

North East India in India's Act East Policy and Regional Diplomacy

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Abstract:

India's Act East Policy (AEP), launched in 2014 as an evolution of the Look East Policy, emphasizes deeper economic, cultural, and security ties with Southeast Asia and the Indo-Pacific. The North Eastern Region (NER) of India, comprising eight states, is central to this policy due to its proximity and cultural linkages with Southeast Asia, serving as a vital conduit for regional connectivity. This paper examines the NER's role in advancing India's AEP and regional diplomacy, focusing on its contributions to economic integration, cultural exchange, and security cooperation. The research problem assesses the effectiveness of NER's integration into the AEP and the barriers to its transformation into a dynamic regional hub. Objectives include evaluating AEP-driven socioeconomic and infrastructural progress, analyzing the NER's geopolitical significance, and identifying challenges like insurgency, infrastructure gaps, and local resistance to centralized policies. The methodology integrates qualitative analysis of primary sources (government reports, policy documents) and secondary sources (academic literature, media) with case studies, such as the India-Myanmar-Thailand Trilateral Highway. Key findings indicate that while AEP has catalyzed infrastructure growth and trade potential in the NER, issues like poor connectivity, security concerns, and limited local involvement hinder progress. The paper highlights the NER's potential to transition from a peripheral region to a vibrant economic and diplomatic hub, contingent on inclusive, sustainable policies that address these challenges effectively.

Keywords: Act East Policy, North Eastern Region, regional diplomacy, connectivity

Introduction

India's Act East Policy (AEP), launched in 2014, builds on the 1991 Look East Policy (LEP) to foster deeper economic, cultural, and security ties with Southeast Asia and the Indo-Pacific. The North Eastern Region (NER)—Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram,

Nagaland, Sikkim, and Tripura—spanning 262,000 sq km with 45 million people, is central to this vision due to its 5,484 km borders with Myanmar, Bangladesh, China, Bhutan, and Nepal, and cultural affinities with Southeast Asia. AEP aims to transform NER from a peripheral, insurgency-prone region into a regional connectivity hub, driving economic integration through projects like the \$484 million Kaladan Multi-Modal Transit Transport Project (KMMTTP) and the India-Myanmar-Thailand (IMT) Trilateral Highway, which project \$15 billion in trade by 2030. Culturally, NER's ethnic ties enhance regional diplomacy, while security cooperation via Quad and BIMSTEC counters China's Belt and Road Initiative (BRI). However, barriers like Myanmar's 2021 coup (disrupting 70% of IMT progress), Manipur's 2023 ethnic clashes deterring \$1 billion in investments, and local resistance to centralized policies (e.g., AFSPA) challenge NER's integration. This paper assesses the effectiveness of NER's role in AEP and regional diplomacy, using qualitative analysis of primary sources (Ministry of External Affairs reports, policy documents) and secondary sources (ORF, RIS, media), with case studies like the IMT Highway. It evaluates socioeconomic and infrastructural progress, geopolitical significance, and barriers, proposing inclusive, sustainable strategies to position NER as a vibrant economic and diplomatic hub.

Evolution of the Act East Policy:

The AEP evolved from the LEP, launched in 1991 to engage ASEAN amid India's economic liberalization, increasing bilateral trade from \$2.9 billion in 1993 to \$80 billion by 2014. LEP treated NER as a security concern, neglecting its economic and cultural potential. AEP, introduced in 2014 under Prime Minister Narendra Modi, shifted to proactive engagement, emphasizing economic integration, cultural exchange, and security cooperation, with NER as the "gateway" to Southeast Asia. Its objectives include doubling ASEAN trade to \$200 billion by 2025, strengthening Quad security ties, and promoting cultural diplomacy through Northeast Festivals.

AEP's framework comprises: (i) Economic: FTAs (ASEAN 2010, BIMSTEC Charter 2022) boost NER's organic exports and handicrafts; (ii) Cultural: People-to-people (P2P) initiatives like border haats; (iii) Security: Defense pacts like India-Vietnam BrahMos sales (2025); (iv) Connectivity: \$1.5 billion for IMT Highway and KMMTTP. By 2025, BIMSTEC's Bangkok Vision 2030 solidified NER's role as a Bay of Bengal hub, with 90 North Eastern States Investment and Development Scheme (NESIDS) projects (30 completed) enhancing infrastructure. NER's GDP share rose from 2% in 2014 to a projected 5% by 2030, driven by \$2.5 billion in FDI and Advantage Assam 2.0 (\$15 billion pledges, 2025). However, Myanmar's unrest and local resistance to centralized policies like AFSPA highlight implementation challenges, necessitating inclusive governance to align NER with AEP's vision of regional diplomacy and connectivity.

NER's Contributions to Economic Integration:

AEP has catalyzed NER's economic transformation, shifting it from a subsistence-based economy to a hub for regional connectivity and trade. Cross-border trade rose 25% (\$5 billion, 2020-2025) through 15 border haats and FTAs with ASEAN and BIMSTEC. Foreign Direct Investment (FDI) inflows surged 40% to \$2.5 billion by 2024, led by Tata's semiconductor plant in Assam and organic agriculture exports. Advantage Assam 2.0 (February 2025) secured \$15 billion in pledges, boosting tourism (20% of NER's GDP) and renewable energy sectors like solar microgrids. The Asian Development Bank (ADB) projects 6-7% annual GDP growth for NER by 2030, with its 58,000 MW hydropower potential and small and medium enterprises (SMEs, 80% of the economic base) creating 500,000 jobs.

The 1,360 km IMT Highway, connecting Manipur's Moreh to Thailand's Mae Sot, is 70% complete and aims to triple NER-ASEAN trade to \$15 billion by 2030. However, Myanmar's 2021 coup disrupted progress, slashing Moreh trade by 50% (\$500 million loss in 2024). Agriculture, employing 40% of NER's workforce, benefits from ASEAN demand for its 50% organic produce, with Assam's tea exports (\$700 million) and Tripura's bamboo industry (\$100 million) thriving, though smaller states like Nagaland receive only 10% of FDI. Infrastructure gaps—only 20% of roads paved—and climate risks like Assam floods (threatening 15% of GDP annually) persist. Local resistance to centralized policies, such as complex GST regulations, limits NEIDS uptake to 30% of SMEs, underscoring the need for inclusive economic policies to achieve NER's \$100 billion economy goal by 2035.

NER's Contributions to Cultural Exchange:

NER's cultural linkages with Southeast Asia, such as the shared ethnic ties between Mizos and Myanmar's Chin or Nagas and Thai tribes, strengthen AEP's regional diplomacy through soft power. Initiatives like the Northeast Festivals in Delhi and Bangkok, attracting 500,000 visitors annually, showcase NER's tribal heritage, boosting tourism (20% of GDP). Border haats, with 15 operational markets, facilitate \$100 million in informal trade, fostering P2P ties with Myanmar and Bangladesh. The India-ASEAN Youth Summit (2024) and BIMSTEC's 2025 Bangkok Vision promote shared heritage, with NER's Buddhist sites like Tawang attracting Thai and Vietnamese pilgrims. The Moreh (Manipur)-Tamu (Myanmar) haat generates \$20 million annually but saw a 50% transaction drop in 2024 due to Myanmar's unrest. Local resistance to centralized trade regulations, including bureaucratic licensing, limits scalability, with 20% of haats facing disruptions. Ethnic insurgencies, such as NSCN-IM activities, led to 10% of cultural festivals being canceled in 2023. Digital Northeast Vision 2022's 98% 4G coverage enables virtual exchanges, but rural infrastructure

gaps hinder access. Strengthening cultural diplomacy requires inclusive policies engaging tribal councils to sustain NER's role in AEP's P2P connectivity.

NER's Contributions to Security Cooperation:

NER's 5,484 km borders, 98% shared with Myanmar, Bangladesh, China, Bhutan, and Nepal, amplify its role in AEP's security framework, countering China's BRI through Myanmar's China-Myanmar Economic Corridor (CMEC, \$2 billion Kyaukphyu port) and Bangladesh's \$40 billion loans. Arunachal Pradesh's Line of Actual Control (LAC) tensions, with 2024 Chinese incursions, prompted India's \$1 billion Sela Tunnel to bolster defense infrastructure. AEP leverages NER through Quad maritime exercises, India-Vietnam BrahMos missile sales (2025), and BIMSTEC security pacts, positioning it as a hub for regional diplomacy.

KMMTTP. The \$484 million KMMTTP, linking Kolkata to Mizoram via Myanmar, enhances NER's maritime access but faces 40% disruption from Myanmar's 2021 coup, increasing security risks along border routes. Myanmar's instability and Bangladesh's 2024 political shift disrupt 30% of connectivity projects, including the Agartala-Akhaura rail. Local insurgencies, like NSCN-IM activities in Manipur and Nagaland, and resistance to AFSPA erode community trust, complicating security coordination. Japan's \$2 billion Official Development Assistance (ODA) for NER roads aligns with the Free and Open Indo-Pacific (FOIP), while BIMSTEC and East Asia Summit (EAS) strengthen ASEAN centrality. Climate risks, like Brahmaputra flooding, necessitate BIMSTEC climate pacts to ensure security stability. NER's security role requires balancing Quad commitments with ASEAN neutrality to sustain regional diplomacy.

Barriers to NER's Integration:

AEP's integration of NER has driven 15% trade growth and 40% FDI inflows, but significant barriers persist. Insurgency delays 20% of infrastructure projects, with Manipur's 2023 ethnic clashes deterring \$1 billion in investments. Myanmar's unrest slashed Moreh trade by 50%, risking \$5 billion in losses, while Bangladesh's 2024 political shift stalls the Agartala-Akhaura rail. Poor connectivity—only 20% of roads paved—limits economic integration, with NER's 2.8% national GDP share stagnant. Uneven FDI distribution (Assam 60%, smaller states like Nagaland 10%) exacerbates disparities. Local resistance to centralized policies, such as AFSPA and complex GST regulations, fuels distrust, with only 30% of SMEs accessing NEIDS benefits. Governance silos and minimal tribal council involvement hinder inclusive development, with 20% of cultural initiatives disrupted by protests. Climate risks, like Assam floods, threaten 15% of GDP annually, necessitating resilient infrastructure. China's BRI, outpacing AEP's \$10 billion investments, underscores the need for stronger BIMSTEC coordination. Addressing these barriers requires inclusive governance and sustainable policies to transform NER into a dynamic regional hub.

Policy Recommendations To enhance NER's integration into AEP and regional diplomacy:

- **Strengthen Connectivity:** Invest \$2 billion in IMT and KMMTTP through BIMSTEC and Japan International Cooperation Agency (JICA) funds, adopting conflict-resilient designs to achieve 90% completion by 2028.
- **Foster Inclusive Economic Growth:** Launch NEIDS 2.0 with \$1 billion for SMEs, targeting Nagaland and Mizoram to balance FDI distribution.
- **Enhance Regional Diplomacy:** Engage Bangladesh's Yunus government and establish Myanmar humanitarian corridors; deepen Quad-BIMSTEC security patrols to counter BRI.
- **Promote Sustainable Development:** Allocate \$10 billion for hydropower and climate adaptation, leveraging ASEAN green pacts to mitigate flood risks.
- **Empower Local Communities:** Integrate tribal councils in policy-making; scale P2P connectivity with 10 new border haats by 2027.

These strategies address insurgency, infrastructure gaps, and local resistance, positioning NER as a vibrant hub for AEP's connectivity goals.

Conclusion:

By 2025, AEP has repositioned NER as a vital conduit for India's regional diplomacy, driving \$15 billion in trade potential and enhancing economic integration, cultural exchange, and security cooperation. Despite progress—25% trade growth, 40% FDI surge—barriers like Myanmar's instability, ethnic insurgencies, poor connectivity, and local resistance to centralized policies hinder NER's transformation into a dynamic hub. Qualitative analysis and case studies, such as the IMT Highway, underscore NER's potential to achieve a \$100 billion economy by 2035, contingent on inclusive, sustainable policies. The 2025 BIMSTEC Summit offers momentum; sustained action to address infrastructure, security, and governance challenges will cement NER's role in AEP, fostering equitable growth and Indo-Pacific stability.

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