

# Chapter 11

## A Critical Evaluation of India's Look-East to Act-East Policy

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### ABSTRACT

*The Look-East Policy was launched in 1992 with the objective that economic integration with Southeast Asian countries would provide an opportunity for growth and transformation of the country because these were the fastest-growing economies. The Indian economy was opening up. The Act-East Policy was succeeded by the Look-East Policy in 2014. This policy was to have greater engagement with countries in Southeast Asia. The Act-East Policy gave importance to economic cooperation, greater connectivity, and security ties. By departing from the traditional foreign policy imperatives, this policy focused on removing the barriers and remoteness of Northeast India. It represents the development model of this region. There has been a sizeable increase in trade output with Southeast Asian countries and an increase in foreign investment. This policy has helped India strengthen its place in the global economy. However, northeastern states have not developed much. The poor section of society and the indigenous residents have not gained from export-oriented and capital-intensive projects.*

### BACKGROUND

A country's economic relations with other countries and foreign trade relations depend on the foreign policy of that country. After Independence, India adopted the foreign policy based on non-alignment as India achieved Independence during the time when the clouds of Cold War were already looming large on the globe, because of which it not only underwent but also experienced the power politics of the Super Powers - USA and USSR. This naturally made India formulate her foreign policy on the lines of non- involvement and non-alignment that became the basic principle of India's foreign policy. The economic model adopted was a middle path between capitalist and socialist economy that is Mixed

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Economy. However, in 1954, Mahalanobis Model was implemented and it laid emphasis on establishment of Welfare Socialist State in the country (Chaturvedi & Sharma, 2020, pp 882). This economic shift had tilted Indian economy and her foreign policy towards USSR.

After the Chinese attack on India in 1962 and the defeat of India, the Indian government adopted the policy of absolute socialism. India did not pay much attention to Southeast Asian countries because of India's colonial links and western links. The Association of South East Asian countries (ASEAN) was created in 1967 by a group of ten small countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Since the region was quite less developed until 1970, it was not considered by India to be an attractive trading and economic partner. Besides, India's own economic policies were insular and protectionist. However, in 1970s East Asian Countries were thriving of open market reforms and liberalization and had started showing signs of rapid advancement. Japan devastated in 1945, due to nuclear attacks, was also emerging as one of the fastest economies of the world. Besides, in 1991, there were significant changes at the national and international fronts. India faced financial crisis in 1991, which coincided with the collapse of the Soviet Union, India's valued economic and strategic partner. These developments compelled the Indian government to have a fresh look at her foreign policy. India also acknowledged the uniqueness and importance of Southeast Asia, which is rich in economic resources and is important from the point of security strategy. These events caused qualitative and structural changes in the foreign policy of India and Southeast Asia. There was dilution of inhibitions from Southeast Asian countries as well and they opened themselves up to develop friendly and warm relations with India. This region thus gained more prominence in the foreign policy of India. With such a background at the national and international level, the Look East Policy was launched in 1992 during the Narasimha Rao's government.

Look East Policy developed gradually and in a pragmatic manner. India needed foreign investment and technology and ASEAN was viewed as a fertile and apt source for it. ASEAN too was attracted by the potential of a more open market. It also was driven by its own strategic compulsions to seek a balance in the region to China's rising power by enhancing its engagement with India. Initiated in 1991, it marked a shift in India's perspective of the world (Haokip, 2011). This was developed and enacted during Narasimha Rao government (1991-1996) and rigorously pursued by the successive governments of Atal Bihari Vajpayee (1998-2004) and Manmohan Singh (2004-2014).

Various researches and publications on different topics discussing the relation between India and Southeast Asia and Look East Policy still show an emerging area of critical research in the context of India though with quite less empirical findings. The aim of this conceptual chapter is to critically evaluate "Look East to Act East" policy of India in providing opportunities for economic, socio cultural cooperation, development of Northeast region and national security issues. It, in a way, tried to incorporate greater engagement in all spheres.

The structure of this chapter starts with the literature review of Look East Policy and Act East Policy followed by the objectives of two. Then difference between the two policies are incorporated. An analysis of measures taken to meet the objectives of the policies has been discussed with critical evaluation. Finally, the future research directions and conclusions have been provided to stimulate the knowledge in theory and practice for the desired growth of Northeastern states and cooperation with ASEAN on different platforms.

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