

March, 2015

# India's Look East Policy and the Northeast

Thongkholal Haokip, *Jawaharlal Nehru University*

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**Thongkhohal Haokip**



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*First published in 2015 by*



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B1/I-1 Mohan Cooperative Industrial Area  
Mathura Road, New Delhi 110 044, India  
[www.sagepub.in](http://www.sagepub.in)

**SAGE Publications Inc**

2455 Teller Road  
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**SAGE Publications Ltd**

1 Oliver's Yard, 55 City Road  
London EC1Y 1SP, United Kingdom

**SAGE Publications Asia-Pacific Pte Ltd**

3 Church Street  
#10-04 Samsung Hub  
Singapore 049483

Published by Vivek Mehra for SAGE Publications India Pvt Ltd, typeset in 10/13 pts  
Berkeley by Diligent Typesetter, Delhi and printed at Saurabh Printers Pvt Ltd,  
New Delhi.

**Library of Congress Cataloging-in-Publication Data Available**

**ISBN:** 978-93-515-0101-5 (HB)

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**The SAGE Team:** Rudra Narayan, Sanghamitra Patowary, Vaibhav Bansal and

This book is dedicated to my beloved mother,  
Mrs Lhingkhonei Haokip.

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## List of Abbreviations

AFTA	ASEAN Free Trade Area
AGP	Assam Gana Parishad
APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
BATD	Bodoland Autonomous Territorial Districts
BCIM	Bangladesh–China–India–Myanmar Regional Economic Forum
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BIST-EC	Bangladesh, India, Sri Lanka, Thailand-Economic Cooperation
BJP	Bharatiya Janata Party
BPO	Business Process Operation
CLMV	Cambodia, Laos, Myanmar and Vietnam
ECC	European Economic Community
ECOSOC	United Nations Economic and Social Council
EMS	European Monetary System
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GoI	Government of India
IAS	Indian Administrative Service
ICT	Information and Communication Technology
IFAS	Indian Frontier Administrative Service
IGEG	Inter-Governmental Expert Group
IMF	International Monetary Fund
INC	Indian National Congress
J&K	Jammu and Kashmir
KNA	Kuki National Army
MDoNER	Ministry of Development of North Eastern Region
MEA	Ministry of External Affairs

MERCOSUR	Mercado Comun del Sur, Common Market of the South
MGC	Mekong–Ganga Cooperation
MNF	Mizo National Front
NAFTA	North American Free Trade Agreement
NDA	National Democratic Alliance
NEFA	North Eastern Frontier Agency
NEC	North Eastern Council
NNC	Naga National Council
NSCN	National Socialist Council of Nagaland
R&D	Research and Development
SAARC	South Asian Association for Regional Cooperation
SAPTA	South Asian Preferential Trading Agreement
STEOM	Senior Trade/Economic Official Meetings
TNV	Tripura National Volunteers
ULFA	United Liberation Front of Asom's
UMFO	United Mizo Freedom Organisation
UN	United Nations
UNCTD-III	United Nations Conference on Trade and Development-III
WTO	World Trade Organisation

## Preface

The Look East policy has emerged as a major thrust area of India's foreign policy in the post-Cold War period. It was launched in 1991 by the then Narasimha Rao government to renew political contacts, increase economic integration and forge security cooperation with several countries of Southeast Asia as a means to strengthen political understanding. Outside South Asia, India saw Southeast Asia as the only region where politico-strategic and economic conditions offered an opportunity to play a role for itself. India's Look East policy is aimed at greater economic alignment and an enhanced political role in the dynamic Asia-Pacific region in general and Southeast Asia in particular. The Look East policy is pursued to make India an inalienable part of Asia-Pacific's strategic discourse. Hence, the current phase of the Look East policy marks the beginning of a vibrant relationship on the economic, political and strategic fronts. The economic potential of this policy is also emphasised to link to the economic interests of the Northeastern region as a whole.

The beginning of the early 1990s was marked by a transformation in the international political economy, contributed by the end of the Cold War and the resulting spread of globalisation. Globalisation of world economies intensified international competition and has given rise to a new wave of regionalism. As a viable response in a rapidly globalising world, the trend towards regionalism is being espoused by the developed as well as the developing countries. A large number of states in different parts of the world constitute themselves into regions to give fresh impetus to a wide variety of cooperative ventures based on regionalism. Geographical proximity, economic complementarities, political commitment, policy coordination and infrastructure development provide conditions for formation of such groupings.

During this time India, like many developing countries, faced many challenges—both internally and globally. Internally, the country was unsettled by social unrest, serious political instability and poor economic performance. After the disintegration of the Soviet Union, New Delhi lost a major economic partner and its closet strategic ally. India became aware

of the growing trend towards regionalism and due to fears of being marginalised from the global economy, she emphasised on weaving a web of durable cooperative ties with various countries in the region.

The first ever regional economic cooperation that India joined in her own neighbourhood is SAARC. However, it has become a non-starter due to political tensions between India and Pakistan. India also cannot look towards West Asia and Africa for intensive economic cooperation, as the countries of this region look up mainly to the West. During this period, India has got attracted to the high-performing economies of East Asia. Forced by the economic crisis and the dire need of Foreign Direct Investments (FDIs) for rapid economic development, India had enunciated the Look East policy in 1991 and was determined to work with the spirit of regional economic cooperation with her Eastern neighbours. The policy underlines the renewed thrust towards the Asianist perspective of cooperation and development which was undertaken during the Nehruvian era.

The first phase of India's Look East policy was ASEAN-centred, and focused primarily on trade and investment linkages. The second phase, which began in 2003, is more comprehensive in its coverage, extending from Australia to East Asia, with ASEAN as its core. The new phase marks a shift in focus from trade to wider economic and security cooperation, political partnerships, physical connectivity through road and rail links. In India's effort to look East, the Northeastern region has become a significant region due to its geographical proximity to Southeast Asia and China. India's search for new economic relationship with Southeast Asia is now driven by the domestic imperative of developing the Northeast by increasing its connectivity to the outside world. Instead of consciously trying to isolate the Northeast from external influences, as it had done in the past, New Delhi has now recognised the importance of opening it up for commercial linkages with Southeast Asia. In its effort to look East, India has the vision for Northeast as the gateway to the East and a springboard for launching intense economic integration with Southeast Asia.

Northeast India is the northeastern borderland of South Asia and also the northwestern borderland of Southeast Asia. The region has much more geographical contact with and proximity to other national states than the Indian mainland. The people have distinct ethnic and cultural identities, which are similar to those of the people of Southeast Asia and China than with the people of the rest of India. The region is a storehouse of mineral resources, biodiversity and water resources, and

has been known for her natural resources and maintenance of active transborder trade with her neighbours during the pre-independence period. But these natural bounties are yet to be harnessed. The partition of India in 1947 caused the extreme geo-political isolation of the Northeast, making it the most regulated, sensitive border region and the most exposed territory. In addition, the partition also caused the severance of the inland water, road and railway communications through erstwhile East Pakistan, and access to the Chittagong port was lost. The Chinese takeover of Tibet and the virtual closure of the border with Burma added to the isolation of the region. These profound economic and political changes that followed in the wake of independence created a sense of unease among the tribal population of the region. Since the development initiatives of the Indian government in this region have been based on its security concerns, the state-centric security approach has kept the region isolated and underdeveloped.

For several decades, people have talked about economic integration of the Northeastern states with the rest of the country. Over the time, policy-makers, bureaucrats and intellectuals have attributed the numerous armed separatist struggles and political instability in the Northeastern states to the region's underdevelopment and weak economic integration with mainland India. As part of the efforts to integrate the region with the rest of India, developmental funds were poured in and emphasis was laid on infrastructural development. However, the region still has the problem of underdevelopment and faces the problem of a growing and expanding security apparatus. The migration of people from Bangladesh, Nepal and Myanmar has only added to the tensions in the region. Such unrest in the region has resulted in alarming changes, which endanger the security of the region by hindering the development of a strategically significant region of the country. Moreover, there is a relocation of factories and industries towards northern and western India, and hence the cost of transportation of goods to Northeast India has increased. Therefore, the existing policy of development of the Northeastern region needs to be reoriented if its stated objectives have to be fulfilled in due course.

In the recent years, the development of this region is being factored into the overall strategy of national development as well as in the conduct of India's relations with the other countries. India's Look East policy, which identifies Northeast India as the gateway to the East, is one such major initiative undertaken by the Government of India (GoI). One direction that holds out much promise as a new way of development is political integration with the rest of India and economic integration with the rest

of Asia, particularly with East and Southeast Asia. In the second phase, the Look East policy has been given a new dimension wherein India is now looking towards a partnership with the ASEAN countries, integrally linked to the economic and security interests of the Northeastern region.

Taking into account its geographical proximity, its historical and cultural linkage with Southeast Asia and China and the primary objective of the Look East policy, it is being widely stated that the Look East policy would result in the rapid development of the region as it promises increased trade contacts between the Northeastern region and Myanmar, China and Bangladesh. The policy also has the potential of solving the problem of insurgency, migration and drug trafficking in the region through regional cooperation.

On the other side, there is pessimism that the policy of integrating Northeast India with its Eastern neighbours would lead to dumping of cheap foreign goods, and the region's own industries being adversely affected by it. The region is also being perceived as just a transit region without bringing economic development to the region, as it has no adequate industrial infrastructure to produce goods which can be exported to these countries. There is also a concern that such integration will develop further the feeling of alienation of the people and the region itself would drift away from the mainstream Indian politics. Therefore, there is a need to examine deeply the existing realities and issues. Considerable works have been done on the dynamics of India's Look East policy, but these academic works did not examine the economic potentials of the Look East policy linked to economic interests of the Northeastern region. The works on the economy of the Northeast recommend the economic integration of the region with the dynamic East and Southeast Asia without examining the possible consequences of such a policy in terms of ethnic integration of the communities of the Northeast with the rest of the Indian states.

This work studies the evolution of India's Look East policy, the economic potentials of the Look East policy linked to the economic interests of the Northeastern region, the continuity and change of India's policy towards the Northeast and, in that context, examine whether the Look East policy is likely to attain its goals. It also examines whether it is feasible to adopt a policy for economic development by opening up to the East in the face of possible alienation in ethnic terms.

This study has been divided into eight chapters. Chapter 1 discusses the trend towards regional integration after the end of the Cold War, the growth of regional organisations and its relationship with the United Nations. The chapter then briefly discusses India's attempt at establishing

regional cooperation. The main concepts, namely, regional integration and regionalism, as they have emerged, so far have been discussed in this chapter.

Chapter 2 of the book assesses the challenges that India faced, both at the domestic and international levels, in 1990–91 and the compulsions of India to look East. The chapter also discusses the policy objectives of the Look East policy, such as regional integration, reforms and liberalisation, rapid economic growth, development of the Northeastern region and security consideration, and its various approaches, such as geographical focus, sub-regional cooperation and free trade agreements.

Chapter 3 discusses the endeavours of India to reinforce the Look East policy by joining several sub-regional groupings, such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), the Mekong Ganga Cooperation (MGC) Project and the Bangladesh–China–India–Myanmar Regional Economic Forum (BCIM Forum). It also explores the complementarities that exist between Northeast India and its neighbouring countries, and possible technical and marketing collaborations in various fields.

Chapter 4 provides the historical background of political integration and its fallout in Northeast India since independence.

Chapter 5 attempts to provide the historical background of economic development in Northeast India till the late 1980s. It traces the background of modern economic development in the region, since the discovery of tea in 1823 by East India Company and the subsequent entry of the region into the world economy. It explores whether the plantation economy and modern economic growth raise the standard of living of the people. The consequences of the partition of 1947 and the newly drawn political boundary, the Chinese occupation of Tibet and the virtual closure of border with Burma on the economy of the region and the region's economic condition after independence are also discussed.

Chapter 6 examines the continuity and change of India's policy towards its Northeastern region, and the economic potentials of the Look East policy. It starts with the analysis of *Nehruvian policy framework* for the Northeast to the *politics of political representation* and the *development syndrome*. It then looks into the development of new policy by the GoI, which directs its Look East policy to tap the geo-economic potential of the Northeastern region as a gateway to East and Southeast Asia by converting locational disadvantage into advantage.

As the Look East policy provides a lot of opportunities as well as challenges for the Northeastern region, Chapter 7 examines the possible

political impact of the Look East policy vis-à-vis the issues of ethnic integration, insurgency, migration and drug trafficking. These conundrums in the Northeastern region are interrelated and transborder in nature. Chapter 7 examines whether the transborder nature of these problems can be solved by way of effective regional cooperation through the Look East policy, and examines the nature of sovereignty bargains that the Indian state will be willing to engage in its pursuit of regional integration. The concluding chapter (Chapter 8) recapitulates the major findings of the previous chapters.

## Acknowledgements

I am indebted to many people who have helped me in writing this book. First and foremost, I am sincerely grateful to the faculty members of the Department of Political Science, North-Eastern Hill University (NEHU), Shillong, for sharing their views on the subject.

I am thankful to Dr C. Joshua Thomas, Deputy Director, Indian Council of Social Science Research-North Eastern Regional Centre (ICSSR-NERC) for his immense guidance and help, which enabled me to avail help from the ICSSR, New Delhi, during my visit to various libraries in New Delhi.

I am grateful for the help received from the staff of NEHU Central Library, ICSSR-NERC and North Eastern Council library in Shillong, Omeo Kumar Das Institute of Social Change and Development, Guwahati, and from other libraries, namely, Jawaharlal Nehru University (JNU) library, Nehru Memorial Museum and Library, Parliament Library, Research and Information System (RIS) and the National Social Science Documentation Centre (NASSDOC), New Delhi.

I would also like to express my deep gratitude to my parents, Pu Sonthong Haokip and Pi Lhingnei Haokip, for their understanding, encouragement and support during the course of my work.

Last and by no means least, I thank the Almighty God for enabling me to do this piece of work without any difficulties, and for the blessings I have received over all these years.

Thongkhohal Haokip  
Kolkata: January 2014