bhutan, Bangladesh, Nepal, Myanmar, and China. The region faces geopolitical issues with neighboring countries witnessing territorial disputes, revolt, etc. Several policies and initiatives are launched from time to time to overcome these regional issues and bring peace to this masterpiece of natural beauty.

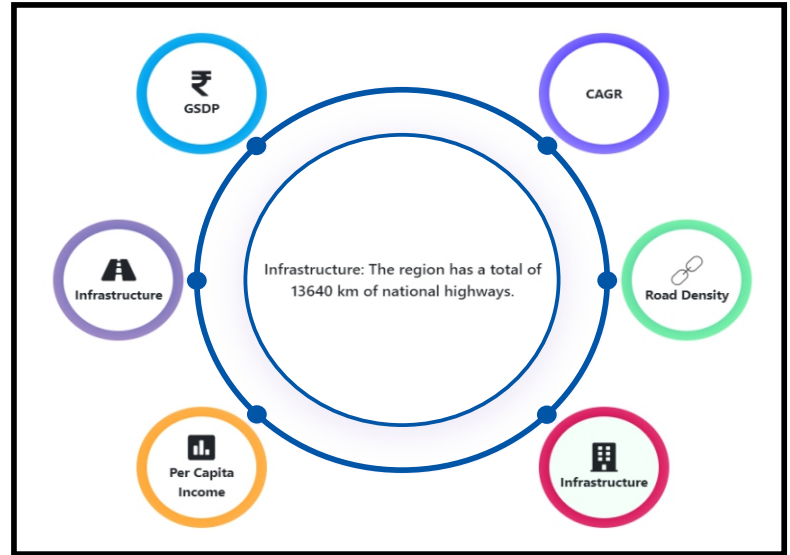
NER is an integral part of India's economic growth and thus the government is responsibly utilizing the underlying advantages for the viable growth of the region to bring unprecedented opportunities for the regional people. Over time, their ethnic identity has also been showcased on various important platforms such as G20 to complement the economic growth with the propagation of its rich culture.



Source: <https://thenortheasttoday.com/states/mizoram/know-your-northeast-here-are-some-interesting-facts-about/cid2534354.htm>

03 Infrastructure Development Accelerating Growth of the Region

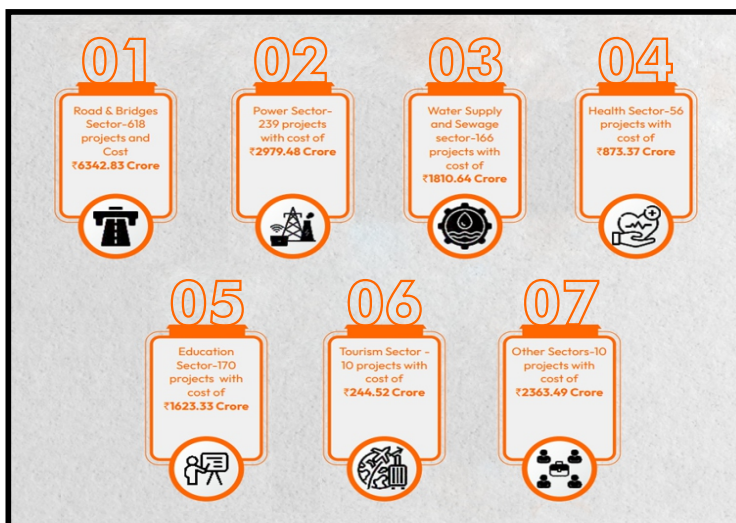
The NER has witnessed poor infrastructure and connectivity in the past and thus the region was addressed as the underdeveloped part of India. However, the Government of India has launched several initiatives to improve the prevailing conditions in the last few years. Initiatives such as **PM-DevINE** have played a crucial role in the development of the region among others such as **NESIDS- Roads** boosting the overall growth of trade and livelihood scenario for the region to outperform in all possible economic indicators.



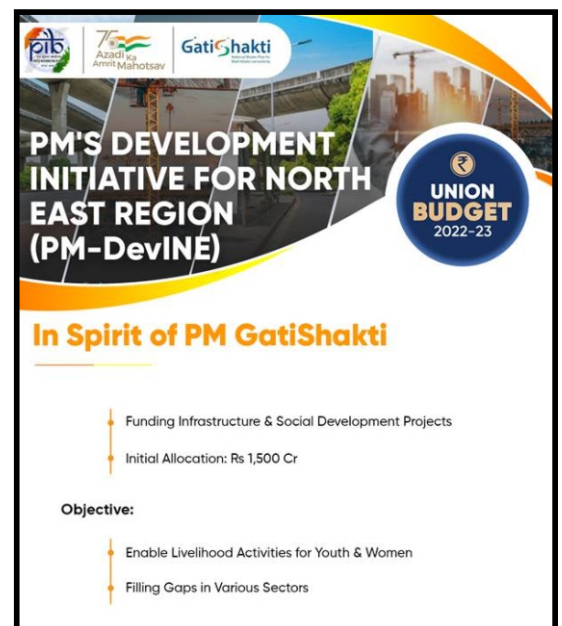
Source: <https://northeastgis.in/why-northeast/>

The significant infrastructure projects in the region fall in diverse sectors and to prioritize them entirely the **Government of India has announced a budget of INR 1,34,200 crore to improve it to cater to the substantial demand for infrastructure development.**

Sectorwise Project Distribution under the NLCPR-State Scheme

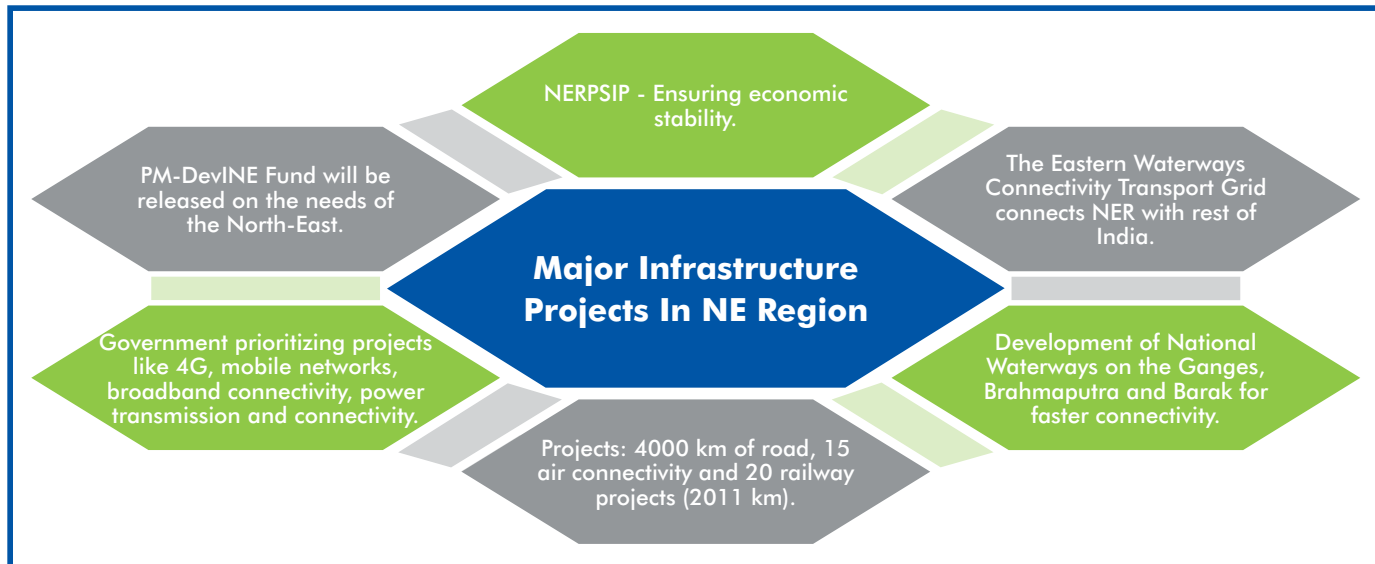


Source: <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2023/may/doc202351191001.pdf>



Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1794167>

These initiatives will bring the region closer to the rest of India with faster connectivity. Besides improving domestic connectivity, the policies are working to improve the region's connectivity with Southeast Asian countries to cater to a large international market and act as an economic bridge.



Infrastructure development in the region will boost economic development, socio-economic balance, more employment opportunities among others. The local population will witness a better connection with the rest of India and ensure the seamless movement of vital commodities, upscaling the tourism industry and enhancing industrial presence. The region's geographic and strategic location has the potential for rapid infrastructure development to play a significant role in accelerating the growth of the region's economy.



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04 Trade and Economic Outlook

Before partition in 1947, the region was one of the most prosperous parts of India, as it shined as a commercial hub elevating the trading opportunities domestically and Southeast Asian countries and beyond. Region topped as tea exporter, industrial revolution, and connectivity.

However, soon after the partition the region faced multiple challenges because of its isolated geography affecting entire connectivity. This event has severely broken down the region's economic backbone along with developing serious security concerns, and the lack of infrastructure development.



Source: <https://www.synergiafoundation.org/insights/analyses-assessments/act-east-policy>

Key Initiatives to Boost Trade & Tourism by GOI

India-Myanmar-Thailand highway

North East Special Infrastructure Development Scheme (NESIDS)

North East Industrial Development Scheme (NEIDS)

North East Venture Fund (NEVF)

North East Festival boosting tourism and commerce.

In the last decade, the GoI has announced various initiatives to retain the lost legacy of the region. **They launched the 'Act East Policy' to expedite trade & commerce to nurture economic cooperation with Southeast Asia countries and the rest part of the world.**

Positive Outcomes Of the Initiatives For the Region

GDP grew at an average annual rate of more than the national average of 7.4% in 2018-19

Per capita income boosted from INR 62,480 in 2012-13 to INR 1,04,093 in 2018-19 close to the national average of INR 1,26,406.

Export jumped from \$0.36 bn in 2016-17 to \$0.68 bn in 2019-20.

500 Registered startups and 100 startups are financed by the NEVF witnessing substantial growth.

The changing profile with various initiatives such as '**One District One Product (ODOP)**' along with the growth of a vibrant startup ecosystem on the farthest corner of the country has leveraged the potential of the region to act as the growth engine by prioritizing its core values to promote trade. It is helping the region to enhance the economy through the dedicated support of government, locals, and stakeholders to overcome prevailing challenges and create an oasis for trade in the global economy by opening various facets of tourism in this beautiful region.



One District One Product Scheme



05 Focus Sectors and Livelihood Scenario

To address the region's issues and challenges **NITI Forum in December 2018 recognized five focus areas such as Tea, Bamboo, Dairy, Tourism, and Pisciculture to give an overall boost to the regional economic growth.** Under this forum, a proper action plan was prepared by the experts to elevate developmental growth statistics.

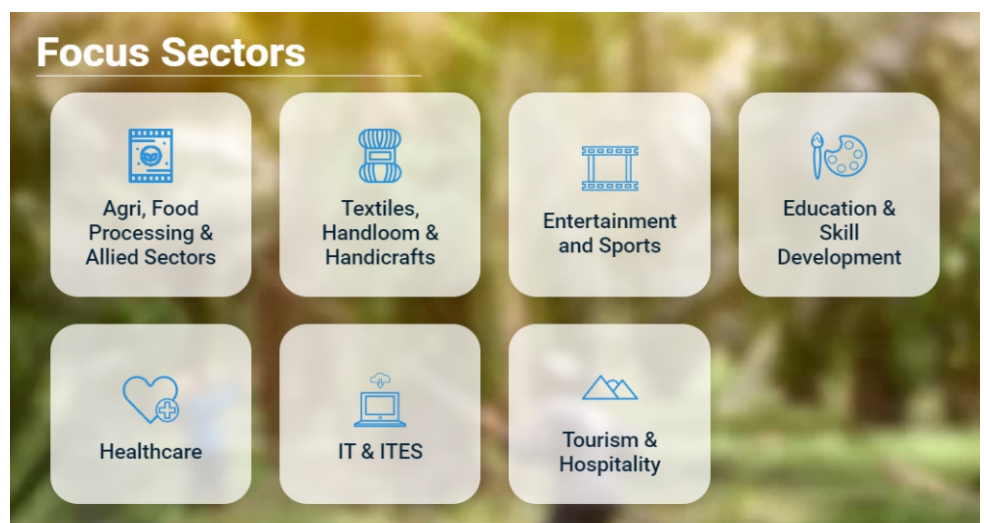
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Roadmap for Holistic Development of NE Region

- Comprehensive Telecom Development Project (CTDP)
- Comprehensive Scheme for Strengthening of Transmission and Distribution Systems (CSST&DS)
- North Eastern Region Power System Improvement Project (NERPSIP)
- Special Accelerated Road Development Programme for North East (SARDP-NE)
- Bharatmala Pariyojana (BMP)
- Projects under Swadesh Darshan Scheme for Integrated Development of Tourist Circuits and PRASAD
- Scheme for Tourism Infrastructure
- National Sports University at Imphal

Over time, through various schemes and initiatives, **a potential plan to increase the region's contribution further to India's economic progress from a mere 2.8% while exploring unmatched potential across sectors.**

In this region, **Tea is a dominant cash crop as they produce**



Source: <https://northeastgis.in/>

very high-quality tea that is exported globally. Besides this, various states of the region have key potential sectors to contribute to its economic quest.

NE States with their Key Sectors

1 ASSAM

- Power
- River Transport
- Textiles and handloom
- Plastics and petrochemicals,
- Pharmaceuticals and medical equipment

2 Arunachal Pradesh

- Power,
- Textiles and handicrafts
- Agriculture and forest-based industries
- Tourism

3 Manipur

- Agriculture and allied activities
- Horticulture
- Sericulture
- Bamboo-processing industries

4 Meghalaya

- Hydroelectric power
- Agriculture and horticulture
- Mineral industry
- Tourism and hospitality

5 Mizoram

- Textiles and handloom
- Fisheries
- Agriculture and food processing

6 Nagaland

- Agriculture and allied activities
- Apiculture
- Mining
- Sericulture

7 Sikkim

- Agriculture and food processing
- Hydropower
- Tourism
- Pharmaceuticals

8 Tripura

- Bamboo
- Tourism
- Information technology
- Food processing
- Technology

Tourism has the potential to advance its economy due to its inbound rich heritage, biodiversity, adventure possibilities, and natural sceneries. This will have hidden potential to tap into jobs, livelihood, and social integration while ensuring ecological conservation.

The prevailing livelihood scenario of the region is majorly connected to the development of various sectors. **Apart from identified sectors agriculture, animal husbandry, forestry, handicrafts, etc are among others affecting livelihood growth, they constitute around 60% of the region's manpower.** However, the livelihood is affected because sectors come across challenges like low production, bad infrastructure, lacking upgraded products, and poor market penetration.

DEVELOPMENT OF DEPRIVED AREAS OF NORTH-EAST

Allocation of 30% of North Eastern Council's (NEC) Allocation for New Projects

- Simplification of appraisal & approval mechanism in NEC Guidelines
- Will lead to faster decision making & quick implementation of projects
- Socio-economic benefits to emerging priority sectors & neglected sections of society

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CABINET DECISIONS
29 JANUARY 2020

Source: <https://transformingindia.mygov.in/infographics/development-of-deprived-areas-of-north-east/>

Setorwise Expenditure in NE Region during 2022

S.No.	Sector	Expenditure (Rs. in Crore)
1	Agri & Allied	85.04
2	E&M	1.79
3	HRD&E	40.50
4	IFC&WM	1.71
5	Industry	18.38
6	IPR	14.51
7	Medical & Health	0.83
8	Power	1.30
9	S&T	26.11

Source: [https://mdoner.gov.in/contentimages/files/Annual%20Report%202022-23\(English\).pdf](https://mdoner.gov.in/contentimages/files/Annual%20Report%202022-23(English).pdf)

It has an abundance of Bamboo resources that have significant potential to drive the economy by making furniture, and handicrafts and used in the construction sector. **The dairy sector has witnessed an increase in milk production by 4.9% in 2019-20 in comparison to the previous financial year.** However, as per ICMR recommendation, the availability of milk per capita is very low. To revive the potential of various livelihood means, a joint effort has been planned along with local stakeholders to address and overcome the challenges and witness developed sectors and improved conditions of livelihood prospering the local population as well as the regional economy.

06 Opportunities & Challenges

To explore the several opportunities, we need to boost the potential of the region by addressing the underlying challenges witnessed by the region over time. Additionally, the strategic geographical location should also play a growth driver in improving international relations with neighboring countries promoting cross-border cooperation and trade opportunities. These efforts will showcase the overall development of the region.

Strategic Advantage of the NE Region

Gateway to Southeast Asia	Growing Infrastructure
Abundant Natural Resources	Skilled Workforce
Veritable Oasis of Greenery	Stable Business Environment
Diverse Cultural Heritage	Access to a Huge International Market

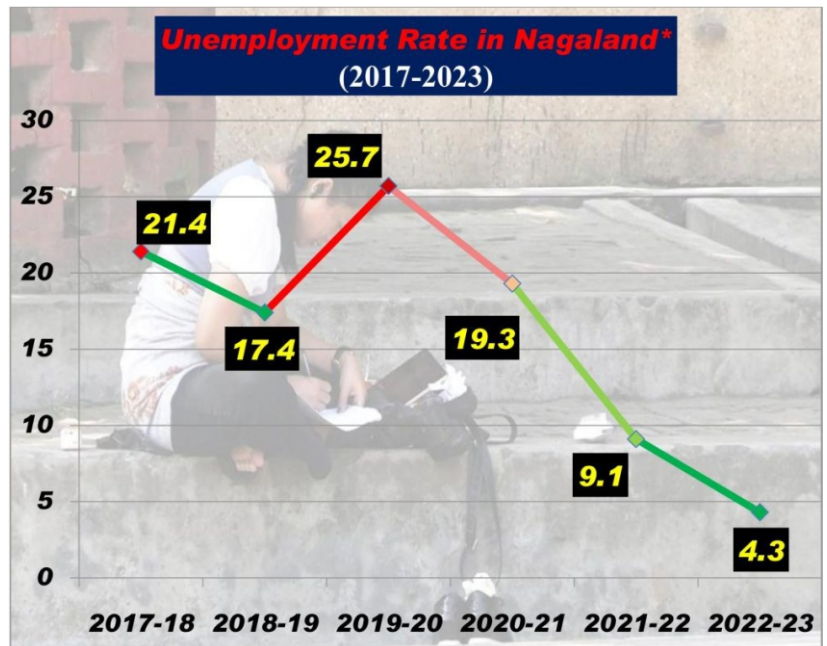
There are numerous sectors where additional opportunities can be explored like forest products, hydro power, natural resources (coal, crude oil, gas), biodiversity, and minerals.



Source: <https://pibindia.wordpress.com/2018/12/19/government-initiatives-in-north-eastern-region-during-2018/>

The socioeconomic development along with the growth of a vibrant startup ecosystem in the region has brought major achievements and worked as a wonder to bring down the unemployment rate in various NE states such as Nagaland over the years.

Post-independence the region has faced more challenges than focusing on its natural and strategically present opportunities. Over time, the geographical layout has experienced several natural calamities (earthquakes, floods, cyclones, landslides) impacting the loss of property, infrastructure, and most importantly human lives. However, due to continuous government efforts, the prevailing conditions got better to maintain peace and prosperity in this beautiful landscape.



Source: <https://morungexpress.com/nagalands-unemployment-rate-falls-to-43-lowest-in-recent-years-plfs-report>

Persistent Challenges of the Region

- Underdeveloped industries only contributes 11.5% to the GDP.
- Only 2.8% of India's GDP and 0.2% of exports.
- Bad connectivity, limited supply of water, power and telecom services and infrastructure.

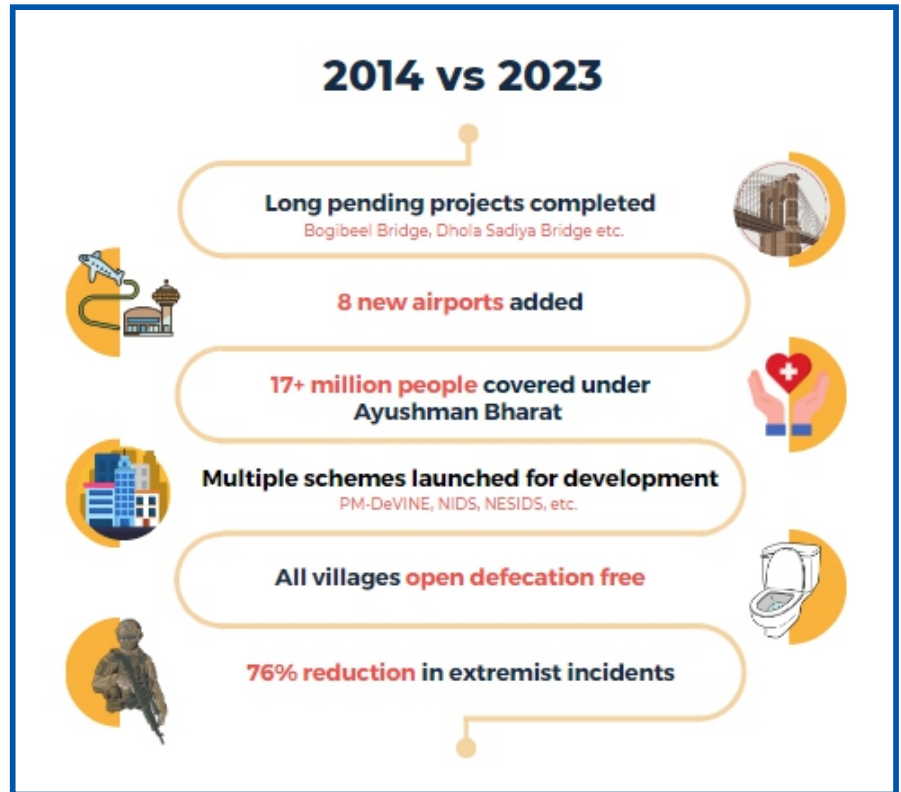
The dense forests, hilly terrain, and narrow corridors impact the connectivity via road, air, and waterways. The region's contribution towards the nation's economic development, jobs, revenue generation, and industrialization are far behind having underlined concerns of environmental degradation, inequality, human trafficking, migration, and poverty. To this, an integral and comprehensive approach has been framed to overcome the persistent challenges and witness a more developing region boosting the quality of life and livelihood for the regional population.

How AG Group Can Be a Help

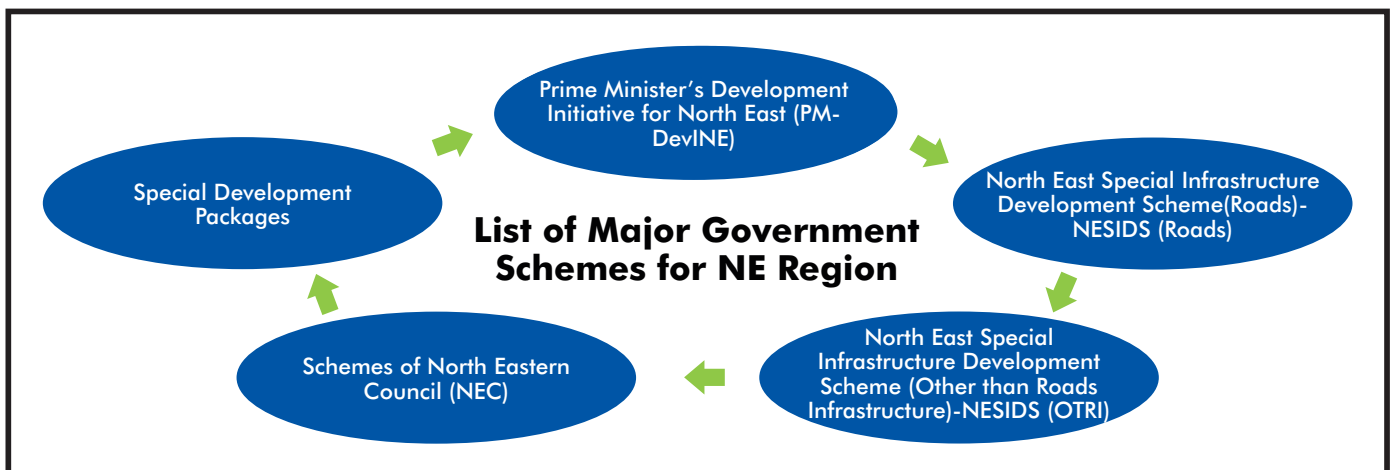
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The region has an abundance of natural resources, cultural diversity, and distinctive strengths. However, after the partition, the region became geographically isolated and neglected for a long time. In recent years, to uplift the socio-economic status of the region the government has initiated several policies to bring the region in comparison with the remaining country and at the global level.

The government launched special schemes under the North Eastern Council (NEC) to boost development to support economic activities across the sectors. Besides this, improved transport and telecom connectivity in the region has ensured faster growth and peace in the region which is paramount to flourish the conducive environment for trade and businesses.



Source: <https://pib.gov.in/FeaturesDeatils.aspx?NotelId=151443&ModuleId%20=%202>



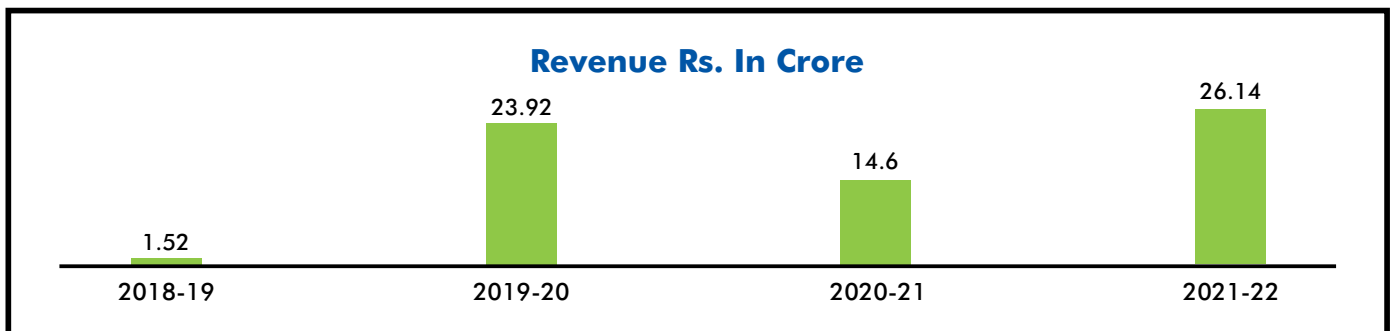
Under PM-DevINE) Rs 6600 crore budget allocation has been announced between 2022-23 to 2025-26. Overcoming the development gaps in different sectors, and attracting funding to support infrastructure growth under PM Gati Shakti's master plan has also boosted the livelihood condition of the region especially, women and youth.

INITIAL LIST OF PROJECTS UNDER PM-DevINE		
S.No.	Name of the Projects	Total Tentative Cost (in crore)
1	Establishment of Dedicated Services for the Management of Pediatric and Adult Haemotolymphoid Cancers in North East India, Guwahati (Multi-State)	129
2	NECTAR Livelihood Improvement Project (Multi-State)	67
3	Promoting Scientific Organic Agriculture in North East India (Multi-State)	45
4	Construction of Aizwal By pass on Western Side	500
5	Gap funding for Passenger Ropeway system from Pelling to Sanga-Choeling in West Sikkim	64
6	Gap funding for Eco-friendly Ropeway (Cable Car) from Dhapper to Bhaleydhunga in South Sikkim	58
7	Pilot Project for Construction of Bamboo Link Road at Different Locations in Various Districts in the State of Mizoram	100
8	Others (to be identified)	537
	Total	1500

Source: https://mdoner.gov.in/contentimages/files/PM_Devine.pdf

The North Eastern Regional Agricultural Marketing Corporation Limited (NERAMAC), a central PSE under MDoNER also aggressively supports the growth of Agri-horticulture development in the region while assisting the value supply chain in a holistic approach.

Yearwise Performance of NERAMAC between 2018-22



Source: [https://mdoner.gov.in/contentimages/files/Annual%20Report%202022-23\(English\).pdf](https://mdoner.gov.in/contentimages/files/Annual%20Report%202022-23(English).pdf)

The comprehensive development plan for the NE region has assisted the social development and growth of industry, businesses, and startups in the region while attracting major investments in the region besides the government budget allocation.

State-wise sanctions & disbursements during the period 01.01.2023 to 30.11.2023									
(₹ in crore)									
Particulars	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura	Total
Sanction	14.37	500.05	46.75	95.34	43.65	24.88	19.52	21.92	766.47
Disbursement	14.46	353.25	29.33	55.69	31.07	18.69	20.25	24.38	547.11

Source: <https://pib.gov.in/PressReleaseFramePage.aspx?PRID=1990737>

The region has experienced swift socio-economic development while resolving every possible bottleneck in the developmental path. The achievements act as a testimony to the overall development through conscious efforts of government, NEC, locals, and other relevant stakeholders by acknowledging the need for innovation to ensure sustainable development of the region.



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08 Way Forward

The region holds a massive potential that can be realized by the execution of the wise policies crafted by the government to develop world-class infrastructure, cultural preservation, and social development ensuring a prosperous region. The region is home to a rich source of natural resources. It serves ample opportunities across the sectors for the locals, and the diverse ethnic communities with the neighboring countries further strengthen the social relations resulting in opportunities and cooperation for trade and commerce.

Its strategic presence at national and international borders is embarking on a planned development with the inclusion of its rich diversity and culture into India's mainstream growth agenda. The governments, investors, industry giants, private players, and other stakeholders have to come along and tap the unexplored potential of this serene region and add a new growth saga to India's geopolitical and economic upliftment in the years to come.

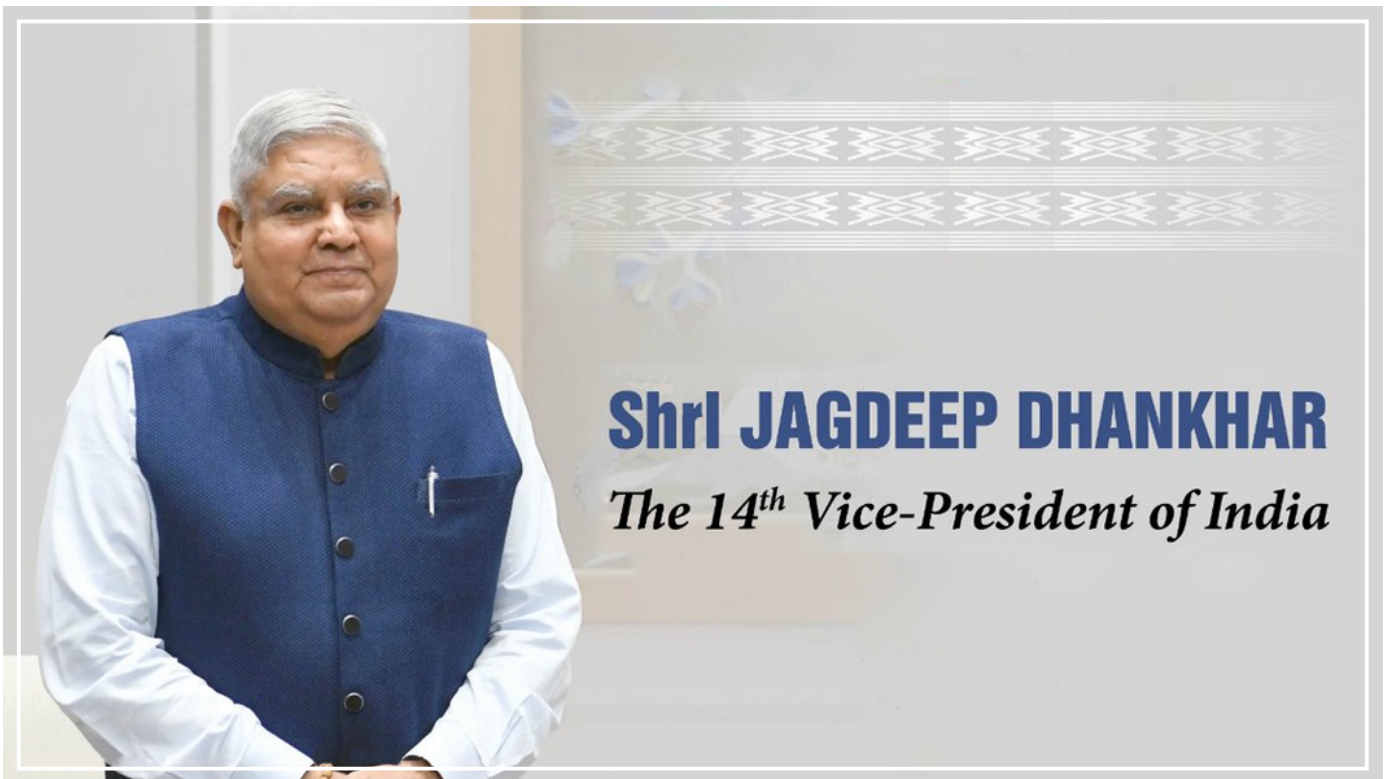


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The Government of India's policy of 'Act East', upgraded from the 'Look East' policy has given an impetus to the North Eastern region and made way for its overall development. North-East's development is integral to India's growth story.

”

Shri Jagdeep Dhankhar
Vice President of India



Resources

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