

The Executive Summary

“The Current State of the Economy of Assam and the Way Forward”

by Dr. Jitendralal Borkakoti

AFGB Conference 2109

This paper reviews the recent economic progress in Assam from 2012 onwards by examining (a) available data, (b) issues of poverty reduction, (c) Government policies (d) infrastructure issues, and (e) good governance issues. The annual average rate of growth of real GSDP is 7% in Assam, and it compares well with Maharashtra's 8% during the period 2011-12 to 2016-17. For the same period, the rate of growth of real per capita real income is 5% in Assam also compares well with Maharashtra's 6%. However, Maharashtra's per capita income is 2.4 times higher than that of Assam in 2011-12 and 2.5 times higher in 2016-17, indicating Assam's struggle to catch up with the rich States. Nevertheless, the verdict is that Assam has done fairly well during this five-year period. However, on poverty reduction issues, it is found that birth rate and death rates are comparatively higher, and longevity lower. A 2017 World Bank Report finds 52% below poverty line in 2005 and 32% in 2012; and notes regional disparity (district-wise). The stark contrast is that Maharashtra with 10% BP line is decreasing at 11%, while Assam's 32% BP line is decreasing at 1%. Government policies to draw direct investment to Assam include: (a) State Capital investment subsidy to Micro units, VAT exemption, Entry Tax exemption etc., (b) opening up Industrial Growth Centres, (c) promise of allocation of land, among others. This paper emphasizes that provision of infrastructure has to be improved for large-scale flow of funds to Assam either from foreign investors or from Indian investors. Among infrastructure needs, the most urgent need is to increase power supply provision which is woefully low. Per capita availability of power is 6 times higher in Maharashtra 2011-12 and 5 times higher in 2017-18. In terms of way forward, the paper suggests that emphasis should be on agriculture, horticulture and pisciculture. This will not only increase the rate of growth of the economy, but, and more importantly, it will also directly help poverty reduction. The method should be to establish agribusiness at commercial level (as suggested in the World Bank project on “The Assam Agribusiness and Rural Transformation Project”). In terms of good governance, the Sonowal Government must overhaul the administrative machine, and change the culture to honesty and diligence from the current avaricious and lackadaisical culture. Mere verbosity, without concrete action, will lead only to a lachrymose tragedy of Assam slipping down the ladder of relative prosperity.