Interpreting India’s ‘Act East’ Policy

In 2014, India’s Prime Minister Narendra Modi announced the upgrading of India’s ‘Look East’ policy (LEP) to the ‘Act East’ policy (AEP). Since then, there have been different interpretations of this change. While some argue that there is a clear shift in policy and focus, others state that the AEP is just a continuation of the LEP. This paper\(^1\) argues that there has been a change in policy and examines the reasons for and objectives of this shift. It also analyses the changes that have taken place under the AEP. It concludes that the LEP has been upgraded to a more dynamic and action-oriented engagement policy.

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Introduction

The ‘Look East’ policy (LEP) was upgraded to the ‘Act East’ policy (AEP) by the Indian government when the Bharatiya Janata Party (BJP) came to power in New Delhi in a landslide victory in May 2014 under the leadership of Prime Minister Narendra Modi. On 26 August 2014, in a brainstorming session of 15 Indian ‘Heads of Missions’ in Southeast and East Asia, India’s External Affairs Minister Sushma Swaraj discussed the foreign policy

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\(^1\) This paper is drawn from a chapter of a forthcoming book, Vijay Sakhuja (Ed.), *Pentagon Yearbook 2018: South Asia Defence and Strategic Perspective*, New Delhi: Pentagon Press, 2018.

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initiatives under the new BJP-led government and urged them to “act east” and not just “look east”. The meeting was convened “to chart the future roadmap and to get a frank assessment of Indian foreign policy in the region and its potential”.

This was the beginning of the departure from the LEP to the AEP. Later, Modi mentioned that India’s LEP had become the AEP. Speaking at the East Asia Summit in Nay Pyi Taw, Myanmar, on 13 November 2014, Prime Minister Modi stated, “Since entering office six months ago, my government has moved with a great sense of priority and speed to turn our ‘Look East’ policy into ‘Act East’ policy.” He stressed that the East Asia Summit was an important pillar of this policy because it was critical for peace, stability and prosperity in Asia-Pacific and the world (emphasis added). Since then, this has become a part of the official discourse of Indian foreign policy.

In his reply to a question in the Lok Sabha (House of the People or Lower House of the Parliament), Minister of State for External Affairs, General Dr V K Singh (Retd.), said, “India’s ‘Act East’ policy focuses on the extended neighbourhood in the Asia-Pacific region. The policy, which was originally conceived as an economic initiative, has gained political, strategic and cultural dimensions, including [the] establishment of institutional mechanisms for dialogue and cooperation” (emphasis added). In fact, the AEP manifests India’s willingness to step up its engagement and interactions in the Asia-Pacific region. What are the reasons for this shift from the LEP to the AEP? What are the objectives and what has changed in shifting the gears from looking east to acting east?

**Reasons for the Transition**

India is an active, energetic country with a youthful population, full of optimism under Prime Minister Modi’s strong leadership. While there has been steady and substantial progress in India’s overall engagement with its Southeast and East Asian neighbours under the rubric of

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the LEP over the years, the changing strategic, geopolitical and economic dynamics of the region foresees India at the very centre of things in Asia, with active participation and deeper engagements. The LEP was motivated more by a gradual convergence of economic and security interests with India’s neighbours. This convergence of interests has grown over the years.

Moreover, China was increasingly seen by the Indian elite as the principal source of insecurity and the greatest potential threat to India’s long-term interests.\(^7\) The LEP evolved as an important tool in India’s foreign policy discourse, to deal with the challenges from the rise of China. “*India has been mindful of the China factor in wanting to expand its footprint in this part of Asia* (emphasis added), the ASEAN [Association of Southeast Asian] countries too have wanted to bring India into the region more effectively to create a better balance with China’s presence there.”\(^8\) So, there is a congruence of strategic and economic interests between India and the ASEAN countries as well as other major powers in the Asia-Pacific region.

Over the years, China’s assertiveness had increased regional fears of a potential China threat. The changing geopolitical environment required greater attention to political and security matters. The shift from the LEP to the AEP should be understood as a response to the evolving regional dynamics in the Asia-Pacific region. India is one of the fastest growing large economies in the world. The country is willing to take greater responsibilities and become a more effective player in the emerging security and economic architectures in the Asia-Pacific region. It is, therefore, imperative for India to reposition itself in its relations with the countries to its east.

**Key Drivers of the Change**

India’s AEP did not develop in a single instance. Several developments and factors have impacted and will continue to impact on India’s policy in the Southeast Asian region. There are at least six key factors which triggered a shift in India’s gear from the LEP to the AEP.

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First, the current geopolitical situation in the Asia-Pacific region has become more complex. China’s growing assertiveness vis-à-vis its neighbours and its strong position on the South China Sea issue, and its naval and diplomatic expansion into the Indian Ocean have become a matter of strategic concern for the countries in the region as well as for India.

Second, India’s relations with China have become more difficult while its relationship with Pakistan has been stymied despite New Delhi’s efforts to keep things on an even keel. A significant power asymmetry between India and China has translated into a “much more active and interventionist Chinese role” in India’s neighbourhood. Further, China has not only increased commitments to Pakistan and other countries in South Asia, but has also started taking sides in domestic politics in India’s neighbourhood. Recent developments in Nepal, Sri Lanka, Maldives, Bangladesh, Myanmar and Bhutan have generated a fear of India losing ground to China. Perhaps, India has become “very nervous of China”. That is why the new Indian government changed its approach and narrative.

Third, due to the unaccommodating and often confrontational positions of some of the powers in the region, India’s deepening economic and security engagement with the Asia-Pacific region is seen as a factor of stability by many countries. Also, India’s economic growth and huge potential have generated significant interest in the country.

Fourth, while anti-globalisation forces are becoming stronger in the West, Asia remains open, with countries in the region negotiating a number of regional trade agreements. These agreements and their impact on India are very important. It is, thus, natural for India to step up its engagements with the region.

Fifth, the most important factor which led to the shift from the LEP to the AEP was the recognition that India’s northeast region lay at the heart of India’s eastward engagement. The Modi government acknowledged that the policy starts in India’s own northeast region and it plays an important role in India’s relations with its neighbours such as Bangladesh,

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9 Interview with Ambassador Shivshankar Menon, former Foreign Secretary and former National Security Advisor, Government of India, 1 December 2017.
11 Interview with Ambassador Shivshankar Menon, op. cit.
Myanmar, Nepal, Bhutan and Sri Lanka. It was, therefore, imperative to look at and engage India’s extended neighbourhood from the northeast region, which did not receive enough attention in the past. The development of the northeast region became a trigger and pivot to India’s AEP.

Finally, the dynamics of internal growth and the developmental agenda of the Modi government need active external cooperation. New Delhi wanted to make the countries in Asia-Pacific partners in India’s growth story. The Indian government not only introduced several economic reforms to improve the ease of doing business, but also underlined the importance of the domestic agenda in India’s relations with ASEAN and other major powers in the region.

**Objectives, Key Features and Progress**

According to the Indian government, “The objective of the ‘Act East’ policy is to promote economic cooperation, cultural ties and develop strategic relationship with countries in the Asia-Pacific region through continuous engagement at bilateral, regional and multilateral levels thereby providing enhanced connectivity to the States of the Northeastern Region including Arunachal Pradesh with other countries in our neighbourhood (emphasis added)”. Further, the AEP offers “an interface between Northeast India, including the state of Arunachal Pradesh, and the ASEAN region”. It is clear that the focus has shifted to the northeast region.

With the AEP in place, the rhetoric and narrative have changed. Further, the engagement with the Indo-Pacific region has deepened. India has a long history of eastward engagement and

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has become an increasingly important economic, political and strategic factor in the Indo-Pacific region. With a shift in approach and discourse from ‘Look East’ to ‘Act East’, it has acquired greater strategic dimension. According to Mr Jawed Ashraf, India’s High Commissioner in Singapore, “an engagement that began primarily as an economic one has become increasingly strategic in content. With each ASEAN partner, as also with other major countries and small island states in the wider region, India has developed strong political, economic and defence relations” (emphasis added).

India has not only institutionalised regular consultations on foreign and defence affairs at ministerial and senior official levels; it has also established strategic partnerships with a number of countries in the region. According to Professor Sumit Ganguly, a renowned expert on India’s foreign policy, the shift in terminology was more than cosmetic. He emphasises that the AEP has two distinct prongs. While it builds upon existing commercial ties, it also includes a security component which stems in considerable part from the government’s concern about growing Chinese influence in the region.

Developing the Northeast: The Heart of ‘Act East’

If one looks at the transition from the LEP to the AEP, the most important shift is the centrality of the northeast region in the new policy. From the northeast region perspective, the AEP marks a major foreign policy initiative and is, in many ways, a distinct shift in India’s relations with its ASEAN neighbours. For the northeast region, the AEP is much more than just a commercial opportunity. The AEP acknowledges the importance of the northeast region by scripting and defining it as an essential part of India’s developmental trajectory as well as fitting the region into the nation’s foreign policy architecture. Second, the AEP clearly assigns a definitive role and agenda for the people of the northeast region in India’s


pursuit of economic relationships with ASEAN countries. Third, the AEP is the only major policy initiative available to the region for the development of tangible trade and commerce with the neighbouring countries. Fourth, the policy provides an opportunity to the different communities in the region to re-establish their age-old sociocultural ties as well as historical links with the people of the Southeast Asian nations. The Indian government is working with a concrete action plan and is providing resources to implement the agendas in a given time-frame. Hence, it is expected that the AEP would bring fundamental changes which touch on the economic, political, socio-cultural and psychological aspects in the lives of the peoples in the northeast region.

The Modi government has taken several steps to implement its ambitious agenda of developing the northeast region and strengthen connectivity between the northeast region and ASEAN via trade, culture, people-to-people contacts and infrastructure development. The government is working on various plans, including economic cooperation with Asia-Pacific facilitating bilateral trade, via the northeast region; enhancing sea and road connectivity of the northeast region through other nations; enhancing rail and air connectivity internally in the northeast region; and developing the northeast region as an organic farming hub. The Buddhist-Hindu pilgrimage circuit from India to Southeast Asia, passing through the northeast region, is also being developed further to boost tourism. Furthermore, the government is trying to give the landlocked northeast region access to the sea via Bangladesh and Myanmar. This will transform the region’s economy, raise living standards, reduce road and rail transport time, and curb fuel cost. Similarly, work is in progress on the India-Myanmar-Thailand Trilateral Highway from Moreh in Manipur to Maesot in Thailand via Mandalay in Myanmar – this will improve connectivity. In addition, inland waterways are being improved for the transport of goods to important ports in ASEAN. Nineteen additional waterways have been declared national waterways.¹⁸

According to the Union Minister for Road Transport, Highway, Shipping, Water Resources, River Development and Ganga Rejuvenation, Nitin Gadkari, India has proposed a US$1 billion (SS 1.3 billion) line of credit to promote sea, air and road connectivity projects with

the ASEAN countries. “India has also set up a project development fund of US$77 million [S$100.6 million] to develop manufacturing hubs in Cambodia, Laos, Myanmar and Vietnam”, Gadkari said at the inaugural of the two-day, first ASEAN-India Connectivity Summit on ‘Powering Digital and Physical Linkages for Asia in the 21st Century’. The Summit, organised by the Ministry of External Affairs and the ASEAN-India Centre, emphasised the importance of international corridors to expand trade in the region.19

The North Eastern Council has been tasked to implement and monitor development activities in the northeast region. More importantly, for the first time, a roster of eight Union ministers has been created and they visit the northeast every fortnight and constantly review major projects in the region. Prime Minister Modi takes special interest in the development of the northeast region and he uses the “war room” approach to address challenges in project implementation. The government is also setting up the Brahmaputra Studies Centre to research the river’s ecosystem in the region.20

Maritime Imperatives of the AEP

The bulk of India’s external trade (over 90 per cent by volume and 70 per cent by value) is shipped by sea. Maritime resources also play a central part in India’s strategy to develop its blue economy. This is expected to bolster the country’s economic power. As Modi said at the International Fleet Review in Vishakhapatnam on 7 February 2016, “An important part of India’s transformation is my vision of the Blue Economy….We want to build new pillars of economic activity in the coastal areas and in linked hinterlands through sustainable tapping of oceanic resources. Strengthening our marine research, development of eco-friendly, marine industrial and technology base, and fisheries are other elements of our goal”.21

To translate Prime Minister Modi’s vision into reality, the National Institution for Transforming India (commonly called NITI Aayog) has started a consultation process which

20 https://www.narendramodi.in/category/infographics.
highlights India’s status as a major maritime nation with a long coastline and the potential to become a significant blue economy. Indeed, the 21st century is the “century of the seas” for India, and “the seas will remain a key enabler in her (India’s) global resurgence”. The maritime imperatives have, therefore, emerged as an essential element in India’s internal development as well as external engagement strategies.

In recent years, New Delhi has intensified its efforts to engage with states in the Indo-Pacific region. The Modi government has laid out a comprehensive framework for India’s maritime engagement which includes deepening security cooperation with its maritime neighbours; building multilateral cooperative maritime security in the Indian Ocean; focusing on sustainable economic development for all through growing cooperation on the blue economy; cooperating with extra-regional powers; and defending India’s maritime interests. Going further, India has also reached out to 14 Pacific island countries, including Papua New Guinea, Fiji, Tonga and Samoa. Prime Minister Modi announced a series of cooperative measures with small island nations.

River and port connectivity is very important to boost trade and investment, and the government is according special importance to developing the maritime sector. India is planning to create a cruise tourism network which can be connected to the ASEAN countries. The government is building a cruise terminal in Mumbai to enhance cruise tourism.


direct and indirect development, and provide infrastructure to transport goods to and from the ports quickly, efficiently and cost-effectively. This project aims to develop access to new development regions with intermodal solutions, enhanced connectivity with main economic centres and beyond through the expansion of rail, inland water, coastal and road services.\textsuperscript{28}

The National Perspective Plan (NPP) for the Sagarmala programme was prepared and approved by the National Sagarmala Apex Committee on 9 April 2016. Prime Minister Modi released the plan at the Maritime India Summit on 14 April 2016. India’s Minister of State for Shipping, P Radhakrishnan, told the parliament, in a written reply in the Lok Sabha on 21 July 2016 that a total of 173 projects under four categories – port modernisation, port connectivity, port-led industrialisation and costal community development – had been initially identified under the NPP.\textsuperscript{29} Dr Vijay Sakhija, an eminent strategic affairs expert and a former director of the National Maritime Foundation, underlined the significance of cruise tourism and the marine leisure industry as the niche component of the connectivity projects between India and the ASEAN countries during the first ASEAN-India Connectivity Summit. He suggested the development of a cruise triangle between Langkawi Island, Andaman and Kolkata connecting with the coastal cities of Thailand and Myanmar.\textsuperscript{30} In addition, he called for the development of the blue economy and the use of digital technology as the key to improving connectivity between the islands of the ASEAN countries and the Andaman and Nicobar Islands. These ideas are in sync with evolving policies and plans under the AEP.

The maritime dimension of the AEP will likely become an important element of India’s regional policy, especially when it is increasingly accepted that the security and development of the Pacific and Indian Ocean regions are interlinked. ‘Indo-Pacific’, as the two regions are collectively called, is a term gaining salience in India as New Delhi begins to appreciate the importance of its economic and strategic interests.\textsuperscript{31} At the same time, given India’s rise and

\textsuperscript{28} Keynote address by Secretary (East) at EAS Conference on maritime security and cooperation, 9 November 2015. https://idsa.in/keyspeeches/keynote-address-by-secretary-east-aniwadhawa_DDVII. Accessed on 4 January 2018.


\textsuperscript{30} Confederation of Indian Industry, ASEAN-India Connectivity Summit: A Retrospect, New Delhi, December 2017, p 7.

its expanding military capabilities, there is a growing regional interest in India’s larger contribution to peace and stability in Southeast Asia. Indeed, India has engaged in joint naval exercises and exchanged port calls with several Southeast Asian states, including Singapore, Malaysia, Indonesia and Vietnam. The Indian Navy has also been involved in several high-profile humanitarian assistance and disaster relief operations in the region.

India’s policy initiatives and announcements reflect its quest for a stable, rules-based Asian security architecture. Towards this end, India has established or co-established its own multilateral regional institutions, including the Mekong-Ganga Cooperation, the Bay of Bengal Initiative for Multi-sectoral Scientific, Technological and Economic Cooperation, and the Indian Ocean Rim Association. Through these policy initiatives, India seeks to strengthen regional physical connectivity and create a connected Asia that must be governed by commonly agreed international norms, rules and practices.

Conclusion

India’s AEP is, in essence, its upgraded LEP. The AEP has very clear defining features which make it different from the earlier policy. Broadly, the AEP has five defining features – the centrality of the northeast region; linking domestic development with the AEP; simultaneous focus on maritime and continental connectivity (both hard and soft); embarking on a sub-regional, regional, and a multilateral approach; and the use of monitoring mechanisms for timely implementation of plans and projects.

India has stepped up efforts to forge closer partnerships with the Indo-Pacific countries, and regional and multilateral organisations. There is visible improvement in commerce, cultural

33 For example, the Indian Navy has actively participated in HADR operations in the aftermath of Tsunami in 2004, Cyclone SIDR in Bangladesh in 2007, Cyclone Nargis in Myanmar in 2008, Non-combatant Evacuation Operations (NEO) in Yemen in 2015, Sri Lanka’s flood and Cyclone Mora in Bangladesh, both in May 2017.
ties and connectivity. India has actively engaged in regional trade negotiations and has set a rapid pace for domestic economic reforms. Inviting all the ASEAN country leaders to be chief guests at its Republic Day celebration and the Commemorative Summit is just the latest dramatic flourish of a new Indian diplomacy that includes intense engagement with ASEAN, and close coordination and partnership with Japan, the United States and other major countries. There is a new resolve and a new approach. One will have to wait, to see whether the Modi government would be able to successfully carry out its plans.

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