

INVESTMENT OPPORTUNITIES: NORTHEAST REGION

INDIAN INSTITUTE OF FOREIGN TRADE
KOLKATA

GAUTAM DUTTA

The Region

Surrounded by four sovereign countries

- 4600km long international border with the four neighboring countries (98 per cent) 2% with the nation
- Converting Geographical isolation/disadvantage can be converted into region of advantages.
- Region's proximity to South east and East Asian Countries.
- Greater regional economic cooperation- SAPTA, Promotion of Border Trade-Bilateral ties with Bangladesh & Myanmar.
- Proposed growth Quadrant including Myanmar, Laos, South West China -Trans Asian Railway

Import demand of Bangladesh

- Bangladesh import from India increased from Rs 798.49 crores in 1991-92 to Rs 2789.02 crores in 1999-2000.
- Comprise of primary goods to manufactured goods
- Main items of import by Bangladesh includes non basmati rice, coal, glass ware, ceramics, cement, machinery, transport equipments, cotton yarn- constitutes 8% of total items but command 77% of total import from India.

Poultry and poultry products, dairy products, spices, fresh fruits, vegetable, rubber manufactured goods, paper, man made yarn, inorganic and organic fertilizers constitute 24% of the items and commands 20% of the import bill.

Import of Myanmar

- India's export to Myanmar increased from Rs 100.9 crore (1995-96) to Rs 144.9 crore during 1999-2000.

Export items consist of diversified goods- Machinery, iron and steel, drugs, transport equipments constitute 12% of total items imported and commands 68% of total import from India.

Poultry and products, processed items, inorganic/organic chemicals, rubber manufactured goods, paper and Paper products, cotton yarn constitute 25% and command 27% of import bill.

NORTH EAST AND NEIGHBOURING COUNTRIES

- With Bangladesh shares 1880 Km (Meghalaya, Assam, Tripura and Mizoram)
- 32 LCS- 14 are functional
- With Myanmar shares 1643 Km (Arunachal Pradesh, Manipur, Mizoram and Nagaland)
- 2 LCS- 1 is functional

Export items to Myanmar from North East region

- Main items of export includes wheat flour, bleaching powder, soyabeans, dry chillies, agarbatti, peas, garlic, stainless steel utensils- Moreh sector. Total volume of Trade during 1999-2000 was Rs 6.94 crores in Moreh sector.
- Items through Mizoram includes- Ginger, chillies, Fruits, dried fish, GCI roofing sheets, pig/pork, medicines, bicycles, tea.

Export items to Bangladesh from North East region

- Main items of export includes coal, limestone, boulders, fruits- orange , pineapple, jackfruit, vegetables, fish, betel nuts , betel leaves,

Import Demand Vs Resource Compatibility - Bangladesh

Product	Import From India	Resource Compatibility in NER
Plantation crop		
■ Wheat	C	Less prod
■ Rice	A	No exp. Surplus
Textile		
Cotton textile	C	Less prod.
Textile Yarn	C	Do
Silk Textile	B	Compatible
Women's caps, jackets	C	Production Possible
Trousers,dresses etc.		
Food and Food products		
Vegetable oil	C	Production possible
Vegetable fresh, frozen	C	Do

Import Demand Vs Resource Compatibility - Bangladesh

Product	Import From India	Resource Compatibility
Honey	C	Production possible
Fresh fruits	B	Do
Poultry and Dairy products	B	Do
Spices	B	Do
Manufactured Products		
Lime,cement	C	Production possible
Iron and non alloy	B	No resource
Paper and paper products	B	Production possible
Plastic products	B	Less production
Glass, glass ware	A	Production possible
Ceramics		
Rubber mnf. Products	B	Production possible

Import Demand Vs Resource Compatibility - Bangladesh

Product	Import From India	Resource Compatibility
Electronic goods	B	No Resource compatible
Marine products	B	Do
Agro chemicals	B	Do
Medicines	B	Do
Minerals:		
Aluminum	B	No resource compatible
Coal	A	Resource exist
Tobacco and Beverage		
Tobacco	B	No surplus
Tea	C	Low demand
Machinery:		
Ships, boat, hovercrafts	B	No resource compatible
Telecommunication equip	A	Do
Electrical machines	B	Do

Import Demand Vs Resource Compatibility - Myanmar

Product	Import From India	Resource Compatibility
Petroleum oil and products		
Petroleum oil	C	No exportable surplus
Food and Food products		
Vegetable oil	C	Production possibility
Poultry and dairy product	B	Do
Manufactured products		
Lime, cement	C	Production possibility
Iron, steel flat rolled	A	No resource compatible
Rubber mnf. Products	B	Production possibility
Drugs/Pharmaceuticals	B	No resource compatible
Cosmetics	B	Do

Investment opportunities

- **Limestone based: Reserve of 6560 million tonnes**
- Cement/clinker plant: may be set up in Assam/Meghalaya of 100-600 TPD. Estimated cost is around 3 crores per 100 TPD.
- Precipitated/activated calcium carbonate: Widely used in paints, cosmetics, plastics, ceramics, shoe polish, rubber, pharmaceuticals etc. Viable in Meghalaya with capacity of 50TPD. Estimated cost is Rs. 10 crores.
- Lime Plants: Industrial demand for lime in Bangladesh is around 242 USD and in Myanmar is 44.3 M USD. Regional demand around 3.0 lakh tonnes. Used largely in paper industries, Glass, pharmaceuticals, fertilizers, tea industry etc.
- 100-500TPD is viable approx cost is Rs 2 to 3 crores for 100 TPD plant.
- Soda ash: capital-intensive approx cost for 100 TPD is Rs 26 crores.
- Bleaching powder: economic size of 30TPD.Approx. Project cost is around 4.2 crores.
- White cement: economic size 1000 TPD. Approx. cost 6 crores.

Investment opportunities

- Rubber Based:
- A total import value of rubber-manufactured products in Bangladesh was Rs 6258.7 lakhs and Myanmar import was Rs511.59 lakhs during 1999-2000. Total area under rubber plantation is 1,00,000 ha and production is 6.5 lakhs TPA.

Rubber based

Name of the project	Production capacity	Investment cost(lakhs)
■ Coir foam	1200mt	195
■ Household and Ind gloves	90,000 pairs	8.37
■ Latex adhesive	45,000 ltrs	2.50
■ Rubber band	18 mt	3.04
■ Surgical gloves	1.8 lakh pairs	6.56
■ Toy balloons	30,000 gross	3.27
■ Automobile fan belts	2.4 lakhs nos	32.25
■ Automobile rubber component	90 mt	20.00
■ Cycle tyre/tube	3 lakh nos	54.90
■ Erasers	35mt	16.45
■ Hawai chappals	1.5 lakh pairs	19.65
■ Hose, tubes	3 lakh mtrs	27.15
■ Hot water bags	60,000 nos	18.20
■ Play balls	3.30 laks	11.12
■ Tyre retreading unit (hot)	3000 nos truck/bus tyre	10.40

Investment opportunities

■ **CLAY BASED:**

■ Clay deposits amount to 100 MT- in Assam, Meghalaya. Scattered deposits in Nagaland, Arunachala Pradesh.

■ Glazed tiles, Porcelain, Earthenware.

■ Economic size is 300 tons per annum, approx investment cost is around 8 crores.

■ **GLASS MANUFACTURING:**

■ During 1998-99 total import value of glass from India was Rs 10.2 crores.

■ Major Silica sand deposits- Jiajuri and Thanajuri in Assam, Umstew in Meghalaya, Old Agartala in Tripura

■ Products: sheet glass, bottles, containers.

■ Economic size of 50 Tpd Investment cost is around 5 crores

Investment opportunities

■ PAPER

- Demand for paper and paper products in Bangladesh in 1998-99 was Rs 33 crores
- Bamboo growing stock of 85,900 tonnes annual yield Meghalaya itself.
- Products in demand in Bangladesh and Myanmar
- Bond, Map litho, Offset, duplicating paper.
- Investment cost is around 55 crores.
- Paper Board carton: Investment cost of Rs 5.5 lakhs

■ COAL BASED

- Total value of coal exported to Bangladesh during 1998-99 was Rs 11.08 crores. Total reserve of coal in Meghalaya is 563 m tones. Assam is 235 m tonnes.
- A 20¹¹ tpd coke cum coal briquette plant is 2.5 crores.

Investment opportunities

■ SPICES

■ Around 150 thousand tons of spices produced in NER.

■ **Ginger Dehydrated:** 200kg/day capacity approx cost is 10 lakhs.

■ **Spices powder:** (constituting turmeric, chilli, coriander, pepper, ginger etc). Economic size 500 kg/day capacity investment cost is 10 lakhs.

■ **Tamarind powder:** 20 thousand tones per annum production- raw turmeric. For 500kg/day approximate cost is 10 lakhs.

■ AGRO BASED

■ Bangladesh imports non-basmati rice value worth 246US D.

■ **Rice Flakes:** manufacturing unit investment cost Rs 10 lakhs

■ **Vanaspati plant:** Oil seeds production was 250 thousand tones in 1997-98.15000 tons capacity plant investment cost is 8 crores.

■ **Honey processing:** Unit size 100 kg/day investment cost 2 lakhs

■ **Frozen vegetables:** Vegetable are washed with chemicals and additives and preserved by deep freezing. Approximate cost for a 1000 MT is 1.5 crores.

Investment opportunities

- **POULTRY FARMING**
- **Poultry farm:** Total import of poultry products of Myanmar during 1999-2000 was Rs 89 lakhs.
- For a unit of 5000 layer farm investment cost is Rs 10 lakhs.
- **Hatchery unit:** Investment cost for 15000 chicks, 2000 layer birds and 4000 broilers is Rs 33 lakhs.

Investment opportunities

■ HORTICULTURE

- **Banana cultivation:** Commercial cultivation investment for a plot of 5 ha is 2.5 lakhs
- **Pineapples:** Investment cost for 1 ha plot is Rs 53,000
- **Vegetable:** Commercial cultivation hybrid varieties investment cost is Rs15,000-Rs20,000 for 1 bigha land.
- **Spices:** commercial cultivation- mono crop/multiple cropping. Pepper starts yielding after 4 yrs and gives production for 15-20 years. Initial investment cost for 1 ha land
- **Ginger :** Rs 25,000
- **Turmeric:** Rs 18,000
- **Pepper:** Rs. 20,000 (mixed cropping)
- **Green House:** To grow off-season vegetables- tomato, cabbage, cauliflower, Capsicum, ladyfinger, coriander leaves etc. Construction cost for Investment cost for 30Sq mt. house is Rs 20,000 and total investment cost is Rs 35,000.

Thanks