

## Chapter 9

# Development through Trade

## Re-examining India's Act East Policy and the Northeastern Region

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The present-day 'northeastern region' has been a meeting ground, a transit point and a southern trial of old trade routes. It has been the meeting ground of different people who migrated to the region from Southeast Asia and China at various points of history. As such the 'northeastern corner of India' has become 'a museum of nationalities' (Fuller 1909, xiii). The region had been known for her natural resources and maintained active trans-border trade with its neighbours during the pre-Independence period (Pommaret 1999, 285–303). It has 'a pre-history of a rich connected past', in which these elements 'continued to survive into the colonial and post-colonial period as well' (Misra 2011, 3). 'For a long time the climate and the regional political strongholds were seen as insurmountable obstacles to conquest' (Cederlof 2014a, 29) for different invading forces to this strategically located, so-called frontier region. However, the rugged terrains and monsoonal climate did not stop the East India Company (EIC) from 'risk-taking as the way to make a fortune' and 'For the next half-century, many EIC officers were more successful as merchants than as civil administrators' (Cederlof 2014b, 3). During such times 'the economy of the Northeast, if one draws from the pre-colonial and colonial experiences, the region had

been thriving on trade not only within the region but also different areas bordering the region' (Haokip 2015, 148).

Since colonial period, the 'northeast frontier' has been a resource production and extraction region. Tilotoma Misra aptly termed the region 'a colonial hinterland' and argues that 'there has been a systematic exploitation of the rich resources of Assam, before 1947 by the colonial rulers, and since then by the Indian State and Indian capitalists who have continued the colonial tradition' (Misra 1980, 1357). She even considered the 'Assamese people of being subjected to gross economic exploitation on a scale comparable to and sometimes even worse than in, the pre-independence days' (ibid.). In this approach to political economy, when political integration of the 'North East' into the Indian State was compounded by economic exploitation, the northeastern region was converted into India's 'internal colony'. This condition emerged with the spread of industrialization from the Indian mainland to the peripheries. Capitalist industrialism created a new economic dependence of the periphery on the core. Trade and commerce in the North East is monopolized by members of the core, and economic development in the region is designed to complement and promote economic development of the core (Haokip 2012, 85). There are a relative lack of services, lower standards of living and higher levels of frustration among the members of these peripheral groups. There is national discrimination on the basis of language, religion or other cultural forms. Thus, the aggregate economic differences between the core and periphery are causally linked to cultural differences (Hechter 1975, 33–34).

In order to reduce frustration and schizophrenic alienation several political measures were adopted in the 1960s and 1970s, with the creation of new states—Nagaland, Meghalaya, Arunachal Pradesh, Manipur and Tripura. Tribal rights of access to and ownership of land and forests were protected through the Sixth Schedule of the Constitution, and representation in politics was secured through the reservation of certain tribal-dominated constituencies. However, political autonomy and political representation alone did not solve the problem. In the 1980s several State-led developmental schemes were initiated. The need was felt to counter several problems of the region through economic development. It was during this time that the Government of India

(1981) identified the region as backward but rich in natural resources. With the opening of India's economy in tune with the globalization of world economy through liberalization, the propagation of a borderless world economic diplomacy became the goal of India to promote trade and revive its economy. To further the economic objectives of foreign policy, cultural diplomacy was reoriented to enhance economic cooperation through cultural connections. An emphasis was placed on immediate and close neighbours to especially bring about the 'development' of the northeastern region through trade in goods and services, using cultural connections to further such goals.

This chapter critically examines the concept of 'development through trade' in the northeastern region, which was pushed under the 'Look East Policy' initiated by the Government of India in the middle of the first decade of the third millennium. It argues that until the North East can produce tradable items with the neighbouring countries, the whole idea of 'development in the northeastern region' through trade will be a lopsided policy, in which the region will be a dumping ground for cheaper goods from its neighbours.

## DEVELOPMENT THROUGH STATE INTERVENTION

For four decades since Independence, India was a mixed economy with largely State-led development. The Nehruvian path of development was largely inward looking and based on an import substitution economy with an emphasis on heavy industrialization. Dams were built and mineral and natural resources explored and exploited. This path of development of the core-periphery relations created the North East as an internal periphery. The northeastern region was converted from a frontier region during the British rule to an internal periphery in the post-Independence period (Haokip 2012, 84). The development in this region can be termed 'internal colonialism', as noted earlier. Since then most economic analyses of India's North East in relation to the 'mainland' have been done on the centre/core-periphery and development-underdevelopment paradigm.

It was during the 1980s when India realized that its 'anthropological approach' towards the northeastern region and the efforts of 'political representation' failed to reduce tensions. These produced a new policy

in the 1980s, which is often termed ‘development paradigm’, with the hope that development will ‘transform material well-being and accelerate economic growth thereby creating space and opportunities for people’ (Bhattacharya 2011, 1).<sup>1</sup> This paradigm assumes that ‘if institutions of development were created and money poured into this region, the problems of politics, of society, of ethnic strife, and of integration will be abated’ (Ramesh 2005). Thus, the public financial institution namely the North Eastern Development Finance Corporation Ltd (NEDFi) was established in the 1995. It ‘provides financial assistance to micro, small, medium and large enterprises for setting up industrial, infrastructure and agri-allied projects in the North Eastern Region of India and also Microfinance through MFI/NGOs’.<sup>2</sup>

The period since the 1980s has witnessed an increase in public expenditure in the region. Developmental packages were announced by prime ministers in each of their visits to the region. In 1996, the then Prime Minister of India H. D. Deve Gowda announced an economic package of ₹6,100 crore, following his visit to the region. His successor I. K. Gujral endorsed this package. To boost economic development in the region the National Democratic Alliance (NDA) government led by Prime Minister Atal Bihari Vajpayee also announced another package—₹10,217 crore—in 1998. In October 1996, under the ‘New Initiatives for North Eastern Region’, it was stipulated that at least 10 per cent of budgets of the central ministries/departments should be earmarked for the development of northeastern states. As the expenditures in the North East by some union ministries during 1997–1998 fell short of the stipulated 10 per cent target, the NDA government created the Non-lapsable Central Pool of Resources to support infrastructure development projects in the region. Between 1990–91 and 2002–03, the region received about ₹108,504 crores (Sachdeva 2000). In 2001, Ministry of Development of the North Eastern Region (MDoNER) was formed to plan, execute and monitor developmental schemes and projects of the northeastern region including those in the sectors of power, irrigation, roads and communications. The ministry also coordinates ‘with various Ministries/Departments primarily concerned with development and welfare activities in North Eastern Region’.

To boost industrialization and investment in the North East, the central government launched the North East Industrial and Investment

Promotion Policy 2007, turning the entire region into a special economic zone. The policy includes tax exemption, duty exemption, capital subsidies of up to 30 per cent, interest rate caps on loans, insurance reimbursements and special incentives for services sector, biotechnology and power generation to provide major incentives (mostly over a 10-year period) for new investments and the expansion of existing investments. This tax exemption was extended for another 10 years—from 2017 to 2027 (*Business Line* 2017).

However, this State-led development through the pumping of money has unintended consequences in the region. The largely bureaucracy-managed ‘developmentalism’ with its inherent red tape led to stagnation of the economy. It has also created a nexus among politicians, contractors, bureaucrats and insurgent groups. To mine this plentiful developmental money from the centre, this nexus is being used, and thus perpetuate corruption and insurgency. The money did not help achieve its goals. Besides, following the report of the Central Electricity Authority in 2001, identifying the Brahmaputra river basin with the potential for hydroelectricity generation of more than 60,000 MW, the Government of India intends to construct 168 hydropower projects, which will be double the total amount of hydroelectricity generated in India since Independence. There are also plans to exploit other resources such as oil in the northeastern states of Tripura and Manipur, besides Assam and Nagaland, after oil deposits were found in recent surveys. Many ‘criticize state-driven growth models that relied on large-scale technological solutions, destructive to nature and to the people who depended on such natures for their livelihood’ (Cederlof 2014a, 29). Thus, State-led growth needs a new direction and purpose, by way of being consistent with the ways of life and traditional economic activities of the region.

## DEVELOPMENT THROUGH TRADE AND SERVICES

Since the ‘liberal economic reforms’ in June 1991, India put ‘economics’ at the forefront of its foreign policy. As such, economic diplomacy has become the priority of India’s foreign policy. In India’s search for vibrant economic cooperation and partnership, it found in its own neighbourhood in the East. Thus the Look East Policy was launched to

promote economic integration with Southeast Asian countries through the Association of South East Asian Nations (ASEAN). With emphasis on this, India gained several levels of partnership with ASEAN—initially a sectoral dialogue partnership in March 1993 in three areas, namely, trade, investment and tourism; a full dialogue partnership in 1995 with the members of the ASEAN Regional Forum (ARF); and finally a summit-level partnership in 2002. With this enhanced partnership, trade between India and ASEAN phenomenally increased. But it has been felt that this increased economic cooperation between India and the ASEAN countries has overlooked the North East, through which India is physically connected. Baruah (2004, 23–24) with dismay pointed out that India has pursued largely maritime cooperation with Southeast Asia. He suggested that: ‘The eventual success of India’s Look East policy will depend on India’s ability to embrace both a maritime and a continental thrust in its Look East policy’.

The northeastern region of India is ideally sandwiched between the Indian sub-continent and the Southeast Asia massif. With the joining of Myanmar as one of the members of the ASEAN in July 1997, the North East became physically connected to ASEAN countries. The coming of globalization propagates deterritorialization and a borderless world which is often associated with economic integration. With 98 per cent of its borders with China, Myanmar, Bhutan, Bangladesh and Nepal, the North East has better scope for development in the era of globalization through trade. Thus, in this line of thinking that a new policy developed among policy makers that one way the northeastern region must be looking to as a new way of development lies with political integration with the rest of India and economic integration with the rest of Asia, with East and Southeast Asia in particular as the policy of economic integration with the rest of India did not yield much dividends. The launching of the second phase of India’s Look East Policy in 2004 aimed at partnership with ASEAN countries integrally linked to the economic interests of the northeastern region (Government of India 2004). Thus, the Look East Policy identifies the North East as the economic bridgehead and gateway to East and Southeast Asia; this is a major initiative undertaken by the Government of India. The

focus now is on developing more intensive economic contacts with an emphasis on expanding trade and mobilizing investments.

The North East is not only physically located in the periphery of India, it is also at the cultural margin, despite being rich in culture. It has more cultural affinity with several East and Southeast Asian countries. Taking into account its geographical proximity, its historical linkage and cultural linkage with Southeast Asia and China (Baruah 2004, 33), it is expected that vibrant commercial exchanges with Southeast Asia can galvanise growth and development in the North East.<sup>3</sup> Contrary to the traditional conception of the North East as a *cul de sac* and periphery, the new policy, that is, the Look East Policy, intends to deliver a new political imagination of this region, which Samir Kumar Das (2010, 343–58) calls ‘extended Northeast’, which spreads across the international borders to include front-line states such as Myanmar and Bangladesh.

With the development of this new policy, the Government of India directed its Look East Policy towards developing the northeastern region. This policy is reflected in *Year End Review 2004* of the Ministry of External Affairs, which states that:

India’s Look East Policy has now been given a new dimension by the UPA Government. India is now looking towards a partnership with the ASEAN countries, both within BIMSTEC and the India-ASEAN Summit dialogue as integrally linked to economic and security interests, particularly for India’s East and North East region. (MEA 2004)

Recognizing the advent of globalization, regional economic cooperation, new policy approaches for development and the massive changes which took place in the domestic and external fronts, the then Minister of External Affairs Pranab Mukherjee expounded that the North East has enormous potential for exploitation by taking ‘geography as opportunity’ (Mukherjee 2007). He stated that ‘with the paradigm shift from state centrism to interdependence and global and regional cooperation, India is aware of the geo-economic potential of the North-Eastern region as a gateway to East and South-East Asia’. The border areas of countries neighbouring the North East are rich in natural resources.

They are at different levels of economic and industrial development and have different levels of natural endowments. A study conducted by a New Delhi-based policy research institute—Research and Information System for Developing Countries—found that the complementarities between the North East and its neighbouring countries are substantial and suggested that the geographical contiguity can facilitate the exploitation of the potential of efficiency, seeking restructuring of the industry (RIS 2004, 2).

### Preparing the North East

Even after India's Act East Policy recognized the importance of the northeastern region, it does not go beyond looking at the region merely as an 'economic bridgehead and gateway to East and Southeast Asia'. It does not recognise the region as a resource production and export centre of products and still has a myopic view of it as a mere transit corridor for goods produced somewhere else. If the redirection of the policy is really meant for the northeastern region, it has to 'act' by making the region an ideal launching pad for all commercial relations with ASEAN countries through Myanmar. For this to happen, there are two things that have to be prioritized: India's North East has to be prepared and there has to be more intervention by India in Myanmar.

Preparing the North East, first, involves overcoming two most important and enduring problems in the region. There is wide recognition that the main stumbling block for economic development in the northeastern region is the disadvantageous geographical location (Sachdeva 2000, 145), of being a periphery of the other parts of the country. This 'disadvantageous geographical location' is now being re-imagined and repositioned, with the onslaught of globalization and the propagation of a borderless world at the centre of a sub-region in Bangladesh-China-India-Myanmar (BCIM) Forum for regional economic cooperation. As much as the geographical location of the region is now taken as an opportunity in this policy, the geographical terrain is still an obstacle to the policy itself. To overcome 'geography' involves huge infrastructural investment on all-weather roads and railways. Such huge investments can only come from the central government. The

commitment of the central government to this policy has to be judged on its sanctioning of funds liberally. Besides the connectivity through the Asian Highway and Trans-Asian Railways between the North East with other countries in the east, intra-regional connectivity within the North East is still very poor. While the Asian Highway and railway projects have steadily progressed, there is an urgent need to also look afresh into the issue of intra-regional connectivity in the vision for a vibrant North East. A vibrant economic society cannot be internally locked inside and connected with the outside. It has to internally communicate and prepare together for a successful commercial intercourse with people beyond the border.

Second, the government needs to create a safer environment conducive to trade, investment and entrepreneur growth. 'North Eastern Region Vision 2020', a policy document of the Ministry of Development of northeastern region in 2008, identifies 'underdevelopment' as the region's 'economic imprisonment' and calls for a 'paradigm shift in development strategy' to alleviate poverty in the region through 'people-centric programmes based on harnessing the natural resources of the region'. The Vision document assesses the region's potential for investments by emphasizing the proximity of the North East to Southeast Asia and East Asia, particularly China, and postulates that investments will create opportunities, opportunities will create jobs and jobs will cultivate a peaceful region. This 'vision' will largely be a wishful thinking until the law and order situation in the region improves.

Most law and order situations in the region are triggered and exacerbated by armed groups rebelling against the Indian State. Investment cannot come and entrepreneurial environment cannot emerge due to the prevalence of extortion rackets by these parallel governments. Besides, a huge slice of public spending by the government is shared by them through different means and every developmental project cannot meet the quality standards due to the siphoning of money. Since the late 1990s, the governments at both the centre and the states in the region have attempted to negotiate with armed groups to solve their grievances. As such a semblance of order is slowly becoming visible. But to bring lasting peace in the region, all insurgent armed groups must be brought back to the mainstream, and the government has

to restore confidence in potential investors and partners and anyone involved in any economic activity with regard to the safety and security of their undertakings.

Along with improving the law and order situation, governance in most of the states in the region has to be improved. The prevalence of corruption and red tape in most public offices and the large-scale absence of accountability have thwarted all economic and developmental efforts. Most public offices are half functional in the region. For instance, the Saikul Sub Divisional Office in the Kangpokpi District of Manipur can be taken as a reference point. This sub-divisional headquarters is located just 34 km from the State's capital Imphal. It is connected with proper roads and all modern amenities are available. The sub-divisional officer (SDO) is not stationed in the sub-divisional headquarters for more than a decade now but the sub-divisional office is functional in Imphal. Civil society organizations and some individuals of this sub-division gave an all-out effort to bring back the SDO to its headquarters. Recently an agreement was made and the SDO agreed to attend his office in Saikul thrice a week (Imphal Free Press 2017). As the location of sub-divisional offices gets further from the centre of power, the more the presence of the State's activity gets visibly thinner. The sub-divisional offices of Henglep in Churachandpur District and Khengjoy in Chandel District are functional in their respective district headquarters.

Trade is based on the free movement of goods and people across borders, whether they are international or sub-national State borders. In this regard the continuation of certain colonial regulations such as the Inner Line Regulation Act in states such as Nagaland, Mizoram and Arunachal Pradesh in the post-Independence period, especially in the globalised new millennium, is a concern. Such Acts and regulations were designed to serve the administrative, economic and strategic interests of the colonial government and were not in the interests and needs of the local people during that time. In recent years there have been growing demands by different ethnic groups in the states of Meghalaya, Manipur and Tripura for the extension and implementation of the colonial law and the establishment of the Inner Line Permit System in their respective states so that their 'vulnerable community'

is legally protected by this regulation from the influx of immigrants from neighbouring countries and other parts of India. However, this demand has degenerated into the 'politics of indigeneity' where one community 'spurns' its 'neighbour' to gain legitimacy of its demand.<sup>4</sup> This has only exacerbated the prevailing tensions in the region. Thus, the Inner Line Regulation Act can hinder the implementation of the goals of the Act East Policy. As such, the concerns of people in the region such as protecting their identity, culture and land can be undertaken in ways without restricting the movement of people across State borders (Haokip 2010, 97).

## Borderland Services

Writing an introduction for a recent volume the economist-political scientist duo add:

In order to intensify the pace of economic engagement with ASEAN, India needs to diligently work for the early execution of FTA in services and investments, which would provide a space for the Indian service industries, in which India has comparative advantage, to play a role in furthering Indian trading interest with ASEAN. (Das and Thomas 2016, 5)

India's advancement in medical sciences and its relatively cheaper and better medical services have not been taken into account in its 'Act East' foreign policy. The country is known for its affordable medical services and is much sought by people from Africa and different parts of Asia, particularly its neighbours. This sector can be advantageously exploited, particularly in its borderlands in the North East. World-class hospitals can be established in border towns, and medical tourism can be promoted accordingly. As a pilot project in this endeavour a world-class hospital can be established at the border town of Moreh in Manipur, which is the thriving border trade point in the region so far. This will not only serve the people of the town and adjacent Myanmarese nationals in Sagaing Division and Chin Hills, but it will also bring better medical services to the remote borderlands on the Indian side who are denied of such facilities. There are many, even

after 70 years of Independence, on the Indian side of the border who have no access to medical services and have to depend on traditional medicines or move to the other side of the border to avail minimal health-care facilities.

Beside medical sciences, India's technical know-how and English education are much respected and sought after in Southeast Asia, particularly in Myanmar. Technical institutes and English language training centres can be established in borderlands to promote education even in the most remote corners. This will be a goodwill gesture not only to the relatively underdeveloped parts of neighbouring countries but also to a similar population of its own in the most remote border areas who are deprived of public educational services.

The policy of 'Look East' was renamed 'Act East Policy' by the Narendra Modi government in 2015, to show its keenness to 'act' rather than just 'look' into the East. Despite its renaming, the policy is yet to see any visible change so far, or in other words, the pace of implementation of the main goals of the policy in the last 5 years of Bharatiya Janata Party (BJP) government at the centre has not accelerated. Pursuing the Act East Policy fervently should involve the deepening of India's cooperation in trade and investment, technology, transport and communications, energy and tourism with its Eastern neighbours. Sanjib Baruah, a staunch proponent of a continental Look East Policy, advocated that, 'India should take more advantage of Northeast India's history and culture as a soft power resource' (Baruah 2004, 33). This involves reviving the shared historical and cultural ties between the people of the North East and Southeast Asia.

## FROM CULTURAL DIPLOMACY TO CULTURAL ECONOMY

Every nation and ethnic community in the world have a unique culture of their own. They preserve and promote their cultural practices. In fact, culture has long been regarded as the third pillar of foreign policy.<sup>5</sup> India is rich in culture and has influenced different parts of the world with its cultural values. Since Independence it has been trying 'to establish, revive and strengthen cultural relations and mutual

understanding' with other countries. To this end the Indian Council for Cultural Relations (ICCR) was founded in 1950 'to establish, revive and strengthen cultural relations and mutual understanding between India and other countries'.<sup>6</sup> Currently, the ICCR has 35 cultural centres around the world, and there are plans to establish new centres in Yangon, Hanoi, Lagos and Singapore, among others. Besides ICCR, the Indian Council for World Affairs (ICWA), which was established in 1943, aims to 'promote India's relations with other countries through study, research, discussions, lectures, exchange of ideas and information with other organizations within and outside India engaged in similar activities'.<sup>7</sup> Both ICCR and ICWA have played a vital role in India's cultural diplomacy.

The external cultural policy of India has been to promote and disseminate India's culture through international cultural exchanges. The 'new cultural policy' espoused in the new millennium, at its best, however, attempts to 'reconstruct India's healthy past' and stresses on 'eternal values that have helped the Indian civilization to stay afloat and make Indian arts more creative' (*Times of India* 2002). In this attempt, not only mainland India has civilizational linkages with Southeast Asia, which is often referred to as 'civilizational Asian neighbours' in official diplomatic circles, the ethnic communities in its northeastern region have roots and intimate cultural links with China and several Southeast Asian countries. As Mahapatra (2016) has pointed out:

though soft power resources, including culture, are not new, the increasing awareness and activism of India's political class to use those resources to realize foreign policy goals is recent. The focus on soft power, particularly cultural diplomacy, and its use in foreign policy, has become increasingly visible in recent years.

He 'argues that the increasing acceptability of its culture and values opens up possibilities for India to realize foreign policy goals'. Nevertheless this will not be an easy task unless there is prioritization of goals with the inclusion of North East's cultural linkages with Southeast Asia, in an attempt to achieve economic objectives through cultural diplomacy.

Culture and economy have been regarded as separate entities in the national as well as foreign policy of nation-states. The two were treated as separate spheres till the 1980s. Modern economics have been, to a great extent, hesitant to examine this question. The neglect of the economic potential of cultural resources was evident when cultural policies served social and political agendas rather than economic ones during the 1970s and 1980s. The primary goal of cultural policy was to enhance community building and economic reconstruction though cultural resources were not critically on the agenda. Cultural diplomacy basically was to promote and strengthen 'a nation's cultural influence by funding artists' tours or by promoting the study of the national language and culture in universities abroad' (Mitchell 1986). It was through the multilateral agency, the United Nations Educational, Scientific and Cultural Organisation (UNESCO), that nation-states promoted their cultural heritage. The State's cultural mission on the international scene no longer simply entails promoting an already existing culture abroad. It involves a more visibly active role in protecting and developing national culture.

It was only in recent years that economists started to think seriously again about how culture may help explain economic phenomena. The relations between culture and economy have been increasingly emphasised on in the past two decades. Economy is now even viewed as culture and the focus is on 'the practical ways in which 'economically relevant activity' is performed and enacted' (du Gay and Pryke 2002, 5). Cultural activities have now become increasingly significant in the economic rejuvenation policy in many parts of the world. However, most State cultural policies have been based on the concept of culture as a domain separate from the domain of economic activity (Shuker 1994, 54). Since the last two decades scholars increasingly acknowledge the role played by culture in economic development, and economy is now increasingly viewed as culture. Given the close cultural affinity and historical roots of communities of the northeastern region with Southwest China and Southeast Asian countries, promoting a 'cultural economy' between them will not only result in the economic development of the region but also will reduce schizophrenic alienation of the peoples present among three sub-continents—South, Southeast and East Asia.

## GENERATING ECO-FRIENDLY GOODS AND SERVICES

Traditional societies of the North East were known for their eco-friendly practices. Their primordial religions were close to nature and ecology. The nature of their livelihoods including *jhum* or shifting cultivation was consistent with sustainable practices. It is only with the onset of the commercialization of such practices that the process of environmental and ecological degradation started, coupled with increasing pressure on the land with an increase in population. To simultaneously provide livelihood and an income to rural folks, a commercial cultivation promotion plan is needed. The government needs to identify certain exportable eco-friendly commercial plants so that they can be encouraged for plantation widely and accordingly establish processing centres in the region so as to produce them in the industrial level.

The North East has largely been a ‘consumer’ rather than a ‘producer’ of goods for the last several decades since Independence. Most of their financial resources come from the union government as all the states in the region are given ‘special status’; thereby 90 per cent of the funds required by these states are given as grants by the central government and only 10 per cent has to be raised by them. This categorization is mainly due to: ‘(i) hilly and difficult terrain (ii) low population density and/or sizeable share of tribal population (iii) strategic location along borders with neighbouring countries (iv) economic and infrastructural backwardness and (v) non-viable nature of state finances’.<sup>8</sup> Coupled with these features are

Centuries of economic deprivation and neglect coupled with isolation from the mainstream of Indian states had resulted in widespread poverty, unemployment and economic backwardness of the people living within their territories. They have in fact been victims of the combined burden of history, geography, economics and governance. Even the resources that nature has endowed them with could not be harnessed and utilised for their development due to the pathetic state of their infrastructure and its continued neglect over decades. (Bhattacharjee 2014, 48)

Thus, much of the efforts of the chief ministers of the region are not only to obtain funds on time but also to beg for more funds. In

another study I showed that this dependency of funds from the centre made a State like Manipur conform with party ruling at the centre. In Manipur,

the last forty-five years of state politics had been unduly affected by the political regime at the centre mainly due to its sheer financial dependence. This perpetual state of financial dependency has often caused configuration and reconfiguration of the ruling parties depending upon the political regime at the centre making the state government inherently unstable. (Haokip 2017, 468)

To be consistent with the Act East Policy, borderland States should have long-term policies to achieve sustainable development goals not only for the livelihood projects of individuals but also for the State as well explore areas where they have a comparative advantage. This will eventually reduce the dependency to the centre. For making the region a producer of tradable products, it has to first enter into successful local partnership. Being basically a hilly area the production of agro-based products should be identified. After identifying areas of comparative advantage, individuals should be encouraged to enter into mass cultivation with the assurance of the market. The government needs to collaborate with private corporate entities and enter into joint ventures for small-scale industries. This joint venture will not only ensure efficiency and accountability but also profitability.

## CONCLUSION

India's North East has been dependent on imported goods, mainly finished products, from mainland India and also from the neighbouring countries. The stimulus for entrepreneurship was absent due to the prevalent law and order situation and lack of financing in the region. Since the late 1990s, the Government of India's efforts to provide solutions to various armed rebellions in the region by holding out olive branches to all insurgent groups have brought most of them to the negotiating table. This has slowly started to improve the commercial and entrepreneurship environment in the region. However, in order to see the much-needed take-off, a lot still needs

to be done—starting with bringing all elements of ‘resistance’ and ‘rebellions’ from the negotiating table to a settlement and ending the ‘still’ prevailing environment of extortion and tax collections by these so-called ‘parallel governments’. Bringing back a peaceful environment will not only restore trust between ethnic groups ‘in conflict’ in the region, such an environment itself is the first step to the path of development.

In the currently identified 62 tradable items for border trade with Myanmar, most of them come under the formalization of informal trade that occurred before the agreement was signed. The traded items are mostly ‘third-party’ products to the North East—the exported items are mainly brought from mainland India and traded through border trade points, and many of the imported items are Chinese and Thai products. In order that the region benefits from border trade, it must first produce tradable items with its neighbours after a comparative advantage study.

While the Government of India’s efforts to improve connectivity infrastructure in the region are visible in the last two decades albeit in a slower pace in the form of transnational highways, the intra-regional road connectivity is yet to gain its due attention. There are chances that while the North East can be well connected with its neighbouring countries, the states in the region can be cut off especially during the monsoon season. Adequate emphasis needs to be given on intra-regional connectivity and border roads development, so that remote areas in the region are not left behind. The Northeastern region has mainly been a passive consumer of foreign goods and evidently the balance of trade between the Northeastern region and the neighbouring countries has been consistently negative, despite the identification by concerned Indian Ministry of the ample scope for expansion. The region should be prepared for supplying goods that it has comparative advantage in trade with its neighbouring countries. Such goods should be identified and the cultivation and production in a large scale should be encouraged. Once the momentum for large-scale farming sets in, the governments have to provide the needed governance and market to these start-up agro-entrepreneurships.

## NOTES

1. Since Independence the Government of India has adopted several policies towards its northeastern region. For detailed analyses of the continuity and change in India's North East policy, see Haokip (2010).
2. NEDFi website accessed on 8 October 2018 at: <http://www.nedfi.com>
3. Prime Minister Atal Bihari Vajpayee inaugural speech at the Second North-East Business Summit IBEF, 20 January 2004.
4. To look into this politics of indigeneity, see Haokip (2016).
5. It was Willy Brandt, the then Foreign Minister of Germany, who in 1966 declared cultural relations as the 'third pillar of foreign policy'.
6. <http://www.iccr.gov.in/content/iccrs-centres-abroad-1>
7. ICWA Website: <https://icwa.in/aims.html>
8. This information was given by the Minister of State (Independent Charge) for Planning, Shri Rao Inderjit Singh, in a written reply in the Rajya Sabha on 14 December 2015, reported by Press Information Bureau Government of India (PIB 2015).

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