



NORTH EAST STATES

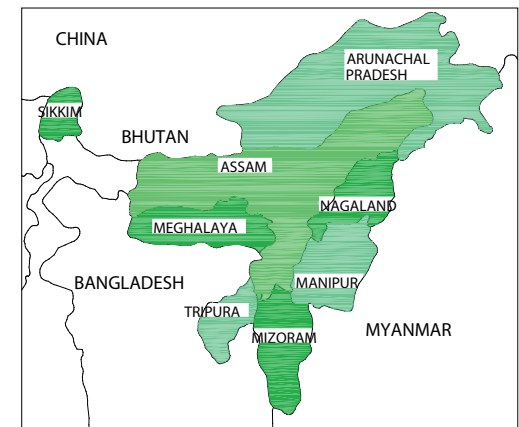
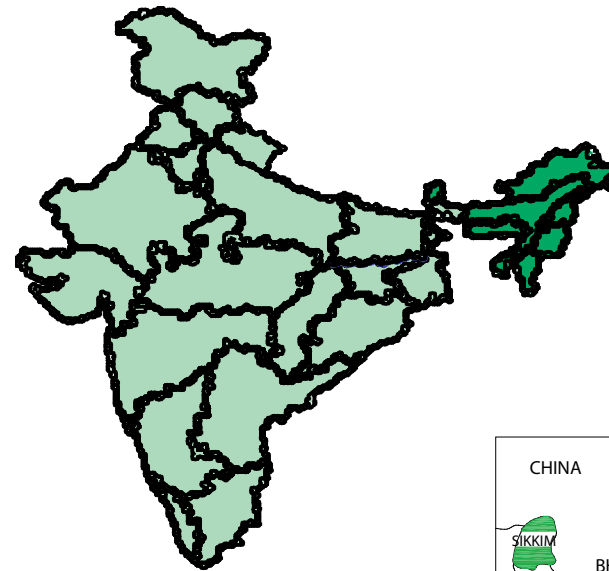
October 2007



STATE ECONOMY & SOCIO-ECONOMIC PROFILE

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
- Covers an area of 262,000 sq km accounting for 7.9% of India's total geographical area
- With a total population of 39 million (Census 2001), it accounts for 3.8% 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)
- Shares 2,000 km of International borders with Nepal, Bhutan, China(Tibet), Myanmar and Bangladesh
- 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
Capital	Itanagar	Guwahati	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, 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, %)	54	64	69	63	88	67	70	74
GSDP (US\$ billion) at current prices - 2004[1]	0.7	13.0	1.2	1.6	0.7	1.4	0.5	2.1
Annual per Capita Income (US\$) - 2001[3]	428	260	314	345	NA	NA	384	NA
Natural Resources[2]	Crude Oil, Natural Gas, Coal, Marble, Forest resources, other minerals							
Key Industries	Tea, Agro & Forest based, Rubber, Natural Gas, Petroleum, Silk, Handloom and Handicrafts, Breweries, Distilleries, Tanning							

Source: [1] Official website of Ministry of External Affairs, GOI, www.indiabusiness.nic.in downloaded on July 2007

[2] Individual state official websites, downloaded on July 2007

[3] Annual Report 2006-07, Ministry of Development of North East Region, GOI

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% of the region's population depends for employment; contributes to approximately 30% of the NSDP
- Secondary sector activity constitutes Infrastructure, Construction and Mining; contributes to approximately 18% 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; contributes to approximately 52% of the NSDP

Net State Domestic Product at Current Prices (93-94 Base Year) (In US\$ Million)				
States	2001-02	2002-03	2003-04	2004-05
Arunachal Pradesh	430	470	540	560
Assam	7,620	8,330	8,870	9,600
Manipur	730	760	830	910
Meghalaya	920	990	1,080	1,180
Mizoram	440	500	NA	NA
Nagaland	960	1,110	NA	NA
Sikkim	240	280	310	340
Tripura	1,380	1,500	1,670	NA
NER	12,730	13,930	NA	NA

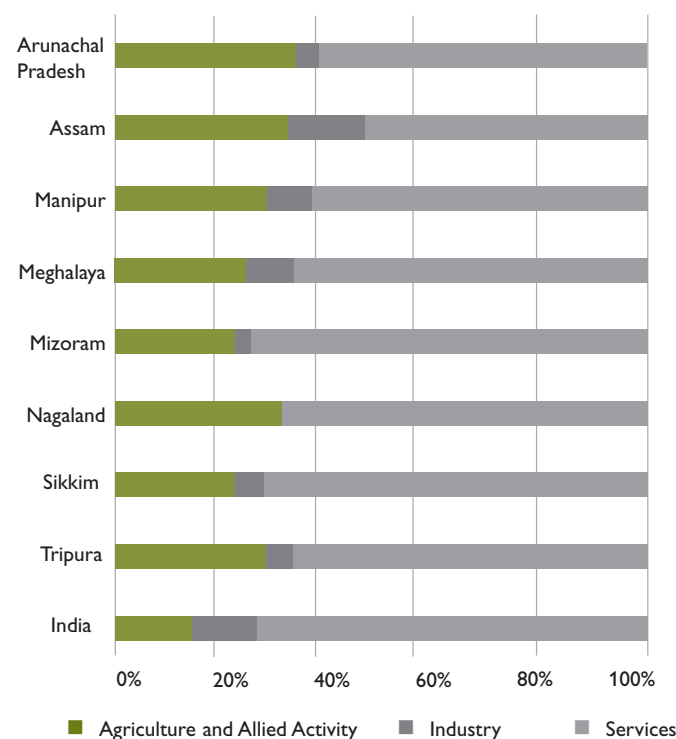
Source: Individual state official websites, July 2007

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 Industry
- Assam accounts for about 15% of India's crude output and about 50% 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 NER, particularly Assam

Sectoral Contribution to NSDP of NE States compared to GDP composition of India (2002-03)



Source: RBI 2002, www.indiastats.com

Economic Profile

Manipur

- The state produces Paddy, Wheat, Maize, Pulses, Oilseeds and Rubber
- Handloom products are Sarees, Bed sheets, Curtains and Woolen shawls
- Bamboo production is above 1 million ton per annum and the State is also known for Bamboo Craft

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
-

Economic Profile

Meghalaya

- Major crops and plantations include Rice, Maize, Jute, Rape seed, Mustard, Rubber and Coffee
- Agriculture employs more than 50% of the total workforce
- Horticulture is widely practiced in the state
- Major Crafts are Cane and Bamboo based

Mizoram

- Bamboo forests in the State account for 14% of total bamboo forest area in India
 - Bamboo is used in Construction, Agriculture & Allied services and Micro enterprises
 - State accounts for about 12% of the total output of Fruits in the NER
-

Economic Profile

Nagaland

- 70% of the population is dependent on Agriculture
- Main crops are Rice, Millet, Maize and Pulses
- Major crafts are Artistic textiles, Cane and Bamboo Straw, Wood ware and Metal ware

Sikkim

- Main crops produced are Rice, Wheat and Maize
 - Sikkim produces 80% of India's large Cardamom
 - Sikkim is famous for its locally grown 'Temi' Tea
 - Liquor Industry is a major source of Excise revenue
-

Economic Profile

Tripura

- Second largest producer of Rubber in India
 - Largest producer of True Potato Seed (a high yield variety) in India
 - 5th largest in Tea production, among the 14 Tea producing states in India
-

Socio-Economic Profile

- NER has high Literacy Rates of 68%, which is higher than the national average of 65.4%
- Mizoram has the second highest Literacy Rate in the country at 88%
- Education 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% of all the state's population is employed in the Primary sector
- Handloom Industry provides employment to a large section of the population

Sectoral Distribution of Workers (in %)						
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

Socio-Economic Profile

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

INFRASTRUCTURE

Physical Infrastructure – Roads and Railways

- NER has a total road network of 89,000 km, including 4,935 km of National Highways
- For every 100 sq km area, NER has 45.7 km of road length as against the country average of 62.8 km
- Total railway network of 2,450 km, with 1,068 km of broad gauge and 1,384 km of meter gauge. Bulk of the railway network runs through the state of Assam
- Important rail-heads in the NER are mainly in Assam, at Guwahati, New Bongaigaon, Jorhat, Tezpur, Dibrugarh Town, Lumding and Silchar

Road Infrastructure (Km)					
States	Road Length per 100 sq.km.	National Highways	State Highways	Major District	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

Source: *Indiastat.com*

Physical Infrastructure – Roads and Railways

- Central Government has assured disbursement of US\$ 12.42 billion over the next five years for the infrastructure improvement and interlinking of the region through Road and Rail Network
- Creation of a 7,616 km network of Inter and Intra-state Road network under the Special Accelerated Road Development Program

Roads and Railways (Km.)	
Total Road Network	89,000
National Highways	4,935
Rail Network	2,450
Broad Gauge	1,068
Meter Gauge	1,384
Road length/100 sq. km.	45.7
Surfaced Roads (as % of total road)	27.1%

Source: www.indiastat.com

Physical Infrastructure – Airports and Waterways

Airways

- 11 Airports, with 6 in Assam and one each in the other states excluding Arunachal Pradesh and Sikkim which have helipads
- Alliance Air is the major carrier in the NER
- The North Eastern Council (NEC) announced plans to set up a dedicated Airline for the Region
- 50 Airports and Airstrips in the NER proposed by the end of the 11th Five Year Plan (2007-11), ensuring 600 Flights a week connecting all the State Capitals and other cities in the region

Air Connectivity in the NER			
	2006	2007	Increase
Flight/ Day	32	38	18.70%
City pairs/Day	80	93	16.20%
Seats deployed/ Day	9,493	11,288	18.90%

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)	10,000
Road	NA

Source: www.indiastat.com

Physical Infrastructure – Airports and Waterways

Waterways

- River Brahmaputra in Assam is National Waterway-2; River Barak has maximum navigation potential
 - Connectivity between NW-1 and NW-2 via Bangladesh provides a shorter route than road and railway; Best suited for Bulk commodities and Low Cost Connectivity
 - Waterways of 3,000 km have high potential for movement of Cargo and Passengers but require Infrastructure improvement
-

Physical Infrastructure – Airports and Waterways

- Fund allocation of US\$ 51.09 million has been made for the purpose, in 10th Plan (2002-07) under the NE pool
 - Investment is proposed to be through Public Sector Investment and Public Private Partnerships (PPP)
-

Physical Infrastructure - Power

- Present installed capacities in the region are highest in Assam and the lowest in Mizoram
- Major source of power supply is Thermal but NER has high potential for hydro power as well. e.g. Arunachal Pradesh, is expected to generate an additional 22,584 MW Hydel power by 2020 in 166 Hydel projects
- Region also has abundant resource of Coal, Oil and Gas for thermal power generation

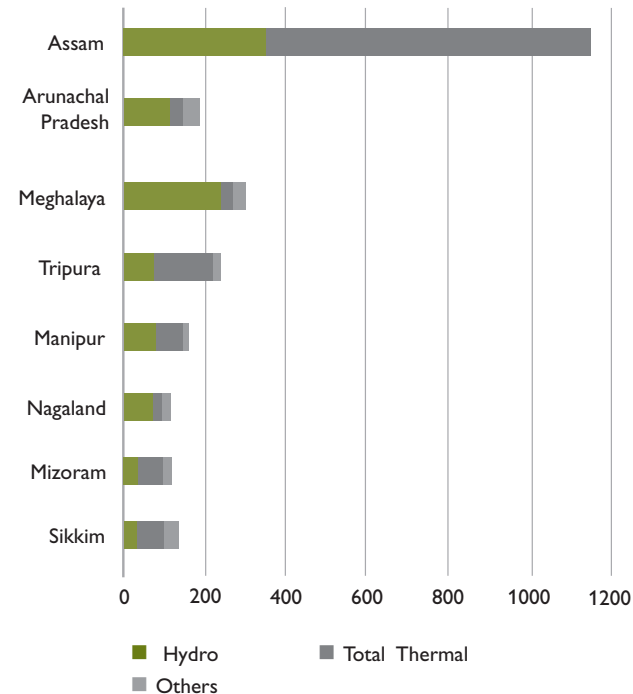
State	Potential Assessed (MW)	Potential Developed (MW)
Arunachal Pradesh	50,328	281
Assam	674	250
Manipur	1,784	105
Meghalaya	2,394	185
Mizoram	2,196	0
Nagaland	1,574	91
Tripura	21	15
Sikkim	4,286	84
Total	63,257	1,011

Source: www.indiastat.com

Physical Infrastructure - Power

- **Hydro Electric Power:** NER has almost 40% of the country's total Hydro potential but only 7% has been tapped
- **Natural Gas:** Reserves of 151.68 billion cubic metres 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

Installed Capacities of Power Utilities including Allocated Shares in Joint and Central Sector Utilities (2005)



Source: www.indiastats.com
 (Annual Report 2004-05, Ministry of Power, GoI)

Physical Infrastructure - Telecom

Telecommunications

- Teledensity is 4.95, 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 subscribers in the NER stood at about 3.9 million in June 2007
- Total number of Internet Connections stood at 12,479 in 2005-06, a growth rate of about 121% over 2003-04

Number of Telephone Connections and Teledensity Potential Assessed (MW)		
States	Telephone, 2006	Teledensity
Arunachal Pradesh	126,373	11.58
Assam	1,075,537	4.04
Manipur	110,341	4.62
Meghalaya	122,569	5.32
Mizoram	99,229	11.14
Nagaland	148,003	7.44
Sikkim	103,014	19.06
Tripura	145,737	4.57
NE Region	1,930,803	4.95
India	60,177,380	6.04

Source: www.indiastat.com

Physical Infrastructure - Telecom

Number of Cellular Phone Subscribers – June 2007

Operators	Subscribers
Reliance Telecom	612,283
Bharti Airtel	1,005,496
BSNL	1,058,307
Dishnet Wireless	1,263,603
NER	135,995,192

Source: www.indiastat.com, 2006

Number of Internet Connections

Circle	2003-04	2004-05	2005-06
Assam	3,202	3,636	3,143
North East – 1	1,285	1,751	4,590
North East – 2	1,345	5,060	4,746
NER	5,632	10,447	12,479
India	500,290	785,358	802,701

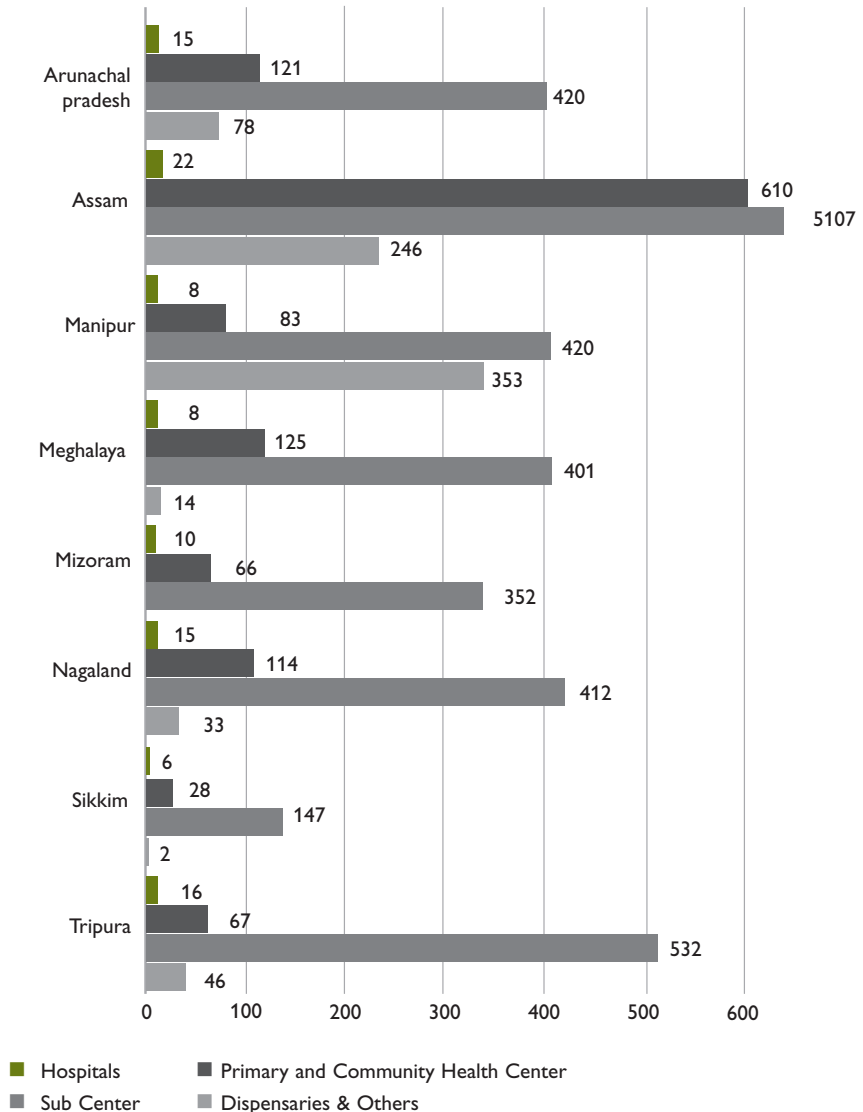
Source: www.indiastat.com, Rajya Sabha Unstarred Question No. 3499, dated 18.05.2006

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
- Allocation of US\$ 251.68 million has been earmarked for the NER in 2007-08 for investment

Number of Health Centres in NER States, 2001



Source: Director of Medical and Health Service of respective States

Social Infrastructure - Health

- Declining Infant Mortality rates, comparing very favorably with national averages – Since 1981, Manipur has had the lowest Infant Mortality rate in the country
 - Increase in Child Immunization and increasing Life Expectancy in almost all NER states
 - Apart from Assam and Tripura, there is a surplus of Primary and Community Health Centres in the rural areas
-

Social Infrastructure - Education

Education

- NER has a high Literacy rate of 68%, as per Census 2001
 - 626 Colleges in the region, including 48 Professional colleges and 12 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 Educational Institutes in North East Region

	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura
Universities	1	5	2	1	1	1		1
College of General Education	10	431	NA	54	25	41	3	14
College of Professional Education	1	34	NA	NA	4	4	4	1
H.S. school	78	620	NA		76	34	45	215
Secondary school	136	4,607	NA	711	475	332	93	392
Primary and Middle School	1,866	38,410	NA	7,610	2,809	1,993	649	2,489
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: NER Databank

Industrial Infrastructure

Arunachal Pradesh

- Bamboo Technology Park under construction since January 2007
- Large and Medium Industries in the State include Cement Plants, Fruit Processing Units, Tea and Plywood industries

Assam

- Assam has Software Technology Park (STP), Export Promotion Industrial Park (EPIP), Food Processing Park (FPP) and 4 proposed Integrated Industrial Development Corporation (IIDC)
- Industrial Growth Centres have physical and social infrastructure

State-wise Industrial Infrastructure

State	L&M 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 SIDC

Industrial Infrastructure

Meghalaya

- 7 Industrial Estates and areas having basic infrastructure
- An EPIP is being set up with basic Services and Facilities

Manipur

- Houses 6 Industrial areas
- IIDC, EPZ, Food Processing Industrial Park and Growth centres have been proposed

Mizoram and Sikkim

- Apart from the Industrial Estates present there are no other dedicated Economic Zones presently
-

Industrial Infrastructure

Nagaland












































- Growth Centre would provide all basic services and facilities in an Industry friendly environment
- EPIP with Industrial Infrastructure and facilities is being set up

Tripura

- Houses 6 Industrial areas
 - IIDC, EPZ, Food Processing Industrial Park and growth centres have been proposed
-

Industrial Estates & Areas in NER

State-wise Industrial Infrastructure

State	Name and Location of Industrial Estate	Facilities Offered
Arunachal Pradesh	Changlang, Changlang District	  
	Miao, Changlang District	  
	Roing, Lower Subansiri District	  
	Pasighat, East Siang District	  
	Namsai, Lohit District	  
	Naharlagun, Papumpare District	  
	Itanagar, Papumpare District	  
	Tawang, District Tawang	  
	Deomali, Tirap District	  
	Khonsa, Tirap District	  
	Tippi, West Kameng District	  
Manipur	Industrial Estates, Takyelpat	  
Nagaland	Dimapur	  
	Dimapur	  
	Kohima	  
	Tuensang	  

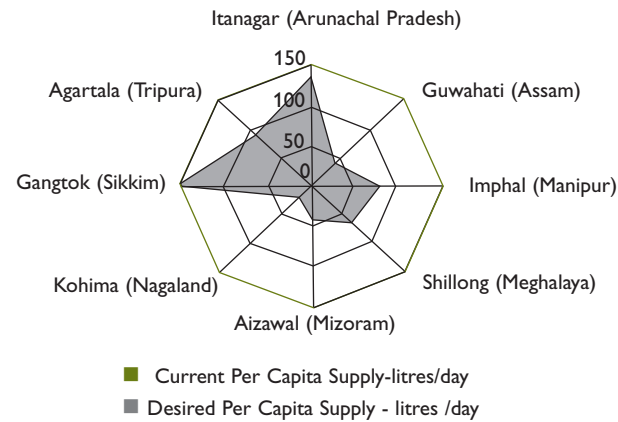
Legend:  Water Supply Available  Power Available  Road Connectivity Available

Urban Infrastructure

Water Supply

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

Per Capita Supply of water in Various Cities (lpcd)

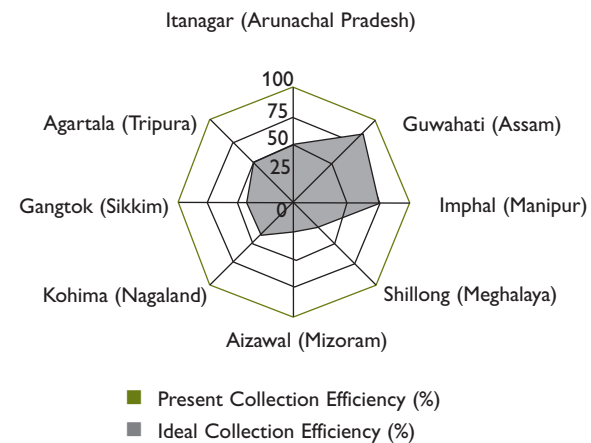


Urban Infrastructure

Solid Waste Management

- Collection efficiency is 50% on an average for all the cities
- Solid waste and Medical waste management needs improvement.

Collection Efficiency of Solid Waste (%)



Urban Infrastructure

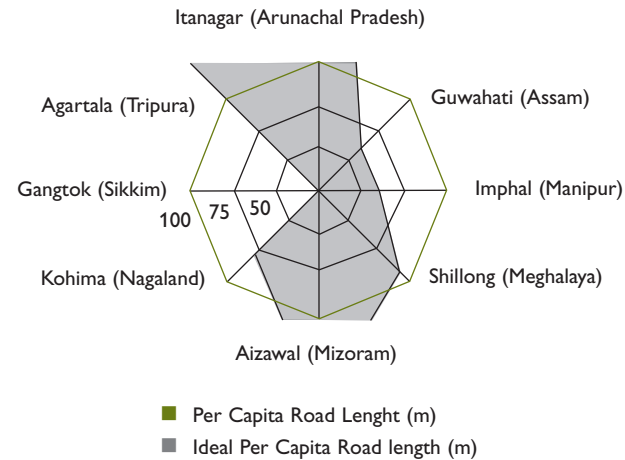
Roads

- Per Capita Road length is lower in all cities except 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

Road Length per Capita (meters)



POLICY & INCENTIVES

North-East Region Policies

Industrial Policy of the North East Region, 1997

- Stimulate development of Industries so as to ensure the Region's Economic development
 - Providing incentives for the development of growth centres and Integrated Infrastructure Development Centres (IIDC)
 - Included Transport subsidies, attractive fiscal incentives for the new Industrial units and for substantial expansion of the existing units
 - This Policy has recently been replaced by the North East Industrial and Investment Promotion Policy, 2007
-

North-East Region Policies

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

- Covering all the eight states in the NER
 - Industries, under this policy, are eligible for incentives for a period of ten 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
-

State Policies

State	Industrial Policy	Tourism Policy	Agriculture Policy	IT Policy
Arunachal Pradesh	<ul style="list-style-type: none"> - Introduced in 2001 - 100% Equity ownership of Industries to investors 	<ul style="list-style-type: none"> - Reduce poverty by ensuring economic participation of the local community in Tourism opportunities - 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 farmers' incomes - Stress on development of Marketing infrastructure - Development of Agro-processing units 	
Assam	<ul style="list-style-type: none"> - Introduced in 2003 - Increase the share of industrial sector to 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 - For the IT industries, many special incentives have been proposed - 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 centers, IIDC, EPIP, EPZ and an Industrial Growth Centre 			<ul style="list-style-type: none"> - Introduced in 2003 - Single window system - 50% concession on rentals for 5 years - Local entrepreneurs will get 50% concession on rentals for 2 years
Meghalaya	<ul style="list-style-type: none"> - Introduced in 1997 - Encourages public and private sector investments, infrastructure development, development of EPIP and growth centers - Promote industrialization of backward areas with infrastructure facilities 	<ul style="list-style-type: none"> - Introduced in 2001 - Benefits to reach the grassroots of the populace mitigating innumerable interlinked problems being faced - 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 - Improving infrastructure like Road, Power, Communication and Water supply - Establishing Growth Centers, Industrial Estates & areas, EPIP, IT Park IIDC and SEZ - Special promotional packages for rural and traditional industries - Focusing on Training facilities and developing Research & 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 for Single Window Clearances
Nagaland	<ul style="list-style-type: none"> - Introduced in 2000 - Industrial areas with Infrastructure facilities of adequate Power and Water supply - Attractive incentives have been proposed 			<ul style="list-style-type: none"> - Introduced in 2004 - Provides Tax and other incentives and quality Infrastructure for development and growth - Creation of a statewide network with a Central Control Mechanism

State Policies

State	Industrial Policy	Tourism Policy	Agriculture Policy	IT Policy
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
Tripura	<ul style="list-style-type: none"> - Tripura Industrial Development Agency acts as a Single Window for facilitation - 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 - Take advantage of the natural beauty, promote Sustainable Tourism as a source of revenue and 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

State Policies

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		✓		✓		✓	✓		✓

BUSINESS OPPORTUNITIES

State Policies

Sectors	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura
Engineering Industry	↑	↑	↑	↑			↑	
Chemicals Industry	↑	↑	↑	↑				
Servicing Sector	↑			↑		↑	↑	↑
Handloom Sector	↑		↑	↑	↑	↑	↑	↑
Handicrafts Sector	↑	↑	↑	↑	↑	↑	↑	↑
Textile Based		↑	↑					
Miscellaneous Industry	↑	↑	↑	↑	↑	↑		↑
Horticulture	↑	↑		↑			↑	
Floriculture			↑			↑	↑	

State Policies

Tourism

- Virtual paradise for travelers where various categories of tourism can be explored

Energy Intensive Industries

- Availability of large Natural Gas reserves offers a great opportunity to prospective investors

Tea Production

- NER accounts for more than half of India's total production of Tea

Forest Based Industries

- Various Valuable trees and Medicinal plants are available in abundance in forests of NER

Rubber Plantation

- Integrated approach for Rubber industry development has been adopted in NER

Agro Based Industries

- NER has an Agrarian Economy and tremendous potential for Agro Based industries

IT Industries

- States have an attractive IT policy for governance and IT units

Petroleum & Natural Gas

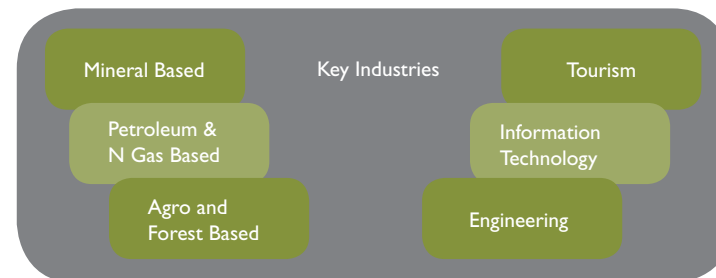
- Half of onshore oil reserves and more than half of onshore gas reserves in India lie in NER

Sericulture

- Offers lot of potential and needs to be organized for profitable growth

Favorable Business Environment

- Lucrative Incentives
- Complimentary Policies
- Availability of Manpower
- Special Infrastructure (EPZ, IIDC, SEZs etc.)
- Abundant Natural Resources
- Favourable Climate for Plantation



Attractive Sectors

Tea Production

Assam

- Produces 51% of India's Tea and accounts for a sixth of the Tea produced globally
- Home to one of the world's oldest and largest Tea Research Centres, started in 1911
- World's second largest Tea Auction Centre, established in 1970 at Guwahati

Mizoram

- Tea produced in Mizoram has a distinct quality and flavour similar to tea grown in high altitudes such as the Nilgiris and Darjeeling
-

Attractive Sectors

Tourism

Arunachal Pradesh

- Eco-tourism, Wildlife, Adventure, Cultural and Historical Tourism opportunities

Assam

- Natural landscape, Green forests, famous Wild Life Sanctuaries, Pilgrimage spots

Manipur

- Known for its Natural beauty and Exotic flora and fauna

Meghalaya

- Scope for Nature Tourism, Adventure Tourism and Health Tourism
-

Attractive Sectors

Tea Production

Sikkim

- Known for 'Temi Tea', considered a top quality and premium tea in the International market

Tripura

- Tripura, is 5th largest among the 14 Tea producing states of India
 - 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
-

Attractive Sectors

Tourism

Mizoram

- Bamboo forests, virgin rivers and mountains have the potential for Adventure Tourism

Nagaland

- Reputation as the 'Land of Festivals' and rich art and culture of the people is a major tourist attraction
-

Attractive Sectors

Tourism

Sikkim

- With a clean environment, natural beauty and a rich cultural heritage, the state has abundant tourism opportunities

Tripura

- Rich cultural heritage and rich flora and fauna, which have the potential for Nature Tourism opportunities
-

Attractive Sectors

Agriculture & Allied Industries

Nagaland

- Over 70% of the population is dependent on Agriculture
- Of the total gross cropped area under cultivation of Food grains, Rice accounts for about 70%

Sikkim

- 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

Manipur

- Handloom industry provides maximum employment after Agriculture
- Handicrafts of 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

Mizoram

- Handicrafts Industry is built on Cane, Bamboo and Textile craft. Its popularity is due to special features such as pliability and strength
-

Attractive Sectors

IT Industries

Manipur

- Government of Manipur accords high priority to the Electronics and Information Technology sector as a major thrust area for development

Meghalaya

- 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
-

Attractive Sectors

Professional Education Infrastructure

- Vast potential for private professional Education & Training institutes for students in NER
 - This will create a market for skilled labour as well as provide business for the private educational institutes
 - Sectors of education may include IT, Management, Biotechnology, Mining/Minerals, Agro-sciences, etc.
-

Attractive Sectors

Handicrafts and Handloom

Tripura

- 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 combination and lasting texture
-

Attractive Sectors

IT Industries

Mizoram

- IT Policy covers the vital sectors of industry, Education, Government, Health, Tourism, Agriculture and IT for masses
- The Policy has provided a number of incentives for entrepreneurs in the state

Tripura

- IT sector has been identified as one of major potential growth sectors by the State Government
 - NEDFI is setting up an IT Park in Tripura, which will provide all necessary Infrastructure facilities required for IT sector
-

Attractive Sectors

Professional Education Infrastructure

- 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

Assam

- About 300 types of medicinal herbs and plants are known to exist in abundance in the state
- It is estimated that only about 5-10% of the plants and herbs are currently utilized for commercial purposes

Nagaland

- 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
-

Attractive Sectors

Sericulture Industries

Assam

- Traditional varieties of silk cultured include Eri, Muga and Mulberry
- State offers a tremendous potential for the development of large-scale industry based on silk

Manipur

- Sericulture is a traditional industry in the state
- All varieties of silk are produced in the state, viz. Oak, Tasar, Eri, Muga & Mulberry silk

Nagaland

- State Government has identified Eri Culture as a thrust area
-

Attractive Sectors

Forest Based Industries

- 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 ton Bamboo (one of the largest contributors in India), 0.8 million cubic metre of ordinary Timber, Soft wood for the production of 0.16 million cubic metre Plywood, etc.
-

Attractive Sectors

Bamboo Based Industries

Mizoram

- Mizoram contributes to about 14% of India's total Bamboo production
- About 20 varieties of Bamboo have been recorded in the forests of Mizoram

Tripura

- Tripura is endowed with rich and diverse bamboo resources
 - Only about 2% of the extracted bamboo is utilised for value addition through handicrafts, etc; immense potential for commercial use
-

Attractive Sectors

Rubber Plantation

Tripura

- Tripura accounts for the second largest production of Rubber in India after Kerala. Rubber Board now considers Tripura the “Second Rubber Capital of India”.
 - Only about 10% 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 is mainly utilized as building materials

Nagaland

- Mineral and Fossil fuel reserves which can be exploited for commercial purposes are Petroleum and Natural Gas, Coal, High grade limestone, Marble and dimensional/decorative stones

Tripura

- Natural gas available is of high quality, with high methane content of up to 97%
-

Attractive Sectors

Mineral Based Industries

Assam

- State accounts for about 15% of India's Crude oil output
- Wells at Digboi, Duliajan and Sivasagar produce natural gas accounting for about 50% of India's total onshore production
- Limestone, China clay, Decorative stones and Coal also have high reserves in the state

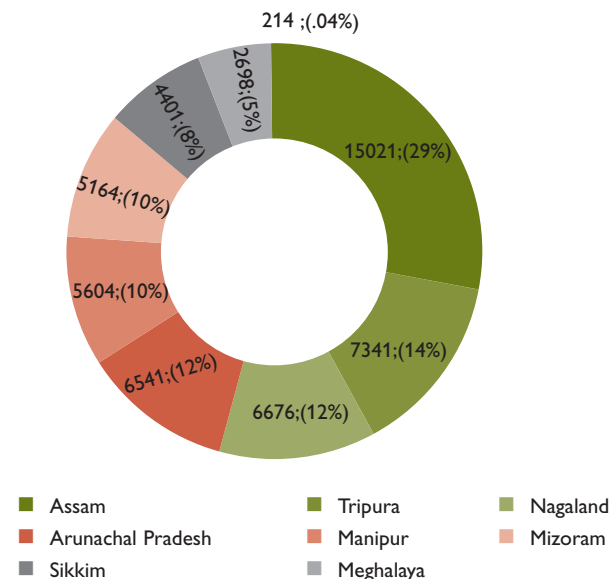
Meghalaya

- Wealth of Mineral deposits has great Industrial potential
 - Large deposits of Coal, Limestone, Granite, Clay and other minerals for commercial exploitation
-

Investments in NER

- Total amount of investment approved by the Ministry of DONER (Department of North-East Region) was US\$ 1.31 billion. Maximum was approved for Assam, Tripura and Nagaland in Roads, Power and Education 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 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

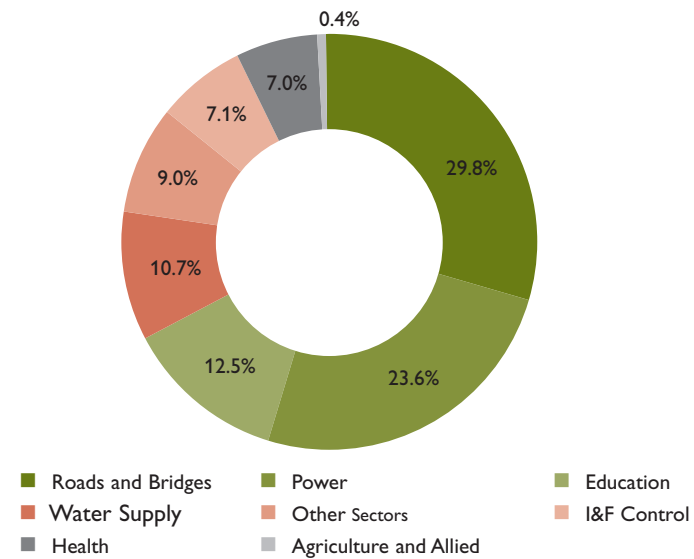
State-wise Assistance Approved by Ministry of DoNER in 2006 (Rs. in million)



Source: Ministry of Development of North East Region

Investments in NER

Sector-wise Assistance Approved by Ministry of DoNER in 2006 (In %)



Source: Ministry of Development of North East Region

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 Limited	<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 Limited	<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 the state of the art pipeline having the capacity to transport over 8.0 MTPA of crude oil feeding four public sector refineries in North East 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

Industry Player	Key Highlights
Acer	<ul style="list-style-type: none"> - Manufacturer of Desktops and Notebooks, planned to set up six Acer Malls and four Acer Points - Focusing 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% of its organized plywood and 15% of its organized laminate market and operates in Arunachal Pradesh
Sarda Plywood Industries Limited	<ul style="list-style-type: none"> - SPIL is the flagship company of a 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 Player	Key Highlights
Tata Tea	<ul style="list-style-type: none"> - Set up in 1964 as a joint venture 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 and is 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	<p>Bishnauth Tea Co., Assam Company, AFT Industries, Bengal Tea & Fabrics, Goodricke Tea etc.</p>

DOING BUSINESS

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 Department/ State Electricity Board
Power Feasibility	
Power Connection	
Approval for Construction Activity and Building Plan	Public Works Department
Water and Sewerage Clearance	
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
5-star hotel room (US\$ per night)	37.3 – 74.5

Business Climate

- Abundance of Natural Resources
 - Region has enormous Natural resources like Oil, Natural Gas, abundant reserves of Minerals and Forest resources
 - Region has favorable climate for Tea and Rubber plantations
 - Immense potential for commercial exploitation of Natural resources
 - Ideal environment for success of Agro and Forest based industries
 - Favorable Policies & Incentives
 - Attractive incentives and subsidies on Power, Transportation and capital investment
 - Further Incentives for promotion of Thrust sector industries, Export oriented industries such as Food processing
-

Business Climate

- Availability of Skilled Labour
 - Average Literacy Rate of the NER is 68%, is higher than the National Average
 - Strong Communication Skills since English is a widely spoken language
 - Improvement in Connectivity and Infrastructure
 - Substantial Investments from Government/IFIs for the development of Roads, Railways, Airways and Waterways.
 - Opportunities in 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
-

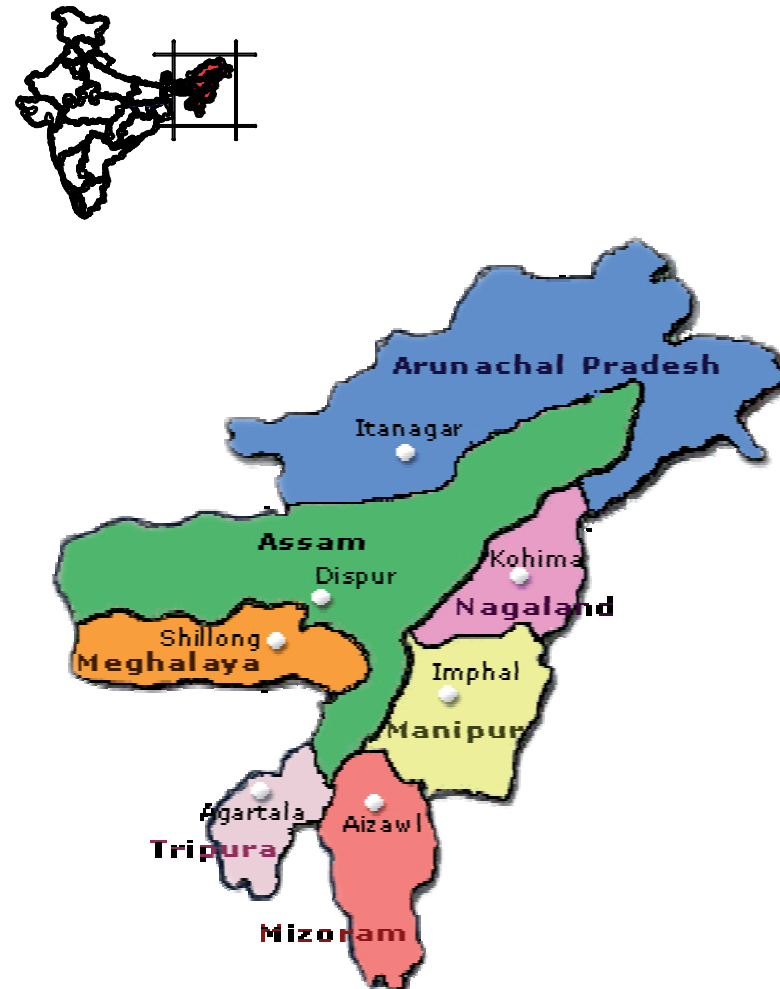
Business Climate

- Significant infrastructure being developed would catalyze the growth of the Industries and provide an ideal Business climate for upcoming 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
-

OVERALL STATE COMPETITIVENESS

Advantage – North East

- 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 North East Region (NER) and Liberalized State Industrial Policies, both providing attractive incentives and subsidies with proposed deployment of Single Window Clearance facility
- Locational suitability for foreign trade with neighbouring countries particularly China and Bangladesh
- Favoured choice for tourists with its pleasant climate, scenic landscape and Adventure Tourism options
- Availability of Skilled and Cheap manpower
- Strong Communication Skills since English is widely spoken language in the NER



OVERALL STATE COMPETITIVENESS

NORTH EAST STATES • October 2007



Overall States' Competitiveness

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 & 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 & Handicrafts	High	High	High	High	High	High	High	High
Sericulture Based Industry	High	Low	High	Medium	Low	High	High	High

High
 Medium
 Low

OVERALL STATE COMPETITIVENESS

NORTH EAST STATES • October 2007



Overall States' Competitiveness

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 Center	◐	●	●	●	●	●	●	●

High
 Medium
 Low

DISCLAIMER

This presentation has been prepared jointly by the India Brand Equity Foundation (“IBEF”) and Ernst & Young Pvt. Ltd. (“Authors”).

All rights reserved. All copyright in this presentation and related works is owned by IBEF and the Authors. The same may not be reproduced, wholly or in part in any material form (including photocopying or storing it in any medium by electronic means and whether or not transiently or incidentally to some other use of this presentation), modified or in any manner communicated to any third party except with the written approval of IBEF.

This presentation is for information purposes only. While due care has been taken during the compilation of this presentation to ensure that the information is accurate to the best of the

Author’s and IBEF’s knowledge and belief, the content is not to be construed in any manner whatsoever as a substitute for professional advice.

The Author and IBEF neither recommend or endorse any specific products or services that may have been mentioned in this presentation and nor do they assume any liability or responsibility for the outcome of decisions taken as a result of any reliance placed in this presentation.

Neither the Author nor IBEF shall be liable for any direct or indirect damages that may arise due to any act or omission on the part of the user due to any reliance placed or guidance taken from any portion of this presentation.