DOI : 10.18843/ijms/v5iS5/09
DOIURL :http://dx.doi.org/10.18843/ijms/v5iS5/09

ASEAN and NER with Special Reference to Tripura, India

Sanjib Banik,

Assistant Professor,
Department of Economics,
Iswar Chandra Vidyasagar College,
Belonia, Tripura, India.

ABSTRACT

ASEAN is one of the fast expanding trade blocs in Asia with a growing economic clout. The sub-regional economic cooperation through ASEAN will mark an important dimension in economic development of India's Northeast in general and Tripura in particular. The primary aim has been to enhance trade, investment and connectivity between NER and the countries to its immediate East extending up to Southeast Asia. This affords the opportunity to accelerate socio-economic development of India's neighbourhood but also as a factor for regional as well as state peace and security. The problem of connectivity bottleneck disrupted the cross border trade between NER and its neighbouring countries as well as ASEAN nations. Under this circumstance the primary objective of the study is to understand in what way the north-eastern region would engage her cooperation with Southeast Asian countries. Whether Tripura may be the gate way from India to ASEAN countries to make India's cross border relations in future. The study also highlights the resource base of Tripura through which international trade may be offered to the nations of ASEAN.

Keywords: Sub-regional economic cooperation, ASEAN, international trade, economic development, NER, Tripura, India.

INTRODUCTION:

Infrastructural bottleneck, unemployment, politics of identity crisis, lack of industrialization, and state fragility leads to economic underdeveloped, ethnic conflicts, violence and insecurity of the states in the North East Region (NER) of India. Besides, before partition in 1947, the communication channels between NER and the mainland India used to run through Bangladesh plain. Following the partition, these traditional channels of communications got disturbed making the NER a landlocked territory and is connected with the mainland through the narrow 'Chicken's Neck/ Siliguri corridor' which has widened the road distance and travel time between NER and Kolkata.

Although the NER is rich in resources like hydrocarbons, forest, hydroelectricity, natural gas, oil, rubber, bamboo, pineapple, jackfruits, handicrafts, handloom and other minerals, high transport cost did not allow her to grow according to her comparative advantages because high transportation cost is one of the reasons of high cost of production leading to charges of high price in the international market. The lack of access to market as well as week resource industry linkage in the region may be the focal causes for the underutilization of the available resources. The small and segregated internal market of the region has been the major hindrance that makes the better use of her rich natural resources commercially unviable (Das, 2012).

Therefore, long-term policies, schemes, projects and investment for the fragile areas like north-east states are needed for security, development and expansion of international trade. As NER shares 98 percent of her border with the neighbouring countries and merely 2 percent with mainland India, cross border exchange, cooperation, integration and political friendship atmosphere forms important factors in its development strategy and will act for the trade and selling for the surplus of NER region and India as a whole as the national market centres are far away and in that case one of the necessary options is the road connectivity , while in terms of geographical

point of view also most of the south east Asian countries are near by the NER.
As ASEAN, sub-regional multilateral forum, is an important political, economic and security partner of India as the 'neighbour to the east' and relations between the two have grown closer, all the NER states and ASEAN countries can get comparative advantage through cross border cooperation and trade. It is in this context the Northeast region is now being pushed vigorously as a vital connector in connection with India's 'gateway' to South east and East Asia (Bhowmik, 2016). As part of Act East Policy, the Northeast region emerged as an important element in India's bilateral relations with Bangladesh and other Southeast Asian nations.

LITERATURE REVIEW:

There is a worldwide growing literature relating to sub- regional cooperation between ASEAN and India in general and north east in particular. These studies—both descriptive and quantitative—offer deep insights and contesting perspectives which are, no doubt, of immense value. A holistic assessment of all these factors must be taken into account while formulating an effective strategy to develop this relationship.
The importance of India's current relationship with ASEAN and its future potent al for mutually beneficial growth will require greater political, economic, and diplomatic engagement with ASEAN. ASEAN's geostrategic importance stems from many factors, including the strategic location of member countries, the large shares of global trade that pass through regional waters (Kanoria 2016). The study of Sen et al. (2004) reveals that media and elites on both sides make every effort to address current information, ideological gaps and mind-sets that hinder the pace and scope for economic cooperation between ASEAN and India. Promoting a long-term cooperative partnership based on equality, shared ownership and mutual respect will enable both India and ASEAN achieve long-term national and regional development goals. In order to realise these objectives, the policy dialogue among think-tanks, media and business community from India and ASEAN assumes utmost importance (Dhar 2013). For India both physical and digital connectivity as well as enhancing science and technology cooperation, manufacturing and investment, security cooperation and defence industry collaboration needs to be explored as these will create synergies and promote better human security, national security and economic activity between ASEAN and India (Jha 2017). The study of Choudhary (2013) analyzed the growth and direction of Indo-ASEAN trade and explored the reasons of changing direction of India's trade with ASEAN. It is found that in comparison to ASEAN exports, India's exports have become 70 times in 2009 compared to 1980. This indicates that with India's sustained economic growth and increased unilateral liberalization, there is a large untapped potential for expansion of ASEAN-India merchandise trade from the present levels. Another study of Sikdar et al. (2011) attempted to analyse the long-term effects of the FTA on India. It is argued that after full trade liberalization, India's allocative efficiency will increase, but the terms of trade effect will worsen continuously and remain negative.
The study of Kalita (2018) examined that chronic problems of bureaucratic inertia and inter ministerial coordination and complications associated with forging public-private partnerships and financing remain barriers to accelerating infrastructure connectivity. The persistent delays in the completion of two key infrastructure projects: the India (Moreh) - Myanmar (Bagan)-Thailand (Mae Sot) Trilateral Highway (with the goal of eventually extending to Cambodia and Vietnam) and the Kaladan Multi-modal Transit project (connecting the ports of Kolkata and Sittwe) which in the long run can impact the development efforts in the North East region. EXIM Bank (2018) in their study pointed out that enhancing air, road, maritime and inland waterways connectivity has been identified as a priority area by India and ASEAN. North-eastern India could be a land bridge with ASEAN countries, for strengthening partnership through enhanced trade, tourism, and people-to-people contacts. Along with physical infrastructure development, policy interventions in the areas of decentralisation, facilitation of border trade, promotion of local industries and entrepreneurs, capacity building, taxation and exchange rate reforms need to be worked out for developing the north east into an economic hub which will foster better working relations with neighbouring countries (Sharma 2014). If the North-east region has to take the advantage of FTA, it has to develop its industrial base in order to become a production hub and also has to develop connectivity within the region and with the rest of the country to facilitate market integration (Das et al. 2010).

SIGNIFICANCE OF THE STUDY:

From the review of the literature it is revealed that there are lots of studies at the global level relating to bilateral relationship between ASEAN and India. Most of the studies covered the prospects, trends, challenges and future prospects of India's international trade with ASEAN. Besides, there are many studies relating to connectivity

project for strengthening partnership with ASEAN countries at national level as well as region level through enhancing air, road, maritime and inland waterways connectivity but not analyzed the connectivity ways in terms of cost- benefit analysis. No in-depth study at the local level in Tripura context was also captured to analyze the above fact. The proposed study intends to fill this gap and tries to analyze the trade relationship through connectivity approach which uses the cost-benefit analysis. A systematic study of this inter-linkage will not only enhance our understanding of the phenomena but also provide some insights that may help in policy formulation as well.

STATEMENT OF THE PROBLEM:

The connectivity bottlenecks have made the north-eastern region perpetually underdeveloped. With the problem of connectivity about to be resolved, in what way the north-eastern region would engage her cooperation with Southeast Asian countries. Whether Tripura may be the gate way from India to ASEAN countries to make India's bilateral relations with Myanmar, Bangladesh and other Southeast Asian nations?
Here lies the rational or the objective of the present study to analyse the connectivity project in between NER in general and Tripura in particular with ASEAN countries for economic cooperation in future. In this connection it is quite obvious to highlight the resource base of the state of Tripura which may be export to the nations of ASEAN in near future and strengthen the economic growth of the state as well as solve the unemployment problem.

METHODOLOGY:

The paper is descriptive in nature. To measure connectivity two parameters are taken into consideration- (1) road distance and (2) travel time following the study of Das (2012).
Here two proposed connectivity projects are considered for the study. Since the road distance from Tripura to Bangladesh is closest rather than other north-eastern states, so 'Tripura-Bangladesh-capital city of ASEAN nations' is chosen as one of the proposed connectivity projects. Another route namely, 'Guwahati via Bangladesh to other Capital cities of ASEAN nations' is also selected because Guwahati is the head-quarter of north-eastern region and have the greater facility of connectivity in terms of road and rail network compared to other cities of that region with mainland cities of India.

Figure 1: Tripura-Bangladesh-ASEAN Route

Figure 2: Guwahati-Bangladesh-ASEAN Route

Source: Google Map

As two connectivity projects are selected so the road length and travel time are calculated for each of the project. Firstly, the road length and travel time is calculated for the route 'Tripura-Bangladesh-capital cities of ASEAN nations' considering the road distance and travel time of the route from capitals/cities of north eastern region to Tripura to Bangladesh to the capitals of ASEAN countries. Secondly, the same is calculated for 'Guwahati-Bangladesh-Capital cities of ASEAN nations' corridor considering the road distance and travel time of the route from capitals/cities of north eastern region to Guwahati to Bangladesh to the capitals of ASEAN countries.
On the basis of these two proposed connectivity routes, a comparative analysis is undertaken for understanding the road difference and travel difference between the said two routes.

DATA PRESENTATION & ANALYSIS:

Connectivity Project:

Table 1 show the road distance and travel distance between the important cities of north-eastern region and ASEAN nations via Tripura- Bangladesh road and it is compared with Guwahati- Bangladesh route. It is observed that that the state of Mizoram will enjoy 5.54 hours less travel time and lesser road difference (252.9k.m) to transport the important cities of ASEAN. It may be noted that once transit corridor through Tripura – Bangladesh route is used, the distance between Shilong (capital of Meghalaya) and ASEAN countries is reduced by 6.55 hrs and the road difference is reduced by77 k.m. Similarly Manipur will also be able to reap benefit once the Tripura- Bangladesh route is made operational. The travel distance between Imphal, capital of Manipur to ASEAN countries will be reduced by 2.18 hours and the road difference will be declined by243.5 k.m. The people of Tripura will save 19.32 hours travel time and 772.6 km road difference.

Table 1: Economic Cooperation between NER and ASEAN: Tripura-Bangladesh Route

From	To	Road Distance (Tripura- Bangladesh Route)	
		Travel Difference (in Hrs.)	Road Difference (in Km.)
Mizoram(Aizwal)	ASEAN Countries	5.54	252.9
Manipur (Imphal)	ASEAN Countries	2.18	243.5
Tripura (Agartala)	**ASEAN Countries**	**19.32**	**772.6**
Meghalaya (Shilong)	ASEAN Countries	6.55	77

Source: Author's calculation based on secondary information

The table 2 shows the road distance and travel distance between the important cities of north-eastern region and ASEAN nations via Guwahati- Bangladesh route and it is compared with Tripura- Bangladesh route. The people can accumulate 14.16 hours travel time to reach any ASEAN countries if they chose Guwahati-Bangladesh route and usually 273.2 k.m road difference also be saved. The traffic from Nagaland will not be benefited by Tripura- Bangladesh route. The state will be benefited by Guwahati- Bangladesh route. The travel distance between Kohima, capital of Nagaland to ASEAN countries will be reduced by nearly 10.35 hours and the road difference will be declined by 96 k.m. Similarly, for Arunachal Pradesh the travel distance between Itanagar to ASEAN countries will be cut down by nearly 7.96 hours and the road difference will be declined by186.5 k.m. The people of Guwahati will

Table 2: Economic Cooperation between NER and ASEAN: Guwahati-Bangladesh Route

From	To	Road Distance(Guwahati- Bangladesh Route)	
		Travel Difference (in Hrs.)	Road Difference (in Km.)
Gangtok (Sikkim)	ASEAN Countries	14.16	273.2
Assam (Guwahati)	**ASEAN Countries**	**13.36**	**369.3**
Nagaland(Kohima)	ASEAN Countries	10.35	95.8
Arunachal Pradesh (Itanagar)	ASEAN Countries	7.96	186.5

Source: Author's calculation based on secondary information

Immensely be benefited from the transit facility through Guwahati- Bangladesh route in terms of both reduced road distance (369.3 k.m) and travel time (13.36 hours).

From the above two tables it is observed that Mizoram, Manipur, Meghalaya and Tripura will get comparative advantage in respect of road connectivity with ASEAN through Tripura – Bangladesh - ASEAN corridor. On the other hand, Sikkim, Assam, Nagaland and Arunachal Pradesh will be benefited in terms of connectivity through the route of Guwahati- Bangladesh- ASEAN.

The table 3 shows that travelling through Tripura – Bangladesh route is mostly beneficial compared to Guwahati- Bangladesh route both in travel difference (5.96 hrs.) and road difference (403.3 k.m) if it is asked to choose one route.

Table 3: Economic Cooperation: Tripura- Bangladesh Vs. Guwahati- Bangladesh

Route	Travel to ASEAN		Travel to ASEAN	
	Travel Difference (in Hrs.)	Difference between two routes (in Hrs.)	Road Difference (in KM.)	Difference between two routes (in KM)
Tripura- Bangladesh	19.32	5.96	772.6	403.3
Guwahati- Bangladesh	13.36		369.3	

Source: Author's calculation based on secondary information

Therefore, at least four out of seven north-eastern states can avail the benefit of Tripura- Bangladesh corridor if they choose to travel any ASEAN countries and Tripura may be the gateway to trade of rest of the country with Bangladesh and ASEAN countries as well. In this connection it may be noted that if Tripura – Bangladesh route is choosen to make sub-regional cooperation with ASEAN, transportation cost will fall leading to reduction of labour cost, production cost and will encourage business to grow within the state and other north-eastern states as well. New firms will tend to locate their operations in the state which will help them to remain competitive in the market. The goods produced within the state can attain competitive edge and will get an advantage to export their own resources to the ASEAN nations.

Therefore, if Tripura- Bangladesh corridor is used to make sub-regional cooperation with ASEAN, then what will be the economic benefit for Tripura? What are the potential resources are there, on which the state can give stress or concentrate?

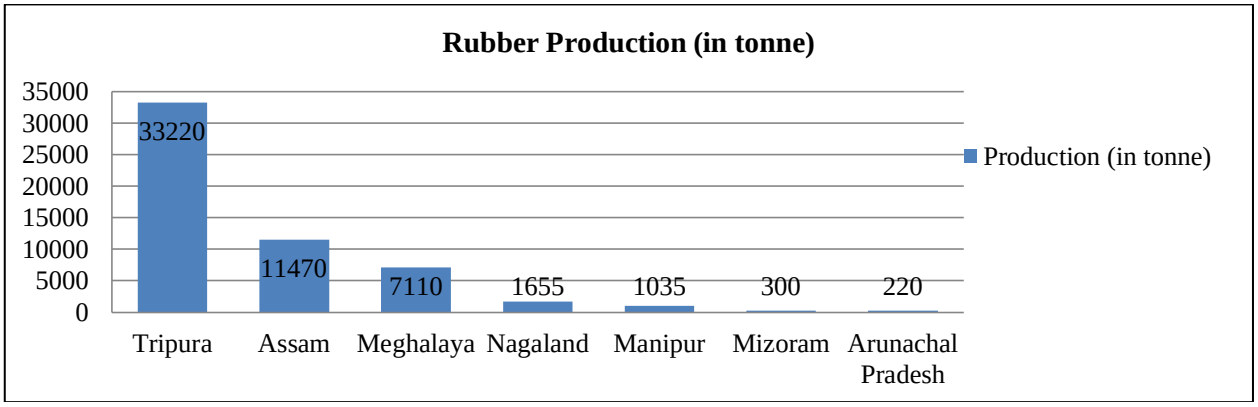
Potential Areas of Trade:

1. Power: The progress in power sector in Tripura despite geographical, economic and infrastructural bottlenecks has been quite impressive. Tripura has immense reserves of gas which can generate power and may be used for industrial, agriculture and commercial development. Tripura is attempting to emerge as a power surplus state instead of its present power deficit status. The state has two own sources of power generation mainly, hydro and thermal from which 756.94 MW power is generated. The state is endowed with natural gas, which enhances the potentiality of thermal power generation. Out of two major sources of power generation, hydel power (i.e, Gumti Power project) accounts for 30.32 MW (4 percent) while 726.62 MW (96 percent) is generated from gas based thermal power project at Palatana in Gomti district (Economic Review of Tripura 2014-15). The implementing agency for Palatana project is the ONGC Tripura Power Project Corporation (OTPC). The agreements on trade in electricity and Internet bandwidth were signed in Dhaka in June 2015 in between India and Bangladesh. India trade 100 MW of power from Tripura for 10 gbps of Internet bandwidth from Bangladesh. The import of Internet bandwidth will help India to strengthen telecom services and connectivity in the underdeveloped and sparsely connected north-eastern region. India currently supplies 500 MW of power to Bangladesh through West Bengal. With the additional export of 100 MW through Tripura, this figure now goes up to 600 MW. Under the connectivity project, an international gateway for broadband connectivity will be set up at Agartala through which connectivity will be provided via Bangladesh under an agreement between state-run Bharat Sanchar Nigam Ltd (BSNL) and Bangladesh Submarine Cable Co. Ltd (BSCCL), using the network of Bangladesh Telecommunications Co. Ltd. Prior to this link being forged, telecom connectivity to India's north-east was provided from Chennai via Kolkata.

Another 100 MW gas based Monarchak power plant in west Tripura district get started generation. The Tripura unit of ONGC is supplying gas for the project and the project is running by North-east Electric Power Corporation (NEEPCO). An additional 5 MW solar power was being commercially produced from Monarchak since February 2015 as a green project. It may be noted that Tripura has been one of the earliest state to have undertaken power sector reforms and the Tripura State Electricity Corporation limited (TSECL) have been in operational since 1st January, 2005 with the objective of greater efficiency and accountability in the power sector. So the ground is fertile for sub-regional cooperation in the energy sector between Tripura, others parts of India and other neighbouring Southeast Asian countries via Bangladesh in near future.

2. Rubber: Rubber as a raw material is available in the form of natural rubber. In natural rubber production, Tripura ranks second only after Kerala in the country and among the North-eastern states, this state is the leading rubber growing state which account for more than 50 percent of rubber area in NE region.

Figure 3: Rubber Production in NE Region



Source: Rubber Board, 2012-13

The growth process of the rubber plantation sector in the state attained a unique dimension owing to the usage of plantation as an effective means of rehabilitation of landless shifting cultivators, which was initially spearheaded by the state agencies like Rubber Board, Tripura Forest Development and Plantation Corporation Ltd (TFDPCL), Tripura Rehabilitation Plantation Corporation Ltd. (TRPCL), Tripura Tribal Areas Autonomous District Council (TTAADC). However, market dynamics in later periods, particularly since the mid 1990s, generated a lot of interest from the private sector also (Bhowmik & Viswanathan 2015).

Now rubber became the most reliable and acceptable crop for more than 57,000 farmers of the state covering an area of 70,295 hec in 2014-15. It is estimated that one lakh hectare will be available for rubber cultivation in Tripura. The raw rubber now produced is being sent out to the neighbouring states for further value addition. Internal trade in India takes a long route through the narrow corridor in Assam which is both time consuming as well as expensive. If attempt is taken by the government to make business relation with Bangladesh or to other ASEAN countries through Bangladesh port, it will easily reduce the related expenses as well as increase foreign exchange earnings considerably.

3. Tourism: As part of Look East Policy there are attempts to enhance tourism, trade and economic cooperation with Southeast Asia. In this respect Tripura is an attractive tourist destination. Tripura with its natural beauty of lustrous green valleys, the hill ranges with its flora and fauna, the cultural, historical and traditional unique craftsmanship is in a highly advantageous position for development of tourism. Once transit corridor through Tripura – Bangladesh route is used and if the government through public private partnership plays an important role in developing tourism sector of the state, it will help to earn foreign exchange. The following figures show that the number of tourist spots and foreign tourist visitors in Tripura is increasing day by day.

Figure 4: Tourist Spots of Tripura

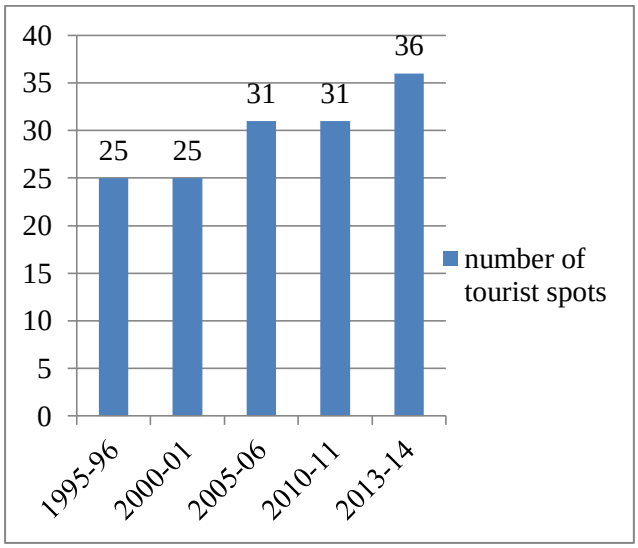
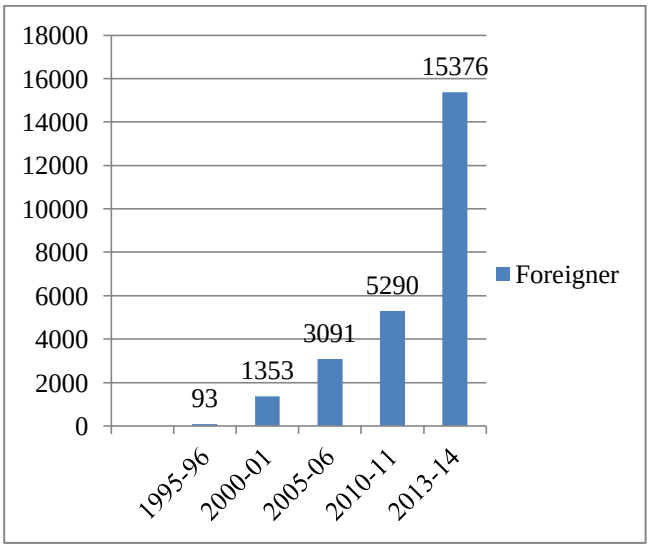


Figure 5: Visit of Foreigners in Tripura



Source: Statistical Abstract, 2015, Department of Economics & Statistics, Government of Tripura, Agartala

4. Fruit Processing: Fruit processing is another potential area which may be exported to neighbouring Bangladesh and the countries of ASEAN instead of sending them to mainland India, without facing the problem of transportation. The agro climatic conditions, deep fertile soils, sub-tropical humid climate with abundance of rainfall offer tremendous scope for development of pineapple and jackfruit in the state and have huge potential land available for commercial cultivation . The products are well known both in raw as well as processed form. A modern Food Processing Technology Park is being set up near Agartala. An Agro Export Zone for Pineapple is also being developed (Chakraborty, 2008). Fruit industries based on pineapple and jackfruit may be set up in this state through public-private partnership and the finished products may be exported in ASEAN markets.

CONCLUSION AND POLICY IMPLICATIONS:

The study reveals that if Tripura- Bangladesh corridor is chosen for cross border trade with ASEAN in place of Guwahati-Bangladesh route, the travel time and road distance will be minimal. But the problem is that the NER is the most poorly connected region in India which is one of the greatest challenges for the promotion of economic cooperation and trade with neighbouring countries as well as regional development of Northeast in general and Tripura in particular.

Central Ministry have to take initiatives to make a platform of trade as a part of development strategy of NER. Tripura Chamber of Commerce, Tripura Industrial Development Corporation, Banks and financial institutions, Export promotion council, Custom Department, Department of Public Works Development and other line departments all need to be involved in framing road infrastructure development and the trade promotion too.

Development, modernization and up gradation of infrastructure at land custom stations should get immediate attention. Banking facilities need to be extended to all Land Custom Stations. The railway connectivity from Agartala to Kolkata via Akhaura is required serious quick implementation. Road connectivity network within the states of NER is to be strengthened. Road infrastructure facility between Tripura and Bangladesh needs serious attention for future connectivity towards reaching at ASEAN markets. Initiative may be taken for establishment of industries through public private partnership in the domain of power based sector, bamboo, rubber, tea, fruit processing and medicinal plants. Then only human resource development and socio-economic status of the people of the underdeveloped north eastern states will be developed.

Therefore, at first it is important to adopt a framework or linkage of political and economic cooperation and coordination among the north-eastern states and ASEAN countries through effective governance that combines both security and development interests for mutual benefit. Then it is required to build up bridge of integration with the ASEAN countries so that sub-regional cooperation between India and ASEAN become successful and sustainable.

REFERENCES:

Bhowmik, S. (2016). *The Agartala Doctrine- A Proactive Northeast in Indian Foreign Policy,* Oxford University Press; New Delhi.

Bhowmik.I., Viswanathan, P.K., (2015). Emerging Labour Relations in the Small Rubber Plantations of Tripura. National Research Programme on Plantation Development (NRPPD) Discussion Paper No.47. Centre for Development Studies. Thiruvantapuram.

Chakraborty, K.S. (2008). Indo – Bangladesh Border Trade: Tripura's Perspective. In G.D. Das, C.J. Thomas, *Indo – Bangladesh Border Trade benefiting from Neighbourhood*. New Delhi, Akansha Publishing House.

Choudhary,C. (2013). India and ASEAN Trade: An Overview. International Journal of Social Science & Interdisciplinary Research. Vol 2(2). Retrieved from *indianresearchjournals.com/PastIssueof IJSSIR.aspx*

Das, S. K., Tewari, R. (2010).India – ASEAN Free Trade Agreement and Development of North East: Prospects and Challenges. Centre for Development Studies, Trivandrum. Retrieved from *www.cds.edu/wp-content/uploads/2012/09/Santosh-K-Das-paper.pdf*

Das, G. D. (2012). *Security and Economic development in India's Northeast,* Oxford University Press; New Delhi.

Dhar, B. (2013). Proceedings of the First Round Table on ASEAN-India Network of Think-Tanks (AINTT). *ASEAN- India Strategic Partnership: Perspective from the ASEAN- India network of Think-Tanks.* Published by Research and Information System for Developing Countries. New Delhi.

Economic Review of Tripura (2014-15). Directorate of Economics & Statistics, Planning (Statistics) Department, Government of Tripura, Agartala.

EXIM Bank. (2018). Strengthening ASEAN- India Partnership: Trends and Future Prospects. Retrieved from *https://www.eximbankindia.in/Assets/Dynamic/PDF/Publication.../88file.pdf*

Jha, P.K. (2017). India- ASEAN Relations: An Assessment. Retrieved from www.kas.de/wf/doc/23557-1442-2-30.pdf

Kalita, S. (2018). India's act east policy and north-east: Prospects and challenges. International Journal of Advanced Research and Development. Vol.3 (1). Retrieved from www.advancedjournal.com/download/973/3-1-48-852.pdf

Kanoria, S. (2016). *India ASEAN Trade and Investment Relations: Opportunities and Challenges.* Published by the Associated Chambers of Commerce and Industry of India (ASSOCEM). New Delhi.

Sen, R., Asher, M.G. (2004). ASEAN- India Economic Relations: Current Status and Future Prospects. Published by Economic and Political Weekly. Retrieved from *https://www.researchgate.net/publication/229005649*

Sharma, M.R. (2014). *Gateway to the ASEAN India's north east frontier*, FICCI North East Advisory Council. Guwahati.

Sikdar, C,. Nag, B.(2011). Impact of India-ASEAN Free Trade Agreement: A cross-country analysis using applied general equilibrium modelling. Asia-Pacific Research and Training Network on Trade Working Paper Series, No 107. Retrieved from *https://www.unescap.org/sites/default/files/AWP%20No.%20107.pdf.*
