


# Chapter 1

## Look–East Act–East Policy: India and South–East Asian Economic Cooperation

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### ABSTRACT

*The Indian Government's 'Look-East' foreign policy initiative of 1990s and renewed as Act-East in 2016, with countries bordering with the North-Eastern States of India, is a platform to cultivate and strengthen socio-economic and political ties by establishing strategic relationships with the Southeast Asian economies through bi-lateral and multilateral trade, which has been neglected since 1947. The aim of the Act-East policy is to build cultural, commerce, connectivity, and capacity building via trade, tourism, tradition, talent, and technology transfer between North-Eastern India and the Asian neighbours. This chapter critically evaluates measures taken by the Indian Government under this policy to enhance business and trade opportunities with Southeast Asian countries for peace, achieving sustainable development goals, and economic progress.*

### BACKGROUND

The North-Eastern region of India for decades has remained isolated and underdeveloped since independence, due to successive central governments not having a concrete economic and infrastructure development and security strategy. Hence, it has been cut off from the mainstream Indian economy and is geographically connected by a narrow Siliguri corridor, and land-locked, giving rise to separatist insurgency, illegal migration, supply chain disruptions, and border conflict (Rahmati, Ali, & Kamraju, 2020). There have been old cultural and trade ties between India and South-East Asia for centuries and

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more so from the British colonial times, when the Indians under the colonial rule as slaves helped British, colonise Malaysia, Burma, Singapore, and Fiji.

In the 21<sup>st</sup> century, India has emerged as a major nuclear economic power and fifth largest economy in terms of GDP (purchasing power parity) in the world, with second largest population and market following China. The Indian Government's foreign policy initiative of the 1990s 'Look East Policy' (LEP) is to transform the economy by forming economic trade agreements and linkages with countries bordering with the eight North-Eastern states of India. The LEP has been a platform to establish, cultivate, transform, and strengthen socio-economic, trade, tourism, cultural, political and security ties, to form strategic relationships with the ASEAN economies through bi-lateral and multi-lateral trade agreements, which has been neglected since 1962 Indo-China war ([Das & Thomas, 2016](#); [Haokip, 2015](#); [Naidu, 2013](#); [Ziipao, 2018](#)).

In 1990's, after the Indian financial and economic crisis, the 'New Economic Policy Reform' initiatives were introduced along with the Look East Policy, by then Prime Minister Narasimha Rao in 1991, to liberalise, privatise and open the economy for foreign investment and trade. The main aim was to provide opportunities for developing the Eastern-States of India and establishing trade, commerce and foreign relationships, economic and defence security cooperation, and engaging with South-Asian countries and the group of ASEAN neighbouring countries. Under the Prime Minister Manmohan Singh, 15 bilateral and multilateral agreements were signed between 2006 to 2011. Further, in 2006, India formed strategic cooperation with the large economies of Brazil, Russia, China, and South Africa (BRICS) on various international platforms such as climate change and world trade organisation ([Haokip, 2011, 2015](#); [Ram, 2012](#); [Rana, 2018](#)).

The initial aim in the 1990's of 'Look East Policy' introduced at the end of cold-war, was to engage diplomatically at foreign policy level and cooperate with Association of South-East Asian Nations (ASEAN) countries on economic bilateral relationship, strategic institutional partnerships and play a balancing role with emerging China's encouraging trade and economic development policy, maritime power and influence in the ASEAN region ([Banlaoi, 2003](#); [Bajpae, 2017](#); [Das & Thomas, 2016](#); [Downie, 2015](#); [Goldberg, 2019](#); [Lee, 2015](#); [Nguyen, 2017](#); [Ollapally, 2018](#); [Pant, 2013](#); [Singh, 2018](#); [Yhome, 2015](#)). Further, to exchange expertise on various sectors like agriculture, health, education, fisheries, information technology, energy, transportation, security, and defence, and to enhance and cultivate people-to-people contact for reaping economic benefits from trade, research collaborations, travel and tourism ([Naidu, 2013](#)).

"Look East" foreign policy was dormant for over a decade, with no concrete outcome from the various agreements. The Modi BJP-Government in November 2014 at East Asia Summit in Myanmar announced the extension of "Look East Policy" (LEP) to "Act East Policy" (AEP) with the signing of ASEAN Trade-in-Services and Investment, and closer economic and security ties. The revamped AEP was to be proactive and engaging to promote cultural ties, economic cooperation and integration, along with strategic continuous relationship with Indian Eastern States, and establish bilateral and multilateral agreements at regional level with South-East Asian countries and beyond to Japan, South Korea, Australia in the Indo-Pacific to form strategic partnership for economic, political, defence-security of land and sea corridors and social-cultural cooperation to reap potential mutual economic benefits ([Ganguly, 2017](#); [Hall, 2016](#); [Lee, 2015](#); [Muni, 2011](#); [Ngaibiakching & Pande, 2020](#); [Nguyen, 2017](#); [Ranjan, 2016](#); [Singh, 2018](#)).

Government's AEP policy is based on four pillars of cooperation- culture, connectivity, commerce, and capacity building (Ministry of External Affairs, 2016). The current BJP government has taken steps to

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