

### 3. LOOK EAST POLICY (LEP) AND PROMOTING COMMERCE & INDUSTRY

#### North East Industrial & Investment Promotion Policy, 2007

- 3.1 The Central Government has notified a new industrial policy, NEIIPP 2007, for the NER for a period of 10 years with effect from 1.04.2007. The Policy provides a slew of incentives for new industrial units and existing units on their substantial expansion. The incentives include income tax and excise exemption, capital investment subsidy, interest subsidy, insurance subsidy and transport subsidy and are applicable to industrial units set up in the NER, regardless of their location. The benefits will also accrue to hotels, adventure sports, medical facilities and vocational training institutes. The new Policy is a substantial improvement over the earlier policy which was announced in 1997 and is, therefore, expected to bring private investment in the Region leading to accelerated economic growth and creation of employment opportunities. The Government has issued various notifications required under the Policy.

#### LOOK EAST POLICY (LEP):

Several initiatives taken in this regard are as follows:

- 3.2 The North-East Region is ideally located to become an important player in India's growing economic ties with the countries of South-East Asia. In addition, the Region has common frontiers with Nepal, Bhutan, Bangladesh and Tibetan Autonomous Region. Apart from its geographical proximity, the Region has cultural similarities and historical ties with the people of these countries. A close economic cooperation between the North-East States and the neighbouring countries would be mutually beneficial by cutting costs and creating a viable market. In this regard, the Union Minister for External Affairs, Shri Pranab Mukherjee, held a meeting on 31.10.2008 with the Chief Ministers of the North-East States and Central Ministries concerned to formulate a strategy for a meaningful involvement of the North-East Region in the Look East Policy. A number of important suggestions

emerged from this interaction which are being followed up. The other important developments in this regard include resumption of Indo-China trade at Nathula Pass in Sikkim and progress on Kaladan multi-modal route through Mizoram to Sittwe port which provides an alternative to transit through Bangladesh.

#### 3rd North East Business Summit



Inaugural event at North East Trade and Investment Week in Bangkok

- 3.3 The Thrust Areas for Investment in the NER include Agro and Forestry, Tourism & Hospitality Industry, IT and IT enabled services, biotechnology, Handicrafts & Handloom, petrochemicals, hydel-power and cement industry. The Ministry, in association with the Indian Chamber of Commerce, Kolkata, organized the 3rd North East Business Summit on 10-11 April, 2007 to promote the NE as an investment destination. The Summit was attended by over 900 Indian delegates, 80 foreign delegates, 40 Heads of Mission and 5 Union Ministers apart from high level representation at the level of Governors and Chief Ministers from the NE States, besides senior officials from several Central Ministries. It was inaugurated by the Vice President and the Valedictory Session was attended, among others, by the Commerce Minister of Thailand. The Summit included technical sessions on Investment & incentives, infrastructure, Agro & Food Processing, Tourism and Look East Policy apart from the plenary session. The main event in New Delhi was preceded by a Road

Shows in Bangalore, Kolkata and Bangkok. As a result of the Summit, 128 expressions of interest were received from entrepreneurs for investment in the NER.

### North-East India - Thai Cooperation

3.4 A high level business delegation from Thailand, led by the Thai Minister of Commerce, visited the North-East States of Tripura, Assam and Meghalaya during 22-24 June 2007 at the invitation of the Minister, DoNER. This was a major breakthrough in being the first ever visit by a foreign Minister to these States in the context of the development of the North-East Region and provided, at long last, a North-East Region dimension to our 'Look East Policy'. Apart from Minister, DoNER, MOS- Commerce, Shri Jairam Ramesh, Governors and Chief Ministers of the States concerned, senior officials of the Central Ministries and State Governments and Indian businessmen participated in the deliberations. There were presentations and discussions on important sectors like roads, power, tourism, inland water transport, rubber, handloom & handicrafts and food-processing in which Northeast India-Thai cooperation can be mutually beneficial. From the statements made in the plenary, the media and to the Minister, DoNER by the Thai Minister and his colleagues, the North-East Region appears to have made a considerable impression on the minds of the delegation, with the investment potential being described as tremendous.

3.5 As a follow up of the Thai Minister's visit, the Ministry organized the 'North-East India Trade & Investment Opportunities Week' at Bangkok from 1st to 4th October 2007 in association with the Indian Chamber of Commerce, Kolkata and Thai Department of Trade Negotiations. The primary objective of the initiative was to attract investment from Thailand in sectors like infrastructure, horticulture, food processing, tourism & hospitality, handlooms & handicrafts, rubber and bamboo in which Thailand has considerable advantages

in terms of technology and surplus capacity. The event was attended by Minister, DoNER, MOS, Industry, Chief Ministers of Arunachal Pradesh, Manipur, Meghalaya, Mizoram and Nagaland, other State Ministers and officials from the Centre and the NE States. Apart from the 70 odd official delegation, the Indian side was also represented by a strong delegation of over 180 businessmen and trade bodies. The Thai participants included their Commerce Minister, Mr. Krik-Krai Jirapet, Deputy Minister, Industry, senior officials and more than 150 businessmen and organizations. The event had Sectoral sessions on tourism, infrastructure, agro & food processing and handlooms & handicrafts. The Thai participants showed keen interest.

3.6 The main Plenary Session was attended by over 500 delegates from India and Thailand. A general presentation about the strengths and potential of North Eastern Region for various investment and trade opportunities was made. It covered all the eight North Eastern States. Minister, DONER highlighted the scope and potential for investment in various sectors in the Region along with a brief description of major attractions of North Eastern Industrial and Investment Promotion Policy (NEIIPP), 2007. Thai Commerce Minister appreciated the enthusiasm in the North Eastern Region for investment and trade from Thailand. He stressed greater need for cooperation in both trade and investment in the Region and expressed hope that the efforts initiated by Minister, DONER will go a long way in establishing ties between two sides for mutual benefit. The Minister of State, Department of Industrial Policy & Promotion, Government of India briefed the gathering about the general environment for investment in India and the main provisions of NEIIPP, 2007. The Chief Ministers/Ministers made presentations for showing their strengths, areas of mutual cooperation, potential for investment and trade in various sectors and the need for starting a dialogue between the two sides.

- 3.7 The sectors highlighted were tourism, infrastructure, agro & food processing, handlooms & handicrafts. The sessions on infrastructure, agro & food processing, handlooms & handicrafts were addressed by Shri Mani Shankar Aiyar, Minister, DoNER; Dr Ashwani Kumar, Minister of State for Industry, Government of India and Mr Piyabutr Cholvijarn, Deputy Minister Industry, Government of Thailand. Minister of State (Industry) highlighted the main provisions of NEIIPP, 2007 and stressed the need for large investments in the region, inter-alia, because of extremely attractive provisions. Dy Minister, Industry, Thailand informed that in the Ministry of Industry, they have opened an India Desk in the Thailand Board of Investment. An important part of this session was one-to-one interaction between the businessmen of India and Thailand. Officials from the State Governments and the Central Ministries as well as from Thai Government were there to facilitate the discussions. In all around 300 businessmen from both the sides interacted. Altogether there were 12 agreements/MOUs. The initiative will be followed by detailed interaction and reciprocal visits by both the sides.
- 3.8 H.E. Piyabutr Cholvijarn, Deputy Minister of Industry of Thailand, led a Thai delegation, comprising both the Thai public and private sectors, to visit three North Eastern States of India (Sikkim, Arunachal Pradesh and Assam) from January 9-12, 2008 to follow up on the earlier visit to Tripura, Assam and Meghalaya of H.E. Krirk-Krai Jirapaet, Thai Minister of Commerce, and the North-East India Trade & Investment Opportunities Week held in Bangkok. The Thai delegation consisted of representatives from the Thailand Board of Investment, the Royal Thai Embassy in New Delhi, the Thai Office of Commercial Affairs in New Delhi, and Thai Companies in the Food, Construction, Banking and Steel Industry. The Indian delegation was headed by Ms. V.S. Rao, Secretary, Ministry for the Development of the North Eastern

Region. Meetings at Guwahati (Assam) and Gangtok (Sikkim) were chaired by the respective Chief Ministers of the States, Shri Tarun Gogoi and Shri Pawan K. Chamling. The meeting at Itanagar was chaired by Shri Lombo Tayeng, Minister for Public Health Engineering & Water Supply, Government of Arunachal Pradesh.

- 3.9 The business seminars were very successful with more than 100 people participating in each seminar. Both sides recognized that food processing, agriculture, tourism and infrastructure improvement in roads, hydro-electricity, dams, water control in rivers, etc. are areas with the greater potential to be further pursued. The meetings concluded that there will be further cooperation through exchange of information and, further visits of organized trade, investment and tourism delegations to advise and assist each other to further promote Thailand-India trade and investment.

#### **North East India Investment Conference at New York**

- 3.10 As a part of the Incredible India @60 event, the Ministry for the Development of the North Eastern Region, Government of India in collaboration with Confederation of Indian Industry (CII), organized the “North East India Investment Conference” on 26 September 2007 at Hotel Grand Hyatt, New York.
- 3.11 The Inaugural Session of the Conference was addressed by Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, Government of India, Mr. Sunil Bharti Mittal, President CII, Ms Neelam Deo, Consul General of India, New York, Smt. Sushma Singh, Secretary, DoNER and Mr. Dipankar Chatterji, Chairman, CII North East Council.
- 3.12 The Inaugural Session set the perspectives for the Conference by highlighting the opportunity areas in the North Eastern States of India and the Government’s



approach and policy initiatives for promoting economic and industrial growth.

- 3.13 Mr. Dipankar Chatterji, Chairman, CII North East Council while welcoming the dignitaries and participants at the Seminar said that the North Eastern Region with its rich reserves of mineral resources, forest resources, horticulture, floriculture and access to markets like Bangladesh, Bhutan, Myanmar and China has tremendous scope for development.
- 3.14 Ms Neelam Deo, Consul General of India, New York spoke about the scope of investments in the North East in various sectors like tourism, floriculture, horticulture, bio diversity, information technology and infrastructure. The Consul General mentioned that the obstacles of the Government of India's Look East Policy and the opening up of infrastructure links like roads, railways and waterways with Myanmar and by building up road links through Myanmar into Thailand and South East Asia.
- 3.15 Mr. Sunil Bharti Mittal, President, CII reiterated the deep rooted commitment of CII for the development of the North East India. He said that to develop the North East in tandem with other parts of the country, the Central Government offered unique concessions and incentives for investments in the Region. He added that Bharti Enterprises had recently entered into the agricultural sector and was eagerly looking for investments in the Region.
- 3.16 Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission in his address said that the Government was committed to develop the North East in tandem with other parts of the country. He reiterated that special efforts are needed to project the tremendous prospects in the North East. In order to implement the Look East Policy and open it to the rest of Asia, it was imperative to first develop the North East which was strategically placed and was

closer to the rest of Asia than any other part of the country. The Government in the last couple of years had taken a number of initiatives aimed at energizing economic activities in the North East taking care of constraints and by building up significant comparative advantages.

- 3.17 Apart from tea and minerals, North East India offered enormous scope for horticulture like the unique orchids of Sikkim. He also stressed the importance of bamboo for serving various needs of both traditional and leading edge industries. The scope of the processing industries are also immense and logistical arrangements are required to market the horticultural and agricultural products to the rest of India, SAARC countries and the rest of Asia.
- 3.18 Tourism offered great potential in the North East because of its natural beauty and incredibly rich cultural diversity. The Kaziranga wildlife sanctuary, the caves of Meghalaya, the Majuli riverine island and cruising the mighty Brahmaputra are the most favoured attractions for the tourists.
- 3.19 Other sectors like information technology, education, hydropower generation, electricity transmission and distribution offered scope for prospective investors. He mentioned that Arunachal Pradesh had tremendous scope for hydropower generation which was to the tune of 50,000 MW and there was scope for public-private partnership in the development of this resource which was environment friendly.
- 3.20 Dr. Ahluwalia highlighted the Government of India's initiatives to promote investments in the North East by removing the various obstacles and offering a package of incentives particularly delicensing for prospective investors. He further mentioned that the Government of India in its XIth Five Year Plan had paid special attention to connectivity problems in the North East. The XIth Five Year Plan envisaged major

expansion plans for rail networks in the North East and unifying the two major gauge systems. The Government also planned to expand air connectivity and set up airports in every States. Major development activities in the roads sector would include both the public sector and public-private partnership. He said that the North East was a favoured part of the country as far as human resources are concerned because of its educated English speaking manpower.

- 3.21 Ministry of DoNER's presentation mentioned that the North East comprised of 8 States and was a land of golden opportunities. The Central Government as a part of its conscious policy decisions, was committed to invest a huge amount of funds for the North East to bridge the economic gap of this Region with the rest of the country and take it to a path of higher economic growth. The NEIP was the most friendly policy for investors offering tremendous scope for investments with huge concessions, subsidies and rebates. It was also stressed the importance of promoting tourism and thereby increasing trade with the neighbouring countries of Asia.

### **North East India Investment Summit at Guwahati (January' 08)**

- 3.22 As a follow up action of North East Investment Conference held on 26th September 2007 at New York, as a part of Incredible India@60, an inter-Ministerial initiative of Government of India, Ministry of DoNER in collaboration with Confederation of Indian Industry (CII) has organized the North East India Investment Summit, on 11-12 January 2008, at Guwahati. The North East Industry Ministers Forum and Government of Assam were the other partners of the Event.
- 3.23 The objective of the Summit was to provide information and share experiences on investment opportunities in the North Eastern States. It also facilitated interaction with the representatives of 8 States, industrialists and



Chief Minister of Assam Mr. Tarun Gogoi addressing at the Investment Summit

NRI, mostly from North East. The Summit was structured on Ministry's instance with a funding support of Rs. 20 lakhs.

- 3.24 It is on our suggestion that it should be held soon after Pravasi Bharatiya Divas (PBD) organized by Ministry of Overseas Affairs in New Delhi from 7th to 9th January 2008. The dove-tailing with PBD gave requisite fillip and opening for NRIs to visit North East and discuss the issues of mutual interest.
- 3.25 The inauguration was made by Shri Tarun Gogoi, Chief Minister, Assam in the presence of Dr. Jairam Ramesh, Union Minister of State for Commerce, Shri Pradyut Bordoloi, Minister for Industry & Power of Assam and Ministers and officials from other 8 NE States including 60 NRIs from 11 countries. Total 467 delegates attended the Summit. I participated on our Ministry's behalf and offered views in the proceedings of the event.
- 3.26 It was brought out by Union Minister of State for Commerce (MOS) that around Rs. 50,000 crore is proposed to be invested in the expansion of roads and highways in the region. There are 23 airports in the region of which 11 are operational. Efforts are afoot to make the remaining the 12 airports operational in the next 5 years. Indian Railways would be spending

around Rs. 10,000 crore on the expansion of rail network in the North Eastern Region in the next 5 years.

3.27 He also mentioned that efforts are on to double the effective power generation capacity from 1800 MW by 2011. The broadband users are to be increased from 20,000 to 1.5 lakhs in the next 5 years. The Central Government has also planned to invest Rs. 300-400 crore on waterways. Thus, the region is poised for very high growth in the next few years.

3.28 As regards NRIs who have evinced interest in setting up Public Private Partnership and carry forward the development dialogue, some of them are as follows:

(i) M/s Friends of Assam and Seven Sisters (FASS), USA: (Represented by Mr. Rajen Barua)

Mr. Barua spoke about need of holistic approach towards development of NER and suggested that people of North East India Origin (NEIO) should be given incentives for investing in the Region. He suggested a few areas where FASS could provide assistance, which are as under:

- \* Act as goodwill ambassadors and help with proper representation of the Region abroad.
- \* Locate and connect investors with consumers
- \* Provide necessary help in marketing NEI products
- \* Make the foreign governments interested in NEI
- \* Arrange overseas seminars for NEI
- \* Bring expertise to NEI for education & exchange
- \* Seek and develop new business possibilities
- \* Act as an information bank for students from the Region

\* Receive feedback from the public

\* Seek overseas job opportunities for NEIOs

(ii) NRIs Surgeons Association, United Kingdom: (Represented by Dr. Bhupendra Dev Sarmah)

Dr. Sarmah underlined the need for improving the physical and social infrastructure of the Region and urged the State Governments should play a proactive role in implementation of infrastructure and social development projects like education and healthcare.

He has shown keen interest in PPP in medi-care and setting up health facilities in the NE States.

(iii) M/s Globally Managed Services (GMS): (Represented by Mr. Prabir Banerjea and Mr. Ranjit Borthakur)

Mr. Banerjea highlighted about 'Naturenomics' practiced by GMS. He mentioned about benefits of 'green audit' and its economic impact in the Region. He requested all State Governments to include natural assets in their budget for making the region richer by promotion of eco-friendly business models.

Their strength is in setting up environmentally appropriate facilities in collaboration with CII and other business conglomerates.

(iv) Patel Enterprises, United Kingdom: (Represented Lord Adam Hafejee Patel of Blackburn)

Lord Hafejee felt the need to follow success stories in States like Gujarat and Maharashtra. He also mentioned that it should not disturb the ecology of the Region and pollution creating industry should be avoided.

He expressed keen interest and emphasized on

harnessing the natural resources of the Region like agriculture, water resources, eco and wildlife tourism, thus making the Region richer and expressed desire to work in this field.

- (v) National Editor, The Mint:  
(Ms. Sanghmitra Kalita, NRI from Assam)

Ms. Kalita called upon all journalists of the North East to take the responsibility of projecting a positive image of the Region. This will help change the perception of the rest of India towards the Region.

She specially offered to provide mentoring to all those interested in pursuing a career in journalism in New Delhi and urged all the NRIs to think on similar lines.

- (vi) Asian Institute of Technology, Bangkok:  
(Represented by Mr. Saumar Jyoti Deka)

Mr. Deka informed about the inception of Asian Highway project and mentioned that it was a cooperative project among countries of Asia and United Nations Economic and Social Commission for Asian and the Pacific (ESCAP) to improve the highway systems in Asia.

He also felt that the thrust should be on infrastructure building and tourism. The religious and eco-tourism has more acceptance to the South-Asian countries and fortunately NER is extremely rich in it. It is also for enhancing ties with these countries

- (vii) Cognition Group on Health Care, USA  
(Represented by Mr. Subhash Goswami)

Their areas of interest for investment in the Region include - de-addiction (detox), psychosis, depression, anxiety disorder, general medicine, research and CME.

His group is evaluating a super speciality psychiatry care facility in the region and focusing on social cognition thereby raising the standards of health care in the Region.

Their partnership is to flourish very shortly in a confirmed health enterprise of world class in one of the cities of the Region.

- (viii) Rebuild USA  
(Represented by Mr. Vishwanath Somnath)

Mr. Somnath discussed about technology innovations in pre-engineered building construction for providing affordable housing and highways in the Region. They are searching partners in this sector. CII may provide support from their network.

- (ix) University of Durham, U.K.  
(Represented by Dr. Ritu Katakya)

Dr. Ritu Katakya urged the State Governments to focus on biotechnology as a thrust area for growth in the Region and also suggested combining the expertise available to set up centre of excellence for innovative technologies based on plant biodiversity as NE India was a key location for plant biodiversity.

- (x) Eapen AIA, New York  
(Represented by Ms. Porie Saikia)

Ms. Porie Saikia was key coordinator in New York, and facilitated there, a dialogue on construction industry from USA & Middle East to work in India. In her presentation on 'urban infrastructure', she mentioned that DoNER had recognized the need to create critical infrastructure like roads, railways, airways, waterways, power and telecommunication to generate investment, employment and revenue in its Eleventh Plan and



suggested adopting a holistic approach while designing the master plan for urban development.

She also suggested implementing proper waste management techniques for keeping the cities 'clean and green' and offered her assistance by way of providing consultancy for implementing the infrastructure projects in the Region.

- (xi) Urban & Town Planning, U.K.  
(Represented by Mr. Bipul Katakya)

Mr. Bipul Katakya, Town Planner from U.K. mentioned that town planners should make an effort to plan the roads keeping in view the ever increasing population and vehicles on the streets while expressing his concern over Rs. 1 lakh car hitting the market.

He expressed his desire in helping transport sector as well as eco-friendly solutions for traffic congestions in the cities.

- (xii) Trent Hotels, Austria  
(Represented by Mr. Y. Mohanta)

Mr. Y. Mohanta offered to set up a 'North East

Tourism (NET) Institute' in the Region in collaboration with an European Institute. The institute would provide training facilities for manager and help creating skilled employees, tour guides, coach drivers, entertainers, travel agents, receptionists for trade, etc.

The institute would undertake exchange programmes for students of the Region with countries all over the world.

- (xiii) Synergy Consultancy, Singapore  
(Represented by Pranab Choudhury)

Dr. Choudhury focused upon the potential for tourism development in the North East and suggested setting up more eco-tourism resorts, spice gardens, medicinal plant gardens, tower/walkways, convention centres, tourist amenities/hotels etc. His company offered to help the State Governments by way of providing consultancy services to all the tourism development projects to be undertaken in the Region.

- 3.29 CII has been asked to follow up these partnerships and report MoDoNER on quarterly basis.



## NORTH EAST INDIA TRADE AND INVESTMENT OPPORTUNITY WEEK, BANGKOK



## NORTH EAST INDIA INVESTMENT CONFERENCE, NEW YORK

