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From 'Look East' to 'Act East' Policy:  
Continuing with an Obfuscated Vision  
for Northeast India

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# From 'Look East' to 'Act East' Policy: Continuing with an Obfuscated Vision for Northeast India

Gorky Chakraborty\*

## **Abstract**

A region termed as Northeast India (NEI) has been viewed variedly by the Indian state dictated by the requirements of statecraft. Often referred as 'anthropologists' paradise' during the colonial and early post-colonial era, it soon became a hotbed of extra-constitutional activities as different narrations of nationhood of communities confronted with the statist paradigm of nation building. Similarly, NEI also found itself in a 'territorial trap', surrounded by international borders in the post-partition (1947) era and the state viewed the region through a prism of security and strategic interests. In the contemporary era, as India redefines its relationship with the world under globalization, international borders are no more portrayed as 'barriers' but as 'bridgeheads' of ushering in economic prosperity. Policy initiatives have been attempted to actualize this vision. The Look East Policy (LEP) which has been recently reframed as the Act East Policy (AEP) is regarded as a step in this direction. The paper seeks to understand as to where does NEI stands today in terms of the rhetoric of the policy vis-à-vis the ground reality in the region?

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## I. Introduction

'Space' can often be ascribed as a historico-geographical expression, where in space there is a simultaneous reflection of a historical process within a territorial organisation. While scholars may agree to this basic premise, they differ in their analysis associated with the actualization of this dual process related to space. To Marx (1973/1857) it is both a historical product and a geographical expression in which capitalism's inherent search for cheap raw material, new sources of labor and market is exemplified through its historical tendency of eliminating geographical barriers, which he exemplifies as *annihilation* of space by time. This of course, according to him is specific to each period of accumulation. Harvey (2001), on the other, explains how *spatial fixes* are inherently associated with the process of capitalism's global surge and its process of accumulation. To him, it is only through this relatively fixed and immobile configuration of territorial organization the accumulation process is expedited, which implies *compression* of space by time. Through this process of *compression* manifested in *spatial fixes*, the turnover time of capital is expedited. Therefore, while *annihilation* obliterates the spatial dimension through deterritorialization, *compression* recreates it through reterritorialization. In other words, "space" thereby becomes "one of the constitutive social dimensions, continually constructed, deconstructed, and re-constructed through an historically specific, multi-scalar dialectic of de- and re- territorialization" (Brenner1999: 43). Contemporary globalization as a part of the *longue duree* is also a manifestation of such capitalist spatiality.

Within such an understanding this paper analyzes a 'space' called Northeast India (NEI)<sup>1</sup>. Although spatial configuration and re-configuration has played an important part in defining contemporary NEI<sup>2</sup>, we restrict our discussion to the times of a contemporary policy named the Look East Policy (LEP), recently renamed as Act East Policy (AEP). The region has been viewed by the state and policy makers through varied prisms that determined the clichés attached to it e.g. from being an anthropologists paradise in the 1950's, NEI has been a stage for an encounter between India's approach to nation building and the prevailing different narrations of nationhood of the communities in

the region during the 1960's and beyond. Thereafter, as India embarked on a process of liberalization and globalization, it provided a major break towards the close of the 20<sup>th</sup> century and NEI, which otherwise remained entrapped within the international boundaries, caught the fancy of the Indian state as a 'gateways of fortune' to connect to the outside world. This was showcased to the people in the region as an opportunity for escaping the post-partition (1947) 'economic imprisonment' as well as to the global capital as a 'bridgehead' for trade and commerce with the immediate neighbours in particular and Southeast Asia in general. Thus, once seen as a sensitive border region, NEI became a prospective economic region under globalization. Opening the region thereby appeared to be the most efficient trajectory to usher in peace, progress and prosperity that eluded NEI during the pre-liberalization era (Chakraborty & Ray 2015). Thus, LEP became the prescribed path for bringing about such an order.

The paper deals with the above issues by analyzing the scenario in NEI, as to how the region with its present status fits into the LEP regime. In this regard, the contemporary macroeconomic fundamentals, the trade pattern, aspects related to liberalization and integration of both external and internal markets are discussed. In the process, the paper also looks at the perception of the people towards LEP in the borderlands of the region. But prior to that, we deal with the aspect of 'borderless' world and the relative imperatives attached to it. In the concluding section we highlight the emerging trends in NEI vis-à-vis the LEP/AEP that leads to an 'obfuscated' vision.

## **II. A 'Borderless' World**

Interpretations and analyses of globalization and borders are varied and the differences sometimes are more apparent amongst economists (as well as cyber scholars) and other social science practitioners such as geographers, political scientists, sociologists, legal practitioners etc. While there appears to be an agreement that borders are becoming more permeable under globalization, differences emerge amongst the scholars of various social science disciplines about the role and relevance of territoriality and nation states in the globalized order (Newman and Passi 1998). Whereas, a technocratic analysis of global

networks under globalization enables economists to assume that “nation states have already lost their role as meaningful units of participation in global economy of today’s borderless world” (Newman and Passi 1998: 192), where the nation state becomes a ‘nostalgic fiction’ (Ohmae 1995), “geographers, political scientists, sociologists and international lawyers” on the other remain “more skeptical” (Newman 2006:146). Thus within the discourse on globalization, borders continue to occupy a significant but varied position<sup>3</sup>. The LEP which views NEI with the imperative of economic space vis-à-vis ethnic space has an imprint of such a contradiction. In this regard, Ohmae’s concept of region state which subscribes to the ‘borderless’ debate can be a point of reference in case of NEI. A brief analysis of the characteristics of region state is discussed in this section.

In the globalization framework, the territoriality principle transcends the cartographic boundaries as a mechanism for capital and market expansion. The region state which is overwhelmingly driven by the logic of capital is its geographical manifestation. According to Ohmae (1993), region state is a natural economic zone which may engulf the space of more than one nation. But they must be of adequate size to justify the transport and communication infrastructure necessary to participate economically in a global scale. This process, usually of supra-national formation, is not imposed by political fiat; they are drawn by the deft but invisible hand of the global market. The primary linkage of such a region state is with the global economy and not with their host nations. Moreover, the region states are defined not by their economies of scale in production but by their having reached efficient economies of scale in their consumption, infrastructure and professional services (Ohmae 1993).

In such a region state, as Ohmae explains, where true economies of service exists, religious, ethnic and racial distinctions are not important as commercial prosperity creates sufficient affluence for all. Whereas nation states require a domestic political focus, region states are ensconced in the global economy; welcome foreign investment and ownership and seek access of the people to the best and cheapest products. With such characteristics, region states have a spill-over effect in the adjacent regions within

the same political confederation. So, the region state-international interface replaces the traditional nation state-international organization interface. Above all, the role of government in region state is therefore to create 'untraded interdependencies' or positive locational advantages whereby the policies are aimed towards wealth creation instead of income distribution (Ohmae 1993). Under such a globalized order, region state becomes the dynamic motor of global economic order.

While dealing with the task ahead for activating the LEP in NEI, the NER Vision 2020 rightly states that "liberation from economic imprisonment" (NER Vision 2020, 2008: 260) is critical to the development of the region and in the process highlights the importance of trade and commerce with the neighbouring countries and the extended Southeast Asia as a way out for achieving the goal. But the eight recommendations suggested for the region to activate LEP maintains a selective amnesia about the ethnic dimension associated with NEI. Taking a cue from Ohmae's region state (as mentioned earlier) does this suggest that once the 'true economies of economic services are provided and commercial prosperity is guaranteed' it will automatically lead to blurring of religious, ethnic and racial distinctions in NEI? Analyzing the LEP may help us in this direction.

In the next section we discuss the LEP, its transformation to AEP, and the issues related to the policy.

### **III. From 'Look East' to 'Act East' Policy**

The LEP<sup>4</sup> has been India's effort for a convergence of its geopolitics with geo-economic interests in the post-Soviet world order. As India embarked on a process of 'opening up to the world', LEP became instrumental for dealing with the new world order. LEP has been a policy, without a white paper, officially articulated in September 1994, in his Singapore Lecture by the then Prime Minister Narasimha Rao. The stress was on building India's long term co-operation with South East Asia with whom it had a legacy of strong historical, cultural and civilizational relations (Muni 2011). India tended to come closer to Southeast Asia through improving her relation both at multilateral level with ASEAN and at bilateral level with each of the member nations of

the Association and other East Asian nations as well e.g. Thailand, Malaysia, Singapore, South Korea, Indonesia and Japan (Mezard 2006).

The Policy looked forward to private sector-led market oriented growth. This gave the rationale for building connectivity for trade expansion and natural resource flow. It was a package primarily aimed at promoting trade, inducing foreign direct investment (FDI) and engaging regional and sub-regional partners for investments. In this regards, the World Bank (2010) highlighted the prospect of integration of South Asia and East Asia, which it regarded as the new playing field of global finance. NEI was also intended to be a part of it through this policy.

On the other, as a foreign policy initiative, the scope of the LEP was catapulted from a regional focus towards a new horizon of the global economy. Chatterjee (2007) presents three different articulations on LEP, each underpinned by a different conceptual orientation. First, the policy can be conceived as a geo-strategy for security to protect India's legitimate power against growing Chinese domination in the region. Second, a communitarian reading of the Look East venture, interpreting it in terms of sub-nationalism and soft border exercises, and third, the strategic place for economic cooperation. Programmatically, NEI offered the space for realizing these aspirations. It is noteworthy that although the policy in its present form was initiated with the advent of liberalization in the early 1990s, it was only in 2008 that North East India gained prominence with the launch of the NER Vision Document 2020. This document identified the problems of the region to the post-partition peripheralization which isolated and exacerbated its socio-economic backwardness vis-à-vis mainland India. This document thereby became the animated version of LEP in NEI.

Infrastructure development, border trade and proper governance were highlighted in the document as the means for ushering inclusive growth in the region. The document emphasized six development components, namely, self-governance and participatory development, creation of development opportunities, developing sectors with comparative advantage, capacity building of



people and institutions, creating hospitable climate for investment and building infrastructure through public investment. The Vision Document also emphasized increase in connectivity and in employment opportunities through state investment in infrastructure. The document highlighted that the LEP should focus on NEI showcasing that Southeast Asia begins from this region.

Opening up of trade routes would expand economic opportunities for the region and accelerate its growth process by building connectivity through road, rail, telecommunication etc. connecting NEI with the near Eastern neighbours like Bangladesh and Myanmar and even beyond, with other countries of East and Southeast Asia. The geographical proximity of the NEI to Southeast Asia has been showcased as the gateway to the outside world. The implications of the LEP are therefore diverse and multi-dimensional including security, strategic, foreign policy and administrative other than the economic imperative that is otherwise dominant in its orientation.

When the National Democratic Alliance (NDA) government took office in 2014, the LEP was rebranded as the Act East Policy (AEP)<sup>5</sup> to bring back some sense of vibrancy to the policy discourse. In the reframed policy although the thrust and vision remain similar, there is a greater emphasis on building roads and connectivity as well as strategic (read defence) partnership, on the other. The sub-regional initiatives namely, BBIN (Bangladesh-Bhutan-India-Nepal) Initiative and IMT (India-Myanmar-Thailand) Initiative are given maximum emphasis in AEP. Both the Initiatives highlight the uninterrupted movement of cargo, passenger and private vehicles to boost economic activities in the respective countries. Similarly, there has been a greater co-operation in defence with countries in the South China Sea, namely Vietnam, Singapore and Malaysia. In this regard, India has also signed an agreement with Australia for greater security co-operation. Although qualitatively there is not much to differentiate between LEP and AEP, the thrust in the latter has been certainly more on fostering connectivity and strategic co-operation with the immediate neighbours and countries in the Far East. In the next section we look at the contemporary macroeconomic

fundamentals of NEI and relate them with the expectations from the policy.

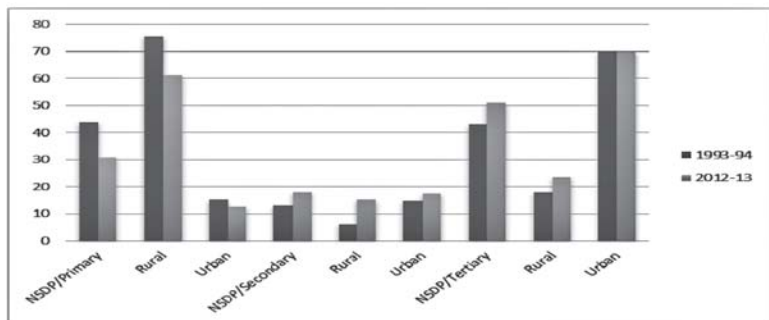
#### IV. Selected Macroeconomic Indicators of NEI

With India joining the globalization bandwagon, the peripheral regions of NEI suddenly became economically and commercially significant in the understanding of the Indian state. Through market economy the region was sought to be given a new meaning where economic imperatives fostering regional integration seemed paramount. In this regard, the contemporary macroeconomic fundamentals of the region should be understood before activating a process of integration. This is highlighted in this section by focusing on the sectoral composition of the economy and contribution of labour in the region, regional income and above all the aspects related to trade which has been emphasized in the NER Vision document. The levels of dependence of NEI on Union grants and the likelihood of a changed scenario during the tenure of the 14<sup>th</sup> Finance Commission (2015-20) have also been discussed in this section.

##### ***a) Composition of Net State Domestic Product and Contribution of Labour***

There has been a decline in the contribution of the primary sector to the regional income but the workforce engaged in this sector has not declined commensurately. More than 61 per cent of the

**Figure I: Contribution to NSDP and Composition of Labour in NER, 1993-94 to 2012-13**



Sources: Author's calculation from CSO and NSSO data, various rounds

rural and 12 per cent of the urban workforce continue to be engaged in this sector contributing only 1/3<sup>rd</sup> of the regional income. This exhibits both an inefficient agriculture as well as the presence of disguised unemployment in the rural areas of NEI.

The secondary sector has contributed to the regional income and employment *albeit* marginally. Within this only construction has contributed significantly both in terms of income and employment generation. Manufacturing, on the other, shows a declining trend in terms of income and marginal change in employment generation. It is observed that both construction and manufacturing sub-sectors contributed equally during 1993-94 but thereafter there has been a consistent deceleration in manufacturing, which has been overtaken by construction. Does this seem to be in sync with the expected gains from LEP?

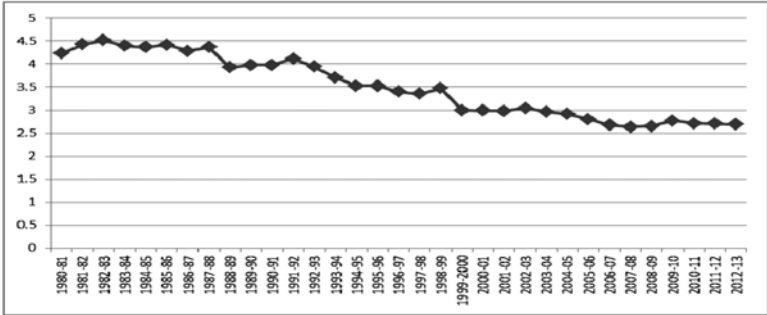
On the other hand, while the contribution of the tertiary sector has increased substantially, it has failed to engage workforce commensurate with its contribution despite being the largest source of employment in the urban areas. It is interesting to note that in 2012-13, shares of wholesale, retail trade and services have increased substantially in both rural and urban areas of the region while the sub-category of Public Administration and Others showed a negative trend in terms of employment generation. Does this represent a shift towards a more private-sector-based activities in the region vis-à-vis the state sector, which has been the major economic actor in the region? Is it leading to more informalisation of labour in the region? Is it robust enough to leapfrog the regional economy to a higher stage of growth or the region continues to be in a low equilibrium trap of petty production? While we do not seek answers to these questions here, their resolution seems to be important in integrating (!) the regional economy with the economies of neighbouring countries as highlighted in LEP.

### ***b) Regional Income***

The overall growth rate of NEI has never been at par with the Indian growth story. For a period of more than 30 years (1980-81 to 2012-13) the contribution of the region to India's national income exhibits a falling trend (Figure II). Within NEI, the

contributions of individual states are also varying with a clear trend of a declining contribution of Assam vis-à-vis other states in the region<sup>6</sup>.

**Figure II: NEI's Contribution to National Income-1980-81 to 2012-13**

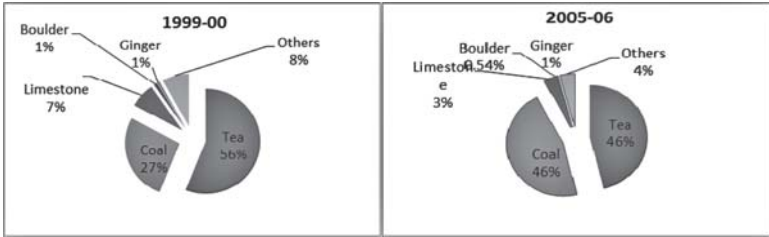


Source: Authors calculation from Central Statistical Organisation (CSO) data

**c) Formal Trade with Neighboring Countries**

According to the estimates of the Planning Commission ([http://megplanning.gov.in/report/Task\\_Force\\_Report.pdf](http://megplanning.gov.in/report/Task_Force_Report.pdf)), during 1997-98 to 2005-06, the average value of trade of NEI with NC's (mainly Bangladesh and Myanmar) has been estimated to be Rs 406 crores. The balance of trade has been heavily in favour of the NEI which is mainly due to exports of primary commodities from Meghalaya. In 1997-98, exports constituted more than 88 per cent of the total trade while imports were just over 11 per cent. The pattern of trade remained similar during 2005-06 too. The same study also indicates that the region mainly exports primary products e.g. boulder stone, limestone, tea, coal etc. which increased from Rs 395.90 to Rs 437.81 crores from 1999-2000 to 2005-06 with fluctuations in between (Figure III).

**Figure III: Major Export Items from NEI to Neighboring Countries**



Source: [http://megplanning.gov.in/report/Task\\_Force\\_Report.pdf](http://megplanning.gov.in/report/Task_Force_Report.pdf)

To facilitate official trade the Indo-Myanmar Border Trade Agreement was signed on January 21, 1994. Accordingly, Moreh (in Manipur) was transformed into a Land Custom Station on April 12, 1995. The Indo-Myanmar Border Trade Agreement introduced a three tier trade system<sup>7</sup>. Four Land Customs Stations (LCS), located in Arunachal Pradesh, Manipur, Mizoram and Nagaland are designated for trade with Myanmar<sup>8</sup>. But till date trade mainly occurs through Moreh in Manipur. Trade through Zowkhatar LCS in Mizoram, which is otherwise marked as functional, carries insignificant share of total trade. However, in the overall analysis, NEI's contribution to total trade between India and Myanmar is yet to show any encouraging sign so far (Table I).

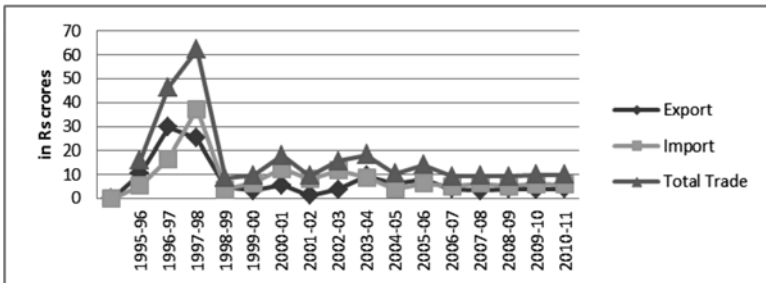
**Table I: NEI's Share in India-Myanmar Trade**

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
NER's share	<b>Export</b>	2.56	0.49	1.44	2.35	1.37	0.79	10.18	0.43	0.5	0.7
	<b>Import</b>	1.53	0.81	0.7	0.49	0.3	0.24	0.08	0.41	0.2	0.18

Source: RIS: 2011

The Moreh-Tamu trade which continues to be the main constituent of NEI-Myanmar trade exhibits the trend. (Figure IV).

**Figure IV: Value of Trade in the Moreh-Tamu Sector, 1995-96 to 2010-11**

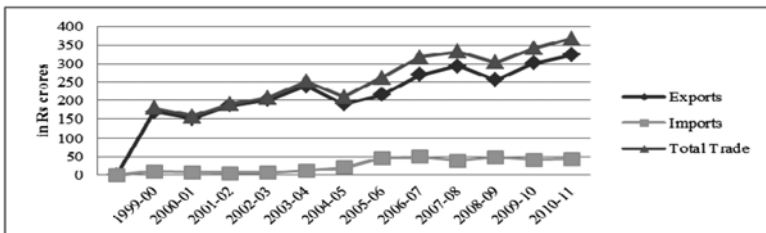


Source: Office of the Commissioner of Customs, Shillong

Analyses of data reveal that after the initial spurt in trading activities there has been a sharp fall in the volume of trade. There is also a lack of diversified trade in terms of commodities. Soyabari (Soya chunks) and cumin seed are the two major items exported and betel nuts, ginger and pulses are major imports from Myanmar through the Moreh LCS.

Presently, there are 33 LCS's along the NEI-Bangladesh border, among them 15 are non-functional. During 1999-00 to 2010-11, average trade between NER and Bangladesh was of Rs 260.41 crores, average exports consisted of Rs 233.30 crores and imports Rs 27.05 crores. NEI enjoyed a trade surplus during this period.

**Figure V: NEI-Bangladesh Trade, 1999-2000 to 2010-11**



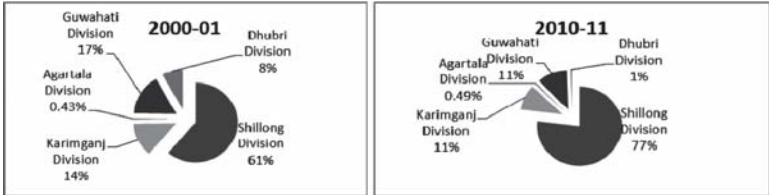
Source: Office of the Commissioner of Customs, Shillong

Among the items exported during 1996-97, mineral products comprised 90 per cent and horticultural products a little over 5 per cent. The rest consisted of agro-horticultural products produced

outside the region but exported through the LCS's of the region. The pattern has remained similar with mineral products now comprising more than 98 per cent of the total exports in 2010-11. Minerals mainly comprising coal and limestone were supplied from Meghalaya to meet the demand of industrial units such as cement plants (the Lafarge cement factory in Bangladesh has a 17 km long conveyor belt that carries coal from Meghalaya to the plant), jute mills, brick kilns and tea gardens in Bangladesh. Almost all the items exported from the region were without any value addition.

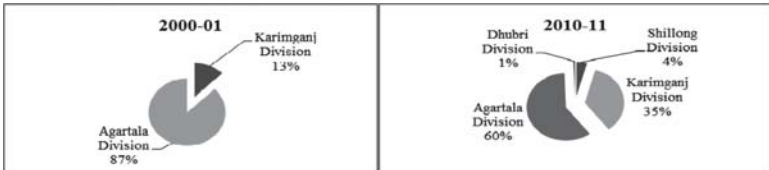
This is amply reflected in the export profile of the LCS in NEI. Shillong division handled over 61 per cent of the total value of exports from the region in 2000-01, which increased to 77 per cent during 2010-11. The share of other divisions has declined. On the other, imports take place mainly through the Agartala division, although in terms of value they show a declining trend. Other sections have registered an increase, the highest being in the Karimganj section. Items of imports which are consistently found over the years comprise raw and processed items such as *hilsa* fish and dry fish. A host of other items including electronics goods, confectionaries, soft drinks, garments etc. appear sporadically.

**Figure VI: Items Exported to Bangladesh through LCS's in NEI**



Source: Office of the Commissioner of Customs, Shillong

**Figure VII: Items Imported from Bangladesh through LCS's in NEI**



Source: Office of the Commissioner of Customs, Shillong

#### ***d) Informal Trade with Neighboring Countries***

Several studies indicate that the volume and variety of informal trade between NEI and NC's far exceed that of formal trade. There are both economic and non-economic reasons for flourishing informal trade, the discussion of which is beyond the scope of this article. But a look at the quantum will indicate the scope of this pattern existent in the region.

#### **i) Myanmar**

Informal trade<sup>9</sup> along the Indo-Myanmar border is a huge business. Although Myanmar has borders with four North Eastern states, informal trade takes place mainly through Manipur (Moreh) and partly through Mizoram (Champai). During 2003-04, composition of imports from Myanmar comprised about 50 per cent electronics and electrical equipment. Textiles and footwear (17 per cent) were the second biggest items of imports. In this regard, it is interesting to note that there was a difference in the import profile among the two states - Manipur and Mizoram – where informal trade was rampant. While in Manipur, electronics & electrical items comprised the largest component of imports, along with generator sets, inverters and inverter batteries mainly to meet the local requirements in the state where power shortage is a severe menace. On the other hand, a better-off state like Mizoram shows preference for textiles and footwear. It is also observed that recently Mizoram is slowly becoming the preferred route for informal imports vis-à-vis Manipur because of the prevailing adverse law and order situation in the latter. On the other hand, informal exports to Myanmar include manufactured items such as motor cycles, bicycles, agricultural implements, paints, baby food, medicines, fuel etc. Chemicals used as inputs for producing narcotics also comprise an important item of informal exports from the North East (Bezbaruah).

A recent interview with the Customs official at Aizawl also highlighted similar condition. The excerpts from the interview highlighting informal trade are provided in Box1.



**Box 1: Excerpts from the Interview with  
Commissioner of Customs, Aizawl**

*Informal trade is a major issue at the Mizoram-Myanmar border. It not only includes goods and commodities but also consist of huge quantities of drugs and narcotics smuggled into Mizoram from Myanmar. Citing from the customs seizure data, the Commissioner of Customs stated that there is wide fluctuation from one year to another in terms of the number of cases and value of goods seized. But whatever the quantum of seizure, narcotics and drugs are always much higher in value terms than other ceased goods and commodities. During 2013-14, while 91 cases of goods seizure was worth Rs 1,44,91,611 during the same year, 4 cases of narcotic and drugs seizure amounted to Rs 5,03,22,714. Similarly, during 2014-15, there were 67 cases of goods seizure worth Rs 72,81,169 while only 3 cases of narcotic seizure was worth Rs 1,00,30,000.*

*Dated: 30-03-2015, Aizawl*

**ii) Bangladesh**

NCAER (1995) found sugar to be the single most important commodity of informal trade<sup>10</sup> followed by printed saris along the Karimganj sector in Assam. In other districts of Assam and Tripura, wood and timber-based products were the major commodities informally exported to Bangladesh. In terms of the group of commodities, food and live animals comprised 40 per cent from Assam, while in Tripura, forest products comprised more than 52 per cent of all the commodities exported informally. RIS (1996) found that in NEI informal exports were higher through Mizoram and Meghalaya whereas through Assam and Tripura imports were prominent. Tripura and Assam were the two important states through which informal trade was largely practised.

In another detailed study highlighting the composition of informal trade between NER and Bangladesh, it was found that spices (23 per cent), textiles (13 per cent), sugar (12 per cent), pharmaceutical products (10 per cent), processed food (9 per cent),

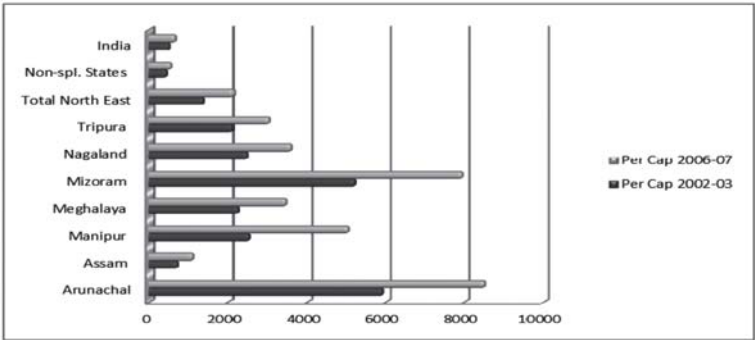
cereals (8 per cent), fish (6 per cent) and fruits (3 per cent) comprised the major chunk of informal exports. Informal imports from Bangladesh comprised mainly electronic items (20 per cent), jute (15 per cent), plastic products (10 per cent), palm oil (7 per cent), spices (4 per cent), textiles and fish (4 per cent each) (Halder 2008).

On the other hand, if the seizure criterion is applied to ascertain the volume of informal trade then estimates suggest that during 2000-01 to 2011-12 there were 84,186 cases of seizure in NEI where the total value involved amounted to Rs123.80 crores. The number of cases has shown a declining trend although there is a steep rise in value terms of the goods seized. This indicates rise in trading of valuable goods in the informal trade activities.

**e) Central Assistance to NEI**

To bridge the development deficit of the NEI vis-à-vis mainland India a plethora of agencies, schemes and assistance programme have been initiated at various points of time e.g. the formation of North Eastern Council (NEC, 1972), the special category status, the non-lapsable central pool of resources (operationalized during 1998-99), and Department of Development of North Eastern Region (DONER, 2001). Higher levels of central assistance to the State Plans have been an inseparable part of public finance due to the lack of revenue generation potential in the region.

**Figure VIII: Per Capita Central Assistance to State Plans in NEI**



Source: Author’s calculation from State Plans, Vol. III, Tenth Five Year Plan 2002-07

The Xth Plan document stated that for the year 2001-02, the average per capita central assistance for state Plans for all the states in the region taken together was Rs.1,546, compared to Rs.356 for the country as a whole, which increased to Rs.2,574.98 for NEI as against the all India average of Rs.683.94 during 2006-07 (these figures are arrived at without taking into account the special arrangements and initiatives routed through the NEC and/or DONER). Table II shows the level of dependence of the states in the region on Centrally Sponsored Schemes, which when calculated excluding Assam is more than 200 per cent of the state's revenue receipts vis-à-vis all special category states taken together. This dependence of the states in the region on Central funds has continued unabated. Does this create a condition for the near absence of a 'constructive' regional voice from the region?

**Table II: Share of Centrally Sponsored Schemes in Own Revenue Receipts of States**

Year	NE Total	NE (Excluding Assam)	Special Category States
2012-13	115.00	233.18	69.41
2013-14	103.80	193.02	65.98
2014-15	114.37	206.64	78.03

Source: Author's calculation from 13<sup>th</sup> Finance Commission, Annex. 7.7

There is another interesting part that is emerging to this saga of financial dependence of the NEI on central resources. The 14th Finance Commission (FC) covering the period 2015-20 has recommended an increase by 10 percentage points (from 32 to 42 per cent) in the share of the states from the divisible pool of Central taxes, which it proclaims will increase the financial autonomy of the states. However, for Assam, Himachal Pradesh and Uttarakhand – all Special Category States (SCS) – there has been a decline in proposed share of central taxes compared to the 13<sup>th</sup> FC (See Table III). Simultaneously, if we also take into consideration the fact that during this period there has also been the abolition of the Planning Commission and thereby it has created an uncertainty regarding Plan allocation and transfer of

other discretionary grants provided to SCS's, the situation becomes critical.

**Table III: Finance Commission's Share of Central Taxes and Grants to Special Category States**

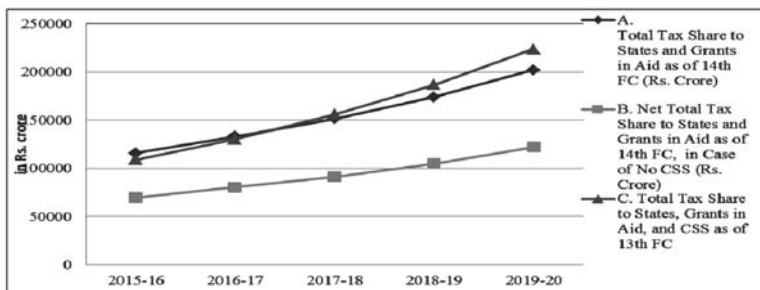
Special Category States	Share of States in FC	
	13 <sup>th</sup>	14 <sup>th</sup>
Arunachal Pradesh	0.33	1.37
Assam	3.63	3.31
Himachal Pradesh	0.78	0.71
Jammu and Kashmir	1.55	1.85
Manipur	0.45	0.62
Meghalaya	0.41	0.64
Mizoram	0.27	0.46
Nagaland	0.31	0.5
Sikkim	0.24	0.37
Tripura	0.51	0.64
Uttarakhand	1.12	1.05

Moreover, if one also take into account that the funds allocated to the Central Ministries under CSC's has also been slashed, the burden on the states especially SCS's will be substantially higher. In such a scenario, if we attempt to simulate the different scenarios of fund transfers from the Union to the SCS's during the period of the 14<sup>th</sup> FC, certain interesting trends emerge.

We consider three scenarios<sup>11</sup>: 'A' which considers the funds that will be transferred to the states as per the recommendation of the 14<sup>th</sup> FC; 'B' which includes the net tax share to states and grants-in-aid without CSS and scenario 'C' where it is assumed that the transfers and CSS of the 13<sup>th</sup> FC are continued during the period of 14<sup>th</sup> FC (calculated by maintaining the actual rate of growth of both tax share and grants as well as CSS during 2010-13). Under these assumptions, if we plot scenario A, B and C for the period 2015-16 to 2019-20 (Figure IX), it appears that for SCS's initially the transfers from the 14<sup>th</sup> FC compared to the 13<sup>th</sup> FC are higher, which thereafter gets reversed after 2017-18 and declines as they progress to 2019-20. This simulation indicates that without CSS and the uncertainty regarding plan and

discretionary grants, the 10 percentage point increase in transfer of financial resources under 14<sup>th</sup> FC may not fetch proportionately higher receipts for three special category states (Assam, Himachal and Uttarakhand), which due to their overall weight in the total makes the situation worse for SCS's at an aggregate level. In this regard, Assam may be the worst-off considering its lower per capita income compared to the other two states. However, for other NE states (including Sikkim) it will mean higher transfer of resources from the Union. What will be the ramifications for the region if the state with the largest economy (Assam) in NEI is adversely affected remains a matter for further enquiry.

**Figure IX: Expected Transfer of Financial Resources to Special Category States during 14<sup>th</sup> FC**



The macro-economic picture of NEI discussed so far clearly shows that on the one hand, there is a drain of primary commodities from the NEI in the name of exports and on the other, a severe dependence on transfer of resources from the Union government in terms of finance. Against this backdrop we discuss the related economic issues concerning NEI in the next section.

## V Related Economic Issues

NEI, which remains in a tribal-feudal continuum exhibits three different modes namely domestic, intermediary and capitalist, where the intermediary being a place for exchange i.e. the meeting ground of the other two modes, in the region<sup>12</sup>. While the domestic mode generates petty production and minimal surplus

the capitalist mode is the site for location of extractive industries and services, which remained subsumed within the national space prior to globalization. Now, with globalization, the inherent drive of capital will seek to entangle or one might say, subsume the capitalist mode (percolating to the other modes as well) into the global market space. The question remains as to how the region situates itself in such an order?

As differing modes of production exist in the region, there has been a hiatus between the lived space of the communities (in the domestic mode) and the spaces that existed in the other two modes (domestic and capitalist). In these conditions, as the state emerged as the sole arbitrator in the region (particularly during the post-colonial phase), the hiatus has been between the appropriating state vis-à-vis the lived spaces of the indigenous communities. This resulted in somatic *detachment* of the communities from their lived space. This was sought to be minimized by constitutional provisions such as the Sixth Schedule of the Indian Constitution. Now, as the region moves into the globalized space, this process of *detachment* enters a new and perhaps more critical juncture, where the threat of *extinction* becomes apparent. In other words, globalization bears the threat of *extinction* of the hitherto existing somatic proximity of the ethnic communities and their embeddedness with their community resources. Will the existing traditional authority structure under the Sixth Scheduled be able to negotiate with such a situation? If one goes by the performances of the functioning of these traditional institutions in the region, the likelihood of the creation of unbridled opportunities for global capital (of course in connivance with local power brokers) for resource extraction and thereby capital accumulation from NEI seems to be strong?

In this regard, although the intention of the LEP looks pious, it still bears a question mark when one compares the same with the macro-economic fundamentals of the region. The extractive nature of the regional economy and very high levels of dependence upon the Union, NEI seems to be less likely prepared to contribute gainfully to the process of international trade and commerce. Under such a situation, with an overemphasis on infrastructure

building to connect the region to the global market, will NEI be somewhat akin to what Ohmae describes in his region state, as a region “not defined by their economies of scale (in production) but rather by their having reached efficient economies of scale in their consumption, infrastructure and professional services”? (Ohmae 1993: 80). Will NEI be a contributor to the production process (both exogenous and endogenous) or a consumer of global products under such a scenario?

This scenario gets further complicated due to information asymmetry and undefined property rights on land in the region, mainly in the hill areas. To any observer of NEI, it is evident that land markets along with leasing of land are rampant. But in the absence of formal titles and mechanisms for registration the scope for usurpation by *de facto* owners to become *de jure* owners with the connivance of the state apparatus becomes easier. So neither community land nor community resources continue to remain embedded within the socio-cultural control of the community but becomes a source for usurpation by the elites either in the name of community control or preserving the identity of a population group against ‘outsiders’. Amongst all the states in the region, especially amongst the highlanders the issues of landlessness, lack of access for the ordinary tribal masses over the community resources, indebtedness etc. have become a norm in today’s world<sup>13</sup>. Do such an unequal order thriving on informalization (since formally resources are community owned and managed by customary laws) and lack of proper institutions augur well for the ordinary tribal in NEI in its push towards globalization? Moreover, the constricted size of the market in the region itself bears a question mark on the success for the logic of globalization? This then bears a question mark about the existence of the competitive equilibrium in market relations. Even for the sake of argument, if we assume that the equilibria exist; can it be a Pareto-efficient one<sup>14</sup>? In such a situation how will the forces of globalization deal with the commodity, money and labour markets in the region? Will it lead through market successes or market failures? This remains an important question concerning the region.

Alternatively, can internal integration of the region be one of the

alternative possibilities for development? Presently, a lack of synchronization due to the absence of common policies pertaining to NEI results in lack of a common strategy for dealing with development in the region. In policy terms, one can of course cite the example of Northeast Investment and Industrial Policy to counter this notion. But the experience of The North East Industrial Policy, 1997, shows that the disbursed incentive and revenue forgone for all the individual states in the region has been Rs.1664.76 crores for a total investment of Rs.1067.28 crores (Planning Commission 2006). This is surely a case of lack of synchronization in the development agenda. It is understood that as the development of one state in isolation is pretty difficult to materialize, synchronization and unification of the markets in NEIs can be an option towards a successful trade based process of industrialization (Barua 2005). Should it be attempted prior to external integration of the region with its immediate neighbours?

Similarly, internal trade liberalization vis-à-vis international trade can be another option for an integrated approach for NEI. Data suggest that trade liberalization (in terms of international trade) does not have a universal positive effect for all areas. District level analysis in India shows insignificant benefits of liberalization with respect to poverty reduction for districts with more exposure to potential foreign competition (Topolova). Should then easing of internal trade be an alternative option? In this regard, can there be efforts to link all the states with Assam, which is not only the sole gateway to Indian mainland but also the only pathway to travel from one state to another and even in some cases within the state itself?<sup>15</sup> Will not an economic integration of the market bring about the much deserved unity of the region which has been otherwise affected by a process of political disintegration? It leads to the next question, which institution leads to the convergence of the development agenda and integration of the region – the archaic NEC and/or the bureaucratic MDONER, or any other player? This requires serious consideration.

With these economic issues in perspective, in our next section we deal with the perception of the communities in one of the borderlands of NEI vis-à-vis that of the state through policy initiatives such as the LEP/AEP.



## VI Views from a Borderland

Do the policies framed for the development of NEI reflect the aspiration of the people in the region? Or, are they ulterior to people's expectations? To deal with these issues one requires an enormous amount of effort and therefore they have not been dealt with in details here. However, we address this question with one of our studies<sup>16</sup> on the LEP in the Mizoram-Myanmar borderland.

Our survey reveals that the continental-container trade content of LEP (mainly in NER Vision 2020) often highlighted as panacea for bringing about development in NEI stands isolated when we take into account the perception of the communities to trade in the borderland. To these communities comprising several tribes, the meaning of trade continues to be petty and informal that is rooted in the communitarian ethos of economic as well as non-economic gains accruing to the communities. On the other hand, trade for the state is a strictly pan-regional and/or international, the gains from which is essentially economic. For the state, it is only those commodities and services that are routed through LCS is considered as trade. But the borderland people perceive trade as an 'inter' (if not 'intra') community petty trade where the ethnic communities participate for livelihood and intra/inter-ethnic co-operation. In other words, due to such a perception of trade, the communities (who are otherwise involved in trade) are sceptical about the expected gains accruing to them from continental trade. While they agree that any effort to develop the infrastructure in these areas are welcome in the name of development of trade yet three-fourths of the respondents had the apprehension that continental trade would benefit the 'Vai's' (non-Mizo or outsiders) to their exclusion.

Similarly, although the community and now the state aspire for a more open border with Myanmar, their perceptions are embedded in varied understandings. During our survey, it was recorded that the communities had long welcomed an open border with Myanmar, with an expectation of both for economic and non-economic benefits. For them economic gains meant relatively easier availability of petty goods and food grains from across the border, which often got disturbed due to natural and manmade causes. The non-economic gains are identified as trans-ethnic co-

operation. Majority of the respondents in the borderland considered the Myanmar migrants as their kinsmen from whom they faced little threat. The communities in Champai district and even beyond identified the migrant Myanmar as their source of cheap labour. The Myanmar, on the other hand, identified their migration to India with better livelihood options. This process of mutual benefit is cemented by clan patronage since they identified each other as ethnic brothers separated by international borders. However, the state identified the borders only as 'gateways' for trade while maintaining a lip service for the communities in these borderlands.

In dealing with spaces where the capitalist relations of production are yet to attain a singularly dominant position, applying only economic imperative to understand such spaces can lead to various misgivings. Our survey reveals that similar is the case regarding NEI where hiatus appears to be apparent due to a difference in the interpretation of the region between the state and the communities in NEI. While the state by means of its policies and development programmes (LEP included) wishes to analyse the region using solely economic imperatives, the communities on the other, uses an anthropological construct where socio-cultural imperatives play a dominant role in interpreting the 'space' they inhabit. This leads to a hiatus between the state and the communities, which gives rise to differences in perspectives both with policies and their practices in developing the region. So for the communities trade continues to be petty community trade, which occurs in social space, a space that subsumes the economic space. In other words, trade for the community is with an ideational function where the markets in the borderlands are primarily social spaces for community exchange along with an economic space for commodity exchange. A reading of the policies of the state such as the LEP concerning the NEI gives us an impression that it misses the former while overemphasising the latter. This hiatus thereby puts a question mark on the development pattern.

## **VII The Obfuscating Vision**

Two probable trends are apparent today in the horizon of NEI vis-à-vis LEP/AEP. While one seems to be more visible, the other

appears conjectural; one seems to be dominant the other seems to be veiled in the emerging history; one is driven by capital the other is embedded in communitarian ethos. The question remains how these two probable trends play each other. Do they overlap or engulf each other or continue as a simultaneous process? In this section, we will deal with understanding such a scenario.

The first trend points towards a *sync* with the process of *annihilation* of space by time, a process presently initiated by the state as a policy initiative for augmenting the scope of capital. LEP/AEP and its interpretation of NEI appear to be an effort in this direction. The policy document accepts that NEI is under “economic imprisonment within its international frontiers” (NER Vision 2020, 2008: 260) and mentions that “peace and development of the region critically depends on liberation from this economic imprisonment” (*ibid*). Globalization provides the *alibi* for the state to accept this oft forgotten historical fact *albeit* at the behest of global capital. It is this *alibi* that suddenly makes the state realise that the geo-economic and geo-political potentials attached with the region appear to be converging. The international borders of NEI is therefore to be transformed into a ‘bridge’ for connecting India to the countries near and far in Southeast Asia. In this framework the region is supposed to play the role of an ‘arrowhead’. But the question remains as to whose *load* will this arrow carry? Of its own, or mainland India! With the present macro-economic fundamentals, as our analysis in this paper suggests, the region presently remains a supplier of primary commodities and intermediate goods produced outside the region. In what way can NEI be a *partner* in the proposed trade regime? Our analysis suggests that unless the productive capacity of the region is harnessed, only pumping of finance for construction of infrastructure may lead to a dysfunctional development and NEI will continue to be a mere *pathway* for trade and commerce. On the other hand, making NEI a part of various sub-regional groupings can have some benefits of opening up the horizons of travel and provide a semblance of the ‘nearby outside’ world<sup>17</sup> beyond the cartographic domain but fall short of accruing substantial benefits to the inhabitants of the borderlands due to the perceptual hiatus between the communities and the state as highlighted in the paper.

The second trend indicates that as the LEP/AEP re-imagines NEI as a space not bounded only by the present cartographic rigidities, it gives rise to geographical imaginaries, where the imagined space is often termed as the 'extended' Northeast (Das 2012). The conjecture remains as to whether this extended space which is essentially ascribed as an economic space in the policy can have simultaneous socio-ethnic spill-over as well? It is noteworthy that an extended NEI which is now fancied by the state has historically been a part of the people's imagination including several insurgent groups as they 'struggle' to forge together the erstwhile ethnic space (either imagined or real) that got fractured during the colonial rule (and post-colonial period as well). The politico-administrative boundaries that were created by the state at different points of time to suit its political, strategic and commercial purposes cut across numerous clan spaces in the region, 'embers' of repercussion against such acts have simmered to the present era. Now, once again the clan spaces of these communities on which the edifice of their economy, culture and literature are anchored become facile in the neo liberal order, the likelihood of ethnic backlash by stoking the simmering 'embers' remains palpable. This may also result in inter-ethnic confabulations. Can this lead to ethnic re-territorialization in the extended NEI? Will it manifest itself in the creation of 'ethnic' *spatial fixes*? Experiences of secessions and partitions in the 20<sup>th</sup> century suggests that "new international boundaries were not drawn based on military conquest but overwhelmingly on the principle of prior historical formation, specifically previous internal boundaries" (Goemans 2013: 51). Does such likelihood 'restrict' the policy makers from making any socio-cultural recommendation in LEP/AEP other than related to trade and commerce? (NER Vision 2020: 276)

Under such a visible yet conjectural predicament, for the people in region, LEP/AEP continues to provide an 'obfuscated' vision.

### Notes:

1. In this paper we have used the term Northeast India (NEI) which includes Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura. Sikkim is not referred here under NEI except when mentioned separately.

2. Spatial analysis of NEI is more than a hermeneutic exercise as an understanding of space helps us to analyze the region beyond its cartographic limitations. The economic and social imperatives associated with space which is highlighted by different stakeholders at different points in history for respective gains throws relevant light related with NEI. For a spatial analysis of NEI through different phases of history and contemporary era, see (Chakraborty and Ray 2015 a)
3. Within the border vis-à-vis borderless debate under globalization there is another trend termed 'polycentricity' particularly with respect to Europe and European Union (EU), where expansion of borders and reinforcement of existing borders of power centers continue simultaneously. Briefly, 'polycentricity refers to the form of non-territorial politics, which emanate from a multiplicity of sites and which cannot be reduced to a single centre' (Rumford 2006). In other words, as the division of borders between East and West got amalgamated in Europe and the peripheries of EU got extended, the power centers of the EU like Brussels, Luxembourg, Strasbourg and Frankfurt continued to remain intact. So the related point here is that borders in Europe have lost their actual relevance but the power center/decision points inside the EU remain unbroken (Tripathi 2015). This process of dismantling/minimising the border has in itself given rise to new kind of borders.
4. There can be varied interpretation to the historicity of the 'idea' of Look East (Chakraborty and Ray 2014) it is agreed that as a policy Look East was initiated just after the inception of liberalization and globalization during the early 1990's (Mezard 2006, Muni 2011). In concrete terms Northeast India (NEI) became a part of the Look East Policy when the Northeastern Region Vision 2020 was launched in 2008. Recently with the change of regime in New Delhi, the policy has been reframed as Act East Policy.
5. Actually the change in the name of the policy from LEP to AEP is associated with the then US Secretary of State Hillary Clinton. It is reported that during her visit to India in 2011, in a speech at Chennai, she urged upon India to 'not just Look East, but to Engage East and Act East'. 'Act East' was supposed to build on 'Look East', which she termed as 'the foreign policy stance India adopted in the 1990s when it opened up its economy to the world'. For details see (Roche 2015)

6. Within the region, Assam's contribution to the regional economy shows a declining trend. In 1980-81, Assam contributed 77 per cent to the regional income which has declined to 60 per cent in 2012-13.
7. The Indo-Myanmar Border Trade Agreement was signed on January 21, 1994 and Moreh (Manipur) was transformed into a Land Custom Station on April 12, 1995. The Indo-Myanmar Border Trade Agreement introduced a three tier trade system  
**Traditional Free Exchange:** where locally produced items up to US \$1000 are allowed to be exchanged between the indigenous people residing up to 40 km on either side of the border with simple documentation without any GR formalities.  
**Barter Trade:** where 22 agreed items (which now include 62 items, see Table IV) up to US \$20,000 can be traded with GR formalities and payment of customs duties. The items include locally produced agricultural items and minor forest produces.  
**Normal Trade:** trade is allowed here under the Letter of Credit System as per the EXIM Policy guidelines

Table IV: Indo-Myanmar Border Trade Items

Sl. No (Public Notice No. 289(PN)/92-97 dated 10/04/1995)	Sl. No. (DGFT Public Notice No. 106 (RE-2008)/ 2004-2009 dated 07/11/2008)	Sl. No. (Commissioner of Customs Public Notice No. 30/2012 dated 16/11/2012)
1. Mustard/rape seeds	1. Bicycle spare parts	1. Agricultural Machinery
2. Pulses and beans	2. Lifesaving drugs	2. Bicycle
3. Fresh vegetable	3. Fertiliser	3. Bleaching powder
4. Fruits	4. Insecticide	4. Coal
5. Garlic	5. Cotton fabrics	5. Edible Oil
6. Onion	6. Stainless steel utensils	6. Electric & Electrical Appliances
7. Chillies	7. Menthol	7. Fabricated Steel Product
8. Spices (excluding nut-meg, mace, cloves and cassia)	8. Agarbatti	8. Garments/readymade/ cloths
9. Bamboo	9. Spices	9. Handlooms and handicrafts
10. Minor forest produce (excluding teak)	10. Cosmetics	10. Hardware/minor construction materials & electrical fittings
11. Betel nuts and leaves	11. Leather footwear	11. Lime
12. Food items for local consumptions	12. Paints and varnishes	12. Medicines

13. Tobacco	13. Sugar and salt	13. Milk powder, tea, edible oil, beverages
14. Tomato	14. Mosquito coil	14. Motor cycle & spare parts
15. Reed broom	15. Bulb	15. Electronic/musical instruments, stationery item, torch light
16. Sesame	16. Blade	16. Plastic items, water tank, buckets, chairs, plastic pipes and briefcase
17. Resin	17. X ray paper and photo paper	17. Rice, Wheat, Maize, Millets & Oats
18. Coriander seeds	18. Imitation jewellery	18. Scented tobacco
19. Soya bean		19. Semi-precious stone
20. Roasted sunflower seeds		20. Sewing machines
21. Katha		21. Textile fabrics
22. Ginger		22. Three wheelers, cars below 100cc

8. There are four Land Custom Stations (LCS) at the NEI-Myanmar border amongst them two are functional (See Table V)

**Table V: Land Customs Station, NEI-Myanmar Border**

State	Name of LCS	Name in NC	NC	Status
Arunachal Pradesh	Namong	Pangsu	Myanmar	NF
Manipur	Moreh	Tamu	Myanmar	F
Mizoram	Zowkhatar	Rangamati	Myanmar	F
Nagaland	Avankhu	Somara	Myanmar	NF

9. Estimates regarding informal trade between NEI and Myanmar vary between different scholars. Indian Institute of Foreign Trade (IIFT) estimated the annual volume of trade in 1995 to be Rs 2200 crores, where the Moreh-Tamu sector contributed Rs 1600 crores, Champhai Rs 500 crores and Lungwa Rs 100 crores. Indian Institute of Entrepreneurship (IIE), Guwahati, estimated the volume of informal trade based on custom seizure data in 2000-01 to be Rs 224.90 crores, where 86.88 per cent of the same got routed through Manipur and the rest through Mizoram. If we take the value of trade as calculated by IIE, the estimates for informal trade is 10 times more than the formal trade in the Manipur sector. Based on

this model, Bezbaruah (2003-04) calculated the volume of informal trade at Rs 227.73 crores, the volume of informal trade thereby was 12 times higher than formal trade.

10. Similar variation in estimates of informal trade between NEI and Bangladesh also varies. The NCAER (1995) studied 3 districts each from Assam and Tripura (other than 9 districts of West Bengal) and estimated informal trade at the state level. The value of informal trade in Assam was Rs. 35.50 crores and Rs. 8.10 crores in Tripura. RIS (1996) conducted a study titled India's Border Trade with Select Neighbouring Countries and quantified the value of exports at Rs.42.01 crores and imports at Rs. 13.16 crores. Bakht (1996) estimated that informal exports to India were at least 6 times higher than legal exports thereby showing the huge quantum of informal trade. He states that illegal exports from Bangladesh to the NER are limited to few high value items such as gold. Halder (2008) estimates the ratio of legal to illegal import from India at 1:1.5
11. The simulated exercise has been undertaken with the data support from Dr. Amit Sadhukhan, Post-doctoral Fellow, IDSK, Kolkata.

**Table VI: Expected Transfer of Financial Resources to SCS's during 14<sup>th</sup> FC (in Rs. Crore)**

Year / Scenario	Special Category States		
	A	B	C
2015-16	115616	69717	108743
2016-17	133080	80247	130209
2017-18	151480	91342	155913
2018-19	173817	104812	186690
2019-20	202184	121917	223542

A: Total Tax Share to States and Grants in Aid as of 14th FC; B: Net Tax Share to States and Grants in Aid as of 14th FC in Case of No CSS; C: Total Tax Share to States, Grants in Aid, and CSS as of 13th FC

12. For a detailed discussion on the three modes of production in NEI, see (Ahmad and Biswas 2004, Chakraborty and Ray 2014)
13. For socio-economic differentiation, landlessness, indebtedness etc. amongst the tribal societies in NEI, see (Dutta and Karna 1987, Karna 1990, Datta 1992, Baruah 2005, Fernandes and Bharali 2005, D'Souza and Christina 2005)



14. Amiya Kumar Bagchi states that capitalist colonialism works by introducing and exploiting markets. But the structure of colonial power is essentially political and not just a passive reflection of imperatives dictated by an impersonal market. Hence, market failures – deliberately engineered or systematically generated – are as much a component of the working system as market successes. For an insight see, (Bagchi 2010)
15. States like Arunachal Pradesh in NEI where traveling from one end of the state to the other is possible only by passing through Assam. Internal integration of the region thereby seems to be very important for forging together connectivity as well as the segregated markets. On the other, there are sufficient benefits too if trade and transport is allowed through the neighbouring countries, e.g. through Bangladesh. Huge benefits that will accrue to both India and Bangladesh if they focus on trade facilitation based on opportunity cost pricing, it is argued that Assam holds the key to the success of this mechanism. For further details on benefits from trade and transportation for NEI with transit through Bangladesh see, (Murshid 2011 Das 2012).
16. A study was undertaken in the Champai (Mizoram)-Myanmar border related to the perception of communities inhabiting the borderlands about LEP and the differences, if any, between the communities and the policy makers. The results show that more than 54 per cent of the respondents never heard about LEP, amongst them who heard about the policy related the same to trade and infrastructure while others associated with security measures. The respondents were of the view that the policy was not meant for involving local traders and it is the *Vai* (outsider) who will reap the benefit. They also perceived that there is a difference between what they understand as trade and what it is associated with by the policy makers. The survey also shows that the communities in the borderlands do not perceive the communities on the other side of the border in Myanmar as foreigners and they preferred a more porous border for greater interaction between the people whom they mentioned as 'belonging to the same ethnic stock'. But this perception was not shared by the organizations in Aizawl. For details, see (Chakraborty and Ray 2015b)
17. By the term 'nearby outside' world we mean the access to the immediate neighbourhood shared by the same ethnic groups divided by political boundaries which happens to be

international borders. There are many tribes e.g. Konyak, Nocte, Tangsa, Wangchoo in Arunachal Pradesh; Kuki, Paite, Tangkhul in Manipur; Garo, Khasi, Jaintia in Meghalaya; Mizo, Paite, Chin in Mizoram and Chakesang, Sangtam, Khyaniungam, Konyak in Nagaland, to name a few, who are separated by international borders. Similarly, access to goods and services including food grains may improve in many of these otherwise 'remote' areas/pockets in the borderland if connectivity is enhanced. Here border *haats* can play an important role. But border *haats* too has to shed off its character of being a statist/administrative construct to be more beneficial for the communities in the borderland. Experiences of existing border *haats* in the region points towards such a realization.

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