

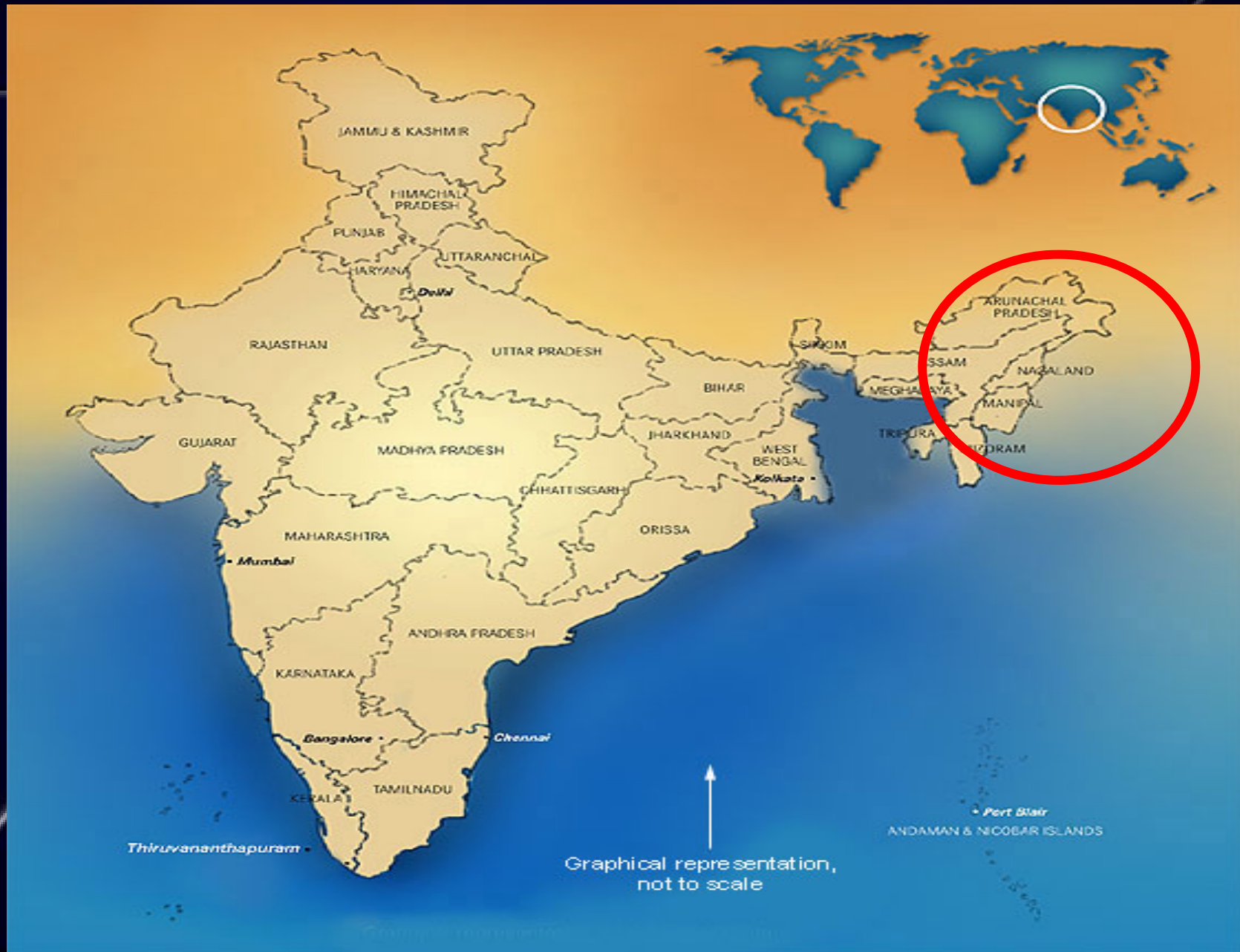
**Emerging model for
integrated economic zone
in NER –
prospects & challenges**

By

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Indian Sub-continent & our Strategic Location



AFTER PARTITION OF INDIA ...

The disruption of the age-old links resulted by the partition of Indian Sub-continent in 1947 reduced the NE Region geographically in a most disadvantaged position.

AND REDUCED TO A LAND LOCKED COCOON..

Highways, Waterways and Rail links which traverse each country but stop at national boundaries –cannot service the region as a whole generate sub-optimal returns.

Because of an economic imprisonment the region started suffering on all counts.

BECAME A CONFLICT PRONE AREA

As North East was relegated to the periphery – it saw accelerated manifestation of centri-fugal tendency in post independent period

Rising Ethnic Assertions & Insurgency

- **History replete with ethnic clashes in NER**
- **Natural thrive for upward mobility by each of the interest groups**
- **Agitation, Violent expression and Extortions**

**BIG SOCIO POLITICAL THRUST
REQUIRED THROUGH DIALOGUE**

The Development Thrust for NER

- **Encouragement to economic activities by way of introduction of Transport Subsidy Scheme for NER in 1971 by Mrs. Indira Gandhi.**
- **Special economic package initiated in 1996 by HD Deve Gowda Government**
- **NE Industrial Investment Policy 1997**
- **NE Industrial Investment & Promotion Policy 2007**

The Paradigm Shift

As peace remained elusive –

- **Increased volume of central fund failed to stabilize the region.**
- **Assam decided to shift the paradigm by making development a prerequisite for peace and good governance in 2001**
- **Remarkable Dividend**

In the wake of Glasnost and Perestroika ...

- **It was perceived that the existing and planned transport links in the region will inevitably join up our NER with the neighbouring countries in S.E. and South Asia.**
- **The Challenge really is to create a model that will support economic integration of the NER with Indian mainland and neighbouring countries around the region.**

NORTH EAST : THE LOCATIONAL ADVANTAGE



If we had free flowing transit !

	<u>Distance</u>	<u>Transit time</u>
➤ Guwahati-Siliguri-Kolkata port	= 1406 km	6 days
➤ Guwahati-Dawki-Sylet-Kolkata (Asian Highway No.1)	= 760 km	3 days
➤ Guwahati-Sutarkandi-Sylet- Kolkata	= 1100 km	3 days
➤ Guwahati-Dawki-Chittagong Port (Bangladesh)	= 650 km	2 days

Border Points of NER

SI	Neighbouring Country	Listed Border Points (No)	Functional LCS (No)
1	China	7	1
2	Bhutan	4	1
3	Myanmar	8	2
4	Bangladesh	24	19
	Total	43	23

Focus for trade with Bangladesh, Bhutan and Myanmar

- ❖ **Trade Agreements have been entered into with Bhutan (Indo-Bhutan Free Trade Agreement), Myanmar (Indo-Myanmar Trade Agreement) and Bangladesh (SAFTA/SAPTA).**

A New Deal Required

- ❖ **The disruption of old trade routes in 1947 and the 1971 Bangladesh war deprived North East India of its natural markets. It is therefore imperative to forge closer and deeper economic integration with its eastern neighbors now so that there can be a economic revival of this region.**

Our perspective

- ◇ **Though India's trade with countries bordering the Northeast has seen dramatic expansion, this expansion has had little or no impact on Northeast economy as most of this trade expansion is through seaports. In spite of huge potential, the Indo-Myanmar trade remained insignificant.**
- ◇ **In order to reap the benefits of the Look-East policy and from FTAs with these countries, transit arrangements, proliferation of trade routes and custom check post, easy visa regime making it possible for traders, businesspersons and transport operators to move in and out of the region is required. Large investments in infrastructure: construction of roads, railways, air transport and communication facilities, hotels etc. are paramount.**

Contd.

Our perspective

- ◇ **Industries in the northeastern region need to develop goods for export to neighboring countries. Processing industries need to be set up to manufacture quality goods, which can be offered. Agriculture has to be improved both in terms of quality and in terms of productivity.**
- ◇ **The India-Bhutan model which allows for export/import of goods with minimal documentation can be adapted for other countries in this region. This will help do away with informal trade as well as make it easier for people to engage in trade as the hassles of documentation will be greatly reduced.**

Contd.

Our perspective

- ❖ **Optimal usage of waterways will help reduce transportation costs and existing waterways need to be developed and new waterways identified.**
- ❖ **Road/rail links need drastic improvement in this region. The transportation links through the Siliguri corridor also needs improvement. A network of proper roads/railways is vital for the economic growth of this region.**

Contd.

Our perspective

- ◇ **A cohesive and overriding approach to tackle rampant extortions in NER States by interest groups, various governmental agencies as well as NGOs.**
- ◇ **Containerization of goods will help curb this, as there will be only point to point checks.**

Contd.

Our perspective

- ◇ **Rapid development in road network. Protocol can be signed with Bangladesh for access to dedicated road and water/river corridors. India should engage with Bangladesh & Myanmar (particularly northern Myanmar) and invest in roads there so that minerals can be exploited**
- ◇ **The development of road corridors and rail linkages will complement the riverine routes and as in road/rail link there is greater participation by the common man it will open up a vast land locked area to the realms of international trade and faster economic growth.**

Contd.

Our perspective

- ◇ Agencies such as NEC/DoNER have failed to live upto expectations. DoNER ministry nomenclature be revisited to make it more effective for coordination in developing infrastructure in the region.
- ◇ Dedicated SPV i.e. Infrastructure Development Commission needs to be established reporting directly to the PMO. Whole focus should be development of economic infrastructure in the region.

Recommendations made by the Forum of Ministers on 27-9-2013

- Speedy Implementation of Kaladan Multimodal Transit Transport Project.
- Speedy implementation of Asian Highway
- Re-opening of Stilwell Road.
- Optic Fibre Cable connectivity through South East Asia-Middle East-West Europe-5 (SEA-ME-WE 5)

Recommendations of the Forum

- OFC connectivity SEA-ME-WE landing point suggested at Agartala-Sutarkandi-Dawki & Mankachar
- Logistic Hubs along AH-1
 - In between Moreh and Imphal, Imphal-Nagaland Border, Kohima-Dimapur, Dimapur-Numaligarh, Jakhlabandha- Jorabat, Jorabat-Nongpho, Nongpho- Shillong, Jowai- Dawki.
- Air Cargo facilities at Guwahati, Dibrugarh, Jorhat, Tezpur, Lilabari, Dimapur , Imphal & Agartala Airports.
- Declaration of Agartala & Dimapur as International Airports.
- Industrial Corridor along the AH 1

Recommendations of the Forum

Transit facility to be established through Bangladesh

- Sutarkandi-Sylhet-Dhaka- Kolkata
- Sutarkandi-Sylhet -Chittagong port.
- Golokganj-Bhurungamari-Rangpore-Dhaka – Chittagong port.
- Golokganj-Bhurungamari-Rangpore-Dhaka – Kolkata.
- Paikan- Tura-Mahendraganj-Dhaka- Kolkata
- Paikan – Tura- Mahendraganj- Dhaka-Chittagong.

Recommendations of the Forum

- **Informal Trade**
 - Need to evolve a mechanism to stop all kinds of Informal trade along the border.
- **Visa Office**
 - Need to allow opening of Visa offices of all ASEAN & SAARC countries in the NER.
- **Trade Delegation**
 - Need to arrange frequent Exhibition and Fairs, frequent trade delegation with its neighbours.
- **Air Connectivity**
 - Need to arrange direct Air connectivity from ASEAN countries as well as from Dhaka to Guwahati.

Contd.

Recommendations of the Forum

- **Ethnic & Oriental Research Institute at Guwahati :**
 - Open up one Ethnic Research Institute at Guwahati to collate and study behavioral pattern of each of the ethnic groups, Language learning, Cultural exchange, etc in intraregional and with ASEAN and other Asian countries.
- **Tariff and Taxation:**
 - Need to review the Tariff and Taxation structure for Export and Import from the NER to make more beneficial for both the trading countries.

Thank you.

