

## Paradox of Development in India's Northeast: the Act East Policy and Beyond

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### Abstract

*In recent decades, Northeast India has received some importance so far as policy and development discourses are concerned. The boost has come from an idea that demands remedy for the developmental deadlocks in the region in order to make it a passage to reach India's otherwise distant neighbours in the Southeast Asia. The region has unique history with colonial and post-colonial experiments leading to contestations and contradictions within the statecraft of the Indian nation-state. Starting from different colonial interventions in the region i.e. colonial annexations, inner line system, excluded and partially excluded areas to the post-colonial statecraft such as Sixth Schedule of the Constitution, special provisions under Article 371 etc. have primarily given a different identity and understanding of the region. The creation of North Eastern Council and a separate Ministry for development of the region also symbolises the necessity of special attention to the region. The region also experienced political assertions, ethnic conflicts, often buzzed with armed movements in different levels and magnitude. Such situations were blamed for developmental deadlock in the region. However, in a reconciling approach, the State of India has been trying to address such contestations and disorder by bridging the developmental bottleneck. Since late 1990s, there have been consistent efforts to mainstream the region through a 'development regime' which can be visualised in the discourses under India's Look/Act East Policy. This paper attempts to understand the paradox of development in the region which can be identified within the existing 'development regime'.*

### Introduction

The Northeast India remains at periphery in most of the post-colonial discourses barring apart its geo-strategic considerations. Geographically the region is a distant entity of Indian Union with potential resources and diversity in terms of ethnicity, language, culture and history. The region had been a strategic frontier under the

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colonial ‘governmentality’ and the same understanding continued even in the post-colonial developments. The region experienced massive setback with the partition of the country leaving it land-locked and subsequently, a stalemate in the development processes. The physical infrastructure like transport and communication which play a key role in economic development is yet to be modernised. The policies in the region clearly expose lack of a vision for development of the region. However, with changing dynamics of neo-liberal geo-economics, the region has witnessed policy reorientation since the mid nineties for a developmental transformation.

The isolation of the region has been rooted in its historical and political contexts. The political integration of Northeast India remained an enigma for the nation-state for a long period of time. Security considerations both –internal and external predominantly drove India’s policies and interventions in the region, which concomitantly deepened the divide between the mainland India and the region. Further, the isolation of the region from the mainland development discourses had left the region with a sense of emotional divide. This sense of isolation was captured succinctly when Prime Minister Vajpayee once stated, ‘when people in New Delhi think of the North East, they usually think of the geographic distance, which translates itself into mental distance. When people in the North East think of New Delhi, they usually think of the developmental distance, which translates itself into emotional distance’ (Vajpayee, 1998). The region required a developmental transformation to bridge the emotional distance which could be achieved neither through security perceptions nor through isolation. The developmental transformation in the region is not only a geo-economic reality but also a political compulsion for the nation-state to put this frontier region in order.

In the post-economic reform period, India faced newer challenges and geo-strategic compulsions. The disintegration of Soviet Union and its economy warranted India to reorient and strive for alternative economies for engagement. Further, in order to cope with structural changes and liberalisation of the domestic economy, the India had to look for newer partners and regional economic blocs. Such compulsions led to reviving the relations with East and Southeast Asian neighbours. Subsequently, India’s initiatives for engaging with its eastern neighbours popularly called the Look East Policy began to take shape since the early nineties as a makeover to its outlook and orientation. Accordingly, India could reach out to the ASEAN (Association of Southeast Asian Nations) and countries of Asia Pacific gradually expanding the economic and strategic relations.

It is worth mentioning here that irrespective of reasons and subsequent implications, the Northeast has been under a ‘development regime’<sup>2</sup> since mid-1990s. The push for development in the region has been articulated as –‘development regime’ which is also called as ‘development syndrome’ or ‘development paradigm’ by different scholars. However, it has been widely accepted that transformation at least in perspective of the state was visible and efforts to implement the same was also palpable. In reading this transformation, there are different interpretations: *first*, such shift was a result of the neo-liberal compulsion which does not denote the importance of the region but concern about the flow of capital; *second*, the change in the perspective of Indian nation-state towards the region has been a paradigm shift in itself; *third*, the transformation is a natural development in order to realise the objectives of country’s Look East/Act East Policy; *fourth*, the transformation is mainly about construction of rhetoric underscored in a conflict resolution strategy of the state. Nonetheless, the transformation has been taking place parallel to the development of the Look East Policy of India. Whether the later resonates with the former is a question unaddressed.

### **Development Discourse in the Context of Northeast**

Northeast India, a strategically important frontier region of the country, has remained underdeveloped even after seven decades of India becoming a free country. The region never saw a development strategy prioritizing the requirements of this frontier region either from the central leadership or the regional leadership. At the same time the region has neither remained insulated from the mainstream discourses in India, nor has its resourcefulness been winked away. Nevertheless, the region has received critical attention from the Government and other agencies as evident from different initiatives, reports and ‘vision documents’ at different time and contexts. Bhupen Sarmah (2016) argued that Indian state has been approaching the region with different ‘developmentalist agenda’ that supplements the ‘integrationist’ model of the state. However, it is evident that such ‘developmentalist agenda’ reinforces the binary between the mainstream and the Northeast (Sarmah, 2016). Talking about the perspective towards the Northeast, Jairam Ramesh (2005) spoke about four paradigms –the cultural paradigms in the initial years of independence, the security paradigm in the post-Chinese aggression, the political paradigm in 1970s, and the development paradigm since 1980s. These different paradigms existed with different contexts in the post-colonial history.

It was broadly accepted that there are few issues in the region impeding development particularly in respect of economic development. Realising the developmental

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<sup>2</sup> ‘Development Regime’ is defined as efforts and initiatives that have been advanced towards Northeast India since mid-1990s parallel to India’s Look-Act East Policy. It is argued that Look-Act East has brought about some apparent changes in the developmental scenario of the region in three different areas –institutional arrangement, physical infrastructure, and promotion of industry and investment to augment benefits to the region under a broad and ambiguous policy framework. (see Sarma, 2017, ‘Development Regime’ in India’s Northeast: the Look(Act) East Policy Perspective)

impediments in the region, North Eastern Council (NEC) was established in 1971. As an institutional innovation, the NEC was envisioned to be an advisory body in the field of social and economic planning and to secure balanced development of North Eastern areas.<sup>3</sup> Nevertheless, success of the NEC in its development approach has been debated and questioned at different quarters. While the vision and purpose of the NEC was development of the North-east region, why such a development agency was put under the Ministry of Home, Government of India is an intriguing question. It was only after establishing the Ministry of Development of North Eastern Region (MDoNER), the administrative control of NEC was transferred from Home Ministry to a ministry focussing on development priorities of North-east region.

In 1981, the National Committee on Development of Backward Areas under the aegis of Planning Commission came up with a report on *Development of North-Eastern Region*. The report identified that lack of communication facilities; skilled manpower, geographical disadvantages, prevalence of traditional mode of production system etc. are impediments to modern economic development in the region among many others. However, the region has potentials of economic development considering its rich natural resources and diversity in terms of socio-cultural composition. The report also pointed out that any development strategy for the region has to be in a manner that maximises the benefits of the local community.<sup>4</sup> The same report stressed on a specific development strategy for the region that fitted into the conditions of the region. In envisioning a development strategy, it was argued that not only 'optimal use of natural resources' are required but also 'investment in infrastructure and production facilities' and a 'programme of manpower development' in the region are equally important.<sup>5</sup>

The importance of the said report was not in the result it could bring in the development scenario of the region but in identifying the economic backwardness and some of the critical gaps in understanding developmental deadlock in the region. The idea of development has always been driven by the interest of the state and the market which may lead to an aggressive development strategy. However, any such strategy has to ensure that the local community does not get exploited in the process. It was suggested that 'protective and promotional measures' has to be an 'integral part of the development strategy' to avoid exploitation of local people.<sup>6</sup> The acknowledgement of the fundamental stake of the local populace is a big in-itself a developmental strategy.

The region witnessed development with this developmental approach in the following decades. However, nothing much could be achieved in terms of boosting economic development in the region. The pronouncement of Look East Policy in the early 1990s,

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<sup>3</sup> The North Eastern Council Act, 1971 (source: <http://necouncil.gov.in/about-us/nec-act-1971-0>)

<sup>4</sup> Report on Development of North-Eastern Region, National Committee on Development of Backward Areas, Planning Commission, Government of India (1981)

<sup>5</sup> *ibid*

<sup>6</sup> *ibid*.

now renamed as Act East Policy by the Government of India, has brought the region once again in the forefront of policy discourses of regional development.

During 1990s, there have been attempts on the part of the government to strategise development in the region. The shift in the interest of the state in last two decades can be well understood from the growing importance of the region in India's thrust for regional cooperation and economic integration primarily with the Southeast Asia (Sarma, 2017). However, the state of implementation of promises and proposals do not reflect similar rigour.

The North-Eastern Region (NER) Vision 2020 prepared by North Eastern Council (NEC) under the aegis of the Ministry of Development of North Eastern Region (MDoNER) published in 2008 had clearly stated that NER that was lagging behind all developmental parameters, had been a prosperous region at the time of India's independence and therefore efforts were necessary to return the region the position of national economic eminence that it enjoyed a few decades ago.<sup>7</sup> The significance of this Vision document lay on the fact that it had identified some of the critical gaps in locating the region in the changing political economy of 21st century. As outlined in the development strategy for the region, the Vision talked about six components which are critical primary conditions for augmenting development for the region. First, maximising self-governance where community would participate in the development process through grass-roots planning; second, creating opportunities for rural population through rural development initiatives; third, productive utilisation of the local resources to give maximum benefits and welfare to the people of the region; fourth, capacity development of local people and institutions; fifth, creating a conducive climate for investment; and sixth, ensuring role of government investment for strengthening physical and social infrastructure in the region.<sup>8</sup> The strategies outlined in the Vision signify the importance of making local people the primary stakeholder in the process of development. It was further stressed that development strategy for the region has to be based on 'prevailing resources, conditions and people's needs and priorities'.

A development perspective for the Northeast has been a relatively new idea in the post-colonial statecraft. The region, being identified as disturbed and conflict-ragged frontier, did not receive a special drive for economic development for almost three decades after the independence. The approach was rather driven by a security and strategic consideration leading to investment in political and administrative expansion devoid of a corresponding economic development in the region (Haokip, 2010). Such an approach was the result of an external threat perception in the post-Chinese aggression. However, understanding the need of a special development design for the region has been absent until recently. As already discussed, the arguments put

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<sup>7</sup> Views expressed in the 'North Eastern Region Vision 2020' prepared by North Eastern Council under the Ministry of Development of North Eastern Region, Government of India (2008).

<sup>8</sup> *ibid.*

forward in the report of the Committee on Backward Areas established by the Planning Commission (1981) and the Vision 2020 of Ministry of DoNER (2008) had suggested for a development strategy based on the priority of local populace of the region.

Given the paradigmatic shift in the country's orientation towards Southeast Asia through the Look East Policy, the Northeast equally deserves a strategic reorientation for its development. Geographical proximity and ethno-cultural resemblance of Northeast India and Southeast Asia gives a unique opportunity for the region to become a centre of growth and development in the sub-regional formation between South and Southeast Asia. The fact has been widely accepted in the policy and academic discourses in the country in general and the region in particular. The future development of Northeast lies in locating the region within the framework of the Look East Policy, as Jairam Ramesh argued, 'political integration with the rest of India and economic integration with the rest of Asia, with East and Southeast Asia particularly, is certainly one direction that this region must be looking to as a new way of development' (Ramesh, 2005). Similarly, there are evidences of efforts initiated by the Government of India to push development in the region since mid-1990s in terms of economic packages, invention of trade and investment policies, special allocation of budgets, and creation of a special resource pool (Non-Lapsable Central Pool of Resources) etc. However, these initiatives were not in conformity with the overall understanding of the Look East Policy. Scholars argued that there are lack of political vision to make use of or give space to Northeast India in the initial decade of the Look East Policy (Chakraborty and Ray, 2014; Sundaram, 2013). There has been reluctance on part of policy makers to engage the Northeast in India's economic and strategic pursuit with Southeast Asia. Sanjib Baruah (2003) was of the view that 'by denying itself the use of its natural gateway, India is in effect scaling back its ambitions in Southeast Asia' to argue about India's inconsistent policy towards the Northeast (Baruah, 2003). Nevertheless, the initiation of the Policy raised hope and aspirations among the people and scholars of the region that 'economic integration could bring about a spurt of economic activities' and will open up 'new economic opportunities' for the region (Baruah, 2005:220). Although much has been written on Northeast in the context of Look East Policy since late 1990s, it was only in 2008, that the development strategy for the Northeast was formally envisioned keeping in mind country's Look East Policy. It was emphasised that the focus of the Look East Policy should shift so that Southeast Asia begins with Northeast India and to this end, it is necessary to build the bridges –diplomatic and infrastructural.<sup>9</sup>

The Northeast gradually became a part of the Look East Policy at least in rhetorical sense and the policy has become instrumental as a development strategy for the region. There has been a phase of rhetoric creation, a ray of developmental boon with an assumption that integrating the region with Southeast Asia would automatically bring fortunes of development. Pranab Mukherjee, the then Minister of External Affairs

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<sup>9</sup> *ibid.*

once stated that the geography of Northeast has to be seen as opportunity and he was of the view that 'India is aware of the geo-economic potential of the North-Eastern region as a gateway to the East and Southeast Asia'; for him, the region can become the bridge between India and Southeast Asia (Mukherjee, 2007). Rajiv Sikri, the Secretary (East), Ministry of External Affairs, was enthusiastic about the Northeast while saying, 'the Look East Policy envisages the North Eastern 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, criss-crossing the region' (Sikri, 2004). Expectations loomed large in the region considering the rhetoric created at different levels.

Subsequently, the Look East Policy was upgraded as Act East Policy by the new regime at the Centre. It was assumed that the new version of the Policy would be an action-oriented strategy. As scholars argued in the context of India's engagement with Southeast Asia, the Policy is 'trying to take note of the rapid and complex developments in the region, particularly changes in the economic and security dynamics' (Palit, 2016). However, the renaming of the Policy without resonance with any strategy paper or policy document has created, as like the past, another new rhetoric. Nevertheless, the Policy has brought enduring promises for the region. As Prime Minister Modi stated 'we adopted Act East Policy of which the North-East is at its heart', giving a definitive shift in understandings of locating Northeast in the context of the policy framework.<sup>10</sup> The importance of the region was also emphasised as it was stated, 'India's growth story will grow at a faster pace only when there is a fast paced and balanced development of the people living in the North-East'.<sup>11</sup> The expectation in the region remained high thereon and the result of such renewed interests in the Northeast is awaited beyond rhetoric. Nevertheless, the Act East Policy is expected to be instrumental as a development strategy for the region.

The idea of development in the Northeast has to be comprehensive one and should not be directed only towards building a trade corridor between the mainland and Southeast Asia. Arguing in the similar context, Sarma (2017) was of the view that question of tradability and capacity building of the region has to be addressed with simultaneous efforts. 'Engaging people of the region in productive and profitable activities' is a primary necessity in order to mainstream the people of the region in the proposed trans-national interaction of trade and development (Haokip, 2010). Another fundamental condition would be making the Northeast 'central' to the policy perspective rather than a mere 'gateway' in the framework of India-Southeast Asia regional cooperation (Sarma and Choudhury, 2018). However, with some initiations in the areas of physical infrastructure, expansion of highways and railways etc. could be a definite shift in the development perspective from a 'security regime' to a 'development regime' for the region.

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<sup>10</sup> Narendra Modi, Prime Minister's Inaugural Speech at Global Investors' Summit held in Guwahati during 3-4 February, 2018.

<sup>11</sup> *ibid.*

### **'Development Regime' under Look/Act East Policy**

For whatever may be the reason, the Northeast region remained in isolation for long especially in the policy discourses. Due to the prevailing security considerations, internal conflicts, unfavourable market conditions, lack of immediate dividend, or may be the lack political vision; the region could not get due attention for inventing a development strategy.

However, there has been an apparent consensus among most of the scholars and policy makers that the Look/Act East Policy could be the development strategy for the region. The same was also echoed in the Vision 2020 discussed above. This paper argues that there has been a 'development regime' (Sarma, 2017) in place in the Northeast which started more or less parallel to the advancement of the Look East Policy (LEP). The 'development regime', induced by the broad objectives of India's Look/Act East Policy, has outlined a concerted effort in unfolding developmental deadlock in the region.

A series of efforts could be observed which may in turn give dividends to the region by complementing the objectives of the LEP framework. Assuming that the trans-border trade between Northeast India and Southeast Asia will lead to growth and development, Laldinkima Sailo viewed that 'the Northeast India could overcome underdevelopment and achieve sustained economic development through trade beyond this region' (Sailo, 2014). Similarly, scholars also advocated for a sustainable development model in order to address the issues of conflict and violence in the region (Bhattacharya, 2014). Considering the diversity and complexities of the region, any development strategy has to be driven by a holistic approach. Atul Sarma advocated for an 'integrated approach to development for the entire region' considering the fact that states of the region are 'essentially interdependent sub-systems' (Sarma, 2018: 69).

The 'development regime' could be underscored for several initiatives to address some of the fundamental impediments of the region such as institutional arrangement for development, infrastructure development projects, and promotion of industry and investment (Sarma, 2017). Institutional arrangement for development remains a pre-requisite for any meaningful intervention. Accordingly, special attention was given to the Northeast region and the same was reflected when different institutions were created exclusively for the region. Starting from the institutions like NEC in 1971 to the establishment of a special Ministry (MDoNER) in 2001, the specificity of the region has been demonstrated in Centre's Northeast Policy, although not clearly defined. With the advent of the Look East Policy and giving the fact of continental connectivity to Southeast Asia through the Northeast, the region has some sector specific institutions to achieve sectoral developments such as North Eastern Development Finance Corporation (NEDFi), 1995; North Eastern Regional Agricultural Marketing Corporation (NERAMAC), 1982; North Eastern Handicrafts and Handlooms Development Corporation (NEHHDC), 1977; National Highways and Infrastructure Development Corporation (NHIDC) etc. These agencies can provide



a renewed impetus to the development objectives of the region. Apart from these institutional innovations, the creation of the non-lapsable central pool of resources (NLCPR) with the provision of 10 % gross budgetary allocation of all central ministries, which is now replaced by the North East Special Infrastructure Development Scheme (NESIDS)<sup>12</sup> is also a constituent of the ‘development regime’ in the region.

There has been a renewed interest in expanding physical infrastructure in the region. During last two decades, the Government of India has taken up several projects for ‘improvement in road, rail, air, communication, waterways and telecom network in the region’.<sup>13</sup> Among others, expansion of physical connectivity has been one of the fundamental logghead of the region that needs fast-track strategy to address. The ‘development regime’ has promoted different schemes and programmes in order to develop physical connectivity in the region. The National Highway Development Project (NHDP)<sup>14</sup> is one of the special initiatives, bringing significant changes in the connectivity scenario of the region. The ‘Special Accelerated Road Development Programme for North East’ (SARDP-NE)<sup>15</sup> is an exclusive programme for the region which also includes a special package for Arunachal Pradesh. Further, the NEC and the NLCPR are also contributing towards development of physical infrastructure including building crucial road connectivity in the region. Besides the internal connectivity projects, the region has also been attached to many of the trans-national connectivity initiatives such as the India-Myanmar friendship road, India-Myanmar-Thailand trilateral highway, the Asian highway and railway projects, the Kaladan multi-modal transit and transport project etc. with an apparent ambition of making the ‘land-locked’ northeast a ‘land-linked’ region connecting with Southeast Asia.

Initiatives for promotion of industry and investment observed in last two decades are also significant contributors of the ‘development regime’. There are inherent difficulties in creating conducive environment for industrialisation and investment in terms of its locational disadvantage, political disturbances, insurgency, lack of physical infrastructure, lack of entrepreneurial capacity and efficiency etc. and these were considered as major impediments of economic growth and development of an industrial base in the region (Sarma, 2017). The initiation of policies such as North Eastern Industrial Policy (NEIP), 1997 and North East Industrial and Investment

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<sup>12</sup> Ministry of Development of North Eastern Region web page (URL: <https://mdoner.gov.in/activities/nesids-backgroud> accessed on 25 September, 2019)

<sup>13</sup> ‘Industrial Development in North Eastern Region’, Press Information Bureau, Ministry of Development of North Eastern Region, 28 July 2016.

<sup>14</sup> NHDP was initiated in 1998 to improve the condition and up-gradation of National Highways across the country. The Project is running in many phases in different parts of the country.

<sup>15</sup> The SARDP-NE is a special road development programme for the North East. Under this programme, up-gradation of National Highways connecting state capitals, roads connecting district headquarters, improving road in the strategic borders, and improving connectivity to the neighbouring countries are targeted. Recognising the special need, a separate ‘Arunachal Pradesh Package’ has been created for improving internal connectivity in the state of Arunachal Pradesh.

Promotion Policy (NEIIPP), 2007<sup>16</sup> are examples of alluring investment in the region by giving tax exemption and subsidies for industrial development.

### **Beyond Act East Policy: A ‘Development Regime’ for the people**

The ‘development regime’ discussed above has itself been a paradigmatic shift in perspective towards the region. The advent of Look East Policy driven by economic and strategic compulsions has become euphoria for the region which necessitates a systematic strategy for the region in order to materialise the objective of the Look East turned Act East Policy. However, the critical issue that remained unaddressed was the kind of dividend that it will bring to the region by this ‘development regime’. As understood from the framework that contextualises the region as the ‘gateway’ to the Southeast Asia, it can be inferred that the region would be developed as a ‘corridor’ between India and Southeast Asia considering its prospects for continental connectivity. If this has been the understanding, there is a possibility of excluding many other dimensions from this ‘development regime’. By other dimensions, it is meant that overall participation of people of the region in the process of the proposed trans-national exchanges. What would be the nature of development for the people who are living at the margin and in isolation especially the people living in the borderlands? Similarly, question arises about the backend connectivity in the region to participate in trans-national connectivity network. It has been popularly idealised that the region has full of potentials in the areas of natural resources, energy, horticulture, tourism, other service sectors including health and education etc. but the present ‘development regime’ has not addressed these issues of complementarities in the region.

Moreover, until and unless the question of ‘tradability’ of the region is addressed, the region would unlikely to contribute in the proposed trans-national exchanges. As Sarma (2017) identified the critical gaps in the present ‘development regime’, there is a need to identify potential strength of the region and to focus on certain fundamental issues. Five points were suggested, “a) enhancing tradability and internal capability of the region, b) an innovative and sustainable industrial base based on the local strength, c) a seamless connectivity among the states of the region, d) a common market policy in the region, e) a comprehensive approach to the development of the region, which would be based on beyond the existing framework” for making Northeast ‘central’ to the Policy framework and to augment best possible dividends to the region by enhancing participation of local populace in the proposed trans-national interactions. The existing ‘gateway’ model that connects India with Southeast Asia via the India-Myanmar-Thailand trilateral highway has its own limitations with respect to its trade potentials. There are studies showing advantages and disadvantages of using continental routes *vis-a-vis* the maritime routes. Gurudas Das and Malabika Das (2017) argued that distance and travel time between Kolkata and Bangkok via

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<sup>16</sup> Office Memorandum, Department of Industrial Policy and Promotion, Government of India, dated 1 April, 2007 (Source: [http://dipp.nic.in/English/Policies/NEIIPP\\_2007.pdf](http://dipp.nic.in/English/Policies/NEIIPP_2007.pdf)).

sea route is much higher than that of the continental route via Northeast. However, maritime route is much cheaper and cost effective in comparison to the continental route (Das and Das, 2017).

The existing 'development regime' has been primarily concerned with improving the physical connectivity and infrastructure which would eventually prepare the ground for a seamless container movement from the mainland to the Southeast Asia. Taking cognizance of the ongoing or proposed connectivity and infrastructure projects, it is apparent that one major land port –Moreh has been targeted for developing as the primary connectivity towards Southeast Asia considering its potentials and economic viability. The reason to be concerned here is the lack of a similar effort to develop other border areas where traditional exchanges of goods and services take place. The construction of integrated check-post at Moreh is definitely going to boost the trade and commerce between India and Southeast Asia but there are possibilities of locals being sidelined or being excluded in the process. Further, there are some existing *border haats* and also proposals of constructing new *border haats* for the benefits of the locals in the different border points identified on the basis of existing exchanges and traditional linkages.<sup>17</sup> These *border haats* may be encouraging model for making locals participate in the trans-border trade and other economic activities, yet there is a need of attention regarding functioning of these *haats*.

Two examples to further illustrate the reality of the trans-border trade and development may be helpful. *First*, while visiting and interacting with the people engaged with trade and related activities in Moreh, it was observed that large quantities of beetle-nuts are imported from Myanmar.<sup>18</sup> These beetle-nuts are transported to some industrial locations in the mainland like Maharashtra, Gujarat etc. The people those who are engaged locally are primarily play the role of a middleman or facilitator of the process but the financial investments are based in the distant locations. Some of the locals also own the licence for export and import but are sponsored by the big business setups based in outside the region. Here, the question is not about who owns the business. But considering the 'development regime' in place, it would have been a better situation when –a) if people living in the region could have earned proper dividends not only by facilitating the trade but also by participating in the trade, and b) if the investments could have been in the region for setting up of industries requiring beetle-nuts. Similar concerns would replicate in other sectors as well.

*Second*, the designated *border haats* are also not giving proper return due to inherent problem in the policy itself. *Border haats* are bilaterally agreed points designated for exchanges of local goods. While visiting and interacting with people at one of such *border haats* in a place called Balat in the Meghalaya-Bangladesh border, it was

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<sup>17</sup> 'Border trade crucial for India's 'Act East' policy', Press Information Bureau, Ministry of Commerce and Industry, Govt. of India, 15 June 2016.

<sup>18</sup> Observation made by the author at Moreh in Manipur-Myanmar border, 21-23 February, 2017.

observed that the very purpose of the *border haat*, as visualised, villagers from India and Bangladesh would be meeting in a designated point (mostly in the zero point of the border) to exchange their local produces and goods for consumption of the bonafied families.<sup>19</sup> The haat takes place in a fixed day of the week and only the bonafied vendors and vendees are allowed to enter the place. The vendors and the vendees are people living the vicinity of the border which is normally a radius of 5 kilometres.<sup>20</sup> This border haat model encourages the locals not only to exchange goods but also to meet people from other side, with whom they had social and cultural relations ceased after fencing of the border. It was observed that most of the vendees were working as transporter of goods (handload/headload) on behalf of people those do not access the licence of a vendee.<sup>21</sup> These people are hired by different suppliers or agencies who deliver the goods to business houses based in town and cities. The process has reduced them into daily wage earners, providing them with meagre ‘employment benefits’, that provides a living but not a livelihood security with decent earning. In this case, better provisioning could have been made –a) by enhancing capability of the locals to encourage participating in the trade exchanges by developing small scale production bases with local resources, and b) by better regulation and state support to provide sustainable livelihood opportunities for the locals.

### Concluding Remarks

The region is under a ‘development regime’ as elaborated in the discussion, but it has not evolved as a comprehensive and integrated strategy for the region. The way developmental transformation is taking place, with its inherent limitations, has remained narrowly defined and loosely implemented. The ambiguity in terms of locating the region within the Look/Act East Policy framework exposes limitations embedded within it. Accepting the general consensus among the academics and policy makers that the Look/Act East Policy could be the way-out in overcoming developmental impasse of the region, there is a need to re-construct the development strategy for the region.

While thinking about the existing model of trans-national connectivity with Southeast Asia, there is an apparent dividend for the region compared to the mainland India as the continental route via Northeast would be cost-effective for the states of the region (Das and Das, 2017). However, the region would get desired benefit out of such trans-national interactions only when the region enhances its ‘tradability’ including sustainable industrial production and service sectors with an improved internal connectivity for a seamless movement from any parts of the region to connect the

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<sup>19</sup> Article 14 of the Mode of Operation mutually agreed between officials of India and Bangladesh on 8 April, 2017

<sup>20</sup> Article 5 and 6 of the Mode of Operation mutually agreed between officials of India and Bangladesh on 8 April, 2017.

<sup>21</sup> Observation made by the author at Balat in Meghalaya-Bangladesh border, 27-29 August, 2017.

trans-national highways. This would help the region in transforming itself from a mere ‘gateway’ or ‘corridor’ to the ‘centre’ of trade and development.

Taking note on the two illustrations given in the previous section, it is argued that the existing ‘development model’ and the very understanding of development for the region has to be reconstructed. The Look/Act East Policy has definitely given a boosting impetus in understanding and visualising development in the region hitherto been in isolation for decades. Acknowledging the contribution of this policy, there is also a need to think beyond the existing ‘development regime’ for making ‘developmental transformation’ a reality in true sense. In doing so, the most significant stakeholder –the local community has to be properly understood and need to evolve a sustainable development strategy considering the geo-cultural realities of the region. In other words, let a model of development evolve in a process from the grassroots and let the policies to be directed towards facilitating the process.

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