

Role of Trade in Promoting Entrepreneurship Development between North East India and South East Asia

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Abstract

Entrepreneurship plays a vital role for economic growth and development of a nation or a region within the nation. Out of many important benefits of entrepreneurship development, generation of employment opportunities for job seekers is one of the most important issues. India's North Eastern Region (NER) is unique in terms of growth opportunities as it has the potential to develop into India's economic power house being a vibrant source of energy, oil, natural gas, coal, and limestone, besides being endowed with its largest perennial water system in the river Brahmaputra and its tributaries. Aptly considered as 'The Gateway' to its South East Asian neighbours, India's North East can emerge as a strategic base for foreign and domestic investors to tap into the South East Asian region, which is getting integrated through the operationalization of the South Asian Free Trade Agreement (SAFTA) and the Agreement on Trade in Services. At the initiative of the present Government at the center, the slogan of "Make in India" has gained immense popularity with a more vibrant "Act East Policy" now taking over the formerly 'Look East Policy'. The NER's unlimited tourism opportunities, unique performing arts, and varied cuisine and handicrafts provides the ideal setting for its development as a hub for dealing in trade and commerce with India's eastern neighbours and boosting entrepreneurship. Development of NER will not only enhance the economy of India but also will foster bilateral integration amongst the East and South East Asian neighbours. This paper therefore is an attempt to understand in what way will trade between the North East India and South East Asian regions can boost entrepreneurship and generate self employment.

Keywords: SAFTA, Entrepreneurship, South East Asia, Act East Policy, Make in India

Introduction

Connected with the rest of India through a narrow corridor in North Bengal known as the 'Chicken Neck', the North Eastern region, a collective group of 8 states comprising Assam, Arunachal Pradesh, Manipur, Mizoram, Meghalaya, Nagaland, Tripura and Sikkim, is a reservoir of

rich natural resources and biodiversity. It shares the International boundaries of India with China to the North, Bangladesh to the South-West, Bhutan and Nepal to the North-West and Myanmar to the East. Though India's North Eastern region is considered as "The Gateway to Southeast Asia", yet the region has been kept isolated from the rest

of the country and is today one of the most backward regions mainly as a consequence of geo-politics. During the early part of the last century, the Northeast was considered as the center of socio-economic development. The region was a net foreign exchange earner and had a per capita income higher than the national average. Incidentally, all these had changed post partition when the region was virtually sealed from almost all sides. It has become evident that India has been deeply engaged with the Association of South East Asian Nations (ASEAN) comprising of 10 member countries (viz; Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam) through the India-ASEAN Free Trade Agreement that was signed in the year 2009. Though India is ASEAN's fourth largest trading partner and eighth highest investor, paradoxically the North east region has not been able to gain any benefit from the Indo-ASEAN trade relation mainly due to poor communication network. While the narrowness of the 22-km link with mainland India has proven to be a stumbling block for development, the long international border of over 5300 kms with countries such as Myanmar, Bhutan, Bangladesh and China can be turned to advantage for the region. Northeast can be converted into an economic corridor connecting India, Bangladesh and ASEAN which would pave the way for the integration of India's Northeast with the world economy. However, this is a herculean task in itself as it calls for massive investment in improving connectivity infrastructure like roads, railways, airports, inland

water transportation and open up avenues for entrepreneurship and skill development trainings. The Government of India must be well aware of the fact that a fully fledged bilateral relation with its Southeast Asian neighbours is not possible until and unless the connectivity infrastructure of the Northeast region is improved. In India efforts to promote and develop entrepreneurship among the youth began with Industrial Campaign during the early 1960s. It has now taken the form of a nationwide movement. While Gujarat is credited as being the first state in the country to make planned and systematic efforts in entrepreneurship development, in the North East India Assam is the pioneer in this field. In 1973, Assam started a novel experiment on entrepreneurship development by setting up district level agencies known as Entrepreneurial Motivational Training Centres (EMTC) to identify, select, and train prospective entrepreneurs and provide them all support services to start and run their enterprises. The EMTCs did commendable work in promoting entrepreneurship in the state during the early years of their functioning. After more than 25 years of their operation the EMTCs have now been merged with District Industries Centres. Thus, an important chapter in the history of entrepreneurship movement in the North East is closed forever. There are now other agencies such as Small Industries Services Institutes (SISIs) and branch SISIs, North Eastern Industrial and Technical Consultancy Organization (NEITCO), North Eastern Industrial Consultant (NECON), and National Small Industries Corporation (NSIC). In addition, in 1993 the Government of

India set up Indian Institute of Entrepreneurship (IIE), a national institute at Guwahati to act as catalyst on entrepreneurship development with its focus on the North East. Entrepreneurship development has become a major concern of all these organizations and institutions, apart from their other regular activities.

I. Research Objectives:

1. Linking North East with South East Asia.
2. To identify the trade prospects of Northeast India
3. To study the scope and potential for entrepreneurship in Northeast India.
4. To study the challenges of Northeast India.

Methodology:

This research paper is the form of an explanatory study in analyzing the role of trade in entrepreneurship development between Northeast India and Southeast Asia.

Mode of Data Collection:

The present study is based on secondary data collection. The data has been collected by various published sources like books, journal, magazine, reports, publications, etc.

Discussion:

Objective 1: Linking North East With South East Asia

Though India is closely associated with the South East Asian countries through the India-ASEAN Free Trade Agreement signed in 2009, yet the NE region has not been able to gain much benefit from it. Connectivity through the Northeastern states became a priority for India's foreign policy in 2003, providing a new dimension to the Look

East Policy (LEP) which emerged at the official level only in October, 2007 in a meeting of the then Foreign Minister, Shri Pranab Mukherjee and the Chief Ministers of the North Eastern States on the initiative of the Ministry of DONER. However, it is illogical to talk about extending the linkages with Southeast Asia if there are no potential markets on the Indian side of the border. Trade between Northeast and South East Asia will be possible only when there is proper connectivity between both these regions. The Northeast Vision 2020 drafted by the Northeast Council (NEC) and released by the then Indian Prime Minister Dr. Manmohan Singh in 2008, focuses on development planning in the Northeast thereby making the Central Government come up with ambitious plans through this doctrine to improve the communication linkages. The recently announced plans of awarding road projects of 1 Lakh Crore in the North East in the next five years and the declaration of 18 National Waterways in the region are some of the recent developments which has put North East in focus. During the last few years, constructing the Stilwell Route/Ledo Road has been seen as a medium to extend trade linkages with Myanmar and China. While the trade groups in India, especially in the Northeastern region have shown keen interest in reopening this strategic roadway because of its enormous economic potential, the security agencies have been wary due to the threat of an increased insurgency in NE and a rise in arms trafficking. While roadway is one medium for improving the connectivity within the Northeast, through the rail networks, air transfer and inland

waterways the transportation of heavy trade goods can be carried out conveniently. The Kaladan Multimodel project, the Trilateral Highway, Trans Asian Highway and the Asian Highway Network are some of the dream projects at various stages of development which would in the future reorganize the strategic and business dynamics of the region. As part of this, there are plans to construct a 350 km rail track from Jiribam in Assam to Moreh in Manipur and further on to Myanmar. New projects have been introduced to connect the tracks of Jiribum-Imphal-Moreh line and Tamu-Kalay-Segyi line which will further extend to Myanmar. It is projected that by 2017 all the capital cities of the Northeast are set to be on the Indian railway map. The state governments along with aviation industry must emphasize on monitoring the development and modernization of the Guwahati airport. This airport has every prospects of becoming a major hub for air connectivity in the NE. Regional hubs should also be built as proposed in Agartala, Imphal and Dibrugarh. To facilitate growth of border trade the Union Minister of Commerce has introduced an **Export Development Fund (EDF)** for the Northeast traders and entrepreneurs. In the **14th ASEAN-India Summit** held on September 2016 in Vientiane, the capital city of Laos the Prime Minister of India Mr. Narendra Modi addressed the gathering by focusing on India's "Act East Policy" while describing ties with its South East Asian neighbours as 'a source of harmony'. He had highlighted that connectivity with North East was central to India's partnership with ASEAN and further proposed on a joint task force on

connectivity to work on extension of India-Myanmar-Thailand Trilateral Highway to Cambodia, Laos and Vietnam.

The timely completion of the ongoing projects, creation of new green field infrastructure to aid connectivity and trade, policy reforms, cooperation with neighbouring countries etc would be key to the future of the region as a hub of international trade and commerce.

Objective 2: Trade prospects of Northeast India

With the emergence of globalisation, economic integration among nations has become a necessity. Cross-border trade is the most important medium of the current wave of globalisation. In this process, knowingly or unknowingly the north east economy has emerged in to a new dimension of cross-border trade (informal trade) with neighbouring nations and that increases social welfare of the poor masses of the region. Under the "Look East" policy (now adopted as "Act East Policy") India seeks economic cooperation with ASEAN and other neighbouring countries through the gateway of the region. The Ministry of commerce has been focusing on enhancing trade at the border with the North East. According to the present government at the Center, there has been a 312.64 per cent increase in trade through Nathu-La in 2015-16, trade has doubled at Myanmar border and new border haats have been opened in Tripura and Meghalaya. According to an official statement, the most successful move was boosting trade in Nathu-La, where the Government simplified procedures and set up facilities for trading of specified items at a

common station-One Land Custom Station (LCS). During 2014-15, there was an increase of 93.74 per cent in total trade through Nathu-La. There are two LCS at the Myanmar border-Moreh and Zokhawtar. Myanmar border trade which was mostly barter has gone up from Rs. 4.16 crore in 2010-11 to Rs. 157.95 crore in 2014-15. The crucial geo- strategic location of the NER along with its rich natural reserves accord the region with the possibility of being India's powerhouse of trade and investment as well as a substantive gateway to the robust engagements with the neighbouring countries. Determinants like geographic proximities, socio-cultural and ethnic affinities, economic complementarities, political commitments, policy coordination, infrastructure development and mutual interdependence extensively bolster the promotion of trade at borders. Development of the trade at India's border between the neighbouring countries thus is conceived as a necessary precondition for the economic development of the NER in particular and the country in general. The trade points in the NER border such as at Moreh (Manipur) and Tamu (Myanmar), Zakhawthar (Mizoram) and Rikhwadhar (Rhee, Chin), Avankhug-Somra point at Nagaland, Nampong through Pangsung Pass in Arunachal Pradesh, Dawki in Meghalaya, Suterkandi in Assam and Nathula Pass in Sikkim need to be developed and made operative for fructifying the essence of economic cooperation with the neighbouring countries.. To that end, in its 2008 blueprint for socio-economic development in the region, promoting trade and investing in infrastructure on both sides of the

India- Myanmar border was a top priority for the government.

Objective 3: Scope and Potential for Entrepreneurship in North East

Entrepreneurship plays a vital role for economic growth and development of a nation or a region within the nation. Out of many important benefits of entrepreneurship development, generation of employment opportunities for job seekers is one of the most important issues. Entrepreneurship increases the confidence among the people who make a small start and gradually succeed in touching the heights of success. It ensures empowerment which is the key to a nation's full development. One entrepreneur is an example to hundreds of people of the society who too have the desire to achieve their dreams. What is required now is just a little motivation and support so that they can display their entrepreneurial skills. The development of a society requires full participation by all section of the population. Involvement in entrepreneurial activities would ensure effective utilization of labour, generation of income and hence improvement in quality of life. Therefore, empowering entrepreneurs is essential for achieving the goals of a sustainable development. North East can be and has the potential to be the pioneer in the field of developing entrepreneurship. It has abundant resources, both in the form of natural and human resources. If utilized properly and to the full, development of the region will go leaps and bounds. The development of connectivity infrastructure in the region with its neighbours

will not only enhance trade but also will boost entrepreneurship in a significant manner.

Prospects of Rural Entrepreneurship in Arunachal Pradesh:

Arunachal Pradesh popularly known as the land of rising sun of the east is the largest state among all the north eastern states with a geographical area of 83,743 sq.km having a total population of 13.83 lakh out of which 79.59 percent of the total population still lives in rural areas with agriculture as their main source of living (Government of India, Provisional Census Report, 2011). Though the state has enough potential, compared to other state it has so far lagged behind in the field of industrial development due to inherent infrastructure bottleneck, remoteness, transportation & communication problem, lack of proper research and development, lack of entrepreneurship and so on. The importance and relevancy of the term 'rural entrepreneurship' especially in a developing country like India lies in the fact that the true India lies in rural India and in fact Gandhiji also once said that "Real India lies in villages". As because, nearly three-fourths of India's population still lives in the rural areas where people vehemently embracing the acute problems of poverty and unemployment. Therefore development in India basically means rural development. Other things remain the same entrepreneurship is one of the most important factors which bears proportionate relationship with any developmental activities. The state of Arunachal Pradesh also joined other states of India in claiming that real India lies in villages. As

because, nearly eighty percent of the people of the state still live in rural areas with agriculture as their main occupation. However, it is in this rural areas lies the treasure for making the rural people economically independent. So, the scope for development of SSI units in the rural Arunachal is very high. The treasure includes:

i. Trees like Hollock, Hokon, Mekai, Chap lash, Lalipoma, Bhola, and Teak etc. are very good for timber and Softwood Simul, Gamari, Khakan, Kadam, Jutli etc; are highly demanded for making plywood and paper. Therefore, the state have a very good future for establishment of Saw Mill, Paper Mill, Ply Mill, Handmade Paper units, Wooden Furniture units and units manufacturing Particle Board etc. Besides, large varieties of Cane, Bamboo, Orchids, Mushroom and medicinal plants offers ample scope for the establishment of Cane and Bamboo furniture units, Floriculture, Starch and units manufacturing Herbal medicines.

ii. Citrus fruits and as such the production of Orange, Pineapple, Banana and other sub-tropical fruits are very much abundant. Hence, the state has a huge potential for the establishment of units manufacturing Orange and Pineapple Squash, Jams and Jelly, Pickles, etc.

iii. Due to favourable geo-climatic conditions production of agriculture like Rice, Maize, Millet, Pulses, Potato, Ginger, Chilly, Sugarcane, Oilseeds etc; are extremely high. Therefore, the state have a very bright future for development of small scale industries in the area of Rice Mill, Flour Mill, Pulse Processing, Potato Chips, edible Oil, Ginger and Chilly powder, Pickles, Sugar

Mill, Cold Storage etc. Besides, growing of tea and establishment of Tea Processing units also holds ample scope for development in the districts.

iv. The livestock resources also offer ample scope for the establishment of tanneries, leather, dairy products (sweets, ghee, butter, cheese) and bone meal manufacturing units in the districts. Since the entire local people of the state is non-vegetarian in diet and in many social and religious rites are performed with sacrifice of livestock animals, rearing of livestock animals like Poultry, Piggery and cattle farming will definitely be a profitable venture. Besides, Aquaculture, Integrated Fish Farming, Paddy-Cum Fish Culture, development of cold water fisheries etc; have not yet been fully commercialized in the districts under study.

v. The tribal people of the districts have a tradition of artistic craftsmanship in a variety of crafts such as weaving, basket making, wood carving, etc. Hence, it embraces lots of scope for the establishment of cottage and village industries. The growing of Eri and Mulberry plants in the districts also facilitates establishment of silk manufacturing units.

vi. Tourism also holds great promises in the state. Blessed with beautiful hills, snow clad mountains, roaring rivers and streams, beautiful and rare species of flora and fauna, this virgin land of Rural Arunachal calls mountaineering, trekking, rafting, angling and shooting of photo and film. Hence, tourism industry like running of hotels, resort centres, tourist lodges, luxury coaches, tour

and travel agency will definitely be a boon to the people of the districts in the near future.

Prospects of entrepreneurship in Assam

Assam has been the pioneer in the field of developing entrepreneurship in the north east. It has abundant resources, both in the form of natural and human resources. If utilized properly and to the full, development of the region will go leaps and bounds. It has sufficient resources that can make the district self sufficient. It has plentiful of rivulets and canals, land resource, industries like brass and bell metal industry, fire cracker making industry, etc. Some of the other areas other than small scale industries include handloom and handicrafts, fisheries, poultry framing, piggery, dairy farming, etc. **Poultry farming:** Kamrup district is famous in agricultural produce. Its rich fertile land resource is one of the greatest assets of the district. The district produces more than enough of agricultural produce mainly vegetables, mustard plants and fruits. But many a times a huge portion of the production goes waste due to lack of preserving facilities. This is due to the fact that there are no such proper food processing industries in Kamrup. So therefore, it is an opportunity for the entrepreneurs to turn the disadvantage into advantage. They can start up food processing industries in a small level with minimum initial investment. **Dairy farming:** The dairy produce of Kamrup district is very famous which requires no special introduction. A few villages in the district has gained fame for its tasty and healthy milk products like curd, butter milk, milk and sweets

made from milk and milk products. The entrepreneurs there can start up a dairy business of their own through investment and market the products themselves in different parts of the state. The investment required will be minimum as no high tech machineries are needed to produce the items from milk in the traditional way. The investments made will mainly be required for preserving, storing and marketing the produce.

Sericulture/ ericulture: Sericulture and endi-entrepreneurship has an important role to play in the economy of Assam. Sericulture in Kamrup district is mostly a household affair where people rear worms for household consumption mainly. It has the potential to provide employment to a large number of families. It requires simple and traditional tools so investment to be done is also much less compared to other sectors. However with a little more amount of investment they can generate a good income that would help in improving their standard of living. **Jewellery:**

Entrepreneurs from Kamrup can come up with newer ideas and designs using their creativity and enthusiasm. They can start up a jewellery showroom and also engage in supplying the locally made knock to other parts of the country.

Bell-metal work: Bell-metal work is a traditional cottage industry of Assam. The products made of bell-metal are traditional plates, cups, tumblers, pitchers, bowls, sarai (a tray with a stand), dwarf pitchers, pots, hookahs and musical instruments like taal, bel, doba, borkah, etc. Brass-work is also an important traditional handicraft of Assam. Brass articles are produced not only for day-to-day use, but also for interior decoration. The total

production of marketable finished goods annually is about 300 tonnes. Sarthebari nearby the Kamrup district is one of the important centres of this industry. The products of bell and brass metal are considered as an important part and parcel of Assamese culture. The demand for such products is very huge in national as well as in international market. **Fisheries:** More than 70% of the rural population in the district is comprised of agriculturists. Fishery is a flourishing business in the district. Huge supply of fisheries is done to the other parts of the state. The climate and demographic conditions are suitable for this business. The district has many rivulets, and almost all the villagers have a pond in their own backyard. So the people can add to this business by starting up fisheries of their own. They can further increase the prospects of this business by involving themselves in supplying dried and roasted fish which has huge demand in the neighbouring state like Manipur, Arunachal Pradesh, West Bengal, etc.

Factors motivating to become entrepreneurs: There are various reasons for thinking innovatively in an underdeveloped economy like Assam and selecting entrepreneurship as the profession. It has been observed that the main objective of our entrepreneurs in selecting their professions is to earn money. The other reasons behind selecting this profession by the entrepreneurs are:

- To continue family business.
- To be self-dependent
- To fulfill the ambitions of self/parents/spouse.

- To utilize the one's capacity.
- To secure self employment.
- To improve status.
- Creation of employment opportunities.
- To utilize the locally available resources.
- Financial help to the family.

Objective 4: Challenges North Eastern region

- i. Effort should be on improving inter-state connectivity and market integration.
- ii. High priority must be given to infrastructure development of North East
- iii. Internal security and good governance must be maintained.
- iv. Special export processing zones should be created in the region such that investors find sufficient inducement to invest in locating production plants in the region.
- v. Greater participation of the local people in production and distribution activities, the education sector should be given the prime importance.
- vi. Importance should be given to raise the agricultural productivity and industrialization in the region.
- vii. The government should focus on developing its soft power regionally. For example, there should be greater investment in sports and sports infrastructure, and the Indian government should consider establishing

sports tournaments between the northeastern states and other countries in Southeast Asia.

- viii. The central government should consider the views of state governments in the region in both economic and foreign policy issues.

Conclusion:

Despite the high growth in India's trade ties with Southeast Asia and China in the recent past, the Northeast's role has been marginal in terms of its contribution to trade and as a trade route. The Northeast has not been able to integrate and benefit from the various regional and sub-regional initiatives that neighbouring countries have created. In order to benefit from the cross border trade initiatives industries in the region need to develop goods to be exported to the neighbouring countries. Processing industries have to be set up to manufacture quality goods, which can be offered in international markets at acceptable prices. Infrastructure and connectivity improvements in terms of strategic roads to border areas as well as Integrated Check Posts and border trade points need to be developed. This will also lead to reduced informal trade between NE and the neighbouring regions. The Indian government has long identified stronger ties with neighbouring countries, and especially Myanmar has been identified as the key to break the NER's geo-political isolation. Myanmar is India's gateway to ASEAN as it is the only country of this grouping which has a land and maritime boundary with India. With India becoming a summit level partner of ASEAN and a member of the East Asia

Summit, improved relations with Myanmar will be beneficial in many respects.

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