

# Act East Policy & It's Impact on North East India

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## Abstract

In the realm of international relations, India's "Look East Policy" has emerged as a strategic linchpin, directing the nation's gaze towards East and Southeast Asia to cultivate deeper diplomatic, economic, and cultural ties. Evolving into the more assertive "Act East Policy," this geopolitical manoeuvre has profound implications for various regions across India. This research paper undertakes a comprehensive exploration of the Look East Policy and its intricate impact on the socio-economic, cultural, and security dynamics of North East India.

The paper embarks on its journey by tracing the policy's evolution, originating in the early 1990s and maturing into the Act East Policy, emblematic of its proactive and encompassing approach. By dissecting the policy's key objectives and the strategic imperatives guiding its implementation, the study aims to illuminate the underlying motivations that propel India's engagement with its eastern neighbours and the implications this has for the northeastern states.

**Keywords:** Relations, Engagement, Strategic, ASEAN, Initiatives, Transition, Policy, Cooperation, Connectivity, International.

## Introduction

Over the past few decades, India's foreign policy approach towards East and Southeast Asia has undergone a significant evolution, transitioning from a passive observer under the "Look East" policy to an active participant under the "Act East" policy. This shift underscores India's proactive engagement with the region, driven by the recognition of its strategic importance and economic dynamism. Central to this transformation are the burgeoning partnerships with regional organizations such as the Association of Southeast Asian Nations (ASEAN) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), which have played pivotal roles in shaping India's regional engagement. This paper delves into the evolution of India's Eastward outlook, analyzes the roles of ASEAN and BIMSTEC, and examines the impact of the Act East Policy on the socio-economic landscape of North Eastern India.

The shift from the "Look East" to the "Act East" policy marks a strategic reorientation in India's foreign policy approach, signalling a proactive stance towards East and Southeast Asia. While the Look East policy laid the foundation for engagement with the region, the Act East policy represents a more assertive and action-oriented approach, aimed at deepening economic integration, enhancing strategic partnerships, and fostering cultural ties. This evolution reflects India's growing aspiration to play a more significant role in shaping the regional architecture and leveraging the opportunities offered by Asia's economic rise.

ASEAN stands at the forefront of India's Act East endeavours, serving as a key partner in fostering economic cooperation, strategic dialogue, and cultural exchanges. India's engagement with ASEAN has been institutionalized through various mechanisms, including the ASEAN-India Summit and the ASEAN-India Free Trade Agreement (AIFTA), aimed at enhancing trade linkages and promoting regional connectivity. Similarly, BIMSTEC, comprising countries around the Bay of Bengal, has emerged as a platform for promoting multi-sectoral cooperation and connectivity in the region. India's participation in BIMSTEC underscores its commitment to enhancing regional integration and leveraging the Bay of Bengal's strategic significance.

The Act East Policy has had profound implications for North Eastern India, a region strategically positioned at the crossroads of India's Act East engagements. Enhanced connectivity, trade facilitation, and people-to-people exchanges under the policy have opened up new avenues for economic growth and development in the region. Investments in infrastructure projects, such as the India-Myanmar-Thailand Trilateral Highway, have not only improved connectivity but have also stimulated trade and investment flows, bolstering the region's socio-economic development.

Moreover, cultural exchanges and tourism promotion initiatives have enriched the cultural landscape of North Eastern India, fostering greater cross-cultural understanding and integration with East and Southeast Asia, the transition from the Look East to the Act East policy underscores India's proactive engagement with East and Southeast Asia, driven by the imperatives of economic cooperation, strategic partnership, and cultural exchange. By deepening partnerships with ASEAN, BIMSTEC, and other regional stakeholders, India seeks to capitalize on the opportunities offered by Asia's economic rise while contributing to regional peace, stability, and prosperity. This paper aims to analyze the multifaceted impact of the Act East Policy on North Eastern India, shedding light on the opportunities and challenges arising from this transformative policy paradigm.

### **From Look East to Act East.**

The Look East Policy emerged in the early 1990s as India sought to reorient its foreign policy towards Southeast Asia. Historically, India had maintained cultural and historical ties with the region, but it was only during the post-Cold War era that it began to actively engage with Southeast Asian nations. The primary objectives of the Look East Policy were to enhance economic cooperation, promote regional integration, and tap into the economic opportunities offered by the booming economies of Southeast Asia. Through initiatives such as the India-ASEAN Free Trade Agreement and infrastructure development projects, India aimed to deepen its economic ties with the region and strengthen its diplomatic presence. Several factors contributed to the transition from Look East to Act East Policy. Leadership changes, particularly the rise of Narendra Modi as Prime Minister in 2014, brought renewed emphasis on proactive diplomacy and regional engagement. Modi's vision of "Act East" aimed to elevate India's role in the Indo-Pacific region, aligning with broader geopolitical shifts. Data on India's defence cooperation agreements and participation in regional forums illustrate this heightened engagement. For example, India signed the Logistics Exchange Memorandum of Agreement (LEMOA) with the United States in 2016, facilitating closer defence cooperation (Ministry of External Affairs, India).

Economic considerations have been central to the transition towards the Act East Policy. Data reveals the growing significance of East and Southeast Asian markets for India's trade and investment. The implementation of initiatives like the "Act East Policy" and "Make in India" campaign aimed to enhance economic linkages with the region. Foreign direct investment (FDI) inflows from ASEAN countries into

India increased from \$1.21 billion in 2015-16 to \$1.76 billion in 2019-20 (Department for Promotion of Industry and Internal Trade, India). The strategic landscape of the Indo-Pacific region has witnessed significant shifts, prompting India to recalibrate its approach. Data on maritime security incidents and defence expenditures underscore the growing security challenges in the region. The Act East Policy seeks to bolster India's strategic partnerships, enhance maritime cooperation, and counterbalance the influence of China. India's participation in joint naval exercises, such as the Malabar Exercise with the United States and Japan, reflects this strategic realignment (Ministry of Defence, India). Beyond economic and strategic dimensions, the Act East Policy places emphasis on cultural diplomacy and people-to-people exchanges. Data on tourism flows, educational exchanges, and cultural events highlight efforts to strengthen cultural ties with Southeast Asian nations. The "India-ASEAN Cultural Relations: Past, Present, and Future" initiative aims to promote cultural understanding and foster greater connectivity (Indian Council for Cultural Relations).

The journey from Look East to Act East Policy signifies India's evolving role and aspirations in the Indo-Pacific region. Driven by economic imperatives, strategic considerations, and cultural diplomacy, this transition reflects a broader shift towards proactive and action-oriented engagement. The data presented underscores the multifaceted nature of India's engagement with East and Southeast Asia, highlighting the significance of the Act East Policy in shaping regional dynamics and India's foreign policy outlook.

Several factors contributed to the evolution of the Look East Policy into the Act East Policy. Firstly, the changing geopolitical landscape in the Asia-Pacific region, characterized by the rise of China, increasing maritime tensions, and the U.S. pivot to Asia, necessitated a strategic reassessment by India. The growing influence of China and its assertive behaviour in the South China Sea prompted India to adopt a more proactive approach towards regional security and stability. Additionally, India's aspirations for global leadership and its desire to assert its influence in shaping the regional order played a crucial role in driving the transformation from a passive "look" to an active "act" approach.

While the Look East Policy focused primarily on economic engagement with Southeast Asia, the Act East Policy expanded the scope to include East Asia, Oceania, and the Pacific Islands. This shift was driven by India's recognition of the growing economic importance of the Asia-Pacific region and the need to diversify its economic partners. With countries like Japan, South Korea, and Australia emerging as major economic powerhouses, India saw an opportunity to forge closer economic ties and leverage their technological expertise and investment potential. Initiatives such as the "Make in India" campaign and bilateral trade agreements underscored India's commitment to deepening economic integration with the region under the Act East Policy.

The economic considerations, strategic imperatives also played a significant role in shaping India's transition towards the Act East Policy. The evolving security environment, marked by increasing maritime competition, terrorism, and non-traditional security threats, underscored the importance of closer strategic partnerships in the region. India sought to deepen its defence and security cooperation with like-minded countries to address common challenges and uphold maritime security. The Act East Policy emphasized the importance of multilateral fora such as the East Asia Summit and the ASEAN Regional Forum in shaping regional security architecture and promoting rules-based order in the Indo-Pacific.

### **Act East Policy and North East India**

North East India, comprising the eight states nestled in the eastern periphery of the country, holds immense geopolitical significance in India's Act East Policy. The region shares borders with several Southeast Asian

nations, including Myanmar, Bangladesh, Bhutan, and China, thereby serving as India's gateway to the East. This strategic location positions North East India as a crucial link in India's efforts to deepen its engagement with East Asia and promote regional connectivity. Moreover, the region's proximity to key economic corridors such as the India-Myanmar-Thailand Trilateral Highway and the Kaladan Multi-Modal Transit Transport Project further underscores its importance in facilitating trade, investment, and people-to-people exchanges between India and Southeast Asia.

### **A. Infrastructure Development and Connectivity Projects in the Region**

The Act East Policy seeks to address these challenges by prioritizing infrastructure development and connectivity projects in North East India. Recognizing the region's strategic importance as India's gateway to East Asia, the government has launched several initiatives to improve physical and digital connectivity, enhance transportation networks, and promote cross-border trade and investment. Infrastructure projects such as the Trans-Arunachal Highway, the East-West Corridor, and the Bogibeel Bridge have been undertaken to improve road connectivity within the region and facilitate seamless movement of goods and people.

The Act East Policy places a strong emphasis on enhancing connectivity with neighbouring countries, particularly Myanmar, Bangladesh, and Bhutan, to unlock the region's economic potential and promote cross-border trade and investment. Projects such as the India-Myanmar-Thailand Trilateral Highway, the Kaladan Multi-Modal Transit Transport Project, and the Bangladesh-Bhutan-India-Nepal (BBIN) Initiative aim to create integrated transport corridors that link North East India with the wider East Asian region. These infrastructure initiatives are expected to stimulate economic growth, generate employment opportunities, and promote inclusive development in the region.

### **B. Economic Opportunities and Challenges for North East India**

The Act East Policy holds the promise of unlocking vast economic opportunities for North East India, leveraging its strategic location and natural resources to foster trade, investment, and economic cooperation with East Asian countries. The region's abundant hydroelectric potential, fertile agricultural lands, and rich biodiversity offer lucrative prospects for investment in sectors such as energy, agriculture, tourism, and manufacturing. Moreover, the Act East Policy seeks to promote cross-border trade and investment through measures such as trade facilitation, tariff reduction, and investment promotion.

### **C. Social and Cultural Implications of the Act East Policy in the Region**

In addition to economic opportunities, the Act East Policy has significant social and cultural implications for North East India, fostering greater people-to-people exchanges, cultural diplomacy, and mutual understanding between India and East Asian countries. The region's diverse cultural heritage, vibrant traditions, and ethnic diversity provide a rich tapestry for cultural interactions and exchanges with neighbouring countries. Initiatives such as cultural festivals, art exhibitions, and academic exchanges serve as platforms for showcasing North East India's cultural richness and promoting cultural diplomacy with East Asian nations.

### **Role of ASEAN**

The Association of Southeast Asian Nations (ASEAN) plays a pivotal role in shaping the regional dynamics of the Asia-Pacific and promoting cooperation among its member states. Established in 1967, ASEAN comprises ten member countries, namely Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. The organization aims to promote peace, stability, and prosperity in the region through dialogue, cooperation, and the promotion of a rules-

based order. ASEAN's objectives include enhancing economic integration, fostering social and cultural cooperation, and promoting regional security and stability.

### India's Engagement with ASEAN under the Act East Policy

India's Act East Policy underscores the nation's commitment to strengthening ties with ASEAN, pivotal to regional integration. Since becoming a Sectoral Dialogue Partner in 1992 and a full Dialogue Partner in 1996, India has prioritized cooperation across trade, investment, security, and cultural exchanges. Key initiatives like the ASEAN-India Free Trade Area (AIFTA) and agreements such as the ASEAN-India Trade in Goods Agreement (AITGA) and the ASEAN-India Trade in Services and Investment Agreements (AITISA) demonstrate India's dedication to deepening economic collaboration with ASEAN. This engagement underscores India's strategic interests in the region and its aspiration to play a prominent role in shaping Asia-Pacific dynamics.

Moreover, India's participation in ASEAN-led forums such as the East Asia Summit (EAS) and the ASEAN Regional Forum (ARF) provides opportunities for dialogue, cooperation, and confidence-building measures in the broader Asia-Pacific region. These forums serve as platforms for addressing regional security challenges, promoting maritime cooperation, and advancing the principles of international law, including the United Nations Convention on the Law of the Sea (UNCLOS).

Figure 1: India-ASEAN trade (US\$ billion)

Year	India's exports to ASEAN	Share in India's total exports	India's imports from ASEAN	Share in India's total imports	India-ASEAN trade balance	Total trade
(1)	(2)	(3)	(4)	(5)	[(2)-(4)]	[(2)=(4)]
2000-01	2.91	6.5	4.15	8.2	-1.24	7.06
2005-06	10.41	10.1	10.88	7.3	-0.47	21.29
2006-07	12.61	10.0	18.11	9.7	-5.50	30.72
2007-08	16.41	10.1	22.67	9.0	-6.26	39.08
2008-09	19.14	10.3	26.20	8.6	-7.06	45.34
2009-10	18.11	10.1	25.80	8.9	-7.69	43.91
2010-11	25.63	10.3	30.61	8.3	-4.98	56.24
2011-12	36.74	12.0	42.16	8.6	-5.42	78.9
2012-13	33.00	11.0	42.87	8.7	-9.87	75.87
2013-14	33.13	10.5	41.28	9.2	-8.15	74.41
2014-15	31.81	10.2	44.71	10.0	-12.90	76.53
2015-16	25.15	9.6	39.91	10.5	-14.75	65.06
2016-17	30.96	11.3	40.61	10.6	-9.65	71.57
2017-18	34.20	11.3	47.13	10.3	-12.93	81.33
2018-19	37.47	11.3	59.32	11.7	-21.85	96.79

Data derived from the Indian Ministry of Commerce and Industry, 'India Asean Trade and Investment Relations: Opportunities and Challenges' (The Associated Chambers of Commerce and Industry of India, 2016), and *Economic Times*.

“Figure 1: Trends in India’s Trade with ASEAN”:

Ravi. “Decade and More of the India-ASEAN FTA.” *AIC Commentary*, No. [1, January 2020](#)

### Role of BIMSTEC

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a regional organization formed by seven member states located around the Bay of Bengal. Established in 1997, BIMSTEC emerged as a response to the evolving geopolitical landscape in South and Southeast Asia, aiming to foster cooperation and integration among its member countries.

BIMSTEC consists of seven member states, namely Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand. Each member brings unique cultural, geographical, and economic characteristics to the organization, contributing to the diversity and richness of BIMSTEC's regional engagement. The primary objectives of BIMSTEC revolve around promoting economic cooperation, trade facilitation, connectivity, and sustainable development among member countries. These objectives are encapsulated within various thematic areas, including trade and investment, transport and connectivity, energy, tourism, technology, fisheries, agriculture, public health, poverty alleviation, and counter-terrorism. While BIMSTEC holds significant promise for promoting regional cooperation and integration, it also faces several challenges, including bureaucratic hurdles, resource constraints, and geopolitical tensions among member states. Moreover, the diverse socio-economic landscapes and developmental disparities within the BIMSTEC region present complex challenges that require concerted efforts and innovative solutions. BIMSTEC also presents numerous opportunities for member countries to harness collective strengths, foster mutual cooperation, and address common challenges

### Challenges

- **Border disputes and security concerns**  
The North East region of India shares its borders with several neighbouring countries, including China, Myanmar, Bangladesh, and Bhutan. Over the years, these borders have been subject to disputes and tensions, often stemming from historical territorial claims and unresolved boundary issues. Such disputes pose significant challenges to regional peace and stability.
- **Infrastructure Deficits:** The North East region lags behind other parts of India in terms of infrastructure development, including roads, railways, power, and telecommunications. Inadequate infrastructure hinders economic growth, impedes access to markets and services, and constrains investment and employment opportunities. Moreover, challenging terrain and logistical constraints make infrastructure development in the region particularly challenging and costly.
- **Transnational Crime:** Porous borders in the North East region facilitate a range of transnational criminal activities, including smuggling of arms, drugs, and contraband goods, as well as human trafficking and illegal migration. Weak border controls and inadequate law enforcement infrastructure exacerbate security challenges, allowing criminal networks to operate with impunity across international borders. These activities undermine border security, fuel corruption, and pose threats to regional stability and development.

### Conclusion

The ACT East Policy has emerged as a pivotal framework in India's foreign policy, with significant implications for Northeast India, the Siliguri Corridor, and regional cooperation with ASEAN and BIMSTEC nations. This paper has examined the evolution from the Look East Policy to the ACT East Policy, highlighting the shift towards a more proactive approach in engaging with Southeast Asia and the broader Indo-Pacific region. Throughout the analysis, it has become evident that the ACT East Policy holds immense potential for driving socio-economic development, enhancing connectivity, and fostering strategic partnerships in Northeast India. By prioritizing infrastructure development, trade facilitation, people-to-people connectivity, and security cooperation, the policy aims to unlock the region's economic potential and promote regional integration.

In light of these findings, it is clear that the ACT East Policy represents a transformative opportunity for Northeast India to emerge as a vibrant hub of economic activity, cultural exchange, and strategic cooperation in the Indo-Pacific region. However, realizing this vision will require sustained political commitment, coordinated policy measures, and proactive engagement with regional partners. As India continues to implement the ACT East Policy, it must remain cognizant of the unique socio-economic and security challenges facing Northeast India, and tailor its strategies accordingly. By harnessing the region's untapped potential and leveraging its geographical proximity to Southeast Asia, India can play a leading role in shaping the future of the Indo-Pacific, while fostering inclusive and sustainable development in Northeast India, ACT East Policy holds the promise of a brighter and more prosperous future for Northeast India, while also contributing to greater regional cooperation and integration in the Indo-Pacific. As India embarks on this transformative journey, it must remain committed to its core principles of mutual respect, cooperation, and shared prosperity, thereby cementing its position as a key player on the global stage.

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