

Development of North East India through Look-East Policy

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Abstract :

Looking into the political, strategic and economic aspects of the “look east Policy” of India, ASEAN and East Asia can be a gold mine for North East India in the long run to solve her age old political problem and Economic backwardness. The free trade agreement between India and ASEAN signed in ASEAN Summit can strategically pave the way for economic prosperity of North East.

Key words:

Strategic, ASEAN, Economic prosperity, trade., Look East policy(LEP)

Introduction:

India's North East is a mystic land of majestic mountains crowned with peaks of sapphire blue, and of ambrosial brooks, embedded with lovely woods with clustering fruits of sacred groves dense with trees and sounds of silence.

Nestled in the heart of India's North Eastern region, the valley of Assam covers a territory of 78,523 square kilometers with the mighty Brahmaputra flowing through its entire length making it extremely fertile land suitable for agriculture.

Assam is an ancient land and it figured prominently in international trade even before the birth of Jesus. Chang Kien, a Chinese explorer traced his country's trade links with Assam as far back as in 100 B.C.

Assam which is the gateway to the North Eastern region, comprises Assam, Meghalaya, Nagaland, Mizoram, Manipur, Tripura, Arunachal Pradesh and Sikkim, is linked with the rest of the country after partition only through a narrow corridor. Partition has increased the physical distance between Assam and the rest of the country necessitating linking of the state by a long and circuitous route. But the development of the North Eastern region, in a big way depends on the development of Assam.

Though North East has enormous natural and human resources, India's North East has always been neglected by the central Government in New Delhi.

As a result tribals in these mountainous areas remained economically and educationally backward.

As unveiled the "Peace Progress and Prosperity in the North East region "Vision 2020" by Prime Minister Man Mohan Singh on 2nd July 2008, North East region is no more "sensitive" but "strategic" not only for the entire country but also for neighbouring countries like China, Bangladesh, Bhutan and Myanmar.

This comes as a follow up of his speech way back in 2004 at the inauguration of Indo-ASEAN car rally when he described NE States of India as the springboard for economic integration with South East Asia, South West China and beyond. But in spite of its tremendous economic potential as 98 per cent of its boundaries being international boundaries, the region has remained isolated and underdeveloped. The potential in the service sector, especially in tourism and hospitality sector has remained untapped accompanied by almost nonexistence banking reforms in the banking sector, thus affecting grossly the development process.

The standard development indicators such as road length, access to health care, and power consumption are much lower than the national average. The North East Council, created in 1971 and functioning in 1972, being an exclusive planning body could not help much due to institutional flaws.

It is heartening to see that India has finally woken up from its slumber and started concentrating speedily on its "Look East Policy.

"India's Look East Policy is not merely an external economic policy, it is also a strategic shift in India's vision of the world and India's place in the evolving global economy. Most of all it is about reaching out to our civilization neighbours in South East Asia and East Asia"-- Prime Minister Dr. Manmohan Singh.

India's "Look East" Policy, which was initiated in 1991, marked a strategic shift in India's perspective of the world. It was developed and enacted during the government of Prime Minister P.V. Narasimha Rao and rigorously pursued by the successive governments of Atal Bihari Vajpayee and Man Mohan Singh.

Thence, Look East policy is an attempt to forge closer and deeper economic integration with its eastern neighbours as a part of India's new strategy for political and economic prosperity in relation to India's foreign policy. India's engagement with Association of South East Asian Nations (ASEAN) is a part of India's design due to the strategic and economic importance of the region to the country's national interest.

Background:

Ever since the [Sino-Indian War](#) of 1962, China and India have been strategic competitors in South and East Asia. China has cultivated close commercial and military relations with India's neighbour and rival [Pakistan](#) and competed for influence in [Nepal](#) and [Bangladesh](#).^[3] After [Deng Xiaoping](#)'s rise to power in China in 1979, China began reducing threats of expansionism and in turn cultivated extensive trade and economic relations with Asian nations. China became the closest partner and supporter of the [military junta](#) of [Burma](#) (also [Union of Myanmar](#)), which had been delineated from the international community due to the [violent suppression of pro-democracy activities](#) in 1988.

India's attitude towards ASEAN during its early years was ambivalent but not hostile. The Indian leadership viewed ASEAN as an American "imperialist surrogate" while ASEAN dubbed India as the "surrogate of the Soviet Union". The signing of the Friendship Treaty with the Soviets, India's stand on Afghanistan and India's recognition of the H Samarin Government in 1981—all these led to estrangement between India and ASEAN. India's decision not to participate as a dialogue partner in 1980 was a further setback. The expansion of the Indian Navy in the early 1990s and the military assistance provided to Maldives had led to adverse propaganda in Australia and ASEAN. It is only after some Joint Naval exercises with the South East Asian nations and the collapse of the Soviet Republic, India's efforts to improve relations with ASEAN gained momentum.

India-ASEAN relations have deepened and intensified significantly in recent years. India became a sectoral dialogue partner of ASEAN in 1992. In 1995 this was upgraded to full dialogue partnership. Since 2002, India has annual summits with ASEAN along with China, Japan and Republic of Korea. These political level interactions are further strengthened through the Senior Officials' meetings, as also specialized working groups in functional areas.

Free Trade Agreement (FTA)—The crowning glory of the Look East Policy is the signing of the India-ASEAN Free Trade Agreement on 13 August 2009 at Bangkok. The agreement was only for trade-in-goods and did not include software and information technology. The FTA is part of the Framework Agreement on Comprehensive Cooperation signed with ASEAN in 2003. The FTA is significant for the reason that it is the first multilateral trade agreement entered into by India.

ASEAN-India Summits—The inaugural ASEAN-India Summit was held on 05 November 2002 at Phnom Penh (Cambodia). The 7th ASEAN-India Summit was held at Thailand on 24 October 2009. During these 7 years India had proposed a number of initiatives for "enhancing connectivity and empowering peoples" in areas such as greater economic integration, people to people contacts, agriculture, human resource development, education, science and technology, and information and communication.

Bay of Bengal Initiative for Multi Sectoral Technical Cooperation (BIMSTEC) is another significant grouping of countries in which India has a significant role. The last BIMSTEC ministerial meeting held in Myanmar in December 2009, which was attended by External Affairs Minister S.M.Krishna, where Climate Change was identified as one more area of cooperation

"Look East" policy was developed and enacted during the governments of [Prime Ministers P.V. Narasimha Rao](#) (1991 - 1996) and [Atal Bihari Vajpayee](#) (1998 - 2004). Along with economic liberalization and moving away from [Cold War-era](#) policies and India's activities, India's strategy has focused on forging close economic and commercial ties, increasing strategic and security cooperation and the emphasis of historic cultural and ideological links.

Relations with East Asian nations:

Although India had traditionally supported Burma's [pro-democracy movement](#) for many years, India's policy changed in 1993, making friendly overtures to the military junta. India signed trade agreements and increased its investments in Burma; although private sector activity remains low.

India has also increased its competition with China over the harnessing of Burma's significant [oil](#) and [natural gas](#) reserves, seeking to establish a major and stable source of energy for its growing domestic needs, countering Chinese monopoly over Burmese resources and reducing dependence on oil-rich [Middle Eastern](#).

Even though India is making a humble late beginning towards the East Asia via North East, China has already started the process very fast. Recognition of Sikkim as an integral part of India, opening of Nathula Pass between Sikkim and Tibet are reflection of Chinese strategy and economic thinking. China is also coveting in the old China road, which connects china's south western Yunnan province with Burma. Like wise with the motive of increasing trade and commercial activities with India, China wants a direct flight between Calcutta in West Bengal and Kunming, the fast growing capital of Yunnan which was close to trade, in the sixties. Besides tapping tourism and tea industry with India, China has its eyes on ASEAN countries for development of its trade. India's Look East policy worries Beijing because it has cut short latter's expansionist policy with the South Eastern Asian countries.

Nevertheless, India has also established strong commercial, cultural and military ties with the [Philippines](#), [Singapore](#), [Vietnam](#) and [Cambodia](#). India signed [free trade agreements](#) with [Sri Lanka](#) and [Thailand](#) and stepped up its military cooperation with them as well. It has forged numerous free trade agreements with East Asian economies, including a [Comprehensive Economic Cooperation Agreement](#) with Singapore and an [Early Harvest Scheme](#) with Thailand, while it is negotiating agreements with [Japan](#), [South Korea](#), and Association of Southeast Asian Nations (ASEAN) member states. Ties have been strengthened with [Taiwan](#), Japan and South Korea over common emphasis on [democracy](#), [human rights](#) and strategic interests. South Korea and Japan remain amongst the major sources of foreign investment in India.

Participation in organisations

India has developed multilateral organisations such as the [Mekong-Ganga Cooperation](#) and [BIMSTEC](#), forging extensive cooperation on environmental, economic development, security and strategic affairs, permitting the growth of influence beyond [South Asia](#).

In many cases, India's membership to these forums has been a result of attempts by the region to balance China's growing influence in the area. The [United States](#) and Japan have also lobbied for India's membership in the [Asia-Pacific Economic Cooperation](#). Numerous infrastructure projects also serve to tie India closer to East Asia. India is participating in the UN Economic and Social Commission for Asia and the Pacific initiatives for an Asian Highway Network and the Trans-Asian Railway Network. Discussions are also proceeding on reopening the World War II-era Stilwell Road linking India's Assam with China's Yunnan province through Myanmar.

Though some analysts pointed out that by launching this policy India was trying to balance China's influence in this region, India had often reiterated that it was not competing with China in any manner. India had to go beyond the confines of SAARC if it had to reap the benefits out of the economic potential of the South East Asian region and establish itself as a regional power

CONNECTING INDIA'S NORTH EAST WITH SOUTH EAST ASIA : Possibilities and Implications:

In 1991 when India launched Look East Policy, the thrust was not given to the geographical proximity between the North East region and South East Asia. It was one of the major factors that hindered the possibilities of flourishing regional economic complementarities.

However since 1997, when Myanmar was admitted into ASEAN as an active member, India's North East gained importance in Look East policy. This policy undoubtedly facilitated India's economic and strategic relation with Southeast Asia but the share of the North East region in this policy remained insignificant. There has been growing realization on the part of Indian policy makers that development of physical Southeast Asia is a prerequisite to fully harness the opportunities provided by Look East policy. Thus in order to make Look East policy relevant to the region, India has laid greater emphasis on enhancing connectivity through all possible modes of infrastructure development such as land routes, railways, air connectivity, water ways, energy infrastructure developments both in fields of hydroelectric and hydrocarbon and telecommunication linkages.

Several measures have been undertaken under the aegis of the Look East policy to uplift North East India such as the "Asian Highway", "Asian Railway link" and "Natural Gas pipeline". The Kaladan Multi-modal Transit Transport facility is aimed at establishing connectivity between Indian ports and Stillwel port in Myanmar through riverine transport and road links in Mizoram. With the Ganga Mekong initiative there is potential

for direct flights between Guwahati-Ho-ChiMinh city Imphal –to-Hanoi. However these propositions poses a challenge so far as geographical , political and security is concerned.

In pure economic terms, India can pursue a successful LEP without enhancing connectivity between north east and Southeast Asia because most of the volume of develop underdeveloped and landlocked Northeast. Myanmar could trade is conducted though sea routes. However LEP provides an opportunity be considered a land-bridge between Northeast and Southeast India. Thus reopening of Stillwell Road is more a priority for India than for Myanmar

Potentiality of Northeast as an Industrial Hub :

The Northeast India Comprising of 8 states of Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland , Tripura and Sikkim is blessed with rich biodiversity, gigantic hydroenergy potential, oil and gas , coal, limestone, rich flora and fauna.

This area is generously gifted with India's perennial water system , the mighty river Brahmaputra with its tributaries which can be utilized for energy, irrigation, and transportation. The fertile soil around the river Brahmaputra, is a storehouse of Horticulture products, vegetables, spices and rare forest products.

Subsidies on transport , capital investment, excise duty refund, income tax exemption , etc; are available for industries in this region, as declared in the new North East Industrial and Investment promotion policy 2007(NEIIPP). As per a study conducted by NEDFi, about Rs156 crores of herbal plants have been exported to foreign countries. It is estimated that in the Northeast, there is a scope to invest upto Rs 812 crore in herbal medicinal market. The region can thus explore the foreign market through border trade with the neighbouring countries and fast developing South East Asian countries.

As per the studies initiated by organizations like IIFT(Delhi) TCSC(kolkata) EXIM Bank (Kolkata) etc; a large number of items of this region has huge potentiality in the foreign market. Oil, Hydrocarbons, food processing and horticulture, IT etc; Tourism is another potential high growth industry that can be developed to promote rapid economic growth in north east areas. India is desperate to get as much natural gas as it can from the blocks in Arakan State passing through Bangladesh and the North East connecting the rest of India. Prime Minister Singh, an economist with ambitions to make India an economic power, is keen to ensure energy security to keep the country's 7-8 percent annual economic growth on course

The development model resulting from India's Look East Policy has tremendous potential the North East. It serves as a contiguous gateway to the Association of South East Asian Nations (ASEAN) countries with which India has established engagement models. However, this would first require working on integrating the North East with the rest of India to make it a solid springboard for the globalization process the first step in this regard should be a focus on a rural-centric development model

However, despites these advantages ,the North East has not grown at par with the rest of the country.

Is North East really benefited:

In 1991 when India launched its 'Look East' Policy (LEP) the thrust was not given to the geographical proximity between its Northeastern region and Southeast Asia. The lack of adequate physical connectivity between India's Northeast and Southeast Asia, an outcome of skeptic mindset of the Indian policy makers, is one of the most important factors that hindered the possibilities of garnering regional economic complementarities. However, since 1997 when Myanmar was admitted into ASEAN as a full member, India's Northeast assumed importance in its LEP. This policy undoubtedly facilitated India's economic and strategic relations with Southeast Asia but the share of the Northeast in this policy remained insignificant.

At present the very sensitive point is whether the Government of India is only trying to come closer to South East Asian countries by using North East region as a "conduit" for its economic development. Is LEP or "Indo-Asian car rally" only to please neighboring countries. If so it will be disastrous in the long run.

The present trade between South East Asia and Northeast is on decline. The Union Government needs to do a realistic assessment of the goods to be traded specially those that are required across the border like locally made textiles woven tribal items. In order to facilitate easy movement of people, Inner line regulation of 1873 and restricted area permit, for foreigners to gain entry to these north eastern states needs to be revoked. Small-time investment will be beneficial for the region and hence development model must cater to the need of the region.

Again political instability of this region, has raised considerable concern of issues like easy availability of arms and weapons from across the International border, which have helped in fanning armed movements, insurgency, criminal activities, spread of HIV/AIDS and last but not the least issue of migration across the borders. Thus the NE region needs to be politically stable. Economic interest and security concerns are the drivers of the look east Policy. Just becoming a gateway to Southeast Asia will not help the North east region.

The LWP offers several opportunities for economic development in the region. First, Thai investment in the Northeast can help in the revival of local industries, greater application of technologies and promote local industrial entrepreneurship and investment from mainstream Indian businesses. The sectors identified for investment are labour-intensive industries and therefore, can generate large-scale employment.

Second, the LWP can also facilitate greater economic integration of the Northeast with the market economies of Southeast Asia. However, the process of globalization comes with a complete package of pros and cons and therefore the LWP also poses several challenges to the local economy. One of the widely perceived fears is that the influx of Thai MNEs and technologically advanced SMEs can intensify the economic inequality and give birth to an unbalanced economic development in which the developed enclave economy remains in conflict with backward popular economy. Moreover, an unbridled intervention of market forces and blind pursuit of commercialized agriculture can

adversely affect the subsistence mode of agriculture and radicalize the tribal communities in provinces like Manipur, Nagaland, Mizoram, Tripura and Assam

Recent Developments:

The recent inauguration of a highway project to link the north east to Thailand via Myanmar, a rail project connecting Manipur to Yangon and the signing of an agreement for a gas pipeline from Myanmar through the North East and Bangladesh to Kolkatta are all opportunities for boosting the region into a commercial hub.

If the concerned government , particularly that of India, Burma and Thailand and local authorities of these countries are seriously keen about their declared intentions, these new initiatives would indeed rediscover, renew, and rejuvenate the age-old cultural and historical ties between the people of Southeast and North east India.

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It is but inevitable that India's North Eastern region would be drawn into the overall "Look East" policy given its geographic proximity to South East Asia. Indeed, the North East shares borders with China, Nepal, Bhutan, Myanmar, and Bangladesh. According to Pranab Mukherjee, India's External Affairs Minister, North East India is poised to benefit from India's growing relations with South East Asia as the process of globalization has shown how cross-border market access can uplift people from poverty, economic backwardness and bring in prosperity. It is but inevitable that India's North Eastern region would be drawn into the overall "Look East" policy given its geographic proximity to South East Asia. Indeed, the North East shares borders with China, Nepal, Bhutan, Myanmar, and Bangladesh. According to Pranab Mukherjee, India's External Affairs Minister, North East India is poised to benefit from India's growing relations with South East Asia as the process of globalization has shown how cross-border market access can uplift people from poverty, economic backwardness and bring in prosperity

Conclusion:

With Central Government's Look East policy getting momentum the North East has an extended vista of development through flourishing trade –relationship with ASEAN countries. North eastern countries should grab these opportunities of globalization and thrive in an extended business horizon.

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