

Act East Policy and North East India

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Abstract

The north Eastern states of India have lagged behind the rest of the country due to various topographical and physical constraints. These states also exhibit a social and cultural temperament that is different from the other parts of the country leading to further alienation. However, the neighbouring countries share similar background. It is possible to combine thesis similarities and work towards a common goal of regional cooperation and development. The Act East Policy initiated in 2014 is a step this direction aiming to augment socio-economic interactions and develop multi-dimensional trade, security, technical, educational, recreational and strategic ties among the littoral countries of the Indian Ocean. This is expected to help in the development process of the region and provide an opportunity for development of North East India.

Keywords

Foreign Policy, trade, development, North Eastern India.

Introduction

John Donne's expression 'No man is an island' can be extended to include countries as well because cordial relations among countries is necessary for their development and growth. These relations cover the entire gamut from social to cultural to economic transactions among nations. Foreign policy is the corner stone of building such bridges. India has numerous strategic, political, security, socio-economic and cultural ties with various countries. As such, a foreign policy focused on the fostering further interactions with countries with whom India shares borders as well as those further east holds much promise for the benefit of the countries concerned and development of the region itself. India's interactions with members of the ASEAN and littoral countries of Indian Ocean are embodiment of this fact.

The Act East Policy (AEP) announced in November 2014, is the latest in a series of foreign policy initiatives aimed at increasing interactions with India's neighbours like Nepal, Bhutan, Bangladesh, Myanmar as also those further east like Thailand, Vietnam South Korea, Japan, Australia and America. It follows the Look East Policy of the 90s but has a wider range, looking to further socio-economic and cultural ties along with strategic alliances focusing on security to combat increasing terrorism in the region.

Objectives and Methodology

The paper aims to pinpoint the importance of close ties among the countries of the Indian sub-continent highlighting the specific gains of India's north-eastern region (NE henceforth). This region of India is geographically isolated from the other parts of the country except for the thin strip of land known as the chicken neck near Siliguri in West Bengal. The NE has therefore been lagging behind the rest of the country in terms of economic development, education, transportation etc creating a wide disparity compared to other parts of India. It however shares borders with many of India's closest neighbours and has closer cultural ties with them than with rest of India.

This paper analyses the benefits that will accrue to the north-eastern states of India, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura as well as Sikkim with implementation of a policy designed specifically for development of this region. It looks at the problems that can adversely affect its implementation and concludes the necessity of having a policy curated to the needs of the region.

The information used for analysis has been collected from secondary sources like newspapers and magazines. Government reports have been extensively used for the paper.

Historical perspective of the Act East Policy

The Act East Policy is a detailed continuation of the Look East Policy which itself is a manifestation of foreign policy of the 1980s. India had trade relations with the countries of the East from before its colonisation. During colonial period, its interactions with the Eastern countries were coloured by the policies of the colonisers. Post-independence, steps were taken to renew relations in a changing international environment. The disintegration of the Soviet Union and falling foreign reserves presented a unique challenge to the country. Under the Look East Policy bilateral trade between India and the ASEAN (Association of South East Asian Nations) grew from \$3 billion in the early 90s to \$12 billion in 2003 and \$79. Billion by 2012. Various economic and financial crises that affected the Far East countries including the Global financial Crisis, Eurozone Sovereign debt crisis adversely affected trade relations between ASEAN and India considerably slowing the trade among these nations. With AEP, multi-dimensional ties with ASEAN have received a fillip providing India an opportunity to increase its world trade capacity while simultaneously challenging China's assertiveness in the region.

Benefits to North East India

- i. Transport connectivity: Rail, road and air connectivity between NE and rest of India are abysmally low due to geographical constraints. While transport connectivity through Indian territory is dependent on the only possible route through Siliguri, international roads through Bangladesh can help connect NE with rest of India in a better manner reducing overall distance by hundreds of kilometres. Thus, instead of more than a thousand kilometre run to Kolkata via Siliguri, the ports of Ashuganj and Chittagong in Bangladesh can be accessed at less than half the distance. The Bhutan Bangladesh India Nepal (BBIN) Motor Vehicles Agreement signed in Thimpu, Bhutan on June 15, 2015 is expected to increase trade within the South Asia region by 60% and trade with outside partners by nearly 30% over current levels. The Kaladan Multimodal Transport Project, India Myanmar Thailand Trilateral Highway and Reh-Tedim Project in Myanmar are expected to further improve connectivity.
- ii. Digital connectivity: Digital connectivity in the north eastern states of India remain very low as compared to the rest of the country due to difficulty in laying cables given the topography of the region. However Tripura and nearby areas are getting nearly 10 GPPS from Cox Bazaar in Bangladesh through sharing of BSNL network. The functioning of SEA-ME-WE 5 will help strengthen digital connectivity in the remote NE states even further.
- iii. Power connectivity: Electricity generated in the north-east can be supplied can be supplied to the rest of the country through networks across Bangladesh by undertaking energy cooperation initiatives. This will help in the eventual development of BBIN Power Market harnessing the potential of hydroelectricity in the Himalayan region.
- iv. Trade opportunities: providing duty-free treatment to Bangladesh products has increased rate between India and Bangladesh. It also augurs well for trade between the north eastern states of India and Bangladesh by providing a market for the agricultural products of NE in the food processing industry of Bangladesh and then a market in the NE for these processed food items. Similar lines of trade can be developed with other neighbouring countries like Myanmar, too.
- v. Investment opportunity: the numerous trade infrastructure and transport opportunities in the North East region provide ample investment opportunities to entrepreneurs. This can be further expanded through expediting proposals under the AEP encouraging foreign investment in the region.
- vi. Education and medical hub: The NE is emerging as an education and medical hub for the eastern region where people from Bangladesh and Myanmar are able to access facilities at a much lower cost than Singapore or Thailand. Guwahati and Imphal provide healthcare facilities to patients from Bhutan, Bangladesh and Myanmar. However, there is a need to develop medical facilities further and set up schools and colleges to cater to rising demand.
- vii. Infrastructure development: The NE states have suffered from sporadic and uneven provision of various infrastructure facilities such as electricity, communication, transportation, banking and finance. The rural areas have been more affected than urban areas creating further conditions of isolation and under-development. However, with AEP a number of infrastructure development

projects are being initiated which will help in the economic uplift of the region. Utilising the existing relations between NE and neighbouring countries, production networks can be created linking the NE with Bangladesh and Myanmar for setting up of cement, processed food and horticulture industries. This will help in optimising the mineral and agricultural potential of the NE region. Handicraft industry also has a market in Myanmar. Mizoram is developing kaladana LMMTT project with Myanmar for horticulture and forest products. Manipur is building a town close to Moreh border with Myanmar and food park in Imphal for encouraging exports to Myanmar. There is also a proposal to make a Special Economic Zone (SEZ) in Thoubal.

Constraints on AEP

The AEP aims at increasing trade and connectivity in the north-east aiming at regional integration among countries. However, the policy faces number of hurdles which can derail it.

- i. The biggest problem is the lack of trust between the countries regarding each other's motives. Though each is a sovereign nation, the disparity in size among members with a large India and remaining smaller nations creates a misbalance that has led to distrust in the past and will continue to do so in future unless proactive steps are taken.
- ii. There is deep distrust among the population in the NE regarding the motives of central and state agencies. The cultural and social differences between the inhabitants of the North-eastern states and rest of India has resulted in both parties viewing each other as alien to their interests. Previous schemes to integrate the populace with the mainstream haven't met with much success due to this. However as these tribes share cultural and traditional social similarity with inhabitants of nearby countries, The AEP can attempt to bridge this gap.
- iii. The lack of infrastructural development in the hilly region is detrimental to further progress and the completion of new projects that have been started under AEP.
- iv. People do not often have information regarding new schemes and possible avenues for investment and employment. This lack of knowledge prevents successful implementation of any policy.
- v. There is a conflict between national and regional interests. The general feeling is that the Centre enters into international agreements for the sake of furthering its own interests. The aspirations and needs of the local people are ignored in such case. This is why many states prefer to sign individual agreements with other countries. This reduces their bargaining power and often slows the pace of development.

Conclusion

The AEP has the potential to help in economic development of the whole South Asia region. Recognising this, the countries agreed to expedite the Bay of Bengal Initiative on MultiSectoral Technical and Economic Cooperation (BIMSTEC) free trade agreement on August 11, 2017. The Bay of Bengal region is to be developed as a sub-regional supply chain hub catering to the needs of land-locked countries like Nepal and Bhutan and NE India along with the littoral regions of Bangladesh, Myanmar, Thailand, Sri Lanka and coastal India. The AEP will help the countries harness their rich natural resources and provide them with a market in the region helping their economic and social development similar to Eurozone in Europe and ASEAN closer by. North East India will specifically benefit as it will be in a position to harness its latent potential with comparative ease than had been possible earlier.

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