CHAPTER 6

AN OVERVIEW OF ASSAM’S EXPORT POTENTIALS: TRENDS, PATTERN, CHALLENGES AND SCOPE

6.1. INTRODUCTION

Export is considered to be as an important instrument in the economic growth of any country. It not only improves the financial condition of a country, but it also adds to the foreign exchange reserves of a country thereby correcting its Balance of Payments position. It also facilitates efficient production of goods and services by gaining comparative advantage over other countries.

Assam was recognised among the economically prosperous and advanced states of the country in the early 1950’s. But, the economy of Assam today represents a unique amalgamation of backwardness amidst plenty. The growth rate of Assam has not been able to keep up the pace with India and the differences started widening up since 1970s.

Although the Indian Economy has been benefited from the time that the new economic reforms were initiated in 1991, Assam remained far from the purview of India’s rapid development. In spite of being a reservoir of natural resources, Assam has become one of

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1 Part of the chapter has been presented in a National Conference on ‘Emerging Trends in Entrepreneurship Development in North East India, 22-23 August, 2014.
the most underdeveloped regions of India, even in the era of globalization. The state has not been able to generate sufficient state income growth over the years. Industrial diversification and growth has been constrained by the inadequacy and quality of complementary infrastructure, geographical isolation of the region, and lack of well-developed markets.

Although Assam is significantly located, it could not take this advantage to increase its trade ties with its neighbouring allies over the years. The Look East Policy also could not do much to increase the export base of Assam. Thus this chapter tries to explore the export potentialities of Assam in the present scenario and the hindrances faced by exporters that has retarded the growth of exports from the state.

6.2. EXPORTS GROWTH IN INDIA

Considerable growth in exports was traced in mid-1980s but exports grew relatively slower than imports. The new liberalization reform that was introduced in 1991 with emphasis on the external sector was primarily focused on liberalization of capital goods and inputs for industry, to encourage domestic and export-oriented growth (Bhat, 2011). As a result, exports started picking up from the year 1993 onwards correcting the Balance of Payments Position of the country.

Two decades of economic reforms and free trade opened several opportunities that improved the balance of payments performance of the country. Until 2000-01, the current account deficit remained stagnant. However, for the first time since 1991, the current account recorded surplus in its account during three consecutive financial years from 2001-02 (Mathew, 2013).

By the year 1995-96, exports started increasing exponentially with an annual growth rate of over 20 per cent (Economic Survey, 2011-12), as is evident from the figure below:
It can be seen that there has been a substantial growth in exports from the year 2001-02 correcting the BoP position of India. But export growth has decelerated in the fiscal year 2011-12, while imports have remained high, partly because of continued high international oil prices.

6.3. CURRENT TRENDS AND STATUS OF EXPORTS OF ASSAM

In the post 1991 liberalized and globalized economic environment, where economies are to be largely market-driven, Assam has found itself a phase of retarded economic growth.

After decades of inward-looking policy, beginning of 1990s, India begun to integrate with the world economy at large and the Asian and ASEAN (Association of South-East Asian Nations) economies in particular. India has embarked a number of market-driven restructuring programmes, of which include the Look East policy aiming at greater integration with the Asian Economy. A number of collaborative initiatives have been launched between India and ASEAN neighbours aiming at greater collaborations in political, social and economic ties. Many regional projects have been set up in the areas of
science and technology, trade and investment, infrastructure development and tourism. India and ASEAN have also been working on a framework agreement on trade and investment. Because of its strategic location, North-Eastern States and Assam have come in the forefront of India’s policy regimes as NER can become a strategic point to increase the trade ties between India and ASEAN.

But in spite of this geo-strategic advantage, Assam still could not increase its trade ties with its neighbouring allies. As a result, not only the volume of exports from the state remains limited but so is its export base. The Look East Policy also could not do much to increase the export base of Assam. Moreover, whatever trade takes place from the state is mostly confined to agricultural products. Although there are quite a few large and medium-scale industries which have emerged in the state which includes oil, non-metallic mineral products, cement, paper, sugar, jute, plywood, handicraft and handlooms have not been in any form major contributors in terms of exports. Since Assam alone produces more than half of India’s tea production, the contribution of tea industry in the total share of exports is maximum.

In 2010-11, the total share of exports in merchandize from Assam accounted for not more than 0.1 per cent of India’s total exports. Estimating exports that take place from the NER is fraught with several limitations, due to lack of proper information and data in almost all the seven concerned states. A major limiting factor is that a major proportion of the exports emanating from the region are affected through dealers and exporters outside the region i.e. on an indirect basis. Even in regard to tea wherein about 70 per cent of All-India exports of the item are reported to originate in Assam, a bulk of the produce (around 50 per cent) is purchased by dealers/auctioneers located outside at Kolkata. Only 20-25 per cent of export takes place directly from the Inland Container Depot (ICD) at Guwahati, Assam. Similarly, there is sizeable volume of border trade occurring through the porous borders of NER with both Myanmar and Bangladesh. So far, only the trade occurring through the Moreh border (Manipur) has been regularized, and a large volume of exports is being dispatched on an informal basis. Also many of the goods exported from India particularly
to Myanmar emanate from outside the region. In-fact, the NER in most cases acts merely as a transit route for much of the Indian export cargo to Myanmar and Bangladesh.

<table>
<thead>
<tr>
<th>Year</th>
<th>Agro-based products</th>
<th>Forest-based products</th>
<th>Mineral products</th>
<th>Engineering goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>4,84,85,927</td>
<td>2,80,325</td>
<td>24,72,51,453</td>
<td>2,36,60,593</td>
</tr>
<tr>
<td>2008-09</td>
<td>10,83,64,531</td>
<td>4,02,060</td>
<td>29,59,04,664</td>
<td>2,72,24,284</td>
</tr>
<tr>
<td>2009-10</td>
<td>10,22,55,933</td>
<td>62,37,444</td>
<td>28,54,82,026</td>
<td>1,82,26,564</td>
</tr>
<tr>
<td>2010-11</td>
<td>14,59,26,675</td>
<td>0</td>
<td>18,81,16,588</td>
<td>5,29,23,653</td>
</tr>
<tr>
<td>2011-12</td>
<td>27,98,27,039</td>
<td>0</td>
<td>22,98,84,990</td>
<td>5,96,97,359</td>
</tr>
<tr>
<td>2012-13</td>
<td>42,79,40,297</td>
<td>0</td>
<td>25,70,11,721</td>
<td>5,76,48,825</td>
</tr>
</tbody>
</table>

Table 6.1(a): Value of Exports from Assam from the period 1998-2013. Source: Commissioner of Customs, Shillong, Meghalaya (Compiled by the Author)

<table>
<thead>
<tr>
<th>Year</th>
<th>Tea</th>
<th>Textiles</th>
<th>Chemical related products, oil products</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>2,48,45,22,701</td>
<td>0</td>
<td>24,96,81,412</td>
<td>3,05,38,82,411</td>
</tr>
<tr>
<td>2008-09</td>
<td>3,29,05,41,357</td>
<td>0</td>
<td>33,67,76,251</td>
<td>4,05,92,13,147</td>
</tr>
<tr>
<td>2009-10</td>
<td>4,65,47,14,763</td>
<td>0</td>
<td>44,20,64,774</td>
<td>5,50,89,81,504</td>
</tr>
<tr>
<td>2010-11</td>
<td>3,92,99,29,337</td>
<td>0</td>
<td>43,64,70,987</td>
<td>4,75,33,67,240</td>
</tr>
<tr>
<td>2011-12</td>
<td>4,89,42,34,248</td>
<td>0</td>
<td>91,90,50,181</td>
<td>6,38,26,93,817</td>
</tr>
<tr>
<td>2012-13</td>
<td>5,99,25,45,255</td>
<td>0</td>
<td>84,33,07,761</td>
<td>7,57,84,53,859</td>
</tr>
</tbody>
</table>

Table 6.1(b): Value of Exports from Assam from the period 1998-2013. Source: Commissioner of Customs, Shillong, Meghalaya (Compiled by the Author)

** The following table 6.1(b) is the horizontal continuation of Table 6.1(a).
Despite all these limitations, some estimates of exports have been arrived at through the data provided by Customs House, Shillong (Meghalaya). The export basket of Assam is quite limited. If we see the estimates of total exports from Assam, we can clearly understand that Tea constitutes the bulk of exports (see table 6.1(a) and 6.1(b) above). The contribution of tea of the total exports of Assam has been on a rise from 1998-99 to 2012-13. Other than tea, petroleum-related products and chemicals have also been exported in large quantities. There are many locally manufactured products like ginger, dry chilly, fruits, vegetables, coal and limestone etc. which forms the export basket of Assam. There are also products which are produced/procured from outside the North-eastern Region and exported to the neighbouring countries like Myanmar, Bangladesh, Bhutan, etc. This category of exportable commodities comprises of onion, certain chemicals, and engineering goods. Since there is hardly any value addition through this category and Assam acts merely as a transit route to the neighbouring countries, such exports cannot be legitimately claimed to be of Assam origin (Based on Field Study and Interviews made by author).

There is also a large volume of informal trade occurring between Assam and neighbouring countries of Myanmar and Bangladesh. However, informal trade cannot be attributed to this region, since they originate from various other regions of the country and hence there is no record of these estimates.

6.4. COMPARATIVE ADVANTAGE AND COMMODITY SPECIALIZATION IN THE INTERNATIONAL MARKET: UNDERSTANDING THE EXPORT POTENTIAL OF ASSAM

Many empirical studies in International Trade use the RCA index to measure revealed comparative advantage (RCA) of countries and regions. The concept of RCA talks about relative trade performance of individual regions in particular commodities and helps in assessing a region’s export potential. The RCA index indicates whether a region is in the process of extending the products in which it has trade potential, as opposed to situations
In which the number of products that can be competitively exported is static (Adhikary, 2009). RCA index can also be employed to analyse the changing pattern of comparative advantage across commodities with time.

In this paper, the Balassa’s (1965) export share index has been used mainly due to its analytical and computational simplicity.

The RCA index of Assam for a commodity of category \( j \) is measured by the commodity’s share in Assam’s total exports in relation to its share in India’s export.

\[
\text{RCA}_{\text{Assam},j} = \left( \frac{X_{\text{Assam},j}}{X_{\text{Assam},t}} \right) / \left( \frac{X_{\text{India},j}}{X_{\text{India},t}} \right)
\]

where \( X_{\text{Assam},j} \) and \( X_{\text{India},j} \) are the values of Assam’s export of commodity \( j \) and India’s export of commodity \( j \) and \( X_{\text{Assam},t} \) and \( X_{\text{India},t} \) are the values of Assam’s total export and India’s total export. If a region is non-specialized in a sector, the RCA index ranges from 0 to 1. But if the region is specialized in a sector, the index ranges from 1 to \( \infty \). The higher the value of this index above 1, the stronger is the region’s specialization in the industry or the product.

<table>
<thead>
<tr>
<th>Year</th>
<th>Agro-based products</th>
<th>Mineral products</th>
<th>Tea</th>
<th>Chemical related products, Oil products</th>
<th>Other products</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>2</td>
<td>95</td>
<td>84</td>
<td>1</td>
<td>0.672</td>
</tr>
<tr>
<td>2009-10</td>
<td>2</td>
<td>38</td>
<td>83</td>
<td>0</td>
<td>0.254</td>
</tr>
<tr>
<td>2010-11</td>
<td>3</td>
<td>21</td>
<td>76</td>
<td>0</td>
<td>0.206</td>
</tr>
<tr>
<td>2011-12</td>
<td>2</td>
<td>25</td>
<td>80</td>
<td>1</td>
<td>0.155</td>
</tr>
<tr>
<td>2012-13</td>
<td>3</td>
<td>27</td>
<td>77</td>
<td>1</td>
<td>0.101</td>
</tr>
</tbody>
</table>

Table 6.2: Revealed Comparative Advantage of Assam’s Export. **Source:** Author (Self-calculated)

The results indicate that Assam has been quite competitive in the outside market in terms of exports of mineral products such as coal, boulder stone as their RCA values are much
above 1. But as a matter of concern, although, Assam has been fairing quite well in exporting mineral products but results depict that it is losing its comparative advantage over the years as RCA values have decreased from 95 per cent in 2008-09 to 38 per cent and 21 per cent respectively in the next fiscal years due to low levels of exports compared to previous years. Similarly, for tea the RCA value has been very high much above 1, showing that Assam has a high degree of comparative advantage over other states in exporting tea as the RCA index hovers around 84 per cent to 76 per cent in 2008-09 and 2010-11. Similarly, in the case of agro-based products, Assam has a comparative advantage as revealed by more than unity values for RCAs. But for other products that are being exported from Assam, the study indicated a comparative disadvantage in exporting these items. It thus indicated inefficiency in exporting these commodities. Moreover, as already mentioned earlier in the study, the export basket of Assam is very limited, comprising of few agricultural products, mineral products and a few manufactured items. In such a case, gaining comparative advantage in most commodities also remains to be confined to a limited items and is also dependent on the total production that takes place in the state.

Thus the export potentialities for Assam lies in products like tea, mineral products such as coal, boulder stone, agricultural products such as vegetables, ginger, oranges and petroleum and petroleum-related products such as H.S.D.O, S.K.O., CPC (Calcined Petroleum Coke).

6.5. IMPEDIMENTS TO EXPORT GROWTH IN ASSAM

In order to discover the hidden realities that have impeded the growth of exports from Assam, a partial field study and interviews (based on open-ended questionnaire) were conducted among a few registered exporters of the state. Out of 10 exporters interviewed, a few are coal exporters, most of them are agro-exporters, one is exporting silk from the state, and few are exporting plastic materials from the state.

Few of the responses pertaining to close-ended questions, have been mentioned below diagrammatically:
When asked about the kind of products exported by the exporters presently, following were the responses given by the 10 exporters mentioned in figure 6.2. It can be seen from the figure that majority of the exporters are exporting fruits and vegetables from the state.

![Categories of Products Exported by the Exporters](image)

**Figure 6.2:** Categories of Products exported by the exporter. **Source:** Responses of the exporters

When asked to mention the factors that are taken into account before exporting, the exporters mentioned quality, demand of the product in the outside market and market feasibility to be the major factors that are considered before they start exporting.

When asked to rank on a scale of 0 to 5 the factors that have motivated the firms to export abroad, clearly from the figure (6.3) below, it can be analysed that all ranked market growth to be the major factor for exporting abroad. Apart from it, home market saturation and political factors have also played a major role in deciding the course of action. Home government incentives was not mentioned by any of the exporters to be as the motivator factor for exporting from the state, and therefore, it was ranked zero.
Figure 6.3: Factors leading to exports in abroad. Source: Responses of the exporters.

- When asked to rank on a scale of 0 to 5, all the following problems were rated highly to be the major points of concern by exporters for low investments and exports in the region. (Contd. on the next page)
As can be seen above, the major factors highlighted by almost all the exporters that have resulted in low levels of investment and exports over the years is undeveloped infrastructure and corruption. Apart from these, bureaucratic harassments, long procedures to start business, state’s landlocked position, less preferential treatment in relation to other regions were ranked fairly.

- When asked to rate their satisfaction levels with various export-related services available for exporting from Assam, the following responses can be seen. The figure depicts that exporters are quite satisfied with the loading/unloading services available but all the exporters are unsatisfied with the services available at Land Custom Stations. Moreover, low levels of exports results because of non-availability of easy access to export-related information.
The responses pertaining to the interviews (though open-ended questionnaires) conducted for the exporters have been mentioned below:

**Insufficient Infrastructure Development**

As can be analysed from above responses that the major problems faced by exporters in the state that results in low levels of export is infrastructure development, this has been the major issue in exporting from the state that has led to the increase in the transportation cost for them which results in increase in the price of their exportable commodities. The respondents also mentioned that most of the problems are encountered at the Land Custom Stations. The L.C.S.s are far away from the city area adding to the total cost of transportation. Moreover, the LCS near the Bangladesh border do not have the requisite infrastructure. A few even reported that even basic amenities are not provided at the various LCSs like

- Non-availability of Internet facility
- Lack of proper banking facility thus making documentation work difficult.
- No telephone facility (the exporters use Bangladesh sim-card at the border which is most illegal).
- No cold storages at LCS
- No warehousing at LCS
- Non-availability of plantain-quarantine laboratories at LCS (in case of importing agricultural commodities) and psycho-senatory laboratories at LCS (in case of exporting agricultural commodities).
- Non-availability of loading/unloading facilities
- All kinds of commodities cannot be exported from Assam due to lack of requisite infrastructure at LCS.

**Low level of Government Intervention**

The field study also reveals that the state government is not taking sufficient measures to boost exports from the state. The export subsidies that are promised by the government do not really reach the exporters. Formulation of export subsidies are made on a product-wise basis, but it is only confined to papers. Meetings are held regularly to hold talks on increasing exports but nothing really is done. Promises are made, nothing is fulfilled. Implementation of the schemes and disbursing money is important, but this is just not happening. They also cited that there are too many formalities involved in export trade that is also hindering the growth of exports. A simple clearance nod from state government takes years. Issues such as bureaucratic hassles, corruption, existence of local unions, non-tariff barriers, and insufficient information on exports also came out from the discussions.

**Existence of Syndicates in the export market**

Another striking finding that came out was association/syndicates have been formed by big private exporters who charge a fee/quota from small exporters. As a result, survival of small exporters have become difficult.

There is no competition existing between exporters of coal. Every existing exporter charges a uniform price with joint consultation. Not a single exporter has the flexibility of increasing or lowering the prices of their goods without consultation with other existing exporters. In other words, there is a CARTEL formed between exporters. The existence of the cartel doesn’t allow small exporters to enter the market.
Existence of Local Unions
One major issue that is hindering the growth of exports is the existence of local unions or bodies which demand money from exporters as well as organizations who have an inclination to start their businesses here. As a result, new investors find it difficult to establish themselves here. This is one of the major issues for low industrialization here.

Limited items for export trade
As mentioned above, the respondents also mentioned that the export basket of Assam is quite limited. Also, not all kinds of goods can be exported from the region due to lack of sufficient infrastructural facilities at the LCSs. Although, a few exporters are trying to explore the European markets, but an array of products are not available that can cater to the needs of the people there. Moreover, as per their responses, when it comes to exporting goods outside the country, quality is the most important factor which cannot be compromised. Assam does not emphasize on this factor because of which products produced in this state don’t get the due recognition.

Unhealthy Competition
Many exporters are of the view that there exists unhealthy competition among competitors of similar businesses in this part of the region.

Export is blocked
Few of the exporters cited that their main reason for staring their operations in Assam was because of two factors: subsidy and exports. But it is seen that export itself is completely a blocked path which has not been effectively utilised by the state to generate revenue and to explore new markets.

High VAT
One exporter also mentioned that in Tamil Nadu, Kerala, Pondicherry, VAT is only 5 per cent, but in Assam it is as high as 14.5 per cent which finally compels them to increase the price of the goods. This is one of the reasons for low sales in the home market.
**Non-availability of quality raw-materials**

One of the plastic exporters mentioned that since Brahmaputra Cracker and Polymers is still not operational, easy availability of raw materials is a challenge. Moreover, they also have to compromise on the quality of raw materials. If raw materials are procured from outside the state, entry tax has to be paid for it.

**Lack of Power**

Stability of power and power itself is a challenge cited by few exporters. Moreover, power here is much costlier than in other states which increases their production costs.

**NEIIP – A failure**

The North-East Industrial promotion and Investment policy (NEIIP) that was introduced in Assam to boost investments and exports in the state has turned out to be a failure. An exporter mentioned that as per NEIIP policy, Capital Investment Subsidy, Tax Subsidy, Power subsidy, Central Excise subsidy is no doubt available, but it has not been able to attract investments into the state because of lack of proper governance and no implementation of policies. And moreover, with suspension of NEIIP with effect from January 2015, would further aggravate the problem of low industrialization and low investment in the state.

6.6. **PERCEPTIONS AND VIEWS OF GOVERNMENT OFFICIALS – SCOPE OF EXPORT GROWTH IN ASSAM**

The study has also conducted interviews of 10 govt. officials who are directly associated with trade and investment from Assam through the use of open-ended questionnaires. Their responses have been organized below in terms of current status, policies and prospects of exports in Assam.

- The similar response that all officials made was that, although Assam has a great potential for exporting varied kinds of commodities, no major breakthrough has
been achieved so far. For years, tea has been the single major commodity that has been exported outside. As a result, the export scenario still remains gloomy.

- Another important fact that came out of the discussion was, that there are few commodities like ‘rice’ that has been well accepted in the International market. Ginger and orange have also turned to be show stealers as far as exports in agricultural commodities is concerned.
- For a few sectors, export is seen to be worsening due to lack of adoption of new technology, high cost of production, non-competitiveness as compared to other states and transportation bottlenecks.
- All officials are of the view that these above mentioned factors could be only overcome if FDI comes in Assam. FDI can very well accelerate the growth of the region by developing the required infrastructure, bringing in latest technology along with skilled labour, contributing to R&D, and thereby boosting exports from the region.
- A few of the important things that the respondents highlighted were on the trade agreements formed between India and its trading partners. The sub-regional cooperation of South-Asian Free Trade Agreements (SAFTA) would definitely enhance the trade relations between the SAARC (South-Asian Association of Regional Cooperation) countries. As North-East India and Assam form an important linkage between the India and the South-East Asian nations, it would also improve the overall developmental scenario of the region.
- The Look East Policy would also bring great prospects for the state in terms of its integration with South-East Asian countries.
- With a view to promote trade and investment from the state, the Govt. has also declared export house status to Assam Industrial Development Corporation (AIDC) in Guwahati, Assam. Infrastructural facilities are created in the form of Export Promotion Industrial Park (EPIP) at Amingaon, Guwahati for promoting export-oriented businesses and production. Under the EPIP scheme, facilities such as power, water, roads, telecommunication, banks, business centre, etc. have been taken care of for export promotion. Eventually, as many as 22 industries have fully functional operations there.
Apart from these, a number of initiatives like Inland Transport Assistance Scheme have been introduced specially for North-East for export through Land Custom Schemes. Govt. of India, Ministry of Commerce, is helping the state govt. for infrastructure development through the ASIDE (Assistant to State for Infrastructure Development of Exports) initiative. Out of that, State Governments are developing infrastructure like roadways, custom house, godowns and other facilities. In Assam, Sutarkandi has been declared as Integrated Check Post (ICP) meaning that it would be funded by Govt. of India, Ministry of Home Affairs to build international standard export point. One of the schemes that Agricultural and Processed Food Export Development Authority (APEDA), Ministry of Commerce and Industry, Govt. of India has initiated for infrastructure development is called as Export Development Fund.

The North-East Industrial Investment Policy (NEIIP), initiated in 2008, aims at encouraging investors to invest in export-oriented businesses and attracting foreign investment in the region. The Foreign Trade Policy (FTP) of 2009-14 has taken suitable measures to increase exports of India and NER. In the recent review of FTP, many special concessions are given to exporters from NER, with a view to enhance exports from the region.

But irrespective of the various policies being formulated, the export picture still remains gloomy in Assam. Some of the major problems that were identified by the govt. officials were poor infrastructural development, lack of adoption of new technology, high cost of production, illegal trade being taken place, unskilled labour, non-availability of sufficient funds from state govt. for infrastructure development, unfavourable law and order situation, no captive market available. They are of the view that FDI can play a major role in improving the problem of poor infrastructure and non-availability of technology for producing diversified and high quality products and unskilled manpower in Assam. They also mentioned that government should take necessary steps to bring in FDI into the region in sectors such as agriculture, infrastructure, and agro-processed industry.
Some of the sectors that were identified by them where Assam has high prospects of exporting were agro-based products, processed foods, cement, horticultural products, organic tea, handloom and handicrafts, petroleum products.

Apart from these, they also suggested that FDI and exports in services should also be targeted by the government for the overall growth of the state. Tourism, Hospitality, Education, Healthcare could be very promising sectors in this regard as they rightly mentioned.

6.7. FINDINGS OF THE STUDY

The findings of the study are summarized below:

- Although growth of exports from India was slow and sluggish till 1990s, but it started picking up in the later years. By 2001-02, exports grew at a rate of 20 per cent annually.
- India’s share in world’s exports is constant at around 2 per cent till 2012.
- The total share of exports in merchandize from Assam accounts for not more than 0.3 per cent of India’s total exports.
- Estimating exports that take place from the NER is fraught with several limitations, due to lack of proper information and data in almost all the seven concerned states.
- A major proportion of the exports emanating from the region are affected through dealers and exporters outside the region i.e. on indirect basis.
- The export structure of Assam is quite limited to locally manufactured products like ginger, dry chilly, fruits, vegetables, coal and limestone etc. which form the export basket of Assam.
- There are also products which are produced/procured from outside the North-Eastern Region and exported to the neighbouring countries like Myanmar, Bangladesh, Bhutan, etc. and Assam merely acts as the transit route.
- The RCA values indicate that the export potentialities for Assam lies in the products like tea, mineral products such as coal, boulder stone, agricultural products such as vegetables, ginger, oranges and petroleum and petroleum-related products such as H.S.D.O, S.K.O. , CPC (Calcined Petroleum Coke).
Some of the hindrances and obstacles cited by the exporters of the state that impede the growth of exports include – insufficient infrastructure development at LCS and transportation bottlenecks; low level of govt. intervention like delay in policy implementation, bureaucratic hassles, corruption, non-tariff barriers, low export subsidies; existence of syndicates in the export market which doesn’t allow small players to enter the market; existence of local unions which demand money from exporters as well as organizations leading to low level of industrialization; and limited items available for export trade due to lack of sufficient infrastructural facilities at the LCSs and low quality products which are not acceptable in the foreign markets.

As per the responses of the govt. officials, there have been many policies being formulated and implemented with the objective of improving the export scenario, but it has not been able to improve the situation due to poor infrastructural development, lack of adoption of new technology, high cost of production, lack of competitiveness as compared to other states, illegal trade being taken place, unskilled labour, non-availability of sufficient funds from state govt. for infrastructure development, law and order situation, no captive market available.

Assam has high prospects of exporting agro-based products, processed foods, cement, horticultural products, organic tea, handloom and handicrafts, petroleum products etc.

FDI in export-oriented businesses is highly needed for Assam to prosper and grow.

FDI and exports in services has also become the need of the hour for the state to grow and prosper.

6.8. CONCLUSION

Assam has no doubt a natural trading advantage due to its geo-strategic location, and is certainly capable of manufacturing those commodities which meet the requirements existing in the neighbouring foreign markets. Assam has been bestowed with market accessibility, but what it needs is the much needed investments for developing a well-equipped infrastructure for trade to take place. But this would also depend on how well the
state govt. utilises and implements the reforms and policies to enable the business firms to take advantage of the untapped opportunities available abroad and foster exports.

Thus the prime focus for business firms and policy-makers should be on identifying new market opportunities to reap the benefits in the world markets and improve upon the infrastructural bottlenecks, to enable and make the vision of export expansion and promotion a reality in the years to come.