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## **THE CHINA FACTOR IN INDIA'S ACT EAST POLICY : IMPLICATIONS FOR THE NORTHEAST INDIA**

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### **Abstract**

*With the changing dynamics of contemporary international relations, India's Foreign Policy has underwent a significant change since the National Democratic Alliance (NDA) government came to power in May 2014. The renewed interest to the East and Southeast Asian Region was one of the prominent policies of Prime Minister Modi's administration. With the intention of reconnecting the vibrant economies of Southeast and East Asian countries, the renewed "Look East Policy" known as "Act East Policy" was launched in late 2014 as an integral part of India's ambition to become a regional power in Asia- Pacific region. However, the rise of China in Asia- Pacific with its two ambitious goals "the China Dream" and "One Belt One Road" policy stand as big hindrance on India's ambition.*

*According to few Indian Foreign Policy experts, the Act East Policy has been driven in part by India's strategy of external balancing against China, but has also been motivated by India's desire for a greater global role and its rise as a trading nation by using its Soft Power. India has started to pursue this policy of internal and external balancing in the*

*'East' as an attempt to protect its core interests which clash with China's ambition. Being a gateway to the Southeast Asia, the Northeastern region of India, which shares a disputed border with China, also assumes significance in this Policy. With this background, this paper will assess and critically explore "the China factor" in the successful implementation of the "Act East Policy," the challenges ahead and its implications on India's Northeast.*

**Key Words :** South-East Asia, ASEAN, Act East Policy, China, Northeast India.

## Introduction

In the backdrop of economic liberalization and the changes brought about by globalization, India decided to renew its foreign policy initiative by connecting with the vibrant economies of the Southeast Asian region. The sudden end of the Cold War and significant political and economic developments at the various parts of the world during early 1990's, brought radical changes in the international environment, which resulted in the emergence of a new economic international order and opened up enormous opportunities. These changes also created opportunities for an increasing integration of economies and societies and unlocked new opportunities and challenges to both developed and developing countries. Responding to these changes brought by the Globalisation, India embraced economic liberalization and renewed its foreign relations. With the new changes brought by the economic liberalization coupled with India's fast economic growth, convinced the Indian leadership to connect the South East Asian nations.

If we look back at our past, India always maintained important economic as well as cultural ties with the countries of the Southeast Asian region. There are numerous examples of India's influence on religion, art, culture, language and civilization of the Southeast Asian region. There was a flourishing trade between

India and the various countries of Southeast Asia. So the decision to reconnect with the Southeast Asian region, an immensely resourceful and flourishing region, was conscious and calculative as the time was appropriate.

In order to maintain a warm and friendly relations with the countries of the Southeast Asian region, the Look East Policy was launched in 1991 during the tenure of Prime Minister Narasimha Rao, although the term 'Look East Policy' was mentioned for the first time in the Annual Report (1995-1996) of the Ministry of External Affairs in 1996, Government of India. Under this policy, India decided to build stronger economic, political and strategic ties with the countries of Southeast Asian region. It marked a strategic shift in India's foreign policy as the Southeast Asian region become more prominent compared to other regions. The policy started with the goal to enhance economic ties with ASEAN (Association of Southeast Asian nations) countries and eventually making strategic, political, and institutional linkages.

### **The Look East Policy:**

India – ASEAN relations achieved a new dynamism as India became sectoral dialogue partner with ASEAN in 1992 and full dialogue partner in 1995. The Look-East Policy portrayed a strategic shift in India's vision of the world and India's position in the rapidly developing global economy. India also popularized the concept of "extended neighbourhood" as coined by former Prime Minister. K. Gujral. In its second phase, the "Look East Policy" became more comprehensive and inclusive which embraced Northeast Asia, apart from Australia, New Zealand, China, Japan and South Korea.

In the first phase of the policy, the Indian Government specifically put emphasis on political, diplomatic and people's to people ties, improved connectivity and enhanced trade with the ASEAN countries. On the other hand, the second phase of the policy put more emphasis on strengthening of economic relations, defence and security ties with the countries of Southeast Asian region, Japan,

South Korea, and China. The “Look East Policy” took a turn towards strategic relations in the second phase of its development. India also begun to establish arrangements for regular access to ports in Southeast Asia and defence contacts have widened to include Japan, South Korea and China. India also expanded air and land links to East and Southeast Asia, which created physical connectivity with the region and closer political ties.

Over the two decades of its development, India developed strategic partnership not only with the ASEAN countries but also with the other important countries of Pacific - Australia, Japan and South Korea. The phase of “Enhanced Look East Policy” that started after 2012, India focused on regional integration, connectivity, trade liberalization, economic development and growth of states of Northeast India. The policy also gave attention to developing geographical proximity of regions, sub-regional cooperation and stress on free trade agreements.

However, despite so much attention given to the Southeast Asian region, the “Look East Policy” resulted in mixed outcomes. On positive side, since the launch of the policy, India developed comprehensive ties with ASEAN and strong strategic relations with the member states. In the economic front, the Look East Policy offered enormous opportunities to develop business and economic relations between India and ASEAN members, which lay down numerous institutional mechanisms to improve business and trade. But many important areas were ignored, perhaps due to the half-hearted commitment of the policy makers. Northeast region of India – the gateway to the Southeast Asia, could not much explore the opportunities made by the policy. Indian business circle remained hesitant to explore more economic opportunities available in the Southeast Asia region due to the internal challenges faced by the ASEAN. Another important reason for its mixed results of the policy was the dominance of China-born communities in many Southeast Asian countries, which encouraged these nations to engage more actively with China (Rao, 2012, p. 92). The Indian interests were sidelined due to the dominance of China and the China-born communities in the region.

**From “Look East” to “Act East:”**

The “Look Policy” received a new zest and refreshing outlook under the leadership of PM Narendra Modi, who came to power in May 2014. The policy was renamed as “Act East” that signified a more pro-active and action packed policy towards the region. New emphasis was given on improving security, connectivity and regional integration with not only Southeast Asian nation but also the Asia- Pacific region. The new administration under PM Modi gave priority to the Act East Policy as India was able to sense the change in the position of world economic power from the ‘west’ to the ‘east’ as complemented by the evolving geo-politics and trends in the Asia- Pacific region. The main aims of the upgraded “Act East Policy” is to revive political ties, forge regional security cooperation and develop economic linkages by increasing integration with Southeast Asia (Kalita, 2018, p. 268). On 8<sup>th</sup> September 2014, India and the 10-member countries of ASEAN signed the Free Trade Agreement (FTA) in services and investments. In order to make the policy more action-oriented, India established a separate Mission to ASEAN and the East Asia Summit in April 2015 with a dedicated ambassador to manage relations at the ASEAN Secretariat in Jakarta.

By 2015, according to few international foreign policy experts, India’s image as an important player at global affairs has improved. PM’s Modi’s administration also decided to be more active in reaching out to new countries and new continents for India’s extended foreign policy. So, it was decided to pursue a greater role in East and Southeast Asia in line with its growing economic and strategic interests. The upgraded “Act East” policy focused on three pillars of regional integration – culture, commerce and connectivity. The Indian policy makers have identified “connectivity” as the most crucial pillar essential for the implementation of the policy in the Northeastern region of India. Special focus was given on to connectivity through transport, technology and cultural ties.

In 2017, India and ASEAN celebrated the 25 years of relations, fifteen years of summit-level relations and five years of strategic partnership between

India and ASEAN. Leaders of all ten ASEAN member states graced the celebration of India's republic day parade on 26<sup>th</sup> January 2018 as chief guests and reaffirmed the strong strategic bonding of India and ASEAN relationship. It proved more active and action oriented approach for the Act East Policy by India.

### **The China Factor:**

Although India's relations with ASEAN and few countries of Asia- Pacific Region have improved with the launch of "Act East Policy," there is no smooth sailing with regard to China. The rise of aggressive China has always been a cause of concern for the Indian policy makers. China's expansive economy has drawn India's South Asian neighbours and ASEAN countries into its economic orbit. In addition, China's trade with Myanmar has increased tremendously than with India since 2015. In last few years, China also increased its political and military influences in Myanmar. All these developments made India nervous.

An in-depth analysis of the "Act East" reveals the dual goals of the policy: to increase India's position as a regional power by initiating increased cooperation in the region and act as a counterbalance to the increasing strategic influence of China.

In the recent years, there has been a renewed emphasis on Asia-Pacific region in India's foreign policy. The Asia- Pacific region is today viewed as one of the most prominent region due to its fastest economic growth and to its unparalleled dynamism in political, security, economic and demographic terms. India realized that engaging with our Asian neighbourhood through ASEAN can bridge the gap and improve connectivity to a wider Asia- Pacific Region (Kalita, 2018, p. 269). Therefore, the new revived "Act East Policy" decided to strengthen its engagement in the Asia- Pacific region. India intensified its engagement with the countries of the Asia- Pacific through number of means ranging from high-level visits to joint military exercises.

India intends to play a greater strategic role in the Indo- Pacific and does not satisfied of being identified as a mere regional power in South Asia. We can

witness a changing strategic equation in the Asia- Pacific region due to the rising China. According to few foreign policy experts, India's increased engagement with the Asia – Pacific region is driven by the impact of China's rise on both its bilateral relationship and the emergence of the broader evolving security dynamics of the Indo- Pacific.

Another important reason for India to pursue a more active Asia- Pacific policy is its perception about China's rise and growing assertiveness. The border dispute, especially incidents of transgression, remains a key irritant in India-China relations. Some other issues including China-Pakistan axis, Tibet issue, and trade imbalances, have also fueled the mistrust between the two Asian giants. The episode of Doklam Standoff<sup>1</sup> coupled with China's presence in the region has given rise to the perception of "strategic encirclement" within the Indian strategic community. India's strategy on building economic and security relations with key partners in East and Southeast Asia could be seen to be part of an external balancing strategy in response to these concerns. However, India's strategic engagement with its Asia-Pacific partners reflects both its competition with China, and its ambitions for a greater global role.

#### **Assessment of China Factor:**

With a GDP over \$13.47 trillion, China is the world's second largest economy along with imports and exports of \$4.16 trillion. China is virtually dominating the Southeast Asian region. China has already created biggest free trade area in the region removing all tariffs barriers. India and China have long standing border dispute as the border is not clearly demarcated. There is no mutually agreed Line of Control. So border remains one of the important irritant in India and China relations.

China has also made its presence felt at Indian Ocean. In recent years, China's presence in the Indian Ocean has increased significantly, made easier by its relationships with Pakistan, Sri Lanka, the Maldives, and others. China has a

legitimate interest in protecting its trading and energy lifelines as 70 % of its oil supply and almost 80 % of its total trade being shipped through the Indian Ocean region (Rajendram, 2014). China's expanding presence in the Indian Ocean and assertiveness in maritime territorial disputes in East Asia has reinforced India's desire to enhance its engagement with its Asia-Pacific partners.

**South China Sea:** Beijing's territorial claims in the oil and gas-rich areas of South China Sea, a crucial international maritime trade route, have generated considerable tension in the Southeast Asian region. India has publically expressed its worries about China's activities in the South China Sea.

India's response to the South China issue in the past few years has been at the center of its transformation from a Look East to an Act East policy. India had seen South China Sea as its areas of maritime interest.

The dispute between India and China over the South China Sea has been building for almost seven years. In October 2011, India signed an agreement with Vietnam to expand and promote oil exploration in the South China Sea. China got furious and issued a demarche to India in November 2011, underlining that Beijing's permission should be sought for exploration in Blocks 127 and 128 (Rajendram, 2014). China already requested "outside the region" to stay away from the area. Without China's permission, exploration activities in the two blocks by India's state-owned oil company ONGC Videsh Ltd (OVL) would be considered illegal. However, ignoring China's warning, India accepted Vietnam's invitation to explore South China Sea. Although, India clarified that the exploration projects in the region were completely commercial, China claimed that India's activities in the region violates its sovereignty.

Geographically, India is not a South China Sea littoral state. However, Indian policy makers put forward sound reasons for it to expand its presence in the waters. First, Indian interests are linked to freedom of navigation. More than 40 percent of India's trade travels through South China Sea. So, India desires uninterrupted passage of ships for trade in the region. The route is also beneficial

for economic developments as India cannot afford to ignore developments in the Asia-Pacific region. Secure sea lanes in the South China Sea are crucial as it is the gateway to the Pacific. India's increasing forays into the South China made it an influential player in the Asia-Pacific. The focus on the South China Sea has been critical to be a regional security provider in the Indo-Pacific region.

As for the South China Sea disputes, New Delhi demands restraint from all parties to the disputes in the South China Sea. It also requests all parties to abide by the Declaration on the Conduct on South China Sea and the guidelines on the implementation, and to conclude the Code of Conduct to keep peace and stability in the region. More importantly, India hopes China not to move unilaterally in ways that are provocative.

### **China Dream and Belt and Road Initiative: Chinese Strategy to Counter Act East Policy?**

After coming to power in 2012, Chinese President Xi Jinping made a significant shift within Chinese politics under an ambitious and catchy label: the China Dream. The ambitious "China Dream" is achieving the Chinese nation's bright future, equivalent to the greatest dream of Chinese nation since early modern times. In addition, China's twin initiatives, the Silk Road Economic Belt and the 21st-Century Maritime Silk Road, are covered by the conceptual umbrella of the "One Belt One Road" (OBOR) or Belt and Road Initiative (BRI). This ambitious project of China has geo-political as well as geo-economic implications for India and the world. The BRI is not only about putting in place physical infrastructure, its objectives include: enhancing policy coordination across the Asian continent; trade liberalization; financial integration; connectivity including people to people links.

The China Dream, a political slogan and a long-term pledge at the core of the political initiative of Xi Jinping, promises the modernization of China by the middle of the 21st century and is aimed at giving back the prominent international

role that China lost after the First Opium War (Fasulo, 2016, p. 14). Presented as Chinese renaissance or rejuvenation, the vision of the China Dream was to turn the China in the world back to central stage both at the regional and world level. The China Dream is achieving the Chinese nation's bright prospects, which is the greatest dream of Chinese nation since early modern times. The spread of the China Dream is closely linked to the development of the soft power (Su et al, 2017). At 12<sup>th</sup> Collective learning of CPC politburo, President Xi Jinping pointed out that improving the soft power of China is of great significance to achieving the Chinese nation's bright prospects and the "two hundred-year" plans (Fasulo, 2016, p. 16).

There are both economic and political aspects of the China Dream. The long-term perspectives were planned to allow Xi Jinping to resist sudden economic setbacks with the promise of future national prosperity. Once achieved, this goal would make China great again, ending a two century journey that took the Middle Kingdom from prosperity and honour to a semi-colonial condition and poverty and back (Fasulo, 2016, p. 18). In addition, in line with Chinese tradition and with more recent Communist slogans as well, the China Dream aims also at reaching an intermediate stage called *xiaokang shehui* (moderately well-off society). This intermediate stage, to be achieved by the end of the decade, poses a narrow limit that will constrain Xi Jinping's political agenda over the next five years through five years plan.

China's vigorous economic growth fuelled its strategic aspirations to replace the United States as the foremost world power in the 21<sup>st</sup> Century. With all these changes, the China Dream is also intended as a way to reshape the global balance of power, advancing a counterweight to the international liberal order. Promoting the New Development Bank (BRICS Bank) and the Asian Infrastructure Investment Bank (AIIB) are both elements of this strategy. Most importantly, the China Dream laid the ground work for the One Belt One Road (OBOR) initiative, which aims at connecting existing and old global routes to and from various Chinese provinces.

The primary aim of the “BRI” is to increase China’s influence in the region in addition to revive its currently slowing economy. Most importantly, BRI plans to connect China with Europe and Africa by a network of road, rail and sea. The BRI is the centerpiece of President Xi’s foreign policy as well as the domestic economic agenda. Domestically, the project seeks to improve internal economic integration and spur a more regionally balanced growth. On the foreign policy front, it intends to find an outlet or new markets for China’s excess production capacity and ease the entry of Chinese goods into regional markets. Both the initiatives expected to feature prominently in China’s 13<sup>th</sup> Five Year Plan, which is running from 2016 to 2020 and guide national investment strategy.

There is no doubt that “BRI” is a China’s new approach to influence the global economy and it has geopolitical implications. The project also aims to promote greater financial integration and use of the Renminbi by foreign countries. The long term goal of the project is to emergence of China as a prosperous and stable world power and a significant counterweight to the US-led Trans Pacific Partnership (TPP), from which China is currently excluded (Hilman, 2015). The project is really ambitious because the initiative concerns 65 countries and 4.4 billion people. Truly global in scope, the project aims to promote the three important regions -Middle East and North Africa, Europe and East Asia.

Similarly, the Maritime Silk Road is a network of planned ports and other coastal infrastructure projects spread from South and South-east Asia to East Africa and the northern Mediterranean. China has an extensive maritime connection with the Pacific Ocean and related seas. Beijing asserted its need to boost ties with port cities in Asia through the MSR that starts in the Fujian Province and links all the littoral countries of the region. On 3 October 2013, President Xi Jinping, during his speech at the Indonesian Parliament, proposed this initiative. It is a complementary initiative that seeks to foster cooperation in South-east Asia, Oceania and North Africa through the South China Sea, the South Pacific Ocean and the Indian Ocean Region (IOR)—which naturally translates to closer proximity

to India. In addition, China's initiative for the MSR is aimed at port development in South-east Asia, around the Indian Ocean and in the eastern Mediterranean region. China has established a \$40 billion fund for the same covering port and related infrastructure.

Beijing is also investing a lot on its neighbourhood policy with a heightened focus on improving diplomacy with neighbouring countries and to create cross-border links by enmeshing a network of infrastructure from Europe to South-east Asia. It aims to bring back the economic prosperity of the ancient Silk Route. On 24–25 October 2013, at a work-forum on 'periphery diplomacy' held by the Chinese Communist Party (CCP) in Beijing, Chinese President Xi Jinping stressed the need that China is committed to forging amicable and mutually beneficial relations with its neighbours, such that they will benefit from Chinese development and China will benefit from a prosperous neighbourhood. In this way, he conceptually linked the notion of the 'China dream' to regional development and the World. These statements by the Chinese President Xi Jinping marked the official birth of China's 'Silk Road strategy'. China is also showing continuous interest in its southern neighbourhood, especially the Association of South-east Asian Nations region. On the tenth anniversary of the ASEAN-China strategic partnership, emphasis was placed on joint infrastructure projects, the enhancement of security cooperation and the idea of the MSR through strengthened 'maritime economy, environment, technical and scientific cooperation'. In addition to this, closer people to people ties with neighbouring states will allow China to control potential threats that may come from the region.

The Silk Route Economic Belt boasts a 3-billion population and a market that is unparalleled both in scale and potential, said President Xi, urging relevant parties to facilitate trade and investment and remove barriers (Tatar, 2013). President Xi had also emphasized that the goal of the Silk Road economic initiative is to revive ancient ties of friendship in the contemporary globalized world. The Belt include regional loops and branches which extend the reach of the emerging

transportation networks but also serve to tie the Road to the Belt at critical points. Hence the China-Pakistan Economic Corridor (CPEC) is significant precisely because the port of Gwadar is one of the points where the Road and the Belt intersect.

The rise of China's economy is unprecedented and BRI is one of the extraordinary economic cum political strategies to keep the economy vibrant. As the world's largest trading nation, China is responsible for approximately 10 percent of the global trade in goods. Most of these goods are transported by ship and consequently China is a major destination and starting point of international shipping routes. Seven out of the ten busiest container ports in the world are located in China, with the port of Shanghai being the world's largest. There is no doubt that Chinese ambitions in the international maritime domain go beyond shipping. Increasingly, Chinese firms are active in the construction and management of ports throughout the world. China's initiative for the MSR is aimed at port development in South-east Asia, around the Indian Ocean and in the eastern Mediterranean region.

The BRI initiative will eventually connect ASEAN, South Asia, West Asia, North Africa, Europe and other major economic market chains. This is to work out the strategy of expansion facing the South China Sea, Pacific Ocean and the Indian Ocean in cooperation with the economic belt as well as to develop a long-term goal of integrating economy and trade into Asia, Europe and Africa. BRI can be seen as a political initiative to push China to the next level of growth. It can also emerge as a big step in uniting Asia, enhancing trade, inducing growth, employment and development in the region.

### **Challenges:**

However, implementing this ambitious project is likely to pose serious risks and challenges for China and its neighbours. There are also direct implications of the project on security. Another risk is that many countries are concerned about the geopolitical impact of the project. According to Beijing, the entire project has

important foreign policy implications for a number of key regional players including Japan, India and Russia. At a time when China's assertive stance in the South and East China Seas is provoking anxiety among its neighbours, including Japan, Vietnam, the Philippines and Singapore, the Silk Route initiative has aroused significant geopolitical apprehension.

The increasing presence, role and interest of China in the waters of South-east Asia, South Asia, and Central Asia is becoming a source of discomfort for, respectively, the United States, India and Russia, which have long dominated these regions. Although China and India shared ancient trade links dating back to 2000 years, India still needs to decide whether it wants to join President Xi Jinping's initiative.

ASEAN and China are seeking to double their trade value, setting a target of \$1 trillion by the end of 2020. The BRI initiative will play a key role in this goal; further bringing together two of the world's most dynamic economic regions by strengthening economic linkages among the 10 members of Asean, as well as between Asean member countries and China.

For the second time India has turned down the official invite from China to attend the BRI forum scheduled to take place in April 2019. China's BRI undermines India's sovereignty in the form of the China Pakistan Economic Corridor (CPEC) which passes through the disputed Gilgit- Balistan region.

So, India is still not clear whether BRI could be beneficial for India to join the initiative. However, there is the fear that BRI is not just about China expanding its horizon, spreading prosperity along the way, but a larger design India needs to worry about. Currently, India has neither the resources nor the political and economic weight to put in place competitive and alternative connectivity networks on a global scale. India is waiting for more details to unfold about the grand Chinese strategy. As the project already involve a China-Pakistan Economic Corridor as well as the Bangladesh-China-India-Myanmar Economic Corridor, security concerns related to Pakistan is worrying India. The New Delhi is worried that the project could be

used for military mobilisation in region. In addition, Chinese investment in Bangladesh, Sri Lanka, Nepal and Pakistan for the construction of roads and ports in these countries neighbouring India has been considered as China's encirclement policy. Further, there are concerns in India about being part of a "hegemonic project" that would ensure China-led development in the Indian Ocean region (Shreya, 2015).

India's Act East Policy has the potential to counter to China's own ambitious BRI in ASEAN region. India's road transport minister already announced that India has proposed a \$1 billion line of credit to promote land, sea and air connectivity projects with the ASEAN bloc. Some projects, like the India-Myanmar-Thailand trilateral highway, are already in progress. It will take far more than a \$1 billion credit line for India to fully counter China's influence in Southeast Asia. But with ties between Japan and India growing, the ASEAN-India summit might be a sign that an anti-China bloc in Southeast Asia is emerging.

Concerns over growing Chinese influence are driving India, Japan, the United States and Australia to revive their quadrilateral dialogue, which had been in a limbo for a decade. For India, this calculation is also based on self-interest and India's ambition. It includes a strategy of imposing secondary costs on China on the maritime front in tandem with the United States in response to China's foray into South Asia, a development India perceives as alarming. As India seeks to expand its economic presence in Southeast Asia and beyond, the difficulties of securing greater market access and the slow pace of its infrastructure development will limit its push for greater trade relations as it addresses regional and internal security challenges in South Asia. However, the rise of China will push India into asserting its own naval presence in the region alongside the United States.

#### **Implications Northeast India:**

The strategic and geographical location of "Northeast" region of India makes it one of the most important focus areas of Act East Policy. There is no doubt that that without significantly developing all the states in the Northeast,

achieving the vision of the Act East policy from all dimensions remains to be a biggest challenge. Situated between China, Bhutan, Bangladesh, and Myanmar and with an international border stretching up to 4,500 km, Northeast India could act a bridge between India and Southeast Asia by the criterion of Geography. In the new phase of the Policy the region is identified as the ‘strategic catalyst’ or ‘game changer’ in accomplishing the vision of PM Modi’s administration.

India has recognised the strategic significance of its northeast with regard to its “Look East/Act policy. Myanmar alone regarded as the prime gateway for the North East to South East Asia share a 1643 kms of land boundary with the states of Arunachal Pradesh, Manipur, Mizoram, and Nagaland. Pranab Mukherjee (2007), India’s former External President, at a seminar on Look East Policy held in Shillong on 6<sup>th</sup> June 2007 considered that North East India is poised to benefit from India’s growing relations with South East Asia as the process of globalization through “cross border market” access that can uplift people from poverty, economic backwardness and bring in prosperity and inculcate entrepreneurial freedoms and skills.

Northeastern Region provides a unique platform in terms of growth opportunities it offers by inter-locking the region with the neighbouring countries in the South and South East Asia. The Northeast region has a rich source of energy, oil, natural gas, coal, and limestone and other minerals and a perennial water system in the river Brahmaputra and its tributaries, the region has all the potential and capabilities to develop into India’s economic powerhouse. It is also rich in horticultural products, plantation crops, vegetables, spices, rare herbs, and medicinal plants. In addition, the highly diverse region offers unlimited tourism opportunities, rare flora and fauna, natural scenic beauty, unique performing arts, and varied cuisine and handicrafts. On 2<sup>nd</sup> July, 2008, the Prime Minister Modi released the *North Eastern Region Vision 2020*, a document which identifies various challenges as well as the strategies required to bring about peace and prosperity in the North Eastern Region by 2020(Sanghamitra, 2018, p. 269).

In early 2018, the Modi government has also tried to reach out to its immediate neighborhood through its “Neighborhood First” policy. In the light of these developments, the launch of a direct flight route between Guwahati, in the Indian state of Assam, and Singapore by the Bhutanese Airline, Druk Air, marks a big step forward in Northeast India’s growing connectivity with ASEAN countries. This push toward increasing connectivity with northeast India is also in keeping with India’s “Act East” policy.

The Act East policy is expected to usher in a new era of development for the Northeast through a network of pipelines, road, rail and air connectivity, communication and trade. There is vast scope for cooperation between India and East and Southeast Asia, and India’s northeast can benefit enormously from formalized regional and sub-regional institutional arrangements if infrastructure of the region is improved and its resources geared up to meet the demands of the globalized world (Haokip, 2015, p. 199) .

However, for any meaningful activity to take place in the region, several challenges need to be overcome due to which the region has been embroiled in difficult circumstances for the past several decades. Starting from various forms of insurgent activities to the problems of illegal migration and drug trafficking, which are all transnational in nature, the Indian Government needs to forge cooperation with the neighbouring countries. There is a need to implement the policy very smartly as the cooperation with the neighbouring countries should not be limited to tackling the insurgency problems only, which would instead alienate various ethnic groups of the region further. Positive relations between transborder communities can be facilitated through certain mechanisms which would ensure the participation of these communities in border trade and inter-country trade-in which the border region should not act merely as a transit corridor but as a source of local manufacture and enhancing people-to-people ties.

In addition, the Northeast region could benefit immensely from water sharing. The Mekong-Ganga Cooperation and Kunming Initiative have been

undertaken by India and China respectively to reach out to ASEAN. The Mekong-Ganga Cooperation was launched by India on November 10, 2000, at Vientiane, Laos, to boost cooperation in tourism, culture and education. The signatories were India, Thailand, Vietnam, Cambodia, Laos and Myanmar. These countries agreed to undertake joint transportation projects, including the trans-Asian highway. This initiative is India's most significant venture in the region. The best part about the Mekong initiative is that it has the potential for direct flights between Guwahati-Ho Chi Minh City-Imphal-Hanoi.

“The China Factor” poses challenge even implementing various projects in the Northeast region of India. China recently stated that it is opposed to any foreign investments including that from Japan in the ‘disputed areas’ in India’s North East region and is against any third party’s involvement in resolving its border disputes with India. Japanese President Shinzo Abe expressed interest to invest in the Northeast region during his visit to India.

Another area of concern is Arunachal Pradesh. In early 2019, customs officials in China have destroyed 30,000 world maps printed in the country for not mentioning Arunachal Pradesh and Taiwan as part of its territory, according to a media report. China claims that the north-eastern Indian state of Arunachal Pradesh as part of South Tibet. The country also routinely objects to Indian leaders visiting Arunachal Pradesh to highlight its stand. China’s strategy in Arunachal Pradesh has also been accompanied by road building activities and other infrastructure projects.

According to some media sources, China has been supporting rebel outfits in the Northeast region. While India is yet to fully realise the potentials of the region through the creation of infrastructure and jobs, China has for decades aided insurgency in the region, through support to rebel groups as well as the supply of arms and ammunition. A report published in the *Hindustan Times* in 2015 stated that Chinese intelligence played “an active role” in assisting nine northeast Indian insurgent groups to form a united front. The illicit flow of Chinese arms to India,

including to Maoists, was confirmed by Home Secretary G.K. Pillai in 2010 (Sriparna, 2018).

With increasing economic might in China, realization of China Dream and implementation of BRI, we can witness a more aggressive expansionist military policy, wherein examples range from the South China Sea to Northeast India. In last few years, China kept the Northeastern border in a state of an active and prolonged dispute over tactics ranging from training to rebel outfits to arms supply. Due to strategic and geopolitical reasons, the dispute in the eastern sector now has become a “core national interest” of China (Sriparna, 2018).

### **What are the options?**

**Role of Japan:** Connectivity is one of the biggest concerns in the Northeast India. Here the potential of Japan, another Asian giant, could be realized. The current Indian administration has set an ambitious budget at \$2777 million aiming to build better road connectivity for about 1,200 km in the region and transforming it into a manufacturing hub. The funding of the project is set to be done by the Japan International Cooperation Agency (JICA), a Japanese state-owned development agency, via Japan’s Official Development Assistance (ODA) loan to India. The National Highways and Infrastructure Development Corporation Ltd (NHIDCL) is the local Indian partner delegated with the responsibility of working with JICA in the region. Two main road projects include: a. the widening and improvement of Aizawl-Tuipang NH54 route (380 Kilometers) in Mizoram that will connect India to Myanmar; b. the same for the Tura-Dalu section (48 Kilometers) of NH-51 in Meghalaya.

Better connectivity within and between India’s northeastern states is crucial to ensure border security and maintaining peace and stability, especially given how the region has suffered from chronic insurgency for decades. In addition, it is essential for economic development as better connectivity via improved road and rail links will give a boost to indigenous production as it will help produce from the

northeastern states find ready markets in the country itself; and, it will also provide for access to compete for imports. It will also increase access to the larger Indian and export markets.

Japan could play an active role in investing in socio-economic development projects in Northeast India. Japan has promised to invest \$35 billion in India over the next five years. JICA has undertaken similar projects in Sri Lanka, Indonesia, Bangladesh and Ghana, Morocco and Tanzania. Building roads, railways, seaports and airports helps create quicker routes for trade and transport of raw materials to the resource-poor Japan. We must acknowledge that the Northeast connectivity project will give the region as well as India's 'Act East Policy' a major boost.

Secondly, for the success of the Act East Policy, greater participation of the local people in trade, production, particularly raising agricultural productivity and distribution activities should be given importance. Trade alone is not sufficient to transform the region and put it on a sustained development path. Growth in trading activities will only benefit those people who possibly are from outside the region and who are economically more powerful and able to exploit the resources of the region.

For a greater success, better cooperation with China would be a part of India's Act East policy too. Good relations and smooth cooperation between India and China are even more relevant.

### **Conclusion:**

The dynamics of India-ASEAN relations are enormously complex. India does not enjoy robust relations with all ASEAN countries alike. Its priorities are guided by the country's strategic interests, bilateral understandings and idiosyncrasies. As a result, India's success in interacting with the ASEAN region is mixed.

There is no doubt India is weaker in comparison to a China that offers a wide range of economic incentives and cheap goods – but often dubious – loans to ASEAN countries. Despite completing two decades of Look/ Act East Policy, several obstacles stand between India and its goals, including protectionist barriers in Southeast Asian states to trade in the services sector, domestic fiscal constraints

impeding progress on infrastructure projects and the limited size of the Indian trade sector. There is an urgent need that India along with active cooperation of the ASEAN members must create economic inroads improving connectivity and infrastructure.

In the context of Act East Policy, we could witness that India's policy trajectory toward China is changing. India, it seems, has started to pursue a policy of internal and external balancing in the 'East' in an attempt to protect its core interests which clash with China. The Act East policy, thus, appears to be India's use of soft power in pursuit of more strategic goals to be achieved in ASEAN region. Act East Policy could be seen as an attempt to balance the power in the Asia- Pacific region.

China's aggressive rise concerns many states in Asia- Pacific region. In fact, few ASEAN countries may prefer India playing a more counter-balancing role in the Southeast Asian region. The states in China's neighbourhood can be said to be seeking to expand their strategic space by reaching out to other regional and global powers. In this case, smaller states in the region, such as Vietnam and the Philippines, look to India to act as a vital actor to counter increasing Chinese hegemony. Thus, the Act East policy can also be considered as a way of soft balancing the power in the east. To engage Southeast Asian countries through soft power, the northeast region of India has a bigger role to play for its grand accomplishment.

***Endnote :***

<sup>1</sup> The China India border standoff or Doklam standoff refers to the military border standoff between the Indian Armed Forces and the People's Liberation Army of China in 2017 over Chinese construction of a road in Doklam near a trijunction border area, known as Donglang.

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