CHAPTER – 6

RECOMMENDATIONS, SUGGESTIONS AND CONCLUSIONS OF THE STUDY

6.1 Recommendations of the Study

6.2 Suggestions of the Study

6.3 Conclusions of the Study
This chapter is formulated on the basis of findings of the analysis and interpretations in order to achieve the objectives of the study.

6.1 RECOMMENDATIONS OF THE STUDY

The recommendations of the study can be advocated as follows:

The New Economic Policy in 1991 due to globalization saw the North East Indian firms expanding their business globally using different strategies such as Act East Policy; Liberalisation, Privatisation, Globalisation (LPG); etc. More funding is needed for the projects, better high-level management, and visible and sustained action. Currently, 70-80% of India - CLMV countries (Cambodia, Myanmar, Laos and Vietnam) trade is confined on only a few products. There is a scope to bring in more commodities and manufactured goods into it. Manipur though stands tall when it comes to Look East Policy of the Indian government, where the economy of the state can be boost up by contributing a lot in the field of trade, tourism and transport. Lack of a specific policy on the part of the state government has left the state going backward instead of marching forward at the international trade. Thus, the need of the hour is to frame action oriented policies along with a fresh vision document in the context of India’s Northeast-Act East Policy, and then transform them into practical actions at the ground level for the benefit of all the stakeholders in the region.

Replacement of the present Department of Trade of Commerce by a separate Directorate of Trade and Commerce; to set up a Trade & Investment policy which focus on market expansion beyond the state, providing subsidy and insurance to traders, opening of grievance cell for traders, opening of trade information centre, removal of informal check-post along NHs and institution of State Trade Promotional Institute; and to speed up the work progress of the construction of ICP are to be undertaken in due course. The implementation of India AEP exhibits a tendency to decrease the North East to a mere corridor to Southeast Asia. Unless there are structural changes in the mode of
production of the North East economy, the region will only remain a “transit point” or rather a mere bridge in the execution of future trans – national trade. Reading between the lines, the only thing the North East can expect from India’s Look East policy are economic exploitation, demographic transfiguration, environmental destruction, obliteration of cultural identity, intensified political subjugation and extensive militarization. The major benefit is that the development of Moreh LCS would encourage regional and sub-regional co-operation in South and SEA as well. It would create opportunities for India’s North East to collaborate with the ASEAN, MGC and BCIM forum on trade, transport, technology, automobiles, machineries, electronics, petro-chemicals, gas crackers, pharmaceuticals, herbal, fertilizer, polymer, agro-horticulture, education, banking, investment and tourism by harnessing their shared capabilities. Besides, it will give rise to growth triangles on the basis of different comparative strengths of adjoining regions by capitalizing their natural resources, technology, finance and human for a victorious trilateral or quadrilateral venture. For achieving the benefits of the India’s LEP, highlighting a few suggestions:

a. Controlling illegal trade along the 1640 km, long border with Myanmar and India. Increase the number of official trade items like bicycle, fertilizers, medicine etc.

b. Improve the sufficient infrastructural facility.

c. Initiating measures for improving the present law and order situation, especially Insurgency) of the Northeastern states in general and bordering sates of Manipur and Nagaland in particular which has caused the slow pace of development and disrupted the normal volume of trade.

d. Open the new secondary and tertiary sector in the area that will provide more job facilities to the youth of the region.

With the change in demand pattern in both sides of the border, trade at Moreh LCS is carried out more in negative list items than the positive list items. Trade at Moreh LCS suffers not only due to
lack in modern trade infrastructure, both hardware and software, thus making the entire trade very unsecured. On top, the unfriendly exchange rate between India and Myanmar prohibits the formal trade to grow, resulting which government is losing revenue. The responsibility of North Eastern states in the LEP is negligible until date. So far, it seems to be a dictated policy of the central government. This is in sharp contrast to the role played by Yunnan province of China in search of faster relationship with its Southeast Asian neighbors. The Yunnan province plays a role in the institutions of the Greater Mekong sub-region. However, there is little room for India’s Northeastern states in the Mekong Ganga Cooperation or in BIMSTEC. The emphasis should be on industrialization and growth. The Indian government and the northeastern states must adopt proactive role and provide not only infrastructures but also political stability and good governance. Greater participation of the local people in production and distribution activities and raising agricultural productivity should be give prime importance. Trade alone will not be sufficient to transform the region into a sustained development path. In addition, growth in trading activities will only benefit those people who possibly are from outside the region and who are economically more powerful to exploit the resources of the region.

India’s Look East policy should include goals such as encouraging public debate and participation as well as opening doors and windows in the political and economic arena.

India’s LEP particularly in the long run must include not only the booming Southeast Asian economies but also others such as Cambodia, Laos, Vietnam and the East Asian countries like North and South Korea. Engaging Japan shall be particularly helpful in honing the counter-China strategies. Unless a proactive realist approach is taken on it shall be quite hard to become a permanent or substantial fixture in the Asian political-economic landscape and realize the goals of the LEP. Despite forecast of slowing down of export globally, India’s exports in most of the segments of
MSME sector have not come down during 2014 - 2015; therefore it would not be proper to conclude that stopping interest subsidy to exporters has affected the MSME exports. Despite slowing down of Global demand, India’s export during 2014-2015 (April-October), have shown moderate export growth (4.7%) and trade deficit and trade deficit has reduced by 4.08%. Negative growth of exports of certain major commodities, namely, Petroleum, Engineering goods, Drugs and Pharmaceuticals, Cotton/ Textile/ Made-ups, Rice, Spices, Fruits & Vegetables, Oil meal, Tea have been needed to analysed. In all items, Indian exports are more competitive than Malaysia, Singapore, Thailand, and Vietnam. Therefore, there is a case for encouraging more exports of these products. The researcher looks at those products that are being export to China by ASEAN-4 but not by India. It must be clarify that these products are being export by India to the rest of the world. At the same time, these are also the products where India is more competitive than the four ASEAN countries. In all the 65 items (after excluding 4 items), India is more competitive than its ASEAN neighbors are.

Since China is not importing these items, as of now, from ASEAN or India, Indian MSMEs can look forward to new opportunities in these products in the Chinese market. In the context of opportunities of fresh market access for Indian manufacturers, it is important to look at those products where the difference in competitiveness between India and its ASEAN competitors is only marginal. These are those products where marginal differences can result in displacements either way i.e. marginal difference among commodities that are exporting to China by India and the ASEAN-4 countries, as well as for commodities that has been export by only India and not the ASEAN-4. A country wise analysis shows that India’s exports to Indonesia, Malaysia, Thailand, Singapore, China, and Myanmar are dominate by manufacturing products. It is obvious; therefore, that the NE does not seem to have a comparative advantage in any of India’s exports to these countries, given the facts that the share of manufacturing in the domestic product of the region was only 4 % in 2004 and that
manufacturing is growing by a little over 1%. In fact, Assam is the only NE state with some manufacturing orientation, which is non-existent in most other states of NE. A casual look at the exports and imports of the NE would reveal that its exports constitute mainly primary products, of which tea and coal is the major portion. Other exported items are boulder stones, limes stone and fruits. Being rich in forest resources with favorable climate conditions for horticultural and floricultural products, the region can exports a wide variety of forest-based products.

Requirement of enormous investments in infrastructures such as construction of roads, railways, air transport and communication facilities, which are largely lacking. Hotels, restaurants and resorts needs to build for tourists. As envisaged in North Eastern India Vision 2020, a substantial increase in investments as well as a noteworthy improvement in productivity is required for the Northeastern region to catch up with the rest of the country by 2020. This enormous investment cannot come from the government alone. As a result, private investment and loans from Asian Development Bank and World Bank is requiring. However, the present political and security environment cannot attract private investors. The government needs to create a secluded environment by initiating dialogue with radical elements to bring peace and stability in this conflict-ridden region. Processing industries have to be set up to manufacture quality goods, which can be present in international markets at suitable prices. Agriculture has to be improving both in terms of production and in terms of productivity. The new North East Industrial Policy 2007 has practically made the whole region a special economic zone. The industry departments of various states of the region have only benefited the ‘subsidy eaters’ till now. Otherwise, the region would just be a corridor between mainland India and Southeast Asia. India’s policy of strengthening its ties with eastern neighbors has been limited to counter insurgency efforts as seen in Bhutan and Myanmar. The Look East policy is use as a way to convince the neighboring countries to drive out insurgents taking shelter in these countries. Sincere and
political negotiations should engage civil society and the contending parties as one negotiation may provoke the other groups.

For reaping the benefits of India’s LEP, Industrialization and Skill Development Programme of the state is quite necessary for the state of Manipur. From the above analysis, we can get the causal to a certain extent on the part of the state to change the infrastructure and industrial policy. More of security issues then economic ones, in spite of its conspicuously different projections, condition New Delhi’s concern for Manipur and the NE India. An in-depth analysis needed to ascertain to the validity of New Delhi’s claims of benefit in the NE through this policy. Another sad side of the story is the Diminishing Tendencies of Myanmar’s traders because of frequent blockades on Indian side (Manipur). Myanmar’s traders might have chalked out a better strategy through Champhai (Mizoram), a state that has been award peace prize. Trade flows can be improved by adopting two sets of strategies for ASEAN and Myanmar. India-Myanmar trade can be increased manifold through production networks, provided appropriate investments are made on two sides of the border on activities that give rise to trade complementarities.

Development of infrastructure should be accorded priority, effective marketing and promotional efforts need to be undertaken to attract both the domestic and foreign tourists. Planning for sustainable development of tourism therefore involves an integrated development of basic infrastructure and amenities along with development of tourism facilities in a balanced manner. India’s Look East policy can thus help the region to promote tourism. Cultural tourism and marketing of crafts and textiles can serve as a powerful catalyst for preserving the ongoing viability of both the tangible and the intangible heritage of the Northeast. It has been forecasting that by 2020 the region will generate 405 million tourists of the 1561 million tourists. By using Myanmar as a bridge to
economically, leverage with China and the other ASEAN nations, India wants to develop her Northeast. Certain shortcomings are highlighted below for consideration:

- India has entered into a number of pacts, agreements and FTAs with nations of ASEAN but its record for implementation of such accords has been poor. The Indian industry has doubts about its own competitive efficiency or it is scared of cheaper exports to India.
- India lags behind China and Japan in almost all spheres of East Asian cooperation, East Asian observers reckon that India has so far appeared less proactive than China on critical issues.
- Some analysts feel that India’s LEP lacks a strategic vision despite seeking defense cooperation with some ASEAN nations (Myanmar, Indonesia and Vietnam).

India’s objectives in LEP can be furthered through areas ‘education, democracy and culture’ where it has a comparative advantage over Asian countries. In this context, the Nalanda project, which envisages the setting up of an International University, is noteworthy. India has a lead in Information Technology. Tourism is an area where much can do to reverse the trend of more Indians going to South East Asia (Singapore) for shopping. At the strategic level, India’s LEP envisages the ASEAN states and Japan as key partners in East Asia. Ties with South Korea are also strengthening. With India-US relations also expanding in scope and content, India can become a stabilizing and balancing force in this region. India’s inclusion into the Group of Twenty Economies (G-20) has boosted its image in this region. Six of the 20 (Australia, China, Japan, India, Indonesia and South Korea) are from East Asia. The crux is that this LEP should reinforce and demonstrate India’s commitment to this region, which accounts for about one-third of India’s trade. It should also be made clear that this commitment will not be influenced in any way by the improving relations between India and the United States and European Union.
The erratic power supply has adversely affected industrialization in the state. In this connection, industries situated in Industrial Estate have quality supply of power. There is also a provision of subsidy in installing captive power plants. However, this subsidy has been avail of by only a few because of the heavy expenditure involved. It is suggesting that the entire cost of power plants should be subsidizing. The awareness of the people regarding products from outside the state is much higher than the awareness of products produced in the state. The dependence of the state on a raw material available in other states has increased while the local resources are lying unutilized and hence wasted. Besides, there is also a huge drain of resources from the state affecting investment adversely. The shortage of investment also affects the course of industrialization and the state is thus trap in a vicious circle. A highly industrialized Manipur will be an asset for the country.

Few recommendations are highlighted below-

- It is highly recommended that an Institute of South East Asian Studies be immediately establish in Manipur for understanding the similarities and differences in culture, organizational styles and strategic perspectives prevent in the South East Asian countries.
- English is not the popular medium of communication in the south East Asian countries, entrepreneurs from the Northeast region need for a separate School of Foreign Languages in the Manipur University.
- Foreign students be attracted and accommodated in the Manipur University.
- Infrastructure in the Health care and Paramedical Institutes should be upgrade to the International level.
- The Kaladan Multimodal transport corridor, if realized in time, would transform the geo-economic scenario of the north-east region as well as end its maritime separation.
CAGR (Compound Annual Growth Rate) for 5 years export and import transactions is equal to 14.22 % and 14.2 % respectively, representing the smoothed annualized improvement over export-import time horizon. CAGR assumes that foreign trade with Myanmar grew at a steady rate. Unlike NER-Bangladesh trade, NER’s trade with Myanmar has always remained less of India’s total trade with Myanmar since the opening of Land Customs Station at Moreh.

Some certain points are generated from the Respondents of Questionnaire –

50 % of respondents furnished their views that heavy competition is the main reasons for problem in product introduction at the same time another 50 % also viewed that heavy competition is not the main reasons for problem in product introduction. All the marketing areas are local based, which is true in all the types of industry viz., manufacturer, and service and trading. It is observed that none of types of industry is country based since each type gave 100.0 % answer to the question. In registration of brand, the variation so far observed is also not significant statistically. It implies that there is no association between types of industry and nature of information provided in the label in terms of product contents and brand name too and price too. It may imply that the pricing objectives in terms of maximization of current profit and pricing objectives in terms of minimum return on investment on sales are alike. It is shown that the maximum % is using direct selling as type of distribution channel and out of it manufacturers have 90 % while service and trading have 100 % each. Very less percentage not used direct selling as type of distribution channel whilst only manufacturers have 10 %. All the type of industry used cent percent newspaper as the medium of advertisement. All the types of industry felt yes on the question of increase number of tourists at the sites have increase demand of water resources which has resulted in shortage of these resources. Information of availability of talent labour is furnished which designates supplementary that 41.4 %
of the individuals notwithstanding of the type of industry furnished their views as satisfactory. The information of access to capital indicates that the majority of 35.7% of the individuals irrespective of the type of industry opted for their views as poor. Information of innovation (ease of getting patents & trademarks, research institutions and scientists) with respect to type of individuals is set forth and results suggest that 36.4% of the individuals provided their views as satisfactory. Irrespective of their type of industry, the respondents gave their views as very poor on the question of presence of sophistication in firm management, making strategies, management practices and effective management skills. 28.6%, 25.0%, 28.6%, 10.7% and 7.1% of the individuals irrespective of type of industry furnished their views as very poor, poor, satisfactory, good and excellence on the question of government support in exports and marketing outside the country.

From the hypothesis testing it can be recommended that there is no significant association among the three types of Industry viz. Service, Manufacturing & Trading sectors in Manipur regarding Human Resource Development. It is being observed that the type of industry and availability of universities, training institutions and vocational centres are not up-to the extent which are necessary in the current implications of Look East Policy in the state of Manipur. Further, there is no significant difference in association between the three types of Industry viz. Service, Manufacturing & Trading sectors of Manipur and Identification of Marketing scope which can be concluded that all the marketing areas are local based and none of the industries are country based. On the other hand it is also being observed that there is no association between the type of industry and nature of information provided in terms of product contents, brand name and prices of the products. Again, there is highly significant relationship among the three types of Industry of Manipur and Government decision on Foreign Direct Investment.
The statement can be concluded that the state government is thrusting for the need of foreign direct investment particularly in these three sectors for the India’s Look East Policy. Lastly but not the least, there is no difference among the three types of Industry sectors of Manipur in terms of providing quality Infrastructural facilities in these sectors so as to enable to reap the fruits of LEP in the state.

6.2 SUGGESTIONS OF THE STUDY

Certain suggestions are formulated concerning with the trend and implication of LEP-

The changing scenario of India’s Look East Policy:

Export Promotion Zones could be setting up in the border area of the state. The imposition of US sanction prevents the use of the US Dollars, which make it impossible to trade through Letter of Credit under Asian Clearing Union (ACU) mechanism. Moreover, Myanmar banking officials are relatively unfamiliar with the Letter of Credit trading system. Enabling barter of most tradable items will overcome this obstacle. Unofficial trade can be converting to official trade by simplification of formalities required to register export or import of commodities across the border. Once the incubation centre functions start, unemployed educated and skilled youths of Manipur could be train on diverse trades along with updating on latest technological advancement in different fields. The Industrial policy has been formulated in order to draw investment into this NE region. Financial institution like NEDFI has been set up to assist capital to those entrepreneurs who desire to set up industries in this region. Agriculture and Tourism have been recognized as the area to pay attention for growth of the region in general and Manipur in particular. It is suggested that Government of India in general and Government of Manipur in particular to keep vigil on the changing scenario of LEP.
The potential areas of opportunities from India’s NE to the rest of world:

Keeping in mind the huge number of educated unemployed youths in the Northeast and the English medium education that impart, the job market has enormous potential in the region. Indian entrepreneurs and technologists can help top strengthen the food processing sector by extending the development of this sector. And, investment should be taken up primarily in the MSME sector. There are about 305 communities and over 200 tribes in the region. Each community has its distinct customs, cultural heritage and folklore and as such, the region has ample prospects to promote modern day tourism. The region also has several aromatic plants, which could be used to develop and promote health tourism in selective locations of the region. Being rich in forest resources with favorable climate conditions for horticultural and floricultural products, the region can exports a wide variety of forest-based products. The Kaladan Multimodal transport Project would create opportunities for the development of industrial clusters in the Northeast, provided the political leadership sets the agenda with a robust entrepreneurial culture and proclaim institutional reforms to mark development in the region. The North East people should try to tap the opportunities of the potential areas.

The associated relevancy of India’s LEP and Manipur in particular of India:

From the observations of the study, it is clear that LEP will generate employment opportunities in the region. In addition to this it is going to be highly labour intensive for various industrial sectors. One of these industries is the tourism industry which is a service industry capable of generating manifold employment opportunities to address this growing problem in all the states. It is therefore, essential to create many facilities and develop professionalism in order to tap the maximum potential of this industry.

Thus, the need of the hour is to facilitate certain programmes to encourage the involvement of local
people in the infrastructural and trade development related activities in the region. For this, the
government needs to open the new secondary and tertiary sector in the area that will provide more
job facilities to the educated and skilled youths of the region. But the People of Manipur need to
abandon the habit of imposing bundhs/blockade even for minor issues because this could delay the
infrastructural development undertaken by central government particularly for the Look East Policy.

**Existing constraints for trade-led development in the NE region and Manipur in particular:**

Another important suggestion is to develop proper entrepreneurial skill and marketing talent by
the professional institutions through proper training programmes for carrying marketing activities
successfully. While the central government receives generous amount through the Custom
department based at Moreh, the state government has been unable to receive financial gain because
of the international trade. The following are the existing bottlenecks are –

- Lack of proper banking mechanism remains a major bottleneck for trans-border financial
  transactions.
- India software companies can set up software training institutes in Myanmar to train local labour in
  computer operations.
- The shortage of investment also affects the course of industrialization.
- Cold chain infrastructure and warehousing facilities need to be enhancing at existing border point.

A greater number of border trading points should be open in the NE states of India. With the
initiative of a programme for computerization and office automation in different sectors in Myanmar,
scope for software exports to Myanmar will increase. India software companies can set up software
training institutes / Centre’s in Myanmar to train local youths, educated unemployed youths in
computer operations. For the effective solution to the above constraints, the government and
Financial Institutions will have to consider the following suggestions.
1. Government’s Role: The government has to take the initiative through new exploration projects in order to study and find out more tourist spots.

2. Financial Institution: A Tourism Financial Corporation like Meghalaya Tourism Development Corporation Ltd. can be setting up by the Government to concentrate specifically on the Tourism industry.

3. Fund Utilization in State: Emphasis should take on spending the fund that has been allocating for the financial year.

4. Focusing the experience of traders who are directly involved in trade should be a factor for Academicians and Policymakers.

5. Eradicate the lack of cooperation in the field of infrastructure, human resource development, industry, railways, science & IT, etc.

6. Undertaking of completing the India-Myanmar border projects such as the Tamanthi Hydroelectric, the Rhi-Tiddim and Rhi–Falam roads and Kaladam multi – modal Transport.

To conclude the study, the following Suggestions and possible policy measures for the implementation of Look East Policy are laid down:

In order to take maximum benefit from the policy, the North Eastern region should develop various industries suitable to North East region. India’s objectives in LEP can be furthered through areas “HRD, Democracy and Culture” where it has a comparative advantage over Asian countries. So, it is high time to set up IT-SEZ in Manipur in a hurried manner. A diversity of foreign direct investments in Myanmar shall certainly be a more desirable option for India than reckoning with an ominous monopoly. Some certain actions programmes are needed to be considered during a short period of time i.e.
a) Complete the Trilateral Highway before ASEAN economic community will start operating. Be focus on improving border infrastructure at Moreh – Tamu or Champai – Rih.

b) Financial market development and maintain currency exchange rate stability are needed. More Indian banks should allow operating in major cities of Myanmar and vice versa. It has been highlighted importance of direct coordination between the traders and the policy makers.

c) Capacity building in Transportation should take up on priority basis.

d) Formal consistent and standardized border crossing procedures and formalities must be developed through an acceptable standard process.

6.3 CONCLUSIONS OF THE STUDY

The main subject of the present research work is to analyse the developments in North East India’s position in general and Manipur in particular with regard to the contemporary East Asian region since the early 1990s. This general question is addressed in six chapters, reflecting the various facets of the AEP as well as the stakes raised by India’s opening onto the East Asian region. Finally, the outcome of the study may be summarised as follows. Certain issues are highlighted as utmost important on the present study i.e.

a) Simplify visa regime for business persons travelling from India to ASEAN and vice-versa,

b) Launching of an India-ASEAN Health care initiative at low cost,

c) To promote Education (Human Resources Development) sector with specially on skill development and professional education,

d) Financial market development and market-driven currency exchange rate stability are essential,
e) Initiating measures for improving the tourism sector,

f) Setting up India-ASEAN Green Fund for undertaking pilot projects to tackle Climate Change,

g) An expanded Open Skies Policy with ASEAN,

h) To operate smoothly with developing economic structure, Foreign Direct Investment can take a considerable part in the process.

i) Capacity building measures should be taken up to opportunities, as far as possible, generally the people in and around Moreh so that a proportionate share of the opportunities of trade accrues to them. Both sides of countries should agree to take necessary steps to prevent cross border crimes, including drug trafficking and arms smuggling, and to upgrade bilateral cooperation.

j) Micro democratic institutions such as autonomous development councils, grampanchayats and village councils were strengthened, revitalized and legitimised.

k) The focused approach to development, timely completion of projects with participation of skilled locals will not only bridge the development deficit but will also help relieve the deep rooted feeling of alienation.

l) The active involvement and financial cooperation among all trading foreign countries and international financial institutions by sharing the huge amount of capital expenditure needed to form such infrastructure facilities will be extremely significant.

m) For reaping the benefits of India’s LEP, Industrialization and Skill Development Programme of the state is quite necessary for the state of Manipur. There is certain need of an extent on the part of the state to
change the infrastructure and industrial policy.

n) The Indian government and the north-eastern states must adopt proactive role and provide not only infrastructures but also political stability and good governance.

Another observation in the present context of the state is that many restrictions are imposed on non-tribal/tribal of the region and accordingly, it has affected the foreigners for free movement of trade and commerce. It is another obstacle in the development of the area or region. Not only that, acquisition of tribal land is complicated task for establishment of industrial activities due to their customary laws. However, the restructuring of the FTA with ASEAN will encourages free movement of people and free flow of trade and commerce from India to Southeast Asia and vice-versa. A policy in this regard needs to be worked out so as to preserve and protect indigenous people’s culture and tradition of the region while undertaking the smooth flow of trade and commerce and visits of people from SEA and mainland India are encouraged. Last but not the least; Development should inevitably address to increase production and generation of productive based industries in the region. Only when the region materializes as a durable producing base rooted in expanding the resources viz. human resources, material resources and natural resources etc. available for the benefit of its people. Development will also assume an all-inclusive environment.