

Rising Importance of Economic Infrastructure in North Eastern and Its Equation of Act East Policy

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Abstract: *The economic-infrastructure is one impetus to major income generation since this sector aid to strengthening the economic activity ad care of all the components of the system; it's not only mended the viable for business welfare but also give the several unique feature of trade and commerce. Northeastern region is gifted with various kinds of ecological conditions for raising different kind of commercial perspective. Yet, owing to its unique challenges given issue related to poverty and un-employment, poor infrastructure and connectivity, low economic development and others, the region left with the limited option of the traditional or conventional system of farming. The study is initiated with the purpose to find out economic infrastructure in the region. Therefore, speeding up infrastructure development in the northeast region is the major essentially for yielding higher dividend from India's Act East Policy.*

Keywords: economic infrastructure, poor connectivity, dividend

1. Introduction

Northeast had become crucial and strategic in the multiple aspects of trade and commerce, connectivity and security and was gateway to All South East Asian Nation (ASEAN) and the Indian sub-continent. In the recent development wave in the mainland of the country, infrastructure is one of the important components to be concerned; country like China today has a better market position in Asia and world market as well, because of better connectivity with other part of the country. Therefore, Element of infrastructure in any country's economy, physically connecting the Northeastern play a pivotal role in India's "Look- East Policy" since they share a land border with ASEAN. The location of NER is such that it shares only 2 percent of its border with the Indian whereas 98 percent is surrounded by various neighbouring countries. In the west and south west, it shares 1880 km with Bangladesh, 1643 km with Myanmar in the east and south east, 1000 km with China in the east and North East and 110 km with Bhutan in the North and North West. This unique location the of region vis-à-vis the neighbouring countries suggest that there are huge geo-economic potentials related with North Eastern Region. But history shows that while dealing with the region, geo-political consideration has always dominated over geo-economic consideration. The partition of the country in 1947 resulted in transforming the North East into a 'territorial trap' whereby traditional social and trade link were suddenly curtailed which had long term implication for the region. This situation is sought to be changed by opening the region to trade, commerce and communication and therefore various policy document and recommended measures should move towards the same direction. But the sad truth is that insurgency has become the most lucrative industry and business in the region. The blame game played by the policy makers harping on insurgency for non-development or underdevelopment of the region is going to be proved wrong with gradual realization by the multi-brand Indian private retail chain, viz. Future Group and Reliance Retail which are now eyeing growth in the region on the basis of the feedback the retail sector has received from Northeast consumers in the past few years. Future Group, which runs Big Bazar, the country's largest

retail chain in value and lifestyle formats, is going big in the region. However, one of the greatest challenges of doing business in the region is poor connectivity. Under such a situation, we wish to take a stock of the existing trade relation of the region with the neighbouring countries during recent years.

2. Statement of problem

Poverty is pouring out in all square of socio-economic crisis in the society, livelihood are the major concern of every stakeholder. North easterner in particular will face the challenges once the Act East Policy is implemented. Poverty and the people is a major concern in one way, but global trade practices may led more suppression of economic opportunity. Therefore, North Eastern earnestly require the global standard infrastructure in order to yield better dividend from the Act East Policy, the present study is expanding on rising needs of infrastructure in North East.

3. Objectives of the study

1. To study the types of infrastructures and significant role in Act East Policy
2. To evaluate the relationship between North East Indian and neighbouring countries on import and export trading.

Delimitation of the study:

1. The whole study was strictly depends only on the secondary data collected from difference sources like magazines, journal and government annual report.
2. There is a potential for a sampling bias due to sampling method, the sample population may not be representative.

4. Research Methodology

In this stage an attempt is made to study and evaluate the necessity role of infrastructure and its implementation of Act East Policy. With the help of Simple Random

Sampling Technique Secondary data was collected from difference aspect of publish and un-publish sources like books, journal and website. The collected information was shown with the help of tables and further analysed for calculating percentage. Finally conclusion were drawn and suggested for the development.

North East India and Neighbouring Nations:

The scenario in the neighbourhood of the North East is changing. The setting up of a SARRC Free Trade Area (SAFTA) in the SARRC Region and the removal of quantitative limits on a large number of products under SAPTA agreements augurs well for the North Eastern Region, in terms of large export opportunities. The dramatic expansion of trade with India's eastern neighbours has had little or no impact on the North East. Most of this trade expansion has taken through the sea ports. It would not be incorrect to argue that the North East has once again marginalized. India is Looking East, but not through its borders.

Table 1.1: values of goods exported: NE region (in Rs. Crores)

| | 2009-2000 | 2010-2011 | 2011-2012 | 2012-2013 |
|-------------------------------|---------------|---------------|---------------|---------------|
| Total Export | 393.55 | 408.23 | 384.47 | 409.36 |
| Indo-Bangladesh border | 169.81 | 151.27 | 186.13 | 201.99 |
| Indo-Myanmar Border | 3.31 | 5.52 | 1.23 | 4.96 |
| ICD-Amingaon | 220.37 | 250.86 | 195.68 | 201.15 |
| LBGI-Guwahati | 0.06 | 0.58 | 1.43 | 1.26 |

Table 1.2: value of goods imported: NE Region (in Rs. Crores)

| | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 |
|-------------------------------|--------------|--------------|--------------|--------------|
| Total Import | 18.57 | 19.63 | 16.91 | 19.82 |
| Indo-Bangladesh border | 9.44 | 7.19 | 5.5 | 6.13 |
| Indo-Myanmar Border | 6.68 | 12.36 | 7.59 | 11.83 |
| ICD-Amingaon | 2.45 | - | 3.77 | 1.66 |
| LBGI-Guwahati | - | 0.08 | 0.05 | 0.2 |

Sources: Customs Office, Government of India, Guwahati

It needs to be emphasized that the physical infrastructure for facilitating trade and Economic links between the North East and the neighbouring countries is largely absent. Indeed, one can argue that the links are weaker today than they were in 1947. The Stilwell Road is now a mere muddy track and the rail links with Bangladesh stand severed. Infrastructure bottlenecks and delays at border points add substantially to the transaction cost in International trade. It is hardly surprising that with closed Border and open ports, the North East is not part of India's

trade expansion strategy with eastern neighbours. Hence, in all probability the bulk of trade with the Greater Mekong Sub region, Bangladesh and ASEAN is likely to move through the international sea lanes, completely by passing the North East Region. The regions gaining so far are the hinterlands of Chennai, Vizag and the Kolkata port on the Eastern flank. It would be reasonable to argue that given the state of infrastructure and the poor state of road, rail and air links with the neighbouring countries in the North East, the bulk of trade is likely to move through the sea ports of India.

The close and cooperative relationship that India and Myanmar have come to share for long and the strengthening of Economic ties with Myanmar would certainly boost trade in the North East Region which could develop the backward nature of its Economy. It is not only that the plywood industry which has already died down in Assam could revive with Myanmar's raw materials, but the joint venture could also give a new direction to the development of energy, transport and communication, bamboo products and science and technology sectors. It is important to note that the two countries share a 1600 km long border and people residing on both sides will certainly find their life much easier with cross border trade and commerce since marketability will be least costly as compared to the respective main-land alternatives in their own countries. It is important to note that until 1960, India was a major trading partner of Myanmar. There is no reason why the countries could not regain the lost trade relation. Though the trade between the North East and Myanmar still exists one has to note the fact that the unofficial volume or simply smuggling is much larger than the formal volume of trade. Many economists pointed out that Indo-Myanmar Trade can play a vital role in promoting speedy development of North East region. With the liberalization of the border trade, the activities like trade and commerce, banking and insurance services transport and communication, warehousing facilities, etc., would be increased in North Eastern Region which in turn would accelerate the economic activities of the region. Border trade can also create external economies which could be reaped by the state.

What is Act East Policy implied to the North Eastern Region?

In the simple major interpretation of the Act East Policy is that it is a policy aimed at uplifting the economic conditions of India's most underdeveloped and trouble NER. However, it is a matter of regret that North-Eastern Region has not been able to reap the benefit of India's "Look East Policy" as comparatively measure with mainland India. Nevertheless, transport, storage and communication have shown an increasing trend both in terms of contribution to NSDP. The economic integrated of North Eastern Region is supposed to take place through Myanmar. This logic seems valid to give credence, and to some extent urgency, to the Look East Policy. But in close scrutiny it would be clear that North Eastern Region was never a part of Look East Scheme. It remains as the neglected area, as we know the Look East Policy got operational in 1992 with India being admitted to ASEAN

as a sectoral dialogue partner. It must be remembered that Myanmar was yet to be a member of ASEAN. Thus, integrating neither North Eastern Region nor Myanmar was a part of India's planning under Look East Policy. In the year 1994 sub-regional grouping by the name BISTEC was formed involving India, Bangladesh, Sri Lanka and Thailand. It is only after Myanmar joined ASEAN in 1996 that Myanmar considered to be part of this economic sub-regional organization in 1997. Subsequently, the name was changed to BIMSTEC. Therefore, one can at best say that North East Region becomes a part of the Look East Policy only as an afterthought. However, the real operational are started only after Look East policy second phase, India has always taken a paradigmatic view of North Eastern Region and till date none of the paradigms have prove to be success in improving the economic condition of the region. On the other hand the region experience alienation which is manifested in various forms, most important of them being insurgency around the question of legitimacy of New Delhi's sovereignty. The first paradigm that shape India's approach toward NER was "culture paradigm." This entailed that the NER needs to be protected from cultural intrusion from mainland India as the region is an exotic cultural space. This did not help either the cause of NER in prospering culturally or the cause of Indian state in integrating NER into the national mainstream. This was followed by the security paradigm that identified NER as strategically important to the security of the country and called for enhanced of security forces. This was followed by politics/ representation paradigm. The rationale was the assumption that if the diverse communities and sub-national identities of NER were allowed greater representation in the mainstream political process.

Physical Connectivity in the NER VS Success of the Acts East Policy:

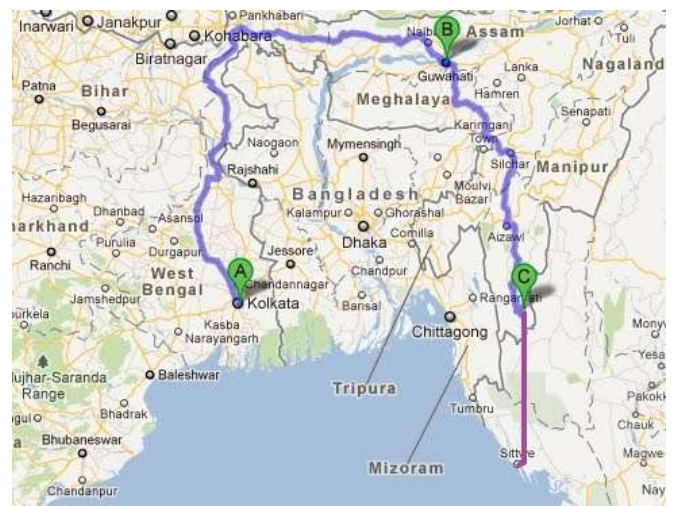
Improvement in the physical connectivity between the Northeast and Myanmar is a must for full realization of India's Look East Policy. Why? This is so as the Northeast was gateway to South-east Asia through Myanmar. Arunachal Pradesh and Nagaland on the north-west and Manipur and Mizoram on the south-west have borders with Myanmar, the nation which will take over the chairmanship of the 10- member regional block from Thailand in 2014. Myanmar has 93,000 hectares of untapped tea gardens and the biggest opportunity for Indian business lies in the infrastructure sector. India must take an active part in Myanmar's nation-building for its own benefit. Easy accessibility to this country shall immensely benefit the Indian unemployed youths especially in the educational industry that may pave the way as the flagship of the Indian business community in ASEAN through Myanmar.

The National Transport Development Policy Committee has estimated that Rs 1, 55,000 crore would be required for development of transport infrastructure in Northeast and the need for transport planning at three levels, viz. intra-regional, the rest of India with neighbouring countries and beyond to Southeast Asia and China, were highlighted in their report. But the irony is that, at present there is hardly any inter-sectoral planning amongst the five

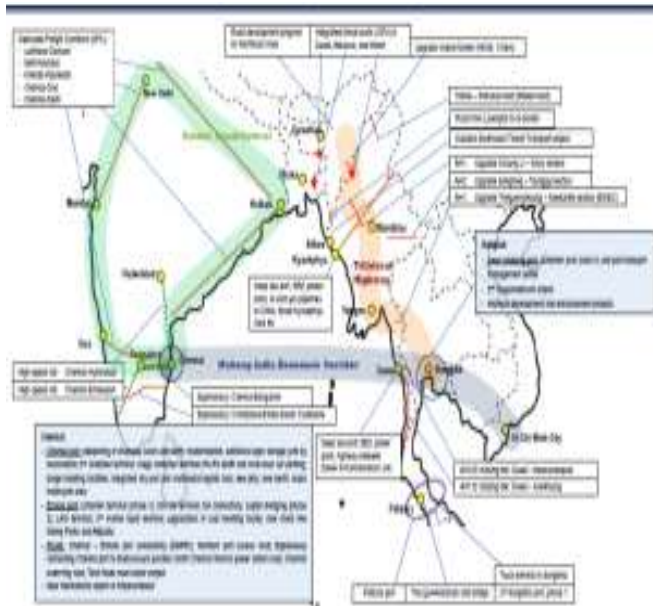
infrastructure sectors, namely, road, civil aviation, rail, inland waterways and telecommunication. Road is an important mode of travel in the hill areas as other mode of travel is either too expensive or difficult. The road infrastructure is relatively deficient in the NER although the region's road density per capita is significantly higher as compare to the rest of the country. The standard of roads being built to link the district headquarters under the Special Accelerated Road Development Programme for Northeast should be gradually raised so that the container load can be carried to the business centre and other important transit points.

The major roads programmed that are being undertaken in the region are as follows:

1. National Highway Development programme (NHDP)-II proposed to link the east-west corridor beginning at Porbandar, Gujarat to the north eastern through a 678 km four-lane highway connecting Silchar to Srirampur via Lumding-Daboka-Nagoan-Guwahati in Assam. This has been entrusted to the NHAI under the NHDP phase-II.
2. NHDP-III proposes to widen 1,051 km stretches of NHs to improve connectivity of state capital towns.
3. The Arunachal package envisages improving the connectivity to the Arunachal dramatically. The package incorporates the following.
 - . Construction of public roads to link the Hydel power project
 - . Four-lane connectivity to Itanagar
 - . Two-lane connectivity of district headquarters
 - . Trans-Arunachal highway
4. Special Accelerated Road development programme for North East (SARDP-NE) phase 'A' and 'B' will covered construction and improvement of 8,737 km f road length. Major objectives of this programme includes providing a two-lane NH connectivity to all state capital with East-West corridor, providing connectivity to all district headquarter of NER by at least a two-lane road and providing inter-connectivity to all the state capitals by at least a two-lane NH.



This project will reduce distance from Kolkata to Sittwe by approximately 1328 km



The Project is scheduled for completion in 2014

Kaladan Multi-Modal Transit Transport Project is a project that will connect the eastern Indian seaport of Kolkata with Sittwe port in Myanmar by sea; it will then link Sittwe to Mizoram via river and road transport.

Besides, there is a proposal to connect India and Myanmar through a single road running on either side of the borders. Earlier, the stretch of road in Myanmar was to start from Kaletwa, which will now start from Paletwa. The DPR for this new stretch is being prepared. In India, the road is to start from Lawngtlai in Mizoram. The technical specification of the road has been revised and consequently revised cost estimate are being worked out.

Railways:

Railways are the best mode of mass transportation in the country. However, in the hill terrains of the NER it is difficult and expensive to set up rail networks. This accounts for the absence or nominal presence of railways lines in hilly states like Arunachal Pradesh, Manipur, Meghalaya, and Mizoram. Even in Nagaland and Tripura the railways route has been set up in the plain areas of the region.

In the Rail Budget 2012-13, a survey for railway electricity project has been sanctioned for Assam. It also envisaged bringing the Northern banks of the Bramaputra River under rail connectivity. Tripura is another state in the NER where development of railway infrastructure is picking up well. From 2000 to 2010, the length of railway route in Tripura has increase from 41 km to 152 km. There are three major railway station located in Dharmanagar, Agartala and Kumarghat. The government has proposed a 14 km metre gauge railway line between Agartala (Tripura) and Akhaura (Bangladesh). In addition, there is a proposed railway- link to be developed between Agartala and Sabroom, covering 110 km and expected to be complete by 2014. In Arunachal the nearest railway station is located in Harmoti in Assam 33 km from Itanagar. The

major function of rail head linking Manipur with the rest of India is at Dimapur (Nagaland), 215 km away from Imphal. However, a railway line from Jiribam (on the Manipur-Assam border) is under construction as a national priority project. It is expected to connect Imphal with the rest of India by 2016. New railway lines on Azra-Byrnihat, Duhnoi-Mehendipather and Byrnihat- Shillong routes in Meghalaya are under construction. The construction of the extension of a vital broad gauge rail link between Bairabi rail terminus on the Mizoram- Assam border and Sairang, a village 20 km west to Aizawl, is in progress. In Sikkim rail connectivity is being created between Rangpoo and Siliguri in west Bengal. A railway track is also to be laid for connecting Agartala with Akhaura in Bangladesh.

Inland Waterways:

Inland water transport can be a viable, cost-effective alternative in the plain areas of NER given the high cost of expanding other mode of transportation. It will also create employment opportunities, promote tourism and open up inter-country routes for trade and commerce. However, the following needs to be done:

- There is a need to improve facilities for night navigation and mechanical handling.
- Cargo vessels and terminals should be increased to meet the rising demands.
- Emphasis should be on PPPs for the development of fairways and infrastructure in IWT.

Major river routes in the NER are the Bramaputra and the Barrak in Assam which has a combined navigable length of around 1,000 km. In all the NER has about 3,839* km of navigable river routes. There are seven operational port locations in the state for import and export to the Kolkata and Haldia port. There is an inland container depot (ICD) at Amingaon, 10 km from Guwahati, operated by the container Corporation of India Ltd. (CONCOR). Waterway connectivity between Mizoram and the port of Akyab Sittwe is under construction and this could lead to enhanced trade opportunities within the country.

Brahmaputra River, Assam and Mekong River, Cambodia





Mekong-Ganga Cooperation (MGC) was estd on Nov 10, 2000 at Vientiane at the 1st MGC Ministerial Meeting. It comprises 6 member countries, namely India, Thailand, Myanmar, Cambodia, Laos and Vietnam. Emphasis on 4 areas of cooperation tourism, culture, education and transportation.

Air Connectivity:

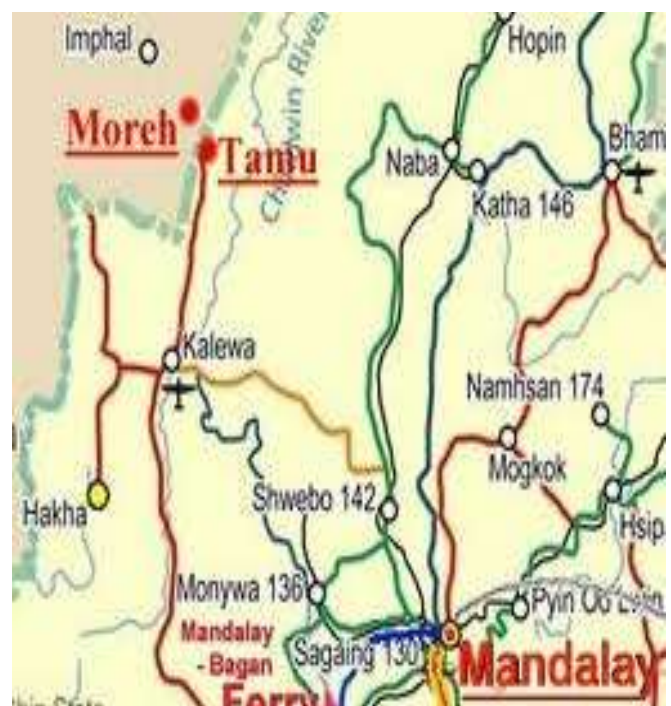
The NE region has one international airport in Guwahati, Assam- the Lokpriya Gopinath Bordoloi International (LGBI) Airport. The Airport Authority of India (AAI) plans to make it one of the major international airports, connecting Southeast Asia with India. Besides, Assam has six domestic airports at Guwahati, Tezpur, Jorhat, Dibrugarh, Silchar and North Lakhimpur. During 2011-12, the Guwahati airport received 2.2 million passengers. Mizorm has one operational airport at Lengpui where daily air connectivity is available through multiple air carriers. In 2009-10, Lengpui airport handled 1,790 aircrafts with 120,000 passengers. The Shillong airport (Umroi Aiport) is fully-operational, while the Baljek Airport is under construction and upgradation. In Sikkim, the airport construction is underway in Pakyong, a Greenfield airport has been proposed near Itanagar, for which environment clearance has been received in April 2010. The Ministry of civil Aviation has also planned to operationalise airports at Daporijo and Tezu in Arunachal. Nagaland has one operational airport at Dimapur. A second airport is being planned for Dimapur.

Under the 'Look East Policy' improved links with international neighbours is a priority. Bangladesh, Bhutan, Myanmar and TAR should be connected to Guwahati in addition to Bangkok. Another international airport for the southern part of NER in Agartala can be prioritized.

International connectivity:

The completion of the Trilateral Highway connected in the Mekong region country will forge greater connectivity

between Indian and Southeast Asia and the positives will outweigh the negatives in every sense. Connectivity will bring its share of problem but will certainly open up avenues for cooperation with the neighbouring states and provide effective mechanisms for dealing with cross border problem which hitherto have remained unresolved. Additionally, the Trilateral Highway will connect India to the Asian Highway Network and trade between India and ASEAN will receive a further boost which is already predicted to touch US\$100 billion in the next years and also boost trade potential of India, Myanmar and Thailand that is largely carried out through sea routes at present, adding to the substantial cost. Moreover, India Northeast region will be repositioned as a regional trading hub. It is evident that the Trilateral Highway is crucial for the realization of the LEP and its failure might shake the very foundations of this quest upon which India has embarked.





Myanmar-Bangladesh-India gas pipeline to pass through Myanmar's western coast to east India through Bangladesh.

The Asian Development Bank (ADB) is ready to fund a highway project that will connect India's North-East to Myanmar. The proposed network that will link Agartala, Silchar, Imphal and Moreh with Myanmar, is in line with India's Look-East policy and part of a strategic move to curtail China's dominance over South-East Asian countries.

The historic Stilwell Road which was constructed during the 2nd world war from Ledo in Assam connecting Burma Road to Kunming in China and named after General Joseph Warren Stilwell from the Allied forces.

5. Conclusion

North East to gain from India's PTA and FTA with the economies of the east, the key variables are transit arrangements, proliferation of trade routes and customs check post, easy visa regime making it possible for traders, businessman and transport operators to move in and out of the region. For this to be possible would require substantial investments in infrastructure, construction of highways and bridges, re-establishment of rail links and communication facilities. In this regard, the decision of the SAARC nations to have a regional liberalization to move towards a South Asian Free Trade (SAFTA) would definitely have certain positive implications on the economic prospect of North Eastern regions.

The 'Acts East Policy' when successfully implemented will make Myanmar the gateway of India to Asian countries. It is a fact that once trade with Myanmar is in full swing, it could enter the South East Asian market. Since all goods from and to India have to pass through the north eastern region, the latter will certainly develop commercially through the 'Look East Policy' of the Government. With Myanmar an ASEAN member and likely to take the chairmanship from Thailand after 2014, common markets as many as 500 million consumers are at the door step North Eastern region for which Myanmar will be the entry point to South East Asian market. However to achieve the end, it is not only that the infrastructural development have to be speed up but also that the already experienced frequent disruption of transport due to agitations and militant activities of

insurgent groups have to be brought under control. The most urgent need at this moment is to develop Special Economic Zones at the appropriate places of the region to start with the trade ventures.

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