

¹ India's Look East Policy : Challenges and Opportunities Ahead

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⁶ **Abstract**

⁷ Prior to 1991, India almost did not look to its neighbouring Eastern countries. Rather, it
⁸ maintained a very close relationship with the Western and Middle East countries. Because,
⁹ firstly, asa colonial habitants of the British â???" India the entire mindset of the people of India
¹⁰ was dominated by the Socio-economic philosophy of the western countries. Secondly, India
¹¹ was tied up with the then USSR during the Cold War period. Thirdly, India had to import
¹² most of the imported goods from defence equipments to petroleum products or crude oil and
¹³ natural gas etc. from the Western and Middle East countries. With the collapse of the Soviet
¹⁴ Union the Cold War period came to an end when most of the nations accepted the new era of
¹⁵ Globalisation, Liberalisation and Privatization in their economy as well as other socio-cultural
¹⁶ fields. The nations have realized that the means to making wealth is by developing of
¹⁷ international trade and encouragement of foreign investments etc. The South East Asian
¹⁸ countries have also experienced with the New Economic Reform Policies as a result, there
¹⁹ have been rapid economic development and growth in South East Asian countries. Thus with
²⁰ the introduction of the ?New Economic Policy 1991? India opened its door to the South East
²¹ Asian countries for trade and other socio-economic activities.

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²³ **Index terms**— East Policy, Challenges and Opportunities.

²⁴ **1 Introduction**

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³⁷ South East Asian countries for trade and other socio-economic activities.

³⁸ **2 II.**

³⁹ **3 Back Ground of the Lep**

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⁴¹ 785686 (India). E-mail : dr.homeswar.kalita@gmail.com economy is largely dependent upon the oil rich Middle

14 C. BILATERAL RELATIONS :

42 Eastern nations, which may be shifted to the oil and natural gas reserves found in Myanmar. This situation
43 reached the boom in 1990 when the USSR, the most faithful partner of India was collapsed.

44 4 III.

45 5 Objectives of the Study

46 The study has been undertaken with the following objectives; 1) To highlight the main areas developed out of
47 the "Look East Policy" and 2) To examine the trade opportunities coming out of the LEP.
48 IV.

49 6 Methodology

50 The methodology adopted in this study is quite descriptive. Required information have been collect from different
51 books, e-books, News papers, Govt. notification etc. Inferences have been drawn with the help of simple statistical
52 tools.
53 V.

54 7 Significance of the Study

55 The GDP growth rate and GDP per capita Income level of India is not satisfactory in comparison to other major
56 economic players of South East Asia like-China, Japan Singapore etc. To upgrade this condition, India should try
57 to enhance its economic activities in the SEA countries. Since the study has attempted to find out the business
58 opportunities in the SEA countries, it is hoped that this study will help the trade, business and industry sectors
59 to expand their activities in the SEA countries.

60 8 VI.

61 9 Analysis of the Finding a) A brief introduction of the SEA 62 countries:

63 A brief description about the socio-economic statistics have been highlighted in the tables 6.1 and 6.

64 10 A

65 11 Year

66 The Chinese aggressing of 1962 has taught India about its own rights responsibility and character of its rival
67 neighbors . India was compelled to maintain strategic relationship with the SEA countries. China has maintained
68 a close commercial and military relations with India's neighbor and rival Pakistan. It has been trying to influence
69 Nepal, Bangladesh and Myanmar cultivating extensive trade defense and economic relation. China has adopted
70 some anti-democratic and unethical means to expand its influence over the neighboring country of India like
71 Myanmar, which had been criticized by the international community following the violent suppression of pro-
72 democracy activities in 1988. On the other hand, India's domestic politics and The major developments are:-In
73 the first phase, India tried to develop trade, Political cooperation and industrial links with ASEAN countries.
74 India became a sectoral dialogue partner of ASEAN in 1992. In 1995, it became a full dialogue partner. It
75 participated in the ASEAN Ministerial meeting (AMM), the post Ministerial conference (PMC) and the ASEAN
76 Regional Forum (ARF) in July' 1996. In October 2002, the first India-

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79 Year ASEAN business summit was held in Delhi, which was addressed by the then Prime Minister Atal Bihari
80 Bajpayee. Another ASEAN -India summit was held in on 05th November 2002 at Phnom Penh (Cambodia).

81 13 b. INDIA-ASEAN Regional Form (ARF) :

82 India became a member of the ARF in 1996. Such participation has increased India's engagement in Asia-Pacific
83 region both in politico -security and economic spheres. India has launched several activities under this mission
84 such as peacekeeping, marine security and cyber security.

85 14 c. Bilateral Relations :

86 India could managed in achieving some major bilateral relations with the South East Asian (SEA) countries
87 since launching of the LEP. High level visit of heads of states from most of these nations have taken place. India
88 has entered into a few bilateral Free Trade Agreements with Thailand and economic cooperation agreements
89 with Indonesia and Singapore. It has entered into bilateral defense agreement with Malaysia in 1993 which
90 includes supply of defence equipments and military training. At the same time, special attention is being paid

91 to Cambodia, Laos and Vietnam under bilater agreements. It is worth mentioning that Indonesia and Singapore
92 have helped India to get into the East Asia summit despite objections from China and some other ASEAN
93 countries. On the other hand, Myanmar has a special place from India's strategic and security perspective.

94 ii. The second Phase of LEP : a. Free Trade Agreement (FTA) :

95 The signing of the India-ASEAN Free Trade Agreement on 13th August 2009 at Bangkok is regarded as
96 the crowning glory of India's LEP. The agreement was only for trade-in-goods and did not include software and
97 information technology. Two way trade between India and ASEAN was \$ 47 billion in 2008 against the estimation
98 of \$ 10 billion.

99 **15 b. ASEAN -INDIA Summit :**

100 The 7th ASEAN India Annual Summit was held on 24th October, 2009. The India-ASEAN Business summits are
101 also held along-with the Annual ASEAN India summits where business delegates meet and interact to enhance
102 the trade relations.

103 **16 e. Mekong Ganga Cooperation (MGC) :**

104 The MGC concept was initiated by India in 2000 in Vientiane (Laos), consisting Myanmar, India, Thailand,
105 Laws, Cambodia and Vietnam. This project aims at revitalizing and developing trade, tourism communications
106 and transport. The MGC has undertaken the "Asian Highway Project" to link up Singapore with New Delhi
107 in South Asia via Kuala Lumpur, Ho Chin Minh City, Phnom Penh, Bangkok, Vientiane, Chiang Mai, Yangon,
108 Mandalay, Kalemyo, Tamu, Dhaka and Kolkutta. India has already taken the first step in this direction and has
109 built the road linking Tamu (Manipur) to Kabenyo (Myanmar). Since January 2007, India is holding the chair
110 of the MGC, despite the fact that China has been opposing the MGC since in perception. Under the project, a
111 proposal is under consideration to set up the "Asian Railway Link" connecting New Delhi and Hanoi. With the
112 MGC there is potential for direct flights between Guwahati and Ho-Chi-Minh city Imphal -Hanoi.

113 f. India-Japan Bilateral strategic dialogue & pacts -2011:

114 India and Japan held the fifth External Affairs Ministerial bilateral strategic dialogue in Tokyo on 29th October
115 2011. At the talks, despite its own recent nuclear disaster, Japan assured India of taking forward the civil nuclear
116 cooperation. Japan has also proposed to help in bringing high speed bullet trains to India.

117 On 6th June 2011, India signed seven agreements with Japan under which Japan will provide loans worth a total
118 of Rs. 8,632 crore would be provided as Official Development Assistance (ODA). The said loans are for various
119 infrastructure development On February 16, 2011 the two country signed a Comprehensive Economic Partnership
120 Agreement (CEPA) which aimed at giving greater market access to both the countries. The agreement covers
121 trade in goods and services and investment where Japan assured India market access of pharmaceutical industry
122 also. The CEPA ensures that the sensitive sectors for India are fully protected. These includes agriculture, fruits,
123 spices, wheat, basmati rice, edible oils, wines and spirits, auto and auto parts. Japan has also committed to
124 cover engineering services such as mechanical, electrical, construction, industrial, design engineers and project
125 management specialists. Apart from that it has also agreed to grant access to additional category of instructors
126 for Yoga practitioners, classical musical and dance practitioners chefs and English language teachers. g. India
127 -Myanmar Bilateral ties -2011: On 14th October 2011 India's PM Dr. Singh and visiting President of Myanmar
128 Mr. U Thein Sein held talk in New Delhi, where India sought to booster its ties with Myanmar by offering
129 additional \$ 500 million loans. The talk agreed to examine the feasibility of establishing Railway links and speed
130 up work on two hydel projects in Myanmar. Beside other matters, they agreed to boost up cooperation in the
131 oil and natural gas sectors.

132 **17 h. India -Vietnam pacts -2011:**

133 On 12th day of October 2011, India and Vietnam signed six agreements which includes a pact to promote oil
134 exploration in South China Sea. In this regard it may be mentioned here that the China raised objections to
135 India exploring for oil in the South China Sea, claiming that it was a part of China. India and Vietnam rejected
136 China's claim, because as per UN the Blocks belong to Vietnam. In the field of security cooperation, the two
137 nations instituted mechanism of a biennial dialogue on security issues. The two countries also decided to increase
138 the trade target to \$ 7 billion by 2015 from the present mark of \$ 2.7 billion.

139 **18 i. India -Sourht Korea agreements-2011:**

140 During the South Korea visit of Indian President Mrs. Pratibha Patil on 30th July, 2011, the two nations signed
141 an agreement for cooperation in peaceful use of nuclear energy. The two sides also discussed the possibilities of
142 South Korea using the India Space Research Organisation (ISRO) facilities for launching its satellites.

143 Besides, Mr. Patil also held discussion with the representatives of the business class of S. Korea, which is
144 home to electronic and automobile giants like LG, Samsung, Hyundai and Daewoo etc. among others. iii. The
145 China Factor:

146 It is seen that China (has been trying to keep India outside) is afraid of India for losing its big boss status and
147 trading market in the SEA countries. China has been trying to keep India outside the SEA countries market.

148 The Chinese commentators have been critical of India's LEP. A People's Daily editorial opened that India's
149 LEP was "Born out of failure" of India trying to play the Soviet Union and the USA against each other for its
150 own benefit during the Cold War, and that trying to do the same with China and Japan by strengthening its
151 ties with the latter would also fail.

152 China has always been considering India as its rival and trying to be the single player in the SEA countries. It
153 has remained as the largest military supplier to Myanmar and presently to Pakistan also. Most of arms recovered
154 from Indian Militant groups are made in China. India offered to train Myanmar's military personal and sought
155 their cooperation in curbing separatist militant groups the drug trafficking corridor to North East India.

156 In fact, China is enjoying a number of economic and military advantages over India. China's intention is to
157 maintain its historical dominance role in Asia and also the full control of its economic destiny in the manner of a
158 huge empire like state. The Taiwan crisis of independence, the present Japan's Senkaku islands issues are some
159 important examples of China's ongoing bossism status.

160 India's main advantages over China lies in its official recognition and use of English language, the Global
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162 Year language of technology and its relatively clean state of records in economic cooperation with South East
163 Asia. iv. Business opportunities for India in the SEA Countries:

164 The business potentialities for India lying in the SEA countries can be understood by having a look on the
165 table No. 6.2 (part -A, part B, part C) which is self explanatory to a large extent. The table tells about the
166 International Major Trading Partners, Main Imports and main Exports of the SEA nations in brief besides the
167 GDP and GDP Per Capita Income. India's business community can generate their export at a cheaper price
168 with high quality items of goods and services of such kinds which have been important by the SEA nations
169 from other trading partners. For example, Laos (country No. 3 of table 6.2 (part A) has been importing rice,
170 foodstuff, petroleum products, machinery and transport equipments from countries like China, Russia, France,
171 US etc. India can find a door to export its Basmati Rice, Jaha Rice, petroleum products etc. to Laos under its
172 Free Trade Agreement pact with Laos. In the same manner, can establish more oil refineries in its NE states like
173 Assam by acquiring Oil Blocks in Myanmar through the OVL.

174 19 VII.

175 20 Conclusion

176 At present, the LEP has become an established policy having commitment to the SEA nations. Commerce with
177 SEA nations accounts for almost 45% of India's foreign trade. The policy should be well cared and enhanced to
178 areas like Human Resource Development, democracy and culture -where India has a comparative advantage over
179 the Asian countries. The Nalanda University Project may play a vital role strengthening India's relation with
180 the SEA nations.

181 Another important matter is that, India is a leading country of the world in Information Technology and
182 Management Sciences. Many SEA countries are interested to set up IIT and IIM campuses in their places.

183 Tourism may play a vital role in upgrading the present status of LEP. Places of Buddhist interest like Bodh
184 Gaya, Saranath and Nalanda and places of Muslim interest like Taj Mahal, Red Fort, Fatehpur Sikri Ajmer etc. have
185 to be suitably promoted to attract the people of the SEA nations.

186 If India can fulfill the enacted agreements with the SEA nations and fold up new ties and strategies, it will be
187 a stabilizing and balancing force in Asia.

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Figure 1: 2 (

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Sl.No.	Country	Capital
1	MYANMAR	Yangon
2	THAILAND	Bangkok
3	LAOS	Vientiane
4	VIETNAM	Hanoi
5	MALAYSIA	Kuala Lumpur
6	SINGAPORE	Singapore City
7	BRUNEI	Bandar Seri Begawan
8	INDONESIA	Jakarta
9	PAPUA NEW GUINEA	Port Moresby
10	PHILIPPINES	Manila
11	TAIWAN	Taipei
12	N.KOREA	Pyongyang
13	S.KOREA	Seoul
14	JAPAN	Tokyo
15	CHINA	Beijing
16	CAMBODIA	Phnom Penh
17	INDIA	New Delhi

Source : -GK- "ALMANAC"-2012. Edited by -S. K. Sachdeva. Pub. by-Competition Review Pvt. Ltd. New Delhi-110008. Pages from 257 to328

b) Area of India -ASEAN relation: The India ASEAN relationship includes cooperation in sectors such as Services, Medium Enterprises etc.

c) Profile of Indias LEPs

The "Industrial Policy of 24th July' 1991 is known as the precursor to the Look East Policy (LEP) of India which was initiated by the them Prime Minister Narasimha Rao and Finance Minister Dr. Manmohan Singh (Now Prime Minister) and followed by the successive Prime Minister Atal Bihari Bajpayee and Dr. Manmohan Singh. It was introduced with a view to develop economic and strategic relationship with the

Figure 2: Table 6 .

d. Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC): India has played leading role in this grouping. It was established on 6th June 1997 taking Myanmar, Thailand, Sri Lanka,

Figure 3:

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Figure 4: Table 6 .

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Sl.No.	Countries	GDP in 2009 (US billion \$)	GDP Per Capita in 2010 (US \$)	Major Trading Partners	Main Imports	Main Exports
12	N. KO-REA	40	1,900	Russia, China, Japan, Hong Kong, Germany, Singapore.	Machinery and equipment, petroleum, food stuffs, cooking coal.	Minerals, chemicals and metallurgical products
13	S. KO-REA	1.4 Tril-lion	28,100	US, European Union, Japan	Transport equipment, textiles, oil, grain, chemicals & Machinery	Textiles, electric and electronics, steel, ships
14	JAPAN	4.2 Tril-lion	32,700	US, Middle East, Western Europe, S.E. Asian Countries	Fosil Fuels, metal ore, raw materials, food stuffs, machinery & Equipments.	Machinery, vehicles, ships, steel, electronic equipments, chemicals automobiles, textiles.
15	CHINA	8.7 Tril-lion	6,600	US, Japan, Hong Kong, Germany, Taiwan, Macao, Singapore, Canada, C.I.S. Countries, Italy, Eastern Europe,	Grains, chemicals, fertilizer, steel, industrial raw materials, Machinery and Equipments.	Agri-products, petroleum, minerals, metals, textiles, garments, telecommunications
16	CAMBODI A	27.9	1,900	Vietnam, Republic of CIS, Japan and India	Food stuffs, Fuel, Machinery	Natural rubber, rice, paper wood
17	INDIA	3.6 Tril-lion	3,100	US, UK, CIS countries, Japan, EC, Middle East	Machinery & Transport equipments, Crude oil & Natural gas, edible oils	Jems & Jwellery, Engineering goods, tea, leather manufactures, textile & clothing, fruits, petroleum products, rice, wheat.

[Note: Source]

Figure 5: Table 6 . 2

190 [Neog] *AK-Look East Policy in the context of NE Region -2009. (Former Economic & statistical Advisor, Govt.*
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