

## **Abstract**

### **India – ASEAN Free Trade Agreement – Where Assam Stands?**

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The ASEAN – Indian Free Trade Agreement (AIFTA) came into being in 2010. The signing of this agreement was a defining moment in India's recent economic diplomacy and undoubtedly this initiative indicates a decisive shift in India's international economic policy perspective. Over the years, India's trade relations have been gradually shifting from the West to the East.

In this paper we shall try to examine the impact of India's entry into the ASEAN with a special reference to the northeast region of India. The importance of this agreement needs to be viewed in the backdrop of India's Act East Policy. The northeast is an integral component of India's Act east policy which has been construed as a 'new paradigm of development' for industrialization of the northeast by enabling the states in the region to intensively trade with the East and the South East Asian countries of the world.

India's entry into the ASEAN will result in mutually beneficial trade in the future. It is important for India to look for alternative markets in the ASEAN countries given the fact that India's trade with the Western world has been on a decline. Further, the Western countries are in turmoil of economic crisis and stagnation while the growth pole of the world has shifted to the East. Economic growth seems to be a major force determining trading relations between countries. The phenomenal growth of India's trade with respect to China is a case in point. In fact, India's trade with ASEAN is not expanding as fast as compared to that of China.

As for the implications for the northeast it may be said that the northeast has not been able to participate in the expanding trade with the ASEAN countries. Economic backwardness and lack of connectivity between the northeast states are working as serious hindrances to growth in output. Therefore, despite being a storehouse of great natural resources, these states are not able to transform themselves from a low-level subsistence living to a developed zone. In order to be able to take part in the growing trade with ASEAN and China, the northeast needs to be built up and readied itself to develop comparative advantages in its own resource intensive products so as to become the 'gateway' or 'centre' of trade between India and East Asia. Unless the region is developed to catch up with the rest of the country in its growth rate and development, it will be hard to achieve what the people aspired for – peace, security, prosperity and all-round development. To make this possible, substantial investment in infrastructure, construction of roads, bridges, communication networks, harnessing of the region's vast natural resources and other physical infrastructures that will facilitate trade and economic progress needs to be developed.

A final comment is warranted. Exposure to international trade is not something new for the northeast region. The nineteenth century had seen this region engaging in flourishing trade with the Western world but it did not help the region to experience rapid economic development. The past failure may help us to assess or re-assess how relevant the "new paradigm of development" would be in transforming the northeast to an industrially developed region.