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The Economy of Assam and its Growth Trajectory: A Comprehensive Study

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ABSTRACT

Despite being predominantly an agrarian economy, Assam has historically been one of the most prosperous states in India, occupying a notable position in the country's industrial landscape. During the British era, its rich resources such as crude oil and tea established its prominence on both national and global industrial maps. However, in the post-independence period, the state was often characterized as economically backward. Recent data challenges this perception. According to the Reserve Bank of India (RBI) data released in December 2025, Assam recorded the highest economic growth rate among all Indian states, followed by states like Tamil Nadu, Karnataka and Andhra Pradesh. This growth is largely attributed to effective financial management, including efficient revenue collection, judicious expenditure, appropriate budget formulation, and deficit control. Furthermore, the judicious utilization of revenue and the state government's concerted campaign for a corruption-free Assam has positively impacted public welfare and overall economic development. The emergence of a conducive environment for industrialization, as evidenced by investment commitments worth ₹5.18 lakh crore during Advantage Assam 2.0 held on 25th-26th February 2025, underscores the growing importance of investment and entrepreneurship in the state's economy. This paper examines the recent trends in Assam's economic growth, the factors driving this transformation, and its implications for sustainable development.

Keywords:

Assam Economy, Economic Growth, Financial Management, Advantage Assam 2.0, Industrialization, etc.

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INTRODUCTION

Assam is one of the predominantly agrarian economies of the Northeastern region of India. Agriculture and allied activities continue to be the primary source of livelihood for a majority of its population, thereby defining the basic character of its economy. Despite being predominantly agrarian, Assam has historically been one of the most prosperous states in the country and has occupied a notable position in India's industrial landscape. During the British colonial period, the discovery and commercial exploitation of its rich natural resources, particularly crude oil in Digboi - the first oil refinery in Asia - and the world-famous Assam tea, brought the state significant recognition on both the national and international industrial map (Boruah G C, 2014). The state was once considered a leading industrial hub of eastern India. However, this early momentum proved insufficient to sustain long-term industrial growth in the post-independence period. Due to various factors such as geographical isolation, inadequate infrastructure, political instability, insurgency, lack of capital investment, and the partition that cut off its traditional trade routes, the terms 'economy' and 'development' in the context of Assam seemed to become incompatible and unfamiliar. For decades, Assam was categorized as one of the most economically backward states in the country, lagging behind in terms of per capita income, industrialization, and human development indicators. But in light of recent data, this long-standing perception of backwardness appears to be unfounded and is undergoing a significant transformation. At present, several key economic indicators of the state are showing a positive trajectory, signalling a rapid and inclusive growth of the state economy. According to the Reserve Bank of India's report released in December 2025, Assam has emerged as the fastest-growing state in the country, which clearly demonstrates that with effective financial management, good governance, and investment-friendly policies, the state is steadily moving towards a new era of economic prosperity.

OBJECTIVES AND METHODOLOGY OF THE STUDY

The main objective of this paper is to examine recent trends in Assam's economic growth, identify the factors contributing to this transformation, and evaluate its implications for sustainable development. As the present study is based exclusively on secondary information, the analysis relies on data collected from various secondary sources, including government bulletins, Economic Surveys, Union and State Budget documents, reports of the Reserve Bank of India, official departmental publications, and other relevant websites and periodicals.

PRESENT STATUS OF ASSAM ECONOMY

According to data released by the Reserve Bank of India (RBI) in December 2025, Assam recorded the highest economic growth rate among all states in the country. As per the survey, Assam was followed by Tamil Nadu (39%), Karnataka (36%), Andhra Pradesh (31%), and other states during the same period.

Top 10 States of India by Growth Rate GSDP

(₹ in lakhs of crores)

State Name	GSDP in 2020	GSDP in 2025	Growth Rate (in %)
Assam	2.4	3.5	45
Tamil Nadu	12.4	17.3	39
Karnataka	11.5	15.7	3.6
Uttar Pradesh	11.7	15.8	35
Rajasthan	6.8	9.1	34
Bihar	4.0	5.3	33
Andhra Pradesh	6.5	8.7	33

Chhattisgarh	2.5	3.3	31
Jharkhand	2.3	3.0	31
Telangana	6.4	8.4	30
India	145.35	187.97	29

Source: Handbook of Statistics on Indian States, RBI, 2025

While many researchers are unwilling to accept this sudden enviable good news for the economy of Assam, in reality this survey cannot be ignored as it is published by the RBI and is completely factual. The Gross State Domestic Product (GSDP) of Assam increased from ₹ 4.10 lakh crore (at current prices) in 2020-21 to ₹ 7.42 lakh crore in 2025-26 Similarly, the Per capita Net State Domestic Product has increased from ₹ 0.86 lakh in 2020-21 to ₹ 1.59 lakh in 2024-25 in current prices.

THE MAIN FACTORS THAT HAVE CONTRIBUTED TO ACHIEVING RAPID GROWTH

Financial management is one of the most crucial factors for the development of an economy. Its key components include revenue collection, revenue expenditure, the formulation and implementation of appropriate budgets, and deficit management. In this regard, it can be seen that the revenue collection from various sources in Assam has increased by 53% in the last five years. Revenue savings increased due to the decrease of working capital expenditure during the period. Similarly, efficient administrative system has resulted in successful implementation of the government budget and the implementation rate has increased from 65% in the previous period to 85% during this period. Consequently, the effective utilization of government revenue has positively influenced both public welfare and the state's economic growth. Furthermore, the state government's initiative to build a corruption-free Assam has also had a favourable impact. In addition, the state government's frequent state cabinet and department-wide close monitoring, peace agreements signed at various times, settled border disputes and good trade relations with neighbouring states respectively. The expansion of e-office systems, etc. has inspired economic development.

Another issue that the Government of Assam has taken very seriously in the last five years is infrastructure development. As the Government of Assam has placed great emphasis on capital expenditure in recent years, the development of the infrastructure sector in the State as a whole has been noticeable. According to the RBI (2025), Assam's capital expenditure stood at ₹ 20.23 thousand crore in 2020-21 and ₹ 26.40 thousand crore in 2024-25. As a result, roads, bridges, railways etc. have been radically changed in almost all sectors of the state.

Undoubtedly, investment and entrepreneurship play a crucial role in the economic development of a state. Assam has recently fostered a favourable environment for industrialization. This is evident from Advantage Assam 2.0, held on 25th and 26th February 2025, where entrepreneurs from India and abroad pledged investments worth ₹5.18 lakh crore in the state. In addition, the Tata Group's Rs 27,000 crore semiconductor chips project at Jagiroad near Guwahati will be a milestone for industrialization in the state and the country. Once completed, this project will surely attract more investors to invest in Assam. In addition, the expansion of Numaligarh Refinery at a cost of ₹ 28.02 thousand crore, modernization of Namrup Fertilizer Plant at a cost of ₹ 10.6 thousand crore and additional additions will enable Assam to emerge strongly on the industrial map of the country. Such increase in investment will help in freeing the State from problems like unemployment and poverty through creation of new jobs as an investment multiplier.

Here are some of the major investment agreements already signed by Assam:

Numaligarh Refinery Limited- ₹ 10.7 thousand crore

Granco Engineers Pvt Ltd - ₹ 5.8 thousand crore

Oil India Limited- ₹ 23.3 thousand crore

Accer Group- ₹ 2.1 thousand crore

Vedanta Group- ₹ 50.0 thousand crore

Adani Total Gas Ltd- ₹ 5.0 thousand crore

Tata Power Company Limited- ₹ 30.0 thousand crore, etc.

Along with investment, the development and application of technology is also considered to be very important. Investors will only want to invest when the state or that particular region is technologically advanced. Recently, it has been noticed that the leading technology companies in India are slowly expanding their headquarters from tier 1 cities (New Delhi, Mumbai, Bangalore etc.) to tier 2 and tier 3 cities for various reasons. The main reasons for this are the expensive lifestyle in Tier-1 cities, labour shortage, climate problems etc. As a result, world-class IT companies like Infosys have set up centres in Tier-3 cities like Guwahati in Assam to provide services. For example, according to the CityCost Database (2025), the cost of living in Guwahati is 16.6% lower (excluding rent) than in New Delhi. The difference with house rent is 29%. Similarly, the cost of living without rent in Guwahati is 23.6% lower than in Bangalore and the difference with rent is 33.3%.

Assam is also a major state in the North East of the country and Guwahati metropolitan area has been given priority in some areas as a gateway. Trade relations with the outside world have improved due to the ease of transportation, especially by railway, land, airway, waterways. Assam is also rich in natural resources and relatively easy to explore and exploit.

Apart from all these factors, another major reason for the overall development of

Assam is the cooperation that the Government of Assam often receives from the Central Government. According to the Press Information Bureau, 2025 of the Government of India, the amount of funds allocated by the Ministry of North Eastern Development (MDoNER) for the development of the North Eastern States from the Government of India has increased 2.5 times in the last 10 years. It has increased from ₹ 2.3 thousand crore in 2014-15 to ₹ 5.9 thousand crore in 2024-25.

The development of an economy also depends on the welfare schemes implemented in the State. Some of the notable schemes currently being implemented in Assam are the Chief Minister's Women Entrepreneurship Scheme, Arunodoi Scheme, Free Admission Scheme for Students, Nijut Moina and Nijut Babu Scheme, etc. These schemes have not only benefited the beneficiaries financially but also improved the society as a whole.

The present State Government has undertaken various programs aimed at "Atmanirbhar Assam" like Chief Minister Atmarnirbhar Asom Abhiyan, on the model of the Central Government's notable scheme 'Atmanirbhar Bharat' in the past years. The government has given priority to the development of almost all sectors including increasing agricultural production. Priority for indigenous people is also a major feature of self-reliant Assam.

CONCLUSION

Thus, it is clear that economic development is not possible through isolated changes in a few elements alone; it demands a long-term strategy, political will, and rigorous efforts from all stakeholders. Sustainable growth requires a balanced approach that integrates financial prudence, investment promotion, entrepreneurship, infrastructure development, and adequate human capital. While welfare schemes are essential for

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inclusive growth and social justice, care must be taken to ensure that their implementation does not strain government revenue through the indiscriminate creation of beneficiaries. The focus should be on creating productive assets and self-reliance rather than fostering a dependency culture. Only through judicious utilization of resources, transparent governance, and a vision for a self-reliant and corruption-free Assam can the current momentum of high economic growth be sustained and translated into long-term prosperity for the people of the state.

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