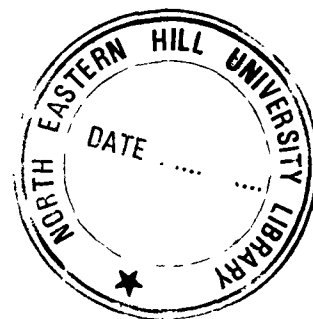


## Abstract

# India's Look East Policy and Northeast India

Thesis Submitted for the Degree of  
Doctor of Philosophy to  
North-Eastern Hill University



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2010

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## **India's Look East Policy and Northeast India**

The Look East policy is an important foreign policy initiative of our country in the post-Cold War period. It was launched in the year 1991 by the then Narasimha Rao Government with the aim of developing political contacts, increasing economic integration and forging security cooperation with countries of Southeast Asia. The policy marked a strategic shift in India's perspective of the world. As a result the Look East policy seeks to make India as an important factor in the Asia-Pacific strategic discourse. It is a late recognition of the strategic and economic importance of the region to India's national interests.

The Northeastern region of India is a store-house of mineral resources, bio-diversity and water resources. Yet these natural bounties are yet to be harnessed. The 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. In 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. As a result, in the second phase, the Look East Policy has been given a new dimension wherein India is now looking towards partnership with the ASEAN countries integrally linked to economic and security interests of the Northeastern region. Taking into account of its geographical proximity, its historical and cultural linkage with Southeast Asia and China, it is presumed that vibrant commercial exchanges with Southeast Asia can galvanise growth and development in the Northeast. The policy also has the potential of solving the problem of insurgency, migration and drug trafficking in the region through regional cooperation.

The introductory chapter discusses the trends towards regional integration after the end of Cold War and India's attempt at regional cooperation. The main concepts viz. regional integration and regionalism as they have emerged so far have been discussed in this chapter.

The end of Cold War and the collapse of the Soviet Union resulted in the growing interdependence between countries and economic and trade issues are gaining vital precedence over the political and military ones. Many states began to realise that their own welfare is dependent on the well being of the region in which they are located. As a result, many countries started serious attempts to regional groupings.

Since its inception the United Nations has recognised regional arrangements due to common problems and the experiences gained out of the draw-backs of the larger international organisations or the repeated failure of multilateralism. There has been a new wave of regional economic integration since the mid 1980s. Some of the regional organisations are the North America Free Trade Area (NAFTA), Association of South East Asian Nations (ASEAN) and Mercado Comun del Sur (MERCOSUR).

India's efforts towards regional integration can be traced back to the pre-independence period. The leaders of the Indian independence movement were conscious of the need to develop cooperation among fellow Asian countries. Attempts towards regional cooperation are manifested in the Asian Relations Conference and Conference on Indonesia in 1947 and Bandung Conference 1955. However, these attempts by India failed due to the inter-state disputes, tensions, distrusts and apprehensions among the individual countries.

The South Asian Association for Regional Cooperation (SAARC) was formally established on December 8, 1985 after the proposal for regional cooperation in South Asia came from Bangladesh. However, SAARC has not made any progress mainly due to the Indo-Pak dispute and the domestic political turmoil throughout the region. As India has been not able to forge a successful regional economic cooperation in its own neighbourhood, it felt imperative to look beyond the confines of South Asia for intensive economic cooperation.

During 1990-91 India was unsettled by social unrest, serious political instability and poor economic performance. The East Asian countries witnessed a remarkable record of high and sustained economic growth, faster than all other regions of the world, from 1965 to 1990, and simultaneous reduced poverty and income inequality significantly. The success story of regional organisations gave India the impression that it was in danger of isolation from the global economy. This caused New Delhi to pay more attention to the rapidly growing economies of East and Southeast Asia. As a result the Look East Policy was officially launched in the year 1991 by the then Prime Minister, Narasimha Rao as a means to integrate India's economy with East and Southeast Asian countries.

The main thrust of the research work is to study the evolution of India's Look East policy, 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. The research work also tries to examine the feasibility of adopting a policy for economic development by opening up to the East in the face of possible alienation in ethnic terms.

Chapter II entitled “Historical Background of Political Integration in Northeast India” traced the history of political integration in Northeast India and analyse its fallout since independence.

In order to analyse the process of political integration in Northeast India, an analysis of the various theories of political integration and its processes in Asia and Africa has been undertaken. The failure to understand the political history and cultural uniqueness of the region on the part of the Indian ruling class led to acute “democratic deficiency” in the process of integration of Manipur, Tripura, Naga Hills (Nagaland), and Lushai Hills (Mizoram). In most of these processes the Indian state adopted various methods of assimilation to integrate the diverse ethnic groups in the Northeast.

The Maharaja of Manipur was invited to Shillong in September 1949 for talks with regard to integration. An already prepared “Merger Agreement” was placed before the Maharaja whereby Manipur would be merged into the Indian union. The Maharaja was placed under house arrest and under such circumstances the Maharaja was forced to sign the merger agreement with India on September 21, 1949 and Manipur became “Part-C state” of the Indian Union.

The Naga National Council’s autonomy demand, which was mainly restorative, before the Cabinet Mission and the unsatisfactory responses of the British and post-independence Indian government, gave birth to Naga insurgency. The Nagas consider the integration as forcible annexation of their homeland. The Khasis also opposed their inclusion into the Indian state. However, Akbar Hydari, the then Governor of Assam, with an order from central government informed the Khasi chiefs on December 2, 1947 that they should sign the Instrument of Accession, which the Khasi chiefs signed subsequently. The circumstance under which the Queen of Tripura was coerced to sign the Tripura Merger Agreement in September 1947 is always questioned by radical groups.

Thus, the mode of integration of the Northeastern states mainly involved negotiations, promises, baits and force. Some areas like Manipur and Naga Hills refused to merge with India and expressed desire for withdrawal from the union which resulted in secessionist demands and prompted withdrawal declarations from several quarters.

Chapter III entitled “History of Economic Development in Northeast India” examines the historical background of economic development in Northeast India till the 1980s. Modern economic development in the Northeastern region became a priority with the increased interest shown by the East India Company on items like tea, oil and coal available plenty in Assam by the East India Company. Subsequently introduction of tea plantation by the British, the region

got drawn into the world economy. The plantation economy also began to generate a network of secondary economic activities. In order to facilitate plantation, roads and bridges were built by the colonial administration; traders and bankers from other parts of India flocked to Assam and provided the necessary, though exploitative, services of trading and banking. All these factors resulted in the rapid growth of economy as well as the population and expansion of the base of exploitation for British capitals. The tea plantation was developed as an enclave without having any linkages with the hinterland. The plantation revolution was not accompanied by any agricultural revolution for raising the agricultural productivity. The growth of the modern sector did not bring about an increase in the standard of living to the people of the region due to their limited participation in these economic activities. As a result, the region remained untouched by the process of growth and development. Whatever industries were set up by the British rulers were done only to further their own interests.

The hill areas of the region were mostly living on subsistence economy. Shifting cultivation was the predominant form of agriculture though terraced cultivation was practiced by some tribes like the Angamis of Nagaland, Apa Tanis and Monpas of Arunachal Pradesh and the Khasis of Meghalaya. The rice economy was supplemented by food-gathering, hunting and fishing.

With partition of India in 1947 at the time of Independence the newly drawn political boundary produced far reaching consequences for the economy of the Northeastern region as it disrupted the age-old inland water, road and railway communications through erstwhile East Bengal. The Chinese occupation of Tibet and the virtual closure of the border with Burma added to the isolation of the region. The flourishing trade with the plains of adjacent East Bengal, Tibet, Bhutan and Burma came to a halt. It created havoc for the Northeast making it the most regulated, sensitive border region and the most exposed territory.

Even after independence an almost colonial state of economy persists in Northeast India, where it is still looked upon as a place for extracting natural resources. In the 1970s the Indian government began to recognise that the people of Northeast India have been left behind in the economic development. Thereafter, various schemes for the development of infrastructure and economy of the Northeastern region were formulated. The Hill Area Development Programme was launched from the Fifth Five-Year Plan (1974-79), which was followed by several other schemes and the formation of the North Eastern Council (NEC) in 1971. The NEC was set up to bring about balanced socio-economic development in the region. However, critics pointed out that the whole idea of integrated development of specific areas is faulty and the council is regarded as merely a

decorative body.

Chapter IV entitled “Evolution of India’s Look East Policy” discusses the challenges that India faced, both domestic and international, in 1990-91 and the resulting enunciation of the Look East Policy. While examining the evolution of India’s Look East policy the study reveals that the policy has emerged out of the changed international system in the early 1990s and the consequent economic stagnation and political turmoil within the country.

The end of cold war brought about fundamental changes in the international system, which focuses on the economic content of relations and led to the burgeoning of the formation of regional economic organisations. The collapse of Soviet Union is believed to have made the Non-Alignment policy of India redundant and deprived India a valuable partner. It was a big loss for India in political, strategic and economic terms.

Besides, within India there was growing menace of terrorism and insurgency, political instability, economic stagnation, the problems of governance and the financial crisis leading to fundamental changes in the economy. With severe balance of payment crisis, gradual erosion of competitiveness of Indian goods in the global market and recognition of the importance of foreign capital in a country’s economic development, the Indian Government launched an economic liberalisation programme in June 1991 to attract foreign investments and boost exports.

The East Asian countries witness a sustained exemplary growth performance under an outward looking strategy of development. The change in the international system, the success stories of the East Asian Tiger economies and the radical shift in India’s economic and strategic circumstances caused New Delhi to pay more attention to the rapidly growing economies of East and Southeast Asia. After failing to forge meaningful economic cooperation within its own neighbourhood due to recurrent political tension between India and Pakistan, and the possibility of being marginalised in today’s competitive world, India was compelled to look for other regions. During this period India got attracted to the high-performing economies of East Asia. Forced with the economic crisis and the dire need of foreign direct investments for rapid economic development, India enunciated the Look East policy in 1991 and determined to work in the spirit of regional economic cooperation with its eastern neighbours.

Thus, the Look East policy is a reorientation of India’s foreign economic policy that ends the previous pursuit of self-reliant economic development, and the start of an era in which India strived to take advantage of new opportunities from international trade and investment.

Chapter V entitled “Economic Potentials of the Look East Policy” examines the continuity and change of India’s policy towards the Northeast and the economic potentials of the Look East policy.

After independence the Indian government has adopted several policies towards the Northeastern region. The first one and half decade of India’s policy towards the region can be described as “Nehruvian policy framework” where quick administrative expansion along with the revivalist-protectionist approach towards tribal development was followed. As a result there has been recognition of specific tribal and ethnic identities through state policies, but such a policy was not complemented with adequate support of capability building in the region. In the wake of the sudden and unexpected Chinese aggression in 1962 and the rising insurgent movements, the policies for the Northeastern region in the 1960s were saddled with security concerns. The increase in the autonomy and secessionists demands in the early 1970s resulted in the conception that the region required political representation. As a result new states were formed in the region during this period. In the 1980s the Government of India adopted a new policy for the Northeastern region, i.e. a development paradigm, assuming that development will abate the problems of identity, ethnic assertion, etc. Thus, various developmental packages were announced by successive Prime Ministers since Deve Gowda. Such packages resulted in the pumping of huge money for development in the region. However, this developmental approach, in the absence of proper planning, coordination, monitoring and accountability mechanisms failed to achieve the desired objectives and have rather fueled violence and terror through well established structures of extortion and “taxation” by insurgent groups.

Of late there is a wide recognition that the main stumbling block for economic development of the Northeastern region is the disadvantageous geographical location. Thus, it is felt that Northeastern region must integrate political politically with the rest of India and economically with East and Southeast Asia as the policy of economic integration with the rest of India did not yield much dividends. With the development of this new policy the Government of India directed its Look East policy towards developing the Northeastern region.

The main thrust of the Look East policy is to take advantage of the historical and cultural contiguities as a foreign policy asset to be exploited in order to facilitate the expansion of regional trade linkage with the economies of East and Southeast Asia. India and ASEAN are natural partners. The geographical proximity between India and ASEAN countries, the presence of a large Indian origin population, the fast growing ASEAN market, their greater openness and a larger role in the global market also provided a rationale for the new policy thrust. From a

Sectoral Dialogue Partner in 1993 India became a Summit Level Partner in 2002. India finally signed the ASEAN-India Free Trade Agreement (AIFTA) with the ten members of ASEAN in August 2009. The main objective of this agreement is to strengthen and enhance trade and investment cooperation so as to bridge the development gap among India and ASEAN countries. With this India has formally set up a clear institutional framework for operationalising economic cooperation between India and these countries.

With an endeavour to reinforce the Look East policy and link the Northeastern region to the dynamic economies of Asia, India also joined several sub-regional groupings such as Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Mekong Ganga Cooperation (MGC) Project and Bangladesh-China-India-Myanmar Regional Economic Forum (BCIM Forum).

Northeast India has vast potential resources. The region is endowed with rich hydro power potential, coal, forest wealth, fruits and vegetables, flowers, herbs and aromatic plants. Arunachal Pradesh, Assam and Manipur has huge potential to generate hydro electric power (over 40,000 MW) and if fully harnessed the region could become a major power house not only for India but also its neighbouring countries. The region can collaborate with Southeast Asian countries in inland water ways, handloom and handicrafts, agro-horticultural products, natural rubber, etc. Such cooperation with Southeast Asian countries would help the Northeast explore these potentials. And if all these potentials are harvested it will not only generate job opportunities but will also result in economic development of the region. The region's high literacy and English speaking youths is potentially an advantage for foreign and also domestic corporates.

The sub-region comprising Northeast India, Bangladesh, Myanmar and South West China is a geographically contiguous area and shares historical and cultural ties. There was substantial trade carried between the region with foreign countries and between villagers of both sides of the international borders. As per reports, the volume of informal border trade between Northeast India and the neighbouring countries now exceed several times the official volume of trade which shows that the region has huge export potential to its neighbouring countries if informal trade is legalised through governmental policy.

Chapter VI entitled "Political Impact of the Look East Policy" examines the possible political impact of the Look East policy vis-à-vis the issues of ethnic integration, insurgency, migration and drug trafficking.

Northeast India is a home of numerous ethnic nationalities. The separation of British India and the then Burma in 1937 and the partition of the subcontinent in 1947 by the British alienated numerous ethnic communities in the region. The Partition of British India in 1947 and subsequent political events brought the restriction of old routes of mobility in the Northeastern region forced the ethnic communities to live in different countries. It also disrupted old trade routes and deprived the communities in Northeast India of trading with the other side of international boundary. These have caused discomfort and to a large extent were responsible for the discontentment of such separated ethnic communities.

The ethnic groups of Northeast India perceive that the space of “Indian culture” does not provide accommodation to their distinct cultural identities. Thus, the region suffers from constraints in the political, economic and ethnic integration with the rest of India as well as within the region itself. The hurt feelings of being a “losers”, the mishandling of the aspirations of various ethnic groups in post-independence Northeast India coupled with denial of trade and the non-implementation of developmental schemes resulted in insurgency. The insurgent groups in Northeast India are fighting for recognition, political, and economic rights. The government’s policy towards persisting ethnic and minority problems in Northeast India since independence has been repressive, treating it as purely “law and order” situation. The few political negotiations initiated by government have been largely unproductive.

The Look East policy was launched in recognition of the backwardness that is prevalent in the region and to provide the people with the development of infrastructure to facilitate various economic activities including the widening of the trade. It was also felt that such an opportunity for pulling resources under this policy will be to compensate the existing feelings of marginalisation within the various tribal populations. The Look East policy above all aims at the revival of ancient trade routes. Such recognition and revival of ancient trade has the potential of abating the numerous insurgencies in Northeast India through regional and sub-regional cooperations.

One of the other major issues that the Northeastern region confront is migration. Migration into the region started during the British period as the Britishers wanted larger number of people to work in their estates for more profits. Though migration from different parts of India and from Nepal has abated, migration from Bangladesh continues even after independence. These huge demographic changes have resulted in linguistic, ethnic and religious discords leading to competition over scarce resources. Due to such large-scale migration the bilateral relationship between India and Bangladesh has never been cordial. For a solution to the issue of

migration there has been a wide variety of suggestions ranging from issuing temporary work permits to fencing the borders. The end to this stalemate has been suggested to build cooperation with the source country rather than looking for unilateral solutions. The proponents of economic cooperation argue that economic integration can be promoted even among states in conflict, and can eventually overcome political antagonism. Borders in the subcontinent need to be transformed into zones of economic cooperation among regions that once were part of the same cultural and political space. The proposal for creation of BCIM free trade and the Framework Agreement on BIMSTEC-FTA, as part of the larger Look east policy, is expected to develop closer sub-regional cooperation through the development of transnational trade.

Drug trafficking is another rampant illicit activity prevailing in the Northeastern region. The prevalence of drug trafficking in the region is mainly due to the porous borders, proximity to the Golden Triangle, constant ethnic conflict, unemployment, poverty and proximity to international market. Besides this the insurgent groups active in the region use this to finance their activities. Though it is feared that the problem of drug trafficking in the region might increase with the success of Look East policy, yet it is felt that with the consequent enhancement of the rail and road connectivity improved border management such problem can be grossly tackled.

Ethnicity, insurgency, immigration and drug trafficking in the Northeastern region are interrelated problem and transborder in nature. The transborder nature of these problems can be solved by way of effective regional cooperation. The Look East policy will recede or control these problems to a great extent.

The concluding chapter discusses the major findings based on the study. In the context of the history of political integration in Northeast India, it is found that the integration with the India union politically remained an issue of concern for the people. The attempts at assimilation of the region and its people with the Indian mainstream have resulted in resentments amongst different ethnic communities. The late realisation that such integrationist policy was erroneous has led the government to concede autonomy demands of ethnic groups, which leading to creation of separate states.

The Northeastern region was exposed to international trade during the pre-colonial and colonial period. However, it had negligible impact on the local economy as tea plantation was developed into enclave production without having any linkage with the hinterland. In the post-independence period, the exploitative nature of the British colonial rule remains in the region, with just a change in the stakeholders from British to Indian capitalists. The main component of

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the Look East policy is to develop the Northeastern region through ~~the expansion of regional~~ trade linkage with the economies of its eastern neighbours. The proposed development of the Northeastern region through increased trade and investment will engage the people of the region in productive and profitable activities. Otherwise the people will be left again in the development process thereby alienating them further.

While tracing the evolution of India's Look East policy, it has been found that the policy emerges out of the changed international system in the early 1990s and economic stagnation and political turmoil within the country. The policy is primarily the product of various compulsions in the post-cold war era. The focus on economic content of international relations, the growing trends toward regionalism and India's apprehension of being marginalised and isolated in the post-Cold War international system are the main reasons for paying more attention to the rapidly growing economies of East and Southeast Asia.

The coming of globalisation, regional integration and India's outward looking economy since the early 1990s brought forth the conception that economic integration with the rest of the world would foster political integration of Northeast with the mainland. Thus, the Look East policy was launched to end economic isolation of the Northeastern region.

The main focus of the Look East policy is to bring about economic development of the region through regional cooperation, in order to achieve such cooperation in the Northeastern region the policy rightly focus on solving the problems that plague the region. The political impact of the Look East policy in relation to the four core issues confronting Northeast India viz. insurgency, migration and drug trafficking, is felt to be important in solving the current political impasse in the region. The economic potentials existing in the sub-region can best be exploited with the setting up of trade and communication facilities at the borders in the region. With such improved transport and communication systems illicit activities in the border areas can be controlled to a great extent.

The Look East policy rightly seeks for the creation of an enabling environment so as to end the landlocked situation and isolation of the Northeastern region by opening up the borders and re-integrating the region's economy through improved trade and connectivity between the Northeast India and Southeast Asian countries. However, when we consider the existing ground realities the growth of border trade between the Northeastern region and neighbouring countries is slow and nothing significant happens on the ground. Thus, the Look East policy needs a reorientation and strengthening of the policy with hard action on the ground to suit the developmental interests of the region on the fulfillment of the objectives of this policy.

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*CERTIFICATE*

27<sup>th</sup> Sep 2010

*Certified that this thesis entitled "India's Look East Policy and Northeast India" by Thongkholal Haokip, is a bonafide research work of his and that this has not been submitted for award of any degree of this or any other University or institute of learning.*

I recommend that this may be placed before the examiners for consideration of the award of the degree of Doctor Of Philosophy (PhD) of North Eastern Hill University.

(Biswajit Mohapatra)

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

Last but not the 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.

(Thongkholal Haokip)

## **Declaration**

September 27, 2010

I, Thongkholal Haokip, declare that the subject matter of this thesis is my own bonafide work and that the contents of this thesis has not been submitted by me for the award of any research degree in this or any other university or institute of learning.

*T. Haokip*

(Thongkholal Haokip)  
Candidate

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## Chapter 1

### Introduction

In the beginning of the 1990s many dramatic events took place at the global level which brought about one of the most significant changes in the twentieth century and subsequently transformed the nature of international politics. This period witnessed the end of the Cold War between the two military blocs which brought an end to the bipolar world, which was based on confrontation of two politico-economic systems and their military expression. It also brought an end to the stability of the world based on mutual deterrence. The high risk-high stability situation has been replaced by a low risk-low stability situation. The end of Cold War and the collapse of the Soviet Union also brought about the reorientation of former Soviet client states, especially those in the Third World, from centralised to market economies. These global changes have precipitated two consequences in the prevailing international relations. First, there is a growing interdependence between countries and second, economic and trade issues are gaining vital precedence over the political and military ones.<sup>1</sup> With a shift from geo-politics and geo-strategic to geo-economics, the economic dimensions of international politics has become prominent. The world previously polarised by an ideological struggle rapidly changed into economic blocs.

With the end of Cold War and the resultant breakdown of the overarching Cold War structure that underpinned and ordered international relations, nation-states became aware of the need to re-evaluate their place in the international system. As a result

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<sup>1</sup> Shashi Upadhyaya, "Challenges before SAARC" in Ramakant and P.L. Bhola (eds.). *Post Cold War Developments in South Asia*. Jaipur: RBSA Publishers, 1995, p. 47.

individual states began to seek new relations with the emerging group of major powers and with their own immediate neighbours. Many states realised “how much their own welfare was dependent on the stability and well being of the region in which they are located.”<sup>2</sup>

The post-Cold War phase in international relations witnessed a distinct trend towards regional integration. As a result, a large number of states from different parts of the world began to make serious attempts to constitute themselves into regions to give fresh impetus to a wide variety of cooperative ventures amongst themselves. Regional integration, in general, appeared to be an effective device to serve economic and commercial objectives of these states. In the process, old organisations were recasted and new organisations were created to suit the changing global political context.<sup>3</sup> All these developments consequently brought about a change in the world policies leading to the development of a new world order and dramatically altered the basic parameters in which the various relationships had hitherto operated.<sup>4</sup>

### **Growth of Regional Integration**

The growth of regional integration has been one of the major developments in recent international relations and has become part and parcel of the present global economic order. This trend is “now an acknowledged future of the international scene” and “has

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<sup>2</sup> Richard Stubbs, “Regionalisation and Globalisation”, in Richard Stubbs and Geoffrey R.D. Underhill (eds.) *Political Economy and the Changing Global Order*. (2<sup>nd</sup> Edition) Canada: Oxford University Press, 2000, p. 231.

<sup>3</sup> Rajen Harshe, “South Asian Regional Co-operation: Problems and Prospects”, *Economic and Political Weekly*, Vol. 34, No. 19, May 8-14, 1999, p. 1100.

<sup>4</sup> Poonam Mann. *India's Foreign Policy in the Post Cold War Era*. New Delhi: Harman Publishing House, 2000, p. 3.

achieved a new meaning and new significance.”<sup>5</sup> The nation-state system, which has been the predominant pattern of international relations since the Peace of Westphalia in 1648 is evolving towards a system in which regional groupings of states is becoming more important than sovereign states. Walter Lippmann believes that, “the true constituent members of the international order of the future are communities of states.”<sup>6</sup> E.H. Carr shares Lippmann’s view about the rise of regionalism and regional arrangements and adds that, the concept of sovereignty is likely to become even more blurred in the future than it is at present.<sup>7</sup> The process of regional integration has increasingly affected and even shaped international relations. Trade, economic cooperation and many trans-border issues and problems are increasingly being dealt at a regional supranational level. It is this development of increasing regional cooperation in economic, political and security issues that has gathered momentum in recent years. These integration projects are an increasingly growing phenomenon and occur simultaneously with globalisation.

Regional integration has been defined as “an association of states based upon location in a given geographical area, for the safeguarding or promotion of the participants,” an association whose terms are “fixed by a treaty or other arrangements.”<sup>8</sup> Philippe De Lombaerde and Luk Van Langenhove define regional integration as “a worldwide phenomenon of territorial systems that increase the interactions between their components and create new forms of organisation, co-existing with traditional forms of

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<sup>5</sup> Norman D. Palmer and Howard C. Perkins. *International Relations: The World Community in Transition*. (Third Edition) Boston: Houghton Mifflin Company, 1953, p. 597.

<sup>6</sup> Unpublished address on “the Atlantic Community,” at a conference on “Regionalism and Political Pacts,” Philadelphia, May 6, 1949. Quoted in Norman D. Palmer and Howard C. Perkins. *Ibid.*, p. 558.

<sup>7</sup> E.H. Carr. *The Twenty Years’ Crisis: 1919-1939*. London: Macmillan, 1946, p. 203.

<sup>8</sup> Norman J. Padelford, “Regional Organisation and the United Nations,” *International Organisation*, May 1954, pp. 2003-16.

state-led organisation at the national level.”<sup>9</sup> According to Hans van Ginkel, regional integration refers to the process by which states within a particular region increase their level of interaction with regard to economic, security, political, and also social and cultural issues.<sup>10</sup> In the present age of economic globalisation, integration is generally defined as “the voluntary linking in the economic domain of two or more formerly independent states to the extent that authority over key areas of domestic regulation and policy is shifted to the supranational level.”<sup>11</sup> In short, regional integration is the joining of individual states within a region into a larger whole. The degree of integration depends upon the willingness and commitment of independent sovereign states to share their sovereignty.

Regional integration initiatives, according to Van Langenhove, should promote the strengthening of trade integration in the region; the creation of an appropriate enabling environment for private sector development; the development of infrastructure programmes in support of economic growth and regional integration; the development of strong public sector institutions and good governance; the reduction of social exclusion and the development of an inclusive civil society; contribution to peace and security in the region; the building of environment programmes at the regional level; and the strengthening of the region’s interaction with other regions of the world.<sup>12</sup>

Regional integration arrangements are mainly the outcome of necessity felt by nation-states to integrate their economies in order to achieve rapid economic

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<sup>9</sup> Philippe De Lombaerde and Luk Van Langenhove, “Indicators of Regional Integration: Conceptual and Methodological Issues”, *UNU-CRIS Occasional Papers*, 0-2004/15, October 28, 2004.

<sup>10</sup> Hans van Ginkel, “Regionalism and the United Nations”, *UNU Global Seminar 4<sup>th</sup> Kanazawa Session “Globalization and Regionalism”* November 20-23, 2004.

<sup>11</sup> Walter Mattli. *The Logic of Regional Integration: Europe and Beyond*. Cambridge: Cambridge University Press, 1999, p. 41.

<sup>12</sup> L. Van Langenhove, “Regional Integration and Global Governance”, *UNUnexions*, August 2003.

development, decreased conflict and build mutual trust between the integrated units. Closer integration of neighbouring economies is thus seen as a first step in creating a larger regional market for trade and investment. This in turn works as a spur to greater efficiency, productivity and gain competitiveness, not just by lowering border barriers, but by reducing other costs and risks of trade and investment. Bilateral and sub-regional trading arrangements within the overall regional structure are advocated as development tools as they encourage a shift towards greater market openness. Integration is not an end in itself, but a process to support economic growth strategies, greater social equality and democratisation. In broad terms, this desire for closer integration is usually related to a larger desire for opening to the outside world. Regional economic cooperation is being pursued as a means of promoting development through greater efficiency, rather than to disadvantage others. Most of the members of these arrangements are genuinely hopeful that they will succeed as building blocks for progress with a growing range of partners and towards a generally freer and open global environment for trade and investment.

All regional integration projects during the Cold War period were “built on the Westphalian state system and were to serve economic growth as well as security motives in their assistance to state building goals.”<sup>13</sup> However, economic cooperation is the main objective of the present regional arrangements and, as such, it provides an opportunity for the constituent units to increasingly react and settle trans-border disputes within the framework of their regional organisation. Nation-states, especially developing countries, prefer interaction with states outside their region, not as a single entity but as a region or regional organisation so that they can maximise their bargaining power. Therefore, the

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<sup>13</sup> Helge Hrem, “Explaining the Regional Phenomenon in an Era of globalization” in Richard Stubbs and Geoffrey R.D. Underhill, (eds.). *op. cit.*, p. 70.

formation of an organisation based on region for trade, economic, security and political cooperation is on the rise. These countries which venture upon regional integration are usually close neighbours and, to a certain extent, share a common past and thus common history. Common history, in turn, leads them to share common problems and an intensified perception of those problems.

The recent surge of regionalism can thus be attributed to the increasing force of globalisation, which in turn is the result of the end of Cold War. Globalisation has resulted in the growth of world market, increased penetration and domination of the national economies, which makes the nation-states bound to lose some of their 'nationness'. This dominance of the world market over structures of local production has resulted in the emergence of a political will to halt or to reverse the process of globalisation,<sup>14</sup> in order to safeguard some degree of territorial control and cultural diversity.<sup>15</sup> One way of achieving such a change has been through regional cooperation. Regional cooperation, therefore, is seen as a natural response to the forces of globalisation and a part of the states' effort to cope with a pervasive globalisation. In many regions, regional integration "has become an important answer to the challenges of the management of globalisation." Regional arrangements do not infringe the barrier of the sovereign state system, but rather provide an impetus and the machinery for much closer cooperation of states on the regional level. In recent years, regional integration projects became the focal point of discussions as developing countries are turning to

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<sup>14</sup> Nicola Phillips, "The future of the Political Economy of Latin America" in Richard Stubbs and Geoffrey R.D. Underhill. *op. cit.* p. 286.

<sup>15</sup> Bjorn Hettne, "Globalization, the New Regionalism and East Asia", a paper delivered at the United Nations University Global Seminar '96 Shonan Session' on *Globalism and Regionalism*, September 2-6, 1996 at Shonan International Village, Hayama, Kanagawa, Japan.

regionalism as a tool for development. Almost all countries are now members of at least one project, and may belong to more than one.

Regional integration and regionalism are often used synonymously in international relations. Regionalism may be simply stated as loyalty to the interests of a particular region. It may be also defined as a policy whereby the interests of a nation in world affairs are defined in terms of a particular countries or regions. In the economic front regionalism can be defined as “an agreement among a certain number of states on preferential trade.”<sup>16</sup> Much of the literature on regionalism focuses on the welfare implications of preferential trading agreements, both for members and the world as a whole.<sup>17</sup> On a broader term, regionalism stands for the integration of economies and political systems on a smaller, regional scale, encompassing a few states that are located near each other, with many such regional cooperation or integration processes taking place simultaneously. Regionalism, therefore, promotes regional integration of closely knit neighbouring countries.

### **International Organisations and Regional Integration**

The end of Cold War brought about significant changes in the political, economic, and strategic environment of the world. The issues in this new environment are vast and complex that it needs global cooperation and action to tackle them. Nation-states realised that these issues can be best addressed at multilateral agencies and therefore multilateralism is being espoused by the United Nations and is increasingly regarded as

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<sup>16</sup> Jagdish Bhagwati, “Regionalism versus Multilateralism”, *The World Economy*, Vol. 15, Issue 5, September 1992, p. 535-556.

<sup>17</sup> Edward D. Mansfield; Helen V. Milner, “The New Wave of regionalism”, *International Organization*, Vol. 53, No. 3, Summer 1999, p. 592.

the *modus operandi* in world politics today. However, the multilateral system is facing increasing challenges. Due to the repeated failure of multilateralism, developing countries have lost confidence in the global multilateral institutions to provide equitable development rules, and to give them ownership of development policies. Since multilateralism, the first best option, is not attainable by many countries, both developed or developing and large or small, are pursuing the second-best option - regionalism. Regionalism is then considered to be an alternative, at least, for countries geographically close to one another, especially for countries with close economic interests and exchanges. The desire for regional integration evolve as a result of environmental development, compulsions due to common problems and the experiences gained out of the draw-backs and inadequacies of the existing larger international organisations.<sup>18</sup>

The idea of regional arrangements has gained support from many international organisations. Since its inception, the United Nations has recognised regional arrangements. In its Charter, the United Nations has one entire chapter (Chapter VIII, Article 52-54) entitled “Regional Arrangements” fully devoted to the subject of regional arrangements. Observing the consistency of regionalism and regional arrangements with the principle of the United Nations, Article 52(1) of the Charter stated that:<sup>19</sup>

Nothing in the present charter precludes the existence of regional arrangements or agencies for dealing with such matters relating to the maintenance of international peace and security as are appropriate for regional action provided that such arrangements or agencies and their activities are consistent with the Purposes and Principles of the United Nations.

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<sup>18</sup> Ghulam Umar. *SAARC: Analytical Survey*. Delhi: Renaissance Publishing House, 1988, p. 5.

<sup>19</sup> All references relating to the Charter of the United Nations is taken from its official website, <http://www.un.org/aboutun/charter>

Clause 2 and 3 of Article 52 also encourages regional arrangements for pacific settlement of local disputes before referring them to the Security Council. In addition to Chapter VIII, Article 33 calls upon the parties to any disputes, the continuance of which is likely to endanger the maintenance of international peace and security, to seek a solution through regional agencies or arrangements. Article 51 of the Charter also provides for an unrestricted regional security arrangements outside its effective control.

The Charter of the United Nations, however, does not define “regional arrangements” or “regional agencies” and its relationship with such arrangements or agencies. All references relating to regional arrangements are confined to the field of security. It is silent on the possible economic, social, cultural, and other potentialities of such groupings. The institutional approach to regionalism and regional cooperation that was incorporated in the United Nations Charter was founded on the clashing power politics of the two power blocs in the post-war years.

With the end of Cold War, the main focus of regional organisations is shifted from security to economic cooperation. As it has encouraged regional agencies and arrangements for the pacific settlement of disputes during the cold-war periods, the United Nations now encourages regional integration. The United Nations also recognised that a “relative cultural, economic, political and geographic affinity within a region leads itself to more effective organisation,”<sup>20</sup> and these more effective regional organisation is more supportive to its multilateral objectives. United Nations Economic and Social Council (ECOSOC) which facilitate international cooperation on standards-making and problem-solving in economic and social issues promote regional integration as a

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<sup>20</sup>, Theodore A. Coulombis and James H. Wolfe. *Introduction to International Relations: Power and Justice*. Englewood Cliffs, N.J.: Prentice Hall, 1978, p. 294.

prerequisite for globalisation. Globalisation not only widened the opportunities for national development but also brought risks. Danuta Huebner, former Executive Secretary of the Economic Commission for Europe, said that the best response from the European continent to global challenges was its integration since “integration and international cooperation were guarantors of peace and stability.”<sup>21</sup> In the recent times, United Nations now has increasingly felt that regional perspective is necessary for global action.

The United Nation has five Regional Commissions which provide inter-governmental frameworks for regional cooperation to assist countries in addressing sustainable development issues. These Regional Commissions have unique convening power in organising ministerial conferences and high level meetings to further the implementation of regional and global sustainable development action plans through policy dialogues. The United Nations Conference on Trade and Development-III (UNCTD-III) emphasised various aspects of regional cooperation. The Doha declaration of World Trade Organisation in 2001 recognises that regional trade agreements can play a fundamental role in fostering the liberalisation and expansion of trade and, thus, helping development. Apart from the United Nations, other international organisations also support regional integration for economic development, peace and security of the world. The Non Alignment Movement Summit held in Algeria September 1973 also emphasised that poor countries should try to maximise trade and economic cooperation among themselves.

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<sup>21</sup> “ECOSOC Promotes Regional Integration as a Prerequisite for Globalization”, *Regional Commissions Development Update*, Eleventh Issue, November 2001.

## **New wave of Regional Integration and Regional Organisations**

There has been a new wave of economic regionalism since the mid 1980s, which reached its peak during the 1990s. The United States, which was the main proponent of multilateralism, has been disappointed with the lack of progress at the world trading negotiations and decided to switch course and concluded the Canada US Free-Trade Agreement and is now going ahead with the North America Free Trade Area.<sup>22</sup> United States has also announced its intention to negotiate free trade agreements with other countries. Alongside this, the European Union continued to widen and deepen its integration. These developments have, in turn, led other countries to reconsider the regional option. East Asia, in particular, is convinced that a regional bloc may be the only way to meet the challenges posed by developments in America and Europe. Even developing countries are beginning to fear that their access to world markets may be curtailed significantly if trading blocs become a reality and they are left out. Hence, throughout Asia, Africa, Latin America and West Asia, old arrangements are being revived and new ones created with a fresh objective to serve the economic interests of the participating countries. Therefore, this new economic regionalism is manifested by recasting old organisations and forming new economic organisations to suit the changing global context and the deepening of the existing arrangements. This surge can be attributed to the new environment created by the end of Cold War and military alliances, and the resulting emphasis of nation-states towards development through mutual economic cooperation with neighbouring states.

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<sup>22</sup> Jaime de Melo and Arvind Panagariya. *New Dimensions in Regional Integration*. Cambridge: Cambridge University Press, 1996, p. 5.

The European Union is the first regional organisation of the post-war period. The formation of the European Community was critical in triggering integration projects in the 1960s, while the recent deepening and enlargement of the European Union has been a key factor in triggering the latest wave of integration.<sup>23</sup> A good example of new regionalism is the development of a model of integration that incorporates political elements in deep economic integration. It has come a long way through decades, where redefining of objectives, priorities, adaptations and institutional changes are the secrets of its survival and prosperity. The European Union was originally created by the six founding states France, Italy, Belgium, West Germany, Luxembourg and the Netherlands in 1957 by the Treaties of Rome, which established the European Economic Community (ECC) following the earlier establishment by the same six states of the European Coal and Steel Community in 1952. The Single European Act in 1986 introduced measures aimed at achieving an internal market and greater political cooperation. The Treaty on European Union, which was signed in 7 February 1992 in Maastricht, Netherlands rename the ECC as European Union. The Amsterdam Treaty (1997) introduced measures to reinforce political union and prepare for enlargement towards the East and the Nice Treaty (2001) defined the institutional changes necessary for enlargement. Now in Europe, there is a complex multi-level governance system with a deep cooperation between states, with firm devolution of power within states and a strong international legal framework. This has created a political model, which challenges assumptions about governance all over the world.

The most comprehensive economic integration project undertaken since the new wave of regionalism emerged in the middle of 1980s is the regional trade and investment

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<sup>23</sup> Walter Mattli. *op. cit.*, p. 139.

agreement between United States, Canada and Mexico is the North American Free Trade Agreement (NAFTA). NAFTA, which is an expanded version of the Canada-United States Free trade Agreement of 1988, came into being on December 17, 1992. The agreement came into force on January 1, 1994, to implement a free trade area. The declared aims of NAFTA are primarily the strengthening of economic growth in the territories of the three NAFTA members by phased elimination of tariff and most non-tariff barriers on regional trade, facilitate the cross-border movement of goods and services between the territories of the parties and establish a framework for international cooperation, including most-favoured-nation treatment and transparency. It also aims to promote conditions of fair competition in the free trade area and substantially increase investment opportunities in the territories of the parties. Through this regional cooperation NAFTA countries are expectecting positive impact on their nation's economies by way of creating new jobs and enhance the living standards.

The core of the latest wave of regionalism in Latin America is Mercado Comun del Sur (MERCOSUR). MERCOSUR is a regional trade agreement which was established by the Treaty of Asuncion signed by Brazil, Argentina, Uruguay and Paraguay in March 1991. It has Chile and Bolivia as its associate members. The formation of MERCOSUR was triggered by external events that threatened to inflict severe damage on the economies of the Latin American region.<sup>24</sup> The primary objective of the formation of MERCOSUR is to create a single market in goods, capital and people. Or in other words MERCOSUR's purpose is to facilitate free movement of goods, services, capital and people among the four member countries. MERCOSUR has become a successful market of about 200 million people, representing about 1 trillion dollars of

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<sup>24</sup> *Ibid.*, p. 152.

Gross Domestic Product (GDP) and 190 billion dollars of trade. It is the fourth largest integrated market after the European Union, NAFTA and Association of South East Asian Nations.

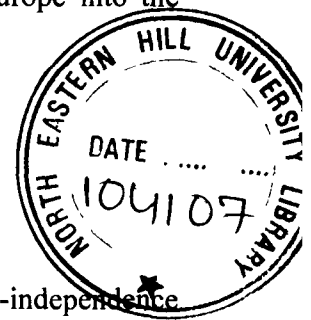
The Association of South East Asian Nations (ASEAN), which is one of the successful example of regionalism, was formed in 1967 with the signing of Bangkok Declaration by five original member countries - Malaysia, Indonesia, Thailand, Philippines and Singapore. The remaining Southeast Asian countries - Brunei, Darussalam, Vietnam, Laos, Myanmar, and Cambodia, joined the regional group during the 1980s and the 1990s. The ASEAN Declaration states that the aims and purposes of the association are: (1) to accelerate economic growth, social progress and cultural development in the region and (2) to promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries in the region and adherence to the principles of the United Nations Charter.<sup>25</sup> The formation of ASEAN was to promote regional peace, stability and security and the prevention of balkanisation. It was primarily political and security driven rather than the desire to benefit from economic integration. However, with the end of the Cold War and increasing wave of globalisation, the association has reoriented its objectives.

In 2003, the ASEAN leaders established the ASEAN Community, which comprised of three pillars, namely, ASEAN Security Community, ASEAN Economic Community and ASEAN Socio-Cultural Community. Through the ASEAN Economic Community, ASEAN members try to pursue the end-goal of economic integration. Its goal is to create a stable, prosperous and highly competitive ASEAN economic region in which there is a free flow of goods, services, investment and a freer flow of capital,

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<sup>25</sup> Overview of Association of Southeast Asian Nation, [http //www.aseansec.org/64.htm](http://www.aseansec.org/64.htm)

equitable economic development and reduced poverty and socio-economic disparities by the year 2020. With the aim of creating a Free Trade Area in the region, it formed the ASEAN Free Trade Area (AFTA) in January 1993. ASEAN has come a long way since its formation and survived the passage of time through reorientation of its goals. The rise of Southeast Asian regionalism can be seen as a response to the larger changes occurring at the global level like the politico-economic integration of Western Europe into the European Union.



### **India's Attempts at Regional Integration**

India's efforts toward regional integration can be traced back to the pre-independence period. The leaders of Indian independence movement were conscious of the need to develop cooperation among fellow Asians and closer collaboration with them was one of the main objectives. Indian leaders foresaw the inevitable trend toward regional integration in the post-war period. Jawaharlal Nehru, during his prison days in 1944, said in course of his reference to imminent changes in the structure of world politics that, "It is possible, of course, that large federations or group of nations may emerge in Europe or elsewhere in the Pacific and form huge multi-national States."<sup>26</sup>

Even before formal independence, Indian leaders convene Asian Relations Conference from 23<sup>rd</sup> March to 2<sup>nd</sup> April 1947 in New Delhi and were attended by 25 Asian countries including Egypt.<sup>27</sup> In his inaugural address, Nehru reiterated the need for greater regional cooperation and asserted that, "There was a widespread urge and an awareness that the time had come for us, peoples of Asia, to meet together, hold together

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<sup>26</sup> Jawaharlal Nehru. *Discovery of India*. Calcutta: Signet Press, 1945, p. 569.

<sup>27</sup> *Keesing's Contemporary Archives*, 1947, p. 8862.

and advance together. It was not only a vogue desire but the compulsions of events which forced all of us to think along these lines.”<sup>28</sup> There was an expression of great enthusiasm for regional cooperation from countries like Sri Lanka and Burma. However, the conference which marked the apex of Asian solidarity also marked the beginning of its decline. The underlying causes of failure “were the intense rivalry between India and China in the conference and the common distrust of the two Asian giants among the smaller countries of the region.”<sup>29</sup> William Henderson observes that, “Neither the Indians nor the Chinese were prepared to concede leadership to the other, the Arabs were uninterested and the South-East Asians frankly afraid that such an arrangement would mean the end of their freedom, almost before it had been won.”<sup>30</sup>

The next attempt toward regional integration by India was the Conference on Indonesia. It was organised to express support to the Sukarno-led armed struggle against the Dutch attempt to re-impose colonial rule in Indonesia in December 1947. The conference was held in New Delhi on January 20, 1949, where fifteen Asian nations attended. Apart from the Indonesian issue, Nehru made an open appeal for regional integration, where he said that, “We see creative and cooperative impulses seeking a new integration and new unity. New problems arise from day to day which, concern all of us or many of us.”<sup>31</sup> The conference passed three resolutions where the third resolution called for regional integration of the participating nations. It urged the participating governments to “consult among themselves in order to explore ways and means of

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<sup>28</sup> *Jawaharlal Nehru Speeches, 1946-49*, Delhi: The Publications Division, Government of India, 1949, p. 300.

<sup>29</sup> Warner Levi. *Free India in Asia*. Minneapolis: University of Minnesota, 1952, p. 39.

<sup>30</sup> William Henderson. “The Development of Regionalism in Southeast Asia,” *International Organization*, Vol. 9, No. 4, November 1955, pp. 463-476.

<sup>31</sup> *Jawaharlal Nehru Speeches, 1946-49, op. cit.*, p. 329.

establishing suitable machinery....for promoting consultation and cooperation within the framework of the United Nations.”<sup>32</sup>

The attempts at regional cooperation continued from 1949 to 1955, where many conferences were organised and attended by India to find out possibilities of such cooperation. A major step towards cooperation of the Asian and African countries was taken in the Bandung Conference April 1955, to develop a policy and common approach to their problems. In the economic sphere the conference underscored the need for economic cooperation in the region, of providing mutual technical assistance, of the establishment of regional training institutes, intra-regional trade, etc.<sup>33</sup> The proposals for regional economic cooperation and intra-regional cooperation in Asia and Africa in the Bandung Conference were not materialised. These earlier attempts by India, since independence, towards regional integration in Asia however failed. A number of reasons were responsible for the failure of these attempts. The inter-state disputes, tensions, distrusts and apprehensions among the individual countries were the main factors.<sup>34</sup>

The South Asian subcontinent experienced a changing political environment during the later part of the seventies. The Janata Party came into power in India, Zia took over Pakistan, Zia-ur-Rehman consolidated his power in Bangladesh and Jayawardene took over Sri Lanka. The Janata government did not abandon the main tenets of the Indian foreign policy followed since 1947, but took a more conciliatory approach towards its immediate neighbours. The new leaders, in contrast to their predecessors, wanted closer relationship and cooperation within the region. The deepening of economic crisis,

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<sup>32</sup> Nicholas Manserch (ed.). *Documents and Speeches on British Commonwealth Affairs, 1931-1952*. London: Oxford University Press, 1953, p. 1179.

<sup>33</sup> *Foreign Policy of India: Texts of Documents*, pp. 149-54.

<sup>34</sup> B.C. Upreti. *SAARC: Dynamics of Regional Cooperation in South Asia*. Vol. 1, New Delhi: Kalinga Publications, 2000, p. 9.

unemployment, poverty and declining growth rates compelled these countries to think for regional cooperation.

The smaller countries in South Asia like Nepal, Sri Lanka and Bangladesh are very enthusiastic about regional cooperation. The idea of regional cooperation in South Asia was first mooted by the late President of Bangladesh Zia-ur-Rehman. During his visit to India, Pakistan, Nepal and Sri Lanka, Rehman tried to convince the head of states regarding the prospective future of his proposed regional cooperation. In May 1980 Zia-ur-Rehman sent a formal letter to all South Asian countries, proposing the establishment of regional organisation in South Asia followed by “Bangladesh Working Paper” sent to all countries on November 25, 1980.

The proposal for regional cooperation came from smaller countries as they felt that it could serve two objectives: it could provide a cover against India’s domination and it could accelerate the pace of economic development.<sup>35</sup> With initial reservations India accepted the proposal in principle but decided to scrutinise it carefully. It is often argued that any attempt towards regional cooperation in the South Asian region is inconceivable without India’s active participation as South Asia is predominantly an Indo-centric region.

After several rounds of meetings and discussions among South Asian countries, the idea of establishing a regional cooperation took a final shape in December 1985. The South Asian Association for Regional Cooperation (SAARC) was formally established when its Charter was adopted on December 8, 1985 by the Government of India, Pakistan, Bangladesh, Sri Lanka, Bhutan, Maldives and Nepal. It provides a platform for

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<sup>35</sup> B.C. Upreti. *op. cit.*, p. 10.

the people of South Asia to work together in a spirit of friendship, trust and understanding. The main emphasis of SAARC is to:

- promote welfare of the people in the region;
- accelerate economic growth, social progress and cultural development;
- promote and strengthen collective self-reliance among members;
- contribute to mutual trust understanding and appreciation of one another's problem;
- development of mutual dependence among member states;
- strengthen cooperation with other developing countries;
- strengthen cooperation among themselves in international forums on matters of common interests; and
- cooperate with international and regional organisations with similar aims and purposes.<sup>36</sup>

In course of time, it is becoming clear that there is tremendous potential for regional economic cooperation and a number of such areas can be explored for economic development. In addition, the association attached high priority to the promotion of people-to-people contact in the region to strengthen mutual understanding and goodwill among the people of South Asia.

The coming of a new wave of regionalism in the early 1990s, creation of new trade blocs and deepening of the existing ones raised the fears of protectionism among SAARC countries. The smaller members put forward the proposal for a preferential trading regime, namely, South Asian Preferential Trading Agreement (SAPTA). The SAPTA was created in 1993 at the Dacca Summit and it became operationalised in December 1995. However, the commodities under SAPTA constitute a fraction of the commodities traded. Therefore, a SAPTA fast-track is being proposed to extend higher tariff concessions. SAARC also decided to create a free trade area (SAFTA) by the year 2006, but it is not materialised till date. The keen interest shown by the member countries

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<sup>36</sup> For areas of SAARC cooperation, SAARC website [http //www saarc-sec org/?t=2](http://www.saarc-sec.org/?t=2)

since its inception in 1985 shows that there is vast scope of success for the association. South Asia has good reasons to promote cooperation in the region. The entire region is unified by a common cultural and ethnic outlook, geographical proximity coupled with the overlapping historical experiences, traditions and common problems underlining the need to pool the resources of the South Asian countries. Although the inception of SAARC was for non-political purposes, the member countries have not refrained themselves from their mutual political conflicts.<sup>37</sup> According to P.V. Rao, the objective factors required for the promotion of regional cooperation are very poorly prevalent in South Asia. Lack of economic complementarity, unequal levels of development, economic nationalism, over regulated trade practices, mutual suspicions and external suspicions and external intrusion are the major constraints on cooperation.<sup>38</sup> The problems posed by ethno-nationalities as well as interstate borders within the region are stumbling blocks in promoting any cooperative venture. Even though India attempts for a greater regional integration in Asia and the world at large, she faces a lot of local regional forces which, at many times, are responsible for instability in the country. Since independence, India has witnessed a surge of internal regional forces which manifest itself in the form of ethnic, cultural, political and economic regionalism.

Therefore, India's effort towards regional economic cooperation in its own neighbourhood is encountered with inherent difficulties, which are often political in nature and the preoccupation of India's dominance. Economic fears and political hostility have constrained the growth of trade and these obstacles have not been confined to ties between India and Pakistan. As India is not able to forge a successful regional economic

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<sup>37</sup> Devinder Kumar Maadan, "SAARC: Origin and Development," in B.C. Upreti (ed.), *op. cit.*, p. 165.

<sup>38</sup> P.V. Rao, "Globalisation and Regional Cooperation: The South Asian Experience," in B.C. Upreti (ed.), *op. cit.*, p. 34.

cooperation in its own neighbourhood, it became imperative for her to look for a region where she can forge intensive economic cooperation.

### **The East Asian Miracle**

The East Asian countries witnessed a remarkable record of high and sustained economic growth from 1965 to 1990 and their economies grew faster than all other regions of the world during this period.<sup>39</sup> This rapid economic growth of the eight East Asian economies - Japan, the four Asian tigers (Hong Kong, Singapore, South Korea and Taiwan) and three newly industrialising economies (Indonesia, Malaysia and Thailand) - has been termed as the “East Asian miracle”. In these eight countries the real per capita Gross Domestic Product (GDP) rose twice as fast as in any other regional grouping between 1965 and 1990. With sustained high growth rates, these countries also simultaneously reduced poverty and income inequality.

The success of the East and Southeast Asian countries is attributed to economic policies made favourable to the business communities and citizens by the leaders of these countries. Economic dynamism displayed by these economies was attributed to their outward looking development strategies. Their growth performance has been far higher than that of the most developed regions, including North America, European Union, other European countries and Japan. Yi Shen labeled the East Asian economies as “relation-based capitalism” which is characterised by personal and implicit agreements that are

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<sup>39</sup> “The Making of the East Asian Miracle” *World Policy Research Bulletin*, Volume 4, No. 4. August-October 1993.

governed by second-party enforcement and widely based on mutual trust between transaction parties.<sup>40</sup>

The East and Southeast Asian countries have been one of India's priority areas of cooperation under the framework of economic diplomacy. In fact, India's economic ties with these regions were underdeveloped even though it was one of the fastest growing areas of the world because of its friendship with the Soviet Union. India neglected the Southeast Asian region and regarded ASEAN as a 'Trojan Horse' of the United States and cultivated close ties with socialist Vietnam.<sup>41</sup> Southeast Asian countries too have negative perceptions about India. They regarded Indian decision-making process as very slow, cumbersome and too bureaucratic which hampers development in the country and consider Indians too much ideologically-oriented and less pragmatic in their foreign and economic policies resulting in divergence of approach between India and the countries of ASEAN. Southeast Asian countries also avoided getting entangled with India as they felt that inclusion of India in any of the institutional arrangements would bring the South Asian conflicts into their own region, which in turn will only complicate their own security rather than solving it.<sup>42</sup>

During 1990-91 India was internally faced with social tensions and unrests, political instability and poor economic performance. The external environment was also not conducive to its interests with the fall of India's major economic partner and its closet strategic ally - Soviet Union. The subsequent breakdown of ideological barriers due to the

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<sup>40</sup> Yi Shen "The Miracle and Crisis of East Asia: Relation-Based Governance vs. Rule-Based Governance", *Perspectives*, Vol. 1, No. 2.

<sup>41</sup> Isabelle Saint-Mezard, "The Look East policy; An Economic Perspective", in Frederic Grare and Amitabh Mattoo (eds.), *Beyond the Rhetoric: The Economics of India's Look East Policy*. New Delhi: CSH-Manohar, 2003, p. 25.

<sup>42</sup> Baladas Ghosal, "East Asian Miracle and India", *World Focus*, Vol. 17, No. 1, January 1996, p. 12.

end of the Cold War has led India to follow a more pragmatic approach. The admiration for economic achievements of East and Southeast Asian countries coupled with the changing global environment caused New Delhi to pay more attention to the rapidly growing economies of East and Southeast Asia.<sup>43</sup> To the Indian liberalisers, East and Southeast Asian countries appeared to be model of success, and Asianism could be revived under a different garb to serve new purposes.<sup>44</sup> As a matter of fact, East and Southeast Asia became a model for the Indian reform process.

### **India's Look East Policy**

The collapse of the Soviet system deprived India not only of a valuable economic and strategic partner but also of an important model of centralised economic planning. The Indian predicament was further accentuated as globalisation makes its headway during the early 1990s and the world economic system rapidly turns towards the capitalistic mode of development. Globalisation of world economies greatly intensified international competition and has, at the same time, given rise to a new wave of regionalism.<sup>45</sup> This “new world” order of globalisation and regionalism has to be accepted and embraced by the developing countries in order to survive.

The success story of ASEAN, the resumption of integration process of the European Union and the negotiations for NAFTA and APEC gave India the impression that it was in danger of isolation from the dynamics pushing the global economy.<sup>46</sup> Being

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<sup>43</sup> Sandy Gordon. *India's Rise to Power in the Twentieth Century and Beyond*. New York: St. Martin's Press, Inc., 1995, p. 299.

<sup>44</sup> Christophe Jaffrelot, “India's Look East policy: An Asianist Strategy in Perspective”, *India Review*, Vol. 2, No. 2, April 2003, p. 44.

<sup>45</sup> Rajen Harshe. *op. cit.*, p. 1999.

<sup>46</sup> Isabelle Saint-Mezard, *op. cit.*, pp. 21-22.

aware of the growing trend towards regionalism and its possible marginalisation in the global economy and faced with a serious balance of payment crisis, the Narasimha Rao Congress government in the middle of 1991 liberalised its economy under the International Monetary Fund. The liberalisation process and the opening up to world economy have led to a reshaping of the role of Indian state, not only to economic management but also to foreign policy.

According to C. Raja Mohan, there are five structural changes in India, where these “changes stand out and are unlikely to be reversed.” They are: the transition from the national consensus on building a “socialist society” to building a “modern capitalist” one; the transition from the past emphasis on politics to a new stress on economics in the making of foreign policy; the shift from being a leader of the “Third World” to the recognition of the potential that India could emerge as a great power in its own right; rejection of the “anti-Western” mode of thinking; and the transition from idealism to realism.<sup>47</sup>

In India’s drive towards globalisation, the primary task of diplomacy is to contribute directly to economic development. For that matter, New Delhi has sought to improve the functioning and efficiency of its economic diplomacy. The new emphasis on economic diplomacy has induced some reorientation in the role and functioning of the Ministry of External Affairs. By the end of 1991, Prime Minister Narasimha Rao issued a note asking the Foreign Office and its diplomats posted abroad to focus more on the economic aspects of India’s external relations.<sup>48</sup> As the Indian establishment and the members of the intelligentsia wanted to escape westernisation they then became

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<sup>47</sup> C. Raja Mohan, “India’s New Foreign Policy Strategy”, Draft paper presented at a Seminar in Beijing by China Reform Forum and the Carnegie Endowment for International Peace, Beijing, May 26, 2006.

<sup>48</sup> J.N. Dixit. *My South Block Years: Memoirs of a Foreign Secretary*. New Delhi: UBSPD, 1996, p. 58.

favourably inclined toward Asianism as an alternative to the American capitalist mode.<sup>49</sup> Under the framework of economic diplomacy, the East Asian region has been seen as a priority area of cooperation. With high economic achievements, the Indian leadership became eager to cooperate with the East and Southeast Asian region.

As a result of many internal and external compulsions, the Indian leaders rethink the basic parameters of its foreign policy. Therefore, the Look East Policy was officially launched in the year 1991 by the then Prime Minister Narasimha Rao, with the aim of developing multifaceted relation with countries of East and Southeast Asia. The Look East Policy was the first and foremost product of the liberalisation process of India. Its main aims include: renewing political contacts with the ASEAN member nations; increasing economic interaction with Southeast Asia (trade, investments, science and technology, tourism, etc.); and forging defence links with several countries of this region as a means to strengthen political understanding.<sup>50</sup> The policy underlines the renewed thrust towards the Asianist perspective of cooperation and development which was undertaken during 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.<sup>51</sup> The new phase, thus, marks a shift in focus from trade to wider economic and security cooperation, political partnerships, physical connectivity through road and rail links.

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<sup>49</sup> Christophe Jaffrelot, *op. cit.*

<sup>50</sup> G.V.C. Naidu, "India and Southeast Asia", *World Focus*, Vol. 17, No. 10, 11, 12, October, November, December, 1996, p. 82.

<sup>51</sup> Sinha, Yashwant. 'Resurgent India in Asia', Speech at Harvard University on 29 September 2003, *Ministry of External Affairs, Government of India, New Delhi.*

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. 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 economic and security interests of the Northeastern region.<sup>52</sup> India's search for a 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 and the Look East Policy**

The Northeastern region of India comprises of the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. The region covers an area of 2.62 lakh sq. km. and accounts for 7.9 percent of total geographical area of the country. With a total population of 39 million (2001), it accounts for 3.8 percent of total population of India. The region is physically isolated from the rest of India with a tenuous connection through a 21-kilometer long landmass, known as the "Siliguri corridor" which is less than 2 percent of the 5000 kilometer combined perimeter formed by the seven Northeastern states, and the remaining borders China, Myanmar, Bhutan, Bangladesh and Nepal.

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<sup>52</sup> "Year End Review 2004", *Ministry of External Affairs, Government of India*, New Delhi.

Recently Sikkim has been added as the eight state of the Northeastern region. Northeast India, as B.G. Verghese lucidly describes, is “another India, the most diverse part of the most diverse country, very difficult, relatively little known and certainly not too well understood, once coy but now turbulent and in transition within the Indian transition.”<sup>53</sup> The people of the region have distinct ethnic and cultural identities, which are more similar with the people of Southeast Asia and China than the mainland India and interact mostly with the present day Myanmar and Southwest China during the pre-colonial period. Many communities in Northeast India trace their origin to Southeast Asia. In recent years, Tai-Ahom intellectuals in Assam are focusing on the cultures of their ethnic cousins in Southeast Asia. In Southeast Asia too there is growing awareness of Northeast India. Many northeast Indian cultural figures too are drawn eastwards.<sup>54</sup>

The Northeastern region had been known for its natural resources and maintained active trans-border trade with its neighbours during the pre-independence period. The region has been on the southern trails of the silk route. Francoise Pommaret review of historical literatures on ancient trade between Bhutan, Cooch Bihar and Assam reveals the clear picture of Northeast India’s place in these trade routes where he stated that, “Kamrupa (which denotes almost the whole of the present day Northeast India) was on the trading route between Southwest China and India.”<sup>55</sup> N.K. Basu, wrote that “Assamese merchants went to Yunnan in China by the line of trade through Sadia, Bisa

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<sup>53</sup> B.G. Verghese. *India’s Northeast resurgent: Ethnicity, Insurgency, Governance and Development*. Delhi: Konark, 1996, p. 280.

<sup>54</sup> Sanjib Baruah. *Between South and Southeast Asia: Northeast India and the Look East Policy*. CENISEAS Papers 4, Omeo Kumar Das Institute of Social Change and Development, Guwahati, 2004.

<sup>55</sup> Francoise Pommaret, “Ancient Trade Partners: Bhutan, Cooch Bihar and Assam (17<sup>th</sup>-19<sup>th</sup> Centuries),” *Journal Asiatique*. 287: 285-303. English translation available online at <http://www.bhutanstudies.org.bt/journal/vol2no1/v2n/ancienttrade.pdf>

and across the Patkoi range of mountains.”<sup>56</sup> Captain Welsh, who led a British military expedition to Assam between 1792-1794, report that regional trade was very active.<sup>57</sup> Apart from silk and other goods, the Silk Road also carried ideas, art and culture, thereby facilitating the spread of Buddhism across Asia. The marginalisation of Northeast India in the past decades “has to be understood only in historical terms as the product of changes brought about by powerful global forces including colonial and postcolonial geopolitics.”<sup>58</sup> The Partition of India in 1947 which marginalised the Northeastern region has not been conducive to the region’s economic and political well-being and set its economy back by at least a quarter century.<sup>59</sup> Northeast India’s place in trade along the southern Silk Route serves as a reminder that the region’s recent history as remote, underdeveloped and troubled hinterland is neither inevitable nor unchangeable.

The beginning of the early 1990s witnesses the spread of globalisation and regional and sub-regional integration and the softening of national borders. In congruent with this the government of India launches the Look East Policy to forge economic cooperation with its eastern neighbours. In the second phase of this policy the government of India declared its commitment to develop the Northeastern region through forging regional cooperation with its eastern neighbours. Taking into account of its geographical proximity, its historical and cultural linkage with Southeast Asia and China (soft power resource)<sup>60</sup> and the primary objective of the Look East policy, it is being widely stated that Look East policy would result in rapid development of the region as it

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<sup>56</sup> N.K. Basu. *Assam in the Ahom age*. Calcutta: Sanskrit Pustak Bhandar, 1970. Cited in Francoise Pommaret. *ibid*.

<sup>57</sup> *Ibid*.

<sup>58</sup> Sanjib Baruah. *op. cit*.

<sup>59</sup> Verghese, B.G., ‘Unfinished Business in the Northeast: Priorities towards Restructuring, Reform, Reconciliation and Resurgence’, *Seventh Kamal Kumari Lecture*, 2001.

<sup>60</sup> Sanjib Baruah, *op. cit.*, p. 33.

promises increased trade contacts between the Northeastern region with 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.

Though there is a lot of expectation and enthusiasm among the Northeastern people and much hype in the media over this policy of the central government, many concerns are raised over this policy as a means to develop the Northeastern region. 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.<sup>61</sup> 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 feeling of alienation of the people and the region itself would drift away from the mainstream Indian politics. The main thrust of the research work is to study the evolution of India's Look East policy, 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.

### **Review of Literature**

A number of research works have been done on India's Look East policy. In *Rediscovering Asia: Evolution of India's Look-East Policy*, Prakash Nanda examines centuries of India's engagement with Southeast Asia and describes the period from 1950 to 1992 as "lost opportunities". He concludes that India's efforts to rediscover Asia takes

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<sup>61</sup> G. Parthasarathy, "Look beyond 'look east,'" *The Pioneer*, 21 December 2000.

place at a time when New Delhi is vigorously pursuing its Look East policy. The edited books of Frederic Grare and Amitabh Mattoo, *India and ASEAN: The Politics of India's Look East Policy* and *Beyond the Rhetoric: The Economics of India's Look East Policy* contains a cooperative research effort to explore the relationships, which are evolving, between ASEAN and India and their underlying context. The first book examined the strategic and security issues and the later examines the potential for increased economic relations between India and ASEAN. K. Raja Reddy edited, *India and ASEAN: Foreign Policy Dimensions for the Twenty-First Century* discusses the neglected areas of Look East policy, the policy's past, present and future and regionalism as a principle of India's foreign policy. In *Wooing the Generals: India's New Burma Policy* Egretau examine the relations between India and Myanmar dating back from the 3rd century BC. He analyses how after years of political rejection and isolation of the Burmese Junta, India clearly opted for a realist policy and began to court the Burmese Generals with the launch of the Look East policy.

Thingnam Kishan Singh's edited book *Look East Policy and India's North East: Polemics and Perspectives* trace the origin and conceptualise India's Look East policy. The contributors explain the multi-dimensions of relations between India and Southeast Asia. They also deliberate on the development strategies in the Northeastern region, implications and effect of look east policy on the economy of the Northeast. In *Durable Disorder: Understanding the Politics of Northeast India*, Sanjib Baruah has assessed the benefits that can result as a consequence of the economic incorporation of the region into the global capitalist economy. He argued that economic integration of the region with Southeast Asia through the pursuit of Look East policy could bring about stability, peace

and prosperity. These books have been useful in analysing the economic potentials of the Look East policy linked to the economic interests of the Northeastern region.

The problem of ethnicity, integration, migration, insurgency and drug trafficking in Northeast India has attracted a number of scholars. There is a vast array of literature on these issues. Sajal Nag's *India and North-East India: Mind, Politics and the Process of Integration 1946-1950* discuss the process of integration of the Northeastern states with Indian union. In another book *Nationalism, Separatism and Secessionism*, Sajal Nag analyse sub-nationalism, secessionism and separatism prevalent in Northeast India. Milton Sangma's edited book, *Essays in North-East India*, Ajit K Danda's *Ethnicity in India*, B. Pakem *Nationality, Ethnicity and Cultural Identity in North-East India*, P.S. Datta *The North-East and the Indian State: Paradoxes of a Periphery*, M.K. Raha and A.K. Ghosh's *North-East India: The Human Interface*, are a collection of essays which looks into the development of government and politics, ethnicity, history, society and culture of Northeast India. Myron Weiner's *Sons of the Soil: Migration and Ethnic Conflict in India*, Girin Phukon's *Politics of Regionalism in Northeast India* and Sanjoy Hazarika's book *Strangers of the Mist: The Tales of War and Peace from India's Northeast*, and B.G.Verghese's *India's Northeast Resurgent: Ethnicity, Insurgency, Governance, Development* look at the problems of ethnicity, governance, insurgency, migration and development that have marked its evolution.

In *The Periphery Strikes Back: Challenges to the Nation-State in Assam and Nagaland* Udayon Misra has analysed in detail the socio-historical and political factors leading to insurgency in Nagaland and Assam. In *India Against Itself: Assam and the Politics of Nationality* Sanjib Baruah blame the region's insurgencies, human rights

abuses and ethnic violence to India's formally federal, but actually centralised governmental structure. He argues that in multiethnic polities, loose federations not only make better democracies, in the era of globalisation they make more economic sense as well. In *Perspective of Security and Development in North East India*, edited by S.K. Agnihotri and B. Datta Ray, the contributors look into the core areas of internal security, problems of ethnicity, militancy, migration and its impact on economic development of Northeast India.

H.K. Barpujari's *North-East India: Problems, Policies and Prospects* and B.G.Verghese's *Reorienting India: The New Geopolitics of Asia* discusses the rise of new geo-political and geo-economic architecture with the end of the cold war. In this book he has identified the problems to be overcome in structuring a new multi-polar world order and has suggested how some of these challenges might be addressed and what could be India's role in this Asian Century in partnership with others.

Several works have been useful in analysing the economy of the Northeast, cross border trade with its neighbours and prospects of development of the region. Alokesh Baruah edited book *India's North-East: Developmental Issues in a Historical Perspective* provides a comprehensive study of the economic and political history of the Northeastern region. It explores the major developmental constraints witnessed by this region over the years and suggests policy prescriptions for future growth strategies. In *Economy of the Northeast: Policy, Present conditions and Future Possibilities*, Gulshan Sachdeva has pledged for the region to focus on integrating itself with the rest of the country and the world, build hard and soft infrastructure, become investor friendly, and stand on its own feet without excessive dependence on the Centre. He argues for linking the region with

dynamic the East Asia and develops a strategy for a growth quadrangle involving the Northeast India, Myanmar, Southwest China, Northern Thailand and Bangladesh. The book entitled *Cross-Border Trade of North-East India*, edited by S. Dutta, deals with retrospect, prospect and recommendations for cross-border trade for Northeast India. The authors suggest various ways and means for tackling it properly for proper results. In *India's North-East: The Process of Change and Development*, edited by R.K. Samanta, the writers explore the reasons for backwardness of this region and provide strengths and means to overcome the limitations of change and development in the region. The book further explores the reasons responsible for backwardness of the Northeastern region and provides means to overcome the limitation of change and development in the region. Rafiul Ahmed and Prasenajit Biswas book *Political Economy of Underdevelopment of North-East India*, investigates the nature and causes of underdevelopment and its myriad politico-cultural expressions through the triple registers of development. Ashok Kumar Ray's book *Revisiting North East India in the Era of Globalisation* deals with the political economy of region and the tryst with democracy in Northeast India under globalisation.

Although considerable work have been done on the dynamics of India's Look East policy which recommend economic integration of the region with the dynamic East and Southeast Asian countries, these academic works however did not examine the possible consequences of such policy in terms of ethnic integration of the communities of the Northeast with the rest of Indian states. Therefore, the present study seeks to look into those potentials and problems

## **Objective**

The objectives of the proposed research work are:

- (i) to examine the economic potentials of the Look East policy linked to the economic interests of the Northeastern region.
- (ii) to examine the possible fallout of such policy in terms of ethnic integration of the communities of the northeast with the rest of Indian states.

## **Methodology**

The data for the research have been collected from both primary and secondary sources. Primary data were drawn from Government documents, publications and reports such as Annual Reports and Year End Reviews of the Ministry of External Affairs, Foreign Policy of India: Texts of Documents, Annual Reports of Ministry of Defence, Publications and Reports of Ministry of the Development of the North Eastern Region (DoNER), White Paper on Indian States published by the then Ministry of States, Annual Reports and publications of the Department of Commerce, Planning Commission Reports and Economic Survey. Keynote addresses, speeches and statements of Prime Ministers, External Affairs Ministers, Ministers of DoNER and Foreign Secretaries are also widely used as a primary source.

Several document such as Jawaharlal Nehru Speeches 1946-49 published by Publications Division, Government of India; memorandums, accords and agreements reached between the Government of India and various communities and insurgent outfits in Northeast India were analysed.

Secondary data include books, articles published on national and international

journals, newspapers, seminar papers, occasional papers and lectures, working papers, discussion papers, monographs, Weekly digests such as Keesing's Records of World Events and Asian Recorder and relevant articles published in Internet.

The information collected from the aforesaid sources have been subjected to deductive method whereby the resultant information have been obtained and thereafter analysed for the purpose of proper explanation of this study.

## Chapter 2

### Historical Background of Political Integration in Northeast India

The history of the Indian nation-state is a history of integration of diverse ethnic groups. Different methods were used to integrate the princely states of Manipur and Tripura and the adjoining hills areas of Assam which now combine the present day Northeastern region.

The term “Northeast” was first used by the British rulers to identify a geographical area. Alexander Mackenzie was perhaps the first to use the term “Northeast Frontier” to identify Assam, including the adjoining hill areas and the princely states of Manipur and Tripura in his book in 1884.<sup>1</sup> When there was a plan to merge Assam with Eastern Bengal in the late 1890s and the beginning of 1900, there were proposals to name the new province as the “North Eastern Province.”<sup>2</sup> Initially the term remained a geographical concept and through out the colonial period the British rulers referred to Assam as the “Northeastern Frontier of Bengal”. Thus in the colonial period the area what now constitute the Northeast was considered to be a frontier of Bengal that needs to be protected and defended militarily.

Northeast India became a region merely through a geo-political accident. The separation of Burma from the Indian sub-continent in 1937 and the partition of 1947 virtually created what we now call the “Northeast”. Before partition there was no idea of a separate Northeastern region. Hence, the region does not fulfill the three traditional

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<sup>1</sup> Alexander Mackenzie. *North East Frontier of India*. New Delhi: Mittal Publications, 2001. First published in 1884 as *History of the Government with the Hill Tribes of the North-East Frontier of Bengal*.

<sup>2</sup> Amalendu Guha. *Planter-Raj to Swaraj: Freedom Struggle and Electoral Politics in Assam 1826-1947*. New Delhi: People’s Publishing House, 1977 (reprint 1988), p. 73.

approaches to the definition of a region which are homogeneity, nodality or polarisation around some central place. In the words of Barrister Pakem, Northeast India is a region as the lack of sophisticated definition of a region for Northeast India does not make it a non-region. It is a region despite its varied physical features and its different economic, political and social systems.<sup>3</sup> Thus, Northeast India is a region of diverse geographical features with a population characterised by diversity of ethnicity, language, culture, religion, social organisation and levels of economic development. According to J.B. Fuller, “The province of Assam at the far northeastern corner of India is a museum of nationalities.”<sup>4</sup>

At the time of Independence “Northeast” basically meant Assam and the princely states of Manipur and Tripura. In order to quell the various ethnic aspirations new states were carved out of Assam: Nagaland (1963), Meghalaya (1972), Arunachal Pradesh and Mizoram (1987). The concept of Northeast was formalised politically and the term became popular with the formation of the North Eastern Council (NEC) in 1971. Since its inception the NEC functions as a regional planning body for the Northeastern region. Sikkim was included in the NEC in 2002 although the state did not meet the contiguity criteria.

Scholars often question the practical relevance of clubbing all the eight states together and calling it the “Northeast”. Udayon Misra points out that the use of the term “Northeast” is itself problematic as the region represents a varied cultural mosaic and

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<sup>3</sup> B. Pakem, Introduction, in B. Pakem (ed.). *Regionalism in India: With Special Reference to North-East India*. New Delhi: Har-Anand Publications, 1985, p. 9.

<sup>4</sup> Fuller’s “Introduction” written for Major A. Playfair, *The Garos*. London: 1909, p. xiii. quoted in S.K.Chaube. *Hill Politics in Northeast India*. Patna: Orient Longman Limited, 1999, p. 1.

has never considered itself to be one compact unit.<sup>5</sup> Wasbir Hussain also observes that, “By bracketing the eight northeastern Indian states, with its diverse tribes, customs and cultures, into what is called the ‘Northeast,’ we tend to ignore the distinct identity and sub-national aspirations of these ethnic groups. More so, such clubbing together of the region, in an attempt to look at it as a single entity, has led to stereotyping of the problems that plague the area. The fact that each state has a different set of location-specific concerns and grievances often gets blurred in the scheme of things of policy framers and government leaders who are supposed to address these issues.”<sup>6</sup>

It is true that the Northeastern region shares certain common problems like ethnic unrests, insurgency, immigration, drug trafficking, communication gap, etc. However, there are severe intra-regional differences in social issues and ethno-political aspirations. Not only the hills and valleys are at different level of socio-economic development; the urban and rural areas of the valley exhibit social and economic disparities. The region is in fact, one of the most ethnically and linguistically diverse region in Asia and each state has its distinct cultures and traditions. B.G. Verghese commented that “The Northeast is another India, the most diverse part of a most diverse country, very different, relatively little known and certainly not too well understood, once a coy but now turbulent and in transition within the Indian transition.”<sup>7</sup> Most of the inhabitants consist of peoples who migrated from Southwest China or Southeast Asia via Burma at various points of history. A substantial portion of the population is also

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<sup>5</sup> Udayon Misra. *The Periphery Strikes Back: Challenges to the Nation-State in Assam and Nagaland*. Shimla: Indian Institute of Advance Studies, 2000, p. 1.

<sup>6</sup> Wasbir Hussain, “India’s North-East: The Problem”, paper presented as part of the “Interaction on the North East” *Observer Research Foundation*, New Delhi November 18, 2004.

<sup>7</sup> B.G. Verghese. *India’s Northeast Resurgent: Ethnicity, Insurgency, Governance, Development*. New Delhi: Konark Publishers, 1996 (2nd revised 2004), p. 280.

composed of migrants during the British rule, one group consists of people recruited to serve the colonial administration in the region and the others are tea planters. Apart from these, there is huge inflow of late migrants, mainly from Bangladesh, which resulted in constant friction with the local population.

### **Political Integration**

The study of political integration has been one of the major concerns of political scientists. The term is widely used among various fields of political science, such as international relations and international organisation, local and urban government, and operates in the international, national and sub-national level. There is a new wave in the study of political integration during the post-war years as the newly independent countries of Asia and Africa has to rigorously go through this process in their drive for nation-building.

The rationale of political integration is that there is a need to create a “territorial nationality which overshadows - or eliminates - subordinate parochial loyalties”.<sup>8</sup> These local allegiances, or the similar primordial attachments, impede development since the national leaders, aspiring to expand the functions of the political system, need the undivided loyalty of all the population. It is, therefore, one of the challenges to the political system to bring about “the process whereby people transfer their commitment and loyalty from smaller tribes, villages, or petty principalities to the larger central political system.”<sup>9</sup>

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<sup>8</sup> Myron Weiner, “Political Integration and Political Development”, *Annals of the American Academy of Political and Social Science*, Vol. 358, March, 1965, p. 52.

<sup>9</sup> Gabriel A. Almond and G. Bingham Powell, Jr., *Comparative Politics: A Developmental Approach*. Boston: Little, Brown, 1966, p. 36.

According to Myron Weiner, political integration is the “integration of political units into a common territorial framework with a government which can exercise authority.”<sup>10</sup> Ernst Hass defines it as the “process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations, and political activities toward a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states.”<sup>11</sup> Karl Deutsch uses the term integration both as a process and a condition and term political integration as “the attainment of a sense of community, accompanied by formal or informal institutions or practices, sufficiently strong and widespread to assure peaceful change among members of a group.”<sup>12</sup> Such an integrated community, according to Deutsch, may or may not be a sovereign state. In simple words political integration is the integration into the government, the political parties and the pressure group life of a country.<sup>13</sup> In the theoretical treatment of political development and political stability, the concept of political integration is usually employed in a sense that approximates Deutsch’s definition,<sup>14</sup> where the focus of interest is on integration within states, or, in other words, on the question whether an amalgamated community is integrated or not.<sup>15</sup>

With the gaining of independence by countries of Asia and Africa during the middle of the twentieth century, the task of nation-building has been left with these

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<sup>10</sup> Myron Weiner. *op. cit.*, p. 53-54.

<sup>11</sup> Earns B. Haas. *The Uniting of Europe: Political, Social and Economic Forces*. Stanford, California: Stanford University Press, 1958, p. 16.

<sup>12</sup> Karl W. Deutsch. *Political Community at the International Level: Problems of Definition and Measurement*. Garden City, New York: Doubleday, 1954, p. 33.

<sup>13</sup> Ralph M. Goldman, “The Politics of Political Integration”, *The Journal of Negro Education*, Vol. 33, No. 1, Winter 1964, p. 28.

<sup>14</sup> Arend Lijphart, “Cultural Diversity and theories of Political Integration”, *Canadian Journal of Political Science*, Vol. 4, No. 1, Mar., 1971, p. 3.

<sup>15</sup> Joseph S. Mye, Jr., “Comparative Regional Integration: Concepts and Measurement,” *International Organization*, Vol. XXII, No. 4, Autumn 1968, p. 871.

countries. The first and foremost problem encountered by them was the issue of integrating the vast chunk of people who had been loosely administered with varying degrees by the colonial powers. In large and multi-national nation-states, the problem of integrating people inhabiting different regions with varied language, religion, culture and ethnic communities, the task is an arduous one. As Leonard Binder, while analysing the crisis of political development in new nation-states, pointed out: “the greatest task facing the new nation will be to build a nation out of a collection of tribes or of isolated communities.”<sup>16</sup>

Claude Ake broadly defines the problem of political integration as follows: “how to build a single coherent political society from a multiplicity of ‘traditional societies’; how to increase cultural homogeneity and value consensus; and how to elicit, from the individual, deference and devotion to the claims of the state.”<sup>17</sup> The problem of integration faced by each nation-state differs from others in nature as well as in degree. It varies from country to country “because of the ambiguity as to what constitutes a nation which is to be integrated” and also because of the “differences between the countries in their history and ethnic composition.”<sup>18</sup> Therefore, the solution to the problem of integration cannot be uniform even among the developing countries. Some of the most common problem in integration involves the “problems of national identity, territorial control, the establishment of norms for the handling of public conflict, the relationship between the governors and the governed, and the problems of organising

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<sup>16</sup> Leonard binder, “Crises of Political Development,” Leonard Binder, et al., *Crises and Sequences in Political Development*. Princeton, New Jersey: Princeton University Press, 1971, p. 46.

<sup>17</sup> Claude Ake, “Political Integration and Political Stability: A Hypothesis”, *World Politics*, Vol. 19, No. 3, April 1967, p. 487.

<sup>18</sup> Rupert Emerson, “Nationalism and Political Development”, in J.L. Finkle and R.W. Gable (eds.), *Political Development and Social Change*. New York: John Wiley & Sons Inc., 1966, p. 96.

individuals for the achievement of common purposes.”<sup>19</sup> Nonetheless, students of comparative politics develop some theoretical framework, where much of the theories developed out of concern for nation building in pluralistic societies.

### **Theoretical Considerations**

There are diverse sources of political integration theory which needs to be pulled together for defining the boundaries and characteristics of political integration, and present some tentative hypotheses for future analysis. However, in order to analyse the process of political integration in the Northeastern Indian states, the conceptual apparatus of Sidney Verba, Claude Ake, Karl Deutsch, Ernst Hass, William Riker and Marxists will be taken into advantage.

The primary prerequisite of political integration is the existence of political culture. According to Sidney Verba, political culture “consists of the system of empirical beliefs, expressive symbols, and values which defines the situation in which political action takes place.”<sup>20</sup> Verba pointed out that not all beliefs about political culture are relevant to the concept of political culture; but the concept refers to only those beliefs which affect politics in a fundamental way.<sup>21</sup> In almost all the theories of political integration cultural homogeneity, especially a homogeneous political culture is often regarded as a prerequisite for political integration, which in turn is a prerequisite for political stability, especially in democracies.<sup>22</sup> It is also further argued that shared culture

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<sup>19</sup> Myron Weiner, *op. cit.*, p. 52.

<sup>20</sup> Sidney Verba, “Comparative Political Culture,” in Lucian Pye and Sydney Verba (eds.). *Political Culture and Political Development*. Princeton, Princeton University Press, 1965, p. 513.

<sup>21</sup> *Ibid.*, p. 526.

<sup>22</sup> Arend Lijphart, *op. cit.*, pp. 4-5.

may not be a prerequisite for unification but a requirement that has to be fulfilled before the process can be advanced.

Claude Ake stresses the requirement from the members of the political system to identify with and trust one another. He said that “without some basic mutual trust among members of a civic body there can be no stable expectations about the modes of acquisition and exercise of political power, no coherence and predictability in political life.”<sup>23</sup> He further argues that if the different cultural entities within the political system are so profoundly dissimilar that they cannot communicate with one another, mutual trust and a sense of collective identity cannot develop. Therefore, one of the essential preliminary requisite for political integration is the broadening and intensifying of “social communication”. The improvement of the communicative facilities of a new state depends, in turn, on social mobilisation-“the process in which major clusters of old social, economic, and psychological commitments are eroded or broken down and people become available for new patterns of socialisation and behaviour.”<sup>24</sup> Social mobilisation involves a massive transformation of an old way of life and therefore generates tensions.

Claude Ake hypothesise that, “the political system driving for integration maximises its chances for achieving a high degree of integration and remain stable, in spite of short-run destabilising effects of the drive for integration, if it is an authoritarian, consensual, ‘identific’, and paternal.”<sup>25</sup> Ake said that the pursuit of integration underscores the need for authoritarianism as the quest for integration aggravates political

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<sup>23</sup> Claude Ake, *op .cit.*, p. 487.

<sup>24</sup> Karl W. Deutsch, “Social Mobilization and Political Development,” *American Political Science Review*, Vol. LV, Sept., 1961, p. 494.

<sup>25</sup> Claude Ake, *op. cit.*

instability by attempting to make people relate to national symbols rather than to tribal ones. Thus, in order to maintain a minimum of political stability it is crucial that the government be strong enough to deal with the centrifugal forces that the drive for integration will activate and the government must also be able to decide and act quickly.<sup>26</sup>

Ake further theorise that leaders of a new state must not concentrate power in their own hands but father social transformation and be innovative as they are committed to integration of their culturally pluralistic societies. They must destroy or modify certain habits of mind and undermine certain traditional symbols of collective identity; they must induce the people to accept new norms, new goals, new motivations; they must readjust patterns of social and economic relationship and to this effect they must supply the initiative for relising it. As socio-cultural gap between the elite and the masses is one of the most striking features of the newly independent state which poses the threat of mutual alienation between them, the political style and the way of life of the ruling elite must be calculated to dramatise its concern for and identity with the masses so as to lessen this threat. Political leaders need to eschew corruption, conspicuous consumption, and social snobbery and give their politics a distinctly "populistic" one. Ake believes that "the ultimate cure for the inherent instability of the new states lies mainly in the modification of the political behaviour of its elites." He argues that the "government should be a coalition of the leaders of the major social, religious, professional, and ethnic groups...Consensus is sought not at the grass-roots level but at the leadership level by enlisting the support of leading personalities from all major social

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<sup>26</sup> *Ibid.*, p.5.

groups.” Political integration is said to occur “when the linkage consists of joint participation in regularised, ongoing decision-making.”<sup>27</sup>

John Wood criticise Verba and Ake’s equation of political integration with the achievement of national identity or a value consensus. He said that these psychological phenomena are no doubt important to the “making whole” that integration connotes, but they are dependent aspects insofar as the fundamental political process is concerned.<sup>28</sup> Wood further pointed out that Verba and Ake wrongly suggest integration as implying a homogenisation of political values, conformity of political purposes. Etzioni also views that homogeneity of political values among subunits does not guarantee political integration anymore than heterogeneity precludes it.<sup>29</sup> Political integration cannot be assessed by measuring sameness. Rather, some measure of political interaction and exchange among the integrating units must be devised.

Deutsch’s communication theory stress on communication among persons, cities, ethnic groups, language communities, and countries. To him the success or failure of political integration depends in part upon the compatibility of autonomous responses as well as on the distribution and balance of range of social transaction, and of the streams of experiences to which they give rise.<sup>30</sup> As political integration does not just happen anywhere a core area of “larger, stronger, more politically, administratively, economically, and educationally advanced” political units is usually present to lead the

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<sup>27</sup> Lenon N. Lindberg, “Political Integration as a Multidimensional Phenomenon Requiring Multivariate Measurement”, *International Organization*, Vol. 24, No. 4, Autumn, 1970, p. 649.

<sup>28</sup> John R. Wood, “British versus Princely Legacies and the Political Integration of Gujarat”, *The Journal of Asian Studies*, Vol. 44, No. 1, Nov., 1984, p. 68.

<sup>29</sup> Amitai Etzioni, *Political Unification: A Comparative Study of Leaders and Forces*. New York: Holt, Rinehart and Winston, 1965, pp. 25-27.

<sup>30</sup> Karl W. Deutsch (1954). *op. cit.*, p. 4.

process.<sup>31</sup> In their study of the North Atlantic area, Deutsch and others found that “mutual compatibility of main values” was an essential condition for both amalgamated and pluralistic security communities.<sup>32</sup> They conclude that political communities occur whenever groups not only exchange a high proportion of communications but also share a superordinate goal and a “we-feeling”.

Referring to Deutsch’s approach as too broad, Ernst Haas excludes transactional and institutional criteria from his initial formulation, though he considers them as potentially helpful factors.<sup>33</sup> Haas specifies that integration is a process which takes place in a period of time “between the establishment of common economic rules and the possible emergence of a political entity”, and which must consist “of increasing politicisation, of shifting loyalties, of adaptation by the actors to a new process of mutual accommodation.”<sup>34</sup> Thus, the goal of the political community is “a condition in which specific groups and individuals show more loyalty to their central political institutions than to any other political authority, in a specific period of time and in a definable geographical space.”<sup>35</sup> Whereas the functional theory of David Mitrany stresses the role of non-political international organisations as promoters of integration whenever experts replace politicians as key actors, Haas refines Mitrany’s functionalism by arguing that there is a need for both political and non-political actors, since technical organisations can only expand in number and in scope so long as they have political support.<sup>36</sup>

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<sup>31</sup> Karl Deutsch, et al., *Political Community and the North Atlantic Area*, Princeton: Princeton University Press, 1957, p. 58.

<sup>32</sup> *Ibid.*, pp. 58, 66.

<sup>33</sup> Ernst B. Haas, “International Integration: The European and the Universal Process”, in Amitai Etzioni (ed.), *International Political Communities*. Garden City, N.Y.: Doubleday Anchor Books, 1966, p. 20.

<sup>34</sup> Ernst B. Haas & Philippe C. Schmitter, “Economics and Differential Patterns of Political Integration: Projections About Unity in Latin America”, in Amitai Etzioni (ed.), *op. cit.*, p. 266.

<sup>35</sup> Ernst B. Haas (1958). *op. cit.*, p. 5.

<sup>36</sup> Ernst B. Haas. *Beyond the Nation State*. Stanford: Stanford University Press, 1964, Chapter 2.

According to Haas, political integration is a process where the goal is the eventual formation of a political community.

William Riker, on his work on federalism and coalition formation propound the “bargain” concept, a tool with which to analyse the exchange of rewards and loyalties between political actors of the core and the periphery.<sup>37</sup> Political bargains may be public or secret, explicit or undefined, confirmed or anticipated. They may be amicably negotiated or arrived at under stress. In integrational terms, the bargains forge new links among hitherto separate units, and facilitate the building of new loyalties to a larger system. The term “counterbargain” implies competition among bargain-offers and alternative integrational formulas. The later may appear at the onset of the integrational process or at the later stage if, in the view of at least one bargainer, the initial bargain has been debased or broken. Marxist conceive successful political integration as a method of state-building has performed two critical state functions: provision of the political infrastructure for the expansion of productive forces in protocapitalist and capitalist societies; and an appropriate means for legitimating the power necessary to maintain the social relations integral to these societies.<sup>38</sup>

The majority of integration theorists’ deal with only the contemporary world. They argue at some length about the appropriate definition of their dependent variable, whether there is more or less integration, how one is to measure it, whether different dimensions of integration change at different speeds, and whether some measures are better predictors of the future of the phenomenon than others. Michael Haas has summarised the objectives of the various approaches as an:

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<sup>37</sup> William H. Riker. *Federalism: Origin, Operation, Significance*. Boston: Little, Brown, 1964, p. 42.

<sup>38</sup> Peter Cocks “Towards a Marxist Theory of European Integration”, *International Organization*, Vol. 34, No. 1, Winter, 1980, p. 4.

attempt to discern preconditions for the achievement of higher levels of integration, variables that account for the maintenance of existing levels of integration, and factors that promote increases from present to future levels of integration. Key variables in all three research avenues, when reversed, may tell us about factors accounting for backsliding in integration.<sup>39</sup>

According to Ernst Haas, integration theories are “becoming obsolete because they are not designed to address the most pressing and important problems on the global agenda of policy.”<sup>40</sup> Rapid changes in technology and communications have thrown the process of integration itself into doubt. Growing international interdependence has created a turbulent world with crucial problems whose solutions are international rather than regional, global rather than European.<sup>41</sup>

### **Political Integration in Asian and Africa**

Most of the nation-states in Asia and Africa had been under colonial subjugation. In the post-independence years these countries inherited a vast array of problems which needs to be tackled and among one of them which needs to be solved at the outset was the problem of political integration. These countries also inherited from the colonial rule certain features of administrative and legal system, forms of government and fixed territory, which help in their efforts to build their state and nation.

Several approaches to the problem of political integration were followed in Asia and Africa. One of them is avoiding the problem altogether by retaining the essential

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<sup>39</sup> Ernst B. Haas (1958), *op. cit.*

<sup>40</sup> Ernst B. Haas, “Turbulent Fields and the Theory of Regional Integration”, *International Organization*, Vol. 30, Spring, 1976, p. 178.

<sup>41</sup> Ernst B. Haas. *The Obsolescence of Regional Integration Theory*. Berkeley: Institute for International Studies, 1975, pp. 18-20.

“steel frame” feature of colonialism - open or disguised.<sup>42</sup> This process has been followed in the Belgian and Portuguese territories. A similar result has been achieved in federation of Rhodesia and Nyasaland by means of the wide devolution of power from imperial government in the United Kingdom to the European settlers in Africa. Another approach is found in the role played by powerful political leaders, nationalist movements and political parties, and territorial political institutions, as an instruments and new modes of integration. Charismatic leadership exercised by Kwame Nkrumah, Jawaharlal Nehru, Mahatma Gandhi, Sardar Vallabhai Patel, etc. were a factors in the successful transition from a British colony to a stable parliamentary democracy. Political movements such as the Indian National Congress, Northern Rhodesia National Congress, Sierra Lone People’s Party, etc. have been instrumental in enlarging the scale of political activity. Moreover, territorial assemblies and legislatures, centralised bureaucracies, and other territory-wide institutions have been structures that have fostered-indeed forced-progressive integration.<sup>43</sup>

Common language, which is the one of the most important factors favouring political integration, is absent in most of the countries of Asia and Africa. Linguistic regionalism remains a formidable obstacle in the path toward integration in Asian countries. Although these countries lack a common language, efforts were made to introduce a national language in the interests of integration, and in order to counteract “linguistic regionalism”.<sup>44</sup> There are instances of the introduction of English as a second language in some countries of Southeast Asia. Language as a key factor in the

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<sup>42</sup> James S. Coleman, “The Problem of Integration in Emergent Africa”, *The Western Political Quarterly*, Vol. 8, No. 1, March, 1955, p. 46.

<sup>43</sup> *Ibid.*, p. 47.

<sup>44</sup> Brian Harrison, *op. cit.*, p. 143-144.

integration of Southeast Asian societies naturally features prominently in educational policies, which are themselves virtually concerned with integration-political, social and cultural.<sup>45</sup>

The impact of British conquest and occupation has resulted in bringing the issue of minorities into the open, where it has “left a difficult legacy by accentuating the distinctions and differences between various groups”. They also “left a valid tradition of effective political hegemony with control” from the centre of administration and “a sketchy but uniform system of statewide education and modern communications network which ultimately should prove to outweigh the difficulties they created and left”.<sup>46</sup>

### **Political Integration in India**

Although India is one geographical entity, throughout its history the subcontinent has never achieved political homogeneity. Even in the heydays of the Gupta and Mughal empires the country did not come under one political umbrella. Having a sub-continental size, characterised by diversity of race, language, religion and lifestyle, bringing the whole geographical areas of India under one political umbrella was an almost impossible task. It has, however, “achieved over the millennia some feeling, however loose ill-defined, that all the diversities had their place in a single whole.” But this “amorphous spiritual identity had found no expression in political unity: the characteristic political

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<sup>45</sup> *Ibid.* p. 144.

<sup>46</sup> Kyaw Thet, “Burma: The Political Integration of Linguistic and Religious Minority Groups”, in Philip W. Thayer (ed.). *Nationalism and Progress in Free Asia*. Baltimore: John Hopkins Press, 1956, pp. 161-162.

condition was a shifting array of states and principalities, conquest and alliances, lending colour to the trite comment that India was only a geographical expression.”<sup>47</sup>

The British rule considerably brought about an enduring political consolidation in India. The effect of the British rule, plus modern innovations in transport and communications, in promoting a working sense of Indian unity was of vital importance. The maintenance of law and order, administrative unity, the introduction of a common body of social and political concepts and values, the appearance of English as a lingua franca, fiscal and economic integration, all served to link together the disparate elements which made up the Indian society as did the common national struggle against British rule.<sup>48</sup>

The imminent withdrawal of the British from India after the end of the Second World War led to the appearance of different plans for autonomy by most of the princely states. The transfer of power was formulated in the Cabinet Mission Plan of May 16, 1946, which laid down suggestions and recommendations for the solution of India’s demand for self-government and independence. The most important constitutional issue in this plan was to determine the position and future of the Indian native states. With the transfer of power all rights surrendered by the states to the paramount power will return to the states. The void that would arise from the lapse of political arrangements between the states and the crown was to be filled in either with the states entering into federal relationship with the succeeding government in British India or enter into a particular

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<sup>47</sup> Rupert Emerson, “Nationalism and Political Development”, *The Journal of Politics*. Vol. 22, No. 1, Feb. 1960, p. 12.

<sup>48</sup> *Ibid.*

political arrangement with or without them.<sup>49</sup> The states were given freedom whether to associate one or to stand alone.

On the eve of British withdrawal from India two opposite forces operated: pan-Indian nationalism seeking an integrated independent India, and the separatists seeking its independent existence. At first, the Indian National Congress leaders in Indian freedom struggle was not against giving the Right to Self-determination and even the Right to Secession to the aggrieved constituents and agreed to prepare a constitution “acceptable to all” and a “federal one with residuary power vested in the units.”<sup>50</sup> However, alarmed by the rising number of claims the Congress did not agree to any proposal to disintegrate India by giving liberty to any component state or territorial unit to secede from the Indian Union or Federation. Even though the Congress stated that “it cannot think in terms of compelling the people in any territorial unit to remain in an Indian Union against their declared established will,”<sup>51</sup> the post-independent India wanted to inherit as much as the British India.

The Indian subcontinent after the end of the Second World War witnessed a different political environment “where it became difficult to effect this policy as popular will was often suppressed by the ambition of the rulers.”<sup>52</sup> With the imminent lapse of paramountcy, the more ambitious rulers were dreaming of sovereignty and reversion to the old autocratic ways. In the meantime, a new upsurge of states people’s movement had begun everywhere in 1947-48, demanding political rights and elective representation

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<sup>49</sup> V.P. Menon. *Integration of Indian States*. Hyderabad: 1956, p. 476.

<sup>50</sup> Resolution of the Working Committee of the Indian national Congress on United India and Self Determination, 12-18 and 21-24 September, 1945.

<sup>51</sup> *Ibid.*

<sup>52</sup> Sajal Nag. *India and North-East India: Mind, Politics and the Process of Integration 1946-1950*. New Delhi: Regency Publications, 1998, p.2.

in the Constituent Assembly. They were against attempts of reversion to autocracy and demand for responsible governments. Therefore, a number of schemes were envisaged, demanding sovereign homelands, responsible governments, a state within the Indian federation and threat to join Pakistan or Burma. The task of the new nationalist government was to stop the disintegrative forces, integrate them with the mainland and protect the territory handed to them by the British. A States Department was created which was headed by Sardar Vallabhai Patel and V.P. Menon as secretary, to carry out the arduous task of integrating the princely states and all dissident groups. He said that: "Our first task to prevent the balkanisation of the country and to stop any possible inveiglement of the States by Pakistan as was to bring the States into some form of organic relationship with the Centre."<sup>53</sup>

British India was granted independence on August 15, 1947 as the separate dominions of India and Pakistan. The British Government dissolved its treaty relations with over 600 princely states, which means that, "The rights of the States which flew from their relationship to the crown will no longer exist and that all rights surrendered by states to the paramount power will return to the states."<sup>54</sup> The vacuum which arises from the lapse of political arrangements between the States and the Crown was to be filled in either with the states entering into federal relationship with "succeeding Government or Governments" in British India or enter into particular political arrangements with or without them.<sup>55</sup> The states were given freedom whether to associate with India or Pakistan or to stand alone. The British Government did not put any pressure on the states in deciding which dominion they desired to accede. Most of

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<sup>53</sup> V.P. Menon. *op .cit.* p. 464.

<sup>54</sup> *Ibid.* p. 83.

<sup>55</sup> *Ibid.* p. 476.

the states acceded to India, and some to Pakistan. Hyderabad and Manipur opted for independence, however, the armed intervention of India brought Hyderabad into the Indian Union and the coerced tactics let Manipur Maharaja into signing a merger agreement with India.

The integration of Indian states took place in two phases, with a skilful combination of baits and threats of mass pressure in both. The primary “bait offered was that of very generous privy purses, while some princes were also made into Governors or Rajpramukhs.”<sup>56</sup> One of the most difficult in the process of integration was that of the integration of states with the neighbouring provinces or into new units. By August 15, almost all states has agreed to sign an Instrument of Accession with India acknowledging central authority over the three areas of defence, external affairs and communications. The gaining of independence was “a culmination of long-drawn, multi stream process of transformation, unification and integration of the Indian people into one political entity.”<sup>57</sup> By January 26, 1950 when the Constitution of Indian Republic came into force all states and outlying areas were fully integrated.

Many princely states were merged with the neighbouring Governors’ provinces of British India to form Part A states under the 1950 Constitution. A large number of princely states which were governed by a rajpramukh were combined into “states union”; and together with the three biggest principalities, Hyderabad, Jammu and Kashmir and Mysore, they acquired a separate existence as Part B states for a while. For strategic and other reasons, former Chief Commissioners’ Provinces and other centrally administered areas, except Andaman and Nicobar Islands, were Part C states. The Part C states were

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<sup>56</sup> Sumit Sarkar. *Modern India 1885-1947*. New Delhi: Macmillan, 1983, p. 451.

<sup>57</sup> Sajal Nag. *Nationalism, Separatism and Secessionism*. New Delhi: Rawat Publications, 1999, p. 74.

Ajmer-Merwara, Bhopal, Bilaspur, Coorg, Delhi, Kutch, Himachal Pradesh, Manipur, and Tripura.

With linguistic reorganisation the distinctions between Part A, B, and C states ended, and a complex recombination of ex-princely and ex-British territory was carried out. Therefore, the great ideal of geographical, political and economic unification of India: an ideal which for centuries remained a distant dream and which appeared as remote as a difficult of attainment as ever, even after the advent of Indian Independence, was consummated by the policy of integration.<sup>58</sup> Great credit can be given to Sardar Patel for the rapid integration of Indian states. The Indian nationalism of the freedom struggle was responsible for the integration of people belonging to different religion, languages, and cultures into a single political entity.

### **India's Northeast Scenario**

The Northeastern region of India had interaction with the British East India Company as early as 1792, at the request of the King of Assam, for commercial advantages by a friendly and open intercourse.<sup>59</sup> The repeated invasion by the Burmese forced the Ahom King to request assistance from the British East India Company, where the company responded to the request and defeated the Burmese. By the right of conquest Assam became a Non-Regulatory Province of the British Indian Empire in October 1838.

The whole of the present Northeastern region was under Bengal province till 1874. Due to the British policy of expanding areas under their control and administrative rearrangements since 1857, Assam province was created and governed by a Chief

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<sup>58</sup> Quoted in V.P. Menon. *op. cit.*, p. 490.

<sup>59</sup> S. K. Bhuyan. *Anglo-Assamese Relations, 1772 to 1826*. Gauhati: 1949, p. 389.

Commissioner. In the subsequent changes in administrative policies, a new arrangement was made where Assam province became a distinct unit directly administered by a Governor-General. Since their contact and subjugation, the British administration took steps to give hill people a paternal government which allowed them to exercise their own genius in the management of themselves, with just that amount of control from above.<sup>60</sup> However, these were regarded as the policy of “segregation”<sup>61</sup> by mainland scholars. A series of acts and regulations were passed by the British to protect the peoples in the hill areas of the Northeastern region. The legal enactments made for the rest of the country could not be enforced automatically in these areas, except when they were specifically adopted for them. Thus, the various legal and administrative decisions taken between 1874 and 1935, the separation of British India and Burma in 1937 and the partition in 1947 gave Northeast India, a distinct region and identity.

According to S.K. Sharma and Usha Sharma, the British rulers kept certain areas of the Northeast as “excluded” from the rest of the country with two fold objectives: (i) to keep the area as a buffer region between India and the neighbouring countries; and (ii) to protect them from exploitation by the plainsmen.<sup>62</sup> All these regulations and acts stopped the little interaction that existed between the mainland Indians and the hill peoples of the region and allow them to exist independently almost like the pre-colonial period. Therefore, the British policy of non-interference allowed the freedom of conducting the affairs of tribal life to the tribes themselves and on the other hand, it imposed a kind of strict neutrality on the British state. Such a mix between autonomy to

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<sup>60</sup> David R. Syiemlieh, “Response of the North East Hill Tribes of India towards Partition, Independence and Integration: 1946-1950”, *Pratibha Devi Memorial Lectures 2003*. p. 2.

<sup>61</sup> S.K. Chaube. *op .cit.*, p. 14.

<sup>62</sup> “Policing in the North-East”, S.K. Sharma and Usha Sharma. (eds.). *Discovery of North-East India*. Vol. 1, New Delhi: Mittal, 2005, p. 240.

the tribals and neutrality of the British state avoided the path of confrontation and it prevented the influence of the mainstream political movement on the hill tribes.<sup>63</sup>

As the politics of mainstream political parties did not have any effect in the Northeastern region the people realised their own struggles against the expanding British arising out of the need to protect their freedom and land. Their resistance to British rule was not connected to the Indian freedom movement. According to Rupert Emerson the “one common aspect of their lives has been the brief period of subjugation to foreign rule, and this, for the bulk of them, has often meant virtually nothing in the way of common life...they have been under a common government with its uniform economy and system of law and administration, but in practice they have lingered very largely within the framework of their traditional societies and have perhaps only recently been brought into any significant degree of association with their fellow colonials.”<sup>64</sup>

When there was a clear indication that the British were to leave India soon, the minds of the hill people were full of uncertainty and anxiety. The plain people whom they considered weak and inferior races were going to replace them as rulers and the idea was resented by them. One of the initial responses of the hill people to this rush of events was political activation and unification of the tribes to safeguard their interests and aspirations. They felt the need to participate in the political process and to be allowed to decide their future themselves.

In order to articulate their political aspirations, the tribals of the Northeast initially formed the Hill Leaders Union in 1945 at Shillong which worked for the welfare of the Hill areas of Assam. To make the movement stronger and broader and to unify the

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<sup>63</sup> Rafiul Ahmed & Prasenajit Biswas. *Political Economy of Underdevelopment of North-East India*. New Delhi: Akansha, 2004, p. 3.

<sup>64</sup> Rupert Emerson, *op. cit.*, p. 20.

hill and plain tribals to this endeavour another union, the Plains and Hill Tribals and Races Association was formed in the same year. However, both the associations broke down within few years. The tribal students in Calcutta formed an association called the Indo-Burma Movement in 1946 which aimed “to unite into one unit all the party of the land lying along the border of India and Burma and other adjacent areas which are inhabited by a similar kind of people and which can be conveniently demarcated into a unit; the unit thus formed designed as ‘Indo-Burma’ and the people dwelling it be called collectively Indo-Burmans whilst retaining their tribal names separately. The future status of Indo-Burma thus formed will be decided by the representative body of the peoples.”<sup>65</sup> Ever since independence in 1947, extension of the Indian state and political apparatus has been challenged and questioned by various extremist groups of the region. The processes of integration of the Northeastern states are briefly discussed below.

### **1. Manipur**

William Riker’s theory of “bargain” under stress may be applied to Manipur’s political integration into the Indian union. One of the staunchest opposition of integration into the Indian union came from the princely state of Manipur. There was much activity before India’s independence in Manipur to restore its past glory and independence. Hijam Irabot, a communist leader of Manipur, was one of the forerunners in mobilising people. In 1946, Irabot along with Longjam Bimol formed a political party of Manipur called “Praja Sangh”. Irabot wanted an independent Manipur with its own parliament, constitution and cabinet. Instead of the monarchical system, he wanted the

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<sup>65</sup> Resolution of ‘Indo-Burma Movement’ at December 1946, quoted in Asoso Yonua. *The Rising Nagas: A Historical and Political Study*. New Delhi, 1974, p. 165.

representatives of the people to administer the state formed based on socialistic pattern of society.<sup>66</sup> Those who did not subscribe to Irabot's ideas setup a new political party called Manipur Congress, which has no link with the Indian National Congress, to counter Irabot's movement.

The Constitution of Manipur was framed in 1947 by the constitution making body under the initiative of the president of Manipur State Durbar, Pearson. Under the provisions of the Manipur Constitution Act, 1947, assembly election was held in 1948. This election in Manipur was the first ever election held in India based on adult franchise. A coalition government was formed by parties other than the congress. The Manipur Congress, which started working against the Manipur constitution, also launched a movement for the merger of Manipur with India. Irabot and the Maharajah of Manipur, Bodhachandra, strongly opposed the move for merger of Manipur with India. Irabot also strongly opposed the proposal of Sardar Vallabhai Patel to form the state of "Purbanchal" consisting of Manipur, Cachar, Lushai Hills (present Mizoram) and Tripura.

After India's independence Akbar Hydari, the then Governor of Assam, visited Manipur to assess the political situation and explore the possibility for the merger of Manipur with India. Through Hydari's visit the Government of India came to know the king's and people's mind. Dhabalo Singh, president of the ruling party in Manipur, wrote a memorandum to the king on December 17, 1948, conveying his desire that Manipur should remain as a state and autonomous unit enjoying responsible government with the king of Manipur as the constitutional head and with its sovereignty intact. The

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<sup>66</sup> Soyam Chatradhari, *Manipur Itihasta Irabot*. Quoted in Panthoujam Tarapot. *Insurgency Movement in North Eastern India*. New Delhi: Vikas Publishing House, 1993, p. 34.

ruling party's general secretary, N. Ibomcha Singh also stated in another memorandum that majority of the people of the state were against integration or merger. Due to its deep concern over the present international situation, especially the communist uprising in Burma, the Manipur Congress party stood for the consolidation of India through integration and merger of native states, especially Manipur.

The Maharajah of Manipur was invited to Shillong in September 1949 for talks with regard to integration. An already prepared "Merger Agreement" was placed before the Maharaja on the first day of the meeting by Akbar Hydari, whereby Manipur would be merged into the Indian union. The Maharaja stood firm that he could not sign the agreement without prior consultation with the Council of Ministers. The Maharaja was placed under house arrest and debarred from any communication with the outside world. Under such circumstances the Maharaja was forced to sign the "Merger Agreement" with India on September 21, 1949, and Manipur become "Part-C state" of the Indian Union. In Manipur the bargaining negotiation was under stress and there were no rewards to the political actors of the periphery and thus loyalty to the core cannot be expected. The manner in which the merger was brought about has left a residual bitterness that the insurgent groups successfully tap into. A number of insurgent groups regarded the merger as illegal and unconstitutional, and many among the Manipuri intelligentsia are bitter about the way it was effected.<sup>67</sup> In previously separate principalities like Manipur, political integration should involve overcoming parochial

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<sup>67</sup> Sanjib Baruah, "Generals as Governors: The Parallel political systems of Northeast India", *Himal South Asian*, August 2000.

loyalties and residual loyalties;<sup>68</sup> however the transitional government's approach failed to overcome these loyalties.

## 2. Nagaland

One of the other regions which opposed integration into the Indian union was from the then Naga Hills District. During the first half of the twentieth century education had made great advances in the district and led to the rise of small middle class among the Nagas. With British patronage the Naga Club was formed in 1918, which was "the first attempt at organised political opinion in the Naga Hills."<sup>69</sup> However, the club's activities faded after their memorandum submitted to the Simon Commission in January 1929.

The inactivity of the Naga Club led Charles Pawsey, Deputy Commissioner of the Naga Hills District, to establish the Naga Hills District Tribal Council with Naga leaders. However the Naga Hills District Tribal Council did not last long as it was not a representative body of the different tribes. To meet the fast changing political changes, the Tribal Council was reorganised and rechristened as Naga National Council (NNC) in a meeting held by various Naga tribes at Wokha in February 1946. The emergence of NNC out of the Naga Hills District Tribal Council heralded the rise of middle class intellectuals.<sup>70</sup> One of the first activities of the NNC was a call upon the Nagas for self-determination and for acquiring fundamental rights. However, the NNC was talking more in terms of full regional autonomy and not in terms of complete independence. The tone and content of Jawaharlal Nehru's letter to NNC leader T. Sakhrie, in August 1946,

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<sup>68</sup> John R. Wood. *op. cit.*, p. 66.

<sup>69</sup> Udayon Misra. *op. cit.*, p. 29.

<sup>70</sup> S.K.Chaube. *op. cit.*, pp. 153-154.

show that the independent status of the “Naga territory” was accepted by the Indian leadership but it felt that for historical as well as strategic reasons this territory must form part of Indian union.<sup>71</sup>

When the Cabinet Mission Plan was for a federal India and a grouping plan was discussed in which most of the hill parties were grouped with Assam, the NNC held a meeting at Wokha on June 19, 1946. The meeting passed a resolution strongly opposing the integrationist and grouping plan of the Cabinet Mission in grouping the Naga Hills District into Assam and demanded for autonomy. Nehru talked of giving autonomy to the Naga Hills within the province of Assam. But the NNC was divided on this issue, with one section putting forward the idea of an independent Naga homeland. Others preferred a mandatory status, with Great Britain as the guardian power. Nevertheless, they were unanimous on one point that the Nagas never formed part of India and they must be given the choice to decide on the nature of relationship with the later.

Unsatisfied with Nehru’s assurance, the NNC demanded a ten years “Interim Government” for the Nagas, to the Advisory Committee on Aboriginal Tribes which visited the Naga Hills in May 1947, where the Nagas would run their own government under the supervision of a guardian power. The negotiation between the Sub-committee and the NNC ended in a deadlock on the question of autonomy and the Nagas relationship with the guardian power. The deadlock was attempted to be broken by the Hydari Agreement, by recognising the right of the Nagas to develop according to their freely expressed wishes and provided full safeguard to the Naga customary laws. Even though NNC approved the Hydari Agreement by a majority vote, the extremist section within the council refused to accept it by stressing ninth point of the Agreement that the

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<sup>71</sup> Udayon Misra. *op. cit.*, p. 31.

Nagas should be given the right to choose their future whether to be part of the Indian Union or to choose independence.

The moderates within the NNC soon lost ground and declared that the ninth point actually gave the Nagas the right to complete independence. The Indian government interpreted that this point (article) gave the Nagas the freedom only to suggest revision of the administrative pattern within the Indian Union after ten years but not that of secession. The extremist group leader A.Z. Phizo went with a five member delegation to meet Mahatma Gandhi on July 19, 1947. Gandhi, after unsuccessful argument with the Naga delegation, said that: "The Nagas have every right to become independent."<sup>72</sup> Phizo after returning home declared independence for Nagaland in August 14, 1947. Aliba Imti also met Nehru to press the NNC view, where nothing substantial came out from the meeting except Nehru asking Imti to accept the Sixth Schedule. Phizo became the President of NNC in November 1949 and the moderates in the council were silenced and the demand for Naga independence gained momentum.

Being unable to resolve the political demands of the Nagas through dialogue, the Government of India cracked down the NNC in 1953. It tried to accommodate the Naga revolt within the ambit of the India constitution by creating the state of Nagaland and draw the Naga people into the democratic process. Yet some of the issues raised by the Nagas remained largely unresolved. Many views that much of the tragedy unleashed on the Naga Hills could have been avoided had a serious and consistent effort been made to understand the Nagas initial demand for "home rule". But pre-conceived notions, arrogance and the heady brew of power prevented the national leaders from trying to see things from the other's view point even after the NNC's successful boycott of the 1952

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<sup>72</sup> S.K.Chaube. *op. cit.*, p. 158.

elections and its plebiscite.<sup>73</sup> Like in the case of Gujarat, political integration in stages could have been adopted in Nagaland so as to permit the time for adjustment to the constraints and opportunities to the new system and develop a homogeneous political culture.

### 3. Assam

The state of Assam has been a meeting ground of different ethnic communities and a hotbed of many social and political agitations since the colonial period. It was the centre of British administration and India's political activity after independence in integrating the Northeastern region. The idea of *Swadin Asom* (independent Assam) came into limelight after the British annexation of Assam and the subsequent peasant uprisings (1857-8) due to ever increasing rates of taxation. It arose after the consolidation of Assamese nationalism based on linguistic lines. The forces of *Swadin Asom* were to re-read, re-interpret and even re-create history in order to build up the theoretical base that Assam had always been a free nation and that its amalgamation into British India was based on trickery and fraud.<sup>74</sup> This idea of independent Assam gain momentum after Assamese public became increasingly agitated by the large scale migration from East Bengal and the occupation of cultivable lands by immigrants.<sup>75</sup>

It was in this background that Assamese middle-class intellectuals put forward the need to defend Assamese homeland against foreign incursions. The failure of the Congress to adopt clear stand on the issue of continued influx which threatens Assamese

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<sup>73</sup> U.A. Shimray. "Naga Issue and Nehru: A Brief Note", <http://www.kanglaonline.com>

<sup>74</sup> Udayon Misra. *op .cit.*, p. 83.

<sup>75</sup> *Ibid.*, pp. 83-84.

identity and its attempt to force Assam to accept Cabinet Mission Plan were some of the factors which pushed Ambikagiri and Jatiya Mahasabha to express sentiments which bordered on a demand for an independent Assam. When after independence, the Congress government in Assam failed to provide adequate checks to infiltration from the newly created East Pakistan, Roychoudhury and Jatiya Mahasabha started espousing the cause of an independent Assam. The Jatiya Mahasabha started exposing in a meeting held on January 1, 1948, declared that Assam should come out of Indian Union and become independent country.

The idea of *Swadhin Asom* was propagated by many Assamese intellectuals of the pre-independence period. The leading intellectual of Assam, Jnananath Bora, said that: "Today, Kamrupa, which had always been a separate country, has become a province of India. The history of our country is not the same as that of the other provinces of India and there is no need to reiterate that our culture and society have little in common with them. Till today our people have not been able to accept our country as a province of India."<sup>76</sup> He maintains that although the British forcibly incorporated Assam into India, the Assamese have always considered themselves to be an independent nation and Assam cannot become a part of India just because they are brought under a single administrative unit under British India. Bora blames the educated section amongst the Assamese for having betrayed Assam's cause. "The educated section amongst us have been trying to prove for a long time that since Assam has been under British administration for quite sometime, it is naturally a province of British India...It is these people who are trying in different ways to turn our country into a

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<sup>76</sup> Jnananath Bora, "Kamrup Aru Bharat Varsha", *Awahan* (Assamese), Vol. 8, No. 3, 1936, in *ibid.*, p. 88.

province of India.”<sup>77</sup> This argument is very similar to ULFA’s present stand regarding the role of intellectuals in Assam who are, by and large, dubbed as Indian agents. During the Initial years, ULFA was keen on building a strong trans-ethnic solidarity as a bulwark against the “colonialism” of Delhi.<sup>78</sup> Time and again, the ULFA leadership issues warnings to the intellectual class to desist from acting as the agent of New Delhi. Grievances include loss of self-determination, Indian colonial attitude, exploitation and neglect, cultural anxiety, nativism and illegal immigration, citizenship and irredentism.<sup>79</sup>

Even though the radical section of the Assamese people glorify Assam’s past glory and independence and they succinctly espouse secession from India, nevertheless, Assam was the centre of activity of the Indian government for negotiation with and holding the adjoining hill areas and the princely states of Manipur and Tripura.

#### **4. Mizoram**

The political changes during the 1940s affected Mizoram too. Political awakening among the Mizos in Lushai Hills started taking shape and being apprehensive about their future and their uncertain present the Mizo intellectuals felt the need to have a political party of their own which is the first step to determine the course of their future.<sup>80</sup> The first political party, the Mizo Common People’s Union was founded in April 1946 and was later renamed as Mizo Union. The Mizo Union was the major political force in the Lushai Hills and had a programme of social reform in Mizo society, against the rule of

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<sup>77</sup> Jnananath Bora, “Asom Desh Bharatvarsha Bhitarat Jhakiba Kia?” *Awahan* (Assamese), Vol. 10, No. 3, 1938, in *ibid.*, p. 88.

<sup>78</sup> Samir Kumar Das, “Conflict and Peace in India’s Northeast: The Role of Civil Society”, *Policy Studies* 42, East West Centre, p. 13.

<sup>79</sup> Swarna Rajagopalan, “Peace Accords in Northeast India: Journey over Milestones”, *Policy Studies* 46, p. 17.

<sup>80</sup> S.K. Chaube. *op. cit.*, p. 25.

tribal chiefs. The Bordoloi committee accepted the Mizo Union as the sole representative body of the Lushai Hills and the sub-committee invited the union to be a co-opted member. There was a debate over the membership but the party joined the sub-committee as co-opted member.

The joining of the sub-committee implied Mizos consent to be part of the Indian union since the sub-committee represents the Northeastern region in the constituent assembly framing the constitution. This sparked off a public debate among the Mizo leadership and they were divided on this ground. The right wing groups were against the merger with India while the left wing favoured merger with India, provided the interests of the Mizos were safeguarded by the Constitution. However, the Mizo Union adopted a resolution in support of the merger of Lushai Hills with the Indian Union. In its first General Assembly on September 24, 1946, at Kulikawn, Aizawal, the party resolved that in the event of India attaining independence, the Lushai Hills must be included within the province of Assam.<sup>81</sup>

In July 1947 the United Mizo Freedom Organisation (UMFO) was formed in reaction against the formation of Mizo Union, with the support of the chieftains to oppose the merger with India. One of the main objectives of the UMFO was to officially start a movement for joining Burma during the transfer of power. They put an argument that Mizos are ethnically and linguistically close to the Burmese and politically it would be more advantageous to join Burma as it was smaller than India and hence Burma would grant the Mizos a voice in the political affairs.<sup>82</sup>

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<sup>81</sup> Lalchungnunga. *Mizoram: Politics of Regionalism and National Integration*. New Delhi: Reliance Publishing House, 1994, p. 73.

<sup>82</sup> Vanlawma, *Kan Ram le Kei*. Aizawl, 1972, p. 217, in Sajal Nag (1998). *op. cit.*, p. 95-96.

The poor handling of the famine (mautam) of 1959-60 and inadequate relief measure caused great frustration among the Mizos, coupled with the imposition of Assamese as the official language in the state accelerated the politics of negativism. The Mizo National Famine Front was formed in 1960 to launch relief operations and it was converted into a political party known as Mizo National Front (MNF) in October 1961 with Laldenga as its president. The objective of the party was to achieve independence of Greater Mizoram. The Union Government, in July 1971, offered the proposal of turning Mizo Hills into a Union Territory. The Mizo leaders were ready to accept the offer on condition that the status of Union Territory would be upgraded to statehood and therefore the Union Territory of Mizoram came into being on January 21, 1972. After prolong negotiations with the Union Government the MNF agreed for a state within the union and therefore the state of Mizoram was created in February 20, 1987. However, the demand for greater Mizoram comprising Southern Manipur (Churachandpur District) and some areas of Cachar Hills was not achieved.

## **5. Meghalaya**

The present Indian state of Meghalaya, during the British rule, consists of the twenty-five Khasi states, Jaintia and Garo Hills. The British Government recognised the twenty-five Khasi states and categorised them as semi-independent and dependent. The rise of political activity in these hills in the early part of the twentieth century affected the rulers of the states who in early 1934 formed the federation of Khasi States. As early as April 1945, when the tribal people in the Northeastern region were beginning to take a more vocal interest in their own future, the Khasi, Jaintia and Garo people also raised such

voices. A meeting in Shillong which was attended by most of the prominent men categorically opposed their inclusion either in India or Pakistan.<sup>83</sup>

The Federation of Khasi States on August 8, 1947, agreed to accede into the Indian Union on three terms: defence, communication and foreign policy. On the following day the Khasi States signed the Standstill Agreement, where the states agreed that with effect from August 15, 1947, all existing administrative arrangements between the Province of Assam and the Union and Khasi States would continue in force for a period of two years, or until new or modified arrangements would be arrived at. The Government of India found a problem in the question of getting the Khasi states to sign the Instrument of Accession.<sup>84</sup> However, Akbar Hydari, with an order from Delhi informed the Khasi chiefs on December 2, 1947, that they should sign the Instrument of Accession, where the Khasi chiefs signed subsequently. With the executive notifications and the promulgation of the Constitution of India, integration of the Khasi States into the Indian Union was completed.

There was no strong popular reaction or support to independence or incorporation into Assam. However, in response to the uneven political developments during the 1940s the Garos formed the Garo National Council. Three Garos representing their people were filled with dismay to hear the rumours that there was a plan of some Britisher officials in Assam to exclude their districts from Assam and India.<sup>85</sup> Mikat Sangma, who had been educated at Calcutta, reacted sharply towards independence and

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<sup>83</sup> N. Mensergh (ed.). *The Transfer of Power 1942-1947*. Vol. V, London: 1974, No. 397, p. 912.

<sup>84</sup> D. R. Syiemlieh, "The Political Integration of the Khasi States", in B. Pakem (ed.). *op. cit.*, p. 149.

<sup>85</sup> D. R. Syiemlieh, "The Crown Colony Protectorate for North East India: The Tribal Response", in *NEIHAP*. Imphal, 1990, pp. 206-211.

partition.<sup>86</sup> He proclaimed himself as chief of the southern parts of Garo Hills after returning home from his education. Even though he failed to get the title recognised, Mikat Sangma gathered a band of followers protesting against the partition of Garo Hills into India and East Pakistan.

## 6. Tripura

The state of Tripura was a small tribal kingdom. During the British rule in India the kingdom did not come directly under the British but the king pay tribute every year and was counted as one of the princely states of British India. However, during the Partition of Bengal in 1897 many Bengali Hindus migrated to the state and occupy mainly the plains. The migration of people from Bangladesh continued even after independence. The Tripuri people, for instance, who constituted more than 85 percent of the population in 1947, are now less than 30 percent.

Tripura was never part of India. Even during British rule Tripura was never annexed to British India. Bir Bikram, the last independent king, died on May 17, 1947. Three months later, when the British left India, the situation was fluid enough for India to annex the kingdom. Indian agents spread the rumour that Muslim refugees from neighbouring East Pakistan were hatching a conspiracy to merge Tripura with Pakistan. As a condition for India's "help", the Queen of Tripura was made to sign the Tripura Merger Agreement, in September 1947. However, its final integration with India was given effect from October 15, 1949, and then Tripura became "Part-C state" state of the Indian Union administered by a Chief Commissioner as its administrative head. Tripura

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<sup>86</sup> D. R. Syiemlieh (2003), *op. cit.*, p. 12.

became a Union Territory without legislature with effect from November 1, 1956, and it attained statehood on January 21, 1972.

Thus, mode of integration involved negotiations, promises, baits and even force.<sup>87</sup> Some areas like Naga Hills and Manipur refused to merge with India and desired withdrawal from the Union. Even before the national government could stabilise itself, the fragility of the integration was visible. Secessionist demands and withdrawal declarations were voiced from several quarters of the union.

### **Fallout of Political Integration in Northeast India**

In the formation of a new and sovereign India, the integration of more than five hundred princely states and other loosely administered areas enjoying varying degrees of autonomy, was a great challenge to the new government and it pose serious obstacle to the unity, cohesion and stability. While some princely states willingly joined the union, most of them made a stiff opposition to the integration process. As hypothesised by Claude Ake, in most of the process the Indian state adopted an authoritarian approach in integrating the Northeastern states, where different techniques was used to coerce the constituent units to come to terms.

Considering the various ethnic communities that are found in the region there is inadequate incentive for political integration as its components lack what Etzioni calls “elements of shared culture.” The failure to understand the political history and cultural uniqueness of the region on the part of the Indian ruling class led to acute “democratic deficiency” in the process of integration of Manipur, Tripura, Naga Hills (Nagaland),

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<sup>87</sup> Sajal Nag, “Withdrawal Syndrome: ‘Secessionism’ in Modern North-East India” in Milton Sangma (ed.) *Essays in North-East India*. New Delhi: Indus Publishing Company, 1994, p. 295.

and Lushai Hills (Mizoram). In most of these processes the Indian state adopted various methods of assimilation to integrate the diverse ethnic groups in the Northeast.

Like most post-colonial countries, it was the state which came first and the nation later in India. Therefore, India can be categorised as a state-nation rather than nation-state and the process of nation-building are not yet complete.<sup>88</sup> The communities in Northeast India have all the attributes, such as independent historical experience, racial, ethnic and religious peculiarities and geographical isolation, which are integral for the formation of regional forces. Thus, political integration in India involves overcoming parochial loyalties and residual jealousies in the previously residual principalities and the problems of ethnic cleavages.

The tribal people in Northeast India have been given limited opportunity for protected political representation during the transition period. The politicians or leaders of ethnic communities of the region did not gain broad identification as they did not participate in the national politics. This resulted in resentments in various forms from various ethnic communities.

The specific problems in integrating the princely states of Manipur and Tripura into India and the failure of the Government of India to adequately address the political aspirations of other ethnic groups in the Northeast India resulted in secessionist movements. By emphasising the federal nature of the Union of states the Government of India could not draw strength from a popular sense of national identity. Each state in India developed a sense of sub-national identity. The ethnic criterion of sub-national identity building is also on the rise.

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<sup>88</sup> B. Pakem, "Nationality Question in the Hill Areas of North-East India", in B. Pakem (ed.). *op .cit.*, p. 324.

As political integration of the Northeast to India was brought about without the approval of its people, the leaders of the present-day insurgent outfits continue to struggle for independence. The main argument for separation and secession was that tribal peoples were simply not Indians at all.<sup>89</sup> This mindset of not being an Indian at all still dominates the propaganda and ideological set-up of most of the secessionist groups of the region. As Rajni Kothari points out, there is “no easy approach to the development of a manifest and categorical ‘national identity’... the Indian identity will continue to evolve in the forms of a complex network of relationships rather than a unit relationship.”<sup>90</sup>

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<sup>89</sup> Paul R. Brass. *The Politics of India Since Independence*. (2<sup>nd</sup> edition), Cambridge: Cambridge University Press, 1990, p. 192-202.

<sup>90</sup> Rajni Kothari. *Politics in India*. New Delhi: Orient Longman Ltd., 1970, p. 336.

## Chapter 3

### Historical Background of Economic Development in Northeast India

The history of contemporary period is often referred to as the history of development. The term “development” as denoting a process which societies undergo became a focus of concern after the Second World War. Since then the concept and perspectives in which it has been understood have undergone spectacular changes. The term was used interchangeably with growth. However, the two terms are now clearly distinguished where growth has limited connotations and is generally defined in quantifiable indices such as Gross National Product or per capita income. Development, on the other hand, implies a kind of structural transformation in all aspects of society, from traditional society to modern society, where a society or part of it is transformed in the economic sphere.<sup>1</sup> Therefore, development, as Arndt pointed out, encompasses almost all facets of the good society, everyman’s road to utopia.<sup>2</sup> It has many spheres: economic, social, cultural, political, etc. However, development of a country or a community is usually measured in economic terms.

Economic development is a historical and an evolutionary process, where historical past cannot be ignored since history appears in an essential way in any analysis of the evolutionary process of development.<sup>3</sup> There is no commonly accepted definition of the term “economic development”. The definitions are broad and theoretical, including

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<sup>1</sup> V. Xaxa, “Tribal Development in the North-East: Trends and Perspectives”, in Ashish Bose, et. al. (eds.) *Tribal Demography and Development in North-East India*. Delhi: B.R. Publishing, 1990, p. 25.

<sup>2</sup> H. N. Arndt. *Economic Development: The History of an Idea*. Chicago: University of Chicago Press, 1987, p. 1.

<sup>3</sup> Alokesh Barua, “Introduction” in Alokesh Barua (ed.). *India’s North-East: Developmental Issues in a Historical Perspective*. New Delhi: CSH-Manohar, 2005, p. 29.

phrases such as “the process of improving the standard of living and well being of the population.” Other definitions focus on activities and projects that are used to achieve economic development goals. Therefore, economic development is better described than defined.<sup>4</sup>

Though different societies within the Northeastern region might have had different levels of development within a given time frame,<sup>5</sup> certain commonly shared features like their history and geography, their economic structures and the structural change they have witnessed overtime, and their economic and psychological distances from the mainland India binds them together.<sup>6</sup> In this chapter the history of economic development in Northeast India is analysed from the colonial period to the post-independence period till the late 1980s.

### **Economic Development in Northeast India during the Colonial Period**

Northeast India, which occupies the remote corner of India, is one of the least developed regions of the country. This development begins with the region’s initial absorption into the world economy as a marginal periphery, a part of frontier of the British rule and which eventually leads to the region’s peripheral position within the Indian nation-state after independence.<sup>7</sup>

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<sup>4</sup> United States General Accounting Office, Report to Congressional Committee, *Economic Development: Multiple Federal Programs Fund Similar Economic Development Activities*. September 2000, p. 7.

<sup>5</sup> Manorama Sharma, “Socio-Economic History in Pre-Colonial North-East India: Trends, Problems and Possibilities”, in Mignonette Momin & Cecile Mawlong (eds.). *Society and Economy in North-East India, Volume 1*, New Delhi: Regency, 2004, p. 16.

<sup>6</sup> Alokesh Barua, “Introduction” in Alokesh Barua (ed.). *op. cit.*, p. 14-15.

<sup>7</sup> Rafiul Ahmed & Prasenajit Biswas. *Political Economy of Underdevelopment of North-East India*. New Delhi: Akansha, 2004, p. 50.

Assam had interaction with the British East India Company as early as 1792, at the request of the king of Assam, “for commercial advantages” by a friendly and open intercourse.<sup>8</sup> The persisting internal strife and disorder led Burmese occupy the plains of Assam from 1817 to 1826 and Manipur from 1819 to 1826. With the request of the king of Assam the British defeated the Burmese and were forced to surrender their suzerainty over Assam and Manipur by the Treaty of Yandaboo in 1826. Eventually the British rulers annexed the whole region in the subsequent years, the Cachar plains in 1830, Khasi Hills (1833), Jaintia Hills (1835), Karbi Anglong or Mikir Hills (1838), North Cachar Hills (1854), Naga Hills (1866-1904), Garo Hills (1872-73) and Mizo Hills (1890). These annexations brought about drastic changes in the polity as well as in the economy of the region, with the gradual decay of feudal institutions and the rise of capitalist economic entities.

The British East India Company had no interest in the Northeastern region until the discovery of tea in 1823. The modern economic development in the Northeastern region became a priority with the increased interest shown by the East India Company on items like tea, oil and coal available plenty in the region. Robert Bruce, a British merchant, who came to Assam in 1823 learnt about the existence of tea plant from a Singpho chief.<sup>9</sup> The information provided by Bruce led William Bentinck, the Governor General of India, to appoint a twelve-member committee (Tea Committee) to examine the possibility of introducing tea cultivation in 1834. The Tea Committee reported that “We have no hesitation in declaring this discovery...to be by far the most important and valuable that has ever been made on matters connected with the agricultural or

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<sup>8</sup> Minutes of Cornwallis (3 October 1792) cited in S.K. Chaube. *Hill Politics in Northeast India*. Patna: Orient Longman Limited, 1999, p. 4.

<sup>9</sup> Rajen Saikia. *Social and Economic History of Assam (1853-1921)*. New Delhi: Manohar, 2001, p. 146.

commercial resources of this empire.”<sup>10</sup> Subsequently, some European and Indian entrepreneurs formed the Bengal Tea Association in 1838. The Assam Company was formed in England in 1839 and within a year the Bengal Tea Association merged with Assam Company.

Through the introduction of tea plantation the region was drawn into the world economy by the British rulers and all developments in Assam during 1840-59 centered on tea and the Assam Company. The British rulers introduced various wasteland rules, which were revised after certain period of time, to attract investments. Hence, the Britishers became the owner of large tracts of wastelands and other valuable resources in the plains of Assam. It was in the interest of the British to exploit these wastelands for profit. To clear these vast tracts of wasteland the British rulers encouraged migration of tribals mainly from Bihar, Orissa, Madhya Pradesh and Andhra Pradesh. To attract migrants a pull factor was created by allocating lands free of rent for tea plantation. This was primarily done to meet the interest of the British private capital in tea plantation as the local Assamese were reluctant to join the labour force.<sup>11</sup> Migration, thus, brought about a massive change in the economy of British Assam which resulted in the expansion of tea plantation economy. All this led to a period, often described as “Tea Mania”. Though tea was under the British control some enterprising Assamese carved out a position for themselves. Maniram Dewan was the first Assamese tea planter who was, as British rulers held, executed for treason in 1858.

Though the goal of wasteland grants did not yield immediate returns in terms of government revenue, the object was to clear the vast tracts of forest and promote

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<sup>10</sup> Tea Committee’s Report cited in William Robinson. *A Descriptive Account of Assam*. (reprint) Delhi: 1975, pp. 137-138.

<sup>11</sup> Edward Gait. *A History of Assam*. (2<sup>nd</sup> edition, Indian reprint). Guwahati: EBH Publishers, 2008, p. 413.

immigration and induce people to bring English capital largely into the market.<sup>12</sup> Lands were cleared without much concern for regional ecology, resulting in the rapid deterioration of the potentialities of future plant growth and thereby prevented the use of timber and other forest products by the villagers. To recover the huge loss of revenue in granting rent free to wastelands the tax on agricultural lands were increased. The local population, who mostly depend on agricultural lands, was greatly affected by this hike. This resulted in various resentments by Assamese peasants against the increased taxation in the 1890s. As a result the land abundant valley became land-scarce and the labour shortage economy turned into labour surplus one during this period.

Apart from the migrant tribal labourers from Chota Nagpur, there are several migrant communities. The Bengali Muslims from East Bengal settled initially on fallow land along the Brahmaputra but gradually extended their hold over lands in traditional tribal areas and Assamese villages. The Bengali Hindus took up clerical and other middle class jobs in Assam, Tripura and Meghalaya and also started small businesses and settled in several towns. When the migrant communities started concentrating their hold over land and other sources of livelihood, there was a fairly neat division in respect of economic spoils among the migrant communities from an ethno-economic angle.<sup>13</sup>

Even though the sole interest of the East India Company to annex the region was to exploit the rich natural resources, to exploit these resources they were forced to develop transport and communication. From 1859 the East India Company came forward to take up road construction work to facilitate tea industry. Within few decades various

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<sup>12</sup> Moffatt Mills, *Report on the Province of Assam*, p. 191, quoted in Sanjib Baruah, "A Nineteenth Century Puzzle Revisited: Clash of Land Use Regimes in Colonial Assam", Alokesh Barua, *op.cit.*, p. 172.

<sup>13</sup> B.P. Singh, "North-East India: Demography, Culture and Identity Crisis", *Modern Asian Studies*, Vol. 21, No. 2, 1987, p. 265.

roads linking Bengal and the Northeastern region as well as roads connecting various towns within the region were constructed. Rail lines were also constructed in the later part of the nineteenth century. Apart from the colonial interest of developing transport and communication to maximise profits in tea and oil industries, the East India Company laid stress on the improvement of communication both by land and water to control rebellions in the region.<sup>14</sup> Hence, the growth of tea estate, commerce, transport and communication was an interrelated process.

Apart from tea, oil and coal were the two other important discoveries of the British in Assam. The formation of Assam Railways and Trading Company in 1881 became the forbearer of economic development in Assam. The company introduced railways, developed petroleum and coal as an object of emergent trade and geared up tea and timber industries. After the Assam Railways and Trading Company gave up its interests in petroleum, the Assam Oil Company was formed in 1899 with its headquarters at Digboi. Assam Oil Company was engaged in exploration of oil and set up Digboi refinery in 1901. All these undertakings by the British brought about a new dawn in the field of industry. Yet, this commercial adventure did not leave any scope for native participation.

Though the region came under colonial economic system, except for tea plantation, no strong linkages were established with outside market. The plantation revolution was not accompanied by any agricultural revolution within Assam to raise the agricultural productivity and marketable surplus. The local economy was not able to meet the needs of the rising immigrated workforce in the plantation sector. As a result, food

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<sup>14</sup> H.K. Barpujari. *The Comprehensive History of Assam, Vol. IV*. Guwahati: Publication Board, Assam, 1992, p. 294.

grains were imported into the region to meet these rising needs. From this it can be said that people were brought in to meet labour requirement, their foods imported and their wages remitted back home by the labourers, thus the region acted as a resource provider, to be extracted and exploited by outsiders, where the local population have nothing to gain out of it. The limited participation of the local population in the economic activities further restricted their fusion with the main currents of development.

In the hill areas of the Northeastern region the British rulers resorted to the policy of minimum interference of the tribal areas and the traditionally structured tribal societies continued to remain autonomous with minimum colonial presence. Due to the unique geo-political and historical background of the tribals and with a view to check entry of people into this area, the hills and plains were governed by different laws.<sup>15</sup> As a result, the tribal people in the hill areas of the Northeastern region remained outside the ambit of the capitalist path of development and continued to lead a life of relative independence.<sup>16</sup> The fact was that the hill areas were of little economic value and considered to be a burden by the British rulers.

The people in the hill areas of the region mostly lived on subsistence economy. Shifting cultivation was the predominant form of agriculture though terraced cultivation was practiced by some tribes like the Angamis of Nagaland, Apatanis and Monpas of Arunachal Pradesh and the Khasis of Meghalaya. The rice economy was supplemented by food-gathering, hunting and fishing.<sup>17</sup>

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<sup>15</sup> N.L. Dutta, "Tribal Situation and its Implication on Development in North-East India", in R.K. Samanta (ed.), *India's North-East: The Process of Change and Development*. Delhi: B.R. Publication, 1994, p. 77.

<sup>16</sup> M.N. Karna, "Aspects of tribal Development in North-Eastern India", in Ashish Bose, et.al. (eds.), *op. cit.*, p. 14.

<sup>17</sup> Amalendu Guha. *Medieval and Early Colonial Assam: Society, Polity, Economy*. Calcutta: K. P. Bagchi, University of California Press, 1991, p. 3.

As the main interest of the British was maximisation of profit, the development of transport and communication was mainly concentrated in the resource rich plains of Assam and the hill areas were out of the ambit of these developments. Thus, the colonial economy was mainly concentrated in the two valleys of Assam, where most of the natural resources were located and could be exploited because of its easy accessibility as compared to the hills.

Most of these areas were brought within the British fold through the introduction of monetised economy in the traditional trade and exchange. The colonial powers introduced manufactured, glamourised, finished products which attracted the hill people and created a demand for such goods at big fairs. The tribal people became not only frequent visitor to the fairs held in the foothills but also more dependent on imported goods. The merchant class introduced by the colonisers introduced opium selling and in turn acquired natural products produced by the hill people. The dependence of the tribes in finished imported products and opium led to the destructive mode of acquiring resources and eventually led to the depletion of traditional resource base.<sup>18</sup> During the colonial period, the hill areas were marginally integrated into the colonial politico-economic system. It rather remained isolated from the central political system of the mainland.

The development of railways and waterways, and the establishment of other productive enterprises such as coal, petroleum and wood manufacturing, etc., were all guided by the sole objective of maximisation of profit from the plantation economy. What ever little industries and enterprises created were mostly extractive in nature. The

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<sup>18</sup> Rafiul Ahmed & Prasenajit Biswas. *op. cit.*, p. 52.

economic development of Assam during the colonial period, therefore, was essentially enclave in nature.

From the pattern of economic development in Northeast India during the British rule it can be seen that: first, unlike the prediction of development theories, the traditional sector did not provide a source of labour supply to the modern sector.<sup>19</sup> Hence, the important link between the two sectors in the labour market was never established. Second, the income generated in the modern sector did not remain within the region. Apart from the profits being remitted in the form of dividends and transferred as savings outside the region, a substantial part of the wages earned in this sector was also remitted. Moreover, the immigrants spent their incomes on items which were not locally supplied. Thus, by the end of the century there was a huge drain of money from the region. Even after independence, a dual economy ethos is continuing in which the wages of the migrant labour is remitted to their homes outside the region and this group of labour constitutes a majority on various construction projects.<sup>20</sup> Thirdly, the rapid growth of workforce in the modern sector raised the demand for agricultural products and the price of these products too increased. However, the agricultural sector has been not able to keep pace with the increasing demand; there was marginal increase in the supply agricultural products like rice and bamboo.

In short it can be said that the coming of the British in the region brought about the growth of modern sector. However, the growth of the modern sector did not bring about a high standard of living to the people of this region due to their limited participation in the economic activities. By the end of the nineteenth century “the

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<sup>19</sup> H.K.Nath, “The Rise of an Enclave Economy”, in Alokesh Barua (ed.). *op. cit.*, p. 135.

<sup>20</sup> B.P. Singh, *op. cit.*, p. 267.

economy of Assam had developed all the characteristics of a dual economy,"<sup>21</sup> with huge investments pouring into the modern sector and the traditional sector having been left out of this developmental process. The modern sector thrived on the mineral and natural resources of the region, served alien interests, employed capital and labour from outside the region, and catered to an external market. As a result, the traditional sector and the hill areas of the region that had hitherto been underdeveloped remained an enclave and untouched by the process of development.

Barrister Pakem summarises the impact of British rule in the economy of Northeast India as: "The British after pushing up their administration to Northeast India, did not help the region in bringing about economic development for the benefit of the area. What ever industries they had set up, like tea plantation, oil and other mineral extractions, were done only to further their own interests. Hence during the colonial period limited economic development took place, and that too was confined to the tea and oil producing areas of Assam plains and in some mineral producing areas in the Khasi Hills of Meghalaya. In the rest of the hill areas baring a few pockets the traditional tribal economy of the primitive type of agricultural jhumming and pastoral economy, among others, persisted. This variation in the respective economies of the hills and the plains is the function of different physical features, different social relations, and the neglect and isolation of the region by the colonial masters. This in turn produced a multi-structural economy in the region and this position continued till India's Independence."<sup>22</sup>

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<sup>21</sup> Amalendu Guha. *op. cit.*, p. 197.

<sup>22</sup> B. Pakem, "The Economic Structure of North Eastern Region of India" in P. Thakur (ed.), *India's North East*. Ludhiana: Gyan Publishers, 1982, p. 179.

### **Economic Development of Northeast India in the Post-independence Period**

Independent India started with the shockwave of partition in 1947. Partition redraws the political boundary of British India which culminated in the creation of present day India, Pakistan and Bangladesh (former East Pakistan). It resulted in mass migration with serious demographic, socio-political and economic repercussions on the country. The redrawn political boundary has far reaching consequences for the economy of Northeast India by creating a physical barrier with the mainland and formed what is now called the “Northeastern region”. Before partition there was no concept of a separate Northeastern region, as every single province or hill region that now constitutes it was closely linked, for trade, economy, movement and education, to the adjoining areas of the East Bengal, Burma and Tibet.<sup>23</sup> Parts of Manipur, Mizo and Naga Hills had direct links with Burma, where many of their ethnic kins live. The Khasi, Jaintia and Garo Hills maintained close relations with Sylhet, the Mizo Hills with the Chittagong Hills Tracts and Tripura with Comilla, Noakhali and Sylhet. The areas of North Eastern Frontier Agency (present Arunachal Pradesh) had close contacts with Tibet, Bhutan and also with Burma. All these relations changed suddenly in 1947.

The partition caused disruption of the age-old pre-independence inland water, road and railway communications through erstwhile East Bengal. All of sudden the region came to be isolated from the rest of the country. The region became virtually landlocked, with tenuous connection with mainland India through the 21-kilometer long landmass, often described as the “chicken’s neck,” which is less than 2 percent of the 5000 kilometer combined perimeter formed by the seven Northeastern states. The

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<sup>23</sup> Subir Bahaumik, “Insurgency in North East”, *Aakrosh*, Vol. 1, No. 1, October 1998.

Chinese takeover of Tibet resulted in the creation of new international political boundaries, replacing the soft territorial frontiers of South Asia. It also resulted in the disappearance of a crucial buffer and brought the Chinese Army right to the borders of India, and the virtual closure of the border with Burma added to the isolation of the region. The flourishing trade with the plains of adjacent East Pakistan, Tibet, Bhutan and Burma came to a halt. The separation of communication lines and well developed markets with the plains of Bangladesh thwarted economic growth of the region. It created havoc for the Northeast making it the most regulated, a sensitive border region and the most exposed territory. Using the region's two percent 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 rest of 98-99 per cent has been a gigantic task.<sup>24</sup> B.G Verghese commented that "if imperial politics distanced the Northeast from its trans-border neighbourhood further east, partition in 1947 all but physically separated the Northeast from the Indian heartland."<sup>25</sup>

The effect of the partition is large on the contemporary life of Northeast India. Though the new international border dividing India and Bangladesh is seen as inviolable, the partition could not change the position that the region acquired during the colonial times as a frontier. Partition also did not stop immigration from Bangladesh. This demographic changes in one way or the other, contributed to unrest in the region. Social and communal tensions, agitations and disturbances which some parts of the region

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<sup>24</sup> Gulshan Sachdeva, "Demystifying Northeast" *Dialogue*, January - March, 2006, Volume 7, No. 3.

<sup>25</sup> B.G. Verghese. *India's Northeast Resurgent: Ethnicity, Insurgency, Governance, Development*. New Delhi: Konark, 1996, p. 2.

witnessed during that time had seriously impeded the process of developmental activities right at their takeoff stage.<sup>26</sup>

Further, there are popular movements and national governments endeavoured after 1947 which attempts to close off and regulate national borders more rigorously than ever before with a goal to defend national territory against foreign threats and to secure national territory against internal disruption that might be fed by forces across the border.<sup>27</sup> Northeast was closed-off to defend India's borders. As a result, the region became the most exposed territory, facing alien states around most of its perimeter. These conditions has not been conducive to the region's economic and political well-being and caused the extreme geo-political isolation of the Northeast. The loss of connectivity and market access, according to B.G. Verghese, set its economy back by at least a quarter century.<sup>28</sup> The restriction of the age old mobility through the regulation of national borders and the partition of India has made Northeast India virtually landlocked and a periphery. Even though the isolation of the region is recognised lately, no adequate study is done since independence on the exacerbated post-partition affects on the region.

The closing of Northeast India's traditional trading partners - Bhutan, Myanmar and Tibet - during the British colonial rule was replaced by opening up of the local barrier to trade, which led to a flow of migrants into the region. In fact, it was part of the colonial policy to introduce an intermediary class as the colonial policy discouraged local entrepreneurs.<sup>29</sup> With the improvement of transport and communication and the

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<sup>26</sup> Anand Kumar Yogi. *Development of the North East Region: Problems and Prospects*. Guwahati: Spectrums Publications, 1991, 67.

<sup>27</sup> David Ludden. *Where is Assam? Using Geographical History to Locate Current Social Realities*. CENISEAS Papers 1, Guwahati: Centre for Northeast India, South and Southeast Asia Studies, 2003.

<sup>28</sup> B.G. Verghese, "Unfinished Business in the Northeast: Priorities towards Restructuring, Reform, Reconciliation and Resurgence", *Seventh Kamal Kumari Lecture*, 2001.

<sup>29</sup> Rafiul Ahmed & Prasenajit Biswas. *op. cit.*, p. 53.

flourishing extractive enterprises like tea, oil, plywood and coal, the flow of migration continued in the region. Capitalists from the mainland acquire mineral rights and timber lands and set up saw mills, coal business and other extractive enterprises in the region. Though some of the enterprises were locally owned, the majority of the resources and a large number of workers were controlled by non-residents. This core-periphery relation created Northeast India an internal periphery. The Northeastern region was converted from a frontier region during the British rule to an internal periphery in the post-independence period. This development in the region can be termed as “internal colonialism”.

Though the term “internal colonialism” has been applied in a variety of contexts, it is widely used to describe the exploitative relationship between the “core” and “periphery” within a nation-state. An internal colony produces wealth for the benefit of the capital area. The members of the internal colonies are distinguished as different by a cultural variable such as ethnicity, language or religion. They are then excluded from prestigious social and political positions, which are dominated by members of the metropolis.<sup>30</sup> The conceptualisation of “internal colonialism” to a large extent originated from the research carried out in Latin America by Gonzales-Casanova during the mid-1960s.<sup>31</sup> However, Michael Hechter’s *Internal Colonialism: The Celtic Fringe in British National Development* is considered to be one of the most pivotal publications on the subject. Hechter’s conceptualisation of “Internal Colonialism” arose from his study of the Celtic fringe in British national development. Hechter views the process of geo-political

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<sup>30</sup> Nicholas Abercrombie, Stephan Hill, Bryan S. Turner. *The Penguin Dictionary of Sociology*. (4th edition) London: Penguin Books, 2000, p. 183.

<sup>31</sup> P. Gonzales-Casanova, “Internal Colonialism and National Development”, *Studies in Comparative International Development*, Volume 1, No. 4, 1965, pp. 27-37.

integration of Wales and Ireland into the English state, the union of England and Scotland in 1603 and the passing of the Act of Union in 1707, which left a single Parliament in London, was always unequal. When this political integration was compounded by economic exploitation, Scotland, Ireland and Wales were converted into Britain's "internal colonies". This condition emerged with the spread of industrialisation from English heartland to the peripheries. Capitalist industrialism created both a new economic dependence of the periphery on the core. Trade and commerce in the peripheral regions tend to be monopolised by members of the core. Economic development in the periphery is designed to complement and promote economic development of the core. There is a relative lack of services, lower standard of living and higher level of frustration among the member of the peripheral groups. There is national discrimination on the basis of language, religion or other cultural forms. Thus, the aggregate economic differences between core and periphery are causally linked to cultural differences.<sup>32</sup>

In Northeast India, the exploitation of resources resulted in the destruction of peripheral modes of production where intermediary sectors of the economy fully gain access and control over the resource base of the peripheral modes of production. This core-periphery relationship does not allow the integration of periphery with the core, which subsequently resulted in a situation where the "core develops and spreads underdevelopment by way of a direct exploitation of the periphery."<sup>33</sup> As a result, the hills of the Northeastern region still practice a subsistence form of economy and the plains, which act as an extension of markets of the mainland, follows an economy of surplus and abundance. Thus the hill areas are marked by underdeveloped productive

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<sup>32</sup> Michael Hechter. *Internal Colonialism: The Celtic Fringe in British National Development, 1536-1966*. London: Routledge and Kegan Paul, 1975, pp. 33-34.

<sup>33</sup> Rafiul Ahmed & Prasenajit Biswas. *op. cit.*, p. 134.

forces while plains are marked by productive forces of the core and the periphery becomes just a market for goods and services brought by the core.

The initial few decades of India's economic policy towards the Northeastern region was not different from the British colonists. Ever since independence the region has been looked upon as a place for extracting natural resources, the process which started well in the British era.<sup>34</sup> In the plains of Assam not much developmental activity took place except the nationalisation of oil and coal industries. Though Assam's tea, oil and jute provided the much needed foreign exchange during the 1960s when foreign exchange crisis hit India, the nationalisation of oil and coal industries after independence benefits to Assam economy was marginal.<sup>35</sup> Neither the Assam Government nor the people, except minimal employment, benefited much.

While most of the trade and commerce in Northeast India have been controlled by a growing migrant population, big Indian capitalists enjoy monopoly over oil, tea and plywood industries. Out of about 620 tea gardens in the Brahmaputra valley of Assam, Assamese planters own only about 158 only.<sup>36</sup> The tea gardens of Assam account for about 55 percent of the total tea produced in India and earn an annual Rs.500 crore as foreign exchange for the country. Except for the newly formed Assam Tea Corporation, a public sector enterprise owning a few sick and unprofitable tea gardens; the majority of the big gardens are under the foreign and Indian companies which are controlled from Kolkata. The main office of tea board is situated in Kolkata though most of the gardens are in Assam. Since major portion of tea was sold in Kolkata, Assam lose the vital sale

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<sup>34</sup> Nabendu Pal, "India's North-Eastern Region: Towards a more humane approach", *Bharat Rakshak Monitor*, Vol. 3, No. 2, September-October 2000.

<sup>35</sup> J.N.Roy, "The North-East needs New Approach", *Dialogue*, Volume 8, No. 3, p. 65.

<sup>36</sup> Tilottoma Misra, "Assam: A Colonial Hinterland" *Economic and Political Weekly*, Vol. XV, No. 23, August 9-15, 1980, p. 1359.

tax on tea. Thus, the core based companies simply used the labour of the internal periphery to reduce their operating cost.

The state of Assam produces about six million tones of oil each year and has an estimated reserve of 70.46 million tones of crude oil and 23,000 cubic metres of natural gas. This crude oil has a very high aromatic content and is rated high in the world market. According to international price standards, Assam crude should cost 1.5 times higher than the low grade OPEC crude oil.<sup>37</sup> Till 1980s Assam has no refinery and crude oil was sent to Barauni refinery in Bihar. A number of scholars of the Northeast often ask as to why the refinery was not set-up in Assam. The simple reason, believed to be, is that the Barauni refinery was set up at a time when Indian President was Dr. Rajendra Prasad, who is from Bihar.<sup>38</sup> The sales tax that Assam derives from her crude is Rs.54 per ton whereas India gets Rs.991 per ton as sale tax on Assam crude.<sup>39</sup> Apart from Assam there are crude oil discovered in the state of Arunachal Pradesh and a defunct oilfield in Nagaland.

This economic exploitation of Assam's resources and the Central Government's apathy towards the people of Assam was also responsible for the Assam Movement of the late 1970s and the eventual formation of the political party, Assam Ghana Parishad (AGP) and insurgent group, the United National Front of Assam (ULFA). During the formative stages of the movement the leaders noted with dismay that though the state supplied 60 percent of India's crude oil production at that time; it received less than 3

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<sup>37</sup> *Ibid.*

<sup>38</sup> Nabendu Pal, *op.cit.*

<sup>39</sup> Tilottoma Misra, *op.cit.*

percent of its value in the form of royalties from the central government.<sup>40</sup> It was a major producer of tea but its royalty earning was incredibly low.<sup>41</sup> So was the case with plywood. Even the regional capitalist class that developed in Assam after independence was composed mainly of Marwari entrepreneurs.<sup>42</sup> Assam's enrichment, in that sense, according to the movement leaders, served the investors from elsewhere rather than the region's population. There is a widespread feeling that the pattern of development to which Assam and the Northeast generally has been exposed is purely extractive, exploitative, colonial and profits transferred outside the state with little re-investment. Many scholars of the Northeast blame that the colonial economic structure is largely retained only to make the region a periphery of the Indian capitalist system. The British had invested in tea plantation, in timber, in oil, in railways and river transports since then no major industries have come up in Assam. Therefore, there are good reasons for the people Northeast India to have the feeling of being neglected.

In the post-war years, national governments attempted to improve their country's position in the world economy by using various institutions and policies. Planning was adopted as an instrument for attaining balanced growth and to ensure minimum standard of living in the relatively impoverished places. A formal model of planning was adopted in India after independence. Accordingly, the Planning Commission was set up on March 15, 1950, with Prime Minister Jawahar Lal Nehru as the chairman. The main aim of planned development in India has been to attain balanced economic growth by

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<sup>40</sup> Jyotirindra Dasgupta, "Community, Authenticity, and Autonomy: Insurgence and Institutional Development in India's Northeast", *The Journal of Asian Studies*, Vol. 56, No. 2, May, 1997, p. 355.

<sup>41</sup> Jyotirindra Dasgupta "Ethnicity, Democracy and Development." in A. Kohli (ed.). *Democracy in India*. (2nd ed.) Princeton: Princeton University Press, 1990, p. 165-167.

<sup>42</sup> J.B. Bhattacharya. *Studies in the Economic History of Northeast India*. New Delhi: Har-Anand, 1994, pp. 349-363.

transforming the backward colonial economic system into a developed modern industrial one. The five year plans have undertaken this challenge and most regions in the country has felt their long-term impact. The main approach to planning for development of the tribal villages has been to break their isolation and therefore build rural infrastructure and raise their standard of living through the adoption of improved technology of production, that is, by replacement of shifting cultivation by settled cultivation.<sup>43</sup>

In the 1970s the Indian government began to recognise that the people of Northeast India have been left behind in the economic development. Thereafter, since the early 1970s various schemes for the development of infrastructure and economy of the Northeastern region were formulated. These schemes include the Hill Area Development Projects, Tribal Area sub-plan, Tribal Development Agency Projects, Border Area Development Programme, and formation of the North Eastern Council.

The whole of the Northeastern region, except Assam, was declared by the government of Assam as “backward” for the purpose of industrial assistance. It was realised that the path of development adopted by the government of India in the past have resulted in an uneven distribution of the benefits of economic growth as between geographical areas and also between socio-economic groups. Recognising the topographical, socio-cultural and other peculiar problems as the main factors contributing to the backwardness of the region, the Hill Area Development was launched which started receiving special attention since the Fifth Five Year Plan (1974-79). In the subsequent years several committees were set up by the Planning Commission such as, Tiwari Committee (1980), Sivaraman Committee (1981), Swaminathan Committee (1982), Trivedi Committee (1985),

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<sup>43</sup> J.B. Ganguly, “Economics of Development of the Tribal Villages of North East India”, un-published paper presented at the NEICSSR Seminar on Sequences in Development in the North-Eastern Region held in Shillong in December 1985.

Bhupender Singh Committee (1985), etc., which reviewed the programmes and suggest measures for the development of the Northeastern region.

The Government of India's approach to development planning since the 1970s involved special support for geographically backward areas. The "Gadgil Formula" for allocation of central plan assistance to states was evolved in 1969. The criteria used to define these states include (i) remoteness and hilly terrain, (ii) large populations of indigenous (tribal) peoples, (iii) inadequate economic and social infrastructure, and (iv) inadequate capacity to raise resources on their own. Most of the Northeastern states fall under this category. The Gadgil formula was revised in 1980 and other similar states have been added to this "special category states". For these special category states, assistance was provided on the basis of 90 percent grant and 10 percent loan. In the state of Assam the pattern of central assistance is 70 percent loan and 30 percent grant.

To bring about an integrated development of the Northeastern region, the central government set up North Eastern Council (NEC) in 1971 by an act of parliament, the North Eastern Council Act, 1971. The Council started functioning from 1972 and act as an advisory body and a development wing of the Ministry of Home Affairs. To bring about balanced socio-economic development in the region, NEC supplements the efforts of the states by rendering them such balancing and infrastructural support as they needed.

The North Eastern Council (Amendment) Act, 2002 amended the North Eastern Council Act, 1971 which included Sikkim into its fold. Since its inception the council functions as a regional planning body for the Northeastern region, formulate specific projects and schemes to benefit two or more states and review the implementation of projects and schemes and recommend measures for effecting coordination in the matter

of implementation of such projects and schemes. It has taken up several projects for the development of infrastructure in the region. Some public sector units have also been set up in the region. The policies of industrial licensing, concessional finance and investment subsidy, growth centres, as well as freight equalisation of some major industrial inputs have also been used towards economic development.<sup>44</sup> A significant development of this period was that the region drew special attention of the planners. The share of the Northeastern region in the total national plan steadily increase from 2.29 percent in the First Five Year Plan to 5.35 percent in the Fifth Five Year Plan, 5.58 percent in the Sixth Five Year Plan and 6.10 percent in the Seventh Five year Plan.

However, critics pointed out that the NEC has worked only up to a point and is no longer greatly favoured by the constituent states. M.S. Prabhakar commented on the formation of NEC that “on the face of it is difficult to see the rationale behind the formation of the North Eastern Council...North Eastern Council seeks out merely usurp the limited powers of the states, but to totally replace the authority of the states by the Centre, especially by the most repressive organs of the states of the region by their total impotence.”<sup>45</sup> He asserted that the whole idea of integrated development and coordinated development of specific areas is faulty and the council is merely a decorative body. The NEC is blamed for adopting a highly bureaucratic and technical approach in its quest for finding regional policies for the region and spends major portion of its plan outlay in developing infrastructure and assumes that by taking care of infrastructural development it can achieve regional development.<sup>46</sup> Authors like Munshi, Guha and

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<sup>44</sup> M.S. Prabhakar, “The North Eastern Council: Some Political Perspectives”, *Economic and Political Weekly*, Vol. 8, No. 40, October 6, 1973, pp. 1823-1826.

<sup>45</sup> *Ibid.*

<sup>46</sup> Rafiul Ahmed & Prasenajit Biswas. *op. cit.*, p. 55.

Chaube have shown that infrastructural indices associated with modernisation have no correlation with the actual growth indices in the units of Northeast India.<sup>47</sup> With its over emphasis on infrastructure with a half-hearted concern the NEC failed to create human capacity formation for a balanced regional development.

The failure in building the local forces of production and human capacity development has made the region increasingly dependent on the mainland. Though the region has rich mineral, water and forest resources, the absence of industrialisation make the region a market ground for manufactured products from industrialised regions of India and more new industries and jobs created outside the region. A vast chunk of the money earned is spent on buying consumable items imported from industrial parts of mainland India. The Shukla Commission that submitted a report to the Government of India entitled “Transforming the Northeast” in March 1997 and estimated that about Rs.2,500 crore worth of consumable items is imported from outside the region every year.<sup>48</sup> Therefore, the questions of being neglected, geo-political and economic situation after independence, the colonial economy still retained and the government approaches to development in the northeastern region is always being raised.

The mainstream economic thinkers generally blame that economic backwardness or neglect is the main source of political turmoil in the Northeastern region, and that once this problem is taken care of, the main source of political turmoil will go away.<sup>49</sup> It is true that, militant groups, political parties and public opinion in Northeastern states do

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<sup>47</sup> S. Munshi, A. Guha & S. Chaube, “Regionalisation and Integrated Economic Development in North-East India”, in B. Datta Ray (ed.). *Social and Economic Profile of North-East India*. New Delhi: B.R. Publishing, 1978.

<sup>48</sup> *Shukla Commission Report on Transforming the Northeast-High Level Commission Report to the Prime Minister*, March 7, 1997.

<sup>49</sup> Sanjib Baruah, “Governor as Generals: The Parallel Political Systems of Northeast India”, *Himal South Asian*, Volume 14, No. 6, June 2001.

complain about the region's economic underdevelopment and this has resulted in the alienation of the people. Once developmental efforts begin to generate a host of opportunities and penetrate into the lower strata of society, people will cease to resort to insurgency. As the mainstream analysts believe, one of the main reasons for the rise, growth and sustenance of insurgency in the region is the lack of development, and the region as a whole suffers from lack of developmental initiative. It is also true that insurgent groups in the region have been successful in exploiting the prevailing sense of general deprivation among people to further embolden their position. However, the belief that initiation of developmental efforts would automatically end insurgency is just a wishful thinking. Such a line of thought fails to analyse the problem in its entirety.<sup>50</sup> Though the insurgent groups complain about economic backwardness or neglect, their primary complaint is perceived injustices grounded in the history of how the Indian post-colonial constitutional order came into being.<sup>51</sup> What is striking is that the bureaucrats, politicians and military officers who make Northeast policy are either oblivious of the historical issues that insurgencies raise, or consider them too trivial to merit substantive engagement.<sup>52</sup>

Of late, the Central Government has recognised the economic backwardness of the region and that economic backwardness and underdevelopment generate the feelings of alienation and relative deprivation of the people, and hence pumped in crores of rupees as developmental funds with the intention of stimulating economic growth and

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<sup>50</sup> Bihu Prasad Routray, "Is Development a Riposte to Insurgency?" *Institute of Peace and Conflict Studies*, Article no. 770, June 25, 2002.

<sup>51</sup> Sanjib Baruah, 2001, *op.cit.*

<sup>52</sup> Sanjib Baruah. *Durable Disorder: Understanding the Politics of Northeast India*. New Delhi: Oxford, 2005, p. 78.

development in the region.<sup>53</sup> The general notion is that by bringing about development people of the region will put aside problems of identity, problems of ethnic assertion, problems of immigration from neighbouring countries and finally result in the abatement of insurgency. Therefore, successive central governments announced developmental packages. In 1996 the then Prime Minister of India H. D. Deve Gowda announced an economic package Rs. 6,100 crore, following his visit to the region. His successor I. K. Gujral endorsed this package. To boost economic development of the region the NDA Government led by Prime Minister Atal Bihari Vajpayee also announced another package of Rs.10,217 crore in 1998. In October 1996, under the “New Initiatives for North Eastern Region”, it was stipulated that at least 10 percent of the budgets of the Central Ministries/Department should be earmarked for the development of Northeastern states. As the expenditure on the Northeast by some Union Ministries during 1997-98 fell short of the stipulated 10 percent target, the NDA government, created a Non-lapsable Central Pool of Resources to support infrastructure development projects in the region. Between 1990-91 and 2002-03, the region received about Rupees 1,08,504 crores.<sup>54</sup> So lack of development could not be due to shortage of funds. It can be said that there is some sort of political or psychological neglect but definitely not in terms of devolution and transfers of resources from the Centre.

After pouring in large sum of money as developmental funds the region still has the problems of underdevelopment. One problem that arises is that the developmental packages being left largely unimplemented neutralise the intended impact. In fact, as economist and Congress leader Jairam Ramesh has argued, this kind of public

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<sup>53</sup> Zarin Ahmad, “India: Package for the North East”, *Institute of Peace and Conflict Studies*, Article No. 338, March 8, 200.

<sup>54</sup> Gulshan Sachdeva, 2006, *op.cit.*

expenditure has become very much part of the problem of the Northeast.<sup>55</sup> This occurs because of poor monitoring, lack of accountability and non-adherence to the set time frame for project execution. What needs urgent attention is the proper utilisation of the funds, not just the announcement of periodic developmental packages. Some scholars believe that pumping in money without proper streamlining and utilisation has opium-like effects. The arm of the government, the bureaucrats, must be reoriented to meet the requirements of the day. Wassabir Hussain listed two main reasons why pumping of funds into the region by the Centre have not had the desired impact:

- Leakage of funds at various levels of the government machinery. Development funds making their way into the coffers of the insurgent groups are common knowledge.
- Lack of capacity by the states in the region to absorb the huge quantity of funds in the absence of training and expertise to successfully come up with implementable location-specific projects and the infrastructure to get some of these projects off the drawing board stage.<sup>56</sup>

With the gaining of independence organised developmental activities started in India. In more than five decades the Government of India has tried different developmental approaches in the northeastern region where some of them have achieved success, more or less; others have not been able to show the expected results. The policy framework for the Northeastern region is guided by a combination of political, economy and culture,<sup>57</sup> and these policies are implemented mainly through the Planning Commission and the NEC. As a result of this combined approach to process of economic development the role of bureaucrats has been given undue importance resulting in red tapism and hence delays

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<sup>55</sup> Jairam Ramesh, "Northeast India in New Asia" *Seminar*, No. 550, June, 2005.

<sup>56</sup> Wassabir Hussain, "Interaction on the North East" *Observer Research Foundation*, New Delhi, Nov.18, 2004.

<sup>57</sup> Gulshan Sachdeva. *Economy of the North-East: Policy, Present Conditions and Future Possibilities*. New Delhi: Konark Publishers, 2000. p. 6.

in implementation of projects. Despite massive financial investments, this has failed to produce desired results.<sup>58</sup> Though development as a concept took formal shape in the post-independence period it is actually a continuation of the colonial policy whose basic objective is to maximise production (profit) through the optimum utilisation of natural resources.<sup>59</sup> Therefore, it is being argued that the presence of “outsiders” either privately or through corporate houses into the region provided short-term benefits, but the process, as a whole, has permanently scarred the tribal economy and undermined their knowledge systems and intangible heritage acquired through centuries of intimate interaction with nature.

The Northeastern region is marked with diversity in economic pursuits but geopolitical hindrances have prevented the area to develop economically at par with many other parts of the country. The lack of development and industrialisation has resulted in the growing economic disparity of the region vis-à-vis the national average; and this rising disparity has further led to the growing sense of alienation among the people.<sup>60</sup> Economic deprivation, disparity, exploitation, lack of development and a growing sense of alienation, en masse, created congenial condition for the rise of ethnic conflicts leading to insurgency in the region.<sup>61</sup> Approval of the objectives of these movements in certain cases has further deteriorated the situation, and as a result, a sense of integration with the national mainstream faced a serious setback. For this reason it is felt that, “the region is heading towards a paradoxical state of external integration and

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<sup>58</sup> Gulshan Sachdeva, “India’s Northeast: Rejuvenating a conflict-riven Economy”, *Faultlines*, Volume 6.

<sup>59</sup> Tiplut Nongbri. *Development, Ethnicity and Gender*. Jaipur: Rawat, 2003, p. 63.

<sup>60</sup> Alokesh Barua and Arindam Bandyopadhyay, “Structural Change, Economic Growth and Regional Disparity in the North-East: Regional and National Perspective”, in Alokesh Barua (ed.). *op.cit.*, p. 239.

<sup>61</sup> P.C. Dutta, “Problems of Ethnicity and Insurgency in North East India”, in S.K. Agnihotri and B.Datta Ray (eds.). *Perspective of Security and Development in North East India*. New Delhi: Concept Publishing Company, 2005, p. 112.

internal disintegration and thereby frustrating the developmental efforts.”<sup>62</sup> Though underdevelopment is not the only reason for the rise of insurgency it still remains as the prime factor for the prevailing insurgency in the region. Due to widespread insurgency, political turmoil and social tensions, developmental funds are being diverted for the maintenance of law and order which only makes the situation worse. The operation of banking activities, laying of railway tracks, operations of the oil and tea companies, etc., constitute a major challenge for the development process. Most importantly, the continuation of insurgency provides the corrupt political establishment with a smokescreen for its non-performance. Therefore, there is a vicious cycle of underdevelopment, political and social tensions, and insurgency in the region since independence.

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<sup>62</sup> Gurudas Das, “Understanding the Underdevelopment of North-Eastern region of India”, *Journal of Indian Anthropological Society*, Vol. 29, No. 1 & 2.

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## Chapter 4

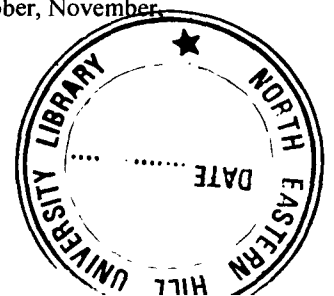
### **Evolution of India's Look East Policy**

The evolution of India's Look East policy can be traced to the changed context of the international system in the early 1990s. The policy launched in 1991 has its genesis in the end of the Cold War, following the collapse of the Soviet Union. Nevertheless, the real genesis of the Look East policy can be traced to the early years of Indian independence. India's efforts towards regional cooperation started in the pre-independence period, where in the mid 1940s and 1950s there were concerted efforts to develop cooperation with Asian and other developing nations of the world. The importance of Southeast Asia was recognised by one of India's first strategic analyst and a visionary, K. M. Pannikar way back in the 1940s. The then Prime Minister of India, Jawaharlal Nehru too recognised the importance of Southeast Asia which offered an opportunity for India to forge close political links. Indeed, India's first forays into foreign policy affairs were in Southeast Asia in support of anti-colonial movements in that region.<sup>1</sup>

Even before formal independence Indian leaders convene the Asian Relations Conference from March 23, to April 2, 1947 in New Delhi, which was attended by twenty five Asian countries, including Egypt, where there was an expression of great enthusiasm for regional cooperation from Sri Lanka and Burma. India called the Conference on Indonesia in New Delhi on January 20, 1949, to express support to the Sukarno-led armed struggle against the Dutch attempt to re-impose colonial rule in Indonesia in December 1947. Apart from the Indonesian issue the conference passed

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<sup>1</sup> G.V.C. Naidu, "India and Southeast Asia", *World Focus*, Vol. 17, No. 10, 11, 12, October, November, December, 1996, p. 82.



resolutions calling for regional integration of the participating nations. A major step towards cooperation of the Asian and African countries was taken in the Bandung Conference in April 1955 to develop a policy and common approach to their problems. Apart from the major attempts at regional cooperation there were several other efforts taken, where a number of conferences were organised and attended by India to find possibilities of such cooperation.<sup>2</sup>

Despite the insistence on Asian solidarity by various leaders during the anti-colonial struggle in the post Second World War, there was negligible cooperation between the Asian countries. All attempts by India to forge cooperation among Asian countries did not work well to the satisfaction of its leaders. The inter-state disputes, tensions, distrusts, apprehensions among the individual countries and the tussle for leadership between India and China were the main factors for the failure of India's attempt toward regional cooperation in Asia and Africa in general and Southeast Asia in particular.<sup>3</sup> Although India's debut in the international arena had its origin in Southeast Asia, the initiative for Pan-Asian solidarity by Jawaharlal Nehru did not materialise following the Chinese aggression on the North Eastern Frontier Agency in the Northeastern region of India in 1962 and the subsequent change of India's policy to strengthen its military capability. As I. K. Gujral said in one of his speeches in 1996, every aspect of India's ethos reflects the "footprints of South-East Asia." But "the forces of history and circumstances intermittently disturbed this closeness. Colonialism and the

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<sup>2</sup> For details of India's attempt at regional cooperation during the first two decade of independence see, Sisir Gupta. *India and Regional Integration in Asia*. Bombay: Asia publishing House, 1964.

<sup>3</sup> For details see (1) Eric Gonsalves (ed.). *Asian Relations*. New Delhi: Lancer International, 1991.

(2) Werner Levi. *Free India in Asia*. Minneapolis: University of Minnesota Press, 1954.

(3) Sisir Gupta. *India and Regional Integration in Asia*. Bombay: Asia publishing House, 1964.

Cold War, despite our efforts to come together, drew artificial boundaries between us.”<sup>4</sup> Further the focus during that time was more political rather than economic. Issues like decolonisation, neutrality and security were the focal point for the leaders of Asia and Africa to rally round a common platform though some contents of economic cooperation were usually there.

The end of cold war brought about a fundamental change in the international system, which focuses on the economic content of relations and led to the burgeoning of the formation of regional economic organisations. This change in the international system, the success stories of the East Asian Tiger economies and the radical shift in India’s economic and strategic circumstances caused New Delhi to pay more attention to the rapidly growing economies of East and Southeast Asia.<sup>5</sup> From a strategic standpoint, a number of realist political commentators pointed out that the end of Cold War and the beginning of the Gulf War (1990-91) had created “unprecedented opportunities” for India,<sup>6</sup> although Munro argued that India is the greatest loser from the end of the Cold War. Munro made a grim comment that “India’s reach for great power status is in shambles. The keystone of Indian power and pretence in the 1980s, the Indo-Soviet link, is history...India has no ‘useful friends’.”<sup>7</sup> However, by the later half of 1990s India emerge as a South Asian winner rather than a loser. Far from being isolated and ineffective as a result of the end of the Cold War, India has gained significant advantages

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<sup>4</sup> Statement by I. K. Gujral, Minister of External Affairs and Water Resources, Government of India.  
<http://www.asean.org/4338htm>

<sup>5</sup> Sandy Gordon. *India’s Rise to Power in the Twentieth Century and Beyond*. New York: St.Martin’s Press, 1995, p. 299.

<sup>6</sup> J. Mohan Malik, “India’s Response to the Gulf Crisis: Implications for Indian Foreign Policy”, *Asian Survey*, Vol. 31, No. 9, September 1991, p. 855.

<sup>7</sup> Ross H. Munro, “The Loser: India in the Nineties,” *National Interest*, No. 33, Summer 1993, pp. 62-63.

by opening up its economy-advantages that will eventually allow the synergisms inherent in India's circumstances to realise its potential.<sup>8</sup>

### **India's Domestic and Regional Environment in 1990-91**

As nations do not exist in isolation, the domestic as well as external environment have an impact on their foreign policy. The linkage between external elements and foreign policy cannot be wished away as foreign policy constitutes a set of responses to external challenges and opportunities.<sup>9</sup> Consequently, any change in the environment requires change in the behaviour of nations. Hence, all developments from 1989 to 1991 affect all nations. India was no exception to all these external developments and they had significant impact on its domestic as well as foreign policy.

The beginning of the 1990s was a turbulent period for India. The country witnessed unstable domestic environment characterised by increasing terrorism and insurgency, political instability, economic doldrums and financial crisis. The unstable domestic environment was compounded by an unfavourable regional environment. Although insurgency in Punjab had declined by the end of 1992, there was an increase in the number of violent incidents perpetrated by insurgents in Jammu & Kashmir and Northeast India. The militant outfits in Jammu & Kashmir became violent and had acquired radical religious ideology in order to legitimise their actions. Most of these militants managed to get logistic support from Pakistan in terms of training, sophisticated arms and ammunition and even finance which, "in a way gave them some clout to

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<sup>8</sup> Sandy Gordon, "South Asia after the Cold War: Winners and Losers", *Asian Survey*, Vol. 35, No. 10, October 1995, p. 879.

<sup>9</sup> Poonam Mann. *India's Foreign Policy in the Post Cold War Era*. New Delhi: Harman publishers, 2000, p. 1.

demonstrate their power.”<sup>10</sup> Since the early 1990s Pakistan adopted a more vociferous anti-India stance which was reflected in encouraging and aiding militants in Jammu & Kashmir, and in its attempt to internationalise developments in Jammu & Kashmir.<sup>11</sup> The resurgence of Sindhi and Baluchi movements in Pakistan, Nepalis in Bhutan, Terai versus hill people in Nepal, Chakmas in Bangladesh, Tamils in Sri Lanka and various tribal communities in Northeast India, all representing sub-nationalist or ethno-centric tendencies threatening the existing state structure.<sup>12</sup> The problem was compounded by the emergence of Sagiang Division of Myanmar as a safe haven for the insurgent groups of Northeast India, the underground smugglers market of Cambodia as an important source of arms and ammunition and the drug smugglers market in the Golden Triangle, a border area comprising Laos, Myanmar, Thailand and Cambodia. This highlighted the threats to India’s national security, which could rise from the east and the consequent need to seek cooperation from the governments of these countries in dealing with such threats.

In spite of reforms during the Rajiv Gandhi led Congress government in the mid-1980s and throughout the later part of the decade, the percentage of trade in relation to Gross National Product had actually fallen from 12.4 percent in 1984-85 to 11 percent in 1988-89.<sup>13</sup> There was low level of trade and as a small percentage of the economy was involved in it, there was little scope for adjusting any rise in the prices of oil within the overall trade balance. The small rise in the price of oil, due to the 1990-91 Gulf Crisis, was translated into a 21.9 percent increase in the import bill in rupee term.<sup>14</sup> The extent of

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<sup>10</sup> Sreedhar, “Security Situation in Southern Asia”, *Strategic Analysis*, Vol. XVI, No. 11, February 1994, p. 1437.

<sup>11</sup> Annual Report, 1989-90, *Ministry of Defence, Government of India*.

<sup>12</sup> Prakash Nanda. *Rediscovering Asia: Evolution of India’s Look-East Policy*. New Delhi: Lancer, 2003, pp. 265-266.

<sup>13</sup> *Economic Survey, 1989-90*.

<sup>14</sup> *Economic Survey, 1990-91*, p. 3.

the emerging problem is discernable from the fact that in 1965 India's energy import constituted only about 8 percent of the value of its merchandise exports, whereas by 1990 energy imports constituted nearly 25 percent of the value of exports.<sup>15</sup>

The 1990 Gulf crisis had a deep impact on India's economy as it depended much on the West Asian countries for oil and trade. It was followed by economic recession and political turmoil in India. In the Gulf Crisis India lost remittances of \$205 million from Indians employed in Iraq and Kuwait; it lost an amount of \$500 million owing to it from Iraq at the start of the crisis; and it lost about \$112 million in trade with Iraq and Kuwait.<sup>16</sup> At the same time, trade with the Eastern European countries had suffered severely with the end of communist rule and the collapse of that system. Consequently, by the mid-1991, foreign exchange reserves had fallen barely enough to cover two weeks imports and India was forced to seek the International Monetary Fund (IMF) help. An agreement was reached by the then Indian government with the IMF in January 1991 on a loan for \$1.8 billion, partly out of the Compensatory Financing Facility (to offset increased oil imports) and partly as a first credit tranche standby.<sup>17</sup>

The political scenario of India during this period was marked by instability, where three successive governments were formed within two years. The developing economic crisis at the end of the 1980s coincided with the electoral cycle in 1989 in which the Indian electorate chose to express its dissatisfaction by opting for political weakness and instability at the centre by electing a parliament with no party in majority.<sup>18</sup> When

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<sup>15</sup> Chart, *Far Eastern Economic Review*, July 23, 1992, p. 53.

<sup>16</sup> "Fallout of Gulf Crisis: Indian Exports Suffer", *Indian Express*, September 27, 1990.

<sup>17</sup> V. Joshi & I.M.D. Little. *India: Macroeconomics and Political Economy, 1964-1991*. Washington D.C.: World Bank, 1994, p. 66.

<sup>18</sup> Baldev Raj Nayar, "Political Structure and India's Economic Reforms of the 1990s", *Pacific Affairs*, Vol. 71, No. 3, Autumn 1998, p. 343.

Congress party, which had the largest elected Member of Parliament, refused to form government, Janta Dal took over power backed by two ideologically contradictory parties, the Bharatiya Janata Party (BJP) and the Communist Party of India (Marxist). Instead of taking steps to redress the developing economic crisis, the parties in power soon launched populist policies, both economically and socially, which worsen the economic situation. Thus, India came to face both economic crisis and political instability.

The withdrawal of support to the National Front government by BJP by the end of 1990 resulted in the collapse of the National Front government. This collapse was followed by a split in the Janata Dal, which was the main constituent of the National Front government, where Chandrasekhar abandoned the Janata Dal and formed a new party, the Samajwadi Janata Party. After the fall of the National Front government led by V. P. Singh, a minority government with Chandrashekhar as Prime Minister was installed with the support of the Congress party with 195 although his party had only 58 members out of 473 in the Lok Sabha. It was so small that it could only survive because nobody in Parliament wanted another election.<sup>19</sup> The greatest problem of the Chandrashekhar Government was the fast disappearance of financial reserves and the inability to formulate any concrete economic policies, even a budget. The withdrawal of Congress party support within a few months led to the fall of the Chandrashekhar Government and resulted in fresh elections in June 1991. The Congress emerged as the single largest party with 232 seats. Subsequently, a Congress led minority government with P.V. Narasimha Rao as Prime Minister, supported by some regional parties was formed in June 1991.

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<sup>19</sup> K. Shankar Bajpai, "India in 1991: New Beginnings", *Asian Survey*, Vol. 32, No. 2, A Survey of Asia in 1991: Part II, February 1992, p. 208.

The new government under Prime Minister Narasimha Rao was confronted with the uphill task of putting the derailed economy back to tracks, restoring a semblance of political stability and availing of new opportunities and facing challenges thrown open by globalisation and the New World Order.<sup>20</sup> There was an enormous increase in non-productive expenditure. Defence expenditure rose from 15.9 percent of central government spending in 1980-81 to 16.9 percent in 1987-88 to nearly 19 percent in 1990-91. Subsidies grew from 8.5 percent in 1980-81 to 11.4 percent in 1989-90.<sup>21</sup> The main thrust of the new government's economic and financial policy was to restructure the framework of economic activity and move the country toward international market and trade.

Compelled by severe balance of payment crisis, gradual erosion of competitiveness of Indian goods in the global market and recognising the importance of foreign capital in a country's economic development, an economic liberalisation programme was undertaken in June 1991 with a view to firstly attract foreign investments, both portfolio and direct, and secondly to boost exports.<sup>22</sup> The main aim of such liberal economic reforms programme was to integrate India's economy with the world economy. Sandy Gordon sums up some of the measures taken by the government to reform the economy which were introduced in the budgets since 1991-92 as follows:

- devaluation of the rupee by about 30% against the US dollar, with the aim of achieving full convertibility;
- raising of the ceiling of foreign ownership to 51% and higher in some instances, with partial repatriation of capital at market rates on a 60:40 basis (with 40% being at the government rate);

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<sup>20</sup> Prakash Nanda. *op. cit.*, p. 267.

<sup>21</sup> B.B. Bhattacharya. *India's Economic Crises: Debt Burden and Specialisation*. New Delhi: B.R. Publishing, 1992.

<sup>22</sup> G.V.C. Naidu, *op. cit.*, p. 83.

- removal of restrictive controls on the import of most items and lowering of the tariff. The import duty on capital goods was further reduced to 35% from 55%, with a special 25% rate on capital goods destined for priority sectors. The import weighted tariff was to be reduced to 25% in two to three years;
- abolition of the internal licensing system in all but 18 industries;
- preparation for sale in principle of up to 49 percent of the government's share in state enterprises;
- in 1993, the floating of the rupee on trade account in 1993;
- reduction of the excise duty;
- reform of the financial sector; and
- a substantial reduction in the rate of company taxation in 1994.<sup>23</sup>

The buzzword of the 1991 economic policy was the inclusion of liberalisation, privatisation and globalisation. The main objective of these economic reforms was to bring the derailed economy back to the track by providing a boost to foreign trade and attracting Foreign Direct Investments. As a result, market economy replaces the socialistic pattern of society, which the Congress had long cherished as the goal as well as the means for India's development by building up the public sector domestically while insulating India from international market forces. The economic reforms launched in 1991, thus, constitute a watershed in India's economic history.

### **Compulsions of India to Look East**

The political and economic developments in different parts of the world during the early 1990s brought radical changes in the relations among nations, resulting in the emergence of an era of globalisation. Globalisation brought about an increasing integration of economies and societies and has thrown open opportunities and as well as challenges to both the developed and developing countries. This globalisation of world economies greatly intensified international competition and has, at the same time, given rise to a new

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<sup>23</sup> Sandy Gordon (1995). *op. cit.*, p. 121.

wave of regionalism.<sup>24</sup> Regionalism, in general, has proved to be an effective device to serve economic and commercial objectives. In the process, old organisations are recasted and new organisations formed to suit the changing global political and economic context. Geographical proximity, economic complementarity, political commitment, policy coordination, and infrastructure development provide conditions for formation of such groupings. Consequently, a numbers of proximate 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. In this changing political and economic context India need to closely examine the evolving international situation and took timely initiatives to adjust its policies to reap benefits for itself. At the macro level, India directed its foreign policy at achieving three important objectives: “Maintaining the territorial integrity of India, ensuring its geo-political security by creating a durable environment of peace and stability in the region and to build a framework for the well-being of the people by encouraging a healthy external economic environment.”<sup>25</sup>

Within the South Asian region, India and its neighbouring countries have made several attempts for regional cooperation. The South Asian Association for Regional Cooperation (SAARC) was established on December 8, 1985 to accelerate the process of economic and social development among the seven member states. There have been several attempts to improve trade in the region through South Asia Preferential Trade Agreement (SAPTA) and Free Trade Agreement (SAFTA). Despite such efforts trade

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<sup>24</sup> Rajen Harshe, “South Asian Regional Co-operation: Problems and Prospects”, *Economic and Political Weekly*, Vol. 34, No. 19, May 8-14, 1999, pp. 1100-1105.

<sup>25</sup> Annual Report 1991-92, *Ministry of External Affairs, Government of India*, p. II.

within the countries continues to be abysmally low.<sup>26</sup> Till date Pakistan is yet to ratify the free trade agreement. Economic exchanges and cooperative ties within SAARC were constrained, if not blocked by the India-Pakistan dispute and India's sheer weight.<sup>27</sup> The disappointing pace of SAPTA and SAFTA negotiations forced India to look beyond the confines of South Asia for regional economic cooperation.

The collapse of the Soviet Union has severe repercussions for India. Former Soviet Union had been a time-tested partner for supplies of arms, petroleum, and to some extent economic assistance. It had also been a leading partner and a big market of Indian consumer goods. The collapse of the Soviet system deprived India not only of a valuable partner, where the Rupee Trade Area accounted for about one-fourth of its exports and always supported India diplomatically through United Nations votes, but also of an important model of centralised planning.<sup>28</sup> One of the major concerns for New Delhi was that it could no longer rely on Soviet diplomatic support at the Security Council of the United Nations and thus India was exposed to international pressures to vital interests like disarmament, non-proliferation and the Kashmir issue.<sup>29</sup> It was a big loss for India in political, strategic and economic terms.

The temporary dislocation of the oil economy in the Gulf region following the crisis over Kuwait brought home to India the importance of diversifying its sources of energy supply in order to reduce its dependence on its traditional suppliers in the Gulf

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<sup>26</sup> Nisha Tajena, 'Informal Trade in SAARC Region', *Economic and Political Weekly*, Vol. 36, No. 11, 17 March 2001, p. 959.

<sup>27</sup> India accounts for nearly three-fourths of the population of the association and three-fourths of its GDP. The imbalance is fragrant and often inhibits the proper functioning of the organisation, which is weighted overtly in favour of India.

<sup>28</sup> Christophe Jaffrelot, "India's Look East Policy: An Asianist Strategy in Perspective", *India Review*, Vol. 2, No. 2, April 2003, p 45.

<sup>29</sup> Isabelle Saint-Mezard, "The Look East Policy: An Economic Perspective", in Frederic Grare & Amitabh Matoo (eds.), *Beyond the Rhetoric: The Economics of India's Look East Policy*. New Delhi: CSH-Manohar, 2003, p. 21.

and the erstwhile Soviet Union. In this endeavour, the availability of energy sources in countries like Myanmar, Brunei, Indonesia and Australia in the Asia-Pacific provided possible alternatives. Thus, it was natural for Indian decision makers to look for a new international role and to turn to the most economically dynamic region of the world - Southeast Asia.<sup>30</sup>

There are three main issues facing India in the Southeast Asian region. First, is stabilising the Northeast, its clandestine flows and foreign connections; taking advantage of the proximity of Southeast Asian nations, especially Myanmar, to step onto the Asian diplomatic and economic scene; and finally, measuring the impact of China's influence on the Myanmar regime and its consequences for the country's interests.<sup>31</sup> Beijing's growing military and economic penetration in Myanmar and its assertiveness in the Asia-Pacific region renewed India's concerns about the consequences of an antecedent and powerful China and its impact on India's security. India needs various diplomatic, economic and military tools to deal with these sensitive and strategic geopolitical issues.

During the Cold War years the foreign policy of India was driven by ideological or political factors though it chose to distance itself from the two ideologically opposite bloc by opting non-alignment. Economic dimensions of foreign relations were not given much importance in the Ministry of External Affairs.<sup>32</sup> With the end of Cold War the main tenets of India's foreign policy, the non-alignment, becomes obsolete. As India was a co-founder and one of its most influential members, it could assume the status of a

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<sup>30</sup> Frederic Grare, "In Search of a Role: India and the ASEAN Regional Forum", in Frederic Grare & Amitabh Matoo (eds.), *India and ASEAN: The Politics of India's Look East Policy*. New Delhi: CSH-Manohar-ISAS, 2001, p. 120.

<sup>31</sup> Renaud Egrettau.  *Wooing the Generals. India's New Burma Policy*. Delhi: CSH-Authors Press, 2003, p. 117.

<sup>32</sup> P.M.S. Malik, "The Changing Face of India's Economic Diplomacy: The Role of Ministry of External Affairs", Foreign Service Institute. *Indian Foreign Policy: Agenda for the 21<sup>st</sup> Century, Vol.1*. New Delhi: FSI & Konark Publishers, 1997, p. 234.

leader among the developing countries and enjoy some sort of international repute in the Cold War period. But with the end of Cold War the very concept of non-alignment was undermined. The victory of United States, its political world view and its free-market economic system posed a new challenge to India's foreign policy. Though military capability still remain as one of the primary determining factor of the global power equation, economic power has, of late, begun to exert predominant influence upon it, and the balance of power has tended to shift from the military to the economic sphere. One of the offshoots of the above development has been de-emphasising military orientation and placing more stress on economic orientation of the foreign policy on the part of many countries both developed and developing, including India. Thus, the Nehruvian model of foreign policy autonomy vis-à-vis imperialism and capitalism has come under severe strain, and there are strong pressures from several influential quarters in India and abroad to link it with the Western economy.<sup>33</sup>

With the end of Cold War and the worldwide trend towards free-market reforms, economics became a major factor in international relations. The international status of a country depends much on its wealth. Therefore, by the end of 1991, Prime Minister Narasimha Rao issued a note asking foreign office and its diplomatic posts abroad to focus more on the economic aspects of India's external relations.<sup>34</sup> Hence, economic diplomacy became the new trend in Indian's foreign policy.

Belatedly, the Indian policy makers became aware of the implications of the twelve year head-start which China had in opening up, reforming and developing its economy ahead of India and strengthening the consequent political and economic

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<sup>33</sup> J. K. Baral; J. N. Mahanty, "India and the Gulf Crisis: The Response of a Minority Government", *Pacific Affairs*, Vol. 65, No. 3, Autumn, 1992, p. 369.

<sup>34</sup> J.N. Dixit. *My South Block Years: Memoirs of a Foreign Secretary*. New Delhi: UBSPD, 1996, p. 58.

linkages of China with Southeast Asian countries. There was also a realisation that unless India took steps to reduce China's head-start and develop similar linkages with the political leaderships, economies and the elite of this region, it might ultimately find itself with a greatly reduced and barely meaningful political and economic role in the region. Gautam S. Kaji, one of the managing directors of World Bank, expressed the same view in April 1995, "Certainly, the East Asian nations are still grappling with some of the same problems as India, albeit on a lesser scale. But they have demonstrated with the right commitment, it is possible to move very far. With the same kind of commitment, I am convinced that there can be an 'Indian miracle'."<sup>35</sup> In September 1995, Indian Finance Minister Manmohan Singh also noted that: "The economic policies of India take into account the dynamism of this region, which shall soon be the tiger economy of the world. We want to participate in this process."<sup>36</sup>

The policy of India tying India's fortune to the West, where India is giving considerable attention to its trading relationships with the oil rich West Asia, Europe and North America, is under some pressure with some advocating closer ties with Asia on the ground that it is the centre of growth in the world today.<sup>37</sup> They argued that India has been separated from the East bloc for the purpose of trade and caught in a world in which trading blocs are assuming greater importance. They also maintained that SAARC does not have the critical mass to provide for India's trading needs, even if the political climate were more favourable for regional trade.<sup>38</sup> These views have been reflected in the policies pursued by the Ministry of External Affairs, which have been attempting to have India

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<sup>35</sup> G.S. Kaji, "What East Asia has Achieved, India too can Emulate," *The Times of India*, April 13, 1995.

<sup>36</sup> *Asian Age*, September 24, 1995, p. 13.

<sup>37</sup> Malcolm Subham, "Sengupta returns with task half-fulfilled", *Economic Times*, August 10, 1993.

<sup>38</sup> Jagdish Bhagwati, "Negotiating Trade Blocs", *India Today*, July 15, 1993, p. 139.

more closely associated with ASEAN and the Asia Pacific Economic Cooperation (APEC) forum, the loose formation that brings the nations bordering the Pacific together for trade-related discussions.

The emergence of Asian Tigers and the growth of ASEAN as leading economies of Asia provided further impetus for the Indian policy makers to look at the East as a possible avenue for conducting economic transaction. The onslaught of the liberalisation, privatisation and globalisation process was on the rise and there was no escape for the Indian economy. There was also a realisation that India's aspiration of becoming a permanent member of the United Nations Security Council might not materialise without the overwhelming support of the countries of the East and Southeast Asian region and that it would be necessary to focus greater efforts on the countries of the East and Southeast Asian regions by strengthening India's linkages with them.<sup>39</sup>

The government in India while retaining the core concerns in its foreign policy also recognised the necessity of integrating the Indian economy with the global economy. Policy reforms were immediately undertaken and the ASEAN region was singled out as an important area with which India sought a formal tie. The Government of India, for the first time since independence, turned its attention towards the ASEAN region with economics in mind.<sup>40</sup> The absence of conflict on vital issues and the presence of common challenges made it possible to expand constructive ties between the two peoples.

The change in the international and regional politico-strategic situation in the late 1980s and early 1990s give an environment for positive developments in India-ASEAN relations. The end of the cold war and the breakdown of ideological barriers led to a more

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<sup>39</sup> Prakash Nanda. *op. cit.*, p. 273.

<sup>40</sup> Annual Report:1992-93, *Ministry of External Affairs, Government of India*, New Delhi, 1993, p. 6 & p. 27.

pragmatic approach by India. Since the end of Cold War India's strategic world view clearly shift from an emphasis on *moralpolitik* to *realpolitik* based on acquiring and exercising economic and military power.<sup>41</sup> New Delhi's economic reform programme has changed its equations with many countries. India is letting no chance go by to prove that it wishes to be fully integrated into global market and to do business.<sup>42</sup> India realised that it is in India's interest to cooperative venture and utilise the window of opportunity rather than awaiting initiatives from the side of Southeast Asian countries. According to Prem Shankar Jha, "the dark side of the East Asian success story is that there will inevitably be a loser and that India could be one of them."<sup>43</sup> It was basically these concerns that the then Finance Minister, Manmohan Singh, brought a fresh burst of economic liberalisation to the Indian economy during the 1993 budget, one of his stated goals is to catch up with China.<sup>44</sup>

### **The Look East Policy**

The economic reforms, coupled with the integrative forces of globalisation; frustration with the process of integration within South Asia and the renewed concern about the antecedent and powerful China and its impact on India's security, as well as India's unease at Beijing's growing assertiveness in the Asia-Pacific region made India to rethink the basic parameters of its foreign policy. While India was opening up to the world market, it became aware of the growing trends towards regionalism and feared that it will

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<sup>41</sup> Amitabh Matoo (2001), "ASEAN in India's Foreign Policy" in Frederic Grare & Amitabh Matoo (eds.) *op. cit.*, p. 93.

<sup>42</sup> Baladas Ghoshal, "India, ASEAN and APEC" in Nancy Jetly (ed.). *India's Foreign Policy Challenges and Prospects*. New Delhi: 1999, p.151.

<sup>43</sup> Prem Shankar Jha, "Stagnation and Sovereignty", *The Hindu*, July 15, 1992.

<sup>44</sup> Hamish Macdonald and Jaya Sarkar, "India: The Money Jaggernaut," *Far Eastern Economic Review*, March 11, 1993, p. 16.

be marginalised from the dynamics pushing the global economy. As a result of these compulsions, the Look East Policy was officially launched in the year 1991<sup>45</sup> during the tenure of Prime Minister Narasimha Rao, although the term “Look East Policy” was mentioned for the first time in the Annual Report of the Ministry of External Affairs, 1995-96.<sup>46</sup> I. K. Gujral had stated that, “What look east really means is that an outward looking India, is gathering all forces of dynamism domestic and regional and is directly focusing on establishing synergies with a fast consolidating and progressive neighbourhood to its East in Mother Continent of Asia.”<sup>47</sup> The Look East policy is, thus, a product of various compulsions, changed perceptions and expectations of India in the changed international environment. It is part of the new *realpolitik* that can be seen in India’s foreign economic policy. This renewed interest for regional cooperation with ASEAN is the recognition of the strategic and economic importance of Southeast Asia to India’s national interests.

As a part of its endeavour to forge closer ties with ASEAN countries, the then India’s Prime Minister Narasimha Rao visited some countries of Southeast Asia in 1993 and expounded the new “Look East” policy of India in his much publicised and well received “Singapore Lecture” at the Institute of Southeast Asian Studies. In his lecture, Rao said: “While in those days, the Cold War was at its peak, and therefore, the super powers were looked upon with some caution mixed with suspicion, it is gratifying to note that the ASEAN can today speak from a position of strength at the same table with the US, Russia, China, Japan..... India has already taken steps to liberalise its currency

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<sup>45</sup> Isabelle Saint Mezard, *op.cit.*

<sup>46</sup> Annual Report, 1995-96, *Ministry of External Affairs, Government of India*, pp. 7 & 118.

<sup>47</sup> Statement by I.K.Gujral, Minister of External Affairs of India, in ASEAN Post-Ministerial Conference, Jakarta , July 20-21, 1996. <http://www.aseansec.org/4308.htm>

regime, open the economy to more imports and investment, and educate its people on the benefits of exposure to the outside world. The Asia Pacific would be the springboard for our leap into the global market place.”<sup>48</sup>

Since the initiation of the Look East policy in 1991, bilateral relations between India and ASEAN have progressed rapidly. India’s ties with ASEAN were upgraded to a Sectoral Dialogue Partnership in March 1993 in the three areas, namely, trade, investment and tourism. The Indian and ASEAN officials met in New Delhi from 16-17 March 1993 to identify specific areas of collaboration within the designed sectors. Due to its sustained efforts India-ASEAN relation was upgraded to a Full Dialogue Partnership at the fifth ASEAN Summit in Bangkok in December 1995. This elevated the interactions between ASEAN and India from the senior official to the ministerial level and enabled India’s participation in the ASEAN Post Ministerial Conference. At the ASEAN Post Ministerial Conference in Jakarta in July 1996, ASEAN and Indian Ministers outlined a vision of a shared destiny and intensified cooperation in all fields. Identifying specific areas for cooperation, like infrastructure, human resource development, science and technology and tourism among others. I.K. Gujral remarked that he saw India’s Full Dialogue Partnership status as a window to India’s progressive participation in other ASEAN like groupings, like APEC, and the Asia-Europe meetings.<sup>49</sup>

The increasingly closer cooperation between India and ASEAN has led to the strengthening of not only economic ties but also security linkage which resulted in India’s admission to the ASEAN Regional Forum (ARF) in 1996. The ARF is a dominant forum for security cooperation in the Asia-Pacific region where global and regional

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<sup>48</sup> Quoted in Prakash Nanda. *op. cit.*, pp. 274-275.

<sup>49</sup> Statement by I.K.Gujral, Minister of External Affairs and Water Resources of India, <http://www.aseansec.org/4338.htm>

security issues as well as disarmament and nonproliferation issues are discussed. India's admission to the ARF signifies the acceptance of role and position in the Asia-Pacific region. The increasing engagement of India in the strategic discourses of the Asia-Pacific region underlines its commitment to the objective of sustaining regional peace and stability. India has been an active participant in the various ARF processes and has hosted several activities. India hosted its first-ever ARF event from 18th-20th October 2000, when an Anti-Piracy Workshop was organised in Mumbai by the Indian Coast Guard in conjunction with Ministry of External Affairs and Ministry of Defence. Subsequently, India organised several workshops related to security.

India-ASEAN relation was upgraded to a Summit Level Partnership in 2002. Thus, India becomes one of the four ASEAN Summit Level Partners along with China, Japan and Korea. At the Second India-ASEAN Summit in October 2003, India and ASEAN signed the Framework Agreement on Comprehensive Economic Cooperation leading to the creation of a free trade area by the year 2011 and India's accession to the Treaty of Amity and Cooperation in Southeast Asia. The third document delineates cooperation to combat international terrorism. India's accession to ASEAN's Treaty of Amity and Cooperation spoke of a growing closeness with South Asia. But of greater significance was the framework agreement aimed at creating a Free Trade Area in ten years as provided in the agreement on comprehensive economic cooperation. India finally signed the ASEAN-India Free Trade Agreement (FTA) with the ten members of ASEAN in August 2009.

In 2003 the scope of India's Look East policy has been expanded to include the East Asian nations - China, Japan and Korea. Trade and investment ties remain the most

important elements and bilateral trade between the two countries has increased significantly over the past few years.

Since the shift of international trading activity from Atlantic to the Pacific, India wanted to establish close relationship with the region. Apart from linkages at the official and governmental level, mutual exchanges of understanding between India and Southeast Asia have begun to be built on the initiative of academic institutions and chambers and industry. Atal Bihari Vajpayee, in his speech “India and ASEAN: Shared Perspectives”, at Kuala Lumpur said:

Over the last few years, we in India have consciously focused on rejuvenation of our ties with the countries of ASEAN. This came to be known as our ‘Look East’ policy. But, even as we looked east, ASEAN moved west. The admission of new countries brought ASEAN literally to India’s doors. From a maritime neighbour, ASEAN became our close neighbour with a land border of nearly 1,600 kilometers. This has added a new dimension to India-ASEAN relations.<sup>50</sup>

Delivering a speech, “Resurgent India in Asia” at Harvard University on September 29, 2003, India’s former Foreign Minister, Yaswant Singh, summarised India’s Look East Policy as follows:

In the past, India’s engagement with much of Asia, including South East and East Asia, was built on an idealistic conception of Asian brotherhood, based on shared experiences of colonialism and of cultural ties. The rhythm of the region today is determined, however, as much by trade, investment and production as by history and culture. That is what motivates our decade-old “Look East” policy.<sup>51</sup>

### **Policy Objectives of the Look East Policy**

As India move towards maturity in its Look East foreign policy, the policy is moving beyond its initial goal of tapping the opportunity offered by East and Southeast Asia’s

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<sup>50</sup> Prime Minister, Atal Bihari Vajpayee’s address to the Institute of Diplomatic and Foreign Relations on “India and ASEAN – Shared Perspectives”, at Kuala Lumpur Today, May 16, 2001.

<sup>51</sup> Yashwant Sinha, “Resurgent India in Asia”, Speech at Harvard University on September 29, 2003, *Ministry of External Affairs, Government of India*, New Delhi.

growth, which is still important. With the continual growth of India's economy the policy now serves a much broader agenda. Under the Look East policy four broad objectives are pursued as observed in the past several years since its initiation: regional economic integration, reform and liberalisation, sustained economic growth and development of the Northeastern region. The emphasis placed on each of the objectives has been different at different points of time during the past years. More recently, the emphasis has been on developing the Northeastern region through economic integration with East and Southeast Asia. The major priority areas of the Look East policy are discussed under the following headings.

### **Regional Integration**

The main objective of the Look East policy is economic integration with East and Southeast Asia. Of late, India realised that its East Asian neighbours achieved rapid economic growth and that it was lagging behind. Enthralled by the East Asian economic miracle the Indian elite came to realise that the East Asian open economic system could be a model for its own development strategy. Thus, New Delhi wanted to expand ties with these high performing economies with the aim of getting integrated into the process of economic regionalisation in East Asia.

The Look East policy, to some extent, is a reaction to the formation of regional economic groupings like NAFTA, EU, and MERCOSUR. In this increasingly regionalised world, it is believed that India's grouping with East Asian countries would enhance its position in relation to other regional partners. In the words of Manmohan Singh, "this century is going to be Asia's century". He also said that India, along with

China, “is going to be a major economy of this century. This is part of our ‘Look-East’ policy”.<sup>52</sup> According to G.V.C. Naidu, India adopted a three-pronged approach in its attempt to forge regional cooperation through the Look East Policy. They are:

- To renew political contacts with the ASEAN member nations;
- To increase economic interaction with Southeast Asia (trade, investments, science and technology, tourism, etc.); and
- To forge defence links with several countries of this region as a means to strengthen political understanding.<sup>53</sup>

### **Reform and Liberalisation**

Though the Look East policy is a by-product of India’s economic reform and liberalisation in 1991, the policy seeks further reforms, and liberalise trade and investment in order to forge deeper economic integration with East and Southeast Asian countries. Thus, India seeks to lower trade barriers and liberalise investment regimes. India has signed a framework agreement during the Bali Summit in 2003 to create a Free Trade and Investments Area with ASEAN by 2016. Since 2003, India, ASEAN and its individual member countries have agreed to, and begun negotiations on FTAs after signing the Framework Agreement on Comprehensive Economic Cooperation. India and ASEAN agreed to implement an FTA for the ASEAN–5 by 2011 and for all ASEAN member countries by 2016. The Framework Agreement announced an early harvest program of immediate deliverables and unilateral trade preferences by India in favour of the least developed members of the grouping. Till date, India has concluded Comprehensive Economic Cooperation Agreement with Singapore in 2005. India has also entered into a number of pacts and FTAs with Thailand and Singapore. The

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<sup>52</sup> PM’s address at the inauguration of New Capital Complex of Assam, Dispur, November 21, 2004.  
<http://pmindia.nic.in/speech/content.asp?id=48>

<sup>53</sup> G.V.C. Naidu, *op. cit.*, p. 83.

ASEAN-India Free Trade Agreement was signed in August 2009 with the ten members of ASEAN.

### **Rapid Economic Growth**

In the aftermath of India's liberalisation, the Look East policy become more than just a foreign policy alternative as it provided a development alternative as well, in synchronisation with the globalisation and the resurgence of Asia as an economic powerhouse. To quote Prime Minister Manmohan Singh: "it was also a strategic shift in India's vision of the world and India's place in the evolving global economy."<sup>54</sup> It is only with the formulation of the Look East policy in 1991, India started giving East and Southeast Asian region due importance in the foreign policy planning. Thus, tapping East Asia's growth was an important cause for India's engagement with its economies. When the Indian economy started growing at an astounding rate from the late 1990s, India has increasingly turned its focus to sustained rapid growth. Strong economic ties with East Asia would position India well for accessing growth opportunities in Asia.<sup>55</sup> India is also encouraging East Asian investment in the transport, communications and power sectors to keep pace with its expanding economy. India believes East Asia holds a key to India's sustained economic growth, particularly when international economic activities are becoming more critical to India's own growth, and other regions are growing at a much slower pace and becoming more protectionists.<sup>56</sup>

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<sup>54</sup> Prime Minister's speech at the Asian Corporate Conference "Driving Global Business: India's New Priorities, Asia's New Realities" March 18, 2006, Mumbai. <http://pmindia.nic.in/lispeech.asp?id=296>

<sup>55</sup> S. Ramchandran, "India should aim at becoming part of Asian economic community", *The Hindu*, April 9, 2006.

<sup>56</sup> Zang, Dhong, "India Looks East: Strategies and Impact", *AUSAID Working Paper*, September, 2006, p. 17.

## **Development of the Northeastern Region**

The Look East policy is also a means in reducing India's internal development disparity. Northeastern states lag behind the nation's economic development and this gap has increasingly widened since independence. This sense of neglect has resulted in various forms of unrest in the region. With the launch of the Look East policy India sees the region not as *cult-de-sac* but as a gateway to the East and thereby attempt to link the region with Southeast Asia through network of pipelines, road, rail and air connectivity. This is expected to initiate economic development, and help the seven states to develop infrastructure, communication, trade, investment, logistics, agro-business, and other commercial activities. Knowing fully well the potentials, the Northeastern states strongly supports the policy. The Look East policy is believed to be the new *mantra* for development of the Northeastern region.

## **Approaches of the Look East Policy**

India adopted several approaches in pursuing the objectives of the Look East policy. Geographical focus, negotiation tactics and sub-regional linkage played important roles.

## **Geographical Focus**

Since the early 1990s India started focusing on economic cooperation with the East and Southeast Asian countries. This geographical shift in focus area is primarily due to the success of East Asian economies, especially the Asian tigers. India initially chose to focus on ASEAN countries as ASEAN members first respond favourably to the Look

East policy. In 2003 the scope of India's Look East policy has been widened to include the East Asian countries. This is reflected in India's former Foreign Minister Yashwant Sinha's Harvard lecture: "The first phase of India's 'Look East' policy was ASEAN-centred and focused primarily on trade and investment linkages. The new phase of this policy is characterised by an expanded definition of 'East', extending from Australia to East Asia, with ASEAN at its core."<sup>57</sup> Comprehensive Economic Partnership Agreement between India and Korea has been finalised and negotiations are underway with Japan. India and China also have a joint study group evaluating the potential for a bilateral FTA.

#### **Sub-regional cooperation**

India focus on sub-regional economic cooperation such as Bay of Bengal Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Mekong Ganga Cooperation (MGC) and Bangladesh-China-India-Myanmar Regional Economic Forum (BCIM Forum) with a view to reinforce the Look East policy and boost the development of the Northeastern region. The main aim of these groupings is to create an enabling environment for rapid economic development through identification and implementation of specific cooperation projects in trade and investment, industry, technology, human resource development, tourism, agriculture, energy, infrastructure, technology, transport and communications, energy, and fisheries.

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<sup>57</sup> Yashwant Sinha, *op. cit.*

## **Free Trade Agreements**

Frustration with the slow pace of World Trade Organisation negotiations among prominent trading nations and the fear of being marginalised in the world where economic regionalism is growing, India look towards East Asia for economic cooperation. In its quest for economic regionalism India chose FTA negotiations as a means to get involved in and shape the course of its economic integration with East Asia. India embarked on bilateral FTA negotiations with individual ASEAN members as bilateral negotiations present an easier path to advancing the FTA negotiations. India has entered into a number of pacts and FTAs with Thailand and Singapore. There 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. The ASEAN-India Free Trade Agreement was signed in August 2009 with the ten members of ASEAN. India is also negotiating with Japan and South Korea that would lead to an eventual East Asia-India FTA.

Since the enunciation of the Look East policy India started giving priority to Southeast Asia in its foreign and economic policies. The ASEAN member states were supportive of the measures adopted by the Narasimha Rao Government. After the Bandung Conference in 1955, it took nearly four decades for India and Southeast Asia to rediscover each other.

## Chapter 5

### **Economic Potentials of the Look East Policy**

Before examining the economic potentials of the Look East policy linked to the economic interests of the Northeastern region, it is pertinent to look into the continuity and change of India's policy towards its Northeastern region. The Indian government has adopted several policies toward the region since independence and many of these policies have changed in the past decades. The continuity and change in India's policy towards its Northeastern region is briefly discussed below.

#### **India's Northeast Policy**

With the birth of the Indian union a debate on the future of the hill areas of the Northeastern region and their politico-administrative character began. The relative isolation of the tribals has been considered as one of the problem of nation-building. The attitude of the new political leadership have been same as the early colonial mind, that of an amused bewilderment - seeing something so exotic and so far so remote.<sup>1</sup> In response to the worldwide debate as to what should be the approach of the developed complex societies towards the simple tribal structures coexisting within the same political boundary, two different alternatives to the policy of isolation, i.e. either assimilation or integration, have been discussed. The main question is whether to establish unity by integration or by assimilation. In view of the fact that tribal socio-economic structures, culture and value systems, ways of life are totally different from that of the non-tribal complex societies, any attempt to toward forced assimilation may be counter productive in the long run - the policy of integration instead of assimilation

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<sup>1</sup> Binayak Dutta, "Constructing India's North Eastern Tribal Policy and Verrier Elwin- A Review", *NEIHAP*, 19<sup>th</sup> Session, Nagaland University, Kohima, p. 290.

got world-over recognition from both the academic as well as administrative circles.<sup>2</sup> Independent India also adopted this integration approach towards tribal minorities. While assimilation means a total loss of cultural life and identity for the group that is being assimilated;<sup>3</sup> its absorption into the dominant group would lead to “antagonism, tension and increasing alienation of each from the other.”<sup>4</sup> The latter calls for political, economic and administrative integration within a framework of cultural plurality where minorities can join the majorities without losing their linguistic, religious and cultural identity. Since independence the Government of India has adopted several policies and measures to solve the problems of alienation, insurgency, ethnicity and cultural identity and to bring about economic development in the Northeastern region.

The policies of the Government of India towards the Northeastern region have changed over the years. The first one and half decade of India’s policy towards the Northeastern region can be described as “Nehruvian policy framework” or “Nehru-Elwin policy” where quick administrative expansion associated with the revivalist-protectionist approach towards tribal development in the hill areas was followed. Since the early 1950s Jawaharlal Nehru had realised the necessity of a tribal policy to go beyond the political integration of the Northeastern people with India. Verrier Elwin took an active part in the process of formulation of India’s tribal policy. For Elwin “it was not the question of reviving anything. It is more a problem of

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<sup>2</sup> Gurudas Das. *The Tribes of Arunachal Pradesh in Transition*. Delhi: Vikas Publishing House, 1995, p. 76.

<sup>3</sup> M. N. Srinivas and R.D. Sanwal, “Some Aspects of Political Development in North-Eastern Hill Areas of India”, in K. S. Singh (ed.). *The Tribal Situation in India*. Shimla: Indian Institute of Advanced Studies, 1986, p. 120.

<sup>4</sup> V. Venkata Rao. *A Century of tribal Politics in North-East India. 1874-1974*. New Delhi: S. Chand, 1976, p. 546.

introducing change without being destructive of the best values of old life” in Northeast India.<sup>5</sup> He said that:

The old controversy about zoos and museums has long been dead... we do not want to preserve the tribesmen as museum specimen but equally we do not want to turn them to clowns in a circus. We do not want to stop the clock of progress, but we do not want to see that it keeps the right time. We do not accept the myth of Noble Savage; but we do not want to create a class of Ignoble serfs.<sup>6</sup>

The anthropological approach of the government views Northeast India as a “phenomenally diverse mosaic of cultures which have to be preserved and enriched.”<sup>7</sup> It has accepted the right of tribals to retain their way of life and identity and has sought to integrate them through democratic means into the federal frame of the Constitution of India.<sup>8</sup> Therefore, the post-colonial Indian state followed the British policy of Inner Line Regulation within the Nehruvian policy framework, which ensures non-interference from the people of the plains and also carve out an area of unimpeded self-development for the tribes of the region.<sup>9</sup> Through the various acts and regulations it is viewed that protection of the tribal identity and culture was already assured and the important problem was how to give the tribes the good things without destroying the good things of theirs. However, due to special constitutional arrangements, historical background as well as geographical location, the central government has been trying to integrate the Northeastern region with the national economy through a special policy framework.

Jawaharlal Nehru was not against the modernisation of tribes but wanted that

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<sup>5</sup> Verrier Elwin. *The Tribal World of Verrier Elwin – An Autobiography*. Delhi: Oxford University Press, 1988, p. 295.

<sup>6</sup> Verrier Elwin, “A Philosophy for NEFA: The Fundamental Problem”, in Nari Rustomji (ed.). *Verrier Elwin, Philanthropist, Selected Writings*. Shillong: Oxford University Press, 1989, p. 246.

<sup>7</sup> Jairam Ramesh, “Northeast India in a New Asia”, Inaugural Lecture in CENISEAS Forum, Towards a New Asia: Transnationalism and Northeast India, held in Guwahati, September 10-11, 2004.

<sup>8</sup> Gulshan Sachdeva, “Fiscal Governance in the Northeast”, *Dialogue*, Vol. 5, No. 4, April-June 2004.

<sup>9</sup> Rafiul Ahmed & Prasenajit Biswas. *Political Economy of Underdevelopment of North-East India*. New Delhi: Akansha, 2004, p. 3.

the process should be gradual. In 1960 he wrote that, “Political and economic forces impinged upon them and it was not possible or desirable to isolate them. Equally undesirable, it seems to me, was to allow these forces to function freely and upset their whole life and culture, which had so much good in them.”<sup>10</sup> In the foreword to the second edition of Verrier Elwin’s book, *A Philosophy for NEFA* in 1959, Nehru spelt out “Panch Sheel” or five cardinal principles concerning the Government’s attitude towards the tribals in order to prevent the loss of identity and culture, and also for their development:

1. People should develop along the lines of their own genius and we should avoid imposing anything on them. We should try to encourage in every way their own traditional arts and culture.
2. Tribal rights in land and forests should be respected.
3. We should try to train and build up a team of their own people to do the work of administration and development. Some technical personnel from outside will, no doubt, be needed, especially in the beginning. But we should avoid introducing too many outsiders into tribal territory.
4. We should not over administer these areas or overwhelm them with multiplicity of schemes. We should rather work through, and not in rivalry to, their social and cultural institutions.
5. We should judge results, not by statistics of the amount of money spent, but by the quality of human character that is involved.

**Nehru** was totally against the assimilation of tribals with the mainstream Indian culture. He felt that this would have disastrous effects on the tribals of Northeast India who would ultimately lose their own culture and tradition and would put an end of their arts and craft, dance and music and their ways of living.<sup>11</sup> Jawaharlal Nehru stated that: “We may well succeed in uprooting them from their way of life with its standards and disciplines and give them nothing in its place.”<sup>12</sup> Verrier Elwin was against making the tribals of Northeast India “a second rate copy” of the mainland Indians. He felt that two extreme courses should be avoided: one was

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<sup>10</sup> Quoted in M.K. Raha, “North-East India and Nehru”, in M.K.Raha & A.K. Ghosh (eds.). *North-East India: The Human Interface*. New Delhi: Gyan Publishing, 1998. p. 123-124.

<sup>11</sup> *Ibid.*, 125.

<sup>12</sup> Verrier Elwin. *A Philosophy for NEFA*. Advisor to the Government of Assam, Shillong, 1960, p. 54.

to treat them as anthropological specimens for study and the other was to allow them to be engulfed by the masses of Indian humanity.

Therefore, it can be seen that there has been recognition of specific tribal and ethnic identities through the policies of the state, but such policy was not complemented with adequate support of capability building in the region.<sup>13</sup> The Nehruvian policy of leaving them alone did not ensure appropriate self-development. Rather, the policy of pursuing development through political concessions and funding from the centre have drawn the region into the fold of nation-building process that sharpened the difference and unevenness between levels of progress as obtained at the national and regional plane.

There was drastic change in India's policy towards the Northeastern region in the early 1960s. During the first decade of India's independence Prime Minister Jawaharlal Nehru wanted India to be a leading proponent of decolonisation and act as a neutral mediator on global issues, which gave him recognition from the Afro-Asian countries as the Third World leader. However, the defeat against Chinese aggression in 1962 was the first setback in India's foreign policy. It was an eye opener for the national government and leaders that such a neglected area could shake the whole of the country and subsequently changed the course of India's security and even foreign policy.

The Nehru-Elwin policy, which was followed during the first one and half decade since independence, came under sharp criticism. There was a wide recognition that administrative penetration into the hill areas of the Northeastern states was minimal or not satisfactory. The revivalist-protectionist approach was dominated by an isolationist insinuation and drives a wedge between the tribals and non-tribals as

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<sup>13</sup> Rafiul Ahmed & Prasenajit Biswas. *op. cit.*

well as the hills and plains. The policy began to change since 1963 and largely abandoned after the death of both the proponents - Nehru and Elwin, in 1964. All developmental efforts by the government, henceforth, were guided by this security related approach. To tighten its grip of control to even the remote corner of the Northeast, the Government of India created more administrative machineries. Hence, there was some short of administrative and political development in the region. However, this political and administrative development was not accompanied by corresponding economic development of the region.

The new policy pursued since the 1960s was centered on the assumption that the tribals face problems that are by no means peculiar to themselves. The corollary to this assumption is that they do not require any special design of development other than the one applicable to other parts of India. Thus, two major shifts in the policy pursued can be seen. First, instead of developing a tribe by keeping its linguistic and cultural identity, the focus was now on developing a territorial unit inhabited mostly though not exclusively by the tribals. Secondly, one also notices a perceptible shift from a culture-sensitive design of development to one that takes massive investment and greater reliance on technology as the universal panacea whether or not they are detrimental to tribal identity. Thus, the Nehru-Elwin policy of gradual integration was largely abandoned after 1962 in favour of progressive politico-economic and cultural integration of the tribal people in order to speed up their socio-economic development.<sup>14</sup> The advocators of the isolationist policy during the British rule viz. Dr. Hutton, Perry, Grigson, Robert Reid and Verrier Elwin were severely criticised.

In the aftermath of independence many of the tribes of Northeast India started demanding either autonomy or statehood or independent nationhood. Thus, in the

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<sup>14</sup> Samir Kumar Das, "Tribal politics in Contemporary India", in Rakhahari Chatterji (ed.). *Politics India: The State Society Interface*. New Delhi: South Asian Publishers, p. 348.

early 1970s there was a conception that the region “required political representation; the diverse tribal cultures and diverse sub-nationalities required participation in ‘mainstream’ democratic process.”<sup>15</sup> Apart from the external threats across the border, new states were formed in the region during this period to fulfill certain ethnic, cultural and political aspirations for self-government among various tribal groups. The premise was that they require a voice - representation in the democratic process - that once they have voice and representation in the pluralistic parliamentary democracy, many of the problems associated with this region would be minimised. As such Government of India reorganised the political boundary of undivided Assam through a series of Parliamentary Acts enacted during 1962-72, without considering the financial and economic viability. It started with the creation of Nagaland in 1963 comprising of the Naga Hills District of Assam and Tuensang division of North East Frontier Agency (NEFA). The North-Eastern Areas (Reorganisation) Act, 1971 gave birth to three more full-fledged state, i.e., Meghalaya, Manipur and Tripura and two Union Territories i.e., Mizoram and Arunachal Pradesh. Although the people of NEFA hardly voiced for a separate state, the strategic importance of this territory, the growing unrest among the tribal minorities elsewhere in the region, and the failure of Assamese sub-nationalism in accommodating the tribal aspirations were instrumental in de-linking Arunachal from Assam.<sup>16</sup> The reorganisation of Northeast India has given the tribals a sense of pride in their separate political status, and the local elite and dominant sections of the middle class have greatly benefited in economic and political terms. The benefits of reorganisation, however, are yet to penetrate down the masses in a satisfactory manner. The liberal allocation of finance by the Central

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<sup>15</sup> Jairam Ramesh, *op.cit.*

<sup>16</sup> Gurudas Das. *op. cit.*, p. 87.

government and the growing deviousness of political life have led to the flow of black money in the region and political defections.<sup>17</sup>

Despite the creation of several new states, the basic problem of integration, insurgency and balanced economic development still remains. The creation of several new states instead of solving problems at large, acted as a model for smaller ethnic communities of the region to aspire for greater autonomy and hence rising insurgent and autonomy movements in the region. Such carving out of the states was a restatement of self-development for the tribes, but the machinery and the governance could not fully attain such goals.<sup>18</sup> Though quick politico-administrative and cultural integration, rapid economic development was viewed as the necessary pre-condition for the security of the Northeastern borders, most of the resources for the region during this period were directed towards defence needs and little could be achieved in the field of economic development.

Efforts towards rapid politico-administrative and cultural integration were associated with programmes for rapid modernisation of stagnant traditional tribal economies. For rapid economic integration, the region was brought under the sphere of banking activities during this phase. Following the recommendations of the Gadgil Study Group of the National Credit Council, and of the Nariman Committee, the Reserve Bank of India formulated the Lead Bank Scheme in 1969 where the State Bank of India was decided to be the lead bank for the hill states of the region. Thus, the policy of progressive integration adopted during the transitional phase was pursued fervently after 1972 and this policy of progressive integration has been implemented in such a massive scale that the line of demarcation between assimilation and integration get blurred.

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<sup>17</sup> B.P. Singh. *The Problem of Change: A Study of North-East India*. Delhi: Oxford University Press, 1987, p. 139.

<sup>18</sup> Rafiul Ahmed & Prasenajit Biswas. *op. cit.*, p. 4.

In the 1980s the Government of India developed a new policy for the Northeastern region, what can be termed as the “Development Paradigm”. This policy assumes that if institutions of development were created and money poured into this region, the problems of politics, of society, of ethnic strife, and of integration will get abated. Thus, the 1980s saw a remarkable increase in public expenditure in the region. Several developmental packages were announced by various Prime Ministers on their visit to the region.

Of late there is a wide recognition among policy makers and economists of the region that the main stumbling block for economic development of the Northeastern region is the disadvantageous geographical location.<sup>19</sup> A new policy developed among intellectuals and politicians that one direction the Northeastern region must be looking to as a new way of development lies with political integration with the rest of India and economic integration with the rest of Asia, with East and Southeast Asia in particular as the policy of economic integration with the rest of India did not yield much dividends.<sup>20</sup>

With the development of this new policy the Government of India directed its Look East policy towards developing the Northeastern region. This policy is reflected in the “Year End Review 2004” of the Ministry of External Affairs, which stated that: “India’s Look East Policy has now been given a new dimension by the UPA Government. India is now looking towards a partnership with the ASEAN countries, both within BIMSTEC and the India-ASEAN Summit dialogue as integrally linked to economic and security interests, particularly for India’s East and North East region.”<sup>21</sup>

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<sup>19</sup> Gulshan Sachdeva. *Economy of the North-East: Policy, Present Conditions and Future Possibilities*. New Delhi: Konark Publishers, 2000, p. 145.

<sup>20</sup> *Ibid.*

<sup>21</sup> “Year End Review 2004”, *Ministry of External Affairs, Government of India*. New Delhi.

### **Economic Cooperation under the Look East Policy**

Even though India is committed to multilateralism in trade, it has fervently pursued membership of regional trade blocs given the fact that most of the major trading economies are members of trade blocs like EU, NAFTA and ASEAN. This trend also made India to realise that the stimulus for future growth in Asia has to increasingly come from within the region. Given the extent of regional integration worldwide, South Asia, India's neighbourhood, remains relatively unintegrated. The slow progress of regional cooperation within South Asia, particularly the inability of South Asian Association for Regional Cooperation (SAARC) to widen economic links within the sub-continent, largely on account of Pakistani intransigence and unwillingness to play by the global rules of the game in trade, has also forced India to "Look East" for more trade opportunities.<sup>22</sup>

Thus, the Look East policy signifies a reorientation of India's foreign economic policy after the Cold War. It signaled the end of India's previous pursuit of self-reliant economic development, and the start of an era in which India strived to take advantage of new opportunities from international trade and investment. The Look East policy also sent a strong signal that East and Southeast Asia would be integral to India's economic opening and the region would no longer be overlooked, as it had been by India's previous foreign economic policy, but would now be regarded as a source of new business opportunity and inspiration for economic development.<sup>23</sup>

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<sup>22</sup> Sanjay Baru, "India and ASEAN: The Emerging Economic Relationship. Towards a Bay of Bengal Community", *Indian Council for Research on International Economic Relations (ICRIER), Working Paper No. 61*, February 2001, p.21.

<sup>23</sup> Dong Zhang, "India Looks East: Strategies and Impact", *AUSAID Working Paper*, September 2006, p. 15.

India has made a number of attempts at regional and sub-regional cooperation in pursuance of its Look East policy. Through ASEAN and sub-regional cooperation like Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC), Mekong-Ganga Cooperation (MGC) and the Bangladesh-China-India-Myanmar Regional Economic Forum (BCIM), India intends to forge closer economic relations with East and Southeast Asian countries. These regional initiatives are relevant to the prospects of the emergence of a cross-border region bringing together the Northeast and the adjacent transnational areas on its east.<sup>24</sup> Greater intra-regional trade is expected to benefit the Northeastern states.<sup>25</sup> Thus, economics is the mainstay of the Look East policy.

One of the interesting features of the Look East policy is that the successive Indian Governments fervently pursue the policy without any sharp detraction. 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.<sup>26</sup> 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. While forging ties with East and Southeast Asian countries, India develops significant policy initiatives in these regions to support linkages with some of the countries through various partnerships. India has had traditional friendship with the countries of Indo-China, known as the CLMV (Cambodia, Laos, Myanmar and Vietnam) nations and engages with them through the Mekong-Ganga Cooperation.

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<sup>24</sup> Shibashis Chatterjee "Conceptions of Space in India's Look East Policy: Order, Cooperation or Community?" *South Asian Survey*, Vol. 14, No. 65, 2007, p. 77.

<sup>25</sup> Faizal Yahya, "BIMSTEC and Emerging Patterns of Asian Regional and Inter Regional Cooperation", *Australian Journal of Political Science*, Vol. 40, No. 3, September 2005, p. 392.

<sup>26</sup> Yashwant Sinha, "Resurgent India in Asia", Speech at Harvard University on September 29, 2003, *Ministry of External Affairs, Government of India*.

While another pillar of the Look East policy has been the inclusion of some South Asian and ASEAN countries in BIMSTEC and BCIM Forum.

### **India-ASEAN Economic Cooperation**

India and ASEAN are natural partners. Geographically India is close to Southeast Asia and shares a land border of 1600 kilometres with Myanmar and maritime borders with Thailand, Indonesia, Malaysia and Singapore. India and some ASEAN member countries have trading relationship for more than a thousand years and have deeply influenced one another language, religion and culture. The region has been a destination of Indian migrants for centuries. Apart from geographical proximity and the presence of a large Indian origin population, the fast growing ASEAN market, their greater openness and a larger role in the global market provided a rationale for the new policy thrust.<sup>27</sup> As a part of the Look East policy, India has consciously integrated its economy with East and Southeast Asian countries since the early 1990s.

In order to strengthen its economic links with ASEAN countries India is in the process of negotiating Free Trade Agreements (FTAs). India signed the Framework Agreement on Comprehensive Economic Cooperation with ASEAN at the Bali Summit on October 8, 2003, where FTAs to be implemented in ten years. The objectives of this agreement are to strengthen and enhance economic, trade and investment co-operation between the parties; progressively liberalise and promote trade in goods and services as well as create a transparent, liberal and facilitative investment regime; explore new areas and develop appropriate measures for closer economic cooperation between the Parties; and facilitate the more effective economic

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<sup>27</sup> Atul Sarma and Paadeep Kumar Mehta, "Indo-ASEAN Trade Prospects: A Study of Trade Complementarity" in Frederic Grare and Amitabh Mattoo (ed.), *Beyond the Rhetoric: The Economics of India's Look East Policy*. New Delhi: CSH-Manohar, 2003, p. 81.

integration of the new ASEAN Member States and bridge the development gap among the parties. With the signing of the framework agreement on FTA between India and ASEAN India has formally set up a clear institutional framework for operationalising economic cooperation between India and these countries. India-ASEAN FTA is complemented by bilateral agreements signed with Thailand and Singapore. The share of East and Southeast Asia in India's trade is approaching nearly a third, thus, making it a more important trade partner compared to European Union or the United States.<sup>28</sup>

The FTA provides an Early Harvest Programme that specifies the areas for collaboration and a common list of items of preferential tariff concessions. In order to establish the India-ASEAN FTA, the framework Agreement provides the timeframes to negotiate for free trade area. India will reduce its tariff for Brunei, Darussalam, Indonesia, Malaysia, Singapore and Thailand by December 2011. For the new ASEAN member states, i.e., Cambodia, Laos, Myanmar and Vietnam (CLMV countries), it is fixed to December 2016. Correspondingly Brunei, Indonesia, Malaysia, Singapore and Thailand will reduce their tariff for India in 2011, and the CLMV countries will do so in 2016. Philippines, which has expressed its reservations to the FTA has agreed to eliminate its tariff on reciprocal basis for India by 2016. India has agreed to extend unilateral tariff concessions to the CLMV countries on 111 items to extend special and differential treatment to them based on their levels of development.<sup>29</sup>

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<sup>28</sup> Nagesh Kumar, "Regional Economic Cooperation in Asia: Relevance and a Possible Roadmap for a Broader Asian Economic Community", theme paper for 4<sup>th</sup> High-Level Conference on Asian Economic Integration: Towards an Asian Economic Community, RIS and ISEAS, New Delhi, 18-19 Dec. 2005, p. 12.

<sup>29</sup> Framework Agreement on Comprehensive Economic Cooperation between the Republic of India and the Association of South East Asian Nations.

The existing economic relations between India and ASEAN covers a wide-range, involving merchandise trade, trade in commercial services, investments, tourism, and manpower flows.

### **Merchandise trade**

India's sustained efforts to engage with ASEAN in the last two decades have shown commensurate results. The merchandise exports of India have more than tripled from about US \$1.0 billion in 1991-92 (5.7 percent of its world exports) to US\$ 3.4 billion in 2001-02 (7.7 percent of its world exports). The overall trend has been upwards, except during the East Asian Crisis where it has declined sharply to only US\$ 1.6 billion in 1998-99. India's merchandise imports from ASEAN have also tripled, from US\$ 1.3 billion in 1992 to about US\$ 4.0 billion in 2001-02. ASEAN accounted for 8 percent of India's imports from the world in 2001-02.<sup>30</sup> Pharmaceuticals, metal scraps, leather goods, textiles, machinery and electronic components and gems and jewellery have clear potential for future merchandise trade expansion between India and ASEAN.

Though ASEAN states imported only under 33 to 40 product groups out of a large number of products that India exported, these products accounted for more than half to one-third of India's global exports and a little less than half to around one-fourth of total imports of the ASEAN states. This means that despite being fewer in number, the complementary products were important in the global trade of respective countries.<sup>31</sup> Substantial complementarities remain to be exploited for mutual common

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<sup>30</sup> Rahul Sen, Mukul G. Asher, Ramkishan S. Rajan, "ASEAN-India Economic Relations: Current Status and Future Prospects", *Economic and Political Weekly*, Vol. 39, No. 29, July 17-23, 2004, p. 3299.

<sup>31</sup> Atul Sarma and Paradeep Kumar Mehta, "Indo-ASEAN Trade Prospects: A Study of Trade Complementarity" in Frederic Grare and Amitabh Matoo (eds.). *op. cit.*, p. 84.

benefits. With increasing competition and the need to remain ahead in this era of knowledge-based globalised economy, ASEAN and India have felt the need to expand and deepen their economic linkages. ASEAN and India needs to work closely under the Framework Agreement on Comprehensive Economic Cooperation to realise their economic potentials in trade in goods and services and investment. By doing so, ASEAN and India could enhance their respective attractiveness as Foreign Direct Investment (FDI) destinations and increase their competitiveness as a producer, exporter and service provider in the global market place.<sup>32</sup> As India continues its reforms and good macroeconomic performance, ASEAN countries will find further economic opportunities with it. This could, in part, counterbalance adverse impact of China's entry into the World Trade Organisation on ASEAN's exports and investment flows.<sup>33</sup>

### **Trade in Commercial Services**

Information and communication technology (ICT) services trade is a potential area of cooperation between India and ASEAN. ICT and related services have constituted the major driving force behind services trade in India and the development of this sector has been primarily market-driven and government regulation has been minimal. The growth of this sector has been mainly attributed to the increasing skilled ICT manpower, combined with an increasing international demand for such skilled manpower. Cooperation with ASEAN economies that have developed such capabilities, particularly Singapore and Malaysia, could create synergies for mutual

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<sup>32</sup> Ong Keng Yong, "Advancing the ASEAN-India Partnership in the New Millennium", *RIS-Discussion Paper No. 96*, May 2005, p. 8.

<sup>33</sup> J. Thornhill, "Enter the Dragon", *The Financial Times* (London), February 20, 2001.

benefits in this area.<sup>34</sup> India has become the leading destination for outsourcing of ICT services, call centre support and other back-end business process operations (BPOs) like data entry and handling, payroll management, accounting and book-keeping, processing of tax returns and insurance claims, ticketing, coding and organising of documents for major litigation cases and transcription.

### **Investment Flows**

Since the launch of the Look East policy ASEAN member states like Singapore, Thailand and Malaysia have emerged as important sources of foreign direct investment in India. The period also witnessed Indian companies investing in some of the ASEAN member states like Thailand, Indonesia and Vietnam. Since the mid-1990s, information technology and computer software sector have emerged as an important source of outward investment for India, with Indian companies establishing bases in ASEAN countries, especially in Singapore.

The more advanced ASEAN-6 countries, particularly, Malaysia, Singapore and Thailand, are increasingly investing in India in sectors such as telecommunications, fuels, hotels and tourism services, heavy industries, chemicals, fertilizers, textiles, paper and pulps, and food processing. Malaysia has made substantial investments in expanding capacities in selected infrastructural areas such as logistics, highways, and ICTs in India. It has also been cooperating to assist India in providing infrastructure expertise and investments in the energy sector, particularly for oil and gas exploration and in downstream processing activities.<sup>35</sup> Singapore's private sector companies have invested in health care, real estate, and tourism. Indian

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<sup>34</sup> Rahul Sen, Mukul G. Asher, Ramkishan S. Rajan, *op. cit.*, pp. 3300-3301.

<sup>35</sup> Mukul G. Asher, Rahul Sen and Sadhana Srivastava, "ASEAN-India: Emergin Economic Opportunities", in Frederic Grare and Amitabh Matoo. *op. cit.*, pp. 59-60.

investment into the region has been wide-ranging including steel, textiles, chemicals and petrochemicals, cement, sugar, pharmaceuticals and, increasingly importantly, software services and programming.<sup>36</sup> India's strength in software and services fruitfully complement the hardware and manufacturing prowess of East Asia and East Asian companies have begun to exploit India's strengths in Research & Development (R&D), software and design by locating their global R&D centres in India.<sup>37</sup> With India's economic reforms and liberalisation of regulations on foreign investment permit, the presence of Indian companies in ASEAN is likely to grow. Unlike in the earlier period, their presence will be motivated by economic efficiency and profitability criteria and not by the desire to escape restrictive business environment at home.<sup>38</sup> The financial crises of 1997-98 hurt investment process both ways, but recent evidence suggests a renewal and rejuvenation of inter-regional investment flows.

### **Tourism**

Tourism is another area which holds potential for expansion of trade in tourism between India-ASEAN countries. Indonesia, Malaysia, Philippines and Singapore have already developed considerable expertise and competitive advantage in tourism. India also realised the potential in this area belatedly, and is taking steps to implement an integrated tourism industry by launching a tourism campaign in ASEAN countries.<sup>39</sup>

During the Bali Summit in October 2003, India offered unilateral liberalisation of air travel for ASEAN carriers. ASEAN air carriers have been permitted to fly to 21

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<sup>36</sup> Sanjay Baru, *op. cit.*

<sup>37</sup> Nagesh Kumar, *op. cit.*, p. 13.

<sup>38</sup> Rahul Sen, Mukul G. Asher, Ramkishen S. Rajan, *op. cit.*, p. 3298.

<sup>39</sup> Prime Minister's Address delivered at the 5th India-ASEAN Summit Cebu, Philippines, 14 January, 2007.

tourist destinations in India directly. In addition, ASEAN air carriers can now fly to four metros in India without any limit during the busy tourist months. These factors are expected to boost tourism flows. The granting of visa on arrival facilities for Indian visitors to Thailand, and recently by Malaysia are further measures that could enhance such interactions. For the less developed ASEAN countries, Indian visitors could constitute a new source of tourists.

### **Manpower flows**

Rapid growth of economies of ASEAN member states, particularly in Singapore, Malaysia and Thailand, has led to shortages in skilled manpower. Although the 1997-98 economic crisis did affect the demand for foreign talent in ASEAN countries for a limited period, their resurgence from the crisis revived the need for the foreign talent. In India, on the other hand, supply of manpower has exceeded demand.<sup>40</sup> Therefore, there are complementarities between the two in this area. The world-wide shortage of talent, particularly in the ICT sector, has also increased the demand for talent from India as its manpower is internationally competitive, English speaking, and accustomed to operating in multi-cultural environment.<sup>41</sup> Increasing presence of the same Western Multi National Companies in both ASEAN and India has also been a contributory factor in manpower flows from India.

### **Towards Sub-regional Cooperation**

With an endeavour to reinforce the Look East policy and link the Northeastern region to the dynamic economies of East and Southeast Asia, India joined several sub-

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<sup>40</sup> Mukul G. Asher, Rahul Sen & Sadhana Srivastava, *op. cit.*, p. 61.

<sup>41</sup> T. Tschang, "The Basic Characteristics of Skills and Organisational Capabilities in the Indian Software Industry", Tokyo: Asian Development Institute, Working Paper No. 13, 2001.

regional groupings. Such sub-regional groupings include the Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC), Mekong Ganga Cooperation (MGC) and Bangladesh-China-India-Myanmar Economic Forum (BCIM Forum). Sub-regional cooperation emphasise the complementarities of the resource bases of the different partners and facilitates the spillover of growth across national borders. Moreover, in sub-regional economic zones, the focus is not only on trade, but also on the promotion of tourism, natural and human resource development and infrastructure.<sup>42</sup> According to this formulation, the countries from the “extended neighbourhood” would rightly become a part of the “immediate neighbourhood.”<sup>43</sup>

## **BIMSTEC**

The Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC) is a sub-regional grouping involving a group of countries in South and Southeast Asia. The member countries of this group are Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal. The initiative to establish an economic grouping to explore economic cooperation on a sub-regional basis involving contiguous countries of South and Southeast Asia was taken by Thailand in 1994. BIMSTEC was formed after a number of deliberations of Inter-Ministerial Consultation with the active support of Asian Development Bank and United Nations Economic and Social Commission for Asia and the Pacific, in Bangkok on June 6, 1997 with its initial name BIST-EC (Bangladesh, India, Sri Lanka, Thailand-Economic Cooperation). Myanmar attended the inaugural meeting as an observer.

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<sup>42</sup> Isabelle Saint-Mezard, “The Look East Policy: An Economic Perspective”, in Frederic Grare and Amitabh Matoo (eds.). *op. cit.*, p. 40.

<sup>43</sup> V. Suryanarayan, “Prospects for a Bay of Bengal community”, *Seminar* 487, March 2000.

The aims and purposes of the grouping listed in the declaration of the establishment of BIMSTEC are:

1. To create an enabling environment for rapid economic development through identification and implementation of specific cooperation projects in the sectors of trade, investment and industry, technology, human resource development, tourism, agriculture, energy, and infrastructure and transportation.
2. To accelerate the economic growth and social progress in the sub-region through joint endeavours in a spirit of equality and partnership.
3. To promote active collaboration and mutual assistance on matters of common interest in the economic, social, technical and scientific fields.
4. To provide assistance to each other in the form of training and research facilities in the educational, professional and technical spheres.
5. To cooperate more effectively in joint efforts that are supportive of and complementary to national development plans of Member States which result in tangible benefits to the people in raising their living standards, including generating employment and improving transportation and communication infrastructure.
6. To maintain close and beneficial cooperation with the existing international and regional organisations with similar aims and purposes.
7. To cooperate in projects that can be dealt with most productively on a sub-regional basis among the BIMSTEC countries and that make best use of available synergies.<sup>44</sup>

To carry out the aims and purposes the BIMSTEC Declaration provides for the following institutional mechanisms:

1. Annual Ministerial Meetings, which shall be hosted by the Member States on the basis of alphabetical rotation.
2. Senior Officials Committee, which shall meet on a regular basis as and when required.
3. A Working Group, under the chairmanship of Thailand and having as its members the accredited Ambassadors to Thailand, or their representatives, of the other Member States, to carry on the work in between Annual Ministerial Meetings.
4. Specialised task forces and other mechanisms as may be deemed necessary by the senior officials to be coordinated by Member States as appropriate.

Myanmar joined the grouping as a full member on December 22, 1997 and consequently the name of the grouping was changed to Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation (BIMST-EC). Nepal was granted

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<sup>44</sup> Declaration on the Establishment of BIST-EC, Bangkok 6 June 1997.

observer status by the Second Ministerial Meeting in Dhaka in December 1998. Subsequently, full membership has been granted to Nepal and Bhutan in the Sixth Ministerial Meeting at Phuket in February 2004. During the first summit in Bangkok on July 31, 2004, the organisation's name was eventually rechristened as Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation or BIMSTEC.

At the Second Ministerial Meeting in Dhaka on November 19, 1998, six areas of cooperation were identified. They are:

- Trade and investment (led by Bangladesh),
- Technology (led by Sri Lanka),
- Transportation and communication (led by India),
- Energy (led by Myanmar),
- Tourism (led by India), and
- Fisheries (led by Thailand).

A number of new areas of cooperation emerged from the First BIMSTEC Summit in Bangkok on July 31, 2004 like poverty alleviation, counter-terrorism and transnational crime, protection of biodiversity and traditional knowledge, cultural cooperation and people-to-people contact. Beside the identified areas of cooperation, BIMSTEC activities also cover other areas like technical cooperation and human resource development, BIMSTEC business travel facilitation, establishment of BIMSTEC center and cooperation with the private sector.

To institutionalise BIMSTEC and formulate concrete economic agenda a meeting of BIMSTEC Economic/Trade Ministers was held in August 1998. It imparted a new dimension to economic cooperation between the member states. It was agreed that BIMSTEC should aim and strive to develop into a Free Trade Agreement, and should focus on activities that facilitate trade, increase investment and promote technical cooperation among member countries. The First Meeting of

Senior Trade/Economic Officials of BIMSTEC was held on April 26, 2000 in New Delhi. Senior Trade/Economic Official Meetings (STEOM) is held regularly, at least once a year. The objectives of the Senior Trade/Economic Officials Committee of BIMSTEC are: to oversee, coordinate and expedite the work programs relating to the field of trade and economic cooperation and to make recommendations to the Trade/Economic Ministers and ensure implementation of the decisions taken by Trade/Economic Ministers. These meetings have identified different steps which need to be taken on priority basis in order to move effectively toward mutual cooperation with particular emphasis on select sectors, viz. trade and investment, technology, transport and communication, energy and tourism.<sup>45</sup>

In order to increase intra-regional trade between BIMSTEC countries the need for a Free Trade Area was felt. This is reflected in the first meeting of Inter-Governmental Group of BIMSTEC where the ultimate objective of Free Trade Area should be to create trade in the region and should not lead to diversion.<sup>46</sup> As a result a Framework Agreement on BIMSTEC Free Trade Area was signed on February 8, 2004, at Phuket, Thailand. The objectives of this agreement are to strengthen and enhance economic, trade and investment cooperation among the Parties; to progressively liberalise and promote trade in goods and services, create a transparent, liberal and facilitative investment regime; to explore new areas and develop appropriate measures for closer cooperation among the Parties; and facilitate the more effective economic integration of the least developed countries in the region, and bridge the development gap among the Parties.<sup>47</sup> The Framework Agreement covers FTA in goods, services and investments. Areas of economic cooperations have also

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<sup>45</sup> Rajesh Mehta, "Establishment of Free Trade Arrangement among BIMST-EC Countries: Some Issues", RIS-Discussion Papers no. 23, January 2002, p. 2.

<sup>46</sup> "Report of the First Meeting of Inter-Governmental Group (IGG) under the aegis of BIMST-EC", February 5-6, 2001.

<sup>47</sup> Framework Agreement on the BIMST-EC Free Trade Area.

been identified for enhancing the trade and investment flows. Member countries have agreed upon a plan for a free trade by 2017 and in addition to that, India, Sri Lanka and Thailand have committed to trade liberalisation by 2012. India has also given preferential treatment to a large number of agricultural commodities and rough wood imported from Myanmar.

BIMSTEC is considered to be an important step towards the process of economic cooperation between ASEAN and SAARC and is an important element in India's Look East policy. Trade and investment in goods and services could accelerate the development of India's Northeastern region by greater cooperation with neighbouring Myanmar, China and Bangladesh. Thus, India promotes BIMSTEC to establish economic links with peninsula member countries of ASEAN to boost the development of its seven Northeastern states.<sup>48</sup>

### **The Mekong-Ganga Cooperation**

India has traditional friendship and share historical and cultural traditions with the countries of Indochina. But it was only after India's economic reforms in 1991 and the consequent enunciation of the Look East policy which led India to reformulate its worldview on the economic and political issues and also about its strategic space in the Greater Mekong Sub-region.<sup>49</sup> The success of India's Look East policy with the original six of ASEAN, and the appreciation amongst those original six of ASEAN that Indochina required special attention for economic and social development greatly facilitate India's engagement with Greater Mekong Sub-region.<sup>50</sup>

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<sup>48</sup> Dong Zhang, *op. cit.*, p. 19.

<sup>49</sup> Swaran Singh, "Mekong-Ganga Cooperation Initiative: Analysis and Assessment of India's Engagement with Greater Mekong Sub-region" *IRASEC Occasional Paper No. 3*, 2007, p. 19.

<sup>50</sup> H.E. Rodolfo C. Severino, "The Greater Mekong Sub-Regional and Regional Peace and Security", Address at the International Conference on the Greater Mekong Sub-region, 6 July 1999. <http://www.aseansec.org/3317.htm>

The Mekong-Ganga Cooperation (MGC) is a cooperation initiative established on November 10, 2000 in the Laotian capital Vientiane by India and five riparian countries of the Mekong River, viz., Cambodia, Laos, Myanmar, Vietnam and Thailand. The areas of cooperation include tourism, culture, education, transportation and communications. These four areas of cooperation is emphasised between India and the Greater Mekong countries in order to lay solid foundation for future trade and investment cooperation in the region. In January 2007 India's Minister of State for External Affairs, E. Ahmad, described Mekong Ganga Cooperation as one of the pillars of India's Look East policy.<sup>51</sup>

The working mechanism for Mekong Ganga Cooperation consists of the Annual Ministerial Meeting, the Senior Official's Meeting and the five Working Groups namely:

1. Working Group on Tourism (Thailand is the lead country)
2. Working Group on Education (HRD) (India is the lead country)
3. Working Group on Culture (Cambodia is the lead country)
4. Working Group on Communication and Transportation (Laos is the lead country)
5. Working Group on Plan of Actions (Vietnam is the lead country)

The first Ministerial Meeting of MGC was held in Vientiane on November 10, 2000 and concluded with the "Vientiane Declaration." The declaration underscores the grouping's determination to develop closer relations and better understanding among the six countries so as to enhance friendship, solidarity and cooperation. The "Vientiane Declaration" outlines the objectives of MGC in four specific sectors of Tourism, Culture, Education and Transport and Communications.<sup>52</sup> In specific, it talked of launching the Mekong-Ganga Tourism Investment Guide, establish

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<sup>51</sup> E. Ahmed, "Reinforcing 'Look East' Policy"  
<http://www.meaindia.nic.in/interview/2006/01/17in01.htm>

<sup>52</sup> "Vientiane Declaration" on Mekong - Ganga Cooperation, November 10, 2000, Vientiane, Lao PDR.

networks among tourism training institutions and conduct seminars in tourism promotion, common efforts to expand the export market for the handicrafts and traditional textiles of the MGC countries, promote joint research in dance, music and theatrical forms and traditions, conserve, preserve and protect old manuscripts, heritage sites and artifacts, providing scholarships and translating classics. The Vientiane Declaration had committed the member countries to develop transport in the region in order to strengthen inter and intra-regional linkages between people. The member states are also committed to strengthening cooperation in the development of IT infrastructures and networks.

At the Second MGC Ministerial Meeting held in Hanoi on July 28, 2001, the member countries adopted the “Hanoi Programme of Action” which provides specific actions to be taken in four sectors that had been earmarked by the Vientiane Declaration as priority areas of cooperation. The “Hanoi Programme of Action” has six-year time frame covering the period from July 2001 to July 2007 and the progress of its implementation shall be reviewed every two years in coincidence with the Mekong Ganga Cooperation Annual Ministerial Meeting.<sup>53</sup> Amongst others, it highlighted the need for coordination and transparency and it underlined the need for using IT technologies and know-how for education and training and also for making websites to share information and for efficient and effective planning. It also emphasised the need for developing projects involving more than one MGC member countries but not necessarily all of them.

At the Third Mekong Ganga Cooperation Ministerial Meeting held in Phnom Penh on June 20, 2003, the member countries adopted the “Phnom Penh Road Map” as a plan to accelerate the implementation of all MGC projects and activities. The

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<sup>53</sup> “Ha Noi Programme of Action for Mekong-Ganga Cooperation”, July 28, 2001, Hanoi, Vietnam.

member-states reviewed the progress of the Hanoi Programme of Action and “noted that the progress was slow and much remains to be done to translate idea to be reality.”<sup>54</sup> They reaffirm commitment to the implementation of the Hanoi Programme of Action for cultural cooperation and supported the trilateral road linkages among India, Myanmar and Thailand. Apart from the priority areas, member states commit themselves to develop affordable medicine for tropical diseases and help MGC member countries, encourage cooperation and joint venture in pharmaceutical and harmonisation of drug standards and explore possible new areas for cooperation.

The Mekong Ganga Cooperation emphasise connectivity of India based on cultural and civilisational similarities. In operational terms the project is an attempt to enhance cooperation in the fields of transport and infrastructure sector with special focus on overland connectivity.<sup>55</sup> The inclusion of Myanmar as member of ASEAN in July 1997 brought the region to India’s border and gave an impetus to extending road and rail connectivity. In fact, the India-ASEAN car rally in November-December 2004 is a demonstration of the proximity of India and Southeast Asia and an endeavor to promote regional connectivity. Under this cooperation, there is a proposal to set-up a railway line from Delhi to Hanoi. India has proposed to extend India-Myanmar-Thailand trilateral highway to Laos and Cambodia. Once this is done, it will enhance the possibility of setting up special economic zones at borders - India-Myanmar and Myanmar-Thailand.<sup>56</sup> Being land-linked, India’s Northeastern region can serve as a “hub” for trade between Mekong and India.<sup>57</sup>

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<sup>54</sup> *Report of the Third Ministerial Meeting on Mekong-Ganga Cooperation*, 20 June 2003, Phnom Penh, Kingdom of Cambodia.

<sup>55</sup> “Ganga- Mekong Swarnabhoomi Project” <http://meaindia.nic.in/onmouse/ganga1.htm>

<sup>56</sup> *Mekong Ganga Policy Brief No. 1*, Research and Information System for Developing Countries publication on India-Mekong Economic Cooperation, March 2007, p. 4.

<sup>57</sup> Prabir De, “Connecting Mekong Region with India through Infrastructure linkages”, *Financial Express*, February 5, 2008.

## **BCIM Forum**

The Bangladesh-China-India-Myanmar Regional Economic Forum (BCIM Forum) is a Track II initiative which was a product of the conference on regional cooperation held at Kunming, the capital of Yunnan province of China. The sub-region under this grouping consists of a number of geographically contiguous units comprising the northeastern states of India, southern provinces of China, Bangladesh and Myanmar. This forum advocate regional cooperation on infrastructure development and thus it emphasised the importance of improved transport connectivity for efficient movement of goods and people in the interests of both regional and global competitiveness and in order to promote tourism. Although BCIM forum is organised at the Track II level, they provided practical suggestions and directions as to how the BCIM initiative can be productive at the official level and can evolve into sub-regional programmes at the government levels.

Rather than being involved with China multilaterally, official India appears to prefer regional organisations such as the Ganga Mekong Cooperation and BIMSTEC that do not include China.<sup>58</sup> However, in recent times trade and economic relations have emerged as the trendsetter in the overall India-China relations; which is not a mere coincidence, but rather the result of a conscious effort on both sides to bring bilateral relationship in tune with the present realities by building upon mutual complementarities.<sup>59</sup> Therefore, there is an enormous potential for following up the

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<sup>58</sup> Sanjib Baruah, *Between South and Southeast Asia: Northeast India and the Look East Policy*, CENISEAS Papers 4, OKDISCD, Guwahati, India, 2004, p. 15-16.

<sup>59</sup> Address by Mr. Rajiv Sikri, Secretary (East), Ministry of External Affairs, at the Sixth Bangladesh-China-India-Myanmar Forum, New Delhi. <http://www.meaindia.nic.in/speech/2006/03/30ss01.htm>

Kunming Initiative, especially the proposal to rebuild the Stilwell Road which was constructed during the Second World War. The Stillwell Road connects Ledo in Assam and Kunming in Yunnan province of China passing through northern Myanmar.

The rationale for BCIM cooperation is that integration of these strategically located areas, constituting a natural economic zone, has the potential to generate enormous economic benefits in the areas of trade, investment, energy, transport and tourism. The economic dynamism of India and China could offer wide range of opportunities for growth and development in the region.<sup>60</sup> In its past meetings, the BCIM Forum has come up with ideas for sub-regional cooperation in some important areas such as trade, transport, tourism, energy security, etc.

The BCIM initiative has the potential to bring three of India's most important neighbours closer in a joint pursuit of common prosperity through the increasing use of the mechanisms of regional integration. Taking note of the importance of such initiative Rajiv Sikri observes that: "It is not just that we are neighbours sharing common borders; all of us also face similar opportunities and challenges in our respective quests for rapid economic growth, national development and prosperity of our people. In our mutual relationships, there is increasingly greater focus on economic issues, which will enable us to realise the untapped potential of our economic cooperation and make it commensurate with the level of our political relationships."<sup>61</sup>

In the "Dhaka Statement 2007" of the Seventh BCIM Forum on Regional Economic Cooperation held in Dhaka from March 31-April 1, 2007, the participating

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<sup>60</sup> Mustafizur Rahman, et.al., "BCIM Economic Cooperation: Prospects and Challenges" *Centre for Policy Dialogue, Dhaka, Paper 64*, September 2007, p. 1.

<sup>61</sup> Address by Mr. Rajiv Sikri, Secretary (East), Ministry of External Affairs, at the Sixth Bangladesh-China-India-Myanmar Forum, New Delhi.

countries observed that successive BCIM forums have identified enormous potential for cooperation in this sub-region which is rich in natural resources, as well as people, across an area which represents the interface between East Asia, Southeast Asia and South Asia. It is now necessary to further build on the mutual complementarity that exists among the countries of BCIM.<sup>62</sup> The Seventh BCIM Forum also agreed that initiatives should be taken to develop concrete proposals for consideration and follow up action by the national groups, business communities and the civil society. In this context, the following areas were identified for priority attention: improving trade facilitation, strengthening transport connectivity, enhancing tourism cooperation, promoting educational, scientific, cultural and social exchanges.

Having about forty percent of the world population, a huge reserve of natural and other resources and two of the world's fastest growing giant economies such as India and China in the forum, the BCIM sub-regional economic cooperation is perceived to have enormous potentials to generate benefits for the region in general and the weaker parts of the region in particular.<sup>63</sup> Bangladesh, Myanmar, the Northeastern states of India and the Southwestern Chinese provinces could benefit extensively from such regional cooperation. Proper implementation of this sub-regional cooperation could combine the resources of the constituent members in order to gain competitive edge in attracting both domestic and foreign investments and promoting export for the mutual benefit of the members involved. A regional project on developing energy resources could very well be initiated for efficient and more value added use of these resources. Along with the move in Track-II, Yunnan has been trying to upgrade the cooperation framework to the official level (Track-I) and effort is underway to upgrade the level of cooperation to Track-I.

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<sup>62</sup> *Dhaka Statement 2007, Seventh BCIM Forum on Regional Economic Cooperation, Dhaka March 31- April 1, 2007.*

<sup>63</sup> Mustafizur Rahman, et. al., *op. cit.*, p. 13.

### **Northeast India and the Look East policy**

Northeast India has vast potential resources. The region is endowed with rich hydro power potential, oil and gas, coal, limestone, forest wealth, fruits and vegetables, flowers, herbs and aromatic plants. The region has potential to generate over 40,000 megawatt of hydro electric power and if fully harnessed the region could become a major power house for the entire Southeast Asia. The river waters, if fully developed, could not only provide cheap means of transportation but it can also become a major tourist attraction. Thai companies which have years of experience in managing inland water ways networks could take advantage of the opportunity thus offered. Northeast produces a large variety of organic agro-horticultural products and known for handloom and exquisite handicrafts. The competitive edge of Thailand's processed food industry in the world and the awareness and expertise of Southeast Asia's handloom and handicrafts industry to international market offers many opportunities to Northeast India for technical and marketing collaborations. India and Thailand are two of the largest producers of natural rubber and there exists ample scope for cooperation between Thailand and the Northeast to enhance mutual competitiveness in this industry. Tourism, an industry that can thrive in the Northeast has much to gain from the Southeast Asian experience. The region's high literacy and a well-educated and hardworking young population is potentially an advantage for foreign and also domestic corporates.<sup>64</sup> Cooperation with Southeast Asian countries would help the Northeast explore these potentials. And if all these potentials are harvested it will give

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<sup>64</sup> Amita Batra, "India's Northeast and Southeast Asia: Strengthening and Integrated Space", *IPCS Issue Brief*, No. 107, June 2009, p. 3.

direct and indirect job opportunities but will also result in economic development of the region.

The sub-region comprising Northeast India, Bangladesh, Myanmar and Southwest China is a geographically contiguous area and shares historical and cultural ties. These countries have interacted with each other through the “Southern Silk Road”. The trade on the Silk Road was a significant factor in the development of the great civilisations and in several respects helped lay the foundations for the modern world.<sup>65</sup> There were several minor-trade routes linking the region with foreign countries through which substantial trade was carried. Considerable trade was also carried between the villagers of both sides of the international borders.<sup>66</sup> After the hardening of international borders in 1947 which restricted mobility across borders, informal border trade has been continuing across the borders. As per reports, the volume of informal border trade between Northeast India and the neighbouring countries now exceed several times the official volume of trade.<sup>67</sup> If the informal trade activities is legalised through governmental policy the complementarities existing between Northeast India and its neighbours can further be exploited.

The border areas of these countries are rich in natural resources. They are at different levels of economic and industrial development and having different levels of natural endowments. Hence, the complementarities between them are substantial. The geographical contiguity could facilitate the exploitation of the potential of efficiency seeking restructuring of industry.<sup>68</sup> Travel agencies in Southwest China’s Yunnan

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<sup>65</sup> Francis Wood. *The Silk Road: Two Thousand Years in the Heart of Asia*. Berkeley, CA: University of California Press, 2002, pp. 9, 13–23.

<sup>66</sup> B.B. Kumar, “The Border Trade in North-East India: The Historical Perspective”, in Gurudas Das & R.K. Purkayastha (Eds.). *Border trade: North-East India and Neighbouring Countries*. New Delhi: Akansha, 2000, p. 6.

<sup>67</sup> B.K. Sharma & S.N. Goswami, “Border trade in Northeast India: An Overview”, in Gurudas Das & R.K. Purkayastha (eds.). *ibid*, p. 96.

<sup>68</sup> Future Directions of BIMSTEC: Towards a Bay of Bengal Economic Community, RIS publication, 2004, p. 2.

Province recently opened a new tourism route “the Southern Ancient Silk Road” which attracted an increasing number of tourists.<sup>69</sup> Given the fact that the people of Northeast India have close historical and cultural affinity with its neighbours across the borders, reviving the ancient trade routes through the Look East policy will not only promote trade but also tourism in the region.

Northeast India, which has 98 percent of its border with China, Myanmar, Bhutan, Bangladesh and Nepal, has better scope for development in the era of globalisation. Being located at the centre of the sub-region, Northeast India is the natural ground for staging economic cooperation under the sub-regional cooperations like BIMSTEC, MCG and BCIM forum. Cooperation with the neighbours across the borders can exploit the region’s huge untapped potentials and transform itself into a commercial hub. The region’s geographical location and its historical and cultural affinities with its neighbours across the border can be taken into advantage as a “soft power resource” to promote tourism and commercial exchange as a means to galvanise growth and development of region.

Thus, there is vast scope for cooperation between India and East and Southeast Asia. Northeast India can benefit enormously from such regional and sub-regional cooperation if infrastructure of the region is improved and its resources geared-up to meet the demands of the globalised world.

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<sup>69</sup> “China Opens ‘Southern Silk Road’ Tourism Route”, *People’s Daily* (English), February 15, 2001.

## Chapter 6

### Political Impact of the Look East Policy

In the second phase, which was launched in 2003, the Look East Policy was given a new dimension wherein India started looking towards partnership with the ASEAN countries integrally linked to economic and security interests of the Northeastern region.<sup>1</sup> With this change in focus there has been rippling effects not only among the state governments of the Northeast but also the media, bureaucrats, academicians and even the common people of the region. Though the Look East policy has enormous potentials, there are also equally challenging hurdles for the Northeastern region. There is a growing concern that there may be more rhetoric than substance to be talked of the Northeastern region becoming India's gateway to Southeast Asia.

Even though there is a huge potential for economic cooperation of the Northeast with the neighbouring countries in the East, which can be a step towards bailing out the region from its economic problems, such move towards closer ties with the neighbouring countries needs to be examined in the context of persisting assertions of ethnic nationalism and problems of ethnic integration with mainland India. As Swarna Rajagopalan puts it: "Integration without consent, colonial attitudes, nativism, legal and illegal migration, relative deprivation, cultural nationalism, irredentism, and increasing in some places, criminalisation have sparked violent conflict in the region over more than five decades."<sup>2</sup> This situation is exacerbated by a deep sense of antagonism and mistrust among various communities, lack of a sense of belonging and the continuing

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<sup>1</sup> "Year End Review 2004", *Ministry of External Affairs, Government of India*. New Delhi.

<sup>2</sup> Swarna Rajagopalan. *Peace Accords in Northeast India: Journey over Milestones*. Policy Studies 46, East-West Centre, p. ix.

communication gap. As a result there exists a high degree of alienation among the people of Northeast. Such problems persist together with other transborder problems like insurgency and drug trafficking.

### **Ethnic integration**

Many nation-states today are characterised by multi-ethnic populace. Most of them become multiethnic “as a result of long histories of changing borders, occupation by foreign powers and regional migration” or “as a result of deliberate policies encouraging migration or by way of colonial or imperial legacies.”<sup>3</sup> Ethnic aspirations and conflicts continue to rage around the world, threatening disintegration of some multiethnic states. These aspirations are “not the product of isolation, but rather the result of increasing interaction among ethnic groups.”<sup>4</sup> Such concomitant problems continue to confront nation-states today. India is also saddled with the problems of ethnic integration since independence. In order to analyse the process of ethnic integration in Northeast India, it is pertinent to briefly look into how ethnic diversity is accommodated in multi-ethnic societies and suggest policy measures in the light of India’s Look East policy.

### **Ethnic integration in US, Europe and Africa**

In United States the “melting pot” model, where immigrants are completely assimilated to the Anglo-American norm, is the process of cultural development. Although the Anglo-American culture has remained the preeminent one, its character in some parts

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<sup>3</sup> Anthony Giddens & Simon Griffiths. *Sociology* (5<sup>th</sup> edition revised). Cambridge: Polity (publishers), 2006, p. 497.

<sup>4</sup> N.H. Owen, “Land, Politics and Ethnicity in a Carib Indian Community”, *Ethnology*, Vol. 14, No. 5, 1975, p. 385.

reflects the impact of different ethnic groups that now compose American population. The term melting pot is also applied to countries such as France, Brazil and Bangladesh, mostly referring to increased level of mixed race and culture. The United States and many European countries are pluralistic in many senses. In such pluralistic countries ethnic groups are separate but equal, as is demonstrated by Switzerland, where French, German and Italian groups coexist in the same society. The leaders of most ethnic minority groups in such countries increasingly emphasised the path of pluralism.

In East Africa, the institutions inherited from colonialism in the 1960s did not work satisfactorily. The trend of nation building and integration of ethnic communities in Uganda, Kenya, Zaire, Sierra Leone, Nigeria and elsewhere in Africa failed. The main reason for this is that the parliamentary system “failed to deal adequately with the problem of sub-cultural nationalism.”<sup>5</sup> The same is the case with Sri Lankan Tamil minorities and various ethnic groups in Myanmar continuing their struggle.

### **Ethnic Integration in Northeast India**

Integration of the ethnic communities in Northeast India with the mainland is one of the arduous tasks faced by the Indian government in the post-independence period. Ethnicity or ethnic consciousness rose steadily since the beginning of the twentieth century with renewed vigour in post-independence period. It culminated during the late 1980s and early 1990s, which found its expression in the rise of various insurgent movements demanding ethnic homelands ranging from autonomy to secessionism from India. In

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<sup>5</sup> Nathan M. Shamuyarisa, “Political Development and Political Planning in New African States”, in Rajni Kothari (ed.), *State and Nation Building*. Bombay: Allied Publishers, 1974, p. 244.

multi-ethnic or plural societies like Northeast India, diverse factors play their roles in shaping such ethnic consciousness.

Northeast India is the home of numerous ethnic nationalities. Their “plot of history”, as Clive Christie points out, “has been written retrospectively by the winners (the British).”<sup>6</sup> The British were perceived to have laid the foundation for the emergence of ethnicity as a political force among the tribes. Historical and anthropological studies on various tribes of Northeast India were done mainly by British administrators. Different acts and regulations were passed by the colonial rulers to protect the culture and land of these tribes. The Bengal Eastern Frontier Regulation of 1873 was the first among them which allowed the colonial state to create an Inner Line along the Assam foothill tracts.<sup>7</sup> This regulation was supplemented by the Scheduled Districts Act of 1874 and the Frontier Tract Regulation Act of 1880 which permitted the exclusion of the territories under their purview from the codes of civil and criminal procedures, the rules on property legislation and transfer and any other laws considered unsuitable for them. With the same purpose, the Government of India (Excluded and Partially Excluded Areas) Act of 1935 was passed and declared the Naga Hills District, the Lushai Hills District, the North Cachar Subdivision of the Cachar District and the frontier tracts as excluded. The Garo Hills District, the Khasi and Jaintia Hills District (excluding Shillong) and the Mikir hill tracts of Nowgong and Sibsagar District as partially excluded areas. According to Sanjib Baruah, such measures instituted the move from “soft to hard boundaries.”<sup>8</sup>

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<sup>6</sup> Clive J. Christie. *A Modern History of Southeast Asia: Decolonialization, Nationalism and Separatism*. London: I.B. Tauris, 1996, p. 1.

<sup>7</sup> Alexander Mackenzie. *North East Frontier of India*. New Delhi: Mittal Publications, 2001, pp. 89-90. First published in 1984 as *History of the Government with the Hill Tribes of the North-East Frontier of Bengal*.

<sup>8</sup> Sanjib Baruah. *India Against Itself: Assam and the Politics of Nationality*. Pennsylvania: University of Pennsylvania Press, 1999, p. 31.

On the pretext of protecting the tribal people colonial rulers practised the policy of non-interference in their administration and separate treatment was given to them. However, such acts and regulations were designed to serve administrative, economic, strategic and military interests of the imperial government and not in the interests of the needs, wishes and aspirations of the people. Though the colonial rule integrated the Northeast with mainland India territorially; their policies, which were enacted in various acts and regulations acted as a barrier and prevented socio-cultural and political interactions between the hill areas of the Northeast with the plains. These distinctions and isolation continues to have their impact on the people and they continue to think in terms of race difference and conflict situations between the core and the fringe.<sup>9</sup> During the colonial period ethnic movements were in rudimentary stage and more concerned with the preservation of their distinct ethnic identities. They are not prepared to merge their culture completely with the national mainstream and want to maintain their distinct identity.<sup>10</sup>

Hunter and Phillip conceives that ethnic minorities which are often subjected to discrimination or even outright repression by the dominant group in their society, may respond either by seeking to blur the distinctions between themselves and others or by emphasising their distinctions and demanding recognition and tolerance for their own group.<sup>11</sup> In Northeast India the ethnic communities emphasise their distinctions in their relationship with the dominant mainland communities. The ethnic consciousness that grows from their encounter with the dominant cultures leads to identity expansion.

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<sup>9</sup> B. B. Kumar, "North-East India: Need for a Fresh Look", in P.S. Datta (ed.). *The North-East and the Indian State: Paradoxes of a Periphery*. New Delhi: Vikas, 1995, p. 17.

<sup>10</sup> Girin Phukon. *Politics of Regionalism in Northeast India*. Guwahati: Delhi: Spectrum, 1996, p. 1.

<sup>11</sup> E. Hunter and Whitten Phillip. *Encyclopedia of Anthropology*. New York, 1976.

On the eve of independence various ethnic communities of the Northeastern region demanded autonomy stating that they have never been subjected under any rule before the British and they belong to an entirely different ethnic entity. In the post-independence period such demands for autonomy were invariably looked upon with distrust by the Government of India, which saw it as attempts to break-up the country. A.K. Ray believes that the official view of such autonomy demands in Northeast India was quite narrow. "The conflict in the northeast was interpreted as essentially toward the crisis of law and order. Eventually the political aspects of such demands were largely ignored."<sup>12</sup> The opposition to accession to Indian union by the ethnic communities in the Northeast was not only a political question. "The resistance reflected a deep rooted fear in the minds of the tribes, fear of losing control over their territory and, hence, being politically, economically and culturally subjugated by the more numerically and economically dominant population of the plains that explains the uncertainties and doubts that pervaded the political climate in the hills."<sup>13</sup>

According to Paul Brass, the centre has been following pluralist policies in relation to the various linguistic, religious and other minorities in the country and consequently developed a workable means of maintaining political unity in the world's most culturally diverse country.<sup>14</sup> However, Nabendu Pal argues that such policies were followed half-heartedly and such half-hearted approach now bears fruits in the form of ethnic strife.<sup>15</sup> India has track records of suppressing ethnic aspirations ruthlessly.

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<sup>12</sup> Ashok Kumar Ray. *Revisiting North East India in the Era of Globalisation*. New Delhi: OM Publications, 2007, p.40.

<sup>13</sup> Tiplut Nongbri, "Ethnicity and Political Activism in North East: Tribal Identity and State Policy", in P.S. Datta (ed.). *The North-East and the Indian State: Paradoxes of a Periphery*. New Delhi: Vikas, 1995, p. 48.

<sup>14</sup> Paul R. Brass. *Language, Religion and Politics in North India*. Delhi: Vikas, 1974.

<sup>15</sup> Nabendu Pal, "India's North-Eastern Region: Towards a more humane approach", *Bharat Rakshak Monitor*, Volume 3, No. 2, September - October 2000.

Scholars of the region often questioned the “unequal” and “forced” integration of the northeastern region into the Indian “mainstream”.<sup>16</sup> In attempting to turn itself into a nation, the Indian state does not respect the cultural and ethnic identity of different groups or recognise that the tribals have a culture and a religion of their own.<sup>17</sup> Coupled with this was the tendency of national leaders towards homogenisation. What has in fact emerged during the past five decades in India is the extension and generalisation of the cultural model of the Hindu majority rather than a true synthesis of ethnic diversities. This has not only taken India away from the social ideal; it has created new conditions for the mobilisation of ethnic minorities with a view to forestall an inundation by the majority.<sup>18</sup> The tribals react to the effort to homogenise cultures.

Walker Connor’s thesis that increased social mobilisation increases ethnic tensions and is conducive to separatist demands fits into this situation.<sup>19</sup> These ethnic minorities started posing a problem as “arbitrarily defined national boundaries have included diverse and sometimes mutually antagonistic groups.”<sup>20</sup> Such failure of the national leaders to understand and solve the aspirations of the ethnic communities alienated them. Sunanda K. Datta Ray considers the overall ethnic situation in India as a sort of challenge of diversity. According to him, the ethnic movements of Northeast India are primarily as a result of the “feelings of fringe people’s being out in the cold.”<sup>21</sup> After

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<sup>16</sup> P.S. Datta, “Roots of Insurgency”, *Seminar*, Vol. 366, Northeast Special, February 1990.

<sup>17</sup> A K Ranjit Singh, “Emergent Ethnic Processes in Manipur: A Reappraisal” in B. Pakem (ed.), *Nationality, Ethnicity and Cultural Identity in North-East India*. New Delhi: Omsons, 1990, p. 234.

<sup>18</sup> Vijendra Singh Jafa, “Administrative Policies and Ethnic Disintegration: Engineering Conflicts in India’s North East”, *Faultlines*, Volume 2.

<sup>19</sup> Walker Connor, “Nation-Building or Nation-destroying”, *World Politics*, Vol. 24, No. 3, April 1972, p. 332.

<sup>20</sup> D. Saikia and D.N. Majumdar, “Some Characteristics of Ethno-Cultural Identity of North-East India”, in B. Pakem (ed.), 1990. *op. cit.*, p. 28.

<sup>21</sup> Sunanda K. Datta Ray, “Challenge of Diversity: Fringe peoples out in cold”, *The Statesman*, Calcutta, July 16, 1980.

more than six decades of India's independence the Northeastern region is yet to be brought to the "mainstream" thus fostering "national integration". Many scholars believe that the cultural gap between the people in the Northeast and those of the mainland is so deep that the region is unlikely to be psychologically integrated with India in the near future. As a result, it is alleged that the people of the Northeast are alienated from the rest of the India.

In the present world the "new metaphor of integration, multiculturalism, has replaced the assimilationist model exemplified by the classical American conception of the assimilationist 'melting pot'. Inspired by trends in modern ethnology and literary studies, politicians have shown in recent years a welcome sensitivity to subaltern cultures."<sup>22</sup> Such is also the case of Indian leaders with regard to their homogenising efforts. The tremors of the 1960s and 70s and the turbulence of the 1980s have compelled frequent reiteration of emphasising cultural diversity and maintaining individual identity.

If the Look East policy is to be pursued fervently it should involve deepening of India's cooperation in trade and investment, technology, transport and communications, energy and tourism with its eastern neighbours. Sanjib Baruah, a staunch proponent of a continental Look East policy, advocated that "India should take more advantage of Northeast India's history and culture as a soft power resource."<sup>23</sup> This involves reviving the shared historical and cultural ties between the people of Northeast India and Southeast Asia. Thus, the Look East policy implies looking towards the east in every sphere. So, the basic question in everyone's mind is whether looking east further

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<sup>22</sup> Stetson Eric Kurlander, "Multicultural and Assimilationist Models of Ethnopolitical Integration in the Context of the German *Nordmark*, 1890-1933", *The Global Review of Ethnopolitics*, Vol. 1, No. 3, March 2002, p. 49.

<sup>23</sup> Sanjib Baruah, *Between South and Southeast Asia: Northeast India and the Look East Policy*. CENISEAS Paper No. 4, OKDISCD, Guwahati, 2004, p. 33.

compound the problem of ethnic integration and ethnic alienation in the Northeast. There is no denying that the region suffers from peculiar constraints especially in relation to political, economic and social or ethnic integration with the rest of India as well as within the region itself.<sup>24</sup> These constraints make it extremely difficult to formulate any concrete policy for the region and promote concerted efforts towards development.

Ethnic integration needs to be seen not only as a problem of integrating the ethnic communities of the Northeast with the mainland cultural domain, which has always been resisted. It needs to be understood and seen from both the perspectives of the legacy of colonial geo-politics and the present globalised world where there is much propagation for a borderless world and formation of economic zones. Due to geographical constraints and British policies, there was hardly any cultural interaction between mainland India and communities of the Northeast during the colonial period. Even in the post-independence period various colonial policies of non-interference continued. Many of the ethnic communities like the Kukis, Mizos, Nagas, etc., were divided into two halves by the separation of Burma and British India in 1937. The partition of India in 1947 by the British has alienated numerous ethnic communities of the region. The imaginary political boundary drawn by Cyril Radcliffe in Delhi before partition divided the Garos and Khasis. Thus, these borders forced the ethnic communities to live in different countries. It also disrupted old trade routes and deprived the communities in Northeast India of trading with the other side of international boundary. These have caused discomfort and to a large extent responsible for the discontentment of such separated ethnic communities.

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<sup>24</sup> Mayumi Murayama, "Introduction", in Mayumi Murayama, Kyoko Inoue, Sanjoy Hazarika. *Sub-Regional Relations in the Eastern South Asia: With Special Focus on India's North Eastern Region*, IDE-JETRO Joint Research Program Series, No. 133, February 2005.

There are scholars who advocated that as a new frontier, the Northeast can develop into a new region. Bordered by four countries and facing towards southern China and Southeast Asia, India's Northeast can work as a driving force for regional development and send a political message of ethnic harmony to a diversified world in an era of globalisation.<sup>25</sup> The coming of globalisation has brought forth a new global culture. This new global culture is the expression of deterritorialisation and a borderless world. While the term global culture is a politics of inclusion, the Indian youth are embracing the global culture and have become more endearing to their way of customs by losing their culture.<sup>26</sup> The elite and middle class in India share similar values and lifestyles with similar social classes in the western countries. There has emerged, thus, a new breed of identities based on mobility.<sup>27</sup> The emerging global culture and mass embracement of this culture by Indian youths have started blurring the line of cultural distinctions and this will continue in the coming days. This underlying circumstance reveals that there is no question about ethnic integration of the Northeast people with the mainstream culture. What we find is the progressive integration of not only the ethnic communities of the Northeast, but Indian youth as a whole to the global culture.

The propagation of "borderless world" is often associated with economic integration under the banner of globalisation.<sup>28</sup> Deemphasising the political borders and formation of an economic zones or what Kenicche Ohmae termed as "region states"<sup>29</sup> which may fall within a country or they may overlap the borders of two or more

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<sup>25</sup> Kyoko Inoue, "Integration of the North East: the State Formation Process" in Mayumi Murayama, Kyoko Inoue, Sanjoy Hazarika. *Ibid.*

<sup>26</sup> Deccan Herald, June 24, 2008.

<sup>27</sup> Sangeeta Rao, "Otherwise? The Selling of Global Cultural Difference", *Sanskriti*, Volume 7, No. 1, October 2, 1996.

<sup>28</sup> Kenichi Ohmae. *The Borderless World: Power and Strategy in the Interlinked Economy*. London: Harper Collins, 1990.

<sup>29</sup> Kenichi Ohmae "The Rise of the Region State," *Foreign Affairs*, Vol. 172, No. 2, 1993, pp. 78-87.

countries, would be another way round for solution. In doing this the transborder communities can revive their age-old relations and can work in the interests of the transborder tribes by reducing the “forced border” created by the British which generates sub-nationalist movements. The Look East policy should also include rekindling the age-old ties between the transborder communities of the region. This could reduce the sense of alienation created by colonial geo-politics. The formation of sub-regional economic groupings like BIMSTEC and BCIM Forum is a way forward. B.G. Verghese observes that, “Northeast cannot ignore its immediate neighborhood, which is far more international than national.” However, the country’s diplomatic and trade policies in relation to the region and emerging opportunities therein remain wedded to past Shibboleths and there is a continuing inwardness of approach. B.G. Verghese extols the recognition of trans-border ties, which was indeed the lifeblood, between the communities of the Northeastern region with the countries beyond and the improving relations with neighbours. He argues that the path to closer integration of Northeast lies in opening up the region to its external neighborhood, including Southeast Asia, China and Bangladesh.<sup>30</sup>

The onslaught of globalisation and communication revolution has led to the burgeoning of Business Process Outsourcing (BPOs) in India which contributes about 2.5 percent of India’s Gross Domestic Product. The talented youths of Northeast increasingly find jobs in such openings. As a result the hearts and minds of relatives way back at the remote corner of Northeast are always on such metros. Thus, the global forces brought

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<sup>30</sup> B.G. Verghese, “Unfinished Business in Northeast”, in C. Joshua Thomas (ed.). *Engagement and Development: India’s Northeast and Neighbouring Countries*. New Delhi: Akansha, 2006, p. 30.

about automatic emotional integration than the conscious efforts of the Government of India in the past decades.

One political initiative the government of India needs to pursue is, while it should include policies, which may involve some kind of constitutional reform, so that the voice of the Northeastern people can be heard at the Centre and recognise the participation of the Northeast people in the struggle for independence. B.K. Roy Burman recommends a Scandinavian “Sami Council”-like multi-layered parliamentary system in which ethnic communities will have the right to represent themselves instead of being bound by the majoritarian commands of Indian parliamentary system.<sup>31</sup> The Kukis and Meiteis of Manipur joined the Imperial Japanese army and Subhash Chandra Bose led Indian National Army and fought the British colonial rule. However, such participation did not receive national recognition and did not even figure in the history of India’s struggle for independence. An average “mainland” Indian has no clue about the location of the Northeastern states, whether it is a part of India, Bangladesh or Myanmar. This ignorance about the region and the people and local culture has accumulated over the years, and is creating havoc in this region.<sup>32</sup> It sidelined the people of this region and compounded their ethnic alienation. Looking east should not only look to our eastern neighbours. The Look East policy should also include looking towards the Northeast, its needs and problems first vis-à-vis the current globalised world.

The “politics of recognition” has been one of the effective tools in redressing the grievances of the sidelined people. Such groups demand “recognition” of their distinctiveness. The premise is that it is the distinctiveness that has been ignored, glossed

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<sup>31</sup> Quoted in Bibhu Prasad Routray, “Analyzing an insurgency: On the trail of Nagalim” *Bharat Rakshak Monitor*, Volume 4(2), September-October 2001.

<sup>32</sup> Nabendu Pal, *op. cit.*

over, assimilated to a dominant or majority identity.<sup>33</sup> Citing the success model of how the transborder communities in Europe are accommodated within the European Union, Sanjib Baruah calls for “transnational politics of recognition” of the geographical and ethnic identities that cut across international borders with the objective of making the Look East policy beneficial to the Northeastern region. In Europe ethnic groups that straddle inter-state boundaries were seen as threats by European nation states. The Maastricht Treaty of 1993 gives such groups influence in the European Union decision-making and an opportunity to pool resources and pursue a transnational politics of recognition that has been able to compensate for their marginalisation within nation states. Coupled with this is the called for revival of the ancient trade routes under the Look East policy. The Mizo Accord promised to promote Indo-Myanmar border trade. Such recognition and revival of ancient trade has the potential of abating the numerous insurgencies in Northeast India through regional and sub-regional cooperations. B.G. Verghese argues that the path to closer integration of Northeast lies in opening up the region to its external neighborhood, including Southeast Asia, China and Bangladesh.<sup>34</sup>

## **Migration**

One of the other major issues that the Northeastern region confront is migration. Migration into Northeast India and Assam in particular is of two types - migration from other parts of India and migration from outside India which is generally termed as “influx” and the immigrants often called “foreigners”. The large inflow of immigrants

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<sup>33</sup> Charles Taylor, “The Politics of Recognition”, in Ajay Heble, Dona Palmatur & J.R. Struthers (eds.), *New Contexts of Canadian Criticism*. Peterborough: Broadview Press, 1997, p. 105.

<sup>34</sup> B.G. Verghese, “Unfinished Business in Northeast”, in C. Joshua Thomas (ed.), *op. cit.*, p. 30.

resulted in huge demographic changes in the last century. Thus, as Myron Weiner pointed out, in a multi-ethnic developing country like India migration tends to have destabilising effects and can arise intense conflict.<sup>35</sup>

During the British period the colonial state encouraged large scale migration from different parts of British India and Nepal into the Northeastern region. Raising land revenue was the motive behind this state sponsored migration. The tribals were brought by the British capitalists mainly from Bihar, Orissa, Chottanagpur, Madhya Pradesh and Andhra Pradesh to labour in tea gardens consequent upon the development of tea gardens in Assam, as the local supply of labour was too small.<sup>36</sup> The Bengali Muslim peasants from East Bengal, who are pressurised by the shortage of cultivable land, were encouraged to migrate in the vast tracts of fertile lands in Assam. The Hindu Bengali migration was in the service sector and Marwari migration in trade, business and industry. These four separate spheres where migration was large in numbers had long-run implication for the process of nationality formation in Assam and had intensified the competition for resources. The new Muslim League government of Assam formed in 1921 under the leadership of Sayed Mohammad Abdullah gave political impetus to migration in the name “grow more food” by easing land holding regulations for immigrants from Bengal Province.<sup>37</sup> Due to such political impetus and driven by land scarcity there was large scale migration of Bengali Muslims from East Bengal during the 1920s.

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<sup>35</sup> Myron Weiner. *Sons of the Soil: Migration and Ethnic Conflict in India*. Princeton: Princeton University Press, 1978, p. 3.

<sup>36</sup> Edward Gait. *A History of Assam*. (Indian reprint). Guwahati: Eastern Publishers, 2008, p. 413.

<sup>37</sup> H.K. Barpujari. *North-East India: Problems, Policies and Prospects*. Delhi: Spectrum Publications, 1998, pp. 37-38.

When migration occurs in large scale since the 1920s the initial benefits that immigrants brought with them soon began to outweigh their positive contributions. Gradually the influx began to undermine the economic interest of indigenous people. The new entrants created acute economic problems since the mid-1930s as they began to settle down in forests land, particularly in the tribal areas. Forceful occupation, purchase, mortgage, etc. paved the way for land alienation of the indigenous population. Alarmed by the rate of immigration the Census Superintendent of Assam, S.C. Mullan wrote in 1931:

Probably the most important event in the province during the last twenty five years - an event, moreover, which seems likely to alter permanently the whole future of Assam and to destroy more surely than did the Burmese invaders of 1829, the whole structure of Assamese culture and civilisation - has been the invasion of a vast horde of land hungry Bengali immigrants; mostly Muslims, from the districts of Eastern Bengal sometime before 1911 and the census report of that is the first report which makes mention of the advancing host....in another thirty years Sibsagar district will be the only part of Assam in which an Assamese will find himself at home.<sup>38</sup>

Thus, migration brought an enormous change in the ethnic composition of the population as well as in the economy of British Assam. The land abundant valley became land-scarce. The labour shortage economy turned into labour surplus one. The relatively ethnic homogeneity of the society was replaced by ethnic heterogeneity.<sup>39</sup>

The Partition of British India in August 1947 resulted in quick and large scale mass migration. Though partition established political boundary between East Pakistan and India, immigration into the Northeastern region still remain unabated in the post-independence period. The India-Pakistan war in 1965 and Bangladesh Liberation War in

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<sup>38</sup> *Census of India (Assam)*. 1931, Vol. III, Part I, pp. 49-50.

<sup>39</sup> Gurudas Das, "Migration, Ethnicity and Competition for State Resources: An Explanation of the Social Tension in the North-East India" in M.K. Raha & A.K. Ghosh (eds.). *North-East India: The Human Interface*. New Delhi: Gyan, 1998, p. 309.

1971 continues to send fresh batches of immigrants from time to time. Majority of the war refugees returned to their native places, but since the emergence of Bangladesh as independent nation immigration in large scale has been noticed.<sup>40</sup> Unchecked immigration and government's indifferent attitude towards illegal influx into Assam resulted in student movement which is popularly known as the "Assam Movement" towards the end of 1970s. Myron Weiner believes that "the Assamese often think of themselves as a 'forgotten' and 'neglected' state within the Indian union, and as a neglected people in danger of being overwhelmed by migrant peoples and absorbed by neighbouring state."<sup>41</sup> In 1978 Chief Election Commissioner S.L. Shakhder observes that:

I would like to refer to the alarming situation in some states, especially in the North-Eastern Region where from disturbing reports are coming regarding large scale incursions of foreign nationals in the electoral rolls. In one case, the population in the 1971 census records as increase as high as 34.98 percent over the 1961 figures and this increase was attributed to the flux of a very large number of persons from the neighbouring countries. The influx has become a regular feature ... the increase that is likely to be recorded in the 1991 census would be more than 100 percent over the 1961 census. In other words, a stage would be reached when the state may have to reckon with the foreign nationals who may, in all probability constitute a sizable percentage, if not the majority of the population in the state.<sup>42</sup>

Many scholars of India believe that leading Bangladesh strategic analysts and intelligentsia introduced the theory of *Lebensraum* (living space) for their country in the 1980s for further encouraging Muslim infiltration into India. Sanjoy Hazarika firmly believes that the *Lebensraum* is India's Northeast and other eastern states, setting up areas of potential political conflict over natural resources, such as water, food, land and

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<sup>40</sup> Gurudas Das, *op. cit.*, p. 313.

<sup>41</sup> Myron Weiner. (1978), p. 83.

<sup>42</sup> Quoted in B.G. Verghese, B. Ahmed, G. Deshpande, N. Desai, R. Upadhyaya, "Situation in Assam", Gandhi Peace Foundation, New Delhi, 1980, (mimeo).

competition for jobs in government programmes and private enterprises.<sup>43</sup> Sadeq Khan, a former diplomat of Bangladesh, wrote in *Decca Weekly Holiday*, 18 October 1991:

All projections, however, clearly indicate that by the next decade, that is to say by the first decade of the 21st century, Bangladesh will face a serious crisis of lebensraum... if consumer benefit is considered to be better served by borderless competitive trade of labour, there is no reason why regional and international co-operation could not be worked out to plan and execute population movements and settlements to avoid critical demographic pressure in pockets of high concentration.... A natural overflow of population pressure is there very much on the cards and will not be restrainable by barbed wire or border patrol measures. The natural trend of population over-flow from Bangladesh is towards the sparsely populated lands in the South East in the Arakan side and of the North East in the Seven Sisters side of the Indian sub-continent.<sup>44</sup>

Apart from Muslim Bengali immigration into Assam, partition has resulted in large scale migration of Bengali Hindus from East Bengal to Tripura. Even in the post-independence period influx continued into Tripura which alter the demographic composition of the state. The tribals who share two-third of the population were reduced to minority, sharing less than 30 percent of the state's population now. It is assumed that most of the Hindus from Bangladesh have been forced to move to India, owing to, primarily, discriminatory practices against them and secondarily, fear of persecution both by the state and the majority religious community of Bangladesh.<sup>45</sup> As a result, "Mass movement in a traditionally insular area invites linguistic, ethnic and religious strife. Settlement of an alien population leads to battle over resources, particularly land."<sup>46</sup>

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<sup>43</sup> Sanjoy Hazarika. *Strangers of the Mist: The Tales of War and Peace from India's Northeast*. New Delhi: Penguin Books, 1995, p. 29.

<sup>44</sup> Quoted in the "Report on Illegal Migration into Assam" submitted to the President of India by the Governor of Assam, November 1998.

<sup>45</sup> V.T. Patil and P.R. Trivedi. *Migration, Refugees and Security in the 21<sup>st</sup> Century*. Delhi: Authors Press, 2000, p. 399.

<sup>46</sup> Sanjoy Hazarika, "Insurgency in Northeast India", in B. Pakem (ed.). *Insurgency in North-East India*. New Delhi: Omsons Publications, 1997, p. 118.

The Nepalese constitute one of the large immigrants in Northeast India. The flow of Nepalese immigrants into the region started with the British occupation of Assam when the British administration recruited them in the army. After retirement from the imperial service many of them prefer to stay back in Assam and different parts of the region and settled permanently. In the subsequent years fresh batch of Nepalese migrants began to move into the region in large numbers as graziers, cultivators and herdsmen in the hill slopes. They were more or less unnoticed because they preferred to settle in the forest areas near the foothills and occupied large areas of the forest land.<sup>47</sup> Starting with mean business, the Nepalese began to occupy large chunk of grassland and paddy fields in course of time. This incites the felling of uneasiness among the local population and resulted in land alienation in some parts of the region.

In the last few decades since the liberation of Bangladesh in 1971 there are powerful economic and environmental push factors in Bangladesh which is combined with politically and economically motivated pull-factors in India leading to an unending influx of Bangladeshis into the border states of Northeast India. Due to atrocities committed by the majority Muslims, displacement by the Kaptai Dam reservoir in 1964, and the failure of the payment of compensation by the erstwhile East Pakistan government in Chittagong Hill Tracts, thousands of Chakma refugees were displaced and sought refuge in India. In 1964 the Government of India temporarily resettled about 35,000 Chakmas in Lohit, Changlang and Papumpare district of North East Frontier Agency (present Arunachal Pradesh). Others ended up in Chachar, Mizoram and Tripura. The recipient communities, especially the students' unions, in Arunachal Pradesh and

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<sup>47</sup> Jayanta Kumar Gogoi, "The Migration Problem in Assam: An Analysis" in Alokesh Barua (ed.). *India's North-East: Developmental Issues in a Historical Perspective*. New Delhi: CSH-Manohar, 2005, p. 361.

Mizoram often expressed their resentment and protest over the demographic changes. There is an estimated 40,000 to 50,000 Chins refugees in Mizoram who fled there to escape abuses after 1988, when the Myanmar government violently cracked down the pro-democracy movement. There are also recent instances of the Meiteis of Manipur being concerned about immigration of Chin refugees in different parts of the hill districts, especially Churachandpur, the Bangladeshi Muslims in Jiribam sub-division bordering Cachar and also the migrant labourers and Marwari businessmen in Imphal valley who are mainly from Bihar and Gujarat. In Meghalaya, the Khasi Students' Union, from time to time, expressed their resentment over the influx of migrants from Bangladesh and Nepal.

Although Nepali and Chakma migration had stopped after certain period of time, migration of Muslims from Bangladesh continues till date. After environmental and demographic study of Bangladesh, Santanu Roy believes that Assam will continue to look like a greener pasture for Bangladeshis for decades to come. And if decisive steps are not taken to curb the incentives for further migration, a significant flow of illegal immigration is likely to continue in the future.<sup>48</sup> Migration of population “has contributed directly towards high levels of instability in the region. One of its more unavoidable long-term legacies has been the creation of circumstances in which ethnic tension has been the hallmark of the relationship between the original population of the region and the new comers. Throughout the Indian sub-continent, migration has led to substantial levels of ethnic conflict, usually provoking resentment on the part of the locals against the new

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<sup>48</sup> Santanu Roy, “Why do they come? Economic incentives for Immigration to Assam”, in Alokesh Barua (ed.). *op. cit.*, pp. 390-391.

comers who are seen to be upsetting the existing balance of interests in the region or state.”<sup>49</sup>

Due to massive immigration of Bangladeshis into India, the bilateral relationship between India and Bangladesh has never been cordial. Attempts of detection and deportation of foreigners from Assam has always been mired by the politics of “vote bank”. As a result of the conspiracy of silence of all political parties the issue, in spite of its serious social, political, economic security, and law and order implications, has not been permitted to come to the national agenda. If at all, it is viewed as a regional problem affecting the Northeast and a few states.<sup>50</sup> The efforts of the Assamese to nationalise infiltration often failed leading to feeling of alienation from the rest of the country. Udayon Misra suggest that there is a need for a “major change in the attitude of the centre and the issue of illegal influx must be fought at the national level and must not be viewed as a problem faced by the Assamese alone.”<sup>51</sup>

There has been a wide variety of suggestions ranging from issuing temporary work permits to fencing the borders. While border crossing cannot be stopped totally by fencing borders, the “concept of border management is undergoing rapid transformation with the increasing acceptance of globalisation. Nations are coming closer. Barriers are being lowered. Trade and commerce are bonding people across the international borders. The restrictions along the borders are no longer as stringent as they were in the past.”<sup>52</sup> Issuing of work permits has been widely propagated and practiced in a number of western countries and even in Middle East. The scheme of issuing work permits will allow

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<sup>49</sup> V.T. Patil and P.R. Trivedi. *op. cit.*, p. 81.

<sup>50</sup> Madhav Godbole, “Illegal Migration from Bangladesh”, *Dialogue*, Vol. 7, No. 3, January-March 2006.

<sup>51</sup> Udayon Misra. *The Periphery Strikes Back: Challenges to the Nation-State in Assam and Nagaland*. Shimla: IAAS, 2000, pp. 174-175.

<sup>52</sup> Prakash Singh, “India’s Border Management Challenges”, *Dialogue*, Vol. 8, No. 2, Oct.-Dec., 2006

migrants to come legally into the region. Work permits are intended to discourage illegal migration, and promote healthy economic cooperation at a sub-regional and local level of both sides.<sup>53</sup> The other step would be to enact a law prohibiting employment of Bangladeshi, other than who has a work permit. It has also been suggested that a massive programme of infrastructural building by focusing on inland waterways, roads and railway lines would generate huge capacity for employment and a vast range of ancillary industries.<sup>54</sup>

Sanjib Baruah pointed out that the end to this stalemate is not to look for unilateral solutions but build cooperation with the source country.<sup>55</sup> He observes that, “India is hardly alone in facing the problem of large scale illegal immigration from a neighbouring country. But unlike some other countries, it is yet to realise the value of cooperation with the source country. India has mostly struck to a unilateral course of action. Yet bilateral cooperation has produced good results in other parts of the world.”<sup>56</sup> But India-Bangladesh bilateral relation never works fine for the past few decades since Bangladesh liberation.

The proponents of economic cooperation argue that economic integration can be promoted even among states in conflict, and can eventually overcome political antagonism.<sup>57</sup> This is also expected to work in India’s Northeast and its neighbouring countries. C. Raja Mohan stated that, “Borders in the subcontinent need not necessarily

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<sup>53</sup> Paula Banerjee, et. al., “Indo-Bangladesh Cross-Border Migration and Trade”, *Economic and Political Weekly*, Vol. 34, No. 36, September 4-10, 1999, p. 2550.

<sup>54</sup> Acharna Upadhyay, “Assam: The Infiltrators Issue”, *Economic and Political Weekly*, July 9, 2005.

<sup>55</sup> Sanjib Baruah, “The Shadow of the Foreigner”, *Indian Express*, June 16, 2005.

<sup>56</sup> Sanjib Baruah, “Unfriendly Neighbourhood”, *The Telegraph*, June 8, 2005.

<sup>57</sup> Mayumi Murayama, “Borders, Migration and Sub-Regional Cooperation in Eastern South Asia”, *Economic and Political Weekly*, Vol. 41, No. 14, April 8-14, 2006, p. 1251.

remain political barriers. They need to be transformed into zones of economic cooperation among regions that once were part of the same cultural and political space.”<sup>58</sup>

In the case of Bangladesh the country is considered to be a stubborn, difficult opponent to deal with at the diplomatic level. This difficulty is admitted by some of the main proponents of sub-regional cooperation like Jairam Ramesh, Rajiv Sikri and C.V. Ranganathan. Diplomats have expressed pessimism about improving relationships with Bangladesh although they also expect that the sub-regional framework, rather than bilateral negotiations, will ease the attitude of Bangladesh towards India.<sup>59</sup> The proposal of creating a Bangladesh-China-India-Myanmar (BCIM) free trade and the Framework Agreement on the BIMSTEC Free Trade Area signed on February 8, 2004, at Phuket is expected to develop closer sub-regional cooperation through the development of transnational trade. Acharna Upadhyay believes that the development of infrastructure and sector specific cooperation, transnational tourism among the neighbouring areas could grow manifold. “With gradual integration of capital, output and input markets in the region, thickly populated countries like Bangladesh would have to have formal access to the Indian labour market. Given the difficulties in prohibiting illegal migration and the need for developing a mutually beneficial framework for economic cooperation, it would be in India’s long term interest to establish effective institutional mechanisms to regulate and control cross-border population migration.”<sup>60</sup>

As the main focus of the Look East policy is forging economic ties and building the necessary infrastructure and investment for such cooperation in the Northeast and its

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<sup>58</sup> C. Raja Mohan. *Crossing the Rubicon: The Shaping of India's New Foreign Policy*. New Delhi: Penguin, 2003, p. 269.

<sup>59</sup> Mayumi Murayama, *op. cit.*, p. 12.

<sup>60</sup> Acharna Upadhyay, *op. cit.*

neighbouring countries, the policy is expected to result in building-up economic infrastructure and thereby reducing push factor for immigration. As the central government is blamed for not handling this problem<sup>61</sup> the Look East policy must include such policies discussed above which involves sub-regional cooperation.

### **Insurgency**

The growing ethnic consciousness and insecurity among various ethnic identities in Northeast India on the eve of Independence led to various demands for autonomy. These movements did not start as a militant one at the outset. When the grievances of ethnic communities were not redressed, this discontent manifests in the form of unrest. Subir Ghosh believes that “either frustration or sheer conviction that might is right pave the way for violence.”<sup>62</sup> Though there are several factors that led to the spur of enormous insurgent groups in Northeast India, the main roots of major insurgent groups in the initial stage of independence period lies in ethnicity and migration. In the words of Myron Weiner, illegal migration “was also the prime contributory factor behind the outbreak of insurgency in the State (Assam). There is a tendency to view illegal migration into Assam as a regional matter, affecting only the people of Assam. Its more dangerous dimension of greatly undermining our national security is ignored.”<sup>63</sup> On the eve of Indian Independence there was two opposite forces operating in the region - one, a pan-Indian sentiment seeking to integrate and be a part of a single Indian nation-state;

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<sup>61</sup> B.B. Kumar, “North-East India: Need for a Fresh Look”, in P.S. Datta (ed.). *The North-East and the India State: Paradox of a Periphery*. New Delhi: Vikas, 1995, p. 21.

<sup>62</sup> Subir Ghosh. *Frontier Travails-Northeast: The Politics of Mess*. Delhi: Macmillan, 2001, p. 141.

<sup>63</sup> Myron Weiner. *op. cit.*

two, another regional, religious or ethnicity based sentiment which sought to secede from the prospective Indian nation-state and seek its national destiny independently.<sup>64</sup>

The Naga insurgency was the first to rise and followed by similar movements in Manipur and Mizoram. From the late 1980s, almost all ethnic groups in the region formed insurgent groups of their own. While the Naga insurgency emerged out of restorative ambitions, in Mizoram, it was distinctly due to the failures of the Indian state.<sup>65</sup> The Naga National Council demanded autonomy before the Cabinet Mission. However, the unsatisfactory responses of the British and post-independence Indian government gave birth to Naga insurgency. Though Indian government tried to accommodate the aspirations of the Nagas in the subsequent years, the Naga insurgency already had diversified ideologies among its leaders and negotiations always produced dissenters continuing the movement. Paul R. Brass views that the state governments in India often pursued assimilative and discriminatory policies in relation to minority groups within their jurisdiction.<sup>66</sup> In the undivided Assam, the Assamese elites and politicians played vital roles in the integration of various hill areas in the post-independence period and they want to assert dominance in the form of language in the region. Girin Phukon made an observation:

Strange enough it may seem, while the Assamese elite wanted to protect themselves from Bengali dominance, they at the same time wanted to see the emergence of the whole North Eastern Zone as a single political unit having a common culture. Some how, they did not see that their idea of Assamese becoming the language of the whole of the North-Eastern region was in some ways similar to the Bengali idea of enforcing the legitimacy of the Bengalee as the language of this area.<sup>67</sup>

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<sup>64</sup> Sajal Nag. *Nationalism, Separatism, Secessionism*. Delhi: Rawat Publishers, 2000, pp. 160-220

<sup>65</sup> Sajal Nag, "North East: A Comparative Analysis of Naga, Mizo and Meitei Insurgencies", *Faultlines*, Volume 14.

<sup>66</sup> Paul R. Brass. *Language, Religion and Politics in North India*. Delhi: Vikas, 1974.

<sup>67</sup> Girin Phukon. *Politics of Regionalism in Northeast India*. Guwahati/Delhi: Spectrum, 1996, p. 26-27.

This language chauvinism was mainly responsible in instilling a sense of insecurity among the Mizos and other tribal communities of Assam. The failure of the Indian government to tackle the outbreak of famine in the Lushai Hills subsequently resulted in the outbreak of insurgency in the Lushai Hills of Assam. Mizo insurgency ended with the signing of Mizo Accord in 1986 which created the present Mizoram from the Lushai Hills district of Assam.

In the princely state of Manipur the Machiavellian tactics adopted by the Indian state to integrate Manipur into the Indian union had left deep scars in the minds of a section of the Meiteis.<sup>68</sup> On September 21, 1949 the Maharaja of Manipur was forced to sign the “Merger Agreement” in Shillong which merged Manipur as Part C State in the Union and the democratically elected state assembly was dissolved. Following the dissolution of the assembly, Hijam Irabot, a member of the dissolved council, went underground. Although Irabot died six years later in 1955, the seeds of protest that he had shown germinated into full-blown militancy by the early 1960s.<sup>69</sup> Many Meitei revolutionary groups were formed later seeking a pan-Mongoloid movement against, what they termed as, “Indian colonial rule”. The Kuki communities in the hills of Manipur also protested against the integration of Kuki areas in Manipur. The Kuki National Assembly gave a memorandum to the Prime Minister of India in 1961, stating that they were brought to the Manipur territory accidentally and that they had the right to have an individual territory for themselves.<sup>70</sup>

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<sup>68</sup> H. Srikanth, “Insurgency and Counter-Insurgency: Agenda for Peace in India’s North-East”, in C. Joshua Thomas (ed.), *Polity and Economy Agenda for Contemporary North East India*. New Delhi: Regency, 2005, p. 5.

<sup>69</sup> Binalakshmi Nepram, “The Origins of Manipuri Insurrection” in Jaideep Saikia. *Frontier in Flames North East India in Turmoil*. New Delhi: Viking, 2007, p. 36.

<sup>70</sup> Sangeeta Gohain, “A Study of Ethnic Conflict in Manipur”, in Girish Barua and Hira Barpuzari. *The Process of National Integration in North East India*. Guwahati: Ghanshyam Ladia, 1998, p. 114.

Insurgency in Tripura is mainly the offshoot of massive immigration of Bengali Hindus from the then East Pakistan in the wake of partition of Bengal in 1947 fearing religious persecution and later due to Bangladesh liberation war in 1971. Due to this large-scale immigration the state witnessed a major demographic change reducing the tribal people into minority. The endless influx from Bangladesh, increasing marginalisation of tribals in their own land and the dependence of New Delhi almost wholly on the Bengali-dominated bureaucracy alienated them. Subir Bhaumik pointed out that the tribals had good reasons to feel marginalised as foreigners in their own land as the successive Congress governments showed little concern for tribal sensitivities.<sup>71</sup> Thus, insurgency in Tripura is the inevitable manifestation of a socio-psychological paranoia of outsiders, resulted from a process of marginalisation that saw the tribal peoples of Tripura deprived of the bulk of their lands and excluded from the state's economic and political decision-making.<sup>72</sup> Since its formation Tripura National Volunteers (TNV) has been engaged in attacking non-tribals. The Bengalis strike back by forming the United Bengal Liberation Front involved in anti-tribal violent activities. This ethnic conflict between the Bengali settlers and the indigenous tribals has only intensified over the years. The present there are about 20 tribal insurgent groups of which the National Liberation Front of Tripura and All Tripura Tiger Force remain dominant.<sup>73</sup>

Like in Tripura the ultimate causes of Insurgency in Assam is migration and the economic exploitation of Assam's resources. Tilotoma Misra gives an illustrative explanation of the exploitation of Assam's resources in his essay *Assam: A Colonial*

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<sup>71</sup> Subir Bhaumik, "Disaster in Tripura", Porous Border, Divided Selves, *Seminar*, # 510, February 2002.

<sup>72</sup> Subir Bhaumik. *Insurgent Crossfire: North-East India*. New Delhi: Lancer, 1996, p. 77.

<sup>73</sup> Praveen Kumar, "Tripura: Beyond the Insurgency-Politics Nexus", *Faultlines*, Volume 12.

*Hinterland*.<sup>74</sup> During the transition period there was strong sense of secessionism articulated in the minds of a section of Assamese elite as they believe that, “Within the framework of the Indian federation the ‘legitimate’ Assamese interest would not be protected.”<sup>75</sup> But the secessionist tendency developed among a section of Assamese elite was not sufficient to press for their demands as the Indian National Congress in Assam was strong enough to check the centrifugal urges developed among a section of Assamese. As Assam began to occupy a central position in the Northeastern region in the aftermath of independence, most of the Assamese elites engaged themselves in consolidating the region.

In the post-independence period the Congress-led ruling elites in Assam encouraged immigration of Muslim Bengalis from East Pakistan as the immigrant Muslim Bengalis readily adopted Assamese as their mother tongue and their ethnic identity.<sup>76</sup> They not only became a “safe vote bank” for the Congress but also strengthened the majority claim of the Assamese in the undivided Assam. Thus, at one stage, the immigration of Muslim Bengalis from across the border was seen as part of a larger political strategy which had enabled the ethnic Assamese political elites to stake majority claim in order to justify the realisation of the goal of nation-province.<sup>77</sup> As the number of immigrants reached alarming proportion in the mid-1970s, the growing apprehension on the part of the Assamese elite that they would be swamped by the continuous flow of immigrants into Assam, the resentment resulted in the anti-foreigners

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<sup>74</sup> Tilotoma Misra, “Assam: A Colonial Hinterland”, *Economic and Political Weekly*, Vol. XV, No. 32, August 9-15, 1980.

<sup>75</sup> Girin Phukon. *op. cit.*, pp. 70-71.

<sup>76</sup> Udayon Misra, “Immigration and Identity Transformation in Assam”, *Economic and Political Weekly*, Vol. 34, No. 21, May 22-28, 1999, pp. 1264-1271.

<sup>77</sup> Gurudas Das, “Probable Options: Commenting the Faultlines in Assam”, *Faultlines*, Volume 11.

movement of the late 1970s and early 1980s. This movement revived the dormant Assamese nationalism and secessionist urges among a section of Assamese elite. In spite of sensitising some of the security concerns arising out of fresh illegal immigration of Bengali Muslims from Bangladesh, the Assam Movement has failed in realising its goal as far as the deportation of immigrant Muslims is concerned.<sup>78</sup> The discontentment resulted in the formation of United Liberation Front of Assam (ULFA). Sanjib Baruah commented that the “Assam Movement transformed the state’s political landscape. The prolonged civil disobedience campaign marginalised national political parties and when the movement ended in 1985, the leaders formed the AGP (Assam Gana Parishad) that has twice formed the government in Assam. A radical fringe of the Assam movement became the ULFA and six years of campaigning on the foreigner’s issue brought to the surface cracks in Assam social fabric.”<sup>79</sup> However, ULFA moved its goal from the issue of immigration to secessionism and economic exploitation of Assam resources.

Insurgency in Northeast India is the manifestation of angst in the minds of the people which is fomented by dissatisfactions of handling the aspirations of various ethnic groups. Such movements mushroomed in the past two decade that “almost all the letters of the alphabet have been exhausted in the abbreviations of the names of various militant outfits there.” Insurgency flourishes in the region as “the people have a feeling of separate identity on the basis of ethnicity, culture or history. This is compounded by a sense of neglect, exploitation and discrimination, and immensely aggravated by bad governance, corruption and economic backwardness.”<sup>80</sup>

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<sup>78</sup> Gurudas Das, *op.cit.*

<sup>79</sup> Sanjib Baruah, “The Shadow of Foreigner”, *Indian Express*, 16 June 2005.

<sup>80</sup> S.K. Sinha, “Violence and Hope in India’s Northeast”, *Faultlines*, Volume 10, 2002.

The government policy towards recurring ethnic and minority problems in Northeast India since independence has been repressive, treating it as purely “law and order” situation. The state apparatus mainly followed a “repressive policy towards ethnic conflicts,”<sup>81</sup> by adopting an overwhelming military response, justifying such policies as “the necessary cost of fighting ethnic insurgencies resulting in serious deterioration of law and order.”<sup>82</sup> Due to the significant strategic location of the region “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.”<sup>83</sup> Though the “law and order” approach is necessary and effective in the short run, it cannot be an answer to the region’s ethnic and minority conflicts. It has been realised that winning the hearts and minds of the people is necessary for which genuine socio-economic changes in the living conditions of the people has to be effected to retrogress insurgency.<sup>84</sup> It has also been viewed that as long as “insurgency remains a part of the region’s political landscape and India’s relations with some of its neighbours remain adversarial or rancorous, counter-insurgency operations and security-driven restrictions are likely to continue.”<sup>85</sup> As a result, the government initiated a few political negotiations which have been largely

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<sup>81</sup> Sudha Menon, “Northeast India and Globalization: The Way Ahead”, *Digital Library of the Commons*, 1-1-2007. [http://dlc.dlib.indiana.edu/archive/00002194/01/Northeast\\_the\\_way\\_ahead.pdf](http://dlc.dlib.indiana.edu/archive/00002194/01/Northeast_the_way_ahead.pdf)

<sup>82</sup> Samir Kumar Das, “State against Minorities: State-Building Challenges in Contemporary North Eastern India”, *Man and Society*, Volume V, Spring 2008, p. 50.

<sup>83</sup> Sudha Menon, *op. cit.*

<sup>84</sup> K.S. Brar, “India’s Turbulent North East: Over Five Decade of Isolation, Neglect and Alienation”, in Shekhar Basu Ray (ed.). *New Approach: Our East and North East*. XI (I & II), 2006, p. 203.

<sup>85</sup> Sanjib Baruah, “The Problem”, *Seminar*, #550, Gateway to the East: A Symposium on Northeast India and the Look East policy, June 2005(a).

unproductive, supported by hefty financial packages hijacked by a corrupt and/or inefficient administration.<sup>86</sup>

There has been a change in the nature of most of the insurgent groups of the region since the mid-1990s. They now assumed a more urban character and are “fully organised to harvest easy money (through abduction, extortion, robbery, trafficking, etc.), threatening both the government and the population.” As “most of the insurgents 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,” Renaud Egreteau opines that “insurgency in the Northeast needs to be addressed by other means.”<sup>87</sup>

Sanjib Baruah views that reconciling the demands of a globalising economy that relies on greater opening with security concerns is a policy dilemma that many governments, including India, face today. “If Northeast India is to live up to the promise of becoming India’s gateway to Southeast Asia we must imagine a world where border-crossings are not thought of primarily as sites for security checks. In that sense security is tied to better border management, better governance inside the country as well as in the countries of the transnational neighbourhood, deepening relations with our neighbours and developing multilateral institutions of governance”<sup>88</sup>

In response to the shift in Chinese policy of opening its southwestern border for trade and investment to the neighbouring Southeast Asian countries, India too has opened up to its eastern neighbours in what it calls the “Look East” policy. Sushil Khanna views

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<sup>86</sup> Renaud Egreteau, “Instability at the Gate: India’s Troubled Northeast and its External Connections”, *CSH Occasional Papers*, No. 16, 2006, p. 6.

<sup>87</sup> Renaud Egreteau, *op. cit.*

<sup>88</sup> Sanjib Baruah, 2005(a), *op. cit.*

that “Indian policy makers have used this ‘opening-up’ to strengthen ties with the military regimes in Bangladesh and Myanmar and launch counter insurgency movements against the groups from North Eastern India. More than the development of backward northeastern states and ending their isolation through re-establishing their historical cultural and economic ties, the military and security establishment has high-jacked the policy to fight insurgents from the region.”<sup>89</sup>

Since their inception most of the insurgent groups were trained and operated from foreign soils bordering the Northeast. The external linkage and support of most of the insurgent groups is one of the main factors responsible for instability in the region. The insurgent outfits pay hefty amount of money to the host government for providing safe haven. Though the Indian government sought cooperation from the neighbouring countries for dismantling Northeast rebels camps; poor neighbours, especially Myanmar and Bangladesh, are lured by the hefty amount of money offered to them and India’s policy often failed. As such Indian government often complained that it has not been able to intervene beyond its borders to solve trans-border insurgency and trafficking. What can be seen in the last decades is that India has not even managed to solve the issue internally. Since the region suffers from “negligence by the political elite in addition to lack of trust, criminalisation and increasing disparities”, there is every chance that it will “remain unstable unless New Delhi makes an all out effort to solve the problem internally. If the “external factor” has a considerable weight, the internal dynamics (degeneration of the insurgency coupled with the inefficiency of the Central government)

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<sup>89</sup> Sushil Khanna, “Look East, Look South: Backward Border Regions in India and China”, [www.burmalibrary.org/docs4/LookEast-LookSouth-08REVISED.pdf](http://www.burmalibrary.org/docs4/LookEast-LookSouth-08REVISED.pdf)

might doom the Northeast.”<sup>90</sup> Rather than blaming neighbouring countries of backing and sheltering Indian rebel groups, India must find ways to cooperate with them.

Sanjib Baruah conceives that “giving substance to the Northeast Indian thrust of our Look East policy would require settling the region’s numerous conflicts through a comprehensive approach that goes beyond the unstable peace that policies shaped by today’s counter-insurgency mindset can bring about.”<sup>91</sup> This comprehensive approach of the Look East policy must seek long-term vision of developing the Northeastern region as well as its neighbours, especially Myanmar and Bangladesh, through regional cooperation. Such joint efforts of economic development in the sub-region must involve cooperation in trade and investment, infrastructural development, communication and transport. Without joint efforts of economic development any efforts by India to solve trans-border insurgency is not going to produce any result. Simultaneously, the government should start sincere political dialogue with the insurgent groups. Otherwise the lofty ideals of the Look East policy will never be achieved.

### **Drug Trafficking**

Drug trafficking is another rampant illicit activity prevailing in the Northeastern region, often incited by insurgency. The problem of drugs is as old as history itself. In Northeast India drugs were cultivated traditionally for local consumption. The British colonial government did not prohibit such production and consumption albeit with some control and restriction, and hence the problem during those days was limited to addiction. The reforms introduced as a part of the colonial drug policy in 1893 resulted in an

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<sup>90</sup> Renaud Egretreau, *op. cit.*

<sup>91</sup> Sanjib Baruah, 2005(a), *op. cit.*

“appreciable increase of revenue” and ganja formed the principal source of hemp drugs revenue.<sup>92</sup> The problem of drug use and trafficking, and the arms-drug nexus in the region assumed significant magnitude and came to the limelight only after independence, especially in the past three decades. At present ganja and poppy are cultivated mainly for commercial purposes in the most inaccessible parts of the region like the Indo-Myanmar border. In recent years the region witnessed persistent drug trafficking and drug abuse. The prevalence of drug trafficking in the region is mainly attributed to porous borders, proximity to the Golden Triangle, constant ethnic conflict, unemployment, poverty and transit to international market.<sup>93</sup> Compounded with this is the use of this business by insurgent groups to finance themselves. Recent studies revealed that most of the armed violence and militancy in many parts of the world is often confined to areas contiguous to international borders.<sup>94</sup> And most of the drug trafficking takes place along the border areas. As the Indo-Myanmar border area is inhabited by the same ethnic groups on both sides of the border, it makes smuggling of drugs and arms easy. Drug trafficking and production in Northeast India feature the following dimensions:

1. the illicit cultivation of opium and cannabis;
2. the smuggling of heroin and amphetamines from Myanmar in moderate quantities;
3. the trafficking of pharmaceuticals such as dextropropoxyphene and codeine-containing cough syrups from other parts of the country and
4. the trafficking of ephedrine and pseudo-ephedrine precursors for the manufacture of amphetamines from India to Myanmar.<sup>95</sup>

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<sup>92</sup> Soma Ghosal. *The Politics of Drugs and India's Northeast*. New Delhi: Anamika, 2003, p. 15.

<sup>93</sup> Nihar Ranjan Nayak, “Narco-trafficking: Non-military threat in India’s Eastern Border” *IPCS*, Article no. 1079, July 8, 2003.

<sup>94</sup> Jasjit Singh (ed.). *Light Weapons and International Security*. New Delhi: Pugwash, IDSA & BASIC, 1998, pp. 50-62.

<sup>95</sup> Gopen Moses, “Drug Use, HIV/AIDS and Human Trafficking in the North-East”, *Dialogue*, July-September 2007, Volume 9, No. 1.

The region is located near the world's second largest drug producing area known as the "Golden Triangle", a border area comprising Laos, Myanmar and Thailand. Recently the "Golden Triangle" came to be known as the "Golden Pentagon" with the induction of Vietnam-Cambodia and Nagaland-Manipur (India).<sup>96</sup> Myanmar is now one of the world's major heroin-producer and heroin is one the most valuable export commodity of the country. Despite the claims made by the military junta that they are actively combating drug production and distribution, Myanmar's Shan state has been the centre of opium production and conversion. The official economy of Myanmar offers few alternatives to the heroin trade.<sup>97</sup> India's Northeast has been affected by this flourishing global drug trafficking and the nexus between insurgency and drug trafficking.

Since their formation major insurgent outfits in the region depended on China and Pakistan for their arms and training. However, with the rapprochement of Sino-India relations during the Rajiv Gandhi government in the mid-1980s, China stopped backing these rebel groups and Pakistan was too far away for direct help, the rebels of Northeast India turned to black markets of Southeast Asia for weapons.<sup>98</sup> Many believe that unless these insurgent groups resort to smuggling and drug trafficking, they could not have mobilised resources for purchase of weapons and maintenance of their cadres.<sup>99</sup> Though some Manipur insurgent outfits like the United National Liberation Front and Peoples' Liberation Army continue to resist drug trafficking and addiction, other groups like the National Socialists Council of Nagaland (NSCN), have taken to the drug trade. Ajay

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<sup>96</sup> Binalakshmi Nepram. *South Asia's Fractured Frontier: Armed Conflict, Narcotics and Small Arms Proliferation in India's North East*. New Delhi: Mittal, 2002, p. 41.

<sup>97</sup> Mary H Cooper, *The Business of Drugs*, Washington DC, Congressional Quarterly Inc., 1990.

<sup>98</sup> Subir Bhaumik, "Guns, Drugs and Rebels", *Seminar*, # 550, June 2005.

<sup>99</sup> Mahendra P. Lama, "India's North-East States: Narcotics, Small Arms and Misgovernance", *Ethnic Studies Report*, Vol. XIX, No. 2, July 2001, p. 253.

Sahni believes that drug trafficking from Myanmar is a major source of income for the NSCN(IM), and both the factions of NSCN, NSCN(IM) and NSCN(K), run parallel structures of “taxation” (extortion) throughout the regions that they dominate.<sup>100</sup> Ministry of Home Affairs reported that “..so far as the Northeast states of India are concerned there are clear intelligence reports to indicate that the Naga underground organisations ...are involved in trafficking of drugs and precious stones since 1981. The insurgent group [real name withheld] of Manipur is also involved in the trafficking of drugs.”<sup>101</sup> However, it is clear that although insurgent groups do not engage in narco-production or narco-trafficking, it has nevertheless been found that all of them have regularly taxed and extorted money from the traffickers, while providing protection to the latter for conducting trafficking in drugs.<sup>102</sup> The bitter struggle to control drug trafficking and smuggling through the border town of Moreh resulted in a fierce rivalry between Kuki National Army (KNA) and NSCN(IM) in 1992, which subsequently resulted in ethnic conflict between the Kukis and the Nagas, where hundreds of innocent civilians from both the communities were killed. Barry Rubin observes that:

Firstly, the trans-national narco-networks, now backed by armed insurgents, make anti-narco-production or narco-trafficking drive immensely difficult. And taking into consideration the geographical and topographical conditions in which the insurgents and the traffickers operate, there is now all the more reason to believe that the nationally-organised military or coercive solutions may not be the correct way of overcoming the menace of narco-terrorism. Secondly, weapons, particularly small arms in the hands of both the insurgents and traffickers, become more rampant, to the point of threatening the law and order situation in the vicinity. A large portion of the money received from taxing and extorting the

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<sup>100</sup> Ajay Sahni, “Survey of Conflicts and Resolution in India’s Northeast” *Faultlines*, Volume 12.

<sup>101</sup> Cited in Binalakshmi Nepram Mentschel, “Armed Conflict, Small Arms Proliferation and Women’s Responses to Armed Violence in India’s Northeast”, *Heidelberg Papers in South Asian and Comparative Politics*, Working Paper No. 33, December 2007, p. 15.

<sup>102</sup> Aparajita Biswas, “Small Arms and Drug Trafficking in the Indian Ocean Region”, *Centre for African Studies*, Working Paper No. 4.

narco-traffickers goes towards purchase of small, at times sophisticated, arms for the insurgents.<sup>103</sup>

Subir Bhaumik listed the threefold threat posed by the increased drug trafficking to the sensitive Northeastern region:

(a) Trafficking through the northeast has led to a rise in local consumption. Many addicts use intravenous injections to push drugs and become HIV positive. The number of HIV positive cases in the Northeast has risen to around 20,000 in the last two decades.

(b) Several military and paramilitary officials have been arrested for smuggling heroin or lesser drugs in Northeast India. The drug cartel has sucked in several politicians, bureaucrats and even security force officials to carry on their illicit trade. Unless checked firmly, this trend is dangerous for the morale of Indian security forces.

(c) Ethnic separatists in India's northeast are taking to protection of drug mafias as a quick way to raise funds. The Burmese druglords are also encouraging tribal farmers to plant poppy. Unless these new plantations are promptly destroyed and gainful agricultural alternatives provided to the farmers, the India-Burma border will soon be dotted with poppy fields feeding the processing plants in western Burma. A rebel-drug lord-officialdom nexus is emerging in India's Northeast in a repeat of the Colombian scenario.<sup>104</sup>

What is more worrying about the "Golden Triangle" is the eight-times rise in the production of amphetamines from an estimated 100 million tablets in 1993 to 800 million tablets in 2002.<sup>13</sup> Many of the drugs produced there are in great demand in Kolkata, New Delhi and London. Recent huge seizures of drugs in Northeast India indicate that India has more to worry about Myanmar than just insurgency. Besides the Indo-Myanmar border, a recent study by Central Intelligence Agency confirmed involvement of 20-25 percent people residing in border areas in the Tripura-Bangladesh border in illicit human trafficking and smuggling. Such illegal activities may surely include small arms and

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<sup>103</sup> Barry Rubin (ed.). *Terrorism and Politics*. London: Macmillan, 1991.

<sup>104</sup> Subir Bhaumik, (2005), *op.cit.*

narcotics too.<sup>105</sup> The problem of drugs is a transnational phenomenon associated with high level of violence at every stage of the product which poses serious problems of law and order.

During the NDA government, military-to-military relations between India and Myanmar improved spectacularly. The Myanmar military chief, General Maung Aye visited India twice, once to meet the regional commanders at Shillong and then to meet his counterpart in Delhi. Indian Army chief, General V.P. Malik visited Rangoon twice in January and July 2000. During Maung Aye's second visit to Delhi, India and Burma signed an agreement for increased cooperation to tackle cross-border terrorism and drug trafficking.

Gopen Moses believes that "the development benefits expected in to the Northeastern States from India's Look East Policy could be adversely affected if we do not first curtail the problem of drugs, HIV/AIDS and trafficking in the region." He suggested that the problem of drug, HIV/AIDS and trafficking is to be fought on a war footing if the development trend is not to be endangered.<sup>106</sup> Since the menace of narcotics is linked to the problem of insurgency, a comprehensive action plan has to be chalked out simultaneously to tackle both these issues.<sup>107</sup> The transborder nature of insurgency and drug trafficking demand regional cooperation for an enduring solution. Trafficking is run by the transborder communities, which is often difficult to track or handle. While, the strategy today should aim at a cooperative solution on the one hand, involving other state governments, it must also involve sharing of information not only between governments

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<sup>105</sup> Nepram (2002), *op.cit.*, p. 158.

<sup>106</sup> Gopen Moses, *op. cit.*

<sup>107</sup> H.S. Brahma, "Ensuring Peace through Development in the North-East", *ASCI Journal of Management*, Vol. 35, No. 2, March 2008, p. 40.

but also regional and sub-regional organisations, academics, researchers and civil society.<sup>108</sup>

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<sup>108</sup> Sarah Meek (ed.). *Controlling Small Arms Proliferation and Reversing Cultures of Violence in Africa and the Indian Ocean*. ISS Monograph Series, No. 30, September 1998, p. 39.

## **Chapter 7**

### **Conclusion**

The Look East policy has emerged as a major thrust area of India's foreign policy in the post-Cold War period. The policy marked a strategic shift in India's perspective of the world. It is "not merely an external economic policy, it is also a strategic shift in India's vision of the world and India's place in the evolving global economy."<sup>1</sup> The essential philosophy behind this policy is to forge closer and deeper economic integration with its eastern neighbours. It is late recognition of the strategic and economic importance of the region to India's national interests. 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 current phase of Look East policy marks the beginning of a vibrant relationship on the economic, political and strategic fronts. The economic potentials of this policy emphasises a link to the economic interests of the Northeastern region as a whole.

The Northeastern region of India is a store-house of mineral resources, bio-diversity and water resources and these natural bounties are yet to be harnessed. The 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

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<sup>1</sup> Prime Minister Manmohan Singh's keynote address at special leaders dialogue of ASEAN Business Advisory Council, December 12, 2005, Kuala Lumpur.

underdeveloped. In 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 other countries. India's Look East policy correctly identifies Northeast India as the gateway to the East and it is one major initiative undertaken by the government of India in the present times.

The Northeastern region is beset with persisting assertions of ethnic nationalism against the Indian state since independence. In the context of the history of political integration in Northeast India, it is found that the integration with the Indian union politically remained a serious issue of concern for the people. The mode of integration of the Northeastern states has been sought through negotiations, promises, baits and force. These attempts at assimilation of the region and its people with the Indian mainstream have resulted in resentments amongst different ethnic communities. Some areas like Manipur and Naga Hills refused to merge with India and expressed desire for withdrawal from the Union which resulted in secessionist demands and prompted withdrawal declarations from several quarters. The Meitei and Naga insurgent groups resented the forceful integration of their land and continued their armed struggle. The late realisation that such integrationist policy was erroneous has led the government to concede autonomy demands of ethnic groups, which led to creation of separate states. However the formation of new states had a cascading affect leading to new demands from other smaller ethnic groups vying different levels of autonomy.

Since the eve of India's independence smaller ethnic groups in the hills of Northeast India too asserted their desire for separated administrative units. The Kukis were fully aware of the various aspects of the vexing problems of the hills and the valley,

and therefore pledge to be under Manipur if only conditions are satisfactory. After independence the Kuki National Assembly (KNA) demanded a separate state for the Kukis within India. In this regard the KNA submitted several memoranda to the Central Government. The dormant political demands were revived as an insurgent movement in the late 1980s due to the intolerable atrocities committed by the Naga rebels and what the Kukis termed it as the policy of “ethnic cleansing”.

After long years of association with the Indian culture and political system, tribal people in Northeast India developed some forms of Indian-ness. The onslaught of globalisation, rapid changes in technology and communications created a turbulent world with crucial problems whose solutions are international. With the growing emphasis on regional integration and interdependence among countries development, the people of Northeast India and the underground outfits began to develop a feeling that they are in a better position in being part of India provided if their unique history is recognised.

The Northeastern region had been exposed to international trade during the pre-colonial and colonial period. It had negligible impact on the local economy as tea plantation was developed into enclave production without having any linkage with the hinterland. In the post-independence period, the exploitative nature of the British colonial rule continued in the region, with just a change in the stakeholders from British to Indian capitalists.

The main component of the Look East policy is to bring development of the Northeastern region through the expansion of regional trade linkage with the economies of its eastern neighbours. The proposed development of the Northeastern region is to be

brought in through increased trade and investment and engaging the people of the region in productive and profitable activities to end their alienation.

While tracing the evolution of India's Look East policy, it has been found that the policy emerged out of the changed international system in the early 1990s and economic stagnation and political turmoil within the country. The policy is primarily the product of various compulsions in the post-cold war era. The changed focus on economic content of international relations, the emergence of regional economic groupings, rise in the forces of globalisation and slow process of economic integration within South Asia and China's growing assertiveness in the Asia Pacific region has compelled India to rethink the basic parameters of its foreign policy. The growing trends toward regionalism and India's apprehension of being marginalised and isolated in the post-Cold War international system are the main reasons for paying more attention to the rapidly growing economies of East and Southeast Asia.

India's Northeast has more geographical proximity and contact with other countries than the Indian mainland. It is connected to the mainland India by a 21-kilometer long landmass, often described as the "chicken's neck", which is less than 2 percent of the 5000 kilometer combined perimeter formed by the seven Northeastern states, while the remaining borders China, Myanmar, Bhutan, Bangladesh and Nepal. The Partition of India in 1947 caused this extreme geo-political isolation of the Northeast, making it the most regulated, a 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 take over of Tibet and the virtual closure of the border with Burma added to the isolation of the region.

The coming of globalisation, regional integration and India's outward looking economy since the early 1990s brought forth the conception that economic integration with the rest of the world would foster political integration of Northeast with the mainland. Thus, the second phase of the Look East policy was launched to end economic isolation of the Northeastern region. Within this policy framework there is the added prospect for reviving the ancient trade routes in Northeast India, including the "Southern Ancient Silk Road", and to ably explore the rich resources through regional cooperation with its eastern neighbours. The main focus of the Look East policy is to bring about economic development of the region through regional cooperation. In order to achieve such cooperation in the Northeastern region the policy has focused on solving the problems that have plagued the region.

The Look East policy rightly seeks cooperation from the neighbouring countries in the tackling of recurrent problems of insurgency, migration and drug trafficking besides enhancing economic cooperation. The economic potentials existing in the sub-region can surely be exploited with the setting up of trade and communication facilities at the borders in the region. With such improved transport and communication systems, illicit activities in the border areas can be controlled to a great extent.

The Look East policy rightly aims for the creation of an enabling environment so as to end the landlocked situation and isolation of the Northeastern region by opening up the borders and re-integrating the region's economy through improved trade and

connectivity between the Northeast India and Southeast Asian countries. However, when we consider the existing ground realities the growth of border trade between the Northeastern region and neighbouring countries is slow. Except the opening of border trade between India and Myanmar at Moreh and Champhai, and between India and China at Nathula, and the much hyped 165-km long Indo-Myanmar Friendship Road connecting Tamu and Kalaymyo-Kalewa, which was inaugurated by the then External Affairs Minister Jaswant Singh on February 13, 2001, nothing significant has happened on the ground. Thus, the Look East policy needs a reorientation to suit the development interests of the Northeastern region.

Despite the enormous potentials of the Look East policy India's border trade with the countries neighbouring the Northeastern region is declining. Border fencing is followed fervently to check drug trafficking and narco-terrorism along the Indo-Myanmar and Indo-Bangladesh border. Recently, India has sanctioned to raise the iron fencing, along Mizoram's 404-km border with Myanmar. It has also ordered the fencing of the 14 kilometers of the porous international boundary at Moreh in Manipur. This may insulate the age-old ties existing between the ethnic kins living in the border despite the separation between two different nations and further alienate them.

The Look East policy can usher in a new era of development for the Northeast through network of pipelines, road, rail and air connectivity, communication and trade. Though the main focus of the Look East policy is to bring about development through regional economic cooperation, in order that such cooperation flourishes in the Northeastern region the policy also needs to focus on solving the problems that confront the region. While Ethnicity and immigration were the main roots of insurgency;

insurgency and drug trafficking flourish together. The external linkage of insurgency has been fuelled by trafficking and external support. These four interrelated problems which have been the main cause of turmoil in the Northeastern region for the past several decades. All these problems are transnational in nature and can be solved by enhanced cooperation with the neighbouring countries. Apart from such problems prevalent in Northeast India, the people of the region are saddled with unbelief to any policies of the government, rampant corruption, nexus between politicians, contractors, bureaucrats and insurgents, development funds never reaching the intended people.

The Look East policy by addressing the peculiarity of the area and the problems involved with it can bring lasting peace and development in the region. But being underdeveloped with tremendous resource constraints, the Northeastern states are not in a position to execute this task on their own. Therefore, more governmental effort the Centre is required with meaningful regional cooperation with the surrounding countries. These issues have to be tackled at the political level through bilateral and sub-regional cooperation with the neighbouring countries so that meaningful economic cooperation may persist. However, such policy of strengthening ties with eastern neighbours should not be limited to counter insurgency efforts as seen in Bhutan and Myanmar.

The Indian government and the Northeastern states have to adopt proactive role and provide not only infrastructures but also political stability and good governance. India's Look East policy should include goals such as combating corruption, cultivating the spirit of intellectual and cultural openness can encourage public debate and participation and improve the quality of governance in the region. In this regard the creation of Public Diplomacy Division of the Ministry of External Affairs and the

opening of its branch office in Guwahati is a welcome move which would assist in addressing the aspirations of the people of this region in having better liaison with the External Affairs Ministry on issues concerning foreign trade, foreign direct investment and cultural exchanges.

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