ACT EAST POLICY OF INDIA: PROPOSED RESEARCH AGENDA TO FACILITATE ECONOMICALLY LINKING NORTH BENGAL WITH NORTH EAST INDIA

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The districts of North Bengal, when taken up for a closer scrutiny in terms of their economic status *vis-a-vis* resources and their potential marketability, calls for a specialised study. In the light of the upcoming high end connectivity through South Asian Highways under the Act East Policy, these districts are poised on the vantage point of loss or gain, depending on the utilization of the new opportunities and/or through the nurturing of the traditional resource rich enclave the region happens to be. A statistical analysis of the resource table of the districts and their connectivity with international counter parts in the wake of the new South Asian Highways in the making calls for researchers to contribute to the development of the region by identifying those products that need marketability and quality enhancement in order to withstand the competition necessarily to follow from the increased connectivity and inflow of goods.

Key Words: North Bengal Region, North East, South Asian Highways, Border Districts, Agriculture & Production

The districts lying to the north of river Ganges, popularly referred to as the region of North Bengal (NBR), has been a considerable challenge to practitioners of "development". The present efforts at initiating effective road connectivity infrastructure between North East India and the South East Asian countries, in keeping with the avowed "Act East Policy", on the one hand, and through the Bangladesh, Bhutan, India, Nepal (BBIN) initiative, on the other, may offer a lot of opportunities to the region of North Bengal in ushering in a change in its developmental status in the coming years. Former President, Pranab Mukherjee, while addressing the joint sitting of the Parliament on 30th January 2017 clearly underlined the government's approach:

"My government sees the north-eastern states as *Ashtalakshmi* that can take India to new heights. The North-East is the gateway to South-East Asia. We are opening up road and rail routes to our neighbouring countries to boost the economic development of the region."[1]

NBR, in view of its geographical location, fits in seamlessly into this extended economic structure, while linking the seven sisters with the eighth one, i.e. Sikkim. Further, the fact that the 22 mile wide chicken's neck – an entity that is often characterized as the linking bridge between "North East" India and the rest of the country, is very much located in North Bengal, makes its relevance more significant in being a component of India's extended Act East Policy. However, one may note that it is difficult to formally integrate NBR with the idea of "North East" due to a number of political reasons. The region thus has to integrate itself with the North East Region (NER) from an economic perspective. The factor that compares it with the NER is the fact that it enjoys a considerable length of international border – with Nepal, Bhutan and Bangladesh – like the rest of the north eastern states. So far, the international borders were considered a source of competitive disadvantage to the regions. Efforts at opening up the borders to facilitate cross border trade across the neighbouring countries and beyond through connectivity linked infrastructure project can help contribute to the competitive advantage of this region, NBR included.

In the same vein, the BBIN Motor Vehicles Agreement that proposes seamless movement of vehicles across these countries is expected to boost trade in this region by 60% while that with rest of the world would be enhanced by 30%. It appears to place NBR in a more suitable position, given the centrality of this region to all these three countries. The agreement has been ratified by Bangladesh, India and Nepal. However, Bhutan backed out in view of opposition from the members of the upper House of its legislature. It is expected that future political changes in Bhutan may lead to a change in their perception and Bhutan would be joining the Motor Vehicle Agreement in a later date. The projects initiated to construct the two Asian Highways with support from the Asian Development Bank (ADB) to facilitate "increased domestic and regional trade

[1] Address by the President of India, Shri Pranab Mukherjee to members of both houses of Parliament, Press Information Bureau, Government of India, President's Secretariat, 31-January-2017.

through North Bengal and Northeastern Region (NB-NER) of India" connecting Bangladesh and Nepal through Siliguri (Asian Highway 2) and Bhutan and Bangladesh through Mainaguri-Dhupguri (Asian Highway 48) also place North Bengal region as an important component in realizing its comparative advantage through cross border trade.

The Perspective

Needless to add, if not properly coordinated with the dynamics of this extended region being connected in a seamless manner, the connectivity efforts may pose considerable threats to the region as well. To place the issues in their context, two important implications of these moves are as under:

1. The region in question will have to be capable of producing a feasible basket of exportables that may be traded across the border using the connectivity infrastructure being established.

2. The existing local producers may also have to face increased competition from goods and services that will potentially flow in from the neighbouring countries and beyond using the same connectivity infrastructure.

The development road map will seemingly depend on whether or not the region of North Bengal along with the North Eastern states is ready to deal with these two distinct but obviously interdependent issues.

Sharing of International Border: A Feature of Commonality between North-East India and North Bengal

In this context it will be worthwhile to have a look at some of the distinctive features of the region often referred to as NBR. For the purpose of the present paper, the region is characterized by the area comprised of the 8 districts of Cooch Behar, Alipurduar, Jalpaiguri, Kalimpong, Darjeeling, North Dinajpur, South Dinajpur and Malda. The first distinctive feature that marks the region as different from the rest of the state and makes it comparable with the other North Eastern states, is the fact that each of the districts in this region shares international border with a neighbouring country or two. Table 1

TABLE 1: MATRIX OF INDIAN DISTRICTS OF THE NORTH EAST & NORTH BENGAL VIS A VIS DISTRICTS/COUNTIES OF THE NEIGHBOURING COUNTRIES

	BANGLADESH		BHUTAN		NEPAL		MYANMAR		CHINA	
	Home Districts	Border Districts	Home Districts	Border Districts	Home Districts	Border Districts	Home Districts	Border Districts	Home Districts	Border Districts
ARUNACHAL PRADESH			Tawang	Tashigang			Anjaw	Puta-O	Anjaw	Cona
			West Kameng	Trashiyangtse			Changlang	Myitkyina	Lower Dibang Valley	Lhunze
							Tirap		Dibang Valley	Mainling
							Longding		Upper Siang	Medog
									West Siang	Zayu
									Upper Subansiri	
									Kurung Kumey	
									East Kameng	
									Tawang	
ASSAM	Karimganj	Kurigram	Kokrajhar	Geylegphug						
	Cachar	Maulvibazar	Chirang	Sarpang						
			Baksa	Zhemgang						
			Udalguri	Samdrup Jongkhar						

MEGHALAYA	East Jaintia Hills	Jamalpur								
	West Jaintia Hills	Sherpur								
	East Khasi Hills	Mymensingh								
	South West Khasi Hills	Netrokona								
	South Garo Hills	Sunamganj								
	West Garo Hills	Sylhet								
	South West Garo Hills									
MANIPUR							Ukhrul	Hkmti		
							Kamjong	Tamu		
							Teng-noupal			
							Chandel			
							Chura-chandpur			

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	BANGLADESH		NEPAL		BHUTAN		MYANMAR		CHINA	
NAGALAND							Mon	Falam		
							Tuensang			
							Kiphire			
							Phek			
TRIPURA	Dhalai	Maulvibazar								
		Khagrachari								
	Gomati	Habiganj								
	South Tripura	Brahmanbaria								
	Sepahijala	Comilla								
	West Tripura	Feni								
	Khowai	Chittagong								
	Unakoti									
	North Tripura									

Source: RIS database.

MIZORAM	Lawngtlai	Rangamati					Champhai	Hakha		
	Lunglei						Serchhip	Mindat		
	Mamit						Lunglei			
							Lawngtlai			
							Saiha			
SIKKIM			East District	Samtse	West Distrct	Panch-thar			North District	Yadong
					North District	Taple-jung			East Dis-trict	
NORTH BEN-GAL	Coohbehar	Lalmonirhat	Jalpaiguri	Samtse	Darjeel-ing	Ilam				
		Nilphamari	Alipur-duar	Samtse		Jhapa				
		Kurigram		Chhukha		Panch-thar				
	Jalpaiguri	Nilphamari		Sarpang						
		Panchagarh	Kalim-pong	Samtse						

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	BANGLADESH		NEPAL		BHUTAN		MYANMAR		CHINA	
	Darjeeling	Nilphamari								
		Thakurgaon								
	Uttar Dinajpur	Thakurgaon								
		Dinajpur								
	Dakhsin Dina-jpur	Dinajpur								
		Joypurhat								
	Malda	Naogaon								
		Chanpai Nawabgaunj								

elaborates the feature very clearly. It gives us some idea about the districts located in the NER and in NB along with the districts of the neighbouring countries they share their borders with. It is evident from the table that all the districts of NB share international border with some neighbouring countries. It is observed that the NER–NB region accounts for 61 districts sharing international borders with Nepal, Bhutan, Bangladesh, China and Myanmar. There are 53 districts lying on the other sides of the border. Table 2 summarizes the extent of home and border districts in NB-NER.

Table 2 further suggests that 50% of the total districts in NB-NER are having international borders. In case of NB, it goes up to 100%. Further, NB enjoys potential trade linkage with 15 districts lying on the other side of the international border.

TABLE 2: NUMBER OF INDIAN DISTRICTS OF THE NORTH EAST & NORTH BENGAL VIS A VIS DISTRICTS/COUNTIES OF THE NEIGHBOURING COUNTRIES

State/Region	Total Number of Districts	Number of Districts with International Border	Number of Districts on the Other side of the Border	% of Total Districts having International Border
Arunachal Pradesh	25	14	9	56
Assam	33	6	6	18
Meghalaya	8	7	6	88
Manipur	16	5	2	31
Nagaland	12	4	1	33
Tripura	8	8	7	100
Mizoram	8	6	3	75
Sikkim	4	3	4	75
North Bengal	8	8	15	100
Total	122	61	53	50

Source: Compiled from Table 1

Distinctive Features of North Bengal

Low Agricultural Productivity

The second stylized feature of the North Bengal region is in terms of its economic structure. From the perspective of the rest of the state, the districts of North Bengal appear to be less productive, economically, as one looks at the nature of GDP generated at the district level. Table 3 below gives the share of GDP of each district at current prices in different sectors in that of the total of the state. It is revealed that the share of the districts of North Bengal in state GDP is a little more than 18%. As one goes into sectoral disaggregation it is further found that;

- The highest share recorded by the districts of North Bengal is in the Forestry sector – about 29%.
- The least share is in mining sector (0.4%), followed by that of the registered manufacturing sector (4.06%).
- The share of the agricultural sector amounts to 24.53%.

A disaggregated insight reveals that the two districts created out of the erstwhile West Dinajpur account for a very lowly share of the state GDP.

TABLE 3 : SHARE OF DISTRICTS IN STATE GDP BY INDUSTRY OF ORIGIN AT CURRENT (2004-05) PRICES IN 2013-14

District	Agriculture	Forestry	Fishery	Mining & Quarrying	Manufacturing		Construction	Electricity, Gas &Water Supply	TOTAL
					Registered	Un-Registered			
Uttar Dinajpur	3.50	3.39	2.30	0.00	0.12	1.80	1.98	1.13	2.44
Dakshin Dinajpur	2.41	2.00	3.52	0.00	0.23	1.23	1.01	0.62	1.80
Malda	5.27	5.33	3.85	0.03	0.05	6.63	4.36	3.06	4.35
Jalpaiguri	5.77	8.95	1.12	0.05	2.18	3.92	4.97	3.18	4.48
Cooch Behar	5.10	4.25	1.27	0.00	0.27	1.58	2.08	1.10	3.13

Darjeeling	2.48	5.26	0.10	0.09	1.21	0.93	3.70	3.23	2.19
NORTH BENGAL	**24.53**	**29.19**	**12.15**	**0.18**	**4.06**	**16.10**	**18.10**	**12.32**	**18.39**
Burdwan	8.49	4.85	8.38	99.13	22.51	6.22	8.86	14.64	12.83
Birbhum	4.74	4.07	4.30	0.25	0.24	2.73	3.27	3.62	3.63
Bankura	4.83	3.58	3.06	0.12	2.38	2.87	2.97	3.53	3.73
Purba Mid-napore	6.13	5.61	17.57	0.04	19.95	3.81	4.24	4.28	7.76
Paschim Midnapore	8.64	8.57	3.97	0.03	3.37	5.50	4.45	3.84	6.31
Howrah	2.46	3.59	2.08	0.01	13.83	9.50	4.53	4.53	4.64
Hooghly	7.19	4.99	5.88	0.03	7.41	7.29	5.94	8.03	6.71
24-Parga-nas(N)	6.10	7.17	13.02	0.03	11.28	12.55	13.35	16.70	9.22
24-Parga-nas(S)	5.96	11.09	14.42	0.03	10.19	7.24	8.23	5.41	7.48
Kolkata	0.25	0.00	0.00	0.01	1.45	4.50	10.07	10.44	2.55
Nadia	8.16	6.45	5.90	0.00	0.56	7.12	4.88	3.55	6.10
Murshi-dabad	9.67	6.73	6.30	0.04	0.73	12.35	8.90	5.52	8.00
Purulia	2.87	4.09	2.97	0.11	2.04	2.22	2.21	3.58	2.64
SOUTH BENGAL	**75.47**	**70.81**	**87.85**	**99.82**	**95.94**	**83.90**	**81.90**	**87.68**	**81.61**
WEST BENGAL	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

It is true that agricultural GDP of a district relative to the net area sown will be a much better indicator of productive capabilities of a district in that sector. Table 4 gives some insights into this phenomenon. It reveals that the GDP from agriculture (AGRGDP) per hectare of net sown area (NSA) was estimated at Rs. 2.29 lakhs during 2013-14, compared to Rs.2.63 lakhs for the rest of the state. The average value for the state as a whole works out to be Rs.2.53 lakhs. With the exception of Malda, none of the districts fare better than the state average, with Cooch Behar registering a level of productivity in agriculture that is at par with the state average. Clearly, the districts in NB do not enjoy any comparative advantage vis-à-vis the rest of the state in terms of agricultural value creation per unit of net sown area.

It should be noted that we don't have separate estimates for Alipurduar and Kalimpong as they were created after 2013-14. While agricultural productivity features of Alipurduar are captured by the figures linked to Jalpaiguri, Darjeeling estimates take care of that for Kalimpong district.

Table 4: Estimates of Gross District Domestic Product (Rs. Lakh) in Agriculture per Hectare of Net Sown Area

		Year : 2013-14 (Q)
District	NET SOWN AREA (NSA)	AGRGDP/NSA
Uttar Dinajpur	276788	1.68
Dakshin Dinajpur	186595	1.72
Malda	232156	3.01
Jalpaiguri	336024	2.28
Cooch Behar	253256	2.67
Darjeeling	136692	2.41
NORTH BENGAL	1421511	2.29
Burdwan	453790	2.48
Birbhum	327013	1.92
Bankura	336346	1.90
Purba Midnapore	289152	2.81
Paschim Midnapore	516365	2.22
Howrah	83202	3.91
Hooghly	212575	4.48
24-Parganas(N)	232803	3.48
24-Parganas(S)	361545	2.18
Nadia	294301	3.68
Murshidabad	395979	3.24
Purulia	309144	1.23
SOUTH BENGAL	3812215	2.63
West Bengal	5233726	2.53
Q : Quick Estimates		
Source : Estimated with latest data from Bureau of Applied Economics & Statistics, Government of West Bengal.		

Source: District Statistical Handbook of relevant years.

Shallow Manufacturing Base

Having observed that North Bengal is no superior to the rest of the state in terms of performance in the agricultural sector, it will be worth looking a little deep into the activities in the manufacturing sector. Table 3 already revealed a general feature that North Bengal lags behind seriously in terms of her manufacturing performances as well. A little over 4% of manufacturing GDP from registered units in the state flow from this region. Table 5 looks at some disaggregated features of the registered manufacturing units in the state and gives a much clear picture about the prevailing state of affairs. Some stylized facts emerging out of the table are:

1. The spread of manufacturing sector in North Bengal is very thin as revealed by the fact that only 711 out of the 7477 registered manufacturing units are located here. The number works out to be less than 10% of the state.

2. Jalpaiguri and Darjeeling account for the lion's share – considering the large number of tea processing units located in these two districts.

3. The rest of the North Bengal districts are lagging much behind the rest of the states.

4. North Bengal cuts a disappointing figure in terms of net value added per man day – a paltry Rs. 634, compared to a little above Rs. 983 for the rest of the state. While the state average of Rs. 948 may not compare well with some of the states in the country, the status of the North Bengal in terms of manufacturing indicates a clear level of comparative disadvantage for this region.

Conclusion

The findings on the current economic status of North Bengal create apprehensions about the immediate capability of NB to reap the benefits of the extended connectivity infrastructure to be put in place soon. It suffers from low productive capacity in the agricultural sector. The manufacturing base is also very shallow. Even though connectivity efforts may open up a potential tsunami of opportunities to engage in cross border trade, given its geographical advantages, it is doubtful whether the region is readying itself for such potential

TABLE 5: SELECTED CHARACTERISTICS OF FACTORIES BY INDUSTRY GROUP IN THE DISTRICTS IN WEST BENGAL

District	Year	No. of Factories	Fixed Capital (Rs. in Lakh)	Invested Capital (Rs. in Lakh)	No. of Employees	Man-days employed (in thousand)	Emoluments (Rs. in Lakh)	Values of Input (Rs. in Lakh)	Values of Output (Rs. in Lakh)	Net Value added (Rs. in Lakh)	Net Income (Rs. in Lakh)	Net value added/ manday (Rs.)
UTTAR DINAJPUR	2011-12	56	7560	11169	3896	1114	3130	27486	30511	2345	391	210.50
MALDA	2011-12	63	91616	103598	8211	2605	2261	62265	69219	5890	4774	226.10
DARJEELING	2010-11	208	67466	99937	23087	8598	17034	162698	198968	29925	24819	348.05
COOCH BEHAR	2010-11	34	8322	12349	3627	1127	1498	15358	22101	5572	4734	494.41
DAKSHIN DINAJPUR	2011-12	24	4810	8432	2986	808	750	19801	22893	2614	2350	323.51
JALPAIGURI	2011-12	326	96183	147957	21981	7484	16415	286495	385693	91534	87077	1223.06
NORTH BENGAL		**711**	**275957**	**383442**	**63788**	**21736**	**41088**	**574103**	**729385**	**137880**	**124145**	**634.34**
BANKURA	2011-12	178	223824	337260	9574	3649	12302	489058	568264	67240	49604	1842.70

BIRBHUM	2011-12	109	12840	28146	2252	916	2261	92226	98798	5271	3068	575.44
BURD-WAN	2010-11	817	1004620	1578520	91762	30896	248853	3262284	3666929	329090	213634	1065.15
HOOGH-LY	2011-12	477	442462	765639	75885	28934	131405	1497811	1749448	209392	168292	723.69
HOW-RAH	2010-11	1398	436789	934800	98367	30399	103343	2322615	2656225	294187	229662	967.75
MURSHI-DABAD	2010-11	150	12398	38533	10072	2957	6092	112368	130594	17511	16154	592.19
NADIA	2011-12	134	38555	66012	5040	1913	10781	156886	179739	19014	8343	993.94
24 PAR-GANAS (N)	2010-11	1453	393657	721073	108238	44297	198192	1703336	2019148	282842	230857	638.51
24 PAR-GANAS (S)	2011-12	1642	471522	920578	87292	34680	177882	2142787	2556110	372375	321485	1073.75
W.MEDI-NIPUR	2011-12	283	1756189	2544887	21558	9116	78161	6240606	6521576	154163	74973	1691.13
E. MEDI-NIPUR	2011-12	57	1448883	1557594	3882	2045	10892	833974	991225	121636	89294	5947.97
PURULIA	2011-12	68	103902	163820	9161	3019	6163	246849	275501	23498	16864	778.34
SOUTH BENGAL		**6766**	**6345641**	**9656862**	**523083**	**192821**	**986327**	**19100800**	**21413557**	**1896219**	**1422230**	**983.41**
WEST BENGAL		**7477**	**6621598**	**10040304**	**586871**	**214557**	**1027415**	**19674903**	**22142942**	**2034099**	**1546375**	**948.05**

opportunities. Efforts are required to be initiated in no time to create capabilities that facilitates cross border trade – more Land Custom Stations (LCS) with adequate infrastructure on the borders, logistic handling facilities to expedite speedy flow of goods through the LCSs, provision of necessary financial services at the border stations to the potential traders, last mile road connectivity upto the border posts etc.

In addition, detailed research is required to be initiated by think tanks and academic institutions – preferably local – to identify products and services that may have the potential to be exported through these enhanced trade and connectivity infrastructure. North Bengal is traditionally argued to be endowed with resources like Tea, Timber and Tourism that can add to its prosperity. Unfortunately, not much efforts have been put to identify as to how these resource-linked advantages could be realized to add to the prosperity of this region. While timber as a source of regional prosperity can no longer be relied upon with rising ecological and environmental concerns, special efforts at creating opportunities for sustainable tourism and linking them to international tourism circuits can be a very lucrative option to help generate more livelihood options and value creation in North Bengal. The region is also considered to have the potential of becoming an agro-processing hub. Studies are required in detail if such potentials are to be realized. What are the products to be considered? What would be their value chains? How will be the comparative advantages derived? What are the institutional requirements to facilitate their manufacturing? What are the long term socio-cultural-ecological implications of such economic activities? These may form the immediate research agenda for our present day researchers. In addition we also require to develop a detailed roadmap that takes care of the strategic moves to add competitiveness to the goods and services so identified.

It is also to be noted that opening up of such an infrastructural opportunities may put many of the local products to external competition. To maximize the opportunities to be derived from the enhancement of seamless connectivity, it is imperative that effective research efforts are put to identify the product that may be threatened as a consequence. Such products may be classified under two categories. The first category would consist of those which are to be protected, for being highly sensitive to the sustainability of the livelihoods of the people at least in the short or medium run. The second category of products or services would compose of those which may be allowed to be outcompeted by products from neighbouring countries or beyond as they would be causing minimum disturbance to the socio-economic and ecological structure of the region. A detailed list of such products is of urgent necessity for NB to optimize its benefits from the connectivity projects at minimum costs to the region.

To conclude, North Bengal region is right now situated at the threshold of a dramatic structural change that may either add to its prosperity or weaken the livelihood status of its inhabitants further. A strategic vision backed by intensive research inputs is the immediate requirement of the day.