

NORTHEAST INDIA AND GLOBALIZATION: THE WAY AHEAD

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Globalization, which entails privatization and liberalization, has become the buzzword today. It is the dominant ideology by which the socio-economic policies and Programmes of most of the countries are organized and structured. This is particularly so, after the end of the cold war, the dismantling of state socialism in the USSR and the collapse of the Berlin Wall. The present era of globalization has certain distinct features like new markets, new tools (Internet links, cellular phones, and media networks), new actors (MNCs, WTO), the global networks of NGOs and new rules (multilateral agreements on trade, services and intellectual property rights. ECD defined globalization as “*the wide set of processes and relationships as a result of which previously fairly separate economies have become increasingly inter-related to an unprecedentedly high degree.*” The term has often been identified with economic reforms, Structural Adjustment Programme, new world trade order, opening up of domestic markets and global communication village. Privatization, deregulation and trans-nationalization of capital are the three important corollaries of globalization.

The Govt. of India adopted New Economy Policy in 1991, which calls for an assessment of the role of the state, liberalization of trade, structural adjustment, transparency and full convertibility of Rupee. The restructuring of economy envisaged by IMF involves the replacement of import substitution growth strategy by an export oriented growth Strategy. The MNCs, Foreign Direct Investors and Foreign Institutional Investors play vital role in bringing the whole country under market system.

While analyzing the process of globalization initiated in India under structural adjustment programme since 1991, it is clear that Indian economy has achieved tremendous growth prospects under the new regime. It has led to the entry of foreign capital, expansion of Indian trade beyond domestic boundaries, growth in service sector and resultant generation of employment opportunities etc. Above all India now stands among the fast moving nation states of the world economic giants.

However, the projected growth path which India moves is not free from its on inherent limitations. The macro economic trends show high level of regional imbalance and socio economic backwardness since the inception of economic liberalization. For example, Northeastern states in India are lagging behind other states in terms of per capita income, industrial growth foreign investment and infrastructure. Even after 60 years of planned economic strategy we failed to provide basic infrastructure and resource base to this geographically isolated and ethnically sensitive region. As a result Northeast lagged behind other states, when the entire mainstream economy was moving ahead with market led growth strategy. Balanced and sustainable economic growth under globalization will not be possible unless the burning issues of regional imbalance are tackled with effective policy framework.

In this context the present paper attempts to analyze the potential of Northeast in the context of economic liberalization and transnational co-operation. The paper argues that the need for a holistic and inclusive policy towards NER should focus on 3 aspects-**Political, Economic, Transnational**. Political approach should focus on approaching Security and ethnicity related issues beyond law and order dimension; creation of viable conflict management system based on consensus among civil society, government ethnic groups and tribal; transparency and efficiency in administration giving representation to local people, strengthening participatory institutions like panchayati Raj etc. Economic dimension include creation of a sound investment climate through various incentive measure, increased public investment in physical and social infrastructure, cluster development for small scale industries, development of SEZs, training and assistance for local entrepreneurs, insurance policy for investors, promotion of tourism, credit delivery, alternative livelihood options and efficient management of natural resources. Transnational dimension include confidence building measures with neighboring countries on trade and national security related issues, water and power sharing agreements, export and import promotion initiatives, initiatives towards southeast Asia-South Asia free trade zone, building road networks between selected neighbors to promote trade and accessibility to market.

Potential of Northeast in the era of Globalization

Indian economy is increasingly getting integrated with the world after economic liberalization through FDI's capital flow and trade. This has opened up new avenues for exporters, entrepreneurs and businessmen across the country. An industrial and export boom is underway now as export business are so vast and attractive. After joining WTO our country has been trying to penetrate more and more in the global market and also encouraging all types of enterprises. In the New Foreign Trade policy of 2004 also the Government of India continues to focus on the traditional thrust area of agriculture, handicrafts, handlooms gems and jewelers leather foot wears etc. Since northeast has a wide untapped resource based on handicrafts and handlooms, the region has unparalleled growth prospects under the new market economy spearheaded by liberalization strategies. The region is well reputed for its mineral deposits, forest products, medicinal plants, horticultural products, traditional handlooms and handicrafts items etc. These items can substantially improve its economic development process through effective participation in global trade and commerce. The region has 98% international borders with Bangladesh, Myanmar, China, Bhutan and Nepal for which it can also develop boarder trade with the neighboring countries¹. Another thrust towards Northeast is initiated with **Look East Policy**. As part of Look East Policy, India is now one of four summit level partners – along with China, Japan and Korea – of the Association of South East Asian Nations (ASEAN). Trade between India and ASEAN countries is expanding significantly. India has signed free trade area (FTA) agreements with Thailand and Singapore; there

¹ Sunil Saikia, Yojana, December, 2006.

are plans to create a free-trade area with Brunei, Indonesia and Malaysia by 2011 and with the remaining ASEAN countries – the Philippines, Cambodia, Laos, Myanmar and Vietnam – by 2016. There are a number of structures of sub-regional cooperation in place including the Mekong-Ganga Cooperation (MGC) and BIMST-EC (Bangladesh, India, Myanmar, Sri Lanka, and Thailand – Economic Cooperation). Outside of ASEAN, bilateral trade between India and China has improved significantly and Prime Minister Manmohan Singh's proposal for an Asian economic community – to include ASEAN, China, Japan, Korea and India – generated significant excitement at last year's third ASEAN-India summit². In this context Northeast region has been seen with a new vigor vitality and optimism. According to Rajiv Sikri, Secretary East of the Ministry of External Affairs, the Look East policy *'envisages the Northeast region not as the periphery of India, but as the centre of a thriving and integrated economic space linking two dynamic regions with a network of highways, railways, pipelines, transmission lines crisscrossing the region.'*

Economic integration with South East Asia and its immediate neighbors offers enormous growth potential for Northeast. If the hydro electric potential is utilized effectively, the region can export the resource to its trans-national trade partners. Apart from those petroleum products, cement, fresh fruits etc open up scope for rejuvenation of the economy and will make it a viable investment destination. However there exists certain bottlenecks which ultimately curtail the promising future of northeast. Ethnic conflicts and insurgencies, presence of paramilitary forces, tight security apparatus, under developed physical infrastructure, lack of entrepreneurial spirit, lack proper marketing channels etc pose serious challenges to the development of northeast. A broad based inclusive strategy can address these challenges and lead the regional economy towards sustained economic growth and social development. The following sections discusses in detail these dimensions and policy paradigm which is required for rejuvenation of Northeast in the era of globalization.

Political Dimensions

Truly, the Northeast has now become an area of violence, insecurity, extortion, trafficking, corruption and repression. Most of the ongoing ethnic insurgencies have turned criminal, mainly due to the militarization of the region by the Indian armed forces enjoying special 'rights' and extraordinary powers, but also with the fascination of easy-money earning by local youths. Mired in an appalling under-development that fuels insurgencies, which with the rise of the underground economy they have spawned (smuggling, extortion, robbery, fake currency, arm dealing, drug trafficking, etc.), the Northeast finds itself trapped in its economic backwardness and can be aptly described as India's neglected child³. The solution to the unending crisis proposed by successive central governments in New Delhi, more or less willing to tackle the recurrent insurgency issue, has often been divided between an overwhelming military response (counter-

² Sanjeeb Barua, *The Problem*, Seminar, June, 2005.

³ Renaud Egretreau, India's troubled Northeast, CHS Occasional Papers. 2006.

insurgency operations) and a few unproductive political negotiations supported by hefty financial packages hijacked by a corrupt and/or inefficient administration. However, with a change in the nature of most of the insurgent organizations since the mid-nineties, the militancy issue in the Northeast needs to be addressed by other means. Most of the insurgent groups have given up their lofty ideals and their fight for a noble 'identity' cause and adopted a more pragmatic and unscrupulous strategy to gain power and control over the parallel economy. They now appear to the people as a bunch of unlawful organizations out to make the most of the political chaos in the region. Having assumed a more urban character, the militancy is now fully organized to harvest easy money (through abduction, extortion, robbery, trafficking, etc.), threatening both the government and the population⁴.

Against this background, the policy dimensions on political reform in Northeast should focus on the following strategies:

1. Looking beyond law and order

While analyzing the government policy towards insurgencies in Northeast, it is evident that since independence the state apparatus practiced a repressive policy towards ethnic conflicts treating each group as disfigurement of the body politic. Since the region has common boarder with neighboring countries it is treated as strategically significant and any aberrations in normal political behavior was taken as a national security threat. In many occasion central and state governments were insensitive towards the genuine development priorities and democratic representation of the ethnic minorities in Northeast which has ultimately resulted in alienation and cultural exclusion. The key determinant of the instability in the region is the absence of the effective role of the state: to provide security and opportunities for social and economic wellbeing equitably to all sections of society; and to uphold the rule of law. For reconstruction to work the state must act to provide key political goods to all its citizens, and restore its legitimate authority by implementing policies and enforcing laws cleanly and transparently. Political leaders can contribute to this endeavor by organizing politics inclusively⁵.

Enhancing the authority of the state is essentially about enhancing its strength and capability, i.e. ability of the state to plan and execute policies and to enforce laws cleanly and transparently. Unless the state is seen to be *legitimate* in the eyes of those it governs, its strength, and therefore its authority, will remain contested. It is evident that by pursuing militaristic practices that come at a cost to the rule of law, and economic policies that have little mechanism for accountability, the state in Northeast India may have greatly compromised its legitimacy in the eyes of citizens. Therefore the reconstruction challenge can be rephrased to read: ***building the legitimate authority of the state and promoting cohesiveness in society***⁶.

Much of the ongoing effort of the centre to enhance capacity of provincial agencies to tackle insurgency has been limited to 'modernizing' police forces of the region, which

⁴ *ibid.*

⁵ Sajjad Hassan, *Reconstruction from breakdown in Northeastern India*, WIDER Research Paper, 2006.

⁶ *Ibid.*

has inevitably meant a focus on better and more sophisticated equipment with some efforts at better training of officers. In his research study on Northeast, worked under UNU-WIDER, Sajjad Hassan has identified certain significant policy recommendations which needs to be quoted. These are:

- Reforming formal laws such as special regulations that conflict with norms of justice and that may facilitate human rights violations, to bring them in line with rule of law; and putting in place effective independent mechanism for oversight that could hold forces—local police as well as central paramilitary agencies and army formations—accountable for their actions;
- Developing more robust informal constraints and codes of conduct through better leadership and appropriate command and control mechanism to make security agencies disciplined and effective in fighting insurgency without having to resort to violation of rules;
- Enhanced capacity-building through better equipping of forces and better training for officers, but also training for the rank and file to improve their effectiveness to respond to the security challenge. Is the state able to provide security to all, the powerful and the marginalized, the majority and the minority? That is essential test of the legitimacy of the state's coercive power. Unless the state in northeast India is able to provide this assurance to all sections of society, its claim to monopoly will remain a matter of contest.⁷

2. Conflict Management System

The insurgencies in the North East are a reflection of its social, cultural, ethnic and politico economic milieu and changes in the environment. The diversity of the North East is reflected in the pattern of conflicts, which are varied in their nature and causes and stance of the insurgent groups, which remain divergent and ever changing. These range from secession to autonomy, movement against foreigners and immigrants, ethnic integration and looking back to their roots as a reaction to perceived Indianness; the common factor is resorting to violence in articulation and mobilization for the same. The core of the insurgents remains separatist and anti-establishment and ethnic for support amongst the people. The support base of the insurgents has shifted from rural to the urban areas as this is where the material and financial resources are, the Govt. money being the main source. Insurgents have learnt by experience that control of population and subversion, accompanied by planned acts of violence and terrorism, are rewarding and at minimum cost. The emphasis is on exploiting ethnic bonds to influence events in all fields – political, economic, social and cultural. The politician-bureaucrat-elite insurgent nexus in the North East, particularly in the Hill States, unless checked, will continue to provide support to insurgency to achieve their diverse aims and further intensify deprivation and alienation of the people. Due to growing nexus between Pakistan ISI, the North

⁷ Ibid.

East insurgents and the Islamic fundamentalists, the dimension of the internal security threat to the region has increased⁸.

The paradigms of conflict resolution and management relevant to the situation in the North East are an Ideal Politik and a Co-operative Approach. The approach should also encompass the factors responsible for escalation of conflicts. We cannot talk of peace and a political solution and still persists with the policy of real politik. The other issue is focus of our policy of ideal politik and a co-operative response. Since the core issue is deprivation and it entirely relates the people, the common man, the focus has to be on them. So far, our focus has been on politics and thereby on insurgents and politicians, their focus is entirely on political issues and power, with no place for people deprivation. Good governance is the cement, which binds the policy framework of Ideal Politik and a Co-operative Approach. However, this does not mean that response to violence has to be less effective. In real terms, it means the response to violence has to be effective and well directed and non-partisan as securing the environment in all its dimensions including physical should be our aim⁹.

3. Transparency and participation in Administration

Combined efforts of the states of the region with total involvement of the people up to grass root level and fullest central financial policy support can turn the conditions in northeast into opportunities for sustained growth. However, the fault lies in the system of administration which is non participatory and non transparent. The top down decision making process which is inconsistent with the rich tradition of participatory and community centric local development administration, does not place the community at the centre and does not involve grass root level people in the planning process. The extension of Sixth Schedule to the hills and Fifth Schedule to the plains has not helped. While on one hand, it has created multiple layers of administration, it has divided people on ethnic lines, and clamor by small ethnic groups to obtain separate and similar status has increased. It has also provided the parochial elite to exploit ethnic sensitivities. This is accompanied by a perceptible change in the functioning of the administration of the North Eastern States since 1970. The emphasis has shifted from administration with involvement by the old Indian Frontier Administrative Service (IFAS) cadre to that of a bureaucratic white-collar administration by the IAS cadre. Local officers' over subscribe to cadres who are empanelled based on ethnic and political patronage. At the district level, there is multiplicity of functioning between Panchayats/ ADCs, local MLAs, District Administration and State departments, all wanting control over financial allocations. State Finance Commissions are not functioning and there is no financial management and allocation based on prioritized needs and requirements. The traditional institutions have been made defunct and new institutions are non-functional. There is need for structural changes in the administration, particularly in the Hill areas. The dispensation under the 73rd and 74th amendments needs to form the grass root level

⁸ Gen. V.K. Nayar, *Dealing With Conflicts*, www.manipuronline.com

⁹ *ibid.*

framework, with traditional institutions and nomenclatures incorporated. The new Panchayati Raj system has better institutional structure for self-governance due to clearly demarcated operational areas, adequate power and resources to manage their affairs if State Finance Commissions function properly¹⁰.

Thus the region requires a sensitive transparent and concerned governance and bureaucracy with out ant nexus with militant groups. There is there fore a pressing need for paradigm shift in administrative system and its functioning aspects. The top down process should be replaced with bottom up one having full of participation of civil society and people's representatives. Only then the region can expect to get an appropriate growth path and a result oriented strategy that is based on people's projections and embedded in the region's cultural tradition. It will ensure transparency in administration and effective monitoring of development project implementation¹¹. In essence, governance in Northeast should be about policy formulation based on correct identification and prioritizations and implementation with participation and supervision.

Economic Dimensions

1. Need for Market based Approach

In a liberalized economy, any new policy has to be based on some kind of a market-oriented approach. The new policy framework in Northeast should, consequently, concentrate more on economic factors. The economic factors include labor cost, comparative advantages, technology, efficiency and returns on investment. Inefficient economic processes and barriers to market entry make a critical economic difference and will define the distinctions between success and failure. The market approach generally assumes economic rationality, and the atomized individual, whether firm or person, as the crucial economic actor. In this approach, the economic system is an aggregated outcome of the production, exchange and consumption of goods and services, and social order is premised to emerge from the self-interested rational actions of individuals.¹² The development strategy followed by the Centre and the State governments of the region has created a totally unbalanced economy in the Northeast. There are differences among the seven States of the region with respect to their resource endowments, levels of industrialization as well as infrastructural facilities. On the whole, all these economies are underdeveloped agrarian societies with very weak industrial sectors and inflated service sectors. So there is an urgent need for developing market based approach in Northeast.

2. Human Resource Development

¹⁰ *ibid.*

¹¹ T.P.Khaund, *Northeast at crossroads*, Yojana, December 2006.

¹² Gulshan Sachdeva, *India's North-East: Rejuvenating A Conflict-Riven Economy*, www.ashabharati.org

Another area of concern is developing human resource base in northeast. Educated unemployment rate is very high in Northeast region which ultimately force frustrated youth to join insurgency groups. On the other hand if we could utilize the untapped human potential in knowledge based economy it can rejuvenate the economy in a long run. In the era of booming software industry and Business Process Outsourcing [BPO], English educate youth will be a positive advantage. But it requires adequate investment in enhancing particular skill and training for educated youth in tune with the requirement of the globalized market. There has been virtually no direction in terms of man power planning and training. Thus Northeast youth must be allowed opportunities to acquire relevant skills so that they become marketable in the highly competitive employment market world. Perspective plan for the region must take care of this reality. Another strategy is the protection, preservation and propagation of indigenous technology and knowledge systems.

3.Economic Revival

Deprivation and financial exclusion play vital role in insurgency and the resultant backwardness in Northeast India. The development policy framework we have been continuing since independence clearly reveals that pouring of money and grants cannot solve the inherent problems of regional economy. The question here is how to utilize the funds effectively to fight poverty economic deprivation and financial exclusion. Moreover, it requires improved infrastructure and flow of investments, which depends on stability and level and quality of administration. The solution probably lies in a shift towards ideal politics and economic common sense oriented to people's requirements. Our approach to economic development of the North East has to be on two plains. At the macro level, on development of the core sectors of infrastructure, power, communications, and human resource development, this should be decided in consultation with the states but implemented / executed by Central agencies with NEC playing the role of the central watchdog. The recent initiatives by CII and FICCI are in the right direction. North East Finance Development Corporation can play a vital role by creating a database, commissioning feasibility studies and identifying entrepreneurs for ancillary projects. To give encouragement to industry, changes in land policy, labor laws and infrastructure management are required. Privatization of state owned industries is a prime requirement.¹³ Reliance Industries have committed to a major project of about Rs.4000 crores for Tenga Khat Gas Cracker Plant and for telecommunications. At the micro level, emphasis should be on processing industries in agro and horticulture sector and fisheries, etc. and improvement of civic facilities like water, electricity, sanitation, community development and health. Weaving and other cottage industries should be organized on co-operative basis. They should be state particular and planned at the state level. An efficient Public Distribution System (PDS) is vital due to physical features of the area.¹⁴

4. Encouraging MNCs

¹³ Gen. V.K. Nayar, *Dealing With Conflicts*, www.manipuronline.com

¹⁴ Gen. V.K. Nayar, *Dealing With Conflicts*, www.manipuronline.com

In the era of globalization it is impertinent for Northeast to encourage FDI through MNCs. Prior to 1998, the scenario of industrial sector in the Northeast was limited to some small-scale sector except the oil, tea, plywood and some state owned public sector units. But in present days, a number of multinational companies have come to set up industries either themselves or through franchise. The New Industrial Policy of North East offers competitive advantages to foreign investors in settings up industries. Northeast offers certain unique opportunities for investment and the region has a favorable investment environment. There is a perceptible air of optimism, which was missing till few years back¹⁵. Proximity to Southeast Asian countries gives immense market potential to MNCs operating in the region. Direct foreign investment up to 100 per cent equity in a business venture is being allowed on a wide-ranging basis. In a very liberal investment atmosphere, the benefits for MNCs in India's Northeast is very high. States should take initiatives to allot lands on lease for companies and to exempt it from sales tax. There should be initiatives for building new industrial parks and special economic zones with all infrastructural facilities. Some of the companies have already started bold steps towards penetrating the region. North East Pure Drinks, a franchise of the Pepsi, was the first MNC in the Northeast region. This has an investment of Rs. 450 million. Having different products like mineral water, juice, and soft drinks, this company has started a new industrial climate in this region. Like North East Pure Drinks, many other companies like Cosmo, a franchise of the Joolen International from America has also set up a unit for the production of toothpaste, hair dye, and shampoo. In a very short span of time the turn-over has increased many folds. The company has started trading products inside and outside India. In the financial year 2002-03, the total export of this unit is around Rs. 600 million¹⁶. Prominent MNC, M/s Glaxo Smith Kline Consumer Health Care has also set up a Horlicks Processing & Packaging Plant at Mongaldoi with an investment of Rs. 60 million and employment of 100 persons in franchisee with M/s SRD Nutrients. Thus there should be combined effort from state-central governments and civil society to encourage MNCs and domestic investments in the region to tap the under utilized potential of northeast resources.

5. Development of Physical infrastructure

Physical infrastructure including road rail and air connectivity is a serious problem in northeast. Any viable revivalist policy should therefore focus on the building up of the infrastructural facilities. Good roads that perform un-interrupted and link all the cardinal points need to be built and well maintained. All the state capitals and district head quarters could be linked with good road networks. Currently a major part of the region has kucha roads which are of no use during monsoon season. NEC has built almost 8000kms of road in northeast. These have to be maintained. The up-gradation of road network by the Union Ministry of Surface Transport along with the improvement of 1300kms of road under ADB project could provide smooth flow of

¹⁵ Nalin Bharti, [Opportunities for MNC's in India's North-East , www.manipuronline.com](http://www.manipuronline.com)

¹⁶ Nalin Bharti, [Opportunities for MNC's in India's North-East , www.manipuronline.com](http://www.manipuronline.com)

goods and passenger movement. More over as a policy the meter gauge railway lines that continue to exist in the railway lines need to be replaced with broad gauge. In the coming years, the network of railways could be extended to reach state capitals and connect a few major international trade centres with adjacent countries under the Look East Policy thrust¹⁷. Meghalaya and Sikkim has not yet linked with Railways. There should be immediate policy initiative in this regard.

Since the distances are long rainfall is heavy landslides are frequent and the population density is low the air services can play significant role in providing connectivity throughout the region. All the state capitals need to get connected with air network. Several national airlines are already operating in the region. But it should be cost effective reliable and customer centric. Non functioning airports should be rebuilt immediately for providing transport linkages. With the opening up of international trade between the adjacent countries another international airport might become necessary.

6. Tourism

The region offers possibilities for tourism industry especially eco tourism adventure based tourism and cultural tourism. There is also scope for internal and external collaboration in tourism. Both central and state government should take initiatives to attract investments in tourism based industries and marketing strategies to invite tourists from neighboring countries. As has been formulated in states like Andhra Pradesh, Orissa, Goa, Kerala, special action plan for the growth of tourist sites is required to be given shape in the region. With its famous reservoir of bio diversities the region may aspire to earn good amount of revenue and other lateral benefits like direct and indirect employment from this neglected sector. It is important to note that long tern scheme for growth of tourism in the region would be more rewarding and cost effective if all the constituent states participate and cooperate in this endeavor¹⁸.

7. Development of Entrepreneurship

Though the region is rich in natural resources, such as petroleum, natural gas, coal, forest products bamboo etc, it has been still treated as industrially backward region of the country. It will be apparent from the fact that there are less than 3 per cent of the country's large and medium industries and less than 2 per cent of small industries in the region. It would be important to identify the social and cultural factors which hinder the development of entrepreneurship in northeast. Cluster development for small scale industries, development of SEZs, training and assistance for local entrepreneurs, insurance policy for investors, credit delivery etc will play vital role in development of entrepreneurial culture in the region.

Transnational Dimensions

¹⁷ Yojana, December, 2006.

¹⁸ Ibid.

Another area where radical policy action is needed is the external sector. For long, it has been argued that the disadvantageous geographical situation of the Northeast region is one of the main stumbling blocks for its economic development. This isolated, landlocked region shares less than 2 per cent of its borders with the rest of the country, and the rest with Bhutan, Bangladesh, Myanmar and the Tibetan region of China. For the most part, this international border has been artificially created. The result has been the elimination of the region's trade, commerce and other linkages that existed in pre-Partition days. Using the region's two per cent perimeter as a major linkage point with the rest of India, and at the same time checking the inflow of goods and people from across the remaining 98 per cent, has been both a gigantic task and quite counter-productive¹⁹. Recently government has realized the importance of translational dimensions of Northeast region and initiated certain policy frame work to take advantage out of the geographical and cultural proximity with Southeast Asian countries. Transnational dimension include confidence building measures with neighboring countries on trade and national security related issues, water and power sharing agreements, export and import promotion initiatives, initiatives towards southeast Asia-South Asia free trade zone, building road networks between selected neighbors to promote trade and accessibility to market.

Confidence building measures with neighboring countries has to play pivotal role in development of Northeast since increased trade relations with these countries will rejuvenate the ailing economy. For decades, especially after Chinese aggression in 1962, India's relationship with these countries has been dominated with security centric strategies rather than trade relationships. But with the inauguration of Look East Policy, India started confidence building measures with neighboring countries especially in the areas of water sharing, trade relationship and mutual agreement on certain bilateral issues. The emerging relation between India and South East Asian nations has been further induced by the mutual concerns about the growing Chinese prowess in Asia, the improved Indo-US relation after the decline of USSR and more importantly the economic liberalisation in India that has finally opened gateways for bilateral economic relations and which is perhaps a increasingly determining factor in International relations. India's 'Look East Policy', which began in early 1990's, met with initial success when at fourth ASEAN Summit in Singapore in January 1992, ASEAN Heads of Government agreed to establish Sectoral Dialogue on trade, investment and tourism with India. At the fifth ASEAN Summit in Bangkok in December 1995, India was elevated to the Status of full Dialogue Partner, opening the door for participation in the ASEAN Regional Forum (ARF).²⁰ The continuous Indo-ASEAN dialogue has paved the way for multi-lateral relations like the Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation (BIMST-EC) and Mekong-Ganga Cooperation (in which India and five other ASEAN countries viz. Cambodia, Laos, Myanmar, Vietnam and Thailand are associated). The BIMST-EC was initially BIST-EC and launched in June 1997 with Bangladesh, India, Sri Lanka and Thailand. As only Bangladesh and India shared common borders among the

¹⁹ Gulshan Sachdeva, *India's North-East: Rejuvenating A Conflict-Riven economy*.
www.manipuronline.com

²⁰ Saswati Choudhury, *North-East India and the Look East Policy : a Contextual Analysis*,
www.ashabharati.org

four members, the idea of inviting Myanmar (as it had common boundaries with all the three countries except Sri Lanka) to the forum was approved in December 1997 (six months after Myanmar joined the ASEAN) and BIST-EC was renamed as BIMSTEC. The main objective of the forum is to link the Indian subcontinent and Indo-China. The forum has initiated steps for infrastructure development particularly the Trans Asia Highway that seeks to link Northeast India to Bangkok via Mandalay.²¹

B.G.Vergheese, well-known expert on Northeast says: “It is obvious that the North-East cannot ignore its immediate neighborhood, which is far more international than national. Trans-border trade with the countries beyond (including what is now Bangladesh) was the lifeblood of whole communities in Sikkim, the DGHA and the North-East generally. Partition, war, insurgency and diplomatic strains and tensions over long periods severed these ties. Fortunately, we now live in better times and relations with our neighbors have improved. However, the country's diplomatic and trade policies in relation to the region and emerging opportunities therein remain wedded to past shibboleths. There is a continuing inwardness of approach. The path to closer national integration of the North-East lies in opening up the region to its external neighborhood, including South-East Asia, China and especially Bangladesh”²². Border trade can be the first step to restoring trans-border community and commerce, providing a stimulus to inter-country trade-not merely as a transit corridor but as a source of local manufacture. What is now considered and sees itself as a peripheral region, with all its emotional implications for national integration, would thereby gain centrality and visibility. Regional cooperation will be fostered by and can in turn foster connectivity, trade facilitation, regional cooperation and people-to-people exchange. Unfortunately, the government prefers bilateralism and views multi-lateralism with suspicion. Mindsets must change²³.

Strengthening the South Asian Development Quadrangle [SADQ] is another area of policy suggestion. The quadrangle include Ganga- Brahmaputra-Meghna natural resource region embracing Bhutan, Nepal, Bangladesh and Northeast India. There exists scope for micro-sub regions involving states of northeast and adjacent countries for better sharing of natural resources and encouraging trade prospects. The BCIM [Bangladesh, China, India, and Myanmar] regional network will also play vital role if the participating countries were able to formulate specific policies based on mutual understanding and benefit sharing. Mekong-Ganga Cooperation Association and BIMST-EC are another area of intervention. Guwahati airport has already started air service to Bangkok. The proposed international air cargo facility will mark yet another step towards establishing new boarder links.

Conclusion

In short, we can conclude that rejuvenating the economy of Northeast in the context of liberalization requires a multi dimensional approach in an integrated manner. The most important initiatives should include revolutionary changes in economic and

²¹ *ibid.*

²² B.G.Vergheese, *Unfinished Business in Northeast* www.manipuronline.com

²³ *ibid.*

social priorities and planning. Development of socio economic infrastructure, fuller utilization of natural resources, development of entrepreneurial culture and above all extending transnational ties will determine the future of Northeast in the near future.