

Act East Policy Emphasizes on Indian Foreign Relations: A Review

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Abstract

In the era of liberalization, privatization, and globalization for the promotion of export and import of the country, there is a need for the diversification of trade destinations. With the rise of Southeast Asian economies in the recent decades, India felt the need for the diversification of its trade direction towards the eastern side i.e., East Asia and Southeast Asia. With the potential of a vast market in East Asia and Southeast Asia, India started realizing the need to have closer economic ties with these countries. The "Act East" policy focuses on strengthening foreign relations, and this review provides an in-depth look at its various aspects. The policy is designed to enhance India's engagement with neighbouring countries in Southeast Asia and the broader Indo-Pacific region. It aims to foster closer economic, political, and strategic ties with these nations to promote regional stability and growth. By assessing the progress made and the potential for future development, this review offers a comprehensive understanding of the significance and impact of the "Act East" policy in shaping India's foreign relations.

Keywords: Globalizations, Liberalizations, Privatizations Foreign Policy, Look East Policy, Act Eat Policy.

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Introduction

In the era of liberalization, privatization, and globalization for the promotion of export and import of the country, there is a need for the diversification of trade destinations. Historically, India had close trade relations with the U.K. Besides the U.K., U.S.A., Canada, Russia, Japan and OPEC countries were important trading partners for India. With the rise of Southeast Asian economies in the recent decades, India felt the need for the diversification of its trade direction towards the eastern side i.e., East Asia and Southeast Asia. With the potential of a vast market in East Asia and Southeast Asia, India started realizing the need to have closer economic ties with these countries. The then Prime Minister, Shri P.V. Narasimha Rao was responsible for launching this policy known as Look East Policy in the year 1992. So, it is not a new thing. Look East Policy is nothing but the pursuit of a vigorous economic policy with ASEAN and the East Asian countries with Alienation content. After the initial thrust given by Narasimha Rao, all the subsequent governments have also supported this policy and extended all possible support to build on it. The last BJP led NDA and Congress led UPA governments have been fully supporting this policy. An analysis of the first five year of India act east policy (AEP) calls for holistic approach and its area global and regional context. Its multiple factors as well as the past it stems from and its future it strives towards.

The "Act East" policy focuses on strengthening foreign relations, and this review provides an in-depth look at its various aspects. The policy is designed to enhance India's engagement with neighbouring countries in Southeast Asia and the broader Indo-Pacific region. It aims to foster closer economic, political, and strategic ties with these nations to promote regional stability and growth. The review highlights the key objectives of the policy, the initiatives undertaken so far, and the challenges faced in implementing it. It also examines the role of India in regional multilateral forums and how the policy contributes to India's global standing. By assessing the progress made and the potential for future development, this review offers a comprehensive understanding of the significance and impact of the "Act East" policy in shaping India's foreign relations.

India's "Act East Policy" is a strategic initiative aimed at deepening relationships at every level with the expansive Asia-Pacific region, focusing on economic, geopolitical, and cultural dimensions. This policy was formally introduced during the 12th ASEAN-India Summit,

which happened in November 2014 in Myanmar. At that time, it replaced the earlier "Look East Policy," which had been in place since 1992. The new policy broadens the focus by not only emphasizing economic ties but also incorporating aspects of security cooperation, reflecting India's growing interest in ensuring stability and security in the region. In recent years, India has been actively working to enhance its role in maritime security, which includes improving its understanding of maritime activities, promoting joint patrols, and supporting humanitarian assistance and disaster relief operations. It has also been increasing its efforts to bolster the security of its neighboring countries, sometimes through the sharing of weapons and other security-related resources. The original Look East Policy primarily targeted ASEAN countries for economic collaboration, including nations like Singapore, Thailand, Vietnam, Malaysia, the Philippines, Myanmar, Cambodia, Indonesia, Laos, and Brunei Darussalam. In 1992, India became a Sectoral Dialogue Partner, and then moved up to Dialogue Partner status three years later. To further strengthen its ties with ASEAN, India officially set up a Mission to ASEAN in 2015, following its participation in ASEAN Summits since 2002 and its designation as a Strategic Partner in 2012.

Pillar of Act East Policy

The three key elements—commerce, culture, and connectivity—form the foundation of India's current Act East Policy. This policy represents India's focus on the eastern direction, aligning closely with its broader Indo-Pacific strategy. The Act East Policy is central to India's approach in the region, aiming to strengthen ties and foster cooperation. The relationship between India and the United States is currently marked by a level of warmth and cooperation that is hard to match. Despite various challenges and moments of disappointment, the two nations are actively engaging in economic and commercial collaboration at a high level. At the same time, India is building stronger bonds with countries in East Asia. The current government has moved India's foreign policy from the earlier "Look East" initiative to a more proactive "Act East" strategy. The Act East Policy can be seen as a strategic partnership involving the United States, India, and the nations of East Asia, aimed at countering China's growing economic and strategic influence on the global stage. This close alignment is significant, but it is important to remember that India maintains its own foreign policy sovereignty and independence.

India should remain non-aligned because it has gained a lot from staying neutral (Jain, 2021) [9]. The idea of democratic socialism is accepted in India. The job of building socialism

peacefully is given to the government. Articles 36 to 51 are included in Chapter IV of the Constitution. According to Article 51 of the Constitution, the state should try to

- Keep fair and respectful relationships between countries;
- Help promote peace and security around the world;
- Encourage respect for international laws and agreements when countries interact; and
- Support resolving international conflicts through arbitration.

India has always been a non-aligned country since it played a key role in creating the Non-Alignment Movement. This was a group of neutral nations formed during the Cold War. Even though India is non-aligned, it has strong defense and trade links with Russia. However, in 1991, there was a big problem in India's economy, which made its foreign reserves very low. After the Soviet Union fell, India opened its economy and began building trust with the United States. In November 2014, India introduced the "Act East Policy," which replaced the earlier "Look East Policy." The purpose of this policy is to improve cultural, strategic, and commercial connections with the Asia-Pacific region. It focuses on deep and ongoing relationships in areas like connectivity, trade, culture, defense, and people-to-people ties with countries in Southeast Asia, on a bilateral, regional, and global level.

The current government has moved India's foreign policy from the earlier "Look East" initiative to a more proactive "Act East" strategy. The Act East Policy can be seen as a strategic partnership involving the United States, India, and the nations of East Asia, aimed at countering China's growing economic and strategic influence on the global stage. The end of the Cold War in 1991, India sought to compensate for the loss of its strategic partner, the USSR, by building ties with the United States and its allies in Southeast Asia. The Look East Policy was introduced in 1992 by former Prime Minister P. V. Narasimha Rao, with the goal of strengthening India's regional influence, promoting engagement with Southeast Asia, and countering the strategic influence of the People's Republic of China. According to Bhattacharya (2019), it is crucial for the Indian government to continue and refine the Act East Policy to maintain its relevance as India enters a new phase of development. Although the policy has proven to be a key component of India's foreign policy agenda, it now faces three significant challenges: first, India's reform agenda is not meeting the expectations it aims to fulfil; second, the concept of "ASEAN centrality" is being increasingly questioned in the region; and third, the international order is shifting due to the intensifying rivalry between the United States and China, exacerbated by Russia's invasion of Ukraine. China and India are viewed as the two major

Asian superpowers, and if they cooperate, they possess the potential to reshape the global economic structure in Asia's favor. However, the relationship between the two nations is currently taking a different direction.

Objective of Act East Policy

1. Promote economic cooperation, cultural ties and develop strategic relationships with countries in the Asia –pacific region through continuous engagement at regional bilateral and multilateral levels.
2. To increase the interaction of the north- eastern Indian state with other neighbouring countries.
3. To find out the alternatives of the traditional business partner like, more focus on the pacific countries in additional to the south East Asian countries.
4. To curb the increasing impact of China in the ASEAN region.
5. The “Act East Policy” the government is helping on 3 c’s (culture, connectivity, and commerce) develop better relationship with ASEAN nations in order to ensure the success of the policy, NDA government is concerted on Indian north east state with the Asian region through people to people contact, trade culture and physical infrastructure ((airport, road, power telecommunication etc.) some of the major project include Kaladan ,Multi-Modal Transit Transport Project, the Indian – Myanmar-Thailand trilateral highway project, border Haats and Rhi-tiddim Road project etc.

In 2014, the Look East Policy (LEP) was replaced by the Act East Policy (AEP), marking a shift in India's foreign policy towards the Indo-Pacific region. This change came amid significant global shifts, including the United States stepping back from its dominant role, China's assertive stance, and the emergence of the Belt and Road Initiative (BRI). Simultaneously, the Indo-Pacific geopolitical framework has gained prominence, with regional stakeholders such as ASEAN, the United States, Japan, Australia, and India yet to form a unified stance on the Indo-Pacific concept and regional security architecture. The AEP aligns well with the current geopolitical dynamics, as India aims to assume a more prominent role in regional security while maintaining the centrality of Asia. New Delhi is seeking to develop a platform for mutual growth and cooperation in the Indo-Pacific, promoting a rules-based order that emphasizes transparency, respect for sovereignty and international law, stability, and a free

and fair trade framework. India and Asia have the potential to play a constructive role in shaping the Indo-Pacific region and building a collaborative regional order.

Methodology

In researching the topic " Act East Policy Emphasizes on Indian Foreign Relations: A Review," a descriptive approach will be used. The information for this study has been collected from secondary sources. These sources include data from books, academic journals, online websites, published research papers, articles, newspapers, and other related publications.

Comparing India's Look East and Act East Policies

Under the "Look East Policy," Prime Minister P.V. Narasimha Rao and Dr. Manmohan Singh, who later became the ninth prime minister of India, talked about business and diplomatic plans. Rao understood early in his time as prime minister in 1991 that it was very important for India to build strong relationships with its neighboring countries. This would help India take a better place in the world's economic and trade situations. To do this, he worked on making good connections with the growing countries in Southeast Asia. These efforts showed how important India's position is in the bigger picture. He also tried to reduce the influence of the People's Republic of China in the region by strengthening ties with other countries.

Act East Policy:

The success of the Look East policy prompted officials in the Indian foreign ministry to restructure it into a more project- and outcome-based, tactical approach. The Modi government declared that it would step up efforts to fortify relations with the ASEAN and other East Asian countries. A few decades later, the Look East plan was superseded in India by the Act East initiative, which Prime Minister Narendra Modi's administration introduced in 2014. Since the early 1990s, when new global realities first appeared, the relationship has grown into a solid and strategic partnership.

Act East's foreign policy was centred on East Asian countries, ASEAN countries, economic integration, and security cooperation. The Indian Prime Minister stressed the importance of the Act East Policy's four pillars: culture, commerce, connectivity, and capacity building. Security is a crucial element in India's Act East Policy. Given China's growing assertiveness in the South China Sea and the Indian Ocean, protecting freedom of passage and India's own standing in the region are top priorities. As per the Indo-Pacific and informal Quad grouping, India has been involved in this (Quadrilateral Security Dialogue). This group was briefly formed in 2007 and

was relaunched in 2017. Its members include Australia, India, Japan, and the United States. These programmes are usually problem-specific and functional in nature. For example, India, Japan, and Australia launched the "Supply-Chain Resilience Initiative" in 2020 with the aim of "diversifying supply-chains in the Indo-Pacific region to ensure resiliency," a reference to steps taken to reduce reliance on China in strategically important industries .

Furthermore, Prime Minister Modi has taken considerable efforts to outfox President Xi Jinping of China. In an attempt to persuade Southeast Asian (SEA) countries that India is committed to supporting the upkeep of peace and security along the Indian Ocean rim (IOR), he has undertaken a flurry of foreign visits. Without a question, he was able to establish a strategic presence outside of the neighboring South Asian countries. The achievements listed below demonstrate how the Modi government supported India's maritime Act East Policy by opposing China's geopolitical influence in the region .

Impacts of India's Act East Policy on the Trade

The goal of the policy is to strengthen the North Eastern Region's capacities while promoting border trade, connectivity, interpersonal interactions, and cultural exchanges. As stated by General V.K. Singh , "Our Act East Policy has made the North East of India a priority." The state's fast industrialization and investment climate will be aided by the Act East Policy Department. The North Eastern Region (NER) presents itself as the best place to concentrate on putting India's Look East Policy- which is supposed to be the country's vision—into practice.

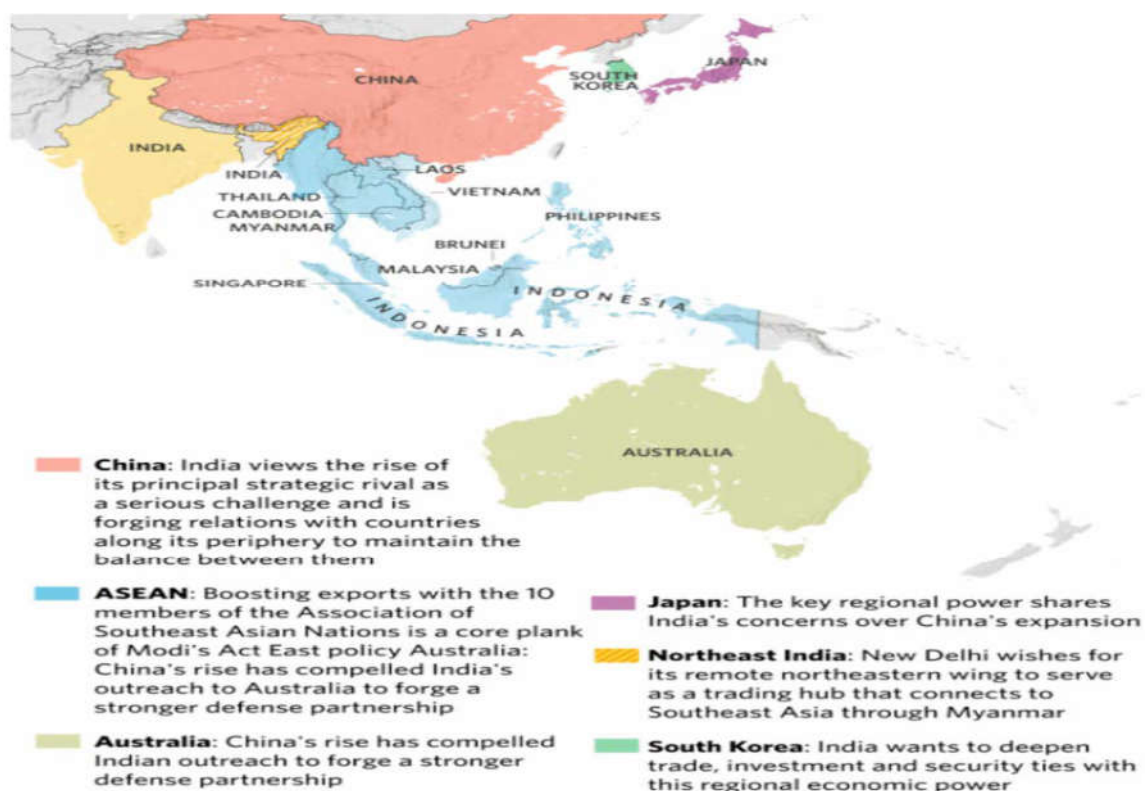
India is now able to benefit from new trade and investment opportunities because to the Look East Policy. India's increasing commercial ties with the area are a clear indicator of the success of her "Look East" policy. From US \$2.4 billion in 1990 to US \$23 billion in 2005, India's commerce with ASEAN has increased.

Initiatives to Enhance Connectivity: India's Agartala-Akhaura Rail Link with Bangladesh. Bangladesh is traversed by multimodal transportation networks and inland waterways. Thailand, Myanmar, and the Northeast are connected via the Trilateral Highway Project and the Kaladan Multimodal Transit Transport Project. Under the India-Japan Act East Forum, projects for building roads and bridges as well as updating hydroelectric power projects have been completed.

The India-Japan Act East Forum was established in 2017 to provide a platform for cooperation between Japan and India under the frameworks of Japan's "Free and Open Indo-Pacific Strategy" and India's "Act East Policy".

The Forum will delve into specific economic efforts for the Northeast region of India, including those related to industrial linkages, infrastructure development, connectivity, and travel, culture, and sports as means of fostering human interaction.

Under the Policy, connectivity constructions, the development of transport routes, and related industrial and trade infrastructures were sought to free the Indian North Eastern Region from the grip of a security paradox that was purported to have restricted the availability of developmental opportunities in Northeast India (AEP) .



Source: Press Information Bureau, 2021

In view of the US "pivot to Asia" in recent years, the present Indian government, led by Prime Minister Narendra Modi, has placed a high priority on its ties with its East Asian neighbors. Act East policy was the new approach put forth by Indian Foreign Minister Sushma Swaraj in response to the Look East policy, which was first introduced during the P.V. Narasimha Rao administration and then taken seriously under the Atal Bihari Vajpayee and Manmohan Singh administrations which followed.

India has been able to extend its influence beyond South Asia and avoid the tense and obstructive presence of Pakistan and China, which has stymied its efforts in the South Asian Association for Regional Cooperation, by forging extensive cooperation on environmental, economic development, security, and strategic matters through multilateral organizations like the Mekong-Ganga Cooperation and BIMSTEC. India joined the ASEAN sectoral dialogue in 1992, was granted advisory status in 1995, became a member of the Council for Security Cooperation in the Asia-Pacific in 1996, joined the ASEAN Regional Forum in 2002, and was a summit-level partner at the 2002 World Cup (equal to China, Japan, and Korea). In 2002, New Delhi hosted the inaugural India-ASEAN Business Summit. In 2003, India too became a party to ASEAN's Treaty of Amity and Cooperation in Southeast Asia.

India's involvement in these forums has often resulted from efforts within the region to offset China's growing influence. Notably, Singapore and Indonesia played a critical role in enabling India's participation in the East Asia Summit, while Japan helped India join ASEAN+6 in an effort to challenge China's hegemony over ASEAN+3. Furthermore, the Asia-Pacific Economic Cooperation has benefited from the support of the United States and Japan for India's admission. East Asia and India are connected through a number of infrastructure projects. The United Nations Economic and Social Commission for Asia and the Pacific has two programs in which India is involved: the Trans-Asian Railway Network and the Asian Highway Network. There are also ongoing talks on rebuilding the Stilwell Road, which connected Yunnan province in China with Myanmar during World War II.

India's Act East Policy focuses on the larger neighborhood of the Asia-Pacific region. Originally meant to be an economic endeavor, the approach has grown to incorporate institutional channels for cooperation and communication along with political, strategic, and cultural elements. India has established robust diplomatic ties with every country in the Asia-Pacific area, elevating its ties to strategic alliances with the Republic of Korea (ROK), Australia, Singapore, Indonesia, Vietnam, Malaysia, Japan, and the Association of Southeast Asian Nations (ASEAN). Furthermore, apart from ASEAN, the ASEAN Regional Forum (ARF), and the East Asia Summit (EAS), India has also taken an active part in a number of regional fora, including the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), the Asia Cooperation Dialogue (ACD), the Mekong Ganga Cooperation (MGC), and the Indian Ocean Rim Association (IORA). Act East Policy has emphasized India-ASEAN cooperation in our domestic agenda for infrastructure, manufacturing, trade, skills, urban rejuvenation, smart cities, Made in India, and other projects.

Initiatives related to connectivity, space cooperation, scientific and technology cooperation, and interpersonal contacts have the potential to ignite regional integration and prosperity.

The "Act East Policy" seeks to improve connectivity by promoting cross-cultural understanding, economic cooperation, and the development of strategic partnerships with countries in the Asia-Pacific area. This includes Arunachal Pradesh and the States of the North Eastern Region. India's North East has become a primary focus of our Act East Policy (AEP). Arunachal Pradesh in particular serves as a bridge connecting North East India and the ASEAN region. The Northeast is continuously being connected to the ASEAN region through trade, culture, people-to-people interactions, and physical infrastructure (roads, airports, telecommunications, energy, etc.) through a number of bilateral and regional programs. The Kaladan Multi-modal Transit Transport Project, the India-Myanmar-Thailand Trilateral Highway Project, the Rhi-Tiddim Road Project, Border Haats, etc. are a few of the larger projects.

The ASEAN-India Plan of Action for the Years 2016–20, which was adopted in August 2015, outlines particular projects and fields of cooperation along the three pillars of political–security, economic, and socio–cultural cooperation. India continues to step up its efforts to forge closer ties with pertinent international and regional organizations, such as ASEAN, ARF, EAS, BIMSTEC, ACD, MCG, and IORA. In order to foster new relationships and human closeness on the cultural front, linkages between Buddhists and Hindus could be strengthened. Extra efforts are being made to develop a compelling plan for connectivity, especially to connect our North East with ASEAN. Several measures are being implemented, including building transportation infrastructure, incentivizing airlines to enhance local connectivity, and fostering links between educational and cultural institutions. Our economic engagement with ASEAN has grown; project execution and regional integration are our main priorities. The ASEAN-India Agreement on Trade in Services and Investments entered into force for India and the other seven ASEAN countries on July 1, 2015.

India's market share in East Asia is steadily growing. India was apprehensive about the US and Russia's participation at the "East Asia Summit" that was held in Indonesia in November 2011. Russia is now a country that delivers military and commercial equipment. Meanwhile, China is starting to face difficulties as Japan, South Korea, and the Philippines are taking on the roles of strategic controller and protector by establishing bilateral alliance ties in this area.

The rapidly growing markets in East Asia attract foreign investment. If India wants to achieve its economic goals, it must implement its "Act East Policy" correctly. As if this tactic would be important in Eastern and Southeast Asian countries. To assume this role, New Delhi will have to work with East Asia to impose dictatorship, discuss how to address problems, and then boldly and impartially settle the dispute.

Growing economic relations

India's trade relations with ASEAN countries have improved dramatically in the last several years. India and ASEAN have signed two trade agreements for goods and services, making them one of the largest trading blocs with a combined GDP of around US\$3 trillion and a market of 1.8 billion people. Trade between India and ASEAN now reaches US\$80 billion annually for the first time in history, but this figure is still much short of the US\$200 billion target set for 2020. A substantial amount of private investment from the ASEAN region has also flowed into India, where it has been utilized, among other things, to construct ports, highways, food processing plants, shipping routes, and auto components. India has made considerable investments in ASEAN in recent years, much like China has, with Singapore acting as a hub for both trade and investment.

Latest projects for the Act East policy

Over a five-year period, from 2020–2021 to 2024–2025, the Indian government approved projects for inland water transport (IWT) infrastructure on national waterways in the North-Eastern Region.

The NW-2 National Waterway Development Comprehensive Project: The construction of NW-2 opens up waterway access between the North East area and the ports of Kolkata and Haldia via the Indo-Bangladesh Protocol Route. The primary interventions of the project are the building of the Jogighopa Terminal, a ship repair facility, a detour to the Pandu Port, and tourist jetties at Biswanathghat, Jogighopa, Pandu, and Neamati.

As part of the extensive plan for the development of the NW-16 & IBP route, steps have been taken to modernize the Badarpur and Karimganj terminals, including the customs and immigration facilities at the Karimganj port. The main objectives of the project are to build a terminal at Sonamura on the Gumti River, a terminal at Maia on the Ganga River, and to upgrade the terminals at Badarpur and Karimganj.

The Indian government is attempting to strengthen its position as a regional force and a counterbalance to the strategic influence of the People's Republic of China by fostering broad economic and strategic ties with the countries of Southeast Asia through the Act East policy.

Challenges to the Act East Policy of India

The influence of China: China's growing geopolitical influence in Southeast Asia and the Indian Ocean region directly affects India. China's influence in the region has been less effectively countered by the Act East Policy.

The ASEAN trade deficit: India's overall trade imbalance with ASEAN grew from approximately 7% in 2009-10 to 12% in 2018-19. With the exception of Laos, Cambodia, Myanmar, and the Philippines, India is one of the 15 Regional Comprehensive Economic Partnership (RCEP) members that has a trade deficit. China is responsible for 60% of the deficit overall.

Failure of RCEP: Act East Policy has not been able to secure the backing of other nations in order to resolve RCEP-related concerns that affected India. Due to the failure of extensive negotiations about the Regional Comprehensive Economic Partnership (RCEP), India was the only country to be excluded from the regional trade agreement.

Minimal involvement in the economy Significant economic agreements between India and East Asian nations are few, despite significant advancements in the fields of security and defense cooperation. India and South Korea have only signed a memorandum of cooperation (MoC) on fisheries and seas thus far.

Conclusion

The Act's east policy objective is to improve connectivity, relationships, and cultural and regional links with India's northeastern regions and neighboring countries. The AECEN has made social and economic integration possible. Chinese dominance in South-east Asia is being challenged by the upcoming development project, which is constructing riverways and routes for alternate and practical access to remote locations. With the assistance of strategic planning and the Ministry of External Affairs, the most comprehensive and useful policy is being developed. Furthermore, India should continue to interact with South Asian countries, including Afghanistan, Nepal, and Sri Lanka, with particular emphasis as it forges closer connections with East Asian countries. It is not appropriate to see this region as a sacrifice for East Asian advancement.

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