

**INDIA'S ACT EAST POLICY AND
IT'S IMPACT ON NORTH EAST REGION**

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By

ANUSUYA BARUA

Seat No: 22P0160005

ABC ID: 745263176353

PR No: 202200040

Under the supervision of

Dr. MUKUND VISHWANATH NARVENKAR

School of International and Area Studies



GOA UNIVERSITY

April 2024

Examined by: *Dr. Mukund V. Narvenkar*

Seal of the School

Declaration

I hereby declare that the data presented in this Dissertation report entitled "India's Act East Policy and its Impact on North East Region" is based on the results of investigations carried out by me in the Discipline of International Studies at the School of International and Area Studies, Goa University under the supervision of Dr Mukund V. Narvenkar and the same has not been submitted elsewhere for the award of a degree or diploma by me. Further, I understand that Goa University or its authorities will not be responsible for the correctness of observations or other findings given the dissertation.

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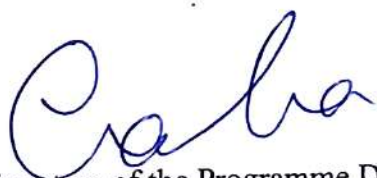
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This is to certify that the dissertation "India's Act East Policy and its Impact on North East Region" is a bonafide work carried out by Ms Anusuya Barua under my supervision in partial fulfilment of the requirements for the award of the Degree Masters of Arts in the Discipline International Studies at the School of International and Area Studies, Goa University.



Dr. Mukund Vishwanath Narvenkar

Date: 25 April 2024



Signature of the Programme Director

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GLOSSARY

NER	North-Eastern Region
BTA	Border Trade Agreement
CBT	Cross-border Trade
DFTP	Duty Free Tariff Preference
FICCI	Federation of Indian Chambers of Commerce & Industry
FTA	Free Trade Agreement
ICDs	Inland Container Depots
ICP	Integrated Check Post
IEC	Importer Exporter Code
ICSS	Land Custom Stations
LDCS	Least Developed Countries
ASEAN	Association Of SouthEast Asian Nations
LPAI	Land Ports Authority of India
MOONER	Main of Peedomen of North Fasten Region
NTBs	Non-Tariff Barriers
PPP	Public Private Partnership
PWC	PricewaterhouseCoopers
RBI	Reserve Bank of India
RoO	Rules of Origin
SAFTA	South Asia Free Trade Area
SARDP-NE	Special Accelerated Road Development Programme-North East
TAR	Trans-Asian Railways
BIMSTEC	Bay Of Bengal Initiative For Multi-Sectoral Technical And Economic

CHAPTER - I

Research Proposal

India's Act East Policy And Its Impact On North East Region

Rationale Of The Study

India's Act East Policy, initiated in 2014, is a proactive approach to deepen economic, strategic, and cultural ties with Southeast Asia and the broader Indo-Pacific region. Stepping beyond the earlier "Look East" policy, it aims to boost economic cooperation, i.e., India seeks increased trade, investment, and infrastructure development with regional partners. To Strengthen strategic partnerships that address China's growing influence, India builds alliances with countries like Vietnam and Japan to maintain a stable regional order. And to Deepen cultural connections, Educational exchanges, tourism initiatives, and cultural events to foster understanding and people-to-people links.

Research Objectives:

1. To study the historical evolution of India's Act East policy.
2. To assess the economic impact of Act East policy on northeast India.

3. To assess the strategic impact of Act East policy on northeast India.
4. To identify potential challenges and opportunities for India to enhance its leadership role in the region

Research Questions:

1. Has India's "Act East Policy" actually boosted trade and investment between Northeast and Southeast Asia?
2. Did new roads and crossings (built for the "Act East Policy") help trade, investment, and tourism in India's North-East?
3. Are workers in India's North-East ready for the new jobs created by the "Act East Policy"? Do they have the right skills? If not, what skills gaps exist, and how can they be addressed?
4. What stops India from becoming a more prominent leader in the region with its "Act East" policy?

Hypothesis

1: Improved infrastructure and skilled workforce in the North Eastern Region, facilitated by Act East Policy initiatives, will significantly boost trade, investment, and tourism between the region and Southeast Asia.

2: Overcoming internal challenges and promoting regional cooperation through the Act East Policy will solidify India's leadership role, creating new opportunities for the North Eastern Region and the wider regions.

Research Methodology

The methodology used is based on the qualitative study and will use historical and descriptive approach to understand the impacts of India's Act East Policy (AEP) on the North-Eastern Region (NER).

Data Collection:

- Quantitative Data:
 - Analyzing trade data from government sources like , ASEANstats to assess trends in NER-Southeast Asia trade.
 - Analyzing tourism statistics from Ministry of Tourism, state tourism departments, and travel industry reports.
- Qualitative Data:
 - Reviewing relevant policy documents, news articles, and academic studies on AEP and the NER.

• Chapterization

- Chapter 1:- Introduction, Research Methodology

- Chapter 2:- History and Evolution of India's Act East Policy
- Chapter 3: India's Act East Policy: Emerging Trends
- Chapter 4:- Economic Potential of Act East Policy on the North Eastern Region
- Chapter 5:- Strategic Significance of Act East Policy on the North Eastern Region
- Chapter 6:- Conclusion

Literature Review

India's Act East Policy and implications for Southeast Asia

Author: Amitendu Palit

The article discusses India's shift from "Look East Policy" to "Act East" strategy, emphasizing its evolving nature and implications for Southeast Asia.

It highlights the lack of specific articulation from India on the Act East strategy, focusing on the changing economic and security dynamics in the region. The author, Amitendu Palit, analyzes the geographic scope and strategic depth of India's Act East policy, pointing out the need for Southeast Asia to prepare for India's increased role in regional affairs.

Dephasing India's Look East/Act East Policy

Published by: ISEAS - Yusof Ishak Institute

External events like the Asian Financial Crisis and India's nuclear tests caused setbacks and cyclical trends, not simply linear progression. The article argues that the narrative of distinct phases (ex- "Look East" as economic-focused, "Act East" as more strategic) is misleading and

does not capture the nuances of India's engagement with Southeast Asia through its "Look East" and "Act East" policies as a series of distinct phases. This article challenges the commonly held narrative of India's engagement with Southeast Asia through its "Look East" and "Act East" policies as a series of distinct phases. The author argues that the narrative of phases oversimplifies the complexities of India's engagement with the region. While there has been an increase in the pace and scope of interaction over time, elements of later phases, like security cooperation and a broadened geographic focus, were present from the beginning. The distinction between economic and strategic elements is blurred, as they are mutually reinforcing. Blurred categories like Economic and strategic elements are intertwined, not separate phases. Security concerns were present from the start, and broader East Asian engagement was envisaged initially. Cyclical trends in which The pace and scope of engagement haven't been consistently increasing. Events like the Asian Financial Crisis and India's nuclear tests caused setbacks.

The article suggests that a more nuanced understanding of India's engagement with Southeast Asia is needed, acknowledging the complex interplay of economic, strategic, and historical factors, alongside recognizing periods of both progress and setbacks.

The Look East Policy and India's North-eastern States

Author(s): Shibashis Chatterjee

This article, "The Look East Policy and India's North-eastern States," discusses India's Look East Policy (LEP) and its impact on the North-eastern states. The author argues that the LEP has not been as successful as it could have been in rejuvenating the economies of the Northeast, due to a number of factors. These factors include the top-down nature of the policy, the lack of involvement of local people, and the challenges of improving ties with Myanmar. The author concludes by making a number of recommendations for how the LEP could be improved, such as

talking to the people of the Northeast, linking up with supply chain economies in Southeast Asia, completing infrastructure projects, and consolidating diplomatic gains in Myanmar.

Locating Northeast in India's Neighbourhood Policy

Author(s): Rubul Patgiri and Obja Borah Hazarika

This article argues that India's traditional neighbourhood policy, which has been primarily focused on security concerns, has failed to address the needs and aspirations of the Northeast region. The Northeast's peripheral geographic location, economic backwardness, and problems of illegal migration and insurgency are all linked to its relationships with India's neighbours. The article calls for a more nuanced and integrated approach to India's neighbourhood policy, one that takes into account the specific concerns of the Northeast and seeks to develop transnational solutions to regional problems.

India's neighbourhood policy has traditionally been security-centric, neglecting the needs of the Northeast. The Northeast's peripheral location and its links to neighbouring countries make it crucial to consider transnational solutions to its problems. India's recent "Look East Policy" offers some hope for improved regional cooperation and development in the Northeast. A more integrated and inclusive neighbourhood policy is needed to address the challenges faced by the Northeast.

A Peaceful Northeast Is Imperative For India's Act East Policy

Author(s): Arun Sahni

This article provides the overview of the historical and ongoing security challenges in India's northeast region, particularly focusing on the state of Nagaland and the broader Naga insurgency.

It effectively analyzes the various factors contributing to the conflict, including-

The article highlights the legacy of British colonialism and its role in creating divisions among the tribal and non-tribal populations, as well as the unaddressed demands of the Naga people.

Geographical isolation ex-The physical distance from the national capital and lack of strong infrastructure contributed to neglect and a feeling of alienation among the people. Migration and demographic shifts which is The influx of refugees and illegal immigration strained societal fabric and increased ethno-religious tensions. Proliferation of militant groups, The presence of numerous insurgent groups, fueled by a complex web of motivations like resource control, identity politics, and financial gain, further destabilized the region. Impact of neighbouring countries like The porous borders with Myanmar and Bangladesh facilitated movement of militant groups and weapons.

The Article also provides a detailed account of the Naga insurgency, its evolution into various factions, and the current status of peace talks.

Look East Policy, Subregional Connectivity Projects and North East India

Author(s): H Srikanth

The Look East Policy, now known as the Act East Policy, aims to promote trade, technology, and investment opportunities with East and Southeast Asian countries. Sub regional connectivity projects like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic

Cooperation (BIMSTEC) and the Bangladesh-China-India-Myanmar Forum for Regional Cooperation (BCIM) are seen as a way to connect the North East to these opportunities. However, there are concerns about the effectiveness of these projects, such as The assumption that the North East is essential for the Look East Policy is not necessarily true. Simply building better roads may not lead to increased trade if there is no demand for goods and services. The costs of construction and maintenance of these projects can be high, especially for poorer countries. Ethnic militancy and the need for security pose challenges to the smooth operation of the projects. Geopolitical rivalries, such as between India and China, can complicate cooperation.

India's Look East Policy: Imagining a New Geography of India's Northeast

Author(s): Samir Kumar Das

This article explores the changing geopolitical imaginary of India's Northeast as a result of India's Look East policy. The author argues that the policy has produced a new imaginary of an extended Northeast that transcends the region's present geography and extends to Southeast Asia through Myanmar and Bangladesh. This extended Northeast is imagined as a space of opportunity and connection, but it also raises questions about the compatibility of India's interests with those of Myanmar and Bangladesh, as well as the potential for the policy to exacerbate existing ethnic and religious tensions. The article also examines the ways in which the Look East policy is being contested and reimagined by different groups in the Northeast, including insurgent groups and civil society organizations.

Limitations Of The Study

While the Act East Policy (AEP) holds potential for the North East region (NER), studying its impact presents several limitations. Some of them are-

1. It is difficult to define clear examples of social and cultural impact.
2. Data access and consistency pose challenges.
3. Assessing impact takes time due to the policy's long-term goals and ongoing evolution.

CHAPTER II

History And Evolution Of India's Act East Policy

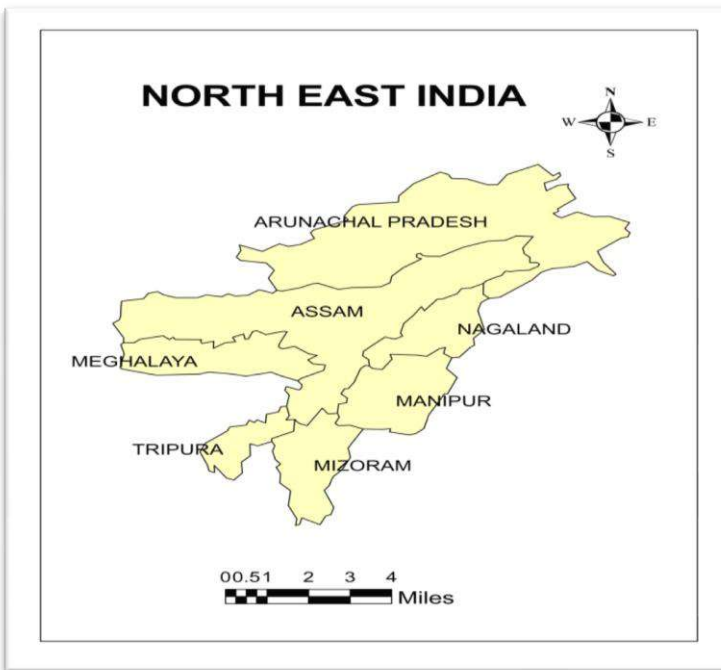
Overview

India's Act East Policy isn't like a plant with a single root, but rather a tree that grew from seeds planted at different times. The History of India's Act East policy goes back to 1991, when the cold war ended, it forced India to rethink its foreign policy. India needed new Relationships and Economic Partners, and Southeast Asia seemed promising. In 1991, Then Prime Minister, Narasimha Rao planted the first seed by launching The Look East Policy. The Look East Policy Aimed to strengthen Economic ties with Southeast Asian nations, forming a foundation for future engagement. The Policy Grows from 1992-2014, The Look East Policy started focusing economic cooperation, mainly through trade agreements and regional forums. Gradually, the engagement expanded beyond just economics. Later India started participating in security dialogues and cultural on exchanges, deepening its relationship with the region (Mehrotra, 2012). By 2014, India's economy was stronger, and its global profile had grown miles. Recognizing these changes, Prime Minister Narendra Modi decided to launch the Act East Policy. This new policy built upon the Look East Policy but aimed higher. Look East Policy and Act East Policy differs in many ways. Act East Policy has Wider Scope than Look East Policy because it extended engagement beyond South East Asia to entire Indo-Pacific region, which included countries like Japan, South Korea, and Australia. It has deeper Engagement, since it moved beyond just economics and it embraced strategic and security cooperation (Mazumdar, 2021).

Later it Increased Focus on Connectivity and it aimed to improve physical and cultural connections through infrastructure projects, people-to-people exchanges, and knowledge sharing (Mazumdar, 2021).

Introduction To North East India

North East India comprises of seven states commonly known as the “Seven Sisters”. They are Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. The North East is a true frontier region. It has over 2000 km of border with Bhutan, China, Myanmar and Bangladesh and is connected to the rest of India by a narrow 20 km wide corridor of land. One of the most ethnically and linguistically diverse regions in Asia, each state has its distinct culture and traditions. From times immemorial, India’s North East has been the meeting point of many communities, faiths and cultures.



A place renowned for its magical beauty and bewildering diversity, North East India is the home for more than 166 separate tribes speaking a wide range of languages. Some groups have migrated over the centuries from places as far as South East Asia; they retain their cultural traditions and values but are beginning to adapt to contemporary lifestyles. Its jungles are dense, its rivers powerful and rain, and thunderstorms sweep across the hills, valleys and plains during the annual monsoons. The lushness of its landscape, the range of communities and geographical and ecological diversity makes the North East quite different from other parts of the subcontinent. In winters, mist carpets the valleys but swirls around the traveller in hills during summer rains, thus creating an enchanting and romantic atmosphere. The region has borders with Myanmar Bhutan and Bangladesh.

The Look East Policy: Outline

India's Look East Policy began in the early 1990's, it was a time of significant change. In the decade of 1990's it could also be considered as an important start in the record of modern history. As it was marking the end of The Cold War and the beginning of a completely new framework of relations among the great powers of the world. Later by the end of The Cold War, the world was appearing as a new age, which left behind a century of two World Wars and the nuclear bluffing of the cold war. With the world changing, coming to peace and expectations of secure future for each country, India's Look East Policy which was launched in the early 1990's was a big step to get the nation to have better structure (Mazumdar, 2021).

However, the main goal of the policy was to connect India more firmly to South East Asia, East Asia and Asia Pacific Region to building bridges to them, especially through the North Eastern States of India. The North Eastern states of India precisely played the role from times in record

but it got Atrophied in/during the colonial era and later by the power of the cold war. On 14th August 1947 just before the independence day, Prime Minister Jawaharlal Nehru aired the dream of reviving the job for India, at the first Asian Relations Conference convened by PM in New Delhi, PM addressed the resurgence of Asia and that nations which were rising like India, China and Japan. Jawaharlal Nehru talked about India's ancient glory and conveyed that India would contribute towards creating a new world order where colonial exploitation would not have a single role and international relations would be based solemnly on the concept of the sovereignty and equality of all the nations both large and small (Mazumdar, 2021). Before the times of Graeco-Roman, the main role of Asia was as a hub of civilization and culture and as the forefront of economic activities that were completely noticeable, which also remained until the colonial era began. Post Cold War Era in 1990, The Asian nations got new horizons opening up to bring back their ancient links and to become the backbone of Global Economic wave through getting back themselves, by heightening regional solidarity, and battling the challenges in front with a unified purpose (Mazumdar, 2021). India's Look East Policy was a part of the Indian Dynamics which were responding to the new opportunities, combats and challenges. In the 1990's, which was the post cold war scenario India then seized the chance for 'To Look East' and make new bonds and relations with the South East Asia, make ties with the neighbouring country China that had been devastated by the border conflict in November 1962. To take a close look at Japan in various ways than just as an ally of one great or superpower in battle against the other and help establishing a world order more than just that offered by the post-world war institutions in the 2nd half of the 20th century. Since India got Independence it had been in struggle for a new world order free from exploitation which was based entirely based on the idea of mutual respect between the nations for each other's mutual benefits and interests (Mehrotra, 2012).

Nevertheless, India at that time was neither further for its national interests best or to promote a new world order without bringing back its close connections with the Asian Countries. The realization laid at the very Point of its new "Look East Policy". Then Prime Minister Narasimha Rao displayed that policy a further improved with the assistance of Foreign Minister Madhavrao Solanki and Finance Minister Manmohan Singh. In May 2004, the assumption of charge, Former Prime Minister Manmohan Singh has frequently stressed the enormous sake likely to result to India in general and also the North Eastern region in particular by an escalation of ties with the ASEAN and its member countries, especially in the ground of commerce and trade. There was a growing realization in India for the Geo-economic potential of the Region of North East as India's gateway to the South East Asia and its value as a foothold (Kalita, 2013).

Aims And Progress Of Look East Policy Before The 2000's

India's Look East Policy was aiming at the measured integration of the north eastern region with the booming market across the border. The time when the policy was framed, the nation's economy was developing and growing around 4 to 5 percent annually, whereas the South East Asian countries were showing a prominent steady growth of almost 7 to 8 percent and had earned citation as economic Tigers of the east. India started catching up with the South East Asian Countries at a remarkably good and steady speed with an overall improved economic growth rate, as it was moving forward with a policy of free trade and open skies with South East Asia. Later, India's Trade with all the ASEAN nations were multiplied several times since India launched the Look East Policy after the cold war in early 1990's. India now stands at (US)\$60 billion (Mehrotra, 2012). This was a far cry from the 1960's, when India had declined the offer of ASEAN to be nearly associated with it. The partnership with ASEAN countries, which were

based on certain common security interests and free trade, made it possible for India to interact with all the other South East Asian community of approx 500 million people with a combined Gross Domestic Product (GDP) of \$750 billion as a collectively. Extending from Myanmar and Thailand to the archipelagos of Malaysia and Indonesian on one side and covering the other countries of Indo-China and the Philippines on the other of side. This association of all ten states offers vast prospects in the terms of economic linkages, infrastructure development and people-to-people contacts. Since it's inception in 1992, as a sectoral dialogue partnership, India has become a regular participant in ASEAN forums. This includes ASEAN plus 1 summits, ASEAN plus 4 (which also includes Japan, South Korea, and China) and the ASEAN Regional Forum (ARF). The ARF is an annual security forum that brings together countries from Asia and the Pacific, including the United States (Kalita, 2013).

The first ASEAN-India Summit which was held in November 2002, in Phnom Penh, Cambodia. It was a framework Agreement on comprehensive Economic cooperation between ASEAN and India which was signed in Bali with the goal of realizing the prospective of ASEAN-India Regional Trade and Investment Area (RTI A) and for economic cooperation, in October 2003. In November 2004, at the Laos Summit both the sides had committed themselves to promote a long term cooperative partnership, and transmit synergies to their tributes and to cooperate in a synchronize manner to facilitate and mutually strengthen sustainable growth and development, taking the maximum advantage of the geographic proximity (Mehrotra, 2012).

The development of regional infrastructure, including air, marine, and road transportation links, Had been given top priority by ASEAN and India in order to promote increased mobility of people and products. In this regard, they have also decided to strengthen the synergy of tourist attractions and to make travel and tourism between India and the ASEAN countries easier by

connecting their tourism centers. They also aimed to ensure freer circulation of commodities, services, and investment through traditional and creative trade and economic agreements, as well as by promoting collaboration in the sectors of research and technology. They have decided that the ASEAN-India Free Trade Area will be fully operational by 2016 (Mehrotra, 2012).

In 2012, ASEAN and India collaborate on the development of human resources by bolstering institutions, developing training programs, and fostering entrepreneurship with an emphasis on small and medium-sized businesses. Together with encouraging collaboration to protect their shared cultural legacy, they also encourage person-to-person interactions between legislators young people, artists, athletes, and members of the corporate, media and Academic (Mehrotra, 2012). During the third ASEAN-India Summit on November 1, 2004, a document titled Partnership for Peace, Progress, and Shared Prosperity was signed. It included provisions for enhancing collaboration in the UN and other multilateral forums, notably the WTO. In order to make the UN and the Bretton Woods institutions more democratic and sensitive to the needs of developing nations, it urged support for early changes of these organizations. Today's need is felt even more acutely due to the exclusion of the world's developing superpowers, such as India, from permanent membership in the UN Security Council, as well as the present global economic trends toward recession. A renewed desire to work together to address global issues, particularly security-related ones like the threat posed by transnational crimes and international terrorism, is evident in the ASEAN-India Partnership document. This desire is expressed through institutional connections and cooperative initiatives. The leaders of Asia must likewise band together to combat the global recession's new monster and lessen its effects on their nations (Haokip, 2011). In November 2007, Prime Minister Manmohan Singh proposed, during the sixth India-ASEAN Summit and the third East Asia Summit, that the countries in the region work together to prevent

and manage not only man-made disasters like terrorism, drug trafficking, human trafficking, cybercrimes, international economic and environmental crimes, sea piracy, and money laundering, but also diseases like HIV and the avian flu that know no boundaries. It is imperative that this agenda be actively and cooperatively pursued by enhancing cooperation amongst pertinent national entities working on the project.

The region's nations have been urged by the prime minister to cooperate in order to address the problems posed by climate change and global warming. As allies, ASEAN and India are already working together on a global scale to prevent the proliferation of weapons of mass destruction and to completely and strictly disarmament under international supervision. According to then Prime Minister Manmohan Singh, India views its expanding relationship with ASEAN as "critical to fulfilling the promise of the twenty-first century being an Asian century." The progress India has made with its East Asian and South East Asian allies was evaluated at the sixth East Asia Summit (EAS) and the ninth India-ASEAN Summit in Bali in November 2011. India's progress reports with its East Asian and South East Asian allies were examined. From small beginnings in 1992, trade between India and ASEAN nations has grown to approximately \$60 billion, and optimism was voiced that by the end of 2022, it surpass the \$70 billion objective set by the Prime Minister at Hua-Hin, Thailand, in 2009. The relationship between India and ASEAN reached some new heights in 2021. In recognition of their expanding partnership, India's Look East Policy: Its Origin and Development 79 created the ASEAN-India Green Fund, to which it contributed \$5 million and hosted its inaugural conference in Phnom Penh, Cambodia, on October 19, 2011.

A shared S&T Digital Centre, a Technology Information Commercialization Portal, and a Virtual Institute for Intellectual Property are just a few of the projects being carried out by the two organizations' \$1 million S&T Fund. The ASEAN-India Meeting on Agriculture was conducted in Jakarta for the first time in October of 2021, and both sides' ministers of agriculture was scheduled to meet in 2012. Given the abundance of gas and petroleum reserves in South East Asia, the Energy Ministers of ASEAN, India, and Brunei convened in September 2001 to explore potential avenues for future cooperation. Additionally, the parties are debating a regional air services agreement (Haokip, 2011).

In August 2011, during the ninth ASEAN-India Economic Ministers' Consultations in Manado, Indonesia, a structured private sector engagement was agreed upon in the areas of manufacturing, infrastructure, information technology, medicines, and innovation and skills training. The Prime Minister of India called for the swift conclusion of a commercially significant Services and Investment Agreement between India and ASEAN in order to set the stage for the implementation of the Comprehensive Economic Cooperation Agreement (CECA), which was outlined in the 2003 Framework Agreement between the two parties. He made this request in his remarks at the ninth ASEAN-India Summit in Bali on November 19, 2001. The two sides agreed to a comprehensive 82-point Plan of Action on particular areas of cooperation in a follow-up to the 2004–2010 ASEAN–India Plan of Action (Haokip, 2011).

The execution of the 2004–2010 ASEAN–India Plan of Action, the two parties agreed at the Hanoi Summit to a comprehensive 82-point Plan of Action on particular areas of cooperation in a time-bound manner for 2010–2015. In accordance with the revised Plan of Action, India has prepared a number of recommendations and sent them to ASEAN for more discussion and execution. The Prime Minister told the nine summit that, in addition to forming an ASEAN-India

Eminent Persons Group, India also convened in August and October of 2021 with the goal of drafting a Vision 2020 document for their strategic alliance. As part of their S&T Fund efforts, India hosted a meeting of the heads of the space agencies in ASEAN. The EAS was focused on connectivity and was driven by ASEAN. The Comprehensive Economic Partnership of East Asia (CEPEA) is one of the items on its agenda. Two declarations were approved during the sixth EAS, which took place in Bali on November 19, 2021: one on ASEAN connectivity and the other on mutually beneficial relations (Haokip, 2011). The summit served as a platform for creating a "open, inclusive, and transparent architecture of regional cooperation in the Asia-Pacific region," as the Indian Prime Minister noted in his remarks. He made a lasting impression on the regional leaders by highlighting India's 7.5% growth rate during a period when the developed world's economies were experiencing challenges with growth. The leaders of the Asia-Pacific region have a great chance to discuss bilateral and multilateral concerns on the margins of these summits (Mehrotra, 2012).

With a common authentic bond in terms of culture, both India and Japan held the values of the past whereas progressing at a rapid pace into long-standing time and always modernizing themselves. India trusts to advantage from Japan's imaginative soul show in the high-tech field, its capital saves, and its intrigued in participating with India with innovation and venture within the crucial areas of industry, infrastructure, energy and transport. India's security concerns, upgraded by China's penetrating pushed in 1962 through the whole length of India's Himalayan frontier counting Arunachal, have made India ever cognizant of the delicate nature of its association with its north-eastern India's See East Arrangement (Haokip, 2011). That association is restricted to a dangerous 40 km wide hallway at Siliguri, the celebrated chokepoint, whereas 98 per cent of the 4500 km long border of the north- eastern locale is with outside nations. Its

improvement and security were connected to that of India as a country in a crucial way, as the occasions of 1962 demonstrated. The rise of East Pakistan in 1947 traumatically cut the portals of the north-eastern region's conventional economy and communication and abruptly abandoned the life savers of its individuals. The See East Arrangement looks for to recoup that misplaced wilderness by giving the north- eastern locale of India scope to re-establish its chronicled joins with the nations within the neighbourhood and bringing it beside the rest of India into the standard of Asian improvement (Haokip, 2011).

The Look East Approach was calculated to alter the security worldview into one in which India's security needs within the north-eastern locale would move in pair with its vital require for improvement. With that worldview move, of interlacing the advancement and security needs of its north-eastern locale as an basic of India's See East Approach, advancement of relations with Bangladesh, Myanmar and advance down with Thailand, Malaysia and Singapore came to the fore as symbolized by BIMSTEC. India's See East Arrangement favors fashioning an amazing relationship with Bangladesh based on shared believe and common advantage, with full respect to its sway and regional judgment. The Look East Policy's aim was to solidify India's Position as a key player in the Indo-Pacific region, fostering economic growth and ensuring a stable and secure regional environment (Haokip, 2011).

CHAPTER III

India's Act East Policy: Emerging Trends

Introduction

The Act East Policy represents India's initiative to actively engage with the Asia-Pacific region. Launched in the early 1990s, this policy aimed to primarily strengthen India's economic ties with Southeast Asian countries. It focused on building a robust economic relationship with this region. Act East Policy, Introduced in 2014, this policy signifies a significant shift from its predecessor. It broadens the scope beyond just economic cooperation to encompass security collaboration as well. Additionally, the target region expands to include not only Southeast Asia but also East Asia, reflecting India's growing strategic interests in the wider Asia-Pacific region. Boosting Engagement with the East the Act East Policy serves as a multi-pronged strategy for India to expand its footprint in the Asia-Pacific region which aims to deepen economic ties and to promote trade and economic cooperation with countries in the region. To foster cultural connections for example- Encourage cultural exchange and understanding between India and the East Asian and Southeast Asian nations. To build strategic partnerships, example establishing strong political and security collaborations with regional partners. However, focusing on the North-East region it is an important aspect of the policy, which is to bridge the gap between India's North-Eastern states and neighbouring countries. This Mostly aims to enhance connectivity to improve infrastructure and foster trade links between the North-Eastern region

and Southeast Asia and to promote integration, To integrate the North-Eastern states into the broader economic and cultural landscape of the East. In essence, the Act East Policy seeks to create a more connected and collaborative environment between India and the Asia-Pacific region, with a specific focus on fostering the development of the North-Eastern states.

Act East Policy's focus on ASEAN countries and it's Economic Integration-

The 4C's of Act East Policy are-

- i) Culture
- ii) Commerce
- iii) Connectivity
- iv) Capacity building

Culture plays a crucial role in diplomatic relations by helping to build trust and understanding between nations. India, under the Act East Policy, aims to strengthen its cultural connections with ASEAN and East Asian countries through various activities like cultural exchanges, festivals, and exhibitions (Ghosh,2023). By showcasing its diverse heritage, India hopes to create stronger bonds with the people of these regions, promoting good will and cooperation.

Economic integration is a key focus of the Act East Policy, as India recognizes the vast potential for trade and investment in ASEAN and East Asian markets. By enhancing economic cooperation through trade agreements, investment promotion, and business partnerships, India aims to take advantage of the growing markets in these regions (Ghosh,2023). Strengthening economic ties not only benefits India but also contributes to the overall development and prosperity of the entire region.

Connectivity is essential for successful partnerships, and the Act East Policy emphasizes the need to improve physical, digital, and people-to-people connections between India, ASEAN, and East Asian countries (Barua,2020). Infrastructure projects like roads, railways, ports, and air links are being developed to facilitate smoother movement of goods, services, and people across borders. Additionally, enhancing digital connectivity through internet infrastructure and technology collaborations is a priority to promote digital trade and communication.

Capacity building is crucial for empowering nations to address common challenges and work towards shared goals. India, under the Act East Policy, focuses on enhancing the capacity of ASEAN and East Asian countries in areas like education, healthcare, agriculture, and technology. This includes offering scholarships, training programs, technical assistance, and knowledge-sharing initiatives to support the socio-economic development of partner countries . (Barua,2020).

Security cooperation is also a key aspect of the Act East Policy, as India recognizes the importance of maintaining peace and stability in the region for sustainable development. Therefore, India seeks to strengthen security ties with ASEAN and East Asian countries through strategic partnerships, defence collaborations, maritime security initiatives, and joint military exercises. By working together on security issues, India aims to address common threats such as terrorism, piracy, and natural disasters, promoting peace and security in the region . (Barua,2020).

The Assam Government has opened the Act East Policy Department to ensure the implementation of the Act East Policy in a time-bound manner. The Act East Policy Department will facilitate an environment for investment and rapid industrialization in the state (Barua,2020).

Latest Projects for the Act East policy

Projects funded by the Ministry of External Affairs, undertaken for connectivity of NE States with neighbouring countries like Myanmar and Bangladesh-

1. **Kaladan Multimodal Transit Transport Project:** Kaladan Multimodal Transit Transport project is a significant infrastructure initiative aimed at improving connectivity and trade between India and Myanmar (Ghosh,2023). It entails creating a multimodal transport corridor meaning that different modes of transport such as roads, rivers, and ports are used to create a seamless network. Constructing a deep-water port in Sittwe, Myanmar is another aspect of the project worth noting. This port will act as an important hub for commerce between the two nations by facilitating movement of goods and commodities both effectively and efficiently. Other than that, it has transshipment positions that make it easy for businesses to move their products from one part of the world to another.

Apart from the port, this project also involves building a road and river transport route. This way will join Sittwe with Mizoram state that is landlocked in India. The establishment of this transport link will bring about new opportunities for trade and economic growth in the area as well as offer more cost-effective routes that consume less time unlike the current ones which are characterized with longer distances hence involving more complicated journeys (Singh,2018). The road aspect of the scheme entails the construction and improvement of highways and roads that will link Sittwe to the Indian border. It is expected to ease movement of both goods and people enabling smooth trade thus fostering economic development in the areas. Moreover, this

will improve connectivity within Myanmar which will benefit local communities and enhance regional integration. On the river front, there are plans to make Kaladan River navigable by cargo vessels. This way, goods from Sittwe can be transported to Mizoram's inland areas. By using a waterway for transportation, it provides for a cheaper and more environmentally friendly mode of transport. Additionally, it helps in decongesting traffic on roads improving efficiency when moving goods generally (Singh,2018).

2. Protocol on Inland Water Transit and Trade (PIWT&T): PIWT&T is an international contract that targets at enhancing and promoting trade as well as transport through waterways that are within country boundaries aiming at creating a draft of cooperation among countries to facilitate development in the area. The goal of these agreements is also to develop uniform systems for navigation, customs and other related activities in inland waterways, which helps organizations streamline their operations and ensures the free movement of goods and passengers . (Barua,2020).

On the other hand, protocols also look out for better infrastructure as well as logistical developments along the internal waterways such as construction of ports, terminals or navigational instruments which help in fostering trading activities thus enhancing economic growth in the areas concerned.

Moreover, it calls for information sharing among members alongside capacity building on environment conservation as well as protection of marine life among others stuffs. This relationship between countries leads to sustainable development and maintenance or improvement of water resources. In this regard, through promoting inland waterway transit and trade instead of road or rail transport alternatives which have negative environmental impacts

would be availed by this protocol (Barua, 2020). Highway congestion reduction; carbon emissions decrease; and contribution towards sustainability in transportation sector are some positive contributions brought about by this method.

3. Infrastructure Projects on National Waterways In North Eastern Region (NER): An eager scheme, the Thorough Endeavour for Upgrading of National Marine Pathway (NW)-2 within the North-eastern Territory (NER), strives to boost linkages whilst fostering commerce and sightseeing by cultivating water passages in that zone. NW-signifies the Brahmaputra River, a principal aquatic path in this district (ClearIAS, 2023). This venture zeros in on honing infrastructure plus pilot age utilities along NW-2 to enhance its efficacy and approachability. Actions encompass excavating, wharfs, maritime beacons, besides assuring the aquatic route's protection and safeguard (ClearIAS, 2023). Through advancing NW-2, anticipation soars for it to offer an economical plus nature-favorable transit option for both freight and travelers alike. This is believed to mitigate roadway overcrowding while championing lasting evolution across the territory.

Furthermore, the initiative seeks to amplify trade and fiscal expansion within the North eastern Region. By bettering connections via NW-2, it aims at simplifying freight movement—chiefly farming output and manufacturing goods—to sundry markets both inside beyond this area (ClearIAS, 2023).

Embellishing upon commerce; enhancing NW-2 also targets elevating tourism within North-eastern Zone peak points indeed Spectacular vistas alongside cultural opulence present can gain exploration via river jaunts or alternative leisure pursuits inviting local together with overseas visitors. Engrosses A purposeful stride ahead into releasing colossal promise held by

Brahmaputra River urging comprehensive progress around vicinity denotes The In-depth Plan concerning Cultivation of realm-Watercourse (NW)-2 amid Northeast Sector. It will not only enhance connectivity but also contribute to the socio economic development of the North Eastern states (Barua,2020).

4. The Comprehensive Project for the development of NW- 16&IBP Route: The Comprehensive Project for the improvement of NW-16&IBP direction is an extensive initiative aimed towards enhancing connectivity and promoting exchange in the region. NW-16 refers back to the National Waterway sixteen, which runs alongside the East Coast of India, connecting Chennai in Tamil Nadu to Pondicherry, while IBP stands for the Industrial Belt Project (ClearIAS, 2023).

The venture focuses on enhancing the infrastructure and navigational facilities alongside NW16&IBP direction to make it greater efficient and on hand. This consists of dredging, constructing terminals, jetties, and navigational aids, and ensuring the safety and security of the waterway. With the development of NW-16&IBP course, it's miles expected to provide a price powerful and green mode of transportation for both goods and passengers (ClearIAS, 2023). This will assist to reduce congestion on roads and sell sustainable improvement in the area. The assignment ambitions to enhance trade and financial boom within the regions alongside NW16&IBP direction. By enhancing connectivity, it will facilitate the transportation of products,such as agricultural produce, industrial materials, and synthetic items, to numerous markets inside and outdoor the area (ClearIAS, 2023).

In addition to exchange, the improvement of NW-16&IBP route can even have tremendous implications for the coastal groups and tourism. The scenic splendour and cultural heritage of the coastal areas can be without difficulty explored through waterway cruises, attracting both

domestic and worldwide tourists. The Comprehensive Project for the improvement of NW16&IBP direction is a giant step toward unlocking the ability of the East Coast and selling basic development within the place. It will not only decorate connectivity however also make contributions to the socio-economic development of the states alongside the direction (Barua,2020).

Other Projects Sanctioned Under The Central Sector Scheme

ASSAM: Construction of floating terminals on NW-2 and NW-16

MANIPUR: Loktak Inland Waterways Improvement Project for Loktak Lake

MIZORAM: Development of IWT on River Khawthlangtuipiu- Tuichawng in Lunglei District

TRIPURA: Setting up of Linkage with Meghna River System in Bangladesh by developing Gumti River

ASSAM: Construction of Floating terminals on NW-2 and NW-16

Assam, the entry point to other north eastern states of India, is adopting new solutions to improve its connectivity and transportation infrastructure. Recently, the state has started building floating terminals on National Waterway-2 (NW-2) and National Waterway-16 (NW-16). These efforts show a strategic approach to use its abundant water resources for economic growth and better accessibility (Ghosh,2023). National Waterway-2 goes from Dhubri to Sadiya along the Brahmaputra River, offering great potential for water transport. Similarly, National Waterway-16 connects the Barak River, providing opportunities to improve connectivity in the Barak Valley region (ClearIAS, 2023). Building floating terminals aims to make cargo and passenger transport smoother, reducing the reliance on traditional transport methods and easing traffic

congestion. Floating terminals are crucial points along waterways, offering parking for boats, ferries, and cargo ships. These terminals can adjust to changing water levels, ensuring operations continue all year, even during the rainy season when water levels rise. By creating such terminals, Assam wants to use its network of rivers and water bodies for trade, tourism, and local travel.

Furthermore, building floating terminals supports the government's goal of promoting sustainable and eco-friendly transport methods. Compared to road or air travel, water transport produces fewer carbon emissions and has a smaller environmental impact, making it a good option for moving goods and people. By investing in waterway infrastructure, Assam hopes to create a greener and more sustainable transport system while boosting economic growth in the area (ClearIAS, 2023) .

These floating terminals also help improve connections between Assam and nearby states. By making it easier to move goods and people on waterways, these terminals enhance regional cooperation and economic growth. They also open up new opportunities for trade and business, letting companies reach wider markets and benefit from Assam's strategic location as the gateway to the North eastern region of India.

Besides their economic importance, floating terminals also play a key role in improving access to remote and underserved parts of Assam. By offering reliable transport links, especially in areas with limited roads, these terminals promote social inclusion and help goods and services reach different communities. Overall, the construction of floating terminals on NW-2 and NW-16 represents a a very important milestone in Assam's journey towards fostering inclusive growth and sustainable development (ClearIAS, 2023). By harnessing the potential of its waterways, the

state is not only enhancing its transportation infrastructure but also laying the groundwork for a more resilient and interconnected future. As these initiatives take shape, they are poised to unlock new opportunities, drive economic prosperity, and elevate Assam's position as a dynamic hub of trade, commerce, and cultural exchange in the North-eastern region of India (Jain,2021).

MANIPUR: Loktak Inland Waterways Improvement Project for Loktak Lake

The Loktak Lake, situated in Manipur, is the biggest freshwater lake in Northeast India. It plays a vital role as an ecological hotspot, supporting a variety of plants and animals, and is also an important cultural and economic asset for the people living in the region. However, the lake has been facing environmental challenges like pollution, habitat destruction, and unsustainable use of resources (ClearIAS, 2023).

To safeguard Loktak Lake and use its resources in a sustainable manner, the Manipur government launched the Loktak Inland Waterways Improvement Project. The goal of this project is to enhance the waterways within Loktak Lake, improve connectivity, and promote eco friendly transportation while also preserving the lake's ecosystem (ClearIAS, 2023). One of the main aims of the project is to build infrastructure for inland water transport, making it easier to move goods and people across the lake and its surroundings. This not only makes transportation more efficient but also helps reduce the reliance on traditional methods like roads, which can harm the environment.

Furthermore, the project focuses on restoring and protecting the lake's natural habitat. Steps are being taken to reduce pollution, control invasive species, and safeguard the biodiversity of

Loktak Lake. By using sustainable practices, authorities hope to maintain the ecological balance of the lake and encourage responsible tourism and recreational activities (ClearIAS, 2023).

Additionally, the Loktak Inland Waterways Improvement Project could lead to socio-economic growth in the region. Better connectivity can boost trade and commerce, creating opportunities for local communities. Initiatives like eco-tourism and fishery development can also provide additional sources of income for residents, helping reduce poverty and improve the economy (Ghosh,2023).

However, it is crucial to ensure that the development activities linked to the project are carried out with a focus on environmental sustainability and social fairness. Involving the community and engaging stakeholders are key to the success of such projects, as they ensure that the needs and concerns of local residents are taken into account.

The Loktak Inland Waterways Improvement Project is a significant step towards conserving and using Loktak Lake's resources sustainably. By improving waterway infrastructure, promoting environmental conservation, and encouraging socio-economic progress, this initiative has the potential to create a better future for Manipur's valuable natural asset and its people (Jain, 2021).

MIZORAM: Development of IWT on River Khawthlangtuipiu- Tuichawng in Lunglei District

Mizoram, a state which is known for its beautiful green landscapes and rich culture. A key focus of development in Mizoram has been to improve inland water transportation (IWT) along the River Khawthlangtuipui-Tuichawng in the Lunglei District. The River Khawthlangtuipui Tuichawng has great potential for improving connectivity and trade in the region. Being

strategically located with waterways, it serves as a natural transportation resource. The Mizoram government has taken steps to develop the river's capabilities for economic growth and societal progress (Ghosh,2023).

Improving accessibility to remote areas, especially in the hilly terrains of Mizoram, is a primary goal of developing IWT on the River Khawthlangtuipui-Tuichawng. Many regions in the state face challenges with road connectivity due to tough terrain. Using the river for transportation aims to overcome these challenges and provide better connectivity to remote villages and towns (Ghosh,2023).

The development of IWT on this river can boost economic activities in the region by facilitating trade and commerce. It allows for efficient transportation of goods across different parts of Mizoram, supporting local businesses and promoting economic growth at the grassroots level. Additionally, developing IWT on the River Khawthlangtuipui-Tuichawng offers environmental benefits by being a more eco-friendly mode of transport compared to roads. It emits fewer greenhouse gases and causes less environmental harm. By promoting water-based transportation, Mizoram can contribute to sustainable development and reduce its ecological impact (Ghosh,2023). Moreover, developing IWT on this river can create job opportunities for the local population. Various roles such as boat operators, maintenance crews, and support staff can emerge, providing livelihood options for those living along the riverbanks. This not only improves socio-economic conditions but also involves local communities in the development process (Ghosh,2023).

In conclusion, the development of inland water transportation on the River Khawthlangtuipui Tuichawng in Lunglei District is a significant step towards advancing Mizoram's development

goals. By utilizing natural resources and promoting sustainable transportation, the state aims to achieve greater connectivity, economic prosperity, and environmental sustainability for its people (Jain, 2021).

TRIPURA: Setting up of Linkage with Meghna River System in Bangladesh by developing Gumti River

Tripura, The state is famous for its diverse culture, lively festivals, and stunning scenery. However, like many places, Tripura struggles with water management and connectivity issues. One major problem is the lack of access to water resources, especially during dry periods, which impacts farming, people's lives, and overall progress (PIB Delhi, 2022). To tackle these challenges and improve connectivity, there's a plan to link with the Meghna River system in Bangladesh by developing the Gumti River. The Gumti River, which flows through Tripura, has the potential to enhance water connections and support various economic activities.(PIB Delhi, 2022.)

Creating a link with the Meghna River system requires careful planning and cooperation between India and Bangladesh. This effort aims to use water resources more effectively and increase water availability for farming, drinking, and other needs. By connecting with the Meghna River, Tripura can benefit from extra water during the monsoon season, reducing water scarcity in dry times. Moreover, this connection can boost transportation and trade between Tripura and Bangladesh, promoting economic growth and regional unity (Jain, 2021). Better waterway connections can make it easier to move goods and people, improve trade relationships, and create new opportunities for business and tourism. In addition, developing the Gumti River can have environmental advantages, including better water management, protecting aquatic ecosystems,

and reducing the impact of floods and droughts. Managing water resources well is crucial for preserving biodiversity and supporting the communities that depend on river ecosystems (Jain, 2021) . However, carrying out such a project requires thoughtful planning, considering the environment, and working together with stakeholders from both India and Bangladesh. It involves tasks like building infrastructure, agreeing on water sharing, assessing environmental effects, and involving local communities. The effort to connect with the Meghna River system through the Gumti River's development could bring positive changes for Tripura's economic and social growth. It's a significant step in addressing water issues, improving connections, and strengthening bonds between neighboring areas. With sustainable management and teamwork, this project has the potential to make a difference and contribute to the region's prosperity (Jain,2021).

All the above projects aim to comprehensively develop the northeast region and as well as boost India's Act East policy by extending the connectivity and trade eastward.

India- Japan Act East Forum

The India-Japan Act East Forum was set up in 2017 to create a platform for collaboration between India and Japan in the North Eastern Region as part of India's Act East Policy and Japan's vision for a Free and Open Indo-Pacific. India and Japan met in New Delhi on 15 March 2022 for the sixth joint meeting of the India-Japan Act East Forum (AEF). They discussed the progress of ongoing projects in areas like connectivity, hydropower, forest management, water supply and sewerage, skill development, and Japanese language education (MEA, 2023). The India-Japan Initiative for Sustainable Development in Northeast India was established to develop

India's Northeast Region and promote connectivity in the region and with Southeast Asia. The initiative aims to encourage B2B collaboration between India and Japan, promote tourism and cultural exchanges, enhance skill development, and cooperate in the development of urban areas. Further exploring the idea of establishing a Japan Industrial Township (JIT) in Nagaon, Assam to attract investments and boost manufacturing; also looking into collaboration for the Kohima Smart City Mission to promote sustainable urban development. Improving the healthcare system and enhancing the quality of medical education in Assam; discussing potential cooperation for setting up a tertiary Super-Speciality Cancer and Research Centre in Aizawl, Mizoram and enhancing the functions of the medical college hospital in Kohima, Nagaland. (MEA, 2023).

Encouraging the sustainable use of forest resources through ongoing projects in Tripura, Nagaland, Sikkim, and Meghalaya. Working on the development of new and renewable energy with the ongoing Project for Renovation and Modernization of Umiam- Umtru Stage-III Hydroelectric Power Station in Meghalaya (MEA, 2023). Implementing Guidelines and Japanese methods for future road development under JICA's technical cooperation project; focusing on resilient connectivity through the project "Capacity Development for the Maintenance of Resilient Mountainous Highways" (MEA, 2023). Conducting mock drills for disaster management and discussing potential training for the Regional Emergency Management and Training Institute in Kohima, Nagaland. Continuing the North-East Road Network Connectivity Improvement Projects, including Phases 1-5 in Meghalaya, Mizoram, Tripura, and Assam, as well as Phase 6 in Tripura. Exploring the potential of Phase 7 in Meghalaya and considering the up gradation of State Highways, Major District Roads, Other District Roads, and Replacement of steel bridges in Sikkim (Kesavan, 2020).

CHAPTER – IV

Economic Potential Of Act East Policy On The North Eastern Region

The Indian government has introduced the Act East Policy as a key diplomatic and economic strategy. This policy's main focus is on building strong relationships with Southeast Asian countries, offering great opportunities for the North Eastern region of India. Known for its beautiful landscapes and diverse cultures, the North East has always been seen as a gateway to Southeast Asia. By making the most of its economic potential through the Act East Policy, positive changes can be brought about, improving the lives of many people living in this area. The Act East Policy is a new approach compared to the previous Look East Policy, placing importance on actively engaging with ASEAN nations and other important players in the Asia-Pacific region (Haokip,2011). The goal is to promote economic cooperation, improve connectivity, and encourage cultural exchanges. By taking advantage of its close proximity and historical connections, India aims to strengthen trade, investments, and relationships with its neighbours in the east. The Geographical Importance of the North East With its eight states rich in natural resources and cultural heritage, the North East plays a crucial role in connecting India to Southeast Asia. However, due to challenges like rough terrain and inadequate infrastructure, this region has not fully benefited from the country's economic activities (Haokip,2011). Unlocking Economic Opportunities in the region The Act East Policy offers a great chance to tap into the economic potential of the North East. By improving transportation through roads, railways, airways, and sea routes, the goal is to integrate the region into the larger economy of

the area. Better infrastructure will make it easier to move goods, services, and people, reducing costs and boosting trade (Barua, 2020).

By Promoting Trade and Investment, One of the main aims of the Act East Policy is to increase trade and investment between the North East and Southeast Asian nations. By improving access to markets, reducing tariffs, and eliminating trade barriers, favourable conditions can be created for bilateral trade. Setting up trade centres and special economic zones will also attract foreign investments, leading to more job opportunities and industrial growth in the region. **Utilizing Natural Resources** like The North East region is abundant in natural resources like oil, natural gas, coal, and hydropower. By forming partnerships and collaborations with Southeast Asian countries, these resources can be used efficiently for mutual benefit. Additionally, initiatives to support sustainable agriculture, eco-tourism, and handicrafts will help in the socio-economic growth of the region (Barua, 2020).

Through Boosting Tourism and Hospitality in The North East has the potential to become a popular tourist destination due to its beautiful landscapes, diverse wildlife, and rich cultural heritage. The Act East Policy aims to improve tourism and hospitality facilities by developing tourist circuits, accommodations, and cultural events. By highlighting the region's cultural diversity, tourism can help boost the economy and create job opportunities. **Empowering Local Communities** which is A key aspect of the Act East Policy is to empower the local communities in the North East (Haokip, 2011). By involving them in decision-making and providing training opportunities, their skills can be utilized for sustainable development. It is important to focus on empowering women and marginalized groups to ensure that everyone benefits from growth and social unity. **Addressing Challenges and Risks** as in, While the Act East Policy has great

potential, it also faces challenges such as infrastructure issues, bureaucracy, security risks, and environmental concerns. By taking a comprehensive approach and involving all stakeholders in discussions, these obstacles can be overcome, leading to inclusive and sustainable development in the North East. Basically the Act East Policy is crucial for unlocking the economic potential of the North East region of India. By strengthening ties with Southeast Asian countries, improving connectivity, boosting trade and investment, and empowering local communities, this policy can bring positive changes that lead to growth and development (Haokip,2011). However, it will require cooperation from the government, private sector, civil society, and international partners to fully realize its benefits. With determination and collaboration, the Act East Policy can bring about a new era of prosperity and growth in the North East, making it a dynamic hub of economic and cultural activities in the Asia-Pacific region.

The Economic Impact Of The Act East Policy On North-East India

North East has the potential to be transformative by fostering greater trade and investment opportunities with Southeast Asian nations, the policy aims to enhance connectivity, promote economic growth, and create new avenues for development in the region. Infrastructure development, particularly in the form of improved roadways, railways, and ports, will facilitate the movement of goods and people, boosting commercial activities. Additionally, increased cross-border trade could lead to a diversification of the region's economy, reducing its dependence on traditional industries like agriculture. The Act East Policy has the capacity to attract foreign direct investment and stimulate entrepreneurship, ultimately contributing to job creation and poverty alleviation in the North Eastern region. To fully realize these economic

benefits, proactive policy interventions and sustained engagement with regional stakeholders are essential (Haokip, 2011).

Infrastructure Development And Connectivity Initiative

Infrastructure development and connectivity Initiative plays a crucial role in the economic transformation of the North Eastern Region. Improved infrastructure, such as roads, railways, airports, and ports, enhances connectivity within the region and beyond, facilitating the movement of goods, services, and people. Initiatives like the Bharatmala Pariyojana and the Kaladan Multi-Modal Transit Transport Project aim to strengthen transportation networks in the region, promoting trade and investment. Furthermore, the development of border trade points and the implementation of the "Trilateral Highway" connecting India, Myanmar, and Thailand can significantly boost economic activities in the area. By investing in infrastructure and connectivity, the North East can leverage its geographical advantage to become a hub for trade and commerce, attracting businesses and fostering economic growth (Haokip, 2011).

Socio-Economic Development In The North-East Region

The Socio-economic development in the north eastern region plays a pivotal role in fostering cultural exchange and regional prosperity. The Act East Policy has been instrumental in promoting economic growth by leveraging cross-border trade and investment opportunities. Through improved connectivity and infrastructure development, the region has witnessed a boost

in trade with Southeast Asian countries, enhancing cultural exchanges and fostering mutual understanding. As economic ties strengthen, avenues for cultural collaboration expand, leading to the preservation and promotion of indigenous art, craft, and traditions. Additionally, increased economic activities create employment opportunities and spur socio-economic advancements, contributing to the overall development of the region. The synergy between socio-economic development and cultural exchange under the Act East Policy underscores its significant potential in transforming the North Eastern region into a vibrant hub of cultural diversity and economic prosperity (Haokip, 2011).

Economic Potential: Shifting Strategies in Act East Policy

The Act East Policy has shifted its focus from providing financial aid to emphasizing the importance of opening trade avenues in order to unlock the economic potential of the region. This change marks a significant step towards economic growth, development, and regional integration. While financial aid has been a key aspect of international relations, it often fails to address long-term economic sustainability. Policymakers are now taking a more proactive approach by prioritizing trade, which shows great promise in stimulating economic growth and prosperity (Kesavan, 2020).

Opening up trade allows for the exchange of goods, services, and investments, leading to increased productivity and efficiency. It also encourages competition among businesses, motivating them to innovate and enhance their products and services, ultimately benefiting consumers with higher quality offerings. Additionally, trade fosters deeper economic integration among nations, strengthening relationships and promoting mutual understanding.

By diversifying trade under the Act East Policy, new opportunities for economic growth are created beyond traditional markets. This helps to reduce dependence on a limited number of trading partners and lessens the risks associated with economic shocks and geopolitical tensions. However, transitioning from a focus on financial aid to trade-centric strategies requires significant efforts and investments in infrastructure, regulatory frameworks, and capacity building (Kesavan, 2020).

Countries must prioritize the development of strong trade infrastructure, such as ports, roads, and customs facilities, and harmonize trade policies and regulations across borders to create a conducive environment for businesses to succeed.

Developing Foundation In North East India

Northeast India has a lot of potential for growth and is a beautiful region with diversity. However, there are challenges that need attention to support its development. Some important areas to focus on: Improving infrastructure which includes working on transportation networks, communication systems, and energy facilities. Investing in education and skill-building, Which will help the youth in the Northeast prepare for job opportunities by promoting STEM education, vocational training, and entrepreneurship programs. Achieving sustainable development which is extremely important to balance economic growth with protecting the environment by promoting sustainable agriculture, responsible management of natural resources, and addressing climate change. Strengthening healthcare services includes Access to quality medical care is essential for the well-being of the population. And Empowering communities,

Supporting self-help groups, microfinance initiatives, and programs that promote women's empowerment and social inclusion can create a more just society. There are organizations like the North Eastern Development Foundation (NEDF), Ministry of Development of North Eastern Region (DoNER), and NEIMUN Foundation working towards the development of Northeast India. NEDF focuses on sustainable development, DoNER Ministry oversees initiatives for the region, and NEIMUN Foundation aims to empower young people for leadership roles in the region (Barua, 2020).

LEP/AEP, Development & Connectivity Constructions

The Indian government has initiated the Look East Policy (LEP), also known as the Act East Policy (AEP), to enhance its relationships with Southeast Asian countries. One important part of this policy is to improve connectivity between India and Southeast Asia by constructing roads, railways, waterways, and airways. These projects aim to make it easier for goods, people, and ideas to move between the two regions, ultimately boosting economic growth and development for both (Kesavan, 2020).

India's economic model post-independence was not functioning effectively. Critics claimed that government regulations restricted trade and economic development. Influential groups had a strong impact on government decisions, while corruption within the bureaucracy further hindered progress. This outdated model could not keep up with the demands of a growing economy, especially in terms of infrastructure (Kesavan, 2020).

A new strategy called neoliberalism gained traction in the 1980s. This approach emphasized free trade and reduced government intervention. In the 1990s, India embraced these reforms in an

effort to address the shortcomings of the previous system. The government relaxed its control over the economy, allowing more private enterprises to take part. This shift was intended to stimulate economic growth and enhance trade opportunities (Singh, 2018).

In 1991, India adopted the Look East Policy as a way to show that the country was changing its economy for the better. It was understood that India's path to becoming a major power depended on growing its economy and using trade, investments, international migrations, economic sanctions, and financial lending as tools of foreign policy. As relations improved with Southeast Asian countries and the economy grew in the 1980s, India became less worried about Chinese involvement in uprisings in Northeast India. Instead, India felt more sure of its ability to make a difference in the region through building roads and developing infrastructure (Singh, 2018).

The Indian foreign policy shifted its focus to creating a healthy external economic environment in the late 1980s. During this time, India experienced political instability with successive governments lacking a majority in Parliament. By 1991, the Congress party finally formed a more stable government. However, India faced challenges such as a decrease in remittances from the Gulf crisis and disrupted trade with East European countries transitioning from communism. These factors, along with domestic financial burdens from populist policies, defense spending, and subsidies, depleted India's financial reserves (Singh, 2018).

The economic reforms that took place alongside the LEP were prompted by a balance-of-payments crisis caused by financial distress. This period highlighted the importance of foreign capital for national economic development and the need to enhance the competitiveness of Indian goods in international trade. The reforms aimed to integrate the Indian economy with the global economy by attracting foreign investments and setting targets to increase Indian exports (Haokip, 2011).

As India sought to safeguard its external economic environment, the rise of the 'Asian miracle' and the emergence of the Asian Tigers inspired Indian foreign policy to explore economic opportunities in Southeast Asia. Since the economy was opened up, there has been a focus on increasing trade output and economic productivity by developing roads and other connectivity infrastructures. The expansion of transportation and communication networks has played a crucial role in improving trade routes as part of the development model after liberalization. External trade policies, especially in the context of LEP/AEP, have recognized the importance of connectivity infrastructures for trade growth (Haokip 2011). The connection between infrastructure development and economic growth has influenced the way road construction programs are viewed politically. Building more roads is considered a sign of economic progress. In India, both state and central governments have used road construction as a measure of their performance. For instance, during the 2015 state-level elections in Bihar, the ruling Janata Dal (United) government and the Bharatiya Janata Party (BJP) engaged in poster campaigns criticizing each other's successes and alleged corruption in road construction projects in Bihar . (Singh, 2018). The narrative of rapid economic growth in India after liberalization has been greatly influenced by the road construction sector. The pace of road construction picked up following economic liberalization. In 1995, the National Highways Act, 1956 was amended to allow 100 per cent foreign direct investment in road construction. This change led to private investments filling the gap left by insufficient state funds for highway construction and maintenance, resulting in an expansion of private participation in road construction, transport, and connectivity sectors. Private infrastructural companies flourished in an environment conducive to sector growth (Singh 2018). By 2008, private participation in public-private joint road constructions was estimated to have reached up to US\$150 billion. However, this estimate

has been surpassed recently by the National Institution for Transforming India (NITI) Aayog, which re estimated total investments in the road construction sector to be growing at ₹500,00,000 million or about US\$730 billion (MEA, 2020).

Roads and connectivity infrastructures have played a vital role in extending economic opportunities to peripheral areas of the country. The establishment of real estate hubs near expressways has benefited the urban middle class in India, providing housing amenities, tourism destinations, and shopping complexes. For rural populations, improved road access has enhanced livelihood opportunities (Kumar, 2022).

In the outer regions of the Indian North Eastern Region, the LEP/AEP has boosted the growth of connectivity infrastructures, leading to a positive response from industrial investors and traders both from within and outside the region. This support is evident in the participation of investors and businesses in investment summits held in the capital cities of the region. For instance, the 'Advantage Assam' summit in 2018 saw corporations pledging to invest ₹64 3,860 million or US\$9 billion in Assam (Singh 2018). The state governments in the region view road and bridge construction projects as crucial for economic development, aligning themselves with the vision for accelerated economic growth (Haokip 2011).

The significance of road and connectivity constructions for economic development is not limited to India, but can also be observed in Southeast Asia. Governments in countries like Thailand, Indonesia, and Laos have utilized road constructions to maintain political control in insurgency affected areas and to drive economic growth in politically unstable regions (MEA, 2020). In Northern Thailand, the transformation of local rural economies was witnessed with the improvement of laterite roads into motor able roads, enabling women to transport agricultural produce to urban centres like Chiang Mai. As roads were constructed over a thirty-year period,

the aspirations of villagers evolved, with a focus on better education, urban job opportunities, and reduced travel time to Chiang Mai (MEA, 2020).

The approach to development in India underscores the importance of infrastructure constructions in driving economic transformation in the underdeveloped Northeast region. With a focus on economic reforms, sustained growth, and integration with East and Southeast Asia, the development of the Northeast region holds a central position in the LEP/AEP (Haokip 2011). The policy emphasizes the development narrative over violent insurgencies in the region, although challenges still persist. Since the 2000s, state security objectives have been complemented by developmental initiatives aimed at improving physical connectivity through road construction projects. In Tripura state, for example, the success of a Left Front government incumbent in the state until 2018 in transforming a long-drawn environment of political violence in the state was attributed to construction of roads to remote villages formerly affected by violent contestations of the state and armed groups in Tripura and to the initiative of the government in the development of associated basic interconnected public infrastructures, such as schools, community halls, and hospitals (Kumar,2022).

Focus On Building Infrastructure Is Central To The LEP/AEP

The LEP/AEP found benefits for Northeast India in forming stronger ties with ASEAN, unlike past regional development policies. It pointed out the shared cultural history and trade routes between Northeast India and Southeast Asia. Historical evidence shows that South India and Southeast Asia have had trade, migration, language, culture, and religious connections for

thousands of years. Indian soft power, including Hindu, Buddhist, and Islamic influences, spread to Southeast Asia, creating a link between the two regions.

The Northeast region had closer connections with Southeast Asia through land routes rather than sea routes. The Stilwell road during World War II connected Upper Irrawaddy and Chindwin with eastern Assam, allowing tribes like Singpho, Shan, and Naga to migrate across borders. Similarities in food habits and lifestyles were also observed among people in these regions (Haokip 2011).

After India gained independence, road construction became crucial for improving connectivity within the country. The partition of British India disrupted overland connections between Northeast India and other parts of the country. This isolation hindered industrial growth in the region. Despite efforts to improve connectivity, the Northeast remained cut off from the rest of India, impacting industrial investment and output. The issue of connectivity in the Northeast was complex and challenging (Barua,2020). The lack of connectivity hindered industrial development, leading Indian development planners to relocate projects and production units outside the region. The progress of Northeast India depended on having access to connectivity. Although the government acknowledged the importance of establishing connections across its territories post-independence, the development of connectivity in Northeast India was slow. A bridge in Guwahati completed overland connectivity across both banks of the Brahmaputra River in Assam and West Bengal in 1962. The Brahmaputra River, which runs through Assam, historically posed challenges for building bridges, isolating areas of the region. Crossing the river delayed land-route communications, with passengers having to alight in Guwahati and cross the river to continue their journeys. In 1987, another bridge was opened across the

Brahmaputra, joining the Guwahati bridge as the only crossings over the wide river (Haokip 2011).

India's foreign policy in the east, influenced by the changing nature of international economic interactions and the push for market expansion, emphasizes the importance of road and connectivity projects across international borders. The goal is to facilitate international trade with neighbouring countries in Northeast India like Bangladesh, Nepal, Bhutan, Myanmar, and the ASEAN. In relations with Bangladesh, India has sought commercial transit passage through Bangladeshi territories to improve connectivity. Issues related to connectivity, such as reopening railway lines and land and river routes established during the colonial period, have played a key role in recent India-Bangladesh diplomatic relations (Barua, 2020). The LEP/AEP has given more importance to developing infrastructural connectivity with Northeast region's international neighbours than to usual bilateral foreign relations in Indian foreign policy. The focus on connectivity is crucial for shifting away from traditional ideologies in Indian foreign policy and tapping into increased economic opportunities. Northeast India, located between South Asia and Southeast Asia, has felt the impact of these policy changes. The region is seen as a gap between the growing Indian economy and the economic possibilities offered by Southeast Asia (Kesavan, 2020).

Since the launch of the LEP, there has been a noticeable emphasis on improving existing National Highways that connect the Northeast region with the rest of India. Projects to build bridges over the Brahmaputra River have increased significantly since the opening of the second bridge in 1987. In addition to the four new bridges, the Assam state government plans to construct six more bridges across the river in 2018 (Kesavan, 2020).

These bridges are part of a scheme inspired by the LEP/AEP to connect navigable rivers in the region and with neighbouring countries. Along with road development, navigable rivers are being looked at as potential traditional access routes. These rivers are shared between Northeast India, Bhutan, Myanmar, and Bangladesh, and were historically used for trading goods. The rivers are part of larger river systems like the Brahmaputra, Surma-Barak-Meghna, Karnaphuli, and Kaladan rivers. These rivers can serve as international transit routes due to their crossing of international borders within the region (Barua, 2020).

The Kaladan Multimodal Transport Project is a road and riverine link connecting Indian territories in Mizoram to Sittwe Port in Myanmar. River routes and highways are being developed to improve trade access to remote areas like Mizoram and Tripura in the Northeast region. The Trilateral Highway project aims to connect Moreh in Manipur to Mae Sot in Thailand. India is constructing bridges and roads for the Tamu–Kalewa–Kalemyo section of the Trilateral Highway. Existing highways in Assam, Meghalaya, Nagaland, and Manipur have been integrated into Asian Highways AH1 and AH2, which stretch from Tokyo to Istanbul (MEA, 2020). Since 2014, India has been working with ASEAN members Laos, Cambodia, and Vietnam on the Mekong–India Economic Corridor project. This initiative aims to boost economic growth in both India and ASEAN countries and enhance multilateral trade through new connectivity routes. In addition to international projects, Northeast India is focusing on local road and connectivity expansion initiatives to support the development of feeder trade routes. Efforts to improve inter-sub region connectivity have led to the establishment of two state institutions—the Ministry of Development of Northeast Region (MDoNER) and the North Eastern Council (NEC)—which are responsible for implementing schemes to enhance regional infrastructural connectivity (Barua, 2020).

In 2015, the MDoNER introduced the Northeast Road Sector Development Scheme and assigned the NEC with the responsibility of carrying it out. The scheme focuses on revamping and widening neglected inter-state roads in the Northeast region. The NEC has identified a total of 1,665.75 km of inter-state roads ready for redevelopment. In the financial year 2016–2017, the NEC allocated almost 40% of its budget to the transportation and communications sector, the highest among all sectors (MEA, 2020). The state schemes for infrastructural development aim to develop socio politically backward areas, enhance state security objectives, and create market access for agricultural products, aligning with the vision outlined in the LEP/AEP (Singh, 2018). The impact of the LEP/AEP has prompted the state to improve connectivity infrastructure beyond just road construction and river navigation routes, including railways and airports. Despite the concentrated location of connectivity infrastructures in Northeast India, efforts are being made to cover distances from industrial sites, business hubs, and metropolitan cities through air connectivity. Plans are in place to develop twelve airports by constructing new ones and upgrading existing ones, along with larger airports like Guwahati and Imphal, to enhance air connectivity within the region. (Singh, 2018).

Until recently, Northeast India was the only region in the country without railway lines in some states. However, with a focus on connectivity in developmental policies, projects to construct nine new railway lines connecting Meghalaya, Manipur, Tripura, and Arunachal Pradesh, along with two gauge conversion projects, have improved rail connectivity in the region. By following the LEP/AEP guidelines, state governments anticipate that enhanced roads and connectivity infrastructure will unlock the potential of north-eastern states as a budding trade hub in the South East Asia region (Singh, 2018).

The LEP/AEP Approach To Regional Development

The LEP/AEP emphasizes the importance of improving infrastructure and connecting roads in South Asia and Southeast Asia to elevate the Indian North Eastern Region on a global scale. The goal is to transform the region from its previous isolated state to a key trade hub (Nath & Kumar, 2017). By enhancing connectivity, Northeast India can become a strategic trade centre, boosting India's position in South Asia and Southeast Asia. This vision combines foreign policy goals with economic development objectives for the region (Nath & Kumar, 2017).

Historically, the Northeast region has lagged behind other parts of India in terms of industrial progress and economic advancement. This was due to neglect from the central government, resulting in regional unrest. The state exploited the region's natural resources without making substantial investments in industrial growth. Protests in the past, such as the Assam Movement, aimed to address the lack of attention to societal needs and cultural preservation. Instead of advocating for economic independence, agitation in states like Manipur, Meghalaya, Mizoram, and Nagaland focused on cultural recognition and security (Nath & Kumar, 2017).

Improving transportation, connectivity, and trade infrastructure in Northeast India could potentially transform the region into a vital link between the economic opportunities in India and Southeast Asia. By investing in trade-enhancing infrastructure and industrial development, the LEP/AEP aims to follow neoliberal principles that promote economic growth by reducing government control and fostering trade and industry. The infrastructure-focused development strategy for the Northeast region believes that improved connectivity will stimulate economic growth through the market economy (Nath & Kumar, 2017).

The neoliberal approach to development does not prioritize creating equal economic opportunities. The poor are at risk of being affected by the economy's exposure to market volatility. The development model lacks a focus on ensuring economic growth benefits the poor. While the rich can increase their income without state intervention, the poor's income growth is limited, especially in regions like Northeast India where income levels are historically low. Even with construction projects aimed at creating opportunities, the poor in this region may not be able to take full advantage of them (Kumar, 2022).

The impact of trade and infrastructure development under the neoliberal model in Northeast India is still being studied. Road construction, often seen as a sign of development, may not benefit all groups equally. Inequitable effects of road construction affect the region, which has seen an increase in materialistic influences (Kumar, 2022). Despite infrastructure development, the north-eastern states lag behind the national average in terms of human development. Research has not found a clear link between road construction and social development.

Critics of the infrastructure projects in the region have called for state policies that focus on improving the economy to participate in export-oriented businesses. Infrastructure projects have overshadowed social development goals, prompting civil society organizations to advocate for a greater focus on social welfare. The organization Krishak Mukti Xongam Xomiti (KMSS) in Assam is against large infrastructure projects like building highways and dams. They believe that the poor people in society will not benefit from this development. Instead, they argue that the poor are losing their land and ways of making a living because land is being taken away for these projects (Nath & Kumar, 2017).

The CSOs protesting in the Northeast, especially in Assam, believe that the large investments in infrastructure are helping wealthy investors take control of economic resources in the region. They are unhappy that state lands are being given to industrial investors without considering landless peasants. A decision to give land to Patanjali Yogpeeth Trust in 2018 was criticized by local CSOs as favouring capitalist interests (Nath & Kumar, 2017).

State programs and investor meetings in Northeast India after the LEP/AEP focus on using the improved connectivity for industrial growth. While investors support this, groups like KMSS oppose tolls on national highways built with private sector involvement (Nath & Kumar, 2017). Protestors argue that the improved access routes benefit big businesses more than indigenous people. Peasants protesting have not shown interest in export-oriented agriculture that may develop due to the LEP/AEP. Groups in Manipur and Meghalaya oppose extending railway lines, fearing it may attract non-indigenous traders and investors, reducing opportunities for locals. During the time of increased investment in physical infrastructure in the region, organizations like the AJYCP in Assam, the JCILPS in Manipur, and the KSU in Meghalaya are seeking to protect the people of the states. They want to ensure that the new labor movement brought about by the connectivity projects does not harm the livelihoods of the locals. In Manipur, various groups focused on human rights, social reforms, and environmental protection have stopped railway expansion projects. The JCILPS workers are monitoring road entries into Manipur to prevent the alleged entry of people from Bangladesh for construction work (Sanyal 2013).

The social protests against connectivity seem to stem from a fear of losing traditional rights over land and resources as the region undergoes economic changes. The average person in the region,

especially tribal communities, may not see immediate benefits from new economic opportunities but could face challenges with land ownership. Local protests have criticized industrial projects for not providing enough support to those displaced by development. In the past, industrialization in Northeast India was criticized for focusing on mining rather than manufacturing, leading to concerns about social development opportunities. The recent industrial investments in the region have raised worries about resource extraction without supporting local businesses (Sanyal 2013). Despite the growth in India-ASEAN trade, exports from the Northeast region make up less than 1% of India's total exports. Samaddar and Mitra (2016) studied the recent expansion of resource-extracting industries in Northeast India after the adoption of LEP. Their research reflects the concerns of CSOs who are skeptical about the development of infrastructure and industrial investments under the LEP/AEP. They feel that the region is being limited to just a logistics hub and trade facilitator (Nath & Kumar, 2017).

Despite the government's efforts to attract investments through investor summits and business conclaves, local businesses have not seen much growth, especially since the transition from LEP to AEP. This could be because the focus of infrastructure development under LEP/AEP is on facilitating trade rather than supporting local enterprises and capital. The only Inland Container Depot (ICD) in the Northeast region, located in Amingaon across the Brahmaputra river from Guwahati, has mainly seen outgoing cargo movements since the implementation of LEP/AEP, particularly to Kolkata Port. This ICD, primarily used for shipping tea from Assam, indicates a lack of growth in export-oriented trade from the region (Sanyal 2013). The LEP/AEP in Northeast India has big goals. It wants to turn the region into a trade and investment hub by improving infrastructure like roads, ports, and communication networks to connect South Asia and Southeast Asia. This is a big change from the usual focus on security. The LEP/AEP aims to

boost trade and investment in the Northeast to achieve both political and economic goals (Sanyal 2013).

However, some people have worries about this focus on infrastructure development. They say that the LEP/AEP model only cares about physical infrastructure and doesn't pay attention to local businesses and social development. They think that just building roads and ports won't automatically lead to new businesses or prepare people for new job opportunities. Faizal Yahya, a scholar from South Asia, says that India's connection with Southeast Asia has mostly been about improving physical infrastructure (Sanyal 2013).

Critics also say that the LEP/AEP's neoliberal approach, which believes in limited government involvement in the economy, isn't enough to help the local population get ready for the new economic opportunities. Even though better infrastructure has brought in some industrial investments, critics say it hasn't done much for the manufacturing sector. Some people, like anthropologist Dolly Kikon, think that the LEP/AEP is just a way to take resources from the region. Kikon thinks that focusing on big infrastructure projects without thinking about social development could turn the Northeast into just a trade route instead of a place with a strong local economy (Nath & Kumar, 2017).

CHAPTER – V

Strategic Significance Of Act East Policy On The North Eastern Region

Overview

The Act East Policy (AEP) is a new approach for India's Northeast Region, changing it from a security issue to a possible economic powerhouse. Instead of being viewed as an isolated area, the Northeast is now recognized as a crucial link between South Asia and Southeast Asia. AEP aims to create roads, ports, and communication networks to facilitate the movement of goods and people, promoting regional trade and enhancing India's economic ties with Southeast Asian nations to counter China's influence.

However, AEP is not solely about money. A prosperous Northeast leads to a more stable Northeast. By fostering economic growth and unity, AEP aims to address the underlying causes of unrest in the region, potentially resulting in more jobs, improved living conditions, and reduced violence. Additionally, a united Northeast bolsters India's strength in the face of potential border disputes. The success of AEP hinges on striking the right balance. While developing infrastructure is crucial, neglecting education and training for locals could reduce the Northeast to merely a trade route, rather than a region that benefits from economic development. The true value of AEP lies in its ability to not only boost the Northeast's economy but also ensure its social and political stability, thereby securing India's position in Asia's evolving landscape (Kalita, 2018).

The North Eastern Region (NER) serves as a key entry point to the South East Asian region, offering a unique opportunity for New Delhi to strengthen connections with neighboring countries in South and South East Asia. With its abundant natural resources including energy, natural gas, coal, oil, limestone, and minerals, this region has the potential to become a powerhouse for India. Additionally, the region boasts a wealth of water resources from the Brahmaputra River and its tributaries, as well as a variety of agricultural products such as plantation crops, medicinal plants, horticultural products, vegetables, and spices. The North East also presents tourism opportunities with its diverse flora and fauna, scenic landscapes, vibrant performing arts, and handicrafts (Mézard, 2016).

Bordering Nepal, Bhutan, China, Myanmar, and Bangladesh, North East India shares a 4500km international border, with Myanmar serving as a key gateway to South East Asia and sharing a 1643km boundary with states like Arunachal Pradesh, Manipur, Mizoram, and Nagaland. Former Indian President Pranab Mukherjee believed that the North East region could benefit from India's growing relationships with South East and South East Asia through cross-border trade, which could help lift the region's people out of poverty, economic challenges, and foster prosperity by promoting entrepreneurship and skills development. Given its strategic geographic location, the North Eastern region of India has the potential to leverage its position for the benefit of the entire country and the region itself (Kalita, 2018).

Opportunities & Challenges

It is important to talk about the possibilities that come with this approach and also address the obstacles that may arise. Three key pillars - Culture, Commerce, and Connectivity - offer numerous opportunities to empower the people of North East India, create development

prospects, and establish a welcoming environment for investment from South East Asian countries. These pillars have played a vital role in strengthening connections with South East Asian nations, and going forward, there is a need to enhance connectivity through technology, transportation, and cultural exchanges within the region. In recent years, India's relationships with South East Asian countries have significantly improved, making it essential for the North Eastern region of India to take on a central role in the overall "Act East" policy by leveraging its historical socio-cultural connections and geographic proximity to South East Asian countries (Choudhury, 2017).

The "Act East Policy" offers several opportunities for the development of the North Eastern region of India:

1. Improving connectivity and physical infrastructure to boost trade.
2. The rich biodiversity of the North Eastern region can attract tourists from South Eastern countries.
3. Abundant natural resources such as coal, oil, spices, natural gas, and limestone can be exported to South East Asian countries.
4. The "Act-East" policy can attract investors from South East Asian countries to invest in various sectors of development.
5. Strengthening bilateral or multilateral relationships with South East Asian countries through cultural exchanges, sports, academics, and medicinal research.
6. India can enhance ties with South Asian countries due to cultural and civilization connections, leading to increased connectivity between the two diverse societies.

Moreover, the North Eastern Region, as well as India in general, still have many opportunities. The successful implementation of India's revised 'Act East' policy has strengthened relationships

with South East Asian countries. The main focus of the policy is to enhance connectivity through cultural, commercial, and sports exchanges with ASEAN countries. Efforts have also been made to improve connections with regional forums like BIMSTEC, which acts as a link between ASEAN and SAARC. Additionally, there is a proposal to hold annual meetings between ASEAN and IORA to further enhance ties. The Indian government has also emphasized on promoting Yoga and reviving Nalanda University to increase its soft power influence in the region (MEA). In conclusion, the 'Act East' policy has opened up various opportunities for the North Eastern region in terms of infrastructure development, economic growth, education enhancement, and employment generation. Despite these opportunities, there are challenges that need to be addressed for the successful development of the region (Dubey, 2014).

Some of the challenges are:

1. The North East Region lacks proper infrastructure, with most state roadways in poor condition. Limited connectivity with the rest of India has made implementing policies difficult.
2. ASEAN presents an economically and politically diverse landscape. Various countries within ASEAN have different political structures, ranging from communist governments to monarchies, which creates an uneven playing field.
3. Insurgency in the North Eastern Region hinders development and discourages investors due to the constant fear and insecurity. Success of any policy is limited in such circumstances.
4. Lack of coordination between government agencies in the North East is a major concern, especially in terms of security. The presence of multiple troops and special laws like AFSPA further complicate the situation. Illicit trade in goods, arms, and narcotics adds to the challenges faced by policymakers.

5. The incapacity of states, particularly the North Eastern Council and Ministry of Development of North Eastern Region, poses a challenge to the success of the policy. Poor coordination between these agencies impacts the locally generated revenues in the North Eastern region (Bajpee, 2017).

In addition to the challenges mentioned above, there are a few other challenges that complicate the success of the "Act East" policy. These challenges include:

- a. The South China Sea issue
- b. Regional Security - China's assertive role
- c. The Chinese Diaspora controlling the economy in Malaysia, Indonesia, and Singapore
- d. The growing relationship between China and Russia
- e. India's lack of initiatives on trade and investment in South East Asian countries
- f. The issue of connectivity, which is a major obstacle to development.

Development Of Infrastructure

Most states Developing infrastructure is essential for the progress and advancement of any area. When we talk about infrastructure development, we are referring to improving the systems that provide important services like water supply, sanitation, electricity, roads, transportation, and communication. Having good physical infrastructure is key to enhancing connectivity within the region, as better connectivity can lead to a bigger market in the area. Currently, many states lack proper connectivity, causing them to function as isolated groups of villages with little to no trade between them. This results in villages producing a wide range of products instead of specializing in one. To address this, it is important to expand markets within and between states to allow villages to specialize based on their strengths and reduce production costs. This can be achieved

by improving connectivity and increasing the size of the local market before considering exporting products. In terms of road infrastructure, the North Eastern Region (NER) has a higher per capita road network due to its hilly terrain and low population density. However, the road length per unit area is only higher in Assam, Nagaland, and Tripura, with many of these roads being village and district roads. This highlights a need for more road infrastructure in the region, especially state and national highways to connect growth centers with the rest of the country. Improving road connectivity is essential in the region because other transportation options are expensive and hard to provide. Some states like Arunachal Pradesh, Manipur, Meghalaya, and Mizoram do not have railway routes, while Tripura and Nagaland have them in their plains areas.

The track density in terms of population and area is lower than the national average. Inland water transport could be a good alternative since there are many rivers in the northeast region. It is the cheapest mode of transportation, but it has not been successful due to poor navigation facilities. Lack of sufficient power is also a major issue hindering industrial and other development activities in the region lack power. It is clear that developing physical infrastructure is vital for the growth of industrial activity in the region (Mézard, 2016).

Trading In Northeast Region

Now, let's explore which products the northeast region could specialize in to export to East and Southeast Asian countries. To get some ideas, let's first look at what India trades with these countries. China and East Asia are now India's top trading partners, making up about 18% of India's total trade, while the EU and North America account for around 18% and 11% of trade, respectively. Back in 1987-88, India only traded about 8% with East Asia and China, and 30%

with the EU and 15% with North America (MEA.) The increase in exports to East and Southeast Asia aligns with India's focus on these regions. But how can the northeast region benefit from this? One way is that the northeast is well-placed to export products where it has an advantage compared to other parts of India. Alternatively, the northeast could act as a hub for the entire Indian market. We will first look at the question of whether the northeast has any advantage when it comes to trade. To understand this better, we should look at what kind of goods India trades with the East and Southeast Asia. Trade data shows that India mostly exports mineral fuels, oil, metal products, jewellery, chemicals, iron, steel, ships, boats, electrical equipment, vehicle parts, food, animal feed, and cotton products to these regions. Tea, coffee, and rubber make up a small part of India's exports to East Asia. In 2005-2006, only about 6% of India's total exports to East Asia were tea, coffee, and rubber. When we look at exports to specific countries like Indonesia, Malaysia, Thailand, Singapore, China, and Myanmar, we see that India mostly exports manufactured goods to them, with very little tea, coffee, or rubber. From this, we can see that most of India's exports are manufactured goods. This means that the northeast doesn't seem to specialize in any of the goods that India exports to these countries. In fact, in 2003-2004, manufacturing only made up 4% of the region's domestic product, and it was growing slowly (Barua, 2005). Assam is the only north-eastern state with some manufacturing focus, while most other states don't have any. However, the northeast has potential in products based on its resources that haven't been fully explored yet. Looking at the region's exports and imports, we see that it mainly exports primary products like tea and coal, as well as boulder stones, limestone, and fruits. With its abundant forest resources and good climate for growing horticultural and floral products, the region could export a variety of forest-based goods like rubber, vegetables, flowers, processed wood, and furniture. Like countries in Southeast Asia

such as Malaysia and Indonesia, the northeast could also use technology to lower transportation costs and make it easier to export goods internationally (Barua, 2005).

India's Export to ASEAN, 2005-06 Top Ten Commodities

<i>Commodity</i>	<i>Value (US \$ mn)</i>	<i>Share (%)</i>
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	2,462.94	23.66
Natural or cultured pearls, precious or semiprecious stones, pre-metals, clad with pre-metal and articles thereof, imitation jewelry, coins	1,590.44	15.28
Organic chemicals	834.34	8.01
Iron and steel	537.28	5.16
Residues and waste from food industries; prepared animal fodder	527.06	5.06
Ships, boats and floating structures	453.33	4.35
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	348.58	3.35
Copper and articles thereof	290.54	2.79
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts	279.8	2.69
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	239.94	2.3
Total – top 10 commodities (exports)	7,564.25	72.65
Total Export to ASEAN	10,411.30	100.00

Source: Export-Import Data Bank, Ministry of Commerce, Govt. of India.

Top Fifteen Commodities: India's Export to East Asia, 2005–06

<i>Commodity</i>	<i>Value (US\$ mn)</i>	<i>Share (%)</i>
Natural or cultured pearls, precious or semiprecious stones, pre-metals, clad .with pre-metal and articles thereof, imitation jewelry, coins.	107.11	10.66
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	53.76	5.35
Articles of iron or steel	52.95	5.27
Other made-up textile articles; sets; worn clothing and worn textile articles; rags	52.54	5.23
Articles of apparel and clothing accessories, not knitted or crocheted	46.1	4.59
Iron and steel	45.03	4.48
Articles of leather, saddlery and harness, travel goods, handbags and similar content, articles of animal gut (other than silk worm) gut	35.4	3.52
Pharmaceutical products	34.99	3.48
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	33.49	3.33
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts	33.47	3.33
Coffee, tea, mate and spices	30.37	3.02
Organic chemicals	28.7	2.86
Rubber and articles thereof	28.03	2.79
Carpets and other textile floor coverings	26.46	2.63
Miscellaneous chemical products	23.03	2.29
Total – top 15 commodities (imports)	631.43	62.86
Total Exports	1,004.50	100.00

Source: Export-Import Data Bank, Ministry of Commerce, Govt. of India.

However, in order to gain an edge in these products, it is important to focus on large-scale production and specialization. The current transport networks in states like Meghalaya, Arunachal Pradesh, and Nagaland are inadequate, leading to a situation where each state produces mainly for its own needs rather than for the market, despite having the potential to produce more. This lack of specialization and disjointed production is a result of the limited trading opportunities within and among northeast states. Therefore, before looking to global markets, the northeast region should focus on producing goods for its own market, but the lack of

connectivity and infrastructure within states poses a challenge. Another aspect to consider is the northeast's role as a gateway for trade with East and Southeast Asia (MEA,2020). Given that most trade with these regions is done via maritime transport, it would be costly for Indian exporters to transport goods from Ludhiana to the 'gateway of India' and then to destinations like Bangkok. Even if a cheaper mode of transport is available, exporting goods from Ludhiana and Delhi to these markets would have minimal impact on the northeast economy. Instead, focusing on producing goods that are in demand in East and Southeast Asia could lead to the development of industrial clusters and production hubs in the region. However, current export-import trends show that the northeast does not have a competitive advantage in these products (MEA, 2020)

Beyond The Border: Exploring The Future Of Trade

Landlocked countries often participate in border trade with neighbouring countries. Therefore, border trade is crucial for the northeast region, as 98 per cent of its borders are international, shared with Myanmar, Bangladesh, China, and Bhutan (with only 2 per cent shared with the Indian mainland). Specifically, Assam, Tripura, and Meghalaya share a border with Bangladesh, while Mizoram, Manipur, and Nagaland share a border with Myanmar. Arunachal Pradesh and Sikkim border the Tibetan region of China and the Himalayan mountains. Additionally, Assam shares a border with Bhutan. In 1995, informal cross-border trade in the region was estimated to be over Rs. 2,000 crore by the Indian Institute of Foreign Trade (Planning Commission 2006). The trade primarily involves items like precious metals, spices, vehicles, electronics, fabrics, and narcotic drugs (World Bank 2006). The northeast lacks a production base for these goods, possibly due to high tariffs that lead to informal trade. Informal trade between India and Bangladesh mainly includes agricultural products, pulses, timber, processed foods, and textiles.

India established a border trade agreement with Myanmar in 1994, which came into effect in 1995 at Moreh in Manipur. While there is no formal border trade agreement with Bangladesh, India initiated a border trade agreement with China through Nathula Pass in 2006 (Planning Commission 2006). Five border towns have been chosen for export infrastructure development, and 11 land custom points have been identified for priority infrastructure development as transit points for goods and services (NER Vision 2020 2007). Border trade agreements have certain limitations that restrict the number of tradable commodities. For instance, Nathula Pass allows the export of 29 commodities and the import of only 15 (Planning Commission 2006). India-Myanmar border trade is limited to 22 commodities. Only local traders are allowed to engage in trade, with the volume restricted to US\$ 1,000 (Planning Commission 2006). Goods can only be exchanged by ethnic or indigenous people living within 40 km on each side of the border. Poor road connectivity is a major challenge for expanding border trade in the region. Despite this, efforts are being made to promote trade in northeast India with neighbouring countries.

Projects like the Asian Highway Link, Asian Railway Network, and a Natural Gas Pipeline Grid, currently under consideration by BIMST-EC, are expected to improve communication in the Northeast region (NER Vision 2020 2007).

State Of The NER Economies

The north eastern region (NER) includes Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura, and extends to the north and east of the narrow Siliguri corridor. These eight states cover a total area of 2,62,189 square meters kilometres. The region has a long international border with china and Bhutan in the north, Myanmar in the east, and Nepal in the south and west, accounting for 8 per cent of the country's total population and

3.87 per cent of the country's total economic output. The majority of the hill states in the area, such as Arunachal Pradesh, Meghalaya, Mizoram, and Nagaland, are inhabited by the tribal people, with a high degree of diversity within the tribal groups. The NER is essentially a rural economy; almost 98% of the population lives in the rural sector, with an average population density of 149 people per square foot kilometres. The population distribution is also uneven across the states. Assam and Tripura are the two most densely populated states in the United States, accounting for almost 96 percent of the total NER population. These are also the two most able states to contribute to the NER's growth. The region was at the forefront of growth about 150 years ago, thanks to increased global trade and investment. The majority of the population in the valleys and plains relied on the vast river systems and small rivulets for food. The sea-route was used for international trade. The average household income in the region has fallen dramatically behind the rest of the country, as measured by per capita net state domestic product (GSDP) at Rs. 6,000, the price of this item will be determined by the customer. According to in data, per capita income in the undivided state of Assam was higher than the national average by 4% at the time of independence. The region's economic growth was better than the rest of the country under British colonial rule, which shows the region's tremendous growth potential. However, as the per capita GSDP increased slowly, the gap narrowed, and by the late 1960s, per capita income in the region had fallen behind. However, over time, differences in the per capita income growth rates between the region and the country increased. On average, the Indian economy in constant prices increased at 7.2 percent per year during the period 1999-00 to 2008-09, but the corresponding growth in the NER region was 6.67 percent. In parallel, the region's per capita income growth rate lags behind the national growth rate of the

region. The gap in per capita incomes between the country and the region has steadily increased, which is not surprising.

However, without the growth of the rural economy, it is impossible to envision the NER's growth. This is mainly due to two main reasons. Firstly, over 80% of the population of the area lives in rural areas, and its livelihood is dependent on the development of economic activities in rural areas. Secondly, there are abundant natural resources in the country, and utilizing them for the benefit of the entire population will require strengthening forward and backward links. The growth of rural economies in the area can be based on industries such as agriculture, forestry, cattle, minerals, and non-farm activities. The NER is a services-driven economy with 59% of annual average income coming from the services sector. Agriculture, on the other hand, is the NER's mainstay, accounting for 27 percent of GDP in 2008-09, and is a major source of employment and income for around 80% of the population. However, agricultural production has been uneven across regions and crops. The NER is also a net importer of food grains. Despite covering 8.8 percent of the country's total land area, the NER supplies only 1.5 percent of the country's total food grain production. Agriculture accounts for a significant portion of all north eastern states, up from 26% in Arunachal Pradesh to 20% in Sikkim in 2008-09. However, the share of agriculture has declined in all the states, except Nagaland, indicating that these states have undergone significant reforms. With the exception of Meghalaya, the share of manufacturing has declined in general, accompanied by a decrease in demand. In short, a structural shift means a constant increase in the gross domestic product's share of manufacturing and nonfarm outputs. The NER's share of manufacturing in GDP was only 6 percent in 2008-09 (MEA,2020). The percentage varies across the country, however. So, even in India, the NER's industrial growth pattern has not been in accordance with the accepted historical trend.

Industrialization has failed to take off in the area. The inability to see a significant increase in the share of manufacturing in gdp has resulted in a sluggish growth rate both in GDP and per capita GDP in the NER. The manufacturing sector in the states of Manipur, Tripura, and Meghalaya has performed better than the national average. However, the growth rate of the manufacturing sector in the remaining states of the region has been poor. The manufacturing sector in Arunachal Pradesh has been virtually stagnant. The poor performance of the manufacturing sector seems to be one of the main reasons for the region's poor GDP growth. The manufacturing sector can be broken down into registered and unregistered segments. The unregistered sector is mainly made up of small-scale industries, such as crafts. Assam is by far the most industrialized state in the region, accounting for almost 88% of the country's total industrial units. Assam accounts for almost 90% of the industrial output of the registered manufacturing sector, while Arunachal Pradesh has no registered manufacturing sector (MEA,2020). Mining and quarrying are the main industries, followed by food processing, spinning and weaving, pulp and paper, wine and malt, bidi, cigarettes, alcohol, vinegar, baking, dying, wool spinning, woodworking, footwear, fertilisers and chemicals, insulated wires and cables, and drugs and medicines. The production processes are based on locally available resources for which the optimal plant sizes are not too large. Despite the fact that the region has the raw materials necessary for the production of such products, industries that require large scale production such as petrochemicals, cement, steel, and sugar are largely absent. For example, there is a lot of limestone (in Meghalaya and Assam), but there is no such thing as a single cement factory in the area. Assam has the largest oil deposits (non-offshore), but the state has no large production unit of petrochemical products. On the other hand, we also see some industries such as insulated wires and cables emerging in the area, although the area has no known copper deposits. The unregistered sector is fairly evenly

distributed across all the states in the NER, according to another important finding. The states of the NER have particular strengths and disadvantages in handicrafts and other small scale industries, according to this. Assam occupies the most unorganized position, followed by Manipur. Therefore, it is clear that small-scale enterprises would not play a significant role in the NER's development. The NER is a market with 400 million people with international borders with Bangladesh, Bhutan, China, Myanmar, and Nepal.

International Engagement And Opportunities

The NER is unique in terms of opportunities. Although it is a desert where almost all immediate consumables are imported from outside the region, it is also the centre of commerce in a vast region. The NER's geographic location and abundant natural resources serve as a backdrop for its growth as a hub for cooperation not only with ASEAN but also with neighbouring countries such as Bangladesh, Bhutan, and Nepal. Regional cooperation centered on the NER can be extended to the Mekong region, which includes Cambodia, Lao People's Democratic Republic, Thailand, and Vietnam, through Myanmar. The NER can serve as a strategic base for foreign/domestic investors looking to tap the world's largest market in SAARC, BIMSTEC and ASEAN (Mézard, 2016). It also has some peculiarities and problems that, if addressed and leveraged in the right way, could yield substantial dividends. When drafting a NER trade plan, it is therefore vital to adopt a regional rather than a national one. The NER's two-way trade with its two neighbours is being hampered by supply-side challenges. India's export market, which is facilitated by free trade agreements (regional and bilateral FTAs), is expected to increase by manifolds in the coming years, and the NER is the pillar of the country's trade with ASEAN. Without improved

connectivity, the NER is unlikely to see more trade creation and export expansion. Due to the higher transportation cost, the majority of the benefits of trade liberalization are negated by its "landlocked status." The area must therefore be "landlinked" by alternate access to the sea and the rest of India, which is extending inland. In view of India's look east policy (LEP) in general and India's economic relationship with her eastern neighbours through the India-ASEAN FTA and other bilateral FTAs in particular, the NER enjoys very special advantages over other parts of India in terms of trade. The government should place a high priority on facilitation of border trade. The current pattern of border trade is restricted, particularly between India and Myanmar (MEA,2020). The formal trade, which is mainly by barter arrangements, is sparse and declining. The most significant part of trade is done through illicit channels, according to the EPA. The content of the current border trade between the two countries, which is made up of around 40 items, must be revisited; many of which are offered by Myanmar are not permitted to be imported in that region. A revision of the list of tradable goods for the border trade may be considered, to include some of the essential items as well as high-value items that are currently being traded through illicit channels. Based on regional supply-demand balances, the NER must identify such products, taking note of those in previous studies (for example, dairy products, vitamins, machinery, engineering products,, building materials, two-wheelers, automobile parts, raw materials for textiles, plastic materials, wood, and wood products, etc.) Lastly, the NER must continue to contribute to the growing trade with 24 ASEAN countries, particularly in commodities such as bamboo and wood products, ores and rubber products, horticulture, etc. In addition, it is vital to integrate its services into the development of trade links with the ASEAN countries. There is a pressing need to promote innovation (Mézard, 2016).

Trade Between India And Bangladesh

Bangladesh and India's economic prosperity is greatly enhanced thanks to trade. The bilateral trade between India and Bangladesh covers more than one-fourth of the total regional trade in South Asia. Over the past two decades, Bangladesh has been Bangladesh's largest trading partner, and India's two-way trade with Bangladesh has seen a remarkable increase in all the economies in South Asia. However, the trade between Bangladesh and India is largely one-sided, as the volume of imports from India to Bangladesh is very high, while the volume of exports from Bangladesh to India is very low. Bangladesh's bilateral trade deficit with India has risen from US\$ 44 million in 1981 to US\$ 2.5 billion in 2009, and it is being debated whether this is a factor in the future (Ziipao, 2018). Bangladesh's export to India has risen fastest during the last decade (2000-2009), with a decrease in India's import during the same period. Bangladesh exports a tiny (one percent) share of India's imports, a small share (one percent) of its own exports, and a limited range of products (fertilizer and jute products account for two-thirds of exports). Although Bangladesh's main exportable product is ready-made garments (RMG), its exports to India are not that significant (Dutta, 2015).

Bangladesh is India's largest trading partner in South Asia, however, trade between the two countries is largely one-sided and in favour of India because the amount of imports from India in Bangladesh is very high, while the amount of exports from Bangladesh to India is very low. India shares its 27.12 percent (4096.7 km) international land border with Bangladesh. 8 North East Indian states, Assam, Meghalaya, Mizoram, and Tripura are the three main provinces. Both countries' bilateral trade agreement, which was signed in 1972, governs their trading arrangements. This agreement has been amended from time to time and is still in force.

According to the trade and transit agreement with Bangladesh, the movement of Indian goods from a point in India to another point in Bangladesh is allowed. This deal does not cover the use of chittagong port, which has resulted in an increase in the cost of transshipment for intra-regional transfers. In addition, border hats are playing a vital role in facilitating border trade between countries. Since their inception in 2011, border hats have made a significant difference to border communities in terms of new employment opportunities, access to products, trust building across borders, and also lowering of informal trade in areas where they have arisen. 31 LCSS have been established across international borders in north east Indian states and Bangladesh, up to April 2012. Out of these LCSS, ten are located in Assam, 11 in Meghalaya, 08 in Tripura, and 2 in Mizoram, respectively, while the remaining 21 are operational (Dutta, 2015).

The following are the main trade routes between north east India and Bangladesh:

1. Goalpara-mancachar-bengunbari-dacca
2. Karimganj-sutarkandi-sylhet, and
3. Karimganj-silua-sylhet.
4. Mizoram-Bangladesh: there are 25 trade routes in the country, the most important of which are:
 - (i) Mahendraganj-kamalpur-kamalpur-dacca
 - (ii) Tura-nalitabari
 - (iii) Ghasuapara-kamalai-kamalganj-maulvi bazaar
 - (iv) Ghasuapara-kamala

Four additional trade routes have been suggested by the bilateral trade review talks between India and Bangladesh, namely Borsora (Meghalaya, India)-Cherragaon (Assam, India), Jalabazar (Tripura, India)-Fultala (West Bengal, India), Agaratla (Tripura, India)-Akhoura (Bangladesh), and Sonamura (Tripura, India)-Comilla (Dutta, 2015).

Major Challenges and Policy Recommendations

Through north east India, the Trans-Asian railways (TAR) would link India with the association of South East Asian Nations (ASEAN). The TAR will pass through Mandalay-Imphal-Jiribam-Silchar-Agartala-Dhaka. This is certainly a promising prospect for the region to enjoy significant economic benefits in the near future. Also, work on the proposed 257-kilometer railway route from Jawahar Nagar railway station in north Tripura to Kolasib in northern Mizoram and Myanmar's darlon needs to be expedited so that it can serve as an alternate route (Dutta, 2015). Such diversity will help to reduce dependence on any one route. In addition, it is vital to improve intra-regional rail connectivity, as tar would take time and many existing or proposed railway projects must be completed on schedule. The main airport in north east India is Guwahati airport, which was previously known as borjhar airport. In september 1999, the Guwahati airport interim international cargo terminal was opened to facilitate the air cargo movement of various commodities. This air cargo terminal's total covered area is only 150 sq meter with a 3560 metric tonnes annual holding capacity. As compared to other air cargo complexes in the region, Kolkata, Chennai, Coimbatore, Trichy, Mangalore, Port Blair, Lucknow, Jaipur, and Amritsar's area and capacity are very small. However, Assam industrial development corporation ltd., has started a project to develop an air cargo terminal for perishable cargo covering 4050 square meters (Dutta, 2015).

Although the Kolkata-Dhubri route is already operational, declaring Dhubri on the Indian side and Chilmari on the Bangladesh side as a "port of call" could provide a lot of help. India had long been looking for a transit and transshipment facility to transport goods to the north eastern region from West Bengal via Bangladesh. In June 2016, Bangladesh has been designated a "port of call" for this purpose, and vessels carrying Indian cargoes will unload at Ashuganj port, from where Bangladeshi trucks started transporting the goods to Tripura, where they will deliver at the Akhaura checkpoint (Dutta, 2015). The distance between Kolkata and Agartala will be reduced by about 1600 km to 500 km' by the operation of the Dhulian-rajshahi route. Water navigation can be improved in a significant way by connecting national waterways. In addition, proper dredging along the Jakiganj-Fenchuganj-Sherpur route in Bangladesh will operationalize connectivity along the Barak river (NW 6) providing more options for water based navigation. In the five-year period ending 2015-16, there are currently four operational border haats between north east India and Bangladesh, two in Meghalaya and Tripura, and trade worth m16.86 crore has been generated at these four border haats (Dutta, 2015).

North East India And Bhutan

Bhutan has been a long-serving partner to India, and the two countries have amicable contacts. Through three states, about 9.50 per cent (516 km), the international border of north east India is shared with Bhutan. Arunachal Pradesh, Assam, and Sikkim are the three states. Trade between two countries is governed by a multilateral agreement on trade, commerce, and transit, which provides the space for free trade and commerce between two countries' territories subject to the compliance with non-tariff barriers (NTBS) from both sides (Kakoti, 2020).

The agreement has identified total 16 trade routes from the Indian side, out of which four are in the north eastern region. In Indian rupee and Bhutanese Ngultrums, trade between India and Bhutan is carried out. In recent years, Bhutan has emerged as a potential trade partner of north east India, with bilateral trade between the two countries, which has increased from m4580 lakhs in 2009-10 to 60340 lakhs in 2016-17 (Kakoti, 2020).

Prospective trade with Bhutan, North East India and Bhutan have a great deal in common production, particularly Agri-horticulture products. As Indian exports to Bhutan, cereals such as rice and wheat, vegetables, nuts, spices, and fruits are therefore potential cross-border exports to India by cereals such as rice and wheat, vegetables, nuts, spices, and fruits, as Bhutanese exports to India.

Major Challenges and Policy Recommendations

Although three North East Indian States (Arunachal Pradesh, Assam, And Sikkim) share borders with Bhutan, land trade routes are only established in the state of Assam. Potential land trade routes in the states of Arunachal Pradesh and Sikkim should be explored to increase cross-border trade between North East India And Bhutan. Considering Arunachal Pradesh, a much-needed link between Tashigang-lumla- Tawang is yet to be operationalized due to a 15-kilometer stretch in Bhutan that is still pending. , (Muthupandian, 2015). Work on such critical, ineffective gaps must be expedited. Given the rapidly evolving political-economy and cooperation situation of the sub-region, routes within and through Assam must be further investigated to find alternative routes that are more cost-effective and economically feasible (for example, Bhutan's recently signed MOU with Bangladesh for the construction of inland waterways corridors to transport Bhutan's cargo to sea ports such as Chittagong And Mongla (Ziipao,2018).

North East India And China

Through its five states, India shares its 23 per cent (3488 km) international land border with China. Jammu and Kashmir, Himachal Pradesh, Uttarakhand, Sikkim, and Arunachal Pradesh are among the areas covered by the map. The two North East Indian states account for 37.27 percent of the country's 1300 km². Border trade between India and china began in 1992 and 1993 with Lipulekh in Uttarakand and Shipki la in Himachal Pradesh. Through an MOU on expanding border trade signed on June 23, 2003, the only trade route in north east India for border trade with china, Nathu la pass in Sikkim, became operational on July 06, 2006, (Muthupandian, 2015). Nathu La has since been regarded as a strategic point for both countries. It is also a tourist destination, and china introduced the Nathu la pass to Kailash Mansarovar pilgrims in 2015. For china, Nathu La is a vital gateway for exporting food articles to the Tibet autonomous region of western china because it is much cheaper to import such products from Sikkim than transporting them all the way from south-east china²⁰¹⁷ (Sun & Xu, 2018).

Through Nathu La, commerce up to m 25,000 per day is allowed without an importer exporter code (IEC). However, a m 50 and 05 Yuan permit fee is charged on every vehicle entering Sikkim from china and entering china, up to the trade mart point Renquinggang, Sikkim respectively, (Muthupandian, 2015). For free trade through Nathu La, 15 items for import from china and 29 items for export from India were initially allowed in 2006, but in 2012, they were increased to 20 and 37 items respectively. Trade through Nathu La was expected to reach a maximum of 70,000 people in 2017 (Sun & Xu, 2018)

Major Challenges and Policy Recommendations

Nathu La is only available for four months, Due to difficult weather conditions, the school will be open from June to September, and four days a week (Monday-Thursday). The permitted list of trading items has become obsolete. According to unofficial statistics, trade in off-list items is higher than trade in on-list items, resulting in a lot of informal trade. Rangpo is a border town between Darjeeling (West Bengal) and Sikkim. It has seen a rapid rise because of hydel projects, pharmaceutical plants, and educational institutions. It is also connected to Nathu La by Rorathang. Rangpo can be used as a nodal port for warehousing and storage of commodities to be traded, and it has the ability to be used as an inland port. There is a huge need for a new trade route between north east India And China (Ziipao,2018). "Jelep La is one of the potential alternatives to Nathu La because it provides easier connectivity to Tibet and is also shorter and cheaper to maintain than Nathu La. Jelep la (4216 meters above sea level) is at a lower altitude than nathu la (4310 meters above sea level) and is an all-weather pass because it does not get blocked with snow; the old motorable road to Jelep la, which starts in Kalimpong, is 14,300 feet high, and leads to Lhasa in Tibet. The demand for connecting Kalimpong in West Bengal to Tibet by Jelep La is also increasing 2017 (Sun & Xu, 2018).

Border Trade for Northeast India And Myanmar

Border trade is different from trade by air, land, or sea ports, according to the Ministry of Commerce, Government of India, because trade by ports involves clearance by customs and is large. Contrary to this, border trade is "over-land trade" by way of "exchange of commodities" from a bilaterally agreed list of people living along both sides of the international boundary.

Although a free trade agreement (SAFTA) has been signed with china and Myanmar for trading through less located on the Bangladesh and Bhutan border, other border trade agreements have been signed with them (Ziipao,2018). On both sides of the India-Myanmar border, an agreement on border trade between India and Myanmar was signed on January 21st, 1994, and operationalized on April 12th, 1995 The agreement states that border trade will be handled by custom posts in moreh, Manipur, and zowkhathar, Mizoram, which are located in the same area as Tamu and Rhi in Myanmar. According to a comparison of India's border trade with Myanmar's border trade, it is found that India's border trade through the north eastern region accounts for less than 2% of total trade with neighbouring countries. However, Myanmar has seen a significant increase in its border trade with its neighbouring countries since 2011-12, accounting for 46% of total trade in 2017-18.

The border trade between India and its neighbouring countries in the north east region is rather small. NER'S total trade with its neighbouring countries was US\$ 197 million in 2017-18, accounting for only 0.002 percent of the region's total trade with its neighbouring countries. Bangladesh is India's most important border trading partner, accounting for 87% of the border trade, followed by Bhutan, which accounts for 11%. The rest account for only 1%. Myanmar shares its border with India, Bangladesh, china, Laos, and Thailand, and it participates in border trading with four countries, China, Thailand, India, and Bangladesh. Myanmar's border trade with its neighbouring countries is quite large in comparison to India's north eastern region. Myanmar's border trade with its neighbours topped us\$ 8.4 billion in 2017-18, accounting for 46% of the country's total bilateral trade with its neighbours (Ziipao,2018). Myanmar is Myanmar's most important border trading partner, accounting for 87% of the country's border

trade with its neighbouring countries. Thailand accounts for 19 percent of GDP, while India accounts for just 1%.

India-Myanmar Border Trade Policy Framework

The Indo-Myanmar border trade policy can be divided into two phases: the first phase began in 1995 when the two governments signed a border trade agreement, which came into effect in November 2015; the second phase began in December 2015, when the reserve bank of India initiated a transition from barter trade to normal trade along the Indo-Myanmar border.

Phase 1: 1995 to 2015

The Border Trade Agreement signed in 1995 specified that border trade would be conducted through designated country-

- a) Moreh in India and Tamu in Myanmar,
- b) Champai (Zokhawthar) in India and Rhi in Myanmar, and
- c) Other places that may be notified by mutual agreement between the two countries.

As of 2018, Moreh in Manipur and Zokhawthar in Mizoram are the only two notified and functional LCSs for cross border trade between custom posts and in accordance with the law, regulation and procedures enforced in either India and Myanmar. The Nampong LCS in Arunachal Pradesh is notified by customs but is not functional. In 2008 the Indo-Myanmar Joint Trade Committee agreed to set up a LCS in Avankhu in Nagaland corresponding to Somara in Myanmar.

Further the border trade agreement laid down a three-tier system for cross-border trade at Moreh and Zokhawthar:

1. Traditional/Free Exchange- Under this scheme, import/export was to be balanced by corresponding export/import products of equal value within two days. On the exchange of these items, no duty was levied. RBI issued a circular in 2000 requiring customs to report import/export transactions to the exchange control department of the reserve bank of India on a monthly basis.
2. Barter Trade- Barter Trade Involves the non-monetary exchange of goods between India and Myanmar via the land route. The DGFT first allowed the export and import of 22 agreed upon exchangeable goods, valued at USD 20,000/-, by people living along both sides of the indo-Myanmar border in 1995, as per the existing customary practices. The list was expanded in November 2008 to include 18 more commodities, which was then expanded to 22 new commodities, bringing the total to 62 items. Trade was allowed at a 5% concessional customs duty ad valorem rate. Bartering was to be carried out only by way of head load or a non-motorized transport method. The imports from Myanmar to India were to precede the exports from India to Myanmar, and the export/import value had to be balanced within a six-month period. Exporters needed to have an import export code (i.e.c) and had to comply with the requirements as well as all commercial papers to be submitted to the designated bank. The designated banks were obligated to keep a log of the transactions and submit them to RBI on a monthly basis. Importers did not require an i.e.c and were not required to comply with the GR requirements. However, importers were compelled to provide the required supporting evidence to the designated bank where the value exceeded USD 5,000/-(Ziipao,2018).
3. Normal Trade- The indo-Myanmar border trade agreement allowed normal trade. In addition to the list of 62 items that were allowed for border trade at a concessional duty

rate of 5 percent, regular/normal trade was also permitted by LCS Moreh in all other commodities subject to the payment of customs duties as applicable. According to the EXIM scheme, export and import of goods could be made in free convertible currency or in a currency mutually agreed upon by the two countries, including through a counter trade agreement. Both countries also agreed that the agreement should be revisited on a regular basis to ensure that its goals and provisions are implemented effectively. Although two customs posts were designated for border trade, the India-Myanmar border trade has mainly occurred along the Moreh-Tamu border, due to a long delay in the implementation of transport connectivity initiatives and the provision of the necessary infrastructure at the zokhawthar-rhi border. The border trade at moreh was regulated by three methods: traditional/free exchange; barter trade; and normal trade, and it was regulated by two points known as gate numbers 1 and 2. Gate number 1 next to the LCS was the designated point for normal trade and barter trade, while gate number 2 on the Myanmar side of the market to connect the moreh market was to be used for traditional exchange.

On the ground, the bulk of the trade took place in the form of a "traditional exchange" across gate 2 at Moreh, since in this case the value limit was USD 1000 and there were no duties. Since there was only a limit on the value of goods and no limit on the number of times a trader could cross over, this incentivized the trading of multiple consignments with a value of less than USD 1000 on a daily basis. The Indian traders were able to avoid paying the 5 percent duty on imports that were imposed on the barter system by gate 1/LCS, but they also did not have to precede the exports to Myanmar. Moreover, even though trade through gate 2 had to be recorded and exports/imports balanced within two days, customs officials were able to allow head loads to

pass without recording after receiving unofficial payments. With time, this route also became a conduit for informal trade in third country exports. Only a small number of imports and exports were made possible by gate 1/LCS, and this included barter trade. Therefore, the recorded data of Moreh's border trade has always been largely barter trade. Most traders wanted to avoid the cumbersome paperwork and payment of higher taxes that plagued normal trade.

Phase 2: Since December 2015

At the indo-Myanmar border, the reserve bank of India initiated a shift from bartering to normal trade on December 1st. According to the RBI, "barter trade was initially allowed to facilitate the movement of locally produced commodities along the indo-Myanmar border." As such, these transactions were not recorded in the banking system or reported in the trade statistics. However, the trade basket has evolved over time and a sufficient banking network has been established to support normal trade with Myanmar. It had therefore was decided that, in consultation with the government of India, it would eliminate the barter system of trade along the indo-Myanmar border and shift over entirely to normal trade with effect from December 1, 2015." it was also agreed that all trade transactions with Myanmar, including those at the indo-Myanmar border, will be settled in any permitted currency in addition to the asian clearing union mechanism beginning on December 1, 2015.

Connectivity Issues Between India & Myanmar

The India-Myanmar trade continues to be conducted primarily by sea route, although crossing the land boundaries remains a long-standing issue. With Indian assistance, the India-Myanmar friendship road, which starts from moreh/tamu to kyigone and kalewa, was completed in 2001. It was resurfaced by India in 2009 and handed over to Myanmar, referred to as the TKK road. In

Myanmar's Sagaing region, which borders India, the road has made it possible to travel between tamu and kalewa, but beyond that, the road condition between kalewa and mandalay is poor (Naidu, 2004). In 2002, the India-Myanmar-Thailand (IMT) trilateral highway was developed to link IMPHAL, Myanmar's capital, to Bangkok by way of Mandalay. The IMT highway is also being worked on, and it has been dubbed a "game changer." Myanmar was unable to repair/upgrade the many bridges along the friendship road, which is part of the trilateral highway, and India decided to undertake the task in 2012 during then prime minister Manmohan Singh's visit to Myanmar. India has also agreed to extend assistance to upgrade the 120-kilometer kalewa-yargyi highway network in Myanmar to the highest standard of highways (Naidu, 2004).

According to the most recent report published by the Indian government in January 2019, "India is completing the construction of two sections of the trilateral highway in Myanmar, namely- The Kalewa-Yagyi highway section is being built in 120.74 kilometres, as well as 15 kilometres. On the 149.70 km Tamukyigone-Kalewa (TKK) road section, 69 bridges and the approach road were completed in may 2018, the kalewa-yagyi section was awarded an engineering, procurement, and construction contract. The TKK section was awarded in November 2017. Both the schemes were scheduled to be completed within three years from the date of their completion by the executing agency. Inter-governmental talks between India, Myanmar, and Thailand are also underway. The motor vehicles agreement, as well as protocols for regulating and facilitating the movement of cargo and passenger vehicular traffic are also being discussed (Naidu, 2004).

On the Indian side, the 110-kilometer highway between Imphal and Moreh is only about 40 kilometers long, with two laned roads between Imphal and Tubul. Imphal-Moreh road widening began in 2018 as part of the south Asian sub-regional economic cooperation (SASEC) road

connectivity investment program, and is being carried out with ADB's loan assistance. Further inland, the main highways that link Imphal to Guwahati in Assam are located in Nagaland via Dimapur and Kohima, and the average travel time for goods is more than 14 hours. Only after the proposed jiribam-tupulimphal rail link became operational, the situation improved. Although the LCS at zokhawthar began operation in 2004, the road between capital city Aizawl and zokhawthar is extremely rough. The 27.5 km stretch of the champhaizokhawthar road was included in the "Mizoram state roads regional transportation connectivity program" approved by the world bank in 2014, but delays have stifled the project's progress. India has agreed to construct the rhi-tedim road across the zokhawthar-rhi border in Myanmar, which will help connect the trilateral highway. The proposed weekly cross-border bus service between Imphal and Mandalay has remained in jeopardy in this context. The Manipur legislative assembly passed a bill on august 1, 2003, proposing the establishment of a bus service between Imphal and mandalay. With the signing of the "land border crossing agreement" on august 8, 2018. Moreh-tamu and zokhawthar-rhi will continue to operate as a national entity under the agreement (Naidu, 2004)

CHAPTER IV

Conclusion

In, this concluding chapter, I summarize my findings and arguments and reflect back on some of the strength and weaknesses that India's Act East Policy has its impact on North East Region. I began this Dissertation with the History And Evolution Of India's Act East Policy, where India's look east strategy, which was introduced in the early 1990s, marked a significant shift in India's international relations, aligning it more closely with south east Asia, east Asia, and the Asia-Pacific region. In a changing global landscape, the strategy sought to resurrect historical ties and forge new partnerships. Prime minister Narasimha Rao, along with other ministers like Madhavrao Solanki and Manmohan Singh, played a vital role in advancing this agenda. India's relationship with ASEAN countries has increased dramatically over the years, resulting in a flourishing trade relationship and increased cooperation in various sectors, including infrastructure, technology, and Human Resource Development. India's membership in forums such as ASEAN+1, ASEAN+4 and the ASEAN Regional Forum (ARF) emphasizes its contribution to regional stability and prosperity. In addition, india's participation in the East Asia summit (EAS) reflects its wider strategic goals in the Asia-Pacific Region. India's Act East policy, a shift from the earlier Look East approach, has unfolded with the ambition of solidifying the country's position in the Indo-Pacific region. This multifaceted engagement has yielded a complex tapestry of achievements and areas requiring further focus. On the economic front, the policy has spurred a growth in trade ties with Southeast Asian nations. However, infrastructure development, crucial for seamless connectivity, remains a work in progress. Balancing regional

interests and navigating internal bureaucratic hurdles will be essential for realizing the full economic potential. Security cooperation has emerged as a significant pillar, with joint military exercises and counter-terrorism initiatives fostering closer ties. Yet, forging a unified front against maritime challenges necessitates addressing concerns of individual countries and building trust. Culturally, the Act East policy has endeavoured to bridge historical and civilizational links. Increased people-to-people exchanges and educational collaborations have fostered a sense of shared heritage. Nevertheless, a deeper understanding of diverse cultural nuances within Southeast Asia is needed for sustained engagement. The policy's emphasis on ASEAN centrality is commendable. However, navigating the intricate web of relations within the bloc and addressing the rising influence of other major powers require a nuanced diplomatic approach. India must demonstrate its commitment to a peaceful and prosperous Southeast Asia, while safeguarding its own strategic interests. The Act East policy's success hinges on its ability to evolve. India must adapt to the dynamic geopolitical landscape, address internal bottlenecks, and tailor its approach to individual countries within the region. By fostering a spirit of partnership and mutual benefit, India can solidify its position as a key player in the Indo-Pacific, ensuring a stable and prosperous future for the region.

Final Research Analysis

The study aims to answer some of the common questions that were asked at the start. I've been blessed to have the knowledge and support of others to provide the necessary answers. The answers to the questions are the following

Has India's "Act East Policy" actually boosted trade and investment between Northeast and Southeast Asia?

The main goal of Act East Policy was to focus on improving connectivity between Northeast India and Southeast Asia through developing roads, waterways, and airways to enhance trade and people movement. As I have given the Datas and emerging trends of the same on the third chapter of this research work, Trade agreements with ASEAN nations have led to increased trade volumes in past 2 decades, while business linkages have promoted partnerships and investment flows. The policy aimed to develop the Northeast region as a trade and commerce hub, leading to increased investment. However, still challenges such as infrastructure gaps and bureaucratic hurdles persist. Despite this, the policy has laid a foundation for stronger economic ties between the regions.

Did new roads and crossings (built for the "Act East Policy") help trade, investment, and tourism in India's North-East?

Yes Indeed, Improved logistics and transportation networks have facilitated easier movement of goods between the North-East, other parts of India, and Southeast Asia, reducing transportation costs and times, and making trade more efficient, Especially with Bangladesh and Myanmar (Chapter IV). Additionally, better infrastructure has made the North-East a more attractive destination for investors, leading to increased investment in sectors like agriculture, manufacturing, and tourism. The region's natural beauty and cultural heritage have also become more accessible to tourists due to new roads and crossings, promoting tourism growth and economic development.

Are workers in India's North-East ready for the new jobs created by the "Act East Policy"? Do they have the right skills? If not, what skills gaps exist, and how can they be addressed?

As I already mentioned in the Chapter III & IV, India's Act East Policy focuses on enhancing economic relations with Southeast Asia to generate employment opportunities in the North-East region. However, skill gaps in areas such as logistics, hospitality, and language proficiency still needs to be addressed. The government and industry cooperation can bridge these gaps through training programs and skill development schemes to prepare the North-East workforce for the Act East Policy's benefits.

What stops India from becoming a more prominent leader in the region with its "Act East" policy?

India's Act East Policy which aims at deepening its links with the asia-pacific countries, holds a significant chance of strengthening its regional leadership. However, several obstacles stifle India's attempt to become a more recognized leader in the region.

India's long-running rivalry with china is one of the biggest obstacles. India's aspirations are threatened by china's assertive presence in the region, both economically and militarily. India's attempts to assert its presence in southeast Asia are dominated by the china factor, as many countries in the region are wary of attacking Beijing and risking their economic ties with the economic powerhouse. In addition, India's internal challenges, such as bureaucratic red tape, inefficient infrastructure, and regulatory obstacles, hinder its ability to effectively implement its 'act east' strategy.

The slow pace of bureaucratic processes often results in delays in project execution, eroded India's reputation as a trusted partner in the region. In addition, India's inability to fully integrate with its eastern neighbours and exploit the region's economic potential is hampered by a lack of reliable infrastructure connectivity, such as efficient transportation networks and ports. In addition, India's economic prowess, although impressive, falls short of matching china's regional

reach. Despite being one of the world's fastest-growing major economies, India still faces challenges such as income disparities, unemployment, and a large informal economy. These internal economic challenges stifle India's ability to provide attractive economic incentives to its regional allies and effectively compete with China's vast investment and infrastructure projects in the region. India's geopolitical complexities also impede its regional leadership ambitions. Its unresolved territorial disputes with neighbouring countries, such as Pakistan and Nepal, divert attention and resources away from its 'act east' initiatives. The volatile security situation in South Asia has heightened.

The results of the study have in part confirmed my hypothesis regarding hypothetical analysis.

The act east policy has emerged as a pivotal framework for India's relationship with Southeast Asia, aiming to strengthen economic ties, improve connectivity, and foster cultural exchanges. Due to its proximity to Southeast Asia, the North Eastern Region (NER) occupies a crucial position within this framework. To realize the full potential of this initiative, it requires improved infrastructure and a skilled workforce in the NER. Infrastructure investments in areas such as highways, railways, and ports can significantly reduce trade barriers and enable a smoother movement of goods and people between the NER and Southeast Asian nations. The Kaladan multi-modal transit transport scheme, for example, connects Kolkata's eastern Indian seaport with Myanmar's Sittoung port, exemplifies India's efforts to improve connectivity with Southeast Asia's NER. Once completed, this initiative will open up new avenues for trade and investment, benefiting not only the NER but also Southeast Asian countries like Myanmar. In the same vein, initiatives to enhance human capital through skill development initiatives can help the workforce in the NER to actively participate in regional economic activities, attracting more investment and fostering sustainable development. For the effective implementation of the act east policy, it is

vital to address external challenges such as rebellion and a lack of infrastructure within the NER. India can position the NER as a viable and attractive destination for foreign investors looking for employment in Southeast Asia by addressing these challenges. Strengthening regional cooperation schemes such as the BIMSTEC (Bay Of Bengal Initiative For Multi-Sectoral Technical And Economic Cooperation), will further cement India's leadership position in the region while also providing a platform for the NER.

In conclusion, the act east strategy has a large potential to change the economic landscape of the north eastern region and deepen India's relationship with Southeast Asia. India can create new opportunities for trade, investment, and tourism by investing in infrastructure and human capital, addressing internal challenges, and fostering regional cooperation and cultural exchanges, benefiting both the North-eastern and the wider region.

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