India’s ‘Act East’ Policy: Impact on Mizoram and Manipur

Safa Rahim
Abstract

India’s ‘Look East’ policy which was recalibrated as the ‘Act East’ policy has focused on reducing the economic and physical isolation of the northeastern region of India. Several connectivity projects are being implemented and are making progress, albeit at a tardy pace. The impact of these projects can, however, only be gauged by the benefit it provides to its stakeholders, especially the local population. In several cases, the government appears to have neglected the local interests. There are few evidences that the economic conditions of the local population have improved as a result of the policies undertaken in the past years. Can the Act East policy be construed as a success with such a record of implementation?

The LEP and the AEP

The Look East Policy (LEP) was enunciated in 1991 by Prime Minister P.V Narasimha Rao (1991-1996). It was initiated in the backdrop of India’s struggling economy and the country had to open its ‘sealed doors’ to the world outside. India had lost two of its companions– first, its close ally, the USSR and second, the socialist ideology which had shaped its planned development strategy implemented through the Five-Year Plans. It was hoped that the LEP would help transform India’s economy, especially those of its northeastern states by establishing connectivity with then rising economies of the Southeast Asia. According to former Indian diplomat, C.V Ranganathan[1], ‘The LEP was really an attempt at restoring age-old traditional links in commerce with a neighbouring area of shared history in a Modern Indian context’.

Soon after the LEP was initiated, regular visits by Indian delegations to the South East Asian nations culminated in India being an active participant in the various Southeast Asian forums. By 1996, India was a full dialogue member of the Association of Southeast Asian Nations (ASEAN) and member of the ASEAN Regional Forum. The first phase[2] between 1992 and 1996 followed by the second phase, between 2000 and 2010, witnessed an immediate acceleration in trade and investment between India and ASEAN. Between early 2000 to 2009, exports increased from USD 2.9 billion to USD 19.1 billion and imports too increased several folds from USD 4.1 billion to USD 26.2 billion. [3] The successive Atal Behari Vajpayee and Manmohan Singh governments too embedded the LEP as an essential element of their foreign policies. While the first phase was almost exclusively based on economic relations, the second phase of the LEP was seen as one of increased defence diplomacy along with Free Trade Agreements. Greater land and air connectivity was established along with accessibility to ports in South East Asia. While the LEP was extremely successful in establishing trade links internationally, its effect did not make much impact on the North East, either in increasing physical connectivity or creating employment opportunities for the youth of the region. The LEP was recast as the ‘Act East Policy (AEP)’ and was set in motion by Prime Minister Narendra Modi at the East Asia Summit in Myanmar in November 2014. The idea behind the switch in nomenclature was to make the policy more pro-active. The objective of the AEP, as declared by the government, was to promote economic cooperation and cultural ties by developing a strategic relationship with the Asia-Pacific through different levels of diplomacy that would ultimately result in greater physical and economical connectivity of northeast India with the mainland.
The AEP was projected as something which would take care of the anomalies of the LEP. In the four years’ of its existence, has the AEP been successful in achieving its objectives? How much have the north eastern states benefited from this policy? This article attempts to assess the impact of AEP by adopting a case study approach of examining two northeastern states: Mizoram and Manipur.

Impact of AEP on the North East

The North East India shares a 4500 kilometres-long international border with China, Nepal, Bhutan, Myanmar, and Bangladesh. Of these, Myanmar alone accounts for 1643 kilometres bordering four states: Arunachal Pradesh, Manipur, Mizoram, and Nagaland. Of the national economy of USD 2.65 trillion, as of 2017, the northeast’s share is USD 76 billion[4] or a mere 0.02 percent. Among the reasons for the state of poor economy are neglect by the government in New Delhi, historical reasons like the partition of Bengal, poor infrastructure, and insurgency movements.

Mizoram

In December 2017, President Ram Nath Kovind described Mizoram as ‘special’ and ‘the focus of AEP’ in his maiden address at the Mizoram Assembly[5]. The AEP aims at having a ‘multiplier effect across a range of industries’[6] by providing access to new markets for the state especially in the sectors of agricultural produce and traditional products as well as strengthening Information Technology and internet connectivity of the state that will result in positively for a wide range of industries[7]. He also lauded the state as a ‘role model of democracy’ for ending insurgency through the Mizo Accord of 1986.
Despite having occupied a strategic place in the AEP for it ‘high standards’ of human development indices such as literacy rate and sex ratio, infrastructural deficit however still remains acute[8]. Mizoram is predominantly an agrarian state like most of the other states of Northeast with more than 70 percent of its population engaged in agriculture[9]. Although it is one of the fastest growing economies of India with a growth rate of above 8 percent since 2014[10], improvement in agricultural productivity has remained marginal. The industrial sector has not grown as a result of lack of infrastructure and scarce availability of raw material. The contribution of the tourism sector to the economy of Mizoram is also very less due to the geographical isolation of the state. The intra-state connectivity remains poor. For instance, it takes nearly seven hours to cover 170 kilometres of distance between capital Aizawl and Lunglei, its second largest town. Mizoram conducts virtually no trade with either the mainland or neighbouring countries. It was therefore imperative for the AEP to ‘bridge the distances’ physically and economically in Mizoram.

Among the projects under the AEP, the most important one in Mizoram is the Kaladan Multi-Modal Transit Transport Project (KMMTTP) - linking Aizawl with the Sittwe port in Myanmar, that would provide wide-ranging benefits for the state. The idea of the KMMTP came about in 2003, India signed the framework agreement in 2008 and construction began in 2010. But implementational handicaps affected the completion of the project. The BJP government reallocated budget to the project in 2015. Even then, according to the Ministry of DONER, “Every stage of the project has suffered delays.” The India-funded and executed project involves developing Sittwe to handle 20,000-ton vessels[11] (up from the 2,000 to 3,000-ton ships it handles at present); dredging the River Kaladan from Sittwe to Paletwa (a 158 km long stretch to improve its navigability; building an inland terminal at Paletwa where cargo will be shifted from barges to trucks; and constructing a 109-km-long road[12] that connects Paletwa river terminal to Zorinpui on the Mizoram border in Myanmar. While the upgradation of the Sittwe port has been completed, the project to build the road started in April 2018 and would get completed before 2020.

Despite its projected economic benefits, locals see the KMMTP as a double-edged sword, a source of pollution, local habitat dislocation, and loss of livelihood. One of the reasons for the delay of the construction is the local political unrest in the Chin State bordering South Mizoram. This points at a more serious problem of absence of consultation with some of the stakeholders.

The India and Myanmar-based Kaladan Movement[13], that describes itself as “an alliance of civil society organizations concerned about the human rights, social, economic and environmental impacts of the Kaladan project”, has criticized New Delhi for opacity in the implementation of the project. A report prepared by the Kaladan Movement[14], on the basis of ‘field research in Chin and Rakhine States in Myanmar, and Mizoram, indicates local communities were neither consulted or informed about the KMMTP’s impact, nor are they being included in the project’s benefits. In fact, even with regard to wages paid to the labourers on the project, the locals are being discriminated against. Activists have also drawn attention to the KMMTP’s destructive impact on the environment and impacts on local livelihoods. “Implementation of the Kaladan Project should be fully transparent, and should ensure full local consultation and participation; the benefits of the project go to the least advantaged communities; and accountability for all stakeholders be involved in the project. Unless and until these essential elements are fulfilled, the Kaladan Project should be suspended”, said the Kaladan Movement in a press release in June 2013.
India has denied some of these allegations. While admitting that an environmental impact assessment was not done for the Kaladan project, Delhi argued in 2013[15] that this is not necessary as the dredging of the river involves “minimum intervention.” However, New Delhi did suspend construction of the Htamanthi hydropower project, with an installed capacity of 1,200 MW, and the Shwezaye hydropower project with 880 MW on the Chindwin River, after Myanmar government gave in to the demands of the protesters raising environmental and social concerns.

Further, the lack of compensation to local communities even resulted in a deadlock in March 2018[16]. Landowners from Southern Mizo town of Lawngtlai threatened a complete and indefinite blockade. These locals have waited for 9 years to receive their rightful share in exchange for several of their amenities like community halls, and churches that were sliced away to make way for the project. According to the locals there are 303 approved compensation claims accounting for Rupees 50 Crores[17] promised by the state government, to be approved by an expert committee, however, even after 9 years is still yet to constitute. Activists and environmentalists are also concerned that the project is being built without input from the people who live along its length, making them especially vulnerable as they lose their ancestral rights to the land and the river along with a fear of increased pollution[18].

The construction of the project, with regard to the labour, has even led to a range of serious problems such as increase in informalization of labour. Increased dependence casual and contractual labour has further decreased the standards of labour. The labour force is usually discharged during monsoon and asked to rejoin in October, this results in the classic case of ‘seasonal labour’. In the past, daily wagers have been reluctant to work for the project in south Mizoram which necessitates a search for new workers from different parts of the country[19]. Such searches have ended in getting labourers from states like Bihar, thereby discriminating against the available labour within the northeast. A workforce of around 2,700[20] employees including engineers and operators has been recruited by the firms implementing the project. Compared to the humongous budget of the project, the number of employees is considerably less. Further, the infinite delays and lack of consensus amongst the local communities have reduced the impact of AEP, which is now being increasingly labelled another ‘rhetoric’.

**Manipur**

Manipur, sharing 398 kilometres[21] of international border with Myanmar, is critical to the success of the AEP. Manipur’s border post at Moreh, on Asian Highway 1, that connects Mae Sot in Thailand, via Mandalay and Yangon in Myanmar, accounts for 99 percent of the formal overland trade worth about US$49.5 million[22] between India and Myanmar apart from the much larger category of the India-Myanmar informal/ illegal trade. The AEP can potentially expand the scope of the formal trade significantly benefiting thousands of Manipur’s citizens.
Some of the major projects of the AEP to be executed in Manipur include increasing the overland connect between Manipur and Myanmar through the Imphal-Mandalay 579 kilometre-long bus service [23] and construction of the India-Myanmar-Thailand Trilateral Highway, the 1,360 kilometre-long project which will connect Moreh to Mae Sot via Myanmar.[24] The highway is also expected to boost trade and commerce in ASEAN–India Free Trade Area, as well as with rest of Southeast Asia. Considered just as much as it is to China’s Belt and Road Initiative, the highway can serve making Myanmar India’s gateway to Southeast Asia, while offering itself as Myanmar and ASEAN’s, gateway to South Asia.”[25]

Just like the KMMTP, the highway project too has suffered from recurrent delays. It was proposed in 2002. Since then, it has been expanded to include Laos and Vietnam. Under the project, existing stretches of the highway in Manipur and Myanmar were to be upgraded by India and Myanmar. These included the following sections: Moreh-Tamu-Kalemyo-Kalewa; Kalewa-Yagyi; Myawaddy-Thin Gan Nyi Naung-Kawkareik; and the Ein Du-Tha Ton. The 26 kilometres-long Myawaddy-Thin Gan Nyi Naung-Kawkareik section in Myanmar was put into service in September 2015 and work on the 68-kilometre long Ein Du-Thaton section between Myanmar and Thailand is in progress.

Between Manipur and Myanmar, the first 160 kilometres of the highway, linking Moreh-Tamu-Kalemyo-Kalewa, was officially inaugurated on 13 February 2001[26]. Built by the Border Roads Organisations (BRO) and maintained till 2009, it was handed over to the Myanmar government[27] as per the agreement. According to the agreement, India would widen and repave the existing roads while Myanmar would upgrade the single-lane bridges along the route. In May 2012, India announced US$ 100 million to both repave the existing roads and upgrade the 71 bridges that Myanmar had failed to rebuild[28]. Myanmar was supposed upgrade the Yargi-Monywa section and open motorway between Mandalay-Naw Pyi Taw and Yangon[29]. However, after the 2015 parliamentary elections, Myanmar withdrew from the commitment. The Indian government now most
recently proposed the Zokhawthar- Rhi Tiddim road as an additional point of crossing for the Indo-Myanmar highway[30].

The 120-kilometre long Kalewa-Yagyi section in Myanmar is currently under upgradation to become a two-lane road and is scheduled to be completed by 2021. The procurement and construction contract for the project will be entirely funded by the Indian External Affairs Ministry. On 6 September 2017, the National Highway Authority of India awarded the Rupees 1200 crores construction and maintenance contract to a joint venture of Punj Lloyd and Varaha Infra Limited Engineering and the final contract was awarded on 11 April 2018. The project is to be completed in three years by April 2021 in Engineering, procurement, and construction (EPC) mode under a special purpose vehicle, which will be an international standard highway with two-lanes in each direction.[31]

On 8 August, the Indo-Myanmar Friendship Bridge was formally opened at Moreh. Travellers no longer require a special permit to travel into either of the countries, but can acquire a visa by showing their passport[32], possibly in a first step towards the free movement of people and goods. Both nations are yet to agree on the free movement of vehicles across national boundaries.[33]

Gauging AEP’s Success

There are multiple ways of analysing the progress in the AEP within Mizoram and Manipur. In the backdrop of huge logistical, bureaucratic, and geographical challenges, implementation of certain phases of the project has been considerable. At the same time, however, the AEP hardly seems to have brought in any element of dynamism into the project. Even with the completion of specific parts of the project, apart from the stretch from Mandalay to Yangon, which is the fastest in the entire Trilateral, the four-lane expressway helping cover the 625-km distance via Naypyidaw in about six hours, the rest of Trilateral Highway, a freight corridor is still a few years away. Presently, a truck would take at least three days to cover the 1300 kilometre distance between Moreh to the border town of Mae Sot.[34]

The absence of local consultation and participation indeed appears to be absent in the official imagination on the AEP. However, this crucial missing link has the potential of delaying and even scuttling optimistic projects. An example of this is the smart city plan for a small village named Haollenphai in Manipur’s Moreh town. The Modi government in 2014 pledged to make Moreh one of the 100 smart cities by converting the ‘New Moreh Township’ proposal into a Smart City one. Since Moreh town is both small, unplanned and undeveloped, land acquisition was planned in the adjacent Haollenphai village. The idea was to develop Haollenphai as a trading centre for business with South East Asia complete with immigration centres and check posts. Health centres and cultural centres were supposed to have provided necessary boost to tourism. But unfortunately, as of 2018, the government is still facing local opposition with regard to land acquisition. Haollenphai is still struggling with unavailability potable water and stable supply of electricity.

The trilateral highway project would eventually be completed. But could that have been completed with more time efficiency remains a question. Would the project serve the very purpose of its initiation would be another. At least in terms of involving the local population, the project seems to have faltered. Mere transit of goods through their territory has not done them any good. Neither has the
government been able to provide them with adequate opportunity to gain employment, nor has the AEP been able to improve their standard of living. In many development indicators, both Mizoram and Manipur continue to lag behind the rest of the states of the country.

Remnants of insurgency movements pose another problem to the AH1. Based in Myanmar, some of these outfits indulge in occasional violence in Manipur. In addition, good laden vehicles are targeted during regular protests that community based organisations organise along the route. Overground insurgents while conducting peace talks with the government continue to be involved in extortion activities. According to an estimate, ‘it is in fact currently cheaper and safer to send goods from the northeast via the Chicken’s neck (Siliguri) to Kolkata and further to Myanmar/Thailand by sea due to this problem[35].

In sum, the trilateral highway is hopping to completion. Yet, there are issues galore that will prevent the AEP to be embraced by the local population that would bring about any tangible change in their lives. Building local stakeholdership and ownership is sine quanon for success of any connectivity project. This is the missing link in the AEP that needs to be addressed for the long term sustainability of such policies and projects.

End Notes


[3] Ibid.


[6] Ibid.

[7] Ibid.

[8] Ibid.


[12] Ibid.


[14] Ibid.

[15] Ibid.


[17] Ibid.


[20] Ibid.


[22] “India’s border trade with Myanmar stagnates at $50 million as China’s hits $6 billion”. The Hindustan Times, 22 December 2017, https://www.hindustantimes.com/india-news/india-s-border-


[33] Subramanian, Nirupama. “The Road to East: Connecting India, Myanmar and Thailand; gateway to ASEAN”. *The Indian Express*, 5 September 2018,

[34] Ibid.


(Safa Rahim is a project intern with Mantraya. This analysis is published as part of Mantraya’s ongoing “Regional Economic Cooperation and Connectivity in South Asia” and “Borderlands” projects. Mantraya Analyses are peer reviewed publications.)

Welcome to Mantraya

Mantraya is an independent research forum that seeks to make constructive contributions in the realm of strategy, innovation and alternatives. It aims to:

- Inform public debate through regular publications on subjects of national and international importance;
- Produce cutting edge research and provide alternatives by employing qualitative and quantitative methodology, primarily field based studies;
- Serve as a platform for exchange of ideas and strategy involving scholars, researchers, academia, media, governmental and non-governmental personnel/institutions.
- Provide advisory and consultancy services.
- Outreach and partnerships with likeminded institutions/individuals.

Mantraya’s research areas include:

- Non-traditional security challenges in South Asia
- Reconstruction, Governance and Institution building in transitional societies
- Challenges to Policy making in fragile states
- State and Peace building in post conflict societies
- Politics of Aid, Development, Gender and Security in South Asia
- Water, Climate change, Borders, Diaspora, Energy, Nuclear and Cyber Security
- Security Sector Reform and Civil-Military Relations
- Insurgencies, Terrorism and Strategies in Counter terrorism
- Non-State Armed Groups, Illicit Networks, Organised crime and Conflict Economy
- Countering violent extremism (CVE), counter terrorist financing and anti-money laundering
- Women in CVE, Conflict Resolution, and Strengthening Civil Society
- Rule of law, Political systems, Electoral and Constitutional Reform in South Asia
- Strategic Communications and Role of Media
- Role of Dialogue, Negotiations, Reconciliation, Mediation, Confidence-building measures and Track II initiatives
- Conflict Prevention, Management and Resolution
- Great Power Politics, Global governance and Emerging Powers
- Regional Cooperation in South Asia and South East Asia
- India’s foreign, aid and security policy