

Background

The North Eastern Region (NER), comprising states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim is one of the less developed regions in India. The region is characterized by predominance of agriculture and low level of industrial development. It has rather negligible private sector participation and foreign direct investment. The region's economy has been growing at 3.4% annually, much lower than the national average of around 7-8% during 2003-04 to 2006-07. Its contribution to the national output is only 0.2% against the region's population share of 4.4%. The level of urbanization in NER (15%) is also lower than the rest of India (27.8%). NER has nonetheless recorded improvement in social indicators in terms of literacy rate over the last decade. Consistent with the policies and programmes of the Government of India (GoI), NER has been prioritized for investments in infrastructure and services. Urbanization in these states is dominated by the capital cities which account for more than 50% of the states' total urban population. With the opening up of trade with neighbouring countries and emerging transport corridors in the region, the capital cities are expected to play a greater strategic role in NER's economy as commercial and business hubs besides being administrative centres. Investment in urban infrastructure and services will be the key to unleashing the potentials of these cities to catalyze the growth of NER. As part of the planned efforts for bringing NER at par with developed regions of the country, GoI requested Asian Development Bank (ADB) to assist it in its efforts to promote development in the NER. The launching of North Eastern Region Urban Development Programme (NERUDP) with the assistance of ADB is the result of this initiative.