

Standing Committee Report Summary

Development of Trade and Industries in North Eastern Region

- The Standing Committee on Commerce (Chair: Dr. Abhishek Manu Singhvi) submitted its report on ‘Development of Trade and Industries in North Eastern Region (NER)’ on August 10, 2023. Key observations and recommendations of the Committee include:
- **Connectivity:** The NER has suffered from poor inter-state and intra-state transport connectivity. This has impeded everyday life and industrial development in the region. In order to improve connectivity, the Committee recommended: (i) constructing new state highways and minor/district roads, (ii) widening the road network in border areas, (iii) increasing the frequency of freight trains, (iv) creating air cargo handling and cold storage facilities at airports, and (v) completing feasibility studies of national waterways.
- **Land for industrial use:** In most north eastern states, land cannot be transferred to non-tribals. There is also no database of land for industrial use. The Committee suggested the creation of a GIS-linked industrial land bank. This can have features such as plot-level information of available industrial land and provisions for land reclassification. The Committee also suggested provisions for leasehold rights to be made transferable and mortgageable.
- **Special economic zones (SEZs):** There are five approved SEZs in the region out of which four are notified. However, none of the SEZs have ever been operational. The Committee noted that the NER is in need of operational industrial parks supported with plug and play facilities, road connectivity, and power and water supply. It recommended expediting the establishment of SEZs in the region and exploring the prospects of notifying more such SEZs.
- **Trade with ASEAN:** The geographical advantage of NER states needs to be utilised to strategically increase India’s trade with Association of Southeast Asian Nations (ASEAN). For strengthening export linkages with ASEAN, the Committee recommended: (i) starting direct flights to ASEAN countries under the UDAN (International) Scheme, (ii) setting up more land custom stations, and (iii) opening consulate offices of ASEAN countries in the NER. The government must identify and promote such industries in the NER which could cater to markets in ASEAN and other neighbouring countries.
- **Bamboo industry:** Almost two-fifths of the bamboo stock in India is found in the NER. India’s share in global bamboo trade and commerce is yet to be explored. The Committee noted that it is crucial to develop industries related to bamboo. It recommended that steps should be taken to promote bamboo clusters in the region. Adequate funds should also be provided for development of primary processing and value addition mechanism of bamboo produce. It also suggested formulating a national policy on bamboo.
- **Tourism:** The Committee observed that the NER can be developed as an attractive tourist destination. It recommended developing tourist circuits and viewpoints in the region. Connectivity should be provided to such areas and other major tourist destinations. The Committee also recommended developing homestays in the region.
- **Foreign direct investment (FDI):** NER received less than 1% of the total FDI in the country. The Committee recommended forming investment promotion agencies to attract FDI in the region. It also suggested holding investment summits in foreign countries to promote NER as an investment destination.
- **Food processing industry:** The availability of surplus agricultural and horticultural produce in the region provides an opportunity to develop food processing industries and boost exports. However, it faces certain challenges such as natural calamities, transportation, and lack of cold storage facilities. The Committee recommended establishing a dedicated agency for the development of the region’s agriculture and indigenous horticulture products. DPIIT should focus on developing integrated cold chain comprising of cold storages, cargo terminals, and mega food parks. The Committee also noted the absence of dedicated laboratory for organic certification of produce from the region. It recommended incentivising operational laboratories in the region to opt for certification under the National Programme for Organic Production.
- **MSME:** NER accounts for around 3% of the total micro, small and medium enterprises (MSMEs) in the country. MSMEs in the region have to rely on informal credit at high interest rates due to a low credit deposit ratio (share of deposits given as loans). The Committee recommended increasing the budget allocation under the North East Entrepreneurs Development Scheme which provides financial assistance to MSMEs at concessional interest rates. As per RBI guidelines, no collateral should be demanded for loans up to Rs 10 lakh for units in the sector.

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