

**MINISTRY OF DEVELOPMENT OF
NORTH EASTERN REGION**

**MINUTES
OF THE MEETING
CHAIRD BY**

**SHRI PRANAB MUKHERJEE,
HON'BLE MINISTER OF
EXTERNAL AFFAIRS**

**TO DISCUSS
ISSUES RELATING TO
“LOOK EAST POLICY
vis-à-vis
NORTH EASTERN REGION”**

**VENUE – VIGYAN BHAWAN,
NEW DELHI**

DATE – 31ST OCTOBER 2007

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INDIA'S 'LOOK EAST POLICY'

MINUTES OF MEETING HELD ON 31 OCTOBER, 2007
AT VIGYAN BHAWAN

1. A meeting on the Look East Policy of the Government was held on 31 October, 2007 under the Chairmanship of Shri Pranab Mukherjee, Minister for External Affairs. The meeting was attended by the Chief Ministers from all the eight North East states (except Sikkim) and the concerned Union Ministers. The full list of the participants in the meeting is attached at **Annexure I**.

I. Opening Address by EAM

2. Opening the meeting Shri Pranab Mukherjee (PM) welcomed the Chief Ministers of the North Indian States and his Cabinet colleagues. He stated that after a decade-and-a-half of the 'Look East Policy' (LEP) the time had come for new inputs from different Departments of the Government and the States. This is in order to make the policy more sensitive to new opportunities and to enable the N.E. States to get full benefits from it.
3. The 'Look East Policy' had yielded many benefits particularly, closer political contacts at high levels with South East Asia and an impressive increase in bi-lateral trade and flows of people whether through commerce or culture and people-to-people exchanges.
4. EAM had stated that the inevitable need for appropriate and adequate infrastructure was particularly for building up, subsidizing and optimizing infrastructure especially in the power and water resource sectors. This would highlight the important assets of the NER. Similarly, connectivity especially the state of roads was an equally important matter not just with the rest of India but amongst the states in the region. Air connectivity also assumed a special reference in the regional context.
5. He requested the Chief Ministers to give their suggestions on these issues as well as on the export and investment potentials of their States. DoNER would also elaborate on the extent to which asset creation had taken place and provide information on the prioritization of projects in the next 5-Year Plan. Connectivity in all modes was of common concern and Government had made unrelenting efforts to negotiate transit facilities through Bangladesh. It was expected that the SAARC Transport Minister's Conference in February 2008 would achieve progress in this regard.
6. The Transport Ministers would also consider the draft Regional Motor Vehicle Agreement expected to provide an enabling legal framework for seamless travel across SAARC borders.
7. EAM further stated that funding for the Kaladan multi-modal project had been approved and bi-lateral agreements and related protocol were under finalisation. Similarly, to improve facilities through custom check-posts, project for upgradation of such facilities at selected points on the border with Myanmar and Bangladesh had been taken up for early implementation. He further suggested that using Kolkata as the hub north East State can consider plans for enhancing air connectivity to South East Asia. Although the Guwahati-Bangkok air link had not been encouraging nevertheless he suggested that private airline operators could consider new circular

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routes using Guwahati or Kolkata to selected destinations in Vietnam, Laos and Cambodia. The Open Skies Policy would promote such a possibility. While on communications he stated that the project for establishing the optical fibre link connecting Moreh and Mandalay was being implemented by TCIL through a credit line and telemedicine network was also underway. He proposed that through the ITEC programme trainees from North East states could be trained with those of other Asian countries beginning 2008-09. He also proposed that M/DoNER and ICCR can sponsor funds to enhance cultural interactions between NER and the neighbouring countries.

8. In conclusion he stated that the internal physical connectivity among the states of NER should achieve reliability and adequate capacity so that they can efficiently couple with the infrastructure across the border. This should be done through a realistic implementation plan in a time-bound manner.
9. Thereafter the Chief Ministers of the N.E. States were requested to make their presentations.

II Interventions by CM's

10. **Chief Minister Arunachal Pradesh :**

Commending the effort to set up this meeting focusing on the Look East Policy (LEP), CM stated that Arunachal Pradesh had a long international boundary with Bhutan (160 kms), China (1080 kms) and Myanmar (540 kms). The State has no air or rail connectivity and mobile, telephone services was woeful. Lack of proper connectivity, telecommunication facility, basic infrastructure and poor perception of internal security in the region was a damper on the investment. The Government of Arunachal Pradesh has been emphasizing the need for re-opening and re-establishing old trade links with Myanmar, Bhutan and China. Informal trade through Pangsu Pass with Myanmar and Bleeting and Donshengmang with Bhutan was taking place. The Government had proposed eight border points for re-opening which had been examined by DGFT and Customs. The decision on opening them needed to be expedited. The declaration of the State as a 'Protected Area' and the limit of ten days placed on international tourists were a hindrance to extending tourist circuits. GOI should come out with clear guidelines on these issues based on their perspective and policy. He further reiterated the long pending demand to extend the railway link from Ledo-Lekhapani in Assam to Nampong via Jairampur in Arunachal Pradesh. This was a distance of only 40 kms. The Railway Minister had expressed his inability to do so due to large projects already in hand. He requested that DoNER should find a way out for funding this project. Similarly, the old Stilwell road connecting NER to Myanmar and to Kunming in China also needs to be re-done, even though some work has been done on improving road connectivity from Ledo to Pangsu Pass on the Indo-Myanmar border. All of this would help the trade in timber, stones, jade, coal and cereals. Concrete steps to operationalise the Look East Policy need to be taken.

11. **Chief Minister Assam :**

CM Assam stated that from being the state with the second highest per capita income in 1947, Assam had slipped to the bottom end of the table today due to economic problems arising out of remoteness and poor connectivity, weak financial resource-base, poor infrastructure and natural calamities. Independence meant the loss of all

traditional markets leaving the N.E. region virtually landlocked. The distance between Guwahati and Kolkata used to be 587 kms as against 1300 kms now. Similarly, distance between Agartala to Kolkata used to be 350 kms. as against 2000 kms. now. The State has been able to use funds received from DoNER in the power and road sectors. Imprisonment within closed space this region has been subjected to various limitations by the country's internal security and foreign policies. We hope that the Look East Policy and the new industrial policy will remove the geo-political isolation of Assam from the rest of India. The existing arrangement for export and import to and from Bangladesh by river and land are not attractive enough for the private sector. PM's Task Force on Connectivity and Promotion of Trade and Investment in the N.E. region has made important recommendations which need to be implemented. These relate to development of road connectivity through National Highway NH 153 (Stilwell Road) to Bhutan and Tibet and three different options to Dhaka. Similarly, improvement of railway connectivity to neighbouring countries and development of air circuits between North-East Region are important. Guwahati needs to be projected as an ITES and IT gateway to South East Asia.

In addition to connectivity other important infrastructure developments required are like an assessment of the export potential of the region through planned market surveys, capacity building for entrepreneurs, construction of critical roads and bridges from export oriented zones, exploiting the tremendous scope for medicinal herbs and processed food and the opening of custom stations at various locations. The issue of declaration of Ashuganj as a port of call also needs to be resolved.

12. **Chief Minister Manipur :**

Appreciating the initiative of the EAM to hold the meeting CM Manipur stated that the North East Region was closely interlinked with Myanmar and Bangladesh. The opening of border trade in Moreh had somewhat helped to restore bilateral trade between Manipur and Myanmar. Manipur was a natural corridor to that country. It had good agro climate, fertile land yields orchids and medicinal plants for export. It also has a rich cultural heritage. Its airport at Imphal could become a potential air link between North East India and South Asia. A flight from Imphal (Manipur) and Chiangmai (Thailand) would take only one hour.

The points that CM made in the context of the Look East Policy :

1. Upgrading Imphal airport with night landing and cold storage facilities.
2. NH 39, 53, 150 to be upgraded to four-lane and provision of adequate funds for completing all critical roads in five years.
3. Expedite Trans-Asian Highway connecting Moreh to Maesot (Thailand) via Bagan (Myanmar)
4. Improve road connectivity to Moreh-NH 39
5. Expedite railway line from Jiribam to Jairampur and connect it to Moreh further extending the railway line all the way to Hanoi (Vietnam)
6. Improve telecommunication network in the State and install urgently optical fibre link of 6 kms between Moreh and Tamu (Myanmar)
7. Increase the tradable list of commodities at Moreh from 22 to 44
8. Easier credit facilities

9. Lift PAP for Manipur. Even in J & K PAP regime exists only in some area and not throughout the State.

CM stated that joint efforts by MEA and Ministry of DoNER and other agencies were needed to operationalise the LEP.

13. **CM Meghalaya :**

CM stated that LEP had aroused great interest and expectations especially after the first round of consultations on 23 October at Shillong. LEP had also been discussed in the State Assembly and many Legislators had expressed their views. There also has been consultations between the State and the people of Meghalaya. 'LEP is a political and economic inevitability'. It is not an alternative to look west to the rest of India. The shared ties of culture, language, history, commerce, and environment bind the people of Meghalaya to South East Asia. This needs to be harnessed in order to remove the potentially adverse effects of economic isolation. The economic upsurge in south East Asia, present opportunities for NE States to take advantage of proximity and shared association.

CM further stated that Meghalaya's participation in the North East India Investment Week in Bangkok was useful in projecting Meghalaya as a peaceful, vibrant and investor-friendly State. Sericulture, horticulture particularly turmeric, ginger and cut flowers evoked interest, as did tourism potential. While regarding NER has a corridor to connectivity with these economies, care should be taken that FTA's do not adversely affect NER. For Meghalaya the immediate requirement was increasing the attainable area of interface with Bangladesh. Even though the infrastructure is less than adequate exports were worth 200 crores. Three of the ten LCS's are non-functional, only four have banking facilities and none can handle foreign exchange. It contrasts with the LCS's on the Bangladesh side. Our National Highways need to be transformed especially the connection to Bangladesh, airports need upgradation at Shillong and Tura and air connectivity between Guwahati and Dhaka are a must. Similarly, alternate rail route skirting the southern part of Meghalaya would be advantageous compared to the rail-link to Silchar and to Mizoram and Tripura.

Meghalaya has high quality non-traditional horticulture products and is the third largest producer of strawberries in India. Its turmeric is the best in the world and there is a marketable surplus of cashew. All these are important potential export items.

To activate this potential a significant degree of interaction and mutual trust is needed apart from removing stringent visa and report committee requirements. It would be useful to set up an International Institute of Linguistics in Shillong to teach South Asia languages including English. Similarly, cultural interface should be widened and intensified and single point institutions for investment and trade related queries needs to be set up. The people on their part have to be ready to accept foreign enterprise and investment. For road connectivity, bus services from Shillong to Dhaka, Shillong to Mymensingh and to Kolkata are essential.

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GOI may open a Visa Office in Shillong and re-open border hats to facilitate trade. Similarly, a Tourist Office in Dhaka either of the State Government or GOI should be set up.

14. Chief Minister Mizoram :

CM of Mizoram stated that a majority of the people in NER fall among poor and weaker section of Society and LEP could have a far-reaching impact on their lives. CM made the following suggestions :

1. Upgrading of composite LCS's at Kokhawthar on the Indo-Myanmar border. It is also necessary that it be converted to an Integrated Check Point (ICP)
2. Kolodyne Multi Model Transport Project should include improvement, upgradation and construction of a road from Silchar (Assam) – Lowngthar (Mizoram) – Hmawrigbu (Mizoram) – Kalewa (Myanmar) the shipping link envisaged to Sittwe Port in Myanmar would create much needed transit route. The project if completed will reduce cost of transportation of goods and shorten the distance from Kolkata to Mizoram by 928 kms. Completion of the project assumes great urgency.
3. In spite of political division ethnically and culturally, similar people inhabit both sides of the 404 kms long international border between Mizoram and Myanmar and there is constant cross border movement. In the Border Trade Agreement 1994 Champhai (Mizoram) and Rih (Myanmar) have been identified for border trade. GOI should initiate speedy construction of roads between Rih-Tieem and Rih-Falan for which BRO have submitted the DPR. Similarly, apart from widening Seleing-Champhai road, the 28 kms. from Champhai to Zokhawthar should also be upgraded, as also the road from Aizawl to Champhai.
4. To take advantage of LEP economic integration of NER is necessary and a common market can be created. The NEC can be entrusted with this.
5. High literacy in the State has made available talent for IT, Bio-Tech, entertainment and hospitality industry which needs to be utilized.
6. Trade between Bangladesh, China, India and Myanmar will be facilitated by necessary Vehicle Agreements.
7. Strong historic, cultural linkages could make economic transactions less costly and create cultural harmony within the region which has 300 ethnic groups and about 500 dialects. Not only should their lives be safeguarded but development should enrich it. MEA may chalk-out programme of promotion of people-to-people interaction through cultural ethnic and educational exchanges.
8. Tourism sector facilities should be developed treating the entire region as one unit.
9. Possible exports from Mizoram are of a wide range of agro-horticulture and exotic floricultural products.
10. Despite agreement between India and Myanmar cross border movement of people has not been facilitated. This needs to be addressed. Mizoram being India's corridor to the East needs to be prepared to face the challenge of globalisation through new and viable economic activities. The absence of a shared vision among different NE States, difference in local laws and customs, un-developed transport and communication and high cost of moving man and materials are major problems. Economic integration of the North East should involve a

common regional science and bio-diversity policy and common approach to regional infrastructure facilities.

15. **CM Nagaland :**

CM Nagaland stated that for the North East the LEP should essentially mean looking East at North East India from main land India to develop the economic and exploit the untapped resources and potentialities of NER; and looking east at South East Asia through NER to take advantage of geographical and cultural linkages. So far NER has been seen as a backward landlocked region mainly for its strategic importance and numerable political uprisings and insurgency. The LEP should bring out the potentiality of NER and convert it into a land of opportunity.

Trade and commerce in the international context is essentially related to foreign policies. Our policies have been very tentative with Bangladesh and Myanmar who have their own internal problem. GOI has hesitated to take strong initiatives. Peace is the pre-requisite for any meaningful development. GOI's extending the olive branch for negotiations and dialogue with various insurgent groups is the right policy and should become a part of the LEP. It should also be extended to policy and relationship with other neighbouring countries. In the LEP NER and its immediate neighbours should be central to our thinking. With the new confidence that India has, our policy should become bold and proactive. We need to remove some of the old and outdated regulations such as PAP and RAP and welcome foreign investors and tourists.

However, to do this we need the necessary infrastructure particularly transport and communication. Nagaland and Manipur remain cut off from the rest of India whenever NH 39 is blocked by frequent landslides. NH 39 is not being attended to neither is there as proposal to four-lane it even though this was announced during PM Vajpayee's visit in October 2003. Serious consideration of LEP requires a much greater investment in infrastructure in NER than 10% of GOI's budget. Similarly, development of the tremendous hydropower potential of NER needs immediate attention. While that could take time, generation of thermal power to meet immediate requirement should also be explored.

The LEP often loses sight of the cultural factor – the common ethnic origins of people of NER and SEA are an advantage. In this context the most natural area of trade and commerce would be in the services sector especially, education and health. NER has a large pool of English speaking youth and technical and healthcare institutions need to be set up. The weaker financial infrastructure and low CV ratio in the North East also needs attention. Banks and FIs are hesitant to operate in the region and efforts to build a local financial institution have not met with success. A conscious effort to build up a viable structure conducive to local situation is needed to implement the LEP.

We should also not forget that countries east of us are looking west keeping in mind the emerging Indian economy. This creates an opportunity which we must use.

16. **CM Sikkim :**

Commending the initiative taken by EAM and Ministry of DoNER, CM Sikkim stated that he had consistently underscored to make the North East outward oriented and empowering it to harness the larger opportunities. LEP is critical to NER for four reasons :

1. It will become the core of India's foreign policy discourse and strategy in the near future and would bring about substantial transformation in the traditional parameters of our national power.
2. It will inject absolutely new and comprehensive patterns of development intervention in NER
3. It will make NER a physical gateway and a factor in regional co-operation and integration
4. It will equip India to play a pivotal role in resurgent Asia during the 21st century.

Sikkim has been outward looking and a robust interaction with neighbouring countries could bring comprehensive security, military, human and environment. The opening of the historic Nathula trade between Sikkim and TAR has been appreciated by the people and there is a trickle down of development benefits. In this context CM Sikkim made the following proposals:

1. Initiate a range of institutional collaborations with contiguous countries in trade, investment, energy, transport, technology, communications, banking, insurance, tourism, education and environment. The linking of tourism agencies in Myanmar, Bangladesh, Thailand and Unnan with those in NER.
2. Change the concept of border trade and make it more pragmatic and focused in order to take care of informal – illegal trade. As happens with Myanmar and Bangladesh the Nathula trade route should be declared a normal trade and transit route like Petropole-Bedenapole with Bangladesh, Biratnagar-Jogbanio with Nepal. MFN terms should be allowed for this trade.
3. Relaxation of RAP in order to exploit the Buddhist tourist circuit linking NER with its neighbours.
4. Starting of a bus service between Gangtok and Lhasa, connecting the existing Kathmandu – Lhasa bus route to Mansarovar.
5. The possibility of electricity trade with neighbouring countries like Bangladesh, Myanmar, Nepal and China.
6. Connectivity is required at local, regional and cross border levels. LEP strategy must compulsorily include new channels of connectivity. Sikkim badly handicapped at all three levels NH 31A is the main artery and the airport project is pending for five years. Airport, railway and alternate highway projects approved for Sikkim must be implemented on a time-bound manner. The facilities of Nathula trade route should be developed to cater for investments and tourism also. There can be immense benefits by allowing neighbouring countries access to Chittagong and Mungla Ports in Bangladesh.

When one looks at what China has done on the other side of the border we have not even been reactive. The situation calls upon us to be proactive and bold. There is also the undeveloped landmass and unexploited markets in western China which will provide an opportunity for NER products and services.

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The need for establishment of a Regional Office in Sikkim or anywhere in the North-East either by the State or GOI directly as is necessary to focus on LEP.

A crucial role for NEC should be developed like the ASEAN Secretariat.

17. **CM Tripura :**

While CM Tripura stated that while regional initiative with ASEAN, BIMSTEC, MGC and East Asia Summit has developed in economic ties, NER has remained untouched. Amongst SE countries there is no doubt that Bangladesh occupies a strategic and dominant position. The robust emotional, cultural ties with Bangladesh cannot be ignored apart from its substantial population, natural resources and growing economy. More important is the fact that Bangladesh has the physical resources of inland, waterways, access through Bay of Bengal through well-developed waterways and rail which can all become a vital link for NER. There is need for prioritizing LEP with Bangladesh as one corner stone which will correct the lopsided approach on developing links with Myanmar. A two-pronged approach is needed; firstly, emphasis on developing and strengthening our trade, commerce, economic and cultural ties with Bangladesh. There are many advantages for Tripura with a long border of 856 kms and most important cities of Bangladesh within 150 kms from towns in Tripura. Inland waterways to Bangladesh can provide connectivity with Haldia with Chittagong only 71 kms from Southern Tripura. The broad gauge to Sabroom and the network linked within Bangladesh. Such a communication link through land, sea and waterways via Bangladesh to NER could be strategically involved. Secondly, the question of linking Myanmar through the land route and from there to Thailand and beyond should be addressed. The economic strengths of these countries with which we share a social, ethnic and cultural affinity should be exploited.

Crucial element of the LEP is the viability of quality infrastructure. Highest proportion and investment should go to this sector from government funding and not through PPP models. Specific areas for infrastructure development are :

1. The golden quadrilateral road network should be extended beyond Silchar to Agartala. At the same time by extending it to Akhaura (Bangladesh) will provide network for service transshipment.
2. Broad gauge Lumding-Agartala rail-line in time bound arrangements extend national railway connectivity upto Sabroom.
3. Proposed Trans Asian Highway and Trans Asian Railway should be realigned to pass through Tripura
4. Operationalising transit facilities through Bangladesh using waterways and have Ashuganj (Bangladesh) declared a port of call.
5. Existing bus service from Kolkata to Agartala via Dhaka should be made direct.
6. To upgrade Agartala to international airport with modern cargo handling and cold storage facilities.
7. Development of integrated LCS's at Akhaura and Shrimantpur.
8. Develop customs stations at Belonia, Sabroom, Manughat, Rangnabazar
9. Substantially improve telecommunication network by using WAN/fibre optics

10. Provide adequate viability of power to the State so as to attract investment. Important and major power projects in the State – Palatane (740 mw) and Monarchak (104 mw) commissioned without delay.
11. To promote investment the internal infrastructure needs to be modernized including setting up of export parks and incentives to food processing industry.
12. Tripura is a potential educational hub for those in the NER and the ASEAN Region with 80% literacy and a good educational structure.

CM Tripura hoped for fresh initiatives by MEA.

III. Interventions by Union Ministers:

18. Shri P. Chidambaram, Finance Minister

FM stated that devolution of funds to the North East was satisfactory and there were adequate funds for most projects they wished to undertake. He stated that Rs.30,942 crores had been released in the Xth Plan. List of projects approved for roads, waterways and power sector and for external assistance is available. However, there are only two projects for Assam in the pipeline for flood control and roads. There are no other projects in the pipeline and the States should prepare the projects they want and put them in the pipeline and pose them for external funding. Both ADB and World Bank are working in the NER. With the ADB two projects have been initiated, the NESRP for roads and NEUDP for the urban development and the NE Trade and Investment Creation initiatives. They are intended to build capacity in the State Departments to effectively implement road and other projects.

The issues which merit high attention are:

1. power shortage
2. capital shortage
3. product marketing

World Bank Study (2005) on natural resources, water and environment in NER is useful. High level of assistance is available to improve livelihood of the people and projects have been implemented in two districts each of Assam, Meghalaya and Manipur. Ministry of DoNER has also sponsored training programmes to improve capacity of State Government officials to prepare DPRs and build entrepreneurship.

In regard to the list of projects being implemented what strikes is the lack of capacity to implement projects in time and the cost. Unless governance improves, the drive to commit projects will suffer. New projects are possible since there is money, goodwill and good response from ADP and World Bank. All States have revenue surplus in the North East and some have low fiscal deficit. Whether more projects can actually be added in each State boils down to the capacity to implement them and to find people to do so.

19. **Shri A.K. Antony, Raksha Mantri :**

Raksha Mantri, concurred that NER had not been benefited by the LEP mainly due to the lack of infrastructure. Providing air connectivity is urgent. The pace of road construction is slow and viability of funds is a problem. Further more there is also very poor maintenance of roads. MOD had decided to double the contractors fees for road maintenance. There are also security concerns in Nagaland and Manipur on the main highway. There are also issues regarding the border with China.

20. **Hon'ble Shri Shivraj Patil, Home Minister :**

Home Minister made the following response to the points raised by the CMs :

1. Issue pertaining to RAP Regime is being separately considered and appropriate decision will be taken in line with the CM's suggestion.
2. Regarding uranium mining there is reported resistance from the people in the area and GOI can provide security, if required.
3. Political problems with Nagaland will require help from the State Government. Committee of Ministers is meeting with the leaders but support of the Chief Ministers is necessary.
4. To bring about social, cultural and political change, region needs a short, medium and long term plans which should be then dovetailed into the main term plan. Hydro-power potential will require long term plan as also for exploitation of mineral wealth. Similarly, genetic wealth of the region is important. While we have genetic wealth, we do not have genetic technology.
5. Transport connectivity will be required and railway line is a must.

Centre is working through BRO on roads. Similarly, Civil Aviation facility is essential. Private airlines should help.

6. The region does not have cold storage for facilitating export of fruits and flowers.
7. Region cannot depend on export alone. Manufacture also should be given attention through investment. This will depend a lot on security concerns.
8. The law and order situation is important. GOI will help strengthen your police force. There are currently 15,000 vacancies for police personnel in the region which should be filled up and your IR Battalions expanded. It will also provide employment. There is demand from foreign countries for providing police force and two women's battalion are posted in Liberia. Spending on security should be treated as an investment. There are reports of funds leaking, extortion, etc. In this scenario foreign funds will not come. Security is a joint responsibility of the States and the Centre.

21. **Hon'ble Shri T.R. Baalu, Minister DORTH :**

Minister DORTH, stated that GOI has consciously decided to develop infrastructure in road, air and waterways. Rs.44,000 crores for NER have been projected for road development by 2012-15. Phase A of SARDP-NE has to be completed by 2012 and Phase B by 2015. Identified stretches have been announced in consultations with the CMs and others have been included in Phase B.

Responding to the CMs, Minister DORTH stated :

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- (i) **Arunachal Pradesh** – Total of 2915 kms roads included in the programme of which 245 kms in Phase A and 2769 in Phase B and four-laning in Phase 3. Connection for 24 kms Lumla-Tashigaon road with Bhutan approved.
- (ii) **Assam** – 670 kms roads from Silchar-Halflong-Guwahati-Rangia-Shrirampur, etc. included in Phase A; with 1048 kms of other important roads by 2012. It will provide connectivity to Bhutan, Myanmar, Bangladesh and Arunachal Pradesh. 409 kms in Phase B to connect District Headquarters.
- (iii) **Manipur** – 137 kms of important roads of Maram to Pannam and Imphal, Silchar in Phase A. It will provide alternate connectivity. 150 kms in Phase B to connect District Headquarters. 40 kms out of the 110 kms Imphal-Moreh road to be taken up now. Of the transition highway of total length of 11551 kms, 220 kms passing through Manipur being taken up. Two-lane connectivity in Phase 3. NH 39 Senapati-Imphal stretch to be repaired as also Moreh-Maram. Similarly, the bad section of NH 150.
- (iv) **Meghalaya** – Phase A 166 kms including Shillong bye-pass included. 166 kms in Phase B and NH 44 sections in Phase 3. Sonapur landslide section being improved by BRO. It will solve the problem of vehicle movement from Tripura, Mizoram and Barak Valley.
- (v) **Mizoram** – Phase A 102 kms to be completed with two-lane of NH 54 and NH 154; Phase B 800 kms for two-lane to all district Headquarters and NH 54 and NH 44 for district connectivity. Champhai-Shelling road upgradation will be considered. The Kaladan road 117 kms execution modalities being finalized. Phase 3 – four-laning of Silchar, Aizawl under sanction and final stages of sanctioning repair of airport road at Aizawl.
- (vi) **Nagaland** – Phase A – 88 kms considered for four-lane from Bhimapur and Kohima and two-lane to Palam. Phase B – two-lane of NH 61 and NH 155, Rs.24 crores to improve Kohima-Dimapur-Palatte road.
- (vii) **Tripura** – Phase A – 330 kms for four-lane from Churaibari to Agartala to Sabroom. Phase B – 420 kms considered to reduce distance to Aizawl. Tripura to be connected to Shrimantpur by four-lane in Phase 3.
- (viii) **Sikkim** – Sivok to Gangtok included in Phase A, 80 Kms by NH AI, 25 kms to PWD. Two-lanes of Gangtok-Nathula in Phase A of 62 kms BRO yet to start work.

EAM requested Minister DORTH to work out a programme on carrying out the work expeditiously and approving projects in such a way that the working season from November to March is fully utilized for construction. The non-availability of contractors should also be tackled and a meeting can be held with concerned organizations including contractors. Reduction of procedures also required.

22. Shri Jairam Ramesh, MoS, Commerce

MoS Commerce stated that LEP may have been a bonanza for our partner countries but of no benefit to India, leave alone NER. Malayasia's exports had increased three-fold and through the FTA the ASEAN countries stood to gain much more because of comparative advantage in product while services where India had an advantage had not been tackled. Four specific points need to be addressed with regard to NER and the Look East Policy (LEP) :

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1. 13 integrated check-posts and LCSs have been identified for upgradation, 7 on the Indo-Bangladesh border; 1 on Nagaland border; 1 on Myanmar border and 4 LCS's on India-Nepal border. There is no progress in upgradation of LCS's at Raxaul, Petrople and Moreh. This needs to be fast-tracked. Total cost for upgradation is Rs.800 crores and PPP mode being considered. Budgetary allocation is required in XI Plan.
2. It is not 'border trade' but 'trade at the borders' that we are dealing with. We should allow normal trade at the border on a MFN basis.
3. Mobile connectivity needs to be improved although the range has been reduced to 500 kms. BSNL is handling the operation.
4. Emphasis for connectivity to Bangladesh, Nepal, Myanmar side than to the Indian side. More emphasis is required on the roads on the Indian side. Substantial upgradation and additional equipment required.
5. Viability gap funding is required in Civil Aviation sector for improving all air connectivity. More foreign investment should be allowed from Bangladesh and these countries should be removed from the negative list.
6. LEP should also focus on the IT sectors in NER through private companies like TCS.

23. **Shri Ashwani Kumar, MoS Industry :**

MoS, Industry emphasized the need to create physical infrastructure. There was a backlog of Rs.629 crores under NEIP, 1997 for the NER. Similarly, allocation for fiscal incentive under the new Industrial Policy is Rs. 89.99 crores against estimated Rs. 257 crores. Transport subsidy required of Rs.1700 crores; Rs.500 crore for Capital subsidy, Rs.250 crores for interest subsidy and Rs.50 crores for company Insurance. Funds are needed for all this. There are legal problems also leading to stoppage of mines in Meghalaya. Law and order needs to be strengthened.

24. **Representative of Planning Commission :**

He stressed the importance of maintenance of roads. CA Policy needs to be improved. Manpower availability for implementation is inadequate and there is need for improvement of the Banking sector. Skill development and web-base training are both required.

26. **Mani Shankar Aiyar, Minister for DoNER**

Summing up the discussion, Minister DoNER, thanked all those present for their remarks. LEP has to be seen in the context of four large movements : India-ASEAN; India-BIMSTEC; India-MCG and East Asia Summit.

It was generally agreed that dividends from LEP to NER had so far been virtually nil. The key problem of NER is the lack of connectivity to much of India and almost all its immediate neighbourhood. LEP can enable it to break out of its prison. The returns from the policy can be so great as to warrant putting into it the "new inputs" that EAM spoke about. It requires an imaginative leap in foreign policy, in defence policy, in internal security policy and in international trade policy.

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In foreign policy terms, the single biggest problem for NER is combating the consequences of the partition of India and the 1965 war which resulted in snapping transit link between NER and the rest of India that are still to be restored. Unless there is a dramatic improvement in our relations with Bangladesh, the isolation of NER cannot be overcome. We need to find out the quid pro quo that Bangladesh would need to remove NER from this isolation. We have tried to provide a link between NER and Thailand as a gateway to ASEAN through our recent visit. A similar visit may be needed to Bangladesh but we need to be clear what concessions we would be prepared to give Bangladesh.

Similarly with the Tibetan Autonomous Region(TAR), Arunachal Pradesh shares a border of 1100 kms with TAR and we need to find a way by which the Tibet Plateau can become its natural economic hinterland. There is also the problem of nearly 2 lakh people being part of divided families on either side of the border between Arunachal and TAR. The fact that Tibet is progressing dramatically is not a secret in Arunachal Pradesh. We cannot deny the people of Arunachal Pradesh development in the name of security and defence. This applies to Sikkim also. An imaginative leap in internal security policy is also required. Nepal and Bhutan are equally crucial to the development of NER. We have good relations with both of them. But the progress towards putting in place infrastructure has been very slow. We need a Task Force that would be able to recommend and push through major departures in policies. There needs to be a clear direction regarding the gas pipeline from Myanmar transiting through Bangladesh. At present, the whole of southern Meghalaya and Tripura, which border Bangladesh, have been cut off from their natural linkages with the Bengali-speaking world. We suggest a regular dialogue between the DoNER Ministry and the EA Ministry and, through the DoNER Ministry, with all the NE States be developed and strengthened.

Myanmar is the common border country for virtually every state of the North East. We need to develop our links to that country, and within that country also at our own expense. We need to develop both land and sea connectivity. There needs to be faster progress on the Kaladan project so that the Akyab bye-pass becomes the way to get to Chittagong. Once this connection becomes operational it will automatically incentivize Bangladesh to connect Tripura and Mizoram with Chittagong. Similarly, securing access to Ashuganj is entirely possible if we can do a deal with Bangladesh on Silghat. In that case, the Barak River will become a major waterway. Similarly if we can encourage Thai-Indo co-operation for the development of the Brahmaputra then we may be able to get a sound waterway network through Bangladesh with Thai intermediaries.

On the international trade side, there is need to understand the financial and other parameters of development of NER. The questions of PPP, fiscal deficit and revenue deficit have been difficult to tackle. The NER is not getting all the resources entitled to it since unspent money of the 10% GBS provision has been diverted to support Union Government's budget and fixed deficit.

The Ministry of DoNER has held 8 summits of North East Chief Ministers covering power; roads and highways; inland waterways and flood control; tourism; air connectivity; rail connectivity; IT connectivity; education and culture; sports and arts. The results will be given in a draft Vision 2020 document. Thus, the short, medium

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and long-term plans referred to by Home Minister are now available in DoNER Ministry.

The Ministry itself needs to be strengthened to play its role better, not just for the disbursement of NLCPR funds but on the technical side as well. Equally, the NEC in Shillong needs to be strengthened and an institutional arrangement between the MEA Branch Secretariat in Guwahati and the NEC Secretariat in Shillong needs to be built-up.

For tourism there are inter-linkages between connectivity, the hospitality industry, the promotion of tourism, and issues relating to RAP and PAP. For air connectivity, we are at the last stage of establishing a dedicated regional airline for the North-East. There are, at present, 226 flights between NER and the rest of India. The problem is connectivity within NER. We hope to reach 500 connections per week within NER within two years of the launch of the regional airline by 1st July. So far the contract with Alliance Airline has been continued till end 2008. Equally, 12 airports will be made operational in the immediate future and by end of XII Plan we hope to have 50 operational airports or air-strips in NER. Air Taxi services have been incorporated in our schemes.

It is in the roads sector that we are really concerned despite the high stated intentions. Most of the expenditure is going to take place in the XIth and XIIth Plans. As Finance Minister has said, there is no lack of funds but a serious lack of absorptive capacity which will not be solved in the near future. There is, therefore, need for huge additional capacity to be secured, for which many more infrastructure companies are required to be inducted into the Region. We are hoping that some Thai companies would come in if problems of RAP/ PAP can be resolved.

As underlined by Home Minister, the law and order situation is an issue and the States must expand their police force and fill the vacancies. At the same time, we need to undertake a massive programme of publicity to show the country that something like 95% of the North East is completely safe for tourist to visit. This is certainly true of Sikkim, Meghalaya and Mizoram and 90% of Arunachal Pradesh. Tripura's record has also been stunning with a really improved security situation. In Nagaland, it is only dangerous for the Nagas and not for the non-Nagas. There are some improvements in Manipur also. The message has to go out that the North East is not a security problem area. Although some parts of Assam are sub-optimal in terms of law and order, the rest of the State is safe.

Unless we get a lot of FDI and technical and management assistance, the connectivity problem will not be solved. We need to attract companies from abroad. We had a good response in Bangkok and New York. The exercise needs to be repeated in Malaysia, Singapore and Dubai to attract foreign investment. The Third Business Summit (Delhi, April 2007) generated 128 Expressions of Interest for investment in NER. Science and Technology is important and there should be a National Mission on Medicinal Plants and Herbs, as well as a National Mission on the Genetic Wealth of the NER.

We need to expand the involvement of DoNER Ministry with all concerned ministries through meetings once every six months, and have an institutional

arrangement whereby the concerned divisions of EA Ministry interact with the Ministry of DoNER and NEC on a continuing basis.

IV Closing Statement by Shri Pranab Mukherjee, EAM

EAM mentioned that he had taken note of the fruitful discussions. Physical infra structure or lack of it was a point made by all CMs. If NER is to benefit from the LEP, adequate physical infra-structure especially in the field of travel is of the highest importance. Also to make travel easier EAM requested Ministers of Home and Defence to personally look into the matter and make the system more user-friendly.

In line with the FM's observations and those of the CMs EAM stressed on the urgency for capacity building in the states and for implementation of projects without time and cost over-runs. Ministry DoNER and MoS Commerce will look into specific issues raised by the CM and set up appropriate mechanisms for follow-up.

EAM made the following points :

1. Diplomatic and political structures and arrangements in place for LEP have shown positive results but not specifically for NE states. We will now have to focus more on the NE States.
2. We need to convert diplomatic initiatives into commercial opportunities that are to our advantage. MEA is keen to work in close association with the Ministry of DoNER, Planning Commission and all economic ministries.
3. We need to strike a fine balance between development needs of NE states and our security imperatives.
4. We are looking at a new paradigm of development where our foreign policy initiatives blend seamlessly into our national economic development requirements.
5. Physical connectivity emerges as the crucial issue. Our desire to co-operate with neighbours, including Myanmar and Bangladesh, to enable more efficient transit stands firm. We would be making all efforts, whether it is the bus service from Kolkata to Agartala or transit trade from the Kaladan project.
6. In addition to land connectivity, sea connectivity between the south-east of India and the South East countries is equally important.
7. In terms of infrastructure, construction of hydro electric projects in Bhutan and their contribution to the stabilization of the Eastern Power Grid is well known. The North-East Grid is another network we would like to see benefiting.

EAM concluded that the intention is to make this exchange an on-going exercise and hoped that the concerned Central Ministries would take concrete steps in close co-operation with the State Governments to ensure the operationalisation of various schemes and projects in a time-bound manner.

- V The transcripts of the speeches of the Hon'ble Union Ministers and Ministers of State are in **Annexure-II**. The texts of the speeches of the Hon'ble Chief Ministers are in **Annexure-III**.

**MEETING CHAIRED BY SHRI PRANAB MUKHERJEE, HON'BLE
MINISTER FOR EXTERNAL AFFAIRS REGARDING 'LOOK EAST
POLICY' ON 31.10.2007**

LIST OF PARTICIPANTS

1. Shri Pranab Mukherjee, Minister of External Affairs.....in chair
2. Shri Mani Shankar Aiyar, Minister, DoNER
3. Shri A.K. Antony, Minister, Defence
4. Shri Shivraj Patil, Minister, Home Affairs
5. Shri T.R. Baalu, Minister, Department of Road Transport & Highways
6. Shri P. Chidambaram, Finance Minister
7. Shri Jairam Ramesh, Minister of State, Commerce
8. Shri Ashwini Kumar, Minister of State, Industry
9. Smt. Sushma Singh, Secretary, DoNER
10. Shri N. Ravi, Secretary (East), Ministry of External Affairs
11. Representative from Planning Commission

Chief Ministers of NE States

12. Shri Dorjee Khandu, Arunachal Pradesh
13. Shri Tarun Gogoi, Assam
14. Shri O. Ibobi Singh, Manipur
15. Dr. D.D. Lapang, Meghalaya
16. Shri Zoramthanga, Mizoram
17. Shri Neiphiu Rio, Nagaland
18. Shri Manik Sarkar, Tripura

Opening Statement by Shri Pranab Mukherjee, Minister for External Affairs

Hon'ble Chief Ministers of the North-eastern States, my Cabinet colleagues,

I am very happy to Chair this meeting, on a subject of vital importance and immense interest not only to the states that you represent, but also to the Government of India. The Look East Policy which has been pursued for more than a decade and half now, has reached a stage where new inputs are needed from different departments of the Government of India and the states that are contiguous to the eastern border of India. This can help make the Look East Policy more sensitive to new opportunities that may arise. As states that welcome and greet the rising sun every day, I am sure we can look forward to hearing new ideas.

The Look East Policy which emerged after the end of the Cold War in the early '90s has yielded many benefits. Principal among them is closer political contacts including high-level exchange of visits between India and South-east Asian countries. This has been buttressed by an impressive increase in the quantum of bilateral trade; and, greater flow of people, in particular tourists and businessmen who have underpinned this enhancement in the relationship. In the ultimate analysis, Governments, including the state Governments, can only provide the framework and the basis on which interactions can take place, so that people from different walks of life in India and the countries of South-east Asia can meet with each other for a cooperative and beneficial future. Whether it is tourism or culture or commerce, intensification of exchanges at the people-to-people level, is one of our principal objectives.

When we refer to the framework, there is inevitably the need for making sure that appropriate and adequate infrastructure exists for enabling interaction. There are two main aspects I would like to emphasize as we launch our effort today. The importance of building up, sustaining and optimizing the use of infrastructure hardly needs emphasis. Given the natural endowments of the North-eastern states, I would like to hear from you, the state of the infrastructure in the Power sector in your states with emphasis on generation and transmission; and on the strengths of the Water resources sector with emphasis on inland water transportation facilities.

The second aspect of importance is connectivity. I would like to know about the state of road connectivity within your State; with your neighbouring states; its character in the North-eastern regional context and, most importantly, its connectivity character with the rest of India. Connectivity with the rest of India and intra-connectivity among the States in the region will form the backbone of all efforts that we make together.

In the same context, air connectivity assumes a special importance in the regional context. I would like to hear your views on devising a feeder air service network which could keep Guwahati as the hub and the major cities in the North-east as the feeders. This would not only help business travel but would also encourage prospects for tourism.

I would like to request Honourable Chief Ministers that in their interventions, they may also lay stress on the export potential of the concerned States either in terms of products or in terms of services; the investment potential in their respective states in terms of projects both in infrastructure and in the agriculture sector like fruits, flowers, food-processing; institutional cooperation based on respective strengths of the States, etc.

The Department of North-eastern Region could elaborate on the extent to which asset creation; under various special funding schemes, has been implemented. I would also like to hear about the prioritization of projects in the forthcoming Five-year Plan, which lend themselves to foreign investment, again with reference to physical connectivity.

Friends, I would like to dwell on certain points of common interest to all of us on the theme of connectivity in all modes. We are aware of the unrelenting efforts being made by the Government to negotiate transit facilities through Bangladesh. We are hopeful of achieving progress at the forthcoming meeting of SAARC Transport Minister Conference scheduled for February 2008. The implementation of the decisions to be taken at the forthcoming meet is expected to cover the following routes:

Agartala-Akhaura-Chittagong
Kathmandu-Birgunj-Kolkata/Haldia
Birgunj-Katihar-Singhabad-Rohanpur-Chittagong

At the same meeting of the Transport Ministers, the draft Regional Motor Vehicle Agreement proposed by India will be discussed for adoption. This is an enabling legal framework which will enable motor vehicles, including buses to travel seamlessly across borders of SAARC countries. This would help us considerably in expanding the transport network among SAARC countries.

The funding for the Kaladan Multi-Modal Project for connectivity through Sittwe Port Upgradation in Myanmar, has been approved. Bilateral agreements and related protocols for the execution of the project are under finalization for discussion between senior officials of India and Myanmar in November 2007.

One of the crucial links in the chain is the improvement of facilities at customs check posts at locations, along the border regions of north-eastern states with our neighbours. The projects involving upgradation of facilities for customs examination, at the select points in the border with Myanmar and Bangladesh has been taken up for early implementation. Phase-I of the project includes Petrapole (West Bengal-Bangladesh) and Moreh (Manipur-Myanmar).

For historical reasons, Kolkata has been the centre in the east of India and a hub for connectivity to north-eastern states. Given the growth of private airlines in India and efforts being made by them to fly to neighbouring countries, it would be a good idea if the north-eastern states could come up with a plan for enhancing tourism potential between South-east Asian countries, particularly between the Indo-China peninsula and India.

Despite the prevailing growth scenario in India's civil aviation sector, air services between the north-east region and countries in south-east Asia, have not yielded an encouraging experience. The air link between Guwahati and Bangkok is a case in point. I have a suggestion from the tourism angle, which may partly tackle the dullness of the market. India's private airlines operators could consider the following links for creating a new market. These include:

Guwahati/ Kolkata-Hanoi-Phnom Penh-Guwahati/ Kolkata
Guwahati/ Kolkata-Vientiane-Siem Reap-Guwahati/ Kolkata
Guwahati/ Kolkata-Ho Chi Minh City-Guwahati/ Kolkata

Vietnam is the fastest growing economy in the ASEAN while Laos and Cambodia have important centres of tourism. Under the open-skies policy in force between India & ASEAN, a beginning can be made.

In today's age of instant communication, what matters is that the base infrastructure is sound, with a high degree of reliability. The locational argument of whether the telecom link goes through Kolkata has less relevance than earlier. Meanwhile, the project establishing the optical fibre link connecting Moreh and Mandalay is being implemented through Telecommunication Consultants India Limited on the basis of a line of credit extended by India. Simultaneously, a telemedicine network linking super-speciality hospitals of India to hospitals in the SAARC region is underway.

One of the significant successes of the Ministry of External Affairs has been the ITEC Programme. We conduct a variety of training programmes for candidates from around the world. I would like to propose that, to begin with, we include two trainees each from the north eastern states to train together with trainees from other Asian countries. We could include them in groups that have representatives from ASEAN and SAARC countries. The sectors of IT, Banking, Auditing, Office Management and Entrepreneurship Development could be focused on, in the first phase. This could be expanded in number of trainees and sectors of training in the second phase. A beginning could be made for the financial year 2008-09 with funding for training of the Indian candidates being provided by DoNER. Such steps would help the younger generation to get acquainted with friends in an international context.

From next year, to strengthen cultural interactions, DoNER and ICCR could sponsor an event to coincide with the completion of a particular ITEC training programme and make it annual affairs in the north east. This would give an opportunity to the foreign participants to see the region and identify aspects of culture and history they can relate to.

I look forward to hearing your views so that we could incorporate them appropriately and evolve a policy that would physically connect the North-eastern states with the countries of the ASEAN, overland and across water. I would like to reiterate that for us to move forward in our plans, the internal physical connectivity among the states of the North-eastern region should achieve reliability and adequate capacity so that they could efficiently couple with the infrastructure across the border. This should be done in a time bound manner through a realistic implementation plan.

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In today's interaction please tell us both about your problems as well as their solutions.

Since the Agenda is long and the time is short kindly ensure that our discussions are focused and result oriented.

Thank you.

Shri P. Chidambaram, Finance Minister

I would like to begin by pointing out that the devolution of funds to North East has been quite satisfactory. There are adequate funds for most of the projects that they wish to undertake. For example, total release for central assistance for North Eastern States in the Xth Plan has been Rs. 30,942 crore. States have resources, in fact some of them are in overdraft. All of them have considerable amount of treasury holding. Therefore, it is possible for them to spend money on the projects that have been identified and approved.

I have with me a list of projects which have been approved for roads, waterways, power sector. Also have the list of projects which have been approved for external assistance. There are at present a number of projects in each of the States which are being funded by external assistance. In the pipeline, however, there are only two projects for Assam – (i) Assam Integrated Flood Control and Erosion Mitigation Project and (ii) Assam States Road Project. There are no other projects in the pipeline for the other North Eastern States. So they should prepare projects if they want to and put them in the pipeline and pose them for external assistance. As far as Asian Development Bank and World Bank are concerned, both are being proposed by the North East. For example, we have initiated with the ADB, the North Eastern State Roads Project (NESRP) and North East Urban Development Project (NEUDP) Phase I & II. Both of them are expected to be initiated shortly. There is another project, North Eastern States Trade & Investment Creation Initiative. The objective behind these proposals is to build capacity in the State Departments, specially the Public Works Department so that the road projects and the urban development projects can be implemented effectively. In one of the ADB workshops focusing on the North East, the following issues were identified as issues of merit and highest attention:

- (i) Power shortage
- (ii) Capital shortage, especially from the private sector.
- (iii) Product marketing

The World Bank has initiated a study in 2005 on ‘Natural Resources, Water and the Environment Nexus for Development and Growth in Northeast India’. The International Fund for Agricultural Development is helping us in implementing a project with IFAD assistance to improve the livelihood of people in the vulnerable sections. It has been successfully implemented in two districts each of Assam, Meghalaya and Manipur. It will conclude on 31.03.2008. Based on the best practices, it is an IFAD assisted project. A new NER livelihood project has been prepared and this has been posed to World Bank for funding.

In order to enhance the capacity of State Government officials to prepare DPRs, training programmes have been sponsored by M/o DoNER at IIM, Kolkata; IIT, Guwahati; ASCI, Hyderabad and NITHE, NOIDA. A new programme is being included with an objective of building entrepreneurship through the Ministries’ PSUs.

Finally what I would like to say is if you look at the list of projects that are being implemented, clearly what strikes (i) is the lack of capacity to implement the projects in time and the cost. Unless governance structures improve, unless you have good implementing agencies or persons placed in these agencies who have the drive

and commitment to implement these projects on time. I am afraid it will be more of the same in the years to come. There is money, there is good will, there is good response from World Bank and Asian Development Bank. We can bring in more projects but is ultimately lies in your hands to fund the agencies that it will implement it in time or fund the men who will head the existing agencies to implement it in time. All the States have revenue surplus in the North East. There is of course a fiscal deficit but your fiscal deficit except in the case of two or three States, all the fiscal deficit is well within the tolerable limits. For example, Meghalaya, Mizoram, Manipur and Nagaland have got very low fiscal deficits. Arunachal Pradesh has slightly high fiscal deficit of 2.81. Tripura and Sikkim have high fiscal deficits. But all of you are in revenue surplus.

So to conclude, Mr. Chairman, there is money, there is goodwill, extremely good response, we can add more projects to your shelf but eventually it will boil down to your capacity to implement the projects and to fund the people to implement the projects. These, I am afraid and I am sorry to say there is still lack of capacity to implement the projects.

Thank you.

Shri A.K. Antony, Defence Minister

We have to sort out long pending issues. The North East is not getting benefit from the Look East Policy. There is a lack of infrastructure in the Region. The Chief Ministers have raised the issues correctly. There is an urgency for providing air connectivity. The pace of road construction is slow. Availability of funds is a problem but we hope to increase it in the next financial year. The BRO has budget of Rs. 1635 crore out of which Rs. 571 crore is earmarked for the North East for development of 412 kms of new roads besides other ongoing works. There is poor maintenance of roads in the Region and the contractors have indicated that the maintenance rate is very low. Accordingly, Defence Ministry has decided to double the contractors rate for maintenance, thereby improving quality of the same. There are security concerns in Nagaland and Manipur on the main highway. We are taking necessary steps to sort it out. There are certain areas which do not have forces. There are issues regarding border problems with China but they are being sorted out.

Shri Shivraj Patil, Home Minister

There are certain points which have been raised by the Chief Ministers for which I shall be responding first.

- Regarding the issue pertaining to the RAP regime, I would like to inform the Chief Ministers that this issue is being considered separately with the concerned officers. An appropriate decision will be taken which shall be in line with the State suggestions.
- Regarding uranium, there is some resistance offered by the people in the area with regard to mining. If some security is required by the State Governments we can be of assistance.
- On the issue of political problems in Nagaland I may like to say that we can deal with economic problems but political problems will require help from the State Governments. Committee of Ministers has been constituted which is meeting with the leaders for solving the problem but support will be required from the Chief Minister.
- In order to bring about social, cultural and political changes, the Region needs to have a short-term, medium-term and a long-term plan. If we have a vision, the individual plans of States should be dove-tailed into the main plan. However, for this the involvement of all will be required.
- Potential of the area is on hydro-power for which we will require a long-term plan. Second is the mineral wealth for the development of the country which should help us to cooperate with the adjoining countries. Genetic wealth is going to be very important. This is created by nature. This wealth is created over thousands of years. People of the country have some knowledge about genetics. The developed countries have genetic technology but no genetic wealth whereas we have genetic wealth but no genetic technology. We have to develop the technology as we had not paid adequate attention to this area. If we are in a position to export genes then it will go a long way. In forest produce we are only thinking about bamboo but there are other products like flowers, seeds etc. This needs to be exploited.
- Transport connectivity will be required. Railway line is a must for moving products. Tunnels can be used so also roads. Attempts have been made by State Governments but the demand is heavy. Centre is doing through BRO but the States have to do with intra-connectivity and BRO inter-State. Essential is civil aviation facility. It is not difficult for establishing airports/helipads. Vayudoot have been created by Rajiv Gandhi but the earlier Government had stopped the facility. Private airlines should help in this regard and States should try to come together to have their own airlines. It is a fact that the airports are taking a very long time to be established.
- The region does not have cold storages because of which we cannot exports fruits and flowers to other countries. For export of goods market survey is required and if the intelligence is not available then we have a problem for exporting products. Export to the Eastern countries will be better off for logistics but I believe European countries will provide market for products that are available in the North East.
- The region cannot depend on export alone. For producing goods, the region has to depend on investments and this should be undertaken both by the Government and private sector. However, this will depend a lot on security

concerns. The most important is the law and order situation. Some States have evolved very well but others are facing problems and we have to deal with this situation. I would like to request the Chief Ministers as law and order is a State subject. The Government of India will help you in this regard, but you have to strengthen your own police force. There are currently 15000 vacancies for police personnels in the Region. You will need to fill up the vacancies and expand your IR Battalions for which we will give funds. Essentially this will help you with regard to providing employment, strengthening security apparatus and develop your confidence. The Nagaland Battalion was stationed in Chattisgarh and the State Government has insisted that they want the battalion to remain for ensuring better law and order. We are receiving demands from foreign countries for providing police force. This will also involve the State police forces. Currently, two women battalions are posted in Liberia for maintenance of law and order and also for the protection of the State head. The battalion is doing very well in that country. It must be understood that without security no investments will take place. Spending on security can be treated as an investment. There are reports of funds leaking, extortion etc. in the region. We are not blaming any State, however, foreign funds will not be invested in this scenario. Security is a joint responsibility between the State and the Centre. You can request for forces, we will send them and they will be under your authority. The Centre can support the States with regard to modernization of forces but the security environment will have to be improved.

Shri T.R. Baalu, Minister, DORTH

At the outset, I would like to state that it is very useful to have such interaction with Government of India and State Governments. Connectivity is most important. It is just like a visa for economic development of any State. It will induce economic development whether road, waterways, rail, information technology. Government of India has consciously decided to have infrastructure development in road, port and waterways. They have tried to see that enough funds are available for the development to create such infrastructure. There is a projection of Rs. 44000 crore for NER to see that road sector is developed with proper care and it will be completed by 2012-15. Phase-A of SARDP-NE has to be completed by 2012 and Phase-B by 2015. Identified stretches have been announced in consultation with various Chief Ministers. On the instruction of Hon'ble PM, we have included additional stretches in Phase-B which will be completed by 2015.

CM, Arunachal Pradesh made some issues regarding development of road and power infrastructure to be made on the Tibetan side of Arunachal Pradesh. This side needs more specific development in road and power. In response to this a total of 2914 kms of Arunachal roads have been included in the SARDP-NE of which 245 kms in Phase-A and 2769 kms in Phase-B. Four laning of roads to be done in Phase-III. Connection of 27 kms Lumla-Tashigaon road with Bhutan has been approved. BRO will be starting work on this shortly. Next 21 kms proposal is under process of approval. SARDP-NE will provide two lane connectivity to all district headquarters in Arunachal Pradesh.

CM, Assam said in East West Corridor under NHDP and SARDP-NE, many stretches have been included. 670 kms of roads from Silchar, Halflong, Guwahati, Rangiya, Sriram etc been included. In SARDP-NE Phase-A 1048 kms of other important roads with a mix of two and four laning to be completed by 2012. This includes providing connectivity to Bhutan, Myanmar, Bangladesh and Arunachal Pradesh. In Phase-B 409 kms of roads of SARDP-NE has been included. This will connect all district head quarters by two lane which is to be completed by 2015-16.

Manipur – 137 kms of important road structure of Maram to Penam and Imphal-Silchar will be two lane, under Phase-A (2011-12). Imphal – Silchar road will be provided alternate connectivity of Manipur with rest of the region besides the existing connectivity via Kohima. 150 kms roads have been included in Phase-B. This will connect all district headquarters with two lane connectivity. Improvement of old Kachama road under economic importance scheme of Ministry will provide all alternative connectivity to Churachandpur and Moreh. Imphal-Moreh road out of 110 kms we are taking up 40 kms now. The structure of two lane standard this year and next to be taken up after completion of this road. The transition highways the total portion in India is 11515 kms out of that in Manipur 220 kms passes through. All length of transition highways in Manipur is being taken up for two lane connectivity i.e. from Imphal and Moreh under NHU and Imphal to Moreh under NHDP-III. NH-39 Senapati to Imphal stretch is in very bad shape and State PWD is requested to complete this particular sanctioned work. We are providing funds. Moreh to Maram is bad section. BRO to complete the project by March 2008. NH-150 Churachandpur-Tipaimukh 252 kms out of this 100 kms is bad. BRO already taken up repair works and this 100 kms BRO has been advised to expedite the project quickly.

Meghalaya – Under Phase-A 166 kms including Shillong Bypass (50 kms), improved laning and connectivity of Shillong with Guwahati (80 kms). Other important roads (166 kms Phase B 400 kms have been taken up to improve all the district roads with two laning connectivity. In Phase III Shillong to Raichara Section of NH-44 has been taken up. Sonapur landslide section is being improved. BRO has been asked to complete the project. This will permanently solve the problem of vehicle movement from Tripura, Mizoram and Barak Valley. 30 kms of Shillong-Nongchi of NH-44E funds sanctioned recently.

Mizoram – Phase A 102 kms has been considered to complete two laning of NH-54 and NH-154 to improve connectivity of Mizoram from both sides to be completed by 2011-12. Phase B 800 kms has been considered two laning connectivity to all district headquarters will be provided and for NH-54 and NH-44A for a shorter connectivity by two laning is provided. Champhai-Shelling road upgradation will be considered in this phase. The Kaladan road 117 kms Ministry is finalizing modalities of execution. NHDP-III four laning of Silchar-Aizawl in under process of sanction. Ministry is in final stage of sanctioning the repair of airport road at Aizawl. Minister of DoNER and MOS, Commerce has written twice and definitely this will be considered very shortly.

Nagaland – Phase-A SARDP-NE 88 kms have been considered to provide four lane from Dimapur, Kohima and two lane connectivity to Param i.e. district head quarters is being considered. In Phase-B two lane of NH 61 and NH 155 the entire length will be taken up. To provide two laning to all district headquarters. Rs. 24 crore to be provided to improve Kohima-Dimapur-Palette road to NH 39 and Rs. 40 crore is in the process of sanction all national highways under NHO.

Tripura – Phase A 330 kms provided for four laning of national highways for Churaibari to Agartala to Sabroom. Chittagong can be connected to Sabroom. Phase B 420 kms have been considered to provide shorter connectivity to Aizawl to connect all district headquarters to provide connectivity to tribal and backward areas to be completed. Tripura to be connected to Shillong by four lane under NHDP-III.

Sikkim – Sivok to Gangtok has been included in Phase A of SARDP NE and DPR is in progress. 80 kms will be entrusted to NHAI. Gangtok Bypass has been included under modified Phase A of SARDPNE. 25 kms PWD to prepare DPR. Two lane of Gangtok-Nathula and is in Phase A of SARDP NE. 62 kms estimate 43 kms included (Rs. 310 crore) BRO has not started work yet awaiting approval from Ministry of Environment and Forest. 233 kms road in Phase B to be considered for providing two lane to all four district headquarters.

Shri Pranab Mukherjee, External Affairs Minister

We should come out with solutions rather than indicating only problems which is the purpose of this meeting. The working season in this Region is November to March. There is a non-availability of contractors. Of course some work is being done by BRO. We should make the best use of this limited period for implementing the projects in the best possible manner in the Region. BRO and other agencies should be involved in the process and all the resources should be mobilised in an effective manner in the Region. I request you (Minister, DORTH) to workout a programme on how expeditiously work can be carried out for projects which have been sanctioned and for which funds are available. DoRTH should workout a crash programme. We can have a meeting with the concerned organization including contractors with the industry. We have to reduce the procedure. The working season is being utilised for procedure issues which delays the process and by the time the sanction comes the working season is over.

Shri Jairam Ramesh, MOS, Commerce

It is a general belief that Look East Policy has been like a bonanza to this country. But the policy has been of virtually of no benefit. Over the years exports to Malaysia has been three folds but the imports have become five times. In the last ten years, the Look East Policy has benefited the Eastern Countries more than India. Rate of growth of import has been more than the rate of growth of export. The position has been to some extent vitiated by palm oil imports. Benefits of Look East Policy have not been reaped by India leave alone the North East Region. India needs to generate more benefits from this Policy. We are on the verge of getting into a Free Trade Agreement with ASEAN. If we do not take remedial measures now, the FTA will end up benefiting only ASEAN countries. FTA is primarily on goods where the ASEAN countries have a competitive advantage and not in services where India has the competitive advantage.

There are primarily four specific points which need to be addressed with regard to the North East and the Look East Policy. The Ministry of Commerce has identified 13 Integrated Check Posts and Land Custom Stations (LCS) for upgradation. These are seven LCS on the Indo-Bangladesh border, one LCS in the Indo-Myanmar boarder at Moreh, four LCS on the Indo-Nepal border and one at Nathula. However, there has been no progress in towards improving their infrastructure. The important LCS are at Raxaul, Petropole, Moreh. The development of these LCS should be put on a fast track. M/s RITES undertook a study and they have projected that if these trading points are developed and encouraged it will go a long way in turning out development catalyst. The total cost for their upgradation has been projected at Rs. 800 crore. The Public Private Partnership (PPP) mode is being considered for this. The studies have been done by Government of India borne funding. We should get budgetary allocations in the XIth Plan projects.

Its not border trade that we are dealing with it's the trade at the borders. Allow normal trade at border, this will lead to economic activities. Get out of the restrictive approach and have MFN trade.

There was no mobile connectivity earlier upto 10 kms range of border trading centres, but now the range have been reduced to only 500 meters and BSNL is handling the operations.

More emphasis is given for connectivity to Bangladesh, Nepal, Myanmar side than to the Indian side. We should emphasise more on the Indian side of roads also as there is a still a large scope of development there. Agencies such as BRO should be allowed to do ground work and they should be given ample flexibility to do effective job. Substantial upgradation, additional equipment, staff etc. should be provided.

Viability gap funding is required in civil aviation sector. Feeder airline for the Region. Intra connectivity through air to be improved. More and more investments should be attracted in this sector in the Region both government and private.

More Foreign Direct Investments should be allowed from Bangladesh and steps should be taken to remove these countries from negative list.

Look East Policy should be focussed on for development of information technology sector in NER. 10% of recruitments in IT sector in the country are from the NER but there is no investments in the Region in this sector. Efforts should be made for investing more in IT sector in the Region and to develop the region as IT Hub for the South East Asia. Tata Consultancy Services in Guwahati and GE in Shillong have started their operations.

Shri Ashwani Kumar, MOS, Industry

If Look East Policy has to deliver we need to create physical infrastructure so that the potential of the NE is utilised. NEIIPP 2007 has been formalised and it has removed the anomalies. Its still too early to speak about its achievements. There is a wide section of acceptability of the policy. It will spur economic activities.

There is a backlog of Rs. 629 crore for the North East. We have requested for these funds. This issues needs to be addressed for wholesome development of the Region. Allocation for fiscal incentives under NEIIPP 2007 is Rs. 89.99 crore as against estimated Rs. 257 crore. Transport Subsidy. The total XIth Plan requirement is of Rs. 2500 crore as against Rs. 89 crore yearly. This is Quite a large gap. Rs. 1700 crore for Transport Subsidy, Rs. 500 crore for capital subsidy, Rs. 250 crore for interest subsidy, company insurance Rs. 50 crore. We need funds for all this. Don't hold the policy to stale to lengthy government procedures. In Meghalaya the stoppage of mines is under subjudice of Supreme Court. All this should be stopped. Law and order to be strengthened to implement policy properly. Connectivity should be strengthened for goods etc. biodiversity should be explored for external and internal benefits.

Representative from Planning Commission

Maintenance of roads etc. to be considered. Planning Commission is considering for setting of Maintenance Funds for States.

C.A. policy may come. Like in Arunachal Pradesh if CA improved other sectors can be invested into like power. Not only for tourism purpose but transportation of finished goods and raw materials needs to be improved.

Manpower availability for implementation work is inadequate. Setting up of lot of CRI been set up to get dedicated staff.

Improvement of banking sector services in NE for Financial transactions and can make use of IT-enabled services to further strengthen the banking sector in the Region. This should be substantially stepped up.

Skill development is needed. Investment should be made in skill development centres, specially in NE. 15000 skill development centres been announced by PM in XIth Plan across the country and NE should take advantage of this.

Web based trainings should be provided and investments should be made in web based goods and products.

Shri Mani Shankar Aiyar, Minister, DoNER

On behalf of the North-East community represented by the Chief Ministers, Minister DONER, thanked Minister External Affairs for having accepted the proposal made at the last plenary meeting of the NEC in Aizawl in May that such a meeting be convened between the principal Ministries of the Union Government and the Chief Ministers to consider the Look East Policy in the context of the North-East. He made the following observations as his summing up remarks.

Mr. Ravi told at the start that the Look East Policy which is now close to 15 years old is to be seen in the context of four large movements; the India-ASEAN construct; the India-BIMSTEC construct; the India-MGC construct and the East Asia Summit. We would more than happy to look at all these construct from the point of view of the North-East, but it would be generally agreed that whatever benefits or otherwise that had come to India from the Look East Policy, the dividends for the North-East has been virtually nil. That is why we greatly welcome very first statement that new inputs are now needed from the Union Ministries and State Governments concerned as to how to make the Look East Policy relevant to the North-East. And in doing so, as has been particularly stressed by one or two of our Chief Ministers, the key problem for the North-East is its geopolitical isolation. Both from much of the rest of India as well as from almost of all of its immediate neighborhood. That is the crux of the problem. And it is in that sense that if the Look East Policy enables the Region to break out of its prison, then and then only could the development of the North-East be assured and the potential of the North-East as underlined by the Hon'ble Home Minister is so enormous that if we enable the North-East to break out of its geopolitical isolation we might well see the NE the arrowhead of sustained double-digit growth for the country as a whole. The returns to India as a whole of just enabling the North-East to break out of its shackles are so great as to warrant our putting in these new inputs to provide at this meeting. An imaginative leap in foreign policy, in defense policy, in internal security policy and in international trade policy is need for us to enable to break this shackle.

In term of foreign policy, as underlined particularly by the Chief Ministers Mizoram, Assam and Meghalaya, our single biggest problem is that with the partition of India in 1947, first East Pakistan and now Bangladesh have become like a bone in our gullet. Unless there is a dramatic improvement in our relations with Bangladesh, this isolation of the North-East cannot otherwise be overcome. And yet, the nature of our foreign policy relationship with Bangladesh has been that it gets caught up in all kinds of reciprocal requirements, which might serve the larger interest of India's foreign policy but are extremely detrimental to North-East India. Therefore, unless we are to find out what are the *quid pro quo* that Bangladesh would demand for this isolation of the North-East from the rest of India to be broken, we do not even began to attack the fundamentals of the problem. That is why we have suggested at the end of our paper that even as we took the initiative, with the blessings of the Foreign Ministry to go all of us to Thailand and try and provide a link between the North-East and Thailand, the gateway to ASEAN. In a similar way, we could be permitted to visit a much more sensitive state of Bangladesh but unless and until we can thoroughly rethink how we need to promote our relationship with Bangladesh and what are the concessions we would be prepared to give to Bangladesh in order to

secure advantages, collectivity advantages particularly for the North-East, we will not be able to solve the problem.

As the Chief Minister of Arunachal Pradesh pointed out –out of an international frontier of 1800 km, as much as 1100 km lies with the Tibetan Autonomous Region of the People’s Republic of China actually, East Asia begins to the north of Arunachal Pradesh. Unless and until we are able to allow Arunachal Pradesh to treat the Tibetan Plateau as its natural economic hinterland, we will not enable Arunachal Pradesh to take its due place in the sun. And this requires an imaginative leap in foreign policy which we would very strongly urge. Particularly, in the light of a point that is rarely made overtly in India but could be made within this room is the one that the Chief Minister of Arunachal has made that nearly a third of the families, that is about two lakh people in Arunachal Pradesh have relatives across the border in Tibet. The fact that Tibet is progressing dramatically is not a secret in Arunachal Pradesh. If we are going to retain the willing loyalty and cooperation of the people of Arunachal Pradesh, we can not deny Arunachal Pradesh the development in the name of security and defense considerations which are not clear to the people. This applies also to Sikkim since it has considerable trade potential with China through Tibet and therefore, this imaginative leap in foreign policy will once again require imaginative leap in security, internal security policy and external security policy. This are not the matters that can be discussed in this restricted group but it is urged that the initiatives need to be taken in doing unconventional things with respect to Bangladesh and Tibetan Autonomous Region.

The two other countries which are crucial to the development of the North-East are Nepal and Bhutan. With both of them we have very good relations and with Bhutan there is not a country in the world with which we had such excellent relations as we do with Bhutan. There has been such slow progress in putting in place the infrastructure that is required to give economic benefits to the North-East for its trade with Nepal. This is particularly for Sikkim. And trade with Bhutan, particularly for Arunachal Pradesh and also for Sikkim. So in these circumstances, we really do need a kind of taskforce that would be able to recommend and push through very major departures compared to the situation that obtained earlier. It is possible to do this now. For example, where the External Affairs Ministry stood so firmly in the way of the Myanmar-Bangladesh-India gas pipeline coming; now the Prime Minister’s Office is asking the Petroleum Ministry why we aren’t making progress on that line. The change of government in Bangladesh and the initiative recently taken to visit that country that a breakthrough in the relationship with Bangladesh might be possible. That puts the whole of southern Meghalaya that borders Bangladesh and that of Tripura, which has been cut off from its natural connection with the whole of the Bengali speaking world as a result of the behavior of Bangladesh for the last 35 years and East Pakistan for the last 60 years. These problems require a foreign policy solution and therefore, an interface between the DoNER Ministry and the External Affairs Ministry and through the DoNER Ministry with all the States of the North-East need to be institutionalized and strengthened.

Myanmar is the common border country for virtually every State of the North-East. Unless we are able somehow to not only develop our links to Myanmar but also through Myanmar at our own expense, we are not going to be able to reach out to South-East Asia. We just won’t be able to get there unless we can get through

Myanmar. Getting through Myanmar is through land contacts on the one hand and the sea contact on the other. The progress with regard to our using the Kolodyne River or the Kaladan River to get through to Sittwe Port or Akyab Port has been painfully slow. It has taken ten years to move from conception to where we have got just now. Even now it is not satisfactory. We have been talking to the Ministries concerned and if we can give a special push to this, then the Akyab bypass is a way of getting to Chittagong. They will not give us Chittagong until we are able to show them that we have an alternative. The moment we show them we have an alternative; the Bangladeshis will realize that they are losing so much by not allowing us to use Chittagong that things will open up. The connection between Mizoram and Chittagong and other things will automatically open up. Equally we believe that using Ashuganj is entirely possible if we can do a deal on Silghat. If the Bangladeshis are asking for Silghat, if we can link it with Ashuganj, then automatically the Barak River becomes a major international highway/ waterway. Similarly, if we can encourage Thai-India cooperation for the development of the Brahmaputra, then in the Padma part of the Brahmaputra as we go from Bangladesh into West Bengal, through Bangladesh into West Bengal, we may be able to get all those improvement that are required to get it going. These are the kind deals which we need to make in a much more imaginative way keeping in mind foreign policy, defense policy and internal security policy requirements.

On international trade side, we are very fortunate to have Jairam Ramesh taking as much interest as he is in the North-East. He has flagged those key points and it is the question of understanding that the financial and other parameters of development of the North-East are very different to the rest of the country. To have to go on battling the question of PPP, questions of fiscal deficit, questions of revenue deficit is getting to be a very painful exercise. We have a situation where there is a right of the North-East States to get all the unspent money of the 10% GBS provision. But 4000 crore of it has been diverted to support the Union Ministry's budget deficit because it is not allocated to the DoNER Ministry. We get a tiny proportion of what is an entitlement of the North-East and since our NLCPR money can only be spent in consultation with them, it is very embarrassing for us to have to keep telling them that they can't have it because there is no budget allocation. It means in effect that they are being deprived of their entitlements. Similarly, grand declarations have been made and the law has been changed to make the NEC the regional planning body from having being the regional planning advisory body and their budget is not increased and with the result that project which need interlinking between different States of the North-East are simply not being financed. And equally the Ministry of DoNER has not been playing its proper role in the past. It has become the Ministry for the NLCPR, which is a very small proportion of our work. We should be the Ministry for the Development of the North East Region. Which means that we should be intimately involved with all aspect of development of the North-East Region. We need to function, in Foreign Service terms, as the Embassy of North-East to the Delhi. If we can do that, then the NEC could function as the Embassy of the Delhi to the North-East, subject to the North-East Chief Ministers appointing really senior responsible permanent representatives to Shillong instead of trying to get rid of their worst officers by sending them off to Shillong. We would then be able to integrally develop this entire region. Those are the kind of new inputs which we would suggest.

In regard to many of the specifics, what we have done in the course of last year, we held eight Summits of the North-East Chief Ministers covering the subjects of power, roads and highways, inland waterways and flood control, tourism, air connectivity, rail connectivity, IT connectivity, Education and Culture, Sports and Arts. We have put all these together and we are in the process of issuing the draft Vision 2020 document, possibly by the end of this month. So what the Hon'ble Home Minister asked for short term plans, medium plans and long term plans right the way through 2020 are available in a central place in the Ministry of DoNER. It is now just a question of ensuring implementation by one, shortcutting procedures which are terribly long. Secondly, by strengthening the technical wing of the Ministry of DoNER so that we are not sending loads of paper to for instance Shri Baalu's Ministry when the same officer has to deal with the whole of the country and therefore, cannot possibly give the kind of priority to the North-East which if we have to have officials in my Ministry to look at before finally getting a clearance from Mr. Baalu, we would be able to do. There is a tremendous strengthening required of the Ministry of DoNER to play its role as the Ministry for the Development of North East Region and not just as the disburser of the funds of the NLCPR and equally strengthening the NEC in Shillong in order to be able to do this. In this context, we were very pleased to learn that Mr. Armstrong, who is sitting opposite me has been appointed by you to run the Branch Secretariat in Guwahati. We are going to work out institutional arrangements for very strong link between Mr. Armstrong's office in Guwahati and the NEC Secretariat in Shillong so that this Look East Policy can be actually promoted on a day-to-day basis looking at all these aspects of foreign policy you have mentioned.

When it comes to things like tourism, we have taken a lot of initiatives. A number of the points that have been made by the Home Minister, in particular have been taken on board by us. We are trying to promote these things but we find these inter-linkages between connectivity and promotion, promotion and identification of sites, identification of sites and RAP, RAP and PAP, these are all inter-linked one with the other. It is by cutting the body and not at some point that we can move but we accept that all these needs to be done.

For air connectivity, we are at a very advanced stage of establishing a dedicated regional airline of the North-East. We have already got 226 flights between the rest of India and the North-East. The connection between the rest of India and the North-East is now no longer a problem. The problem is with connectivity within the North-East Region and for that as per the plans we had prepared along with IL& FS, we hope to reach 500 connections per week within the North-East within the next two years and to launch the regional airline by the 1st of July 2008. As it will not get fully operational by the end of next year, we have continued our contract with Alliance Airline till end of 2008. The bid documents are out and we are expecting the bids to come in by the end of the next month. Decisions will be taken on it very soon. Equally for the airports, making 12 of them operational in the immediate future is a high priority but we hope that by the end of the XIIth Plan, we will have as many as 50 airstrips in the North-East operational. We would like to stress that it is not necessary to have airports everywhere, nor is it necessary to have service everywhere. So we have incorporated air taxi services in our schemes and Mr. Rio, the Chief Minister of Nagaland is Chairing a group which is going to make recommendations to us on the provision of helicopter services in the North –East.

So all these connectivity issues have been weighing with us very great deal. It is on the roads that we are really still very distressed. The intentions are superb. The NHAI is going to be spending 50,000 crore rupees in the XI and XII plan in order to build Highways in the North-East. Almost all of this is in the next phase, not now. Equally if you take all the different agencies the BRO, PMGSY etc. then 50,000 crore rupees have been earmarked now for the XI Plan itself. So in a sense what Mr. Chidambaram says is right that there is no lack of funds, but there is a serious lack of absorptive capacity in the North-East. This absorptive capacity problem in the North-East is not going to be solved in the near future by having training courses and so forth. There is a need for huge addition of capacity to absorb which is why we took so many infrastructure companies with us to Bangkok in the hope that excess capacity in infrastructure available in Thailand could be induced to coming into our country in order to get going. We made a good beginning there but unless these problems of RAP, PAP, these kinds of things are resolved there is going to be a certain mental reservation over it.

With respect to the situation of law and order and security issue that was underlined by the Hon'ble Home Minister, in addition to the steps he strongly recommended, namely, that States must expand their police forces, must fill in all their vacancies and must make demands on the Union Government to send more forces as and when required, you must ensure that security is provided. The kind of stand-off we have between the Railways and the government of Manipur over Jiribam for instance is a kind of unfortunate things which one shouldn't have happened. There should be a resolution. We need to undertake a massive programme and we need lots of money for that to show the country that 95% of the North-East is completely safe. The best job in the world to get is a policeman in Sikkim. Because 90% of their police stations never record an FIR through the year. It's much safer to be in Sikkim than to be in Delhi. This is largely true of Meghalaya. It's entirely true of Mizoram, now that the leader of the terrorist has been made the Chief Minister of the State, we don't have a problem over there. 95% of Arunachal, except that bit of Changlang and Tirap, which are adjacent to Nagaland, are completely safe. Tripura's record in the last five years, I can't say this in a Congress meeting, has been stunning. It really improved the situation there. In Nagaland, as Chief Minister Rio tells us that it's dangerous if only you are a Naga because it is the Nagas who are killing other Nagas. As far as non-Nagas are concerned, they are completely safe in Nagaland. In Manipur too, there are improvements that are being effected. Somehow the message has to be got out that the North-East is not a security problem area as may have been the case some years ago and that vast portion of the States are in a good state. In Assam, the Bodoland Accord after the Mizo Accord of 1986 is one of the most remarkable examples of how political problems such as those mentioned by Mr. Rio can be solved and while there are certain parts of Assam which I think are still sub-optimal in terms of law and order, there are many other parts which seem to be perfectly alright. So we need to get the message out abroad as well as here.

Unless we can get in a lot of FDI or at least technical assistance and management assistance, this absorptive capacity problem is not going to be solved. Because Mr. Baalu is doing so much work everywhere in the country that all our big companies pick up big contract in Thirunalveli why on earth should they go and sit in Phek or Tuensang. So they are the Indian companies who are not coming. But we did get a fairly good response in Bangkok. We got a good reaction in New York. If we

can do a few more of this, going to Malaysia for example, going to Singapore, to Dubai, we may be able to attract that kind of foreign participation which would then induce Indian participation to take place. Certainly our Third Business Summit generated 128 expressions of interest of investment in the North-East. Investing in the North-East in science and technology is very important and a proposal has been made by Sikkim that we should have a National Mission for medicinal plants and herbs. Perhaps it could be expanded to what Home Minister has suggested that we should have a National Mission on the genetic wealth of the North-East. That is undoubtedly true and given the advances they made in organic farming. Attempts are being made through NEC and DoNER to tackle these problems along with the Planning Commission. But there is inadequate interaction among the Union Ministries themselves. Some of those which the representative of the Planning Commission has just said surprised me because these should be part of our common pool of knowledge and they aren't. Like the ones on air connectivity for instance. So we need to expand the involvement of the DoNER Ministry with all the Ministries concerned to make it the Ministry for the Development of the North-East and up in the NEC, it should become a major area for regional planning as provided for North-East.

We could meet once every six months and have an institutional arrangements whereby the External Affairs Ministries' several divisions connected with the North-East Region could interact with the Ministry of DoNER and the NEC so that these issues of the Look East Policy could be dealt with on a continuing basis and keep reporting back once in perhaps six months.

Closing Statement by Hon'ble EAM

Thank you very much for your views. This has been an extremely rich and fruitful discussion. A number of important points have been made on different aspects of the subject matter under discussion today. I have taken note of the issues raised by all of you.

Physical infrastructure, or the lack of it, is a point that has been made by almost all the Chief Minister. Clearly, for the North Eastern Region to benefit from GOI's Look East Policy, adequate physical infrastructure, especially in the field of travel, is of the highest importance. Also, to make travel itself easier in the North Eastern Region, I would request my colleagues, the Hon'ble Ministers of Home and Defence, to personally look into the matter and make the permit system more user-friendly.

In line with the Finance Minister's observations and various issues raised by the Chief Ministers, I would also like to stress on the urgency for capacity building in the North Eastern States and for the implementation of projects without time and cost overruns. I am sure that my friends, Shri Mani Shankar Aiyar and Shri Jairam Ramesh will look into the specific issues raised by the Chief Ministers and set up a mechanism for vigorous follow up.

From the perspective of the Ministry of External Affairs, let me make a few brief points:

1. First, as part of our Look East Policy, certain diplomatic and political structures and arrangements have been put in place in the last 15 years. These have shown positive results, but not specifically for the North Eastern States. We will now focus more sharply on the North Eastern States.
2. Second, we now have to convert diplomatic initiatives into commercial opportunities that are to our advantage. It is economic diplomacy that will now have to move centre stage. For this purpose, MEA is keen to work in close cooperation with the Ministry of Development of North Eastern Region, the Planning Commission, all economic Ministries and the State Governments.
3. Third, we need to strike a very fine balance between the economic development needs of the North Eastern States and our security imperatives.
4. Four, we are looking at new paradigm of development where our foreign policy initiatives blend seamlessly into our national economic development.
5. Five, physical connectivity emerges as the crucial issue which needs out immediate attention. Our desire to cooperate with neighbouring countries including Myanmar and Bangladesh to enable more efficient transit stands firm. We would be making all efforts to ensure that our objectives are achieved as quickly as possible. In this regard, whether it is the Bus service from Kolkata to Agartala, or transit trade, or the implementation of the Kaladan project – all these would receive our undivided attention so that the benefits accrue to the North Eastern States as early as possible.

6. Six, in addition to land connectivity, sea-bound connectivity between the Eastern coast of India and the countries of South East Asia is equally important and would need to be enhanced.
7. Finally, in terms of infrastructure, the construction of hydro-electric projects in Bhutan and their contribution to the stabilization of the Eastern Power Grid is well-known. The North Eastern Grid is another network that we would like to see benefiting similarly with the establishment of more power projects in our neighbouring countries.

Let me than all of you for participating in this meeting and contributing your ideas and views. We intend to make this a continuing exercise and I hope that the concerned Central Ministries will take concrete steps in close cooperation with the State governments to ensure operationalization of various schemes and projects in a time bound manner.

Thank you.

**ADDRESS OF CHIEF MINISTER, ARUNACHAL PRADESH FOR
MEETING WITH EXTERNAL AFFAIRS MINISTER**

Hon'ble Union External Affairs Minister, Shri Pranab Mukherjee Ji,
Hon'ble Minister DoNER, Shri Mani Shankar Aiyar Ji,
Hon'ble Union Ministers,
Hon'ble Deputy Chairman, Planning Commission,
My Esteemed Chief Minister Colleagues of Northeastern States,
Secretary DoNER,
Ladies & Gentlemen,

At the outset, I would like to commend the efforts of Hon'ble Union Minister of DoNER Shri Manishankar Aiyar Ji for identifying the problems of Northeast Region borne out of its isolation and lack of infrastructure and his untiring efforts to resolve them. This meeting on 'Look East Policy', which has been in existence for over a decade but having given no benefit to the Region so far, is a welcome step and demonstrates sincerity of the present Union Government. We are grateful to Hon'ble External Affairs Minister Pranab Mukherjee Ji for emphasizing the need of conducive foreign policy for economic growth of NE States.

2. Arunachal Pradesh is a mountainous, frontier and the biggest state of the North east India area-wise. It has long international boundary with Bhutan (160 Km), China (1080 Km) and Myanmar (540 Km) with whom, admittedly, we have had somewhat strained relations. The State has not air and rail connectivity. Mobile telephone service which was introduced in my State in the recent past is also woeful. It is high time that the said policy is reviewed to replace it by a result oriented concrete policy document. By now it is clear to all of us that lack of proper air and rail connectivity, telecommunication facility, basis infrastructure and above all the poor perception of internal security in the Region is a big dampener on investment by potential investors. We have to address all of these issues categorically while reviewing the policy on 'Look East'. It is in this context that I view this meeting as a welcome step and would like to thank Hon'ble Minister External Affairs and Hon'ble Minister DoNER for their initiative.

3. The Government of Arunachal Pradesh has been emphasizing the need for re-opening and re-establishing of ancient order trade links with countries like Myanmar, Bhutan and China. From time immemorial, the people of Arunachal Pradesh living in the borders areas have had trade relations with the people across the borders and even today informal trade through Pangsus Pass (Indo-Myanmar) and Bleiting & Dongshengmang (Indo-Bhutan) are taking place. Arunachal Pradesh is one of the mega biodiversity hotspots of the world and with its given natural beauty it also has the potential of becoming one of the hotspots of nature tourism. If supporting infrastructure is put in place, internal security of the Northeast Region and its relations with bordering countries are improved and proper trade corridors are created, the entire Northeast Region will turn itself into a hub of commercial activities.

The Government of Arunachal Pradesh has proposed the following border trade point/ centres:

1. Pangsus Pass (Nampong) in Changlang district (Indo-Myanmar border).
2. Bleting (Namstering)/Dongshengmang in Tawang district (Indo-China border).
3. Kenzamani (Zemithang) in Tawang-district (Indo-China border).
4. Bumla in Tawang district (Indo-China).
5. Gelling (Kepangla Pass) in Upper Siang District (Indo-China border).
6. Kibithoo in Anjaw district (Indo-China border).
7. Mechuka (Lolla Pass) and Monigong (Dumla Pass) in West Siang District (Indo-China border).
8. Takshing in Upper Subansiri district (Indo-China).

4. Most of these trade routes have already been inspected by the DGFT and the Customs. We would appreciate if a decision finalizing the opening of the proposed trade routes is expedited.

5. All our efforts to facilitate the potential traders and tourists are stonewalled by the prevailing provisions of law under which entry into the State is restricted by virtue of my State being declared as a Protected Area. In the recent past, my government had initiated proposals to liberalise existing restrictions. We had written to the Government of India to extend tourist circuits and allow new circuits to cover all the districts. Owing to the time taken for accessibility to most circuits, it was also proposed to allow international travellers to remain in the State beyond 10 days as currently prevailing. Further, to encourage international travellers, my government had also proposed that the restriction for travelling in a group may also be lifted. Government of India has a better perception of the geo-political situation vis-à-vis the north-east and therefore it should come out with clear cut guidelines on these issues. If the said restrictions are not lifted, our initiative to transform the economy of north-east region by creating conducive conditions for commercial activities shall remain a pipe dream.

6. While we join the rest of the country in celebrating the turn around of the Railways, we rue the fact that Arunachal Pradesh is yet to have rail connectivity.

7. I would like to reiterate our long pending demand of extension of Railway link from Ledo/Lekhapani in Assam to Nampong via Jairampur in Arunachal Pradesh. Jairampur is the Sub-divisional HQ of Changlang District, which is bestowed with plenty of natural resources. Coal, Oil and Plywood are the main produce of the area which are marketed and transported by road or brought to the nearest railhead about 40 km away at Ledo/Lekhapani in Assam. The area also yields considerable quantity of surplus agricultural. But in absence of cheap mode of transport like Railways, farmers of Changlang District are deprived of remunerative price for their produce. Besides, the area has many favoured tourist destinations like Namdapha National Park, frequently visited by tourists from foreign countries and Parasuram Kund, a holy 'kund' visited by pilgrims from as far places as Nepal.

8. Changlang District though abundantly resource rich, inhabitants are income poor. Because absence of rail link to the area does not allow its resources to be converted into goods and services effectively.

9. Kindly help Arunachal Pradesh in overcoming its communication bottleneck by establishing rail link at least in Changlang District to pave the way for economic development of the area.

10. I may mention here that in response to the letter of Speaker, Arunachal Pradesh State Assembly, who hails from Changlang District, Hon'ble Minister of State for Railways, Government of India vide his letter No. 2007/W-1/NL/NF/8656 dated 25th July, 2007 informed him that Railways would be requiring about Rs. 60,000 crores to complete the projects already on anvil and finding it difficult to meet up the requirement.

11. You would appreciate that linking a distance of about 40 km. by rail between Ledo/Lekhapani in Assam and Nampong via Jairampur in Arunachal Pradesh would be requiring small amount of funds but the benefits that would accrue to the people of Changlang district would be huge.

12. In case the Ministry of Railways is not in a position to fund the Ledo/Lekhapani-Nampong Rail Project, I would request DoNER to find a way out for funding this important project.

13. The 'Look East' policy, *inter alia*, aims at restoring road and air connectivity between the north-east India with its neighbours in south-east Asia namely Bhutan, Myanmar, China, Thailand, Singapore etc. It is worth recalling that the famous Stilwell road existed in ancient times connecting north-east region of India Myanmar through Kunming in Yunnan province of China. This road had established trade linkage between these countries.

14. The Government of India has taken some initiative in improving the road connectivity on Stilwell road from Ledo in Assam to Pangsau Pass on the Indo-Myanmar border. But the efforts are not adequate.

15. The road connectivity as proposed above will lead to a boom in trade, commerce and marketing of goods of merchandise. In addition to this Arunachal Pradesh would also benefit from Myanmar with resources such as timber, stones, gems, jade and it will lead to employment generation in both the countries. Various items like coal and power may be traded besides cereals and other consumer goods.

16. During his visit to Along at the time of the Siang Festival, Shri Jairam Ramesh, Hon'ble Minister of State for Commerce had assured that concrete steps would be taken to operationalize the 'Look-East' policy. In the background of the above, I would request DoNER to kindly take up the matter with Government of India for early operationalization of the 'Look-East' policy so that the north-east may benefit from the south and south-east Asia.

17. I hope this meeting will pave the way in finding pragmatic solutions to overcome the difficulties being faced by the north-east in its quest to reap the benefits as envisaged in the look east policy.

THANK YOU

**SPEECH OF CHIEF MINISTER, ASSAM FOR MEETING WITH
EXTERNAL AFFAIRS MINISTER**

I congratulate Union Minister for External Affairs, and Union Minister for DONER for organizing this meeting on the issue, which is of immense importance to the North East. Prior to India's Independence, the NE region had markets spanning into the countries of Myanmar, China, Bhutan etc. My State had seen its industrial growth during British colonial days in sectors of tea, plywood, coal, oil and hydrocarbon. Railway connectivity, Inland Water Transport system and road connectivity with South East Asian Countries during World War II times had been properly established. Firth North Eastern Railway line connecting Dibrugarh & Saikhowa ghat was established to bring the exportable tea and plywood products to the steamer ghat of Dibrugarh on the bank of river Brahmaputra. The mighty Brahmaputra served as an Inland Water Transport route from Dibrugarh to seaport in the Bay of Bengal. Exportable goods and other merchandise goods were sent through this route to various parts of the world, particularly to Europe. On both the sides of the river Brahmaputra steamer ghats were established and townships grew near these ghats, important among them are Dibrugarh, Nimatighat, Silghat, Tezpur, Guwahati, Dhubri etc. With the dawn of Independence all these traditional markets were lost leaving the entire NE Region virtually landlocked with 98% of its borders with not so friendly countries. Distance between Guwahati to Kolkata used to be 587 Kms as against 1300 Kms now. Similarly the distance between Agartala to Kolkata used to be 350 as against 2000 Kms today.

Today, it surprises one to find Assam in pre-industrial stage. The State today experiences unique economic problems arising out of remoteness and poor connectivity, weak financial resource base, poor infrastructure, shallow markets and natural calamities shattering the entire economy of the State from time to time. In 1947 Assam was the State with 2nd highest per capacity income in the country but has slipped a number of steps backward in the last six decades owing to these reasons. Though we have been investing enough funds from State Plan and other resources, the situation is still not satisfactory. From the funds received from the Ministry of DoNER, we have invested 11% of the total approved cost in the power sector and 37% in the road sector. The funds received from NEC, to the extent of 18% are utilized for the development of roads. During 11th Plan period 9.8% of the plan outlay is proposed for power development and 13.7% for the development of communication. On the other hand, 11th plan outlay provides for 21% for agriculture and allied activities including irrigation and flood protection.

Imprisoned within a closed space, this region had been subjected to various limitations by the country's internal security as well as foreign policy. Not to speak of direct foreign investment, even in the early few years of liberalization of economy of India, a foreign tourist had to obtain a restricted area permit and he was allowed to move only around the spot or area where he was permitted to visit. A foreigner visiting his family member working in this part of the country had to confine only to the premises of the family member's house. A group of tourists visiting Assam or North East could not cross the numbers as specified by the Government.

Government of India's new Industrial Policy (NEIIP 2007) and Look East Policy seek to open doors to domestic and international investors and thereby

endeavour to boost up the economy of Assam and North East through international trade and business by removing trade barriers, opening the frontiers and providing road, road and air connectivity. These will certainly remove the geo-political isolation of Assam from rest of India. For us in the NE region, Look East Policy is perceived as a single most hope for breaking out of isolation. Considering near deadlock in the WTO, our hopes lie in the Regional co-operation with our neighbouring fast growing economies of South East Asia.

We do have existing arrangement whereby some items are exported/imported to and from Bangladesh through both river and land routes. Present scales of operations are not attractive enough for private sector to create world-class facilities. Considering the need to promote trade from NE States Hon'ble Prime Minister had appointed a Task Force on Connectivity and Promotion of Trade and Investment in NE Regions. The Task force has given very important recommendation. Our hopes of developing vibrant trade and commerce will be belied unless we work in tandem with Foreign Policy interventions and put in place required infrastructure and trade friendly procedures and practices. Given the time constraint I would like to place following for immediate attention.

1) **Development of connectivity**

a) **Development of ASEAR highway**

The road connection to South East Asian countries is also available along ASEAN highway network that can be assessed from the existing NH 39 & NH 36 of Assam through DIMAPURT – KOHIMA – IMPHAL to reach Myanmar at the Border town of Moreh. This needs to be developed expeditiously.

b) **Development of NH 153 (Stillwell Road)**

Re-opening of Stillwell Road linking NER to **Kunming**, the capital City of Yunnan Province of China, through Myanmar will greatly boost economy and trade activities from the region to South East Asian countries. The Myanmar portion of this Highway needs to be developed so that the plywood and other timber-based industries of Upper Assam can be revived. The Stillwell Road should also be hooked to the Trans Asian highway at Mea-Sot on Thailand border.

c) **Connectivity to Bhutan & Tibet**

The NH 152 from Assam is a direct link to the Royal Kingdom of Bhutan. The NH 152 is being developed as a two-lane highway at present. Therefore there is ample scope of establishing good road connectivity from Bhutan and beyond, to Tibet Autonomous Region (TAR) which will open up trade and commerce and other new economic activities.

d) **Connectivity to Bangladesh through NH 51, NH 40, NH 151, NH 44**

NER has 3 (three) distinct national highways connecting the capital city of Bangladesh i.e. Dhaka. The routes are

- a. GUWAHATI-JORABAT-SHILLONG-DAUKI-SYLHET-DHAKA.

- b. GUWAHATI-JORABAT-SHILLONG-KARIMGANG-SUTARKANDI- SYLHET-DHAKA
- c. GUWAHATI-PAIKAN-DALU

Development of the above routes will be very beneficial for international trade and commerce, industry, and will also create new employment opportunities.

e) Connectivity with Tibetan Autonomous Region

The NH-52 connects north bank of Brahmaputra to Arunachal Pradesh. This road can be further development and extended to Tibetan Autonomous Region.

f) Improvement of Railway Connectivity from NER to neighbouring countries

The possibility of having a Broad Gauge railway connectivity with Bangladesh through GOLAKGANJ of Assam may be explored for economic reasons. The three railway networks namely – NEFR of India, North Railways of Myanmar and West Railway of Yunnan, are closest to each other at Ledo (Assam), Myitkyina (Myanmar) and Dali (China). These three networks can be linked to each other by building Myanmar-India Railway and Yunnan-Myanmar Railway, the former one from Myitkyina to Ledo, being about 480 km long and the latter one from Dali of Yunnan to Myitkyina of Myanmar, being about 520 km long.

g) Development of Brahmaputra waterways

The Brahmaputra (NW-2) and Ganga (NW!) are interconnected through waterways in Bangladesh and Sunderban providing an integrated waterway of 3650 Kms from Allahabad in UP to Sadiya in Assam. An Inland water transit and trade protocol exists between India and Bangladesh. The existing protocol is extended from time to time in adhoc manner. There is need to have a long-term protocol which will enable the development of required infrastructure of vessels and night navigation devices etc. by Private Sector.

Silghat in Assam is likely to be declared as a port of call for evacuation of petroleum products from Numaligarh Refineries and destined for Bangladesh. In return, Bangladesh should declare Ashugang as a port of call.

h) Development of Airways

Creation of air circuit between Assam as well as North East and Bhutan, Nepal, Bangladesh, Myanmar, Thailand, Singapore and China will help increase export and tourism from Assam. Some of the International flights can introduce stopovers at Guwahati and some of the flights can be extended to Kunming and Yangon from Guwahati

i) IT & Telecom

Guwahati city needs to be projected as ITES and IT gateway for which the world class IT Infrastructure is the need of the hour. The present gateway at Kolkata is extremely busy and for better connectivity another gate way is North East, preferably at Guwahati, having linkage with South East Asian countries directly, is desirable.

2. Development of Infrastructure within North Eastern Region

While the connectivity with the region beyond North Eastern States is developed, a number of other activities would required to be undertaken to develop infrastructure within the region.

a) To begin with an assessment of the export potential of the region will have to be made through a planned market survey in the neighbouring countries as well as the export potential of the North Eastern States. The identified export potential will have to be developed and utilized.

The capacity building for the entrepreneurs, who will be involved in Import-Export business, is of importance and steps should be taken to provide facilities for the same.

b) Critical Road/Bridges connectivity from the export-oriented units to the nearest National Highway/River port will be required to be developed. To develop Tezpur-Tawang Tourist circuit a shorter cut road from Tezpur to Tawang could be developed. Connectivity to all the important places of tourism interest could be developed with the main Air, Railway and Road networks.

c) These units will also require stable and quality power supply for which necessary infrastructure to augment existing generation, transmission, distribution will be required. Government of India should allocate adequate quality of Power from the upcoming hydro projects in Bhutan to Assam as a mechanism of regional resource sharing.

d) Considering the immense scope for export of medicinal herbs, processed food adequate facilities for research and development will be required for efficient utilization of agro-resources.

e) Necessary trading infrastructure in terms of opening of custom stations at various locations will be required. The existing land custom stations at Sutarkandi, Mankachar and Daranga need to be upgraded and the phase-II proposal of Sutarkandi submitted by the Government should be approved. The Station Moreh in Manipur needs to be operationalised and law and order situation there needs to be made conducive for trading.

f) Issue of declaration of Ashuganj as a port of call should be taken up with Bangladesh.

Restricted

We expect liberal support from Government of India in the matter of financing the State related activity to the extent required as well as in the matter of technical know-how support. We sincerely hope that the Look East Policy with development of required infrastructure will boost the economy and provide a big development thrust to Assam and other North Eastern States.

Jai Hind.

**SPEECH OF CHIEF MINISTER, MANIPUR FOR MEETING WITH
EXTERNAL AFFAIRS MINISTER**

Hon'ble Union Minister of MEA, Shri Pranab Muherji, Hon'ble Union Minister of Home, Shri Shivraj Patil, Hon'ble Union Minister of Defence, Shri A.K. Antony, Hon'ble Union Minister of DoNER, Shri Mani Shankar Aiyer, Hon'ble Union Minister of Shipping & Road Transport, Shri T.R. Balu, Hon'ble Union Minister of Commerce, Shri Jai Ram Ramesh, Hon'ble Deputy Chairman, Planning Commission, Dr. Montek Singh Ahluwalia, esteemed Chief Ministers of NE States, National Security Adviser, Officers of both Central and State Govt., distinguished friends.

At the outset, I convey my sincere thanks to the Union Minister of External Affairs for taking personal interest and initiative in organizing this meeting with all Chief Ministers of NE States. The Look East Policy has begun to open the investment opportunities for the North Eastern States. Hope that today's meeting will provide a further fillip in carrying forward the Look East Policy which is intended to improve the economic condition of the North East States.

2. Historically, the economy of the North-East Region was very closely inter-linked with South Asian countries like Myanmar and Bangladesh. The partition of the country in 1947 has changed these historical links. The opening of the border trade pact in Moreh has begun to restore a bilateral trade between Manipur and Myanmar. Strategically situated in the far flung corner of this vast sub-continent, Manipur is a natural corridor to Myanmar and to the rest of South East Asia.

3. Manipur State has a good agro climatic condition with a rich bio-diversity. This environment has made Manipur an extremely fertile place with rich rice cultivation and a variety of horticulture crops. Its forests also yield many orchids & medicinal plants besides other forest products. Its bountiful natural beauty, with the largest natural fresh water of Loktak lake in the region surrounding by blue green hills make it an enviable tourist destination. The State is also endowed with an inherent sports talent and a historically rich cultural heritage.

4. Located as it is close to Myanmar with a uniquely exotic airport it further serves as an excellent potential air link centre between North East India and South East Asia. A flight between Imphal and Chiangmai in Thailand would take only one hour.

5. I would like to highlight some of the measures which need to be taken as part of the Look East Policy.

- i) Imphal Airport which is being provided with night landing facilities should be upgraded into an international airport with cold storage facilities.
- ii) National Highways – 39, 53, 150, across the State should be upgraded to 4-lane roads for easy flow of heavy vehicular traffic. State Highways and Border Roads should be strengthened and improve to meet trade and commercial requirements. Govt. of India should provide adequate funds

within a period of five years for upgradation and improvement of the critical roads.

- iii) The proposed Trans Asian Highway connecting Moreh in Manipur to Moesot in Thailand via Bagan in Myanmar should be expedited.
- iv) In order to have enhance trade & export with the ASEAN countries, the border trading point at Moreh needs good road connectivity. National Highway-39 therefore needs to be upgraded. Support for other trade related infrastructure from Assistance to States for Infrastructure Development Enterprises and related matter (ASIDE) under the Ministry of Commerce is also needed.
- v) The railway line from Jiribam to Tupul is coming up. We need to plan ahead to connect Tupul to Moreh making this the backbone of the future Asian Railway. I fully support the proposed rail link from Jiribam in Manipur to Hanoi in Vietnam via Moreh.
- vi) The telecom network in the State need to be vastly improved. It is frequently difficult to connect to stations outside the State. The telecom connection between Imphal and Moreh also needs urgent optical fibre link of 6 km between Moreh and Tamu in Myanmar may also be taken up soon.
- vii) The present number of tradable items at the border trade post in Moreh is 22. This needs to be expanded. The State Government has proposed that the list of tradable items be increased to 44.
- viii) Credit facilities need to be more easily accessible. The Govt. of India is requested to formulate a system towards this end.
- ix) The Protected Area Permit from Manipur should be lifted. There is no Inner Line Restriction in Manipur presently. Hence having the Protected Area Permit is not reasonable. We would like Imphal to be a nodal point for connection to South East Asia. The present Protected Area Permit therefore only serves to impede the development of tourism. Even Jammu & Kashmir has a PAP regime in only certain areas of the state and not throughout the state.

6. It is my firm belief that the joint effort made by the Ministry of MEA, Ministry of DoNER and other Central Agencies will remove the impediments in the operationalisation of Look East Policy which will pay rich dividend to the North East Region while on its journey to transformation of its society, its economy and its very people.

THANK YOU

**SPEECH OF CHIEF MINISTER, MEGHALAYA FOR MEETING WITH
EXTERNAL AFFAIRS MINISTER**

Hon'ble Union Minister, External Affairs Shri Pranab Mukherjee ji, Hon'ble Union Minister, DONER Shri Mani Shankar Aiyar ji, distinguished Chief Ministers of North Eastern States and Sikkim, Senior officials of the Central and State Governments and friends,

1. The 'Look East Policy' has aroused great interest, and expectations in our State. The series of seminars and discussions organized by the Ministry of External Affairs and DONER have stimulated a great deal of interest across the panorama of civil society.
2. In fact, on 23rd October at Shillong, a day-long programme of discussion and debate was held on the 'Look East Policy', and the issues that have consequently arisen, in so far as our State is concerned are significant. Participating in equal measure, along with State Government, were NGOs, academicians, representatives of traditional tribal institutions and political and other activist organizations. The deliberations were structured with an inclusive and participatory approach, bringing together Government and civil society, irrespective of belief and political opinion, and in a frank and open manner.
3. We have also had the benefit of a discussion in the State Assembly earlier this month, in the course of which legislators have expressed their views on the Policy, and their constructive suggestions on how it can be carried forward. My submissions today have been reinforced by the fact of consultation within our State, and with the people of Meghalaya.
4. We believe therefore that the 'Look East Policy' is a political and economic inevitability. This is not an alternative to look west at the rest of India, but as a complementary economic opportunity for us. Globalisation, inter-dependence and integration are facts of life, and we in the North East must recognise this, and in fact seek to reposition ourselves so that we not only avoid being left behind, but take advantage of the changing scenario.
5. There are close historical and cultural ties between the people of South East Asia. Shared ties of culture, language, history, commerce and environment bond our peoples. We need to harness these strengths for the economic welfare of our people who have remained backward.
6. We in the North East, and especially Meghalaya, are aware of the potentially adverse effects of economic isolation, of inadequate infrastructure and lack of markets for primary commodities, industrial products and surplus agricultural produce. In 1947, during our Independence, India's economy was far more advanced than the economies of South East Asia. Since then, these economic tigers have taken great strides forward, and the region is recognised and respected as an economic powerhouse. Geography and history have been kind to us in this respect, and we can take advantage of proximity and shared

associations, to provide infrastructural, technological and economic opportunities, and benefit to our people.

7. In this context, I would illustratively like to share some of the perspectives that my government and I have gained as a result of our participation in the North East India Investment Opportunities Week (NEIIOW) which was held at Bangkok from 01-04 October 2007. We from Meghalaya, of course, had the advantage of prior interaction with Mr. Krirk-Krai Jirapaet, Minister of Commerce, Thailand, who visited our State in June 2007.
8. In Thailand we were successful in projecting Meghalaya as a peaceful, vibrant and investor friendly State. We were able to highlight the opportunities for investment and the framework evolved by the Government to encourage, facilitate and catalyse such investment. Our delegation was able to showcase the products of the State, in particular in the fields of sericulture and horticulture, and these were greatly appreciated, as also was the potential for tourism. Of specific interest, from the perspective of trade and investment, in these fields were turmeric, ginger and cut flowers in the horticultural segment, and coal in our State. Tourism infrastructure, including the possibility of establishing golf courses was another area that attracted attention.
9. I believe that we in the North East must see ourselves both as a corridor connecting economies, and as the destination itself. **Care may be taken to ensure that Free Trade Agreement (FTA) will not affect the interest of N.E. Region adversely.**
10. For us in Meghalaya, and not just because of traditional ties, the immediate and presently attainable area of interface is with Bangladesh. Formal exports from Meghalaya to Bangladesh last year exceeded Rs. 200 crore; the total value of trade, including informal trade is much higher. This is the largest, from any State in the North East, measured in value and volume.
11. The infrastructure that supports this trade is by any yardstick, less than adequate and is a constraining factor to expansion. Three of the ten Land Customs Stations are non-functional; only four have banking facilities, none of them is equipped to handle foreign exchange transactions, and all are poorly connected by road. The inadequacy of infrastructure is in sharp contrast, in many places, to the well equipped LCSs of Bangladesh.
12. Our infrastructural constraints are apparent to any visitor. Trade and investment, if it is to provide tangle benefits, requires a degree of symmetry. For a beginning, I would urge the Government of India to help us transform our National Highways, which are also our connectors to Bangladesh, so that they reflect their nomenclature. We are grateful for the efforts initiated by the Central Government this year, but much more needs to be done. We look forward to the upgradation of our airports, at Shillong and Tura, not just for the convenience of passengers, but to evacuate our horticultural surpluses to domestic destinations, and to other countries. Establishing air connectivity between Guwahati and Dhaka would be an appropriate step.

13. We have communicated to Government of India our belief that the alternative rail route, skirting the southern border of Meghalaya, would be a logical and in fact advantageous alternative to the current cumbersome and difficult rail link to Cachar, and to Mizoram and Tripura. It would also provide an outlet for the mineral rich Southern Meghalaya, facilitate trade with and through, Bangladesh, and provide much better connectivity to Kolkata, through Indian territory.
14. Our production of high quality non-traditional horticultural products has expanded to become one of the prime areas of value added and export oriented activity. Meghalaya is the third largest producer of strawberries in India. Roses and anthurium find their way from the State to major markets in India and abroad, and are noted for their quality. Turmeric from Meghalaya, from the Jaintia Hills is the best in the world, with a curcumin content of 7.4%. Our State is the second largest producer in our country, and we have significant marketable surpluses of high quality cashew. Almost all of the horticultural produce that we grow is inherently organic. These represent areas of opportunity – prospects that can be realised if the essential infrastructural elements of cold chains, phyto-sanitary, testing and packaging facilities, and road and air infrastructure are put in place.
15. To achieve substantive economic cooperation, there must be a significant degree of interaction and mutual trust. We believe the time has come, to let economic interface do the talking, and to shed at least some of the ghosts of the past. The fact that foreigners visiting our State have to, visa notwithstanding, report on arrival to a police officer, is both humiliating and unnecessary.
16. My Government is keen to have an **international institute of linguistics in Shillong where South Asian languages can be taught in English**. This will facilitate trade for the whole region with South East Asia.
17. I would suggest that we seek to widen and diversify the cultural interface, through visits of cultural troupes, academic exchange and provide opportunities for practitioners of dance, music and theatre to visit each other, and perform in different countries.
18. As a result of the initiatives of DONER, we have initiated steps to establish nodal institutions as a single point interface for potential foreign investors and for trade related queries.
19. To travel down the path of promise and opportunity offered by the ‘Look East Policy’ our mindset, I believe, must be more accepting of enterprise and investment from outside of our State and country. It is for us to create a cordial atmosphere, be friendly to tourists & investment in order to translate this vision from concept to reality.
20. We in Meghalaya, would welcome the commencement of bus services from Shillong to Dhaka, and from Tura to Mymensingh, and transit access to Kolkata port through Bangladesh for our produce, and our imports. **We**

would request the Government of India to enable the opening of a visa office at Shillong, and the re-opening of the border hats, the traditional platform for economic activity for the people of the relatively disadvantaged border regions.

21. We look forward to receiving tourists from South East Asia, and also from Bangladesh. We would suggest the opening of a tourist office at Dhaka, if not by the Government of India, then by our own State Government, which would serve to catalyse and promote our tourist potential.
22. I also feel we should lead a delegation to Dhaka from our State for facilitating trade and tourism with our Eastern neighbours.
23. We look forward to the re-opening of these ties, and the strengthening of these bonds. The “Look East Policy” represents an opportunity, and we wish to take it and build upon it by our improved infrastructure, because we believe that infrastructure must come ahead of demand.

THANK YOU

**SPEECH OF CHIEF MINISTER, MIZORAM FOR MEETING WITH
EXTERNAL AFFAIRS MINISTER**

Respected Ministers of External Affairs, Home Affairs, Defence, Finance, Commerce and Industry, Shipping and Road Transport, Deputy Chairman of Planning Commission, Hon'ble Chief Ministers of North Eastern States and National Security Adviser.

I am extremely happy to participate in this special meeting to deliberate on the agenda pertaining to the development of the North Eastern States through the Look East Policy of the Government of India. I am sure that this would have far reaching impact on the lives of the people of the North Eastern Region in general and Mizoram in particular. It is clearly known that majority of the people in the NER are poorer and weaker section of the society the policy, if materialized, will pave along way in the socio-economic uplift of the people of this region.

I would like to stress on some points which are relevant in our State with regards to the Look East Policy.

1. A composite Land Customs station was constructed at Kokhawthar (Champhai-Rih Sector) at a cost of Rs.422.08 lakhs. This Land Custom Station which is primarily for implementation of "Border Trade" as per the Indo-Myanmar Border Trade Agreement, 1994 should be upgraded so that, normal trade, and possibly transit transactions could be carried out.

Also, as there is sizeable cross border movements of people, it is most desirable that this Land Customs Station is upgraded to the status of an Integrated Check Point (ICP).

2. Kolodyne-Multi Modal Transport Project is a project which will include improvement, upgradation and construction of road from Silchar (Assam)-Lawngtlai (Mizoram)-Hmawngbu (Mizoram)-Kaletwa (Myanmar). This is a project which envisages connectivity between Indian ports on the eastern seaboard and the North Eastern States via Mizoram through a shipping link with Sittwe (Akyab) port in Myanmar followed by a riverine transport facility from Sittwe port to Kaletwa. The port at Kaletwa will be linked with the state of Mizoram by road. The project will, therefore, consist of shipping and transport project in which riverine transport extends upto Kaletwa in Myanmar near the international border with the state of Mizoram. This project, if completed, will reduce cost of transportation of goods to a certain extent and will shorten the distance from Kolkata to Mizoram by 928 kms. This project will address the much needed access to the seas for the landlocked North East India, provide access to international market for the exportable products, and thus help fulfill India's Look East Policy. Completion of this projects assume great urgency as it will provide a vital component to the economic growth of the whole North East India offering a trade route, an outlet to tap the economic potential of India's immediate eastern neighbours.

3. In spite of political division, the ethnically and culturally similar people inhabiting both sides of the 404 km long international border between Mizoram and Myanmar, there has been constant cross border movements and the traditional trade has still been carried on. The Government of India and Myanmar, in their endeavour to formalize/regularize this traditional trade, has signed an agreement called the “Border Trade Agreement, 1994” for formal establishment of border trade, and identified two border trade points, viz.

- 1) Moreh in Manipur, India and Tamu in Myanmar.
- 2) Champhai in Mizoram, India and Rih in Myanmar.

The Government of India has to initiate speedy construction of roads between Rih-Tiddim and Rih-Falam for which the Border Roads Organization has already submitted a Detailed Project Report (DPR). This vital roads which will ultimately become part of the Trans Asian Highways may be given special emphasis. In view of the above, proposal for construction of Rih-Tiddim and Rih-Falam Roads and also widening of Seling-Champhai road, it is desirable that Champhai-Zokhawthar road which is approximately 28 kms in length is also upgraded into a double-lane road. For tapping the full benefits of this project the existing road from Aizawl-Champhai needs upgradation to 2 lane NH standard. This route would be a vital trade route, which would further connect the Trans Asian Highway Network. Even though required export/import infrastructures are being put in place, the connecting link on Myanmar side of the border is a major hindrance for increasing trade volume.

4. If NER is to take advantage of India’s Look East Policy the best option will be economic integration of the North East State while still maintaining individual statehood politically. Such economically integrated formation can function in the name of North East Common Market (NECM). The initiative for shaping establishment of NECM should be in the hand of North Eastern Council (NEC).

5. Mizoram has a large pool of literates. With training, these talents can be utilized amongst other, in IT sectors, paramedical, biotech, aviation, entertainment and hospitality industries.

6. Trade between Bangladesh, China, India and Myanmar (BCIM) can flourish only when people, goods and vehicles can move with minimal technical and procedural obstacles across the borders. This implies the need for development of a coherent transport system integrating all modes of transport across BCIM.

7. The region being closer to the South East Asian nations rather than to the mainland in terms of culture and geographical contiguity, is supposed to gain in large measure. The people in the region have, from time immemorial, developed strong linkages culturally with one another which could make economic transactions less costly. In order to reap more fruit from the policy, it is necessary to create cultural harmony within the region and the targeted countries. The region is the home of more than 300 ethnic groups, speaking about 500 local dialects. They have rich traditional heritage, colourful customs and varied cultural life. Development should be the means to enrich their life. In this context, special emphasis must be put up to safeguard their life through proper documentation and creation of local level institutions. Ministry of

External Affairs may chalk out a programme for promotion of people to people interactions on cultural, ethnical and educational exchanges.

8. Tourism is the sector where the region has a comparative advantage because of its cultural and natural diversities. Tourism sector facilities should be developed taking the entire region as one unit. There is a need to develop easier access to tourist destination – be it air, road, rail or waterway. The talked about Asia Highway will touch only a part of the North East, developed to make the communication to tourist destination more convenient and time saving.

9. The climate of Mizoram is suitable for wide range of agro-horticultural as well as exotic floricultural products. With support services like training, tissue culture labs, production, finance, marketing tie-ups and farm to market roads, the region can produce both for domestic and international market.

10. Different sectoral level talks between India and Myanmar could not produce an agreement for cross border movement of people between the two countries as Mizoram and its adjacent country share common heritage, it is most desired that a free movement regime is implemented. Apart from connectivity, Myanmar acutely lacks trade infrastructures for promoting trade between the two countries. India may, therefore, consider providing similar trade infrastructures and facilities to Myanmar.

Mizoram which once used to be a far flung periphery is capable to become the “corridor to the East”, thanks to the Look East Policy of India and the catalyzing factors of peace and tranquility prevailing in Mizoram. India can hardly look “east ward” nor could it integrate with its eastern neighbours without also looking at Mizoram and other North East Region because “India’s North East is where the South East begins”. It appears that the region is not fully ready to face the challenges of globalization process at present. A larger integrated market within the Region can give it the advantage of the economies of scale facilitating the emergence of new and viable economics activities. As of now, the markets in the region have been fragmented by a number of factors like :-

- 1) Underdeveloped transport and communication network within a State.
- 2) High cost of moving men and materials within the Region.
- 3) Lack of uniformity of tax structure among States.
- 4) The absence of shared vision among different North East States.
- 5) Difference in local laws and customs.

The policy could prove immense opportunities in the Region including Mizoram if the right environment is created. The benefit we could reap in terms of better connectivity, explosion of tourism, easy access leading to possible economic boom are in the near sight. Lastly, economic integration of the North East involving common regional science & bio-diversity policy, common market approach in natural resources management, regional infrastructure facilities and eco-tourism as a regional package need to be strengthened.

With this, I would like to express my gratitude to you all for giving me this opportunity to express my views and thought in this meeting.

Thank You.

**SPEECH OF CHIEF MINISTER, NAGALAND FOR MEETING WITH
EXTERNAL AFFAIRS MINISTER**

Shri Pranab Mukherjee, Hon'ble Union Minister for External Affairs, Shri Mani Shankar Aiyer, the Hon'ble Union Minister DoNER, Shri Montek Singh Ahluwalia, the Hon'ble Deputy Chairman of the Planning Commission, my esteemed colleague Chief Ministers and Ministers of the North Eastern States and friends.

1. I am happy that this meeting has been convened to discuss an important issue of the "Look East Policy" of India. When the policy was first announced, we in the Northeast were elated. However, when the definitions were not forthcoming, we began to have confusions, because three basic questions arise in our minds as to what the Look East Policy means, such as, whether it is :

- (a) Looking east at South East Asia in the context of connecting the mainland Indian economy with the economics of East Asia. This could mean 'Looking East' from Chennai, Mumbai, Delhi etc. directly to Singapore, Bangkok etc.
- (b) Looking east at North East India from mainland India to develop the economies of North East India with a view to developing and exploiting the rich, but untapped resources and potentialities of the region.
- (c) Looking East at South East Asia through the North East India and taking advantage of the geographical and cultural advantages of the region to establish mutually beneficial economic linkages with the East Asian economies.

2. For us in the Northeast, we feel that the Look East Policy should essentially mean the last two options, which means the economic development of North East India and promoting trade and commercial linkages between India and South East Asia through North East corridor. Till recently, the North East was viewed as a backward and locked region, connected to the mainland by the so called chicken's neck corridor. It has been known, mainly for its strategic importance as well as its multiple political uprisings and insurgencies. It is only now that we are beginning to discuss the potentials of the North East region, which has 98% of its boundaries touching foreign countries, and turning it into a land of opportunities. This, we think, should be the essence of the Look East Policy and this changed perspective has to be concretized through clear policy statement and action plans.

Foreign Policy

3. Trade and commerce, in the international context, is essentially related to foreign policy. Due to various historical reasons our policies with the neighbouring countries adjoining the NE region have been very tentative. They themselves have been having some internal problems of their own, especially in Bangladesh and Myanmar. On the other hand, the Government of India have been hesitating to take strong initiatives, perhaps because of the underdevelopment of the NE region, coupled with the problems of insurgency and secessionist movements besetting the region.

4. Realizing that peace is the pre-requisite for any meaningful development, and that peace and development are two sides of the same coin, we have adopted the theme, “Peace for development and development for peace”. The Government of India, too, has extended the olive branch, by offering negotiation and dialogue to the various insurgent groups of North East. I think this is the right policy, which should be made a part of the ‘Look East Policy’, and further extended to India’s policy and relationship with the neighbouring countries.

5. When we talk of the Look East Policy, I feel that the NE region and its immediate neighbours should be central to our thinking. We are all confident that India is emerging as an important global power. I think it is this new confidence of India, which gives birth to the Look East Policy we are taking now. Therefore, I feel that our policy and approach to the North East region and its neighbours should become more bold and pro-active. The fact that we are still unable to remove some of the old and outdated regulations, such as PAP and RAP etc. shows that a paradigm shift is required in our approach to the North East region. Instead of adopting a protectionist attitude, which was the hallmark of the cold war era, it is time we open out and welcome foreign investors and tourists in the N.E. region. We should also be prepared to address some of the problems of the neighbouring countries, who are equally underdeveloped as the North East region, if the trade and economic tie ups with the East Asian countries is to become a reality.

The issue of infrastructure development

6. We cannot talk of trade and commerce without the necessary infrastructure, especially that of transport and communication. The ‘Look East Policy’ will remain only a high sounding rhetoric, unless the infrastructures are available. For example, Nagaland and Manipur remained cut off from the rest of India whenever the NH 39 is blocked by frequent landslides. The NH 39 is apparently not being attended to because there is no proposal for four laning of the road, and no funds are therefore given for its maintenance. However, the works for four laning has not also started, although it was included in the PM’s package announced during the visit of Shri Atal Bihari Vajpayee in October 2003. This is actually unthinkable in the context of the announcement made by the Union Finance Minister, that a sum of Rs.25000 crore has been earmarked for road development in the North East region during the 11th Plan., If we are to be serious about the Look East Policy, then the investment for infrastructure in the Northeast should not be confined to the 10% of the nation’s budget. Further, the NH-39 is the most potential and natural link road with South East Asia, and works on its four laning upto Moreh should be taken up in right earnest.

7. Development of the tremendous hydro power potentials of the North East is another vital area that needs immediate action. However, the hydro projects that we are looking at will take time to start generating power. On the other hand, there is urgent necessity of power even now. Therefore, generation of thermal power to meet the immediate requirements should also be explored. Without this, all the “investors meet”, and the interest being presently generated will be of no avail, if the investors are made to wait for five years to have reliable power supply.

The cultural advantage

8. In the Look East Policy of India, one very important factor which we often lost sight of is the “cultural factor”. Because of the ethnic origins of the people of NE India, the Northeast has the advantage for providing the natural bridge to South East Asia. Whenever any South East or East Asian people visit Nagaland or the Northeast, they feel at home, because of the similarity in looks and lifestyle, including dietary habits. This advantage needs to be developed, and built upon to our advantage.

9. In the above context, the most natural area of trade and commerce would be in the services sector, especially, education and healthcare. The North East has a large pool of educated English speaking youth, which is another advantage. Therefore, the focus should be on the immediate development of technical and healthcare institutions in the Northeast India, so that we can start attracting students and patients from all over South East Asia, while at the same time, exporting our manpower to them. Besides, development of language institutions, both of India and the South East Asian languages, should be taken up on priority.

Investment and Financial Infrastructure

10. The weak financial infrastructure and low CD ratio in the North East region is a cause for worry, because without proper credit facilities, development of the region will be hampered. The banks and FIs are hesitant to operate in the region despite the various ‘special drives’ that have been organized to increase the CD ratio in the region. We should design a dynamic system, where the private sector can emerge as the major players in meeting the credit needs of the people in the rural areas. Our efforts to build up a local financial institution, namely the ‘Hornbill Finance Corporation’ has not met with any success. In spite of the State Government providing a guarantee of Rs.5.00 crore, the NMDFC has not been able to sanction any re-financing loan to this corporation during the last three years. Unless we make a conscious effort to build up a viable financial infrastructure, conducive to the local situation, our Look East Policy will remain basically Government’s driven, with hardly any initiative from the private sector.

Attracting Investment from South East Asia

11. As India conceptualizes of the ‘Look East Policy’, we should also not forget that the countries to the east of us are also ‘Looking West’, keeping in mind the emergence of the dynamic Indian economy, with its huge market. Our policy should, therefore, include providing opportunities for investment by the East Asian Countries, and to bring in their technologies and know-how to N.E. India. This would be mutually beneficial, and generate a substantial economy in the region, including employment opportunities. I must applaud the Hon’ble Union Minister for DoNER, Shri Mani Shankar ji, for taking the initiatives in bringing a high level official and business delegation from Thailand to the North East, and for organizing the “NE Investment Opportunities Week”, in Bangkok in the first week of October this year. This has been one of the most fruitful exercises under the “Look East Policy” as can be gauged from the many business propositions that have emerged from the exercise.

12. With these few submissions, I would like to thank the Hon'ble Union Minister for External Affairs for convening this important meeting. I hope that the few suggestions I have made will be given due consideration.

Thank you

**ADDRESS OF CHIEF MINISTER, SIKKIM FOR MEETING WITH
EXTERNAL AFFAIRS MINISTER**

Let me first express warm autumn greetings from the people of Sikkim to Hon'ble Union Minister, Shri Pranab Mukherjee, Shri Mani Shankar Aiyar, Shri Shivraj Patil, Shri P. Chidambaram, Shri A.K. Antony, Shri T.R. Baalu, Hon'ble Ministers of States present here, Hon'ble Dr. Montek Singh Ahluwalia, fellow Chief Ministers from the North East States, senior officials and to all the distinguished guests here.

I am highly delighted to participate in this meeting on such a crucial theme of Look East Policy as seen from the North East region. I am deeply impressed by the forthrightness and commitments of the three leading lights viz., Shri Pranab Mukherjee, Shri Mani Shankar Aiyar and Dr. Montek Singh Ahluwalia and their very clear vision and thoughts about the Look East Policy.

I remain particularly elated by the fact that this is perhaps for the first time so many Chief Ministers are involved in designing and evolving a major foreign policy issue. In many of the for a in the past, I have constantly and consistently underscored the urgent need to make North East outward orientated. This is because of a firm conviction in me that outward orientation would bring freshness in thinking, boldness in facing challenges and empowerment in harnessing the larger opportunities. This also dis-engages us from traditional internal bickering and imbroglios. This theme of Look East Policy is critical to us for the following four very fundamental reasons:

- i) This is going to be the core of India's foreign policy discourse, strategy and action in very near future as this would being a substantive transformation in the traditional parameters of our national power.
- ii) Look East Policy if well designed in its contents and operationalised effectively could inject absolutely new and comprehensive patterns of development interventions in the North East region.
- iii) North East region both as the physical gateway and core stakeholder could contribute immensely to the regional cooperation and integration process on the eastern flank, and
- iv) Look East Policy could ultimately equip and empower India to play a pivotal role in the emerging resurgent Asia and in making the 21st century as the Asian century.

In Sikkim, we have been very outward looking as we think that our robust interactions with the neighbouring countries could bring comprehensive security including military, human and environmental.

When we strived to reopen the historic Nathula trade route between Sikkim in India and Tibet Autonomous Region of China, we wanted to bring home the point that it is a win-win situation in every respect. What really gives us confidence is the trickling down of development benefits and appreciation of our efforts by the mass. Our ability to build a strong constituency of peace and tranquility has made us resilient and

confident. And more importantly ever forthcoming support from the Union Government has made our socio-economic sinews stronger and stronger.

Against the back drop of the agenda items, let me quickly advocate few concrete proposals. I have been able to put together these proposals out of sheer experience of being the Chief Minister of Sikkim for last 13 years now.

- i) The fruits of Look East Policy could only be realised when we will have a range of institutional collaborations with countries that are contiguous to the North Eastern Region. These should be in all the crucial areas including on trade investment, energy, transport, technology, communication, banking, insurance, tourism, education and environment. For instance let the Asian Institute of Technology in Bangkok collaborate with the IIT in Guwahati. Let the tourism agencies in Myanmar, Bangladesh, Thailand, Yunan and Tibet network with our agencies in the North East region. They need us and we too need them.
- ii) The entire concept of border trade should be drastically changed and be made more pragmatic and focused. Though it has not happened in the Nathu la trade route, the other trade routes including with Myanmar and Bangladesh have suffered from heavy doses of informal-illegal trade. This happens because there are poor institutional support, infant infrastructure, archaic and cumbersome trading norms and most crucially no monitoring and evaluation. We do not want this to happen in Sikkim. This is why I propose that the Nathu la trade route be declared as a normal trade and transit route like Petrapole-Benapole between India and Bangladesh or at Biratnagar-Jogbani between Nepal and India. This trade under MFN of WTO will be a major way forward in our Look East Policy. We would even like to do tourism and energy business through this trade route. In both we have a distinct comparative advantage.

I therefore, suggest a steady relaxation in both Inner Line and Restricted Area permits be made so that we can develop the most magnificent and unparallel Buddhist circuit linking our own Buddhist precincts with that of Tibet, Nepal, Bhutan, Myanmar and Thailand. I also propose the starting of a bus service between Gangtok and Lhasa which would be more attractive, shorter and convenient than the already introduced Kathmandu-Lhasa route. This can be further connected to Mansoraver. The possibility of electricity trading with the neighbouring countries like Bangladesh, Myanmar, Nepal and China should be examined at the earliest.

- iii) The most crucial aspect of course is connectivity, Our Hon'ble Prime Minister Dr. Manmohan Singh did amply emphasise on this crucial issue in the SAARC Summit held in New Delhi a few months back. I see this to be a core issue in our agenda today also. I see the connectivity issue at three different levels. At the very local level i.e. within the state; secondly, at the inter-state or regional level and thirdly, at the cross border or international level. In my view the strategies in harnessing the goals of our Look East Policy should compulsorily include a massive building of new

channels of connectivity and improvement in the existing connectivity at all three levels.

Sikkim is badly handicapped on all three levels. During the last monsoon our main artery the National Highway 31A remained completely closed for full 27 days. Entire state remained paralyzed. We remained helpless spectators. Our airport project is pending for last 5 years now. The infrastructures that cater to Nathu la trade route are just minimal and sub-standard. I therefore venture to suggest that:

The airport, rail and alternative highway projects that have been approved for Sikkim and other parts of North East India, must be implemented in a time bound manner by professionally the most sound, experienced and expert agencies. I suggest that the Ministry of DoNER should ensure the implementation and completion of these projects on a war footing. We should rethink our positions on the traditional builders and agencies as they have not been able to deliver qualitative goods and services despite such huge investment.

The facilities for the Nathu la trade route should be developed in such a way that could even cater to trade, investment and tourism business of neighbouring countries like Bhutan, Bangladesh and Nepal after a couple of years. The Nathu la Trade Report commissioned by our State very clearly shows how India can immensely gain by allowing the neighbouring countries to access Chittagong and Mongla ports through Nathu la trade route stretching between North Bengal and India-China border.

Looking at what China has been doing on the other side of the border in its entire western region, I feel we have not even been reactive. Whereas the situation and the opportunities call upon us to be proactive. For instance, we do come across the news reports that there are border areas where one gets the neighbouring countries mobile connection much more easily than our own. We also hear about massive roads and railways lines that are being constructed on the other side of the border. Why and how does this happen? What stops us to introduce the best communication facilities to the border region? Why do we wait for others to put us in action mode? We should be the leader, initiator and doer. Then only we would remain pivotal and a flag bearer. Then only the early harvest will be ours.

Let me also mention that the vast underdeveloped land mass and unexploited populated markets in Western China provide immense possibilities to the North East Region because of its sheer geographical and cultural proximity.

- iv) I would also like to put forward a proposal for the establishment of a regional office of the key Ministries of Government of India that are directly concerned with the Look East Policy. It should be a single window office for the North Eastern. This establishment should in fact work on the nitty-gritty, management and coordination issues. The very size of our country and the complex and varied nature of our engagements and

functioning do not allow us to be focused and goal oriented even in a mission like Look East Policy. Sikkim would be very delighted to host this institution of critical importance.

- v) In all these, I see a very crucial role for the North Eastern Council as a regional planning and development body. There is an urgent need to make this Council more dynamic, versatile and robust. We should make it a top class institution by inducting experts, professionals and policy planners. Because I feel the need for an institution where we all can rally upon. NEC could also be developed something like the ASEAN Secretariat that would conceptualize, plan and implement the major cross border projects. For me NEC should be actually leading the entire region in the realization of goals of the Look East Policy.

I thank you all for this opportunity and look forward to keenly participate in today's deliberations.

Thanks you once again.

Jai Hind.

**SPEECH OF CHIEF MINISTER, TRIPURA FOR MEETING WITH
EXTERNAL AFFAIRS MINISTER**

At the outset I would like to thank the Union External Affairs Minister for his initiative in convening this meeting on **Look East Policy** with a specific reference to the concerns of North-East States. It is almost a decade and half since the policy was launched.

2. The policy has received greater impetus in the last few years. This is evident with India becoming a summit level partner of ASEAN and getting involved in regional initiatives like BIMSTEC, East Asia Summit, Ganga Mekong Cooperation etc. No doubt these initiatives have resulted in expansion of economic ties with countries of Southeast Asia and have benefited the country as a whole; however, States of North-East Region appear to have remained largely untouched by these developments. While reorienting the Look East Policy, requirements of the NE should be specifically addressed and policy prescriptions fine tuned so that we can also benefit from this initiative. It is therefore a desired intervention on the part of the External Affairs Minister to have convened this meeting so as to take stock of the situation and see what needs to be done and take necessary urgent steps to get the required things done without further loss of time in the interest of the NE States.

3. Amongst the Southeast Asian countries, there is no doubt that Bangladesh occupies a strategic and dominant position vis-à-vis India. There are strong historical links predating Independence and post Independence, the liberation movement and liberation of Bangladesh are intricately linked with India. These robust emotional and cultural bonds should not-indeed, cannot-be ignored. Bangladesh has a substantial population-almost 16 crores- and is amongst the largest of the Southeast Asian countries. It has plenty of natural resources, a good human resource base and a growing economy. Of particular importance and relevance to us is the fact that Bangladesh has the physical resource of inland waterways, access to Bay of Bengal through well developed sea ports and potential for communications – both road and rail – which can provide a vital link for the NE with the mainland India. These, according to our understanding, should provide the ideal elements for prioritizing the Look East Policy with Bangladesh as one of the cornerstones of this policy. This will also correct the rather lopsided approach that one tends to notice while listening to the discussions of refocusing the Look East policy with imbalanced emphasis on developing links mainly with Myanmar or stressing on only some places within the NE region.

4. I would suggest that a two-pronged approach be adopted while redirecting the Look East Policy. Firstly, emphasis may be given to developing and strengthening our trade, commerce, economic and cultural ties with Bangladesh, as I have already mentioned above. There are several advantages in this approach, particularly insofar as Tripura is concerned. Within the northeastern region, Tripura is particularly well placed and is quite strategically located. It has a long border of about 856 km. with Bangladesh. Most of the important cities of Bangladesh (including Dhaka and Chittagong) are within 150 km. from the towns in Tripura. Inland waterways through Bangladesh provide connectivity with Indian ports like Haldia and surface transport link is also now available. The sea port of Chittagong is only about 71 km from our southern borders. A broad gauge rail up to the State capital Agartala is already

planned. We have asked that this be extended up to Sabroom in the south. Once it is done and the network linked up within Bangladesh, it will open up a corridor to the shipping routes via Chittagong to all Southeast Asian countries. All states of NE region will stand to gain by this. Not only this, an alternative and a highly viable and cost-effective communication channel will become available for our own States in the region. Strategically, too, it would be useful to have a communication link through the land, sea and waterway route via Bangladesh to the NE States. This proximity of the location of Tripura to the markets of South Asia can make it a potential hub for eventual expansion of trade and commerce in the region and should be fully exploited.

5. The second part of the approach can address the question of linking up Myanmar through the land route and there from with Thailand, Malaysia, Vietnam etc. These countries too are no doubt important. They may not have large populations but they are definitely economic powerhouses. We share many similarities with these Southeast Asian nations in terms of social, ethnic, cultural affinities as well as geographical and bio-diversity features. Indian societies of the northeast have always interacted and shared deep influences with these neighboring cultures. The countries of this region have an abundance of natural resources and significant technological skills. These factors provide a natural base for integration and promotion of trade and investment and furthering economic cooperation between the NE region and the ASEAN countries.

6. One of the most critical requirements for achieving the goal of this Look East Policy insofar as NE region is concerned would undoubtedly be the availability of quality physical infrastructure. Without this, we cannot hope to be equal partners in progress with our neighboring. Highest priority needs to be given to this sector and the investment has perforce to come from government funding and not private of PPP models. A lot needs to be done in this regard and this imbalance of history needs to be quality roads, efficient and economic air connectivity, good rail network and speedy and reliable telecommunications. I doubt if any foreign investor would seriously look at the NE as a viable investment option. The Union Government will have a very vital role to play in this effort.

7. Here, I would like to mention certain specific areas for infrastructure development where necessary steps would need to be taken on priority:

- The Golden Quadrilateral road network which is presently terminating at Silchar should be extended upto Agartala. This is essential to provide the much needed speedy, reliable and high quality road transportation link with the rest of the country. At the same time, by extending this road only a short distance to Akhaura in Bangladesh, will result in providing a network for availing the surface transshipment passage to West Bengal and beyond.
- Broad gauging of the Lumding-Agartala rail line should be completed in a time bound manner. The existing National Railway Project should be extended from Agartala up to Sabroom. Unless this is done full advantage of access to Chittagong port as and when it materializes cannot be availed of.

- The proposed Trans-Asian highway and the Trans-Asian railway should be so aligned or realigned so that it passes through Tripura – only then the advantages of utilizing the transit through Bangladesh can be reaped to the fullest.
- Transit facilities through Bangladesh using the waterways needs to make operational. Efforts should be made to get Ashuganj in Bangladesh declared a port of call as early as possible. Agartala would be less than 500 kms from Haldia port; obviously, this will not only substantially reduce the distance between the mainland and this part of the country, but also be more cost effective and reliable. It would also facilitate easier transportation of goods to some other States of the region.
- This existing bus service from Kolkata to Agartala, via Dhaka should be made direct without involving any change midway in the interest of better communication for the people.
- The airport at Agartala needs to be upgraded to an international airport with air services to all major Southeast Asian cities. Modern facilities for cargo handling and storage also are to be provided, especially to handle perishable and fragile commodities.
- Development of the Integrated Land Customs Station at Akhaura and Srimantapur for trade with Bangladesh should also be implemented in the first phase of the project for the development of the Integrated Land Customs Station, being implemented by the Department of Border Management. The Customs stations at Belonia, Sabroom, Manughat and Ragnabazar need to be developed and provided with proper infrastructure.
- Telecommunications network has to be substantially improved to provide fast and reliable communications. For this, the provision of WAN/ optic fibre ring throughout the State has to be completed on priority. Mobile connectivity, landline connections, internet access and similar facilities are some of the basic communication aids that should be readily available.
- It is hardly necessary to emphasize the importance of adequate availability of power for making the State an attractive investment destination, either for local or foreign investors. Though the State is presently marginally deficit in power, we foresee a surge in the demand for power particularly if major investments take place as envisaged in the *Look East Policy*. This can be met from within the State itself; however, for this, it is essential that the major gas based power projects in the State – the 740 MW at Palatana and 104 MW at Monarchak – are commissioned without further delay. I would, therefore, request that bottlenecks being faced in implementation of these projects be removed at the earliest.

8. With a view to promote investment in Tripura; we are taking steps for developing required industrial infrastructure with modern facilities, including setting up of export promotion park, a Food park, a Rubber park. Besides, action is being taken for development of required infrastructure at the existing land custom stations and set up additional custom stations for facilitating trade with Bangladesh. Efforts are being made for encouraging the investors for setting up industries based on locally available raw materials like natural rubber, bamboo, as well as food processing industry based on pineapple, jackfruit, orange etc. There is considerable scope for taking up floriculture and organic farming on a commercial scale in the State, which can fetch a premium price and will be commercially viable.

9. Tripura has the potential to become an education hub for this region. We are already well placed with a literacy rate of over 80%, putting us amongst the top few States. The State has a Central University, an NIT, a College of Fisheries, an Engineering College, two medical colleges, a newly started Agricultural College etc. WE have also requested that one of the new IITs being set up be established in this State. With this educational infrastructure I am sure that students of the ASEAN region would find it a more viable option to pursue their higher education in a place like Tripura. Moreover, constituent countries of the region may also find the State a preferred destination for investing in educational infrastructure expansion.

10. I have indicated herein some of the positive factors that Tripura has to offer that can tie in with the approach to the Look East Policy insofar as its relevance to the NE region is concerned. I am sure other States of this region have similar strengths and opportunities to offer. As far as we are concerned we are eager and ready to extend our cooperation to the extent feasible to make it a success. However, much hinges on far the Central Government sustains and bolsters this effort, without which the entire exercise may turn out to be a non-starter. I would therefore hope that this fresh initiative taken by the Union External Affairs Minister would fulfill the long felt needs of the North Eastern region.

Thank you.