



Look East Policy Potentialities for North Eastern Region

KEYWORDS

North Eastern Region, Look East Policy, Border Trade

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ABSTRACT North Eastern Region (NER) shares more than 98 percent of international border with the countries viz., Bangladesh, Bhutan, China, Myanmar and Nepal. In order to pave the way for international trade between NE region and the South East Asian Countries the Government of India announced the "Look East Policy" in early 1990's. This region is expected to be most important beneficiary due to its geographical location and proximity to the neighbouring countries. The present study will highlight the potentialities of Look East policy and export scenario of NER with the Asian neighbouring countries.

Introduction

The North Eastern Region (NER) comprises of eight states viz; Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. The region shares two percent of border with the mainland of the country and more than 98 percent is linked with international border i.e. Bangladesh, Bhutan, China, Myanmar and Nepal. Due to its geographical location and proximity to the neighbouring countries, the NER has natural trading advantages. This region has wide scope of generating economic activities through the interaction with their neighbouring countries. The Government of India announced the "Look East Policy" in the early 1990 to pave the way for international trade between NE states and the South East Asian Countries. The look East policy generated considerable optimism in the Northeast region of the country which had persistently lagged behind the rest of India in the pace of economic development ever since the time of independence (Bezbaruah 2010). North East Region is the "Gate way to South east Asia" and Look East Policy is viewed as especially favourable for boosting trade between North East India and the South East Asian Nations (ASEAN). Trade history is witness that the neighbouring countries of this region had been the traditional markets for a variety of goods and services produced by the North East before its traditional link were disrupted by the partition in 1947 (Mukherjee 1992).

Objectives of the study

The main objectives of this study are :

- i) To study the potentialities of look East Policy for the economic development of this region.
- ii) To examine the export scenario of NER with the Asian neighbouring countries.

Methodology

The information collected for the purpose of this study is mainly based on secondary sources. Secondary information have been collected from the office of the commissioner of customers, shilling, Ministry of commerce and industry, Ministry of Tourism, official documents, rules and regulations of central government and respective state governments. Information are also collected from various export promoting organizations, news papers and magazines.

Look East Policy and Trade Opportunities

The Look East Policy (LEP) initiated by Central Government helps to expand the trade relationship of India with the eastern countries rapidly. The South Asian Association of Regional Co-operation (SAARC) was set up on 8th December 1985 to promote economic co-operation among the South Asian Countries. SAARC has a major landmark in the political and economic history of NER as this region has trade relationship

with Bangladesh, Bhutan, Nepal, Sri Lanka and even Pakistan. The South Asian Preferential Trade Agreement (SAPTA) came into force on 7th December 1995 after being ratified by all constituent members just 10 years after establishment of SAARC. This was the first ever attempt of trade liberalisation among the member countries. SAARC also initiated duty free trade under the aegis of SAFTA (South Asian Free Trade Area), culminating in the preferential trading arrangements by completely dismantling tariff and non-tariff from the movement of goods across member countries. The SAFTA Agreement was signed on 6th January 2004 during the twelfth SAARC Summit held in Islamabad, Pakistan. In a bid to further enhance economic tie with eastern neighbours, India has been actively participating in the regional formation such as BIMSTEC- Bangladesh, India, Myanmar, Sri-Lanka, Thailand Economic Cooperation. In the Joint Declaration issued after the BIMSTEC Summit held at Bangkok in July 2004, it was agreed that the grouping would henceforth be known as bay of Bengal initiative for Multi sectoral Technical and Economic cooperation. India gained a foot hold in the ASEAN region after ASEAN (Association of South East Asian Nations) and its partners country recognized India's membership in the ASEAN Regional Forum. India Trade with ASEAN region has had a rising trend. The composition of the Indo-ASEAS trade has also undergone change from predominance of primary products to manufacturers. In the last decade, India's trade ties with china have also had an upward trend.

The 9th World Trade organisation of Ministerial Conference, held in Bali, Indonesia, in December 2013, ministers adopted the 'Bali Package' a series of decisions aimed at streamlining trade, allowing developing countries more options for providing food security, boosting least developed countries trade and helping development more generally. No doubt, it is encouraging news for the developing Asian Countries like India.

The research studies of pioneering organisation in India viz., Indian Institute of Foreign Trade (IIFT); New Delhi, National Council of Applied and Economic Research (NCAER); New Delhi, Federation of Indian Export organisation (FIEO); Kolkata, Tata Consultancy services (TCS); Kolkata, Export Import Bank of India (EXIM Bank), Kolkata, confederation of Indian Industry (CII), Federation of Indian Chamber of commerce and Industry (FICCI), Indian Institute of Entrepreneurship (IIE); Guwahati, North Eastern Chamber of Commerce and Industry (NECCI); Guwahati and Federation of Industries and commerce in NE Region (FINER); Guwahati have listed out a large number of Potential items for export from North East India. The FIEO, Kolkata has identified the following items exportable from this region.

Table-1 Potential Products of Border Trade From the NER

Item	States
Processed fruits and vegetables (i.e. orange, lemon, jackfruit, ginger, papaya, potato, chilli, pineapple, guava, brinjal, turmeric)	Arunachal Pradesh, Assam, Manipur, Mizoram, Tripura
Tea	Assam, Manipur
Rubber	Assam, Manipur, Tripura
Medicinal Plants and Herbs	Assam, Manipur, Tripura
Drugs and pharmaceutical Products	Manipur
Handloom Products	Manipur
Silk	Assam, Nagaland

The entire North East region endowed with diverse tourist attraction and each state has its own district features. This region is recognized as "Hotspot of Tourism" due to its picturesque landscape, turbulent rivers, lofty mountains, snow clad peaks, wildlife sanctuaries, national parks, biosphere resources and thousands of species of exotic flora and fauna. The Central government had identified six Eco Tourism Circuits in the country and North East Circuit is one of them which includes the places viz. Guwahati, Shillong, Kaziranga and Tawang.

The Government has stressed high priority for the development of export from this region. For this purpose export development fund (EDF) has been set up. The Agricultural and processed food Products Export Development Authority (APEDA) has been designed as the nodal agency for releasing funds under the EDF Scheme. Under the Assistance to states for Infrastructure Development and Exports (ASIDE) scheme, Rs. 55 crore has been allocated to the North East states during the year 2006-07. The central government has already approved the funding of various proposal through Export Development fund (EDF), some of them are-

- Passion fruit in Mizoram and Nagaland.
- Ginger in Manipur and Nagaland.
- Mushroom processing in Manipur and Nagaland.
- Turmeric processing in Nagaland.
- Vanilla processing in Manipur.
- Safed Musli in Assam.
- Beekeeping in Mizoram etc.

Border Trade :

NER shares land border with Bangladesh, Bhutan, China, Myanmar and Nepal and Government has agreement of trade with these countries through land custom stations (LCS) as per the notification of the custom Act 1962. Assam includes 11 Land Custom Stations to facilitate bilateral border trade with Bangladesh and Bhutan. India Myanmar border trade agreement was signed in 21st January, 1994 and operationalised on 12th April 1995 which included Moreh in Manipur and Zowkhathan in Mizoram, Corresponding to Tamu and Rhi in Myanmar. 40 items have been included for border trade between India and Myanmar with 5 percent duty. The border trade in Sikkim commenced on 6th July, 2006. The border trade at Nathula Pass is duty free. Import and export of locally produced commodities by people living along both side of Indo-China border as per prevailing customary practices are allowed.

**Table-2 Border Trade of North Eastern Region during the year 2010-11
Rs. In Lakhs**

Sl.No.	Name of LCS	Value of Export	Value of Import	Net Revenue Collected
1.	Sutarkandi	1954	3073	247
2.	Karimganj Steamer & Ferry Station	822	67	12
3.	Mankachar	11	253	45
4.	Bosora	16768	Nil	2
5.	Bholaganj	22373	Nil	
6.	Dawki	9720	0.1	92
7.	Shellabazar	892	Nil	13
8.	Bagmara	385	Nil	2
9.	Dalu	1890	296	49
10.	Ghasuapara	6701	Nil	9
11.	Mahendraganj	362	449	63
12.	Agartala	157	20352	1528
13.	Srimantapur	6	2488	391
14.	Howaighat	Nil	306	42
15.	Manu	2	459	85
16.	Muhurighat	Nil	1838	306
17.	Old Ragnabazar	5	68	12
18.	Moreh	26	380	36
19.	Hatisar	4916	39	Nil
20.	Zokhawthar	Nil	4	0.4

Source : Office of Chief Commissioner, Central Excise & customs, shillong.

Conclusion

The emerging trends of regional Co-operation is identified as a strategic way to harness the comparative advantage of North East Region. This led to path the new way for the development of NER with more and more liberalize the geo-political rigidities, NER is expected to be the beneficiary of the "Look East Policy" due to its geographical advantage vis-à-vis- the Southeast Asian Countries. NE region is the gate way to the ASEAN region. This region is not in a position to earn the benefit of international trade from the west. So looking to east is obviously a natural opportunity for the upliftment of international trade and economic growth of this region.

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