

North East and BIMSTEC: Made for each other?

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Locked almost entirely by international land borders, the common people in India's North East have seldom cared much to look either to the east or the west, the north or the south. Long before the partition changed the map and pushed the region from the rest of the country by a few hundred kilometres, this mountainous region had a distinctive rhythm of its own. Geography and an ethnic antiquity largely determined its course of life. Clashes between people belonging to different tribal streams were and still are not unknown, but these do not make them a militant kind. Poverty has been a part of life, but a relatively small headcount and a flourishing tea industry in some areas acted as mitigating factors up to a few decades ago. The undivided Assam used to have at one time one of the highest per capita incomes in British India. Now the scenario is different.

Contemporaneous developments have followed a different course. The North East has been short changed. If today it is seen as a laggard, that is because of its neglect. Let us face the facts. If any region has sacrificed the most for the sake of India, then it is the North East. The Partition has proved to be the unkindest cut. What was a distance of a few kilometres between Gauhati and Calcutta has now been stretched to a span of few hundred miles. Its large porous borders have been one major factor behind the scourge of infiltrators streaming in from across the neighbouring regions. Its locals continue to be classified as tribals, a carryover from the days of alien rule, and not as simple citizens of the country like everyone else.

The undivided state of Assam flaunted some of the best economic statistics in the country. And today its successor family of member-states has come to have some of the lowest per capita figures. The North Eastern region,

comprising the seven 'sisters' and Sikkim, had a per capita income of Rs 18,027 in 2004-05, which was nearly one-third lower than the all-State average of Rs 25,968. The region has come to live virtually on resources transferred from Central funds. Federal funds make around 80 per cent of the kitty on an average for the eight states. It has been like pump priming on a continuing basis. It has been allotted much higher per capita assistance than many other regions. But the bottom line still reads dismal. The per capita income growth for the region during 1990-91 to 2004-05 was 2.5 per cent whereas the all India figure was 4 per cent.

The region has been endowed with many useful natural resources, but it has not yet proved possible to utilise much of them. The resources are going waste. The Vision 2020 document, prepared by the Ministry of Development of North Eastern States and North Eastern Council (2008), says, "The States in the region used to mobilize revenues from logging and other forest produces or from royalty from mineral products (as in Assam). The Supreme Court judgment restricting the felling of trees has significantly eroded this source of revenue. The royalty payments on minerals essentially depend upon the decisions of the Central Government. Some States like Nagaland and Sikkim collect revenues from lotteries. Nevertheless, by and large, non-tax revenue is not a stable and dependable source. The States in the region have not been able to collect user charges on the public services provided to any appreciable extent."

For a long time the government in its wisdom thought that the best policy would be to leave the region alone so that it could live with its distinctive ethnic character. Jawaharlal Nehru did not favour interference in, or superimposition of anything alien on, its ethnic identity. Cambridge sociologist Verrier Elwin was a strong advocate of this stand and his thinking left a mark on government policy. Many government notifications thus take care to put in a line saying 'The Indian Union with special reference to the North East.' The North East is special, different. As a policy this approach might look humane and constructive, but it has proved to be bad economics. In infrastructural development, the region has fared the worst. The Vision 2020 document writes, "The priority sector must be agriculture for with the Region's very high dependence on agriculture and allied activities, comprising over 80 per cent of the Region's gross domestic product, it is only through a Green Revolution that the back of the Region's poverty can be broken and the people as a whole placed on the parabola of progress." Within agriculture, one positive item used to be tea. But it too has lately become somewhat stagnant. Poverty is widespread and all too conspicuous.

Then came the deciding moment – globalisation and India’s economic liberalisation. They have changed the perspective. Its colourful people, living in a region dressed up beautifully by nature with loving care has opened up to the pulsating spin of contemporary times. More and more of its young men and women are moving out of the threshold and seeking different modes of self-expression. They are participating in mega music and dance competitions, sports events and fashion shows at the national level. Many inhabitants are crowding at metro cities for medical treatment. The locals are joining offices and service units in Indian cities and towns, helped by their relative fluency in spoken English. Management, technical and IT education networks are tapping the North East student community. The great Indian consumer goods market is spreading its wings there. Domestic tourism is on the rise.

Now that at least some sections in North East have started looking beyond what Vision 2020 called their ‘geo-political isolation’, the time seems to have come to sell to them the idea of looking east, looking at people with whom they have many things in common. In other words, today there is a better chance than ever before that they would find interest in exploring the opportunities that countries like Nepal, Myanmar, Bhutan, Bangladesh or even China or Thailand may offer. The first four are BIMSTEC members.

But with the kind of infrastructure that the North East today has, how well is it positioned to forge such friendships or equations with these countries? And the answer is: Quite badly. The region is marked by very poor road connectivity, rail connectivity, air connectivity, cyber and telecom connectivity, inland waterways, and power system. All this acts against the emergence of minimum economic activity. Connectivity is essential to promote man-to-man contact which must precede interactions in trade, investment, tourism and agriculture. The connectivity has to be arranged right up to the border from which point hopefully the neighbouring countries will take over. That in essence is what is meant when someone talks of the flesh and bone of the Look East Policy. Only such measures can make the policy a living system.

The Vision 2020 document has been candid enough to admit as much. It has not proved possible to ensure this minimum back-up. The document mournfully admits that “the Look East Policy has yielded few returns to the Region thus far.” Sixteen years have passed since the S P Shukla Commission suggested

some elementary infrastructural support needed for the policy to be effective. But little on those lines have been implemented nor has there been much success in resolving the outstanding issues of trade, transit and investment with the neighbouring countries. It has been aptly said, 'South East Asia begins where North East India ends.' In the Look East Policy, the North East is the proverbial last mile. And any race is decided not by how you perform right through, but how you fare at the proverbial Last Mile.

Today for North East it is a kind of re-discovery of the land that has lain across the cartographic divide on the west – the Indian mainland. Its glittering market economics has cast a spell on the hill people. And in normal course, the interest would soon take a reciprocal character. Indians' business aptitude would find newer horizons in the North East. There was a time when the mainland entrepreneurs were not considered very welcome in these uninitiated lands. But that attitude is changing. The fresh involvement may take many forms. But more than a matter of few crores of rupees, investment is important as a token of involvement, as a means to end what a document calls 'the region's geo-political isolation'. How far the local economy would be able to cough up adequate and sustainable purchasing power and provide the necessary human resources for such operations would decide the fate of the new equation in the offing. It has to be a holistic approach. There has to be inputs from diverse but related areas of defence, foreign policy, internal security and foreign trade. The good thing is that a beginning has been made in this direction.

When the rest of India is turning a new leaf in entrepreneurial and industrial dynamism, it was time that a new beginning is made in the North East also. It could take several forms. Government undertakings in both the Central and State sectors are already existing there. They have generated only limited momentum. Private investment by outside investors is slowly gaining pace, but it too has to find its proper wavelength. To corporate India the North East is still a dispensable proposition except when it can offer something that is badly needed such as Assam's limestone deposits.

That leaves the space for the public-private partnership model, and it stands out as the best bet. It combines the elan of private enterprise and an acceptable public face of a government property. There could be many variations of such partnerships depending on individual context. Some Indian conglomerates have already made a beginning. Tata, Essar and Airtel, among others, have

reportedly showed interest in making investments. Others will follow. But one thing is very important. How far will these outside investors recruit local people for their projects? Unemployment is high in the North East. Skill formation is almost unknown. The few skilled and semi-skilled men and women who are around do not get a fair break either. So when new projects come up, the local youth come to have lots of expectations. If they could not be given employment, the least that could be carried out is to give them the right of first refusal.

The issue is sensitive, and its wrong handling could cause heart-burning among the sons of the soil and lead to strong reactions. What China has done in some African countries has a wider moral. The presence of a large number of Chinese workers at the work sites has disappointed local youth. Will the Indian investors do any better? There is no denying that many of the local people are first-generation industrial workers. They will be new to the environment. And it will be a challenge to draw them into the new surroundings. But to deny them even a marginal participation in new projects on this ground will be the surest way of how not to win friends and not influence people. The fear that local recruitments would become a permanent liability is also unfounded because once the jinx against making investment in North East is broken, there should hopefully be a regular flow of new ventures coming there. These will open up new opportunities for fresh recruitments.

A time has come to admit that much of all the investment that has gone into the development of the region has not shown up in any marked infrastructural improvement. Yet, once the basic drawbacks are taken care of and its people come to taste the fruits of economic development, the perspective would change. Both the orbit and the intensity of the interface with outsiders will grow. The North East has the making of developing as an ideal hub for doing business with the contiguous areas. That would make the Look East policy come alive, a practical manual, instead of being viewed as an abstract concept. People-to-people contact makes money flow sooner and easier. And it finds its own direction. At this point of time all this may look too visionary, but then if the Berlin Wall could be demolished one fine morning, why not other walls? They too can be pulled down and made into thoroughfares. Maybe initially it will be more like a one-way traffic with Indians on the lead. But it will change. One day it will become a reciprocal flow.

From the Indian side, a minimum ground work needs to be readied. The Shukla Commission had estimated a barest minimum budget of Rs 22,758 crore during the mid-1990s. It suggested creation of a non-lapsable central pool. That much has been done but only one-third to one-half of the funds have been invested. There are nearly 120 public sector undertakings but their contribution towards creating an investment-friendly environment or revenue generation has hardly been significant.

Largely left out of the mainstream of development has helped to keep the region's essential ethos generally intact even to this day. It would be wrong to call that ethos anti-development or anti-modernity. Changes are taking place, though the pace has been slow. And it has been selective. That is the good part. The region has not yet been sullied by one of the most devastating offshoots of globalisation – aggravation of crime. A study done by Indian Institute of Public Administration researchers in 2006 found that nearly 70 per cent of the 40,000 odd villages of the Seven Sisters and Sikkim did not report any crime as defined under the Indian Penal Code. This is quite remarkable. Again, most of its population remains agricultural and rural. Agriculture contributes around 25% of its gross income. The tertiary, manufacturing and services segments have more or less maintained their shares at 34:16:50.

Side by side, insurgencies, underground outfits, arms running, drugs trafficking, smuggling, violence – all have been there and in fact are on the rise. But much of the civil society has stayed out of such operations. A World Bank Strategy Report in 2006 held poverty and retarded development as a major factor behind the civil conflict and civil instability, which in turn has acted against the prospects of growth and development. Finance Minister Pranab Mukherjee during an April visit to Siliguri said as much: "Insurgency is a problem. It is not easy to make the region insurgency free. But insurgency is linked to lack of development."

The time has come for the North East to lead the Look East policy – from the front. As it has been said, South East Asia begins where North East India ends'. Something more. It has to be the hub of all that it stands for. Racially, culturally, geographically, and even in terms of religious faiths, it has much in common with the people in many parts in South and South East Asia. The Tai people of the Brahmaputra valley and Arunachal Pradesh are ethnically related to the Thai of Thailand, Lao of Laos, Shan of Myanmar and Dai in China's

Zhuang. The signing of the India-ASEAN Free Trade Agreement could be a turning point for the North East, it being ideally located to become a kind of the first port of call for investors and others from neighbouring countries.

In a way looking east has been a hoary feature of Indian history. What began with Asoka's religious offensive came down to Subhas Chandra Bose's Azad Hind Fauz to Nehru's Panchsheel and Bandung initiatives. The east stands for India as where you make – or at least try to make – friends whereas the West is marked out as the gateway for colonialists to march in, impose their dominance, and then leave the country poorer. There has been a tradition of looking at the east as somewhat special, as having some common genes, so to say. And fortunately this realisation has remained a part of India's policy in the corridors of power. That faith asserted itself when the government was working hard to finalise the FTA with the ASEAN. Atal Behari Vajpayee propounded the 'Look East' slogan and aired his vision of a single currency for South Asia. Manmohan Singh has carried that flag ahead in the face of strong resistance.

The BISMTEC (Bay of Bengal Initiative for Multi-sectoral Technical and Economic Co-operation) has to be seen as both as a challenge and an opportunity for giving shape to this policy. The North East has to do a lot more to set its house in order to fit in the shape of things envisaged in the BIMSTEC blueprint. The region has to immediately initiate measures to forge closer ties in as many as the 13 priority areas that the organisation has come to stand for today. There has not been much give and take in trade and there has not been much of reciprocity of investment either. But there is scope for both. Till the North East develops modern industries, a more vigorous thrust could be undertaken to market its cottage and small industries products. It has a rich tradition of making beautiful bamboo and argo-processed products. Trading would come on its own once the region takes to harnessing its natural resource. It has 38% of the river waters that flows down the Indian landmass and nearly 20% of its oil and gas reserves. Among minerals, the more important ones are limestone and dolomite deposits. There are not-fully-mapped reserves of low ash coal. Some of the coal is exported to Bangladesh from time to time. Large uranium reserves are also reported. Each of these areas hold out considerable scope for investment provided the basic infrastructure is ready. In a way trade and investment are related but it is for investment to set the ball rolling,

There has to be a clear and preferably liberal policy on investment in the mining sector. Moreh is one operational point for trading with Myanmar. Some other points, notably Champhai, have been identified. Border trade comes high among North East's trade activities, though much of it takes place in illegal ways. Trading with Bhutan goes through three notified land customs stations. The good thing is that the nations in the region are showing much greater interest in filling some of the glaring infrastructure gaps. China and Myanmar may cooperate in restoring the old Stillwell Road. Bangladesh has agreed to allow India use its Chittagong and Mongla ports. Myanmar has cleared India's use of Sittwe port and onward up the Kaladan river to carry India's merchandise to the northeast. The Kaladan Multi Modal Transit Transport Project, connecting NER with Sittwe Port in Myanmar, is coming up. The Mekong-Ganga Cooperation is important. The Asian Highway project, already 40 years in the offing, could make a deep change in the transport network of India and the 14 other countries who have pledged to participate in it.

But the insurgency issue refuses to die down. The northeast politics being as emotive as it is, it is the last thing that one would like to speculate on. Its four neighbours, China, Myanmar, Bangladesh and Bhutan, have their internal problems in varying extent, and their ripples are felt this side of the border. All of them have at one time or the other – and sometimes all through – extended support to the region's activists. But this time around, there are some favourable things going. The revival of the pre-Partition road linkages through these countries is seen as a sure straw in the wind. “ We are not only looking at security cooperation from our eastern neighbours . We are persuading them to restore the pre-Partition transport linkages with Burma , Bangladesh and even China to facilitate trade and commerce. That is the main thrust of our Look East policy,” said Indian foreign secretary Nirupama Rao. The NSCN, the oldest insurgency group and one of the most powerful of them, has been holding silent negotiations with the Indian government for 12 years without indicating any fundamental change in its secessionist stance. Manipur's two intransigent outfits, PLF and UNLF, between them are keeping the pot boiling. Assam's ULFA looks a little maimed at the stoppage of Bangladesh support. At the same time, at least seven Northeast groups have announced that they will jointly fight Indian control. The new government of Sheikh Hasina is the best thing that could happen to North East. China also appears to be mellowing.

Four of India's northeastern neighbours – Bangladesh, Bhutan, Myanmar and Nepal – are in the BIMSTEC. Myanmar also sits on the ASEAN. The two organizations are working with a broad commonality of interest, and to that extent could be expected to achieve some basic bonds of understanding and reciprocity between them. The coming years may yet see those expectations come partly, if not significantly, true.

The new lines of mutual economic cooperation and give and take have to be seen as early signs of interesting possibilities. Restoring the old Silk Route by itself may not bring normalcy. But it does indicate a new facet of thinking. An equally important factor is how the Western powers view the situation. Nothing would be more unfortunate if they choose to view North East as a kind of sandbag buffer from the back of which they can keep sniping at each other as part of their big power game. This has happened quite often. But this is unfortunate. The North East deserves to be seen more than a chessboard for the big powers' big game