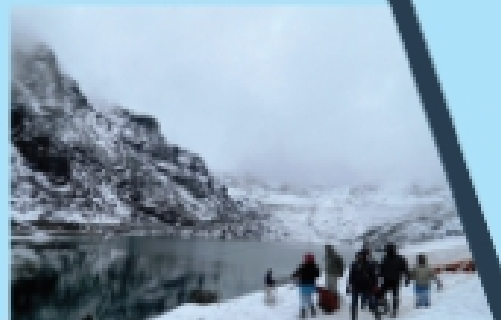
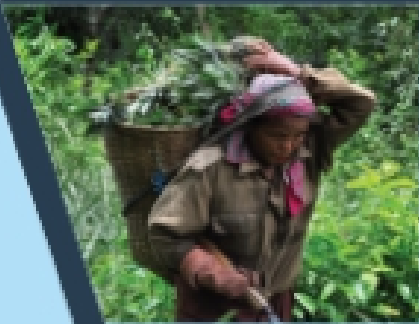


Competitive Advantages of the North Eastern States and Identification of Thrust Areas for Growth and Development in the Region



North Eastern Development
Finance Corporation Ltd.



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TITLE OF THE STUDY

COMPETITIVE ADVANTAGES OF THE NORTH EASTERN STATES AND IDENTIFICATION OF THRUST AREAS FOR GROWTH AND DEVELOPMENT IN THE REGION

Executive Summary

The objectives of the present study were to identify the sources of competitive advantages of the states in Northeastern region of India and suggest possible measures to harness those potentials.

The region is well endowed with natural resources and ideal climatic conditions for agriculture, plantations and sericulture. Richly endowed with natural resources, the region is identified as one of the world's biodiversity hotspots, it hosts species-rich tropical rain forests and supports diverse flora and fauna and several crop species.

Our report sketches various opportunities and provide new understandings to the ongoing interventions to raise the north east states of India to higher levels of inclusive economic growth and development. The salient features of our approach, findings of the study and proposed recommendations are summarized as under –

- A. Competitive advantages of NER states – Based on well-established concepts and models, identified 17 specific competitive advantages of NER states. Recommendations are primarily derived from these.
- B. Sector selection model- Developed a simple analytical tool to identify priority sectors for growth and development. The selection matrix takes into account six criteria like competitiveness, market potential, economic impact, sector specific needs, gestation period and environmental impact.
In total 23 sectors / sub sectors were evaluated and a priority list of sectors prepared for each state.
- C. Detailed sectorial analysis was carried out – For selected 10 major sectors: Current status, issues and way forward for long term benefits.
- D. Data analysis has been carried out for the following
 - Trends of various macro-economic data like sectorial trend (Primary, Secondary and Tertiary), GSDP, Per capita income.
 - State budgets – Looked at budget data: total revenue generation, dependence on central subsidy, development expenditure.
 - Study GVA of sectors – Trend of gross value analysis of important sectors of states, interstate comparison.
- E. Comparative interstate Indicators
 - Examined relevant business readiness indices – State Competitiveness Rating, Ease of Doing Business, Ease of Living Index.
 - Observed critical social indices – PAI, Health Index, MPI
- F. Current status of internal security of states were examined– Study data trends of negative fallout, look at current / latest status and future state.
- G. Infrastructural issues – Progress of projects and recent emphasis on quicker implementation.
- H. Status of 'Act East' - Current scenario, need for preparation to improve competitiveness.
- I. Successful case studies of states relevant to NER – Six pertinent examples were studied to derive learnings from them –

Himachal Pradesh inclusive development, Bangladesh development model, Karnataka FPO, Bhutan's sustainable tourism, Sikkim's organic mission, UP – ODOP approach.

J. Recommendations – Are made up of 5 segments as under

- Identified five strategic initiatives based on competitive advantages
 - Differentiation strategy on unique quality products
 - Cost leadership strategy based on lower cost.
 - Alliance and tie-up strategy with large manufacturers
 - Innovation strategy on use of technology for value addition
 - Growth strategy on natural resources and location benefit.
- Operational roadblocks and remedies
 - Export promoting infrastructure
 - Air service
 - NE Railways
 - Land custom / Integrated check post
 - Policy / Act
- Structural issues to be addressed
 - Private investment
 - Agriculture marketing
 - Aggregation of agriculture / horticulture produces
 - Infrastructure
 - Governance
- Specific Recommendations – Major Sectors/Areas
 - 'Fruit and vegetable bowl' of India – Given ideal climatic conditions and adequate ground water availability, unique quality.
 - 'Power house' of India – Enormous possibility of utilizing hydel power of states, NER can help not only north Indian states but also neighboring nations.
 - Tourism – Utilize untapped tourism potential
 - Horticulture produce export
 - Organic farming extension
 - MAP for herbal product manufacturer.
 - 'Act East' – Preparedness, use of DRC for identification of specific products for export as well as import from neighboring countries
 - Infrastructure – urgent needs.
- State Wise Recommendations – Based on competitive advantages, SWOT analysis, state economy, business readiness, social indices, current focus etc., various areas were identified and recommended for state specific action plans.