

The Kaladan Corridor: A Catalyst for Northeast India's Transformation

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Abstract

The Kaladan Multi-Modal Transit Transport Project, (KMMTTP) initiated by India, aims to bolster connectivity between the landlocked Northeastern states and the Bay of Bengal through Myanmar's territory. This paper delves into the project's significance for India's Northeast, focusing on its potential economic, geopolitical, and infrastructural impacts. The Kaladan Project aims to boost the region's trade potential and reduce dependence on the vulnerable Siliguri Corridor. It can catalyze economic growth, attract investment, and enhance livelihood opportunities in the Northeast. Infrastructurally, the Kaladan Project involves the development of roads, waterways, and ports, which can uplift the underdeveloped areas along its route. However, challenges such as terrain complexities, security concerns, and delays in project implementation have hindered its progress.

Keywords: Kaladan Project, Connectivity, Economic, Strategic, Northeast, Security.

1. Introduction

The Kaladan Multi-Modal Transit Transport Project, an ambitious undertaking initiated by the Indian government, aims to significantly improve the connectivity of the landlocked Northeastern states with the Bay of Bengal by leveraging Myanmar's territory. This visionary project was set in motion when the Ministry of External Affairs (MEA) of the Government of India entered into a Framework Agreement with the Government of Myanmar in April 2008 to facilitate its implementation¹. The project's scope entails the construction of an integrated inland waterway and highway transportation system. The Inland Waterways Authority of India (IWAI) was entrusted with the role of project development consultant (PDC) by the MEA in March 2009 for the implementation of the port and inland water transportation components. Significantly, a new deep-sea port is presently being constructed in Sittwe, which will serve as a crucial gateway for cargo transfer to smaller vessels. These smaller ships will then navigate the inland waterway transportation system on the Kaladan River to reach Paletwa township. Subsequently, the cargo will be offloaded and transferred to trucks, which will be transported via a 130 km highway to the land customs station at Zorinpui in Mizoram state. The project's fourth and final phase will culminate in the construction of a two-lane, 100 km highway to Lwangtlai town, solidifying an overland link between the Bay of Bengal and India's northeast, facilitated through the two poorest states of western Myanmar². The Kaladan Project signifies a strategic initiative aimed at enhancing the trade potential of the region and reducing reliance on

¹ Ministry of Development of North East (MDONER), Government of India. *Kaladan Multi-Modal Transit Transport Project: Inland*. Accessed April 10, 2024. <https://mdoner.gov.in/kaladan-multi-modal-transit-transport-project-inland>

² Blyth, Scott, and Thang Lian. "India Myanmar Relation-Looking from the Border," 2015. Page 7. Accessed April 10, 2024.

the vulnerable Siliguri Corridor. Prominently featured as one of the flagship projects under the "Act East policy," it seeks to bolster engagement with Southeast Asian countries, tapping into their economies to stimulate economic growth, attract investment, and enhance livelihood opportunities in the Northeast. However, the project faces significant challenges, including terrain complexities, security concerns, and delays in implementation, which have impeded its progress.

A comprehensive analysis of the Kaladan project's strategic implications on India's northeast is crucial. By delving into its historical context, current status, geo-political significance, and associated challenges, this study aims to provide valuable insights into the potential transformational impact of the project and its significance in bolstering India's strategic interests.



Source: (The print³)

2. India's Northeast: Geoeconomic and Infrastructural Deficiencies

The northeastern region of India holds a distinctive geopolitical position. Comprising seven states, it is connected to the rest of India by a narrow corridor of just 21 kilometers, known as the "Chicken's Neck." This region is surrounded by international land borders, sharing boundaries with China, Myanmar, Bangladesh, and Bhutan⁴, making it a strategically significant area with multiple international connections. The Northeast region of India's strategic location has historically made it susceptible to various geopolitical tensions, cross-border disputes, and insurgent movements. The region is incredibly diverse, with over 220 tribes and subtribes, each with unique cultural identities and aspirations, often leading to internal conflicts and challenges to state authority. These factors have significantly contributed to the underdevelopment of the region.

For a significant period of time, the Northeast has been grappling with a developmental deficit primarily due to the lack of industrial development and economic growth. Many attribute this to the central government's neglect of the region. Political agitations have further complicated the situation. The lack of substantial investments in industrial development, coupled with the exploitation of natural resources without adequate compensation, has only aggravated the problem. Additionally, the region's lack of

³ The Print. Accessed August 18, 2024. <https://static.theprint.in/wp-content/uploads/2023/04/Kaladan-Multi-Modal-Transit-Transport-Project.jpg>

⁴ Patgiri, Rubul, and Obja B. Hazarika. "Look (Act) East Policy and Northeast India: Reimagining the Space Through Institutional, Physical and Social Connectivity." *International Studies*, (2023). Accessed April 19, 2024

communication and infrastructural facilities have isolated it from industrially advanced parts of India. However, in 1991, India adopted the "Look East" policy to foster closer engagement with ASEAN countries to tap into significant economic benefits and rescue the northeast region from the security paradox that limited its developmental opportunities⁵, for which much focus had been given to connectivity construction, development of transport routes and related industrial and trade infrastructures, one of which the Kaladan multi-modal project is a part of.

2.1 Geoeconomic Vulnerabilities

The 1947, partition and the creation of Pakistan drastically altered the region, which was once at the crossroads of South and Southeast Asia, turning it into a landlocked outpost of a large continental economy, as it lost its natural advantage because of trade and industrial policies pursued by independent India⁶. Highlights that the region's economic underdevelopment is partly due to its historical neglect by the central government, which has focused more on security concerns than on economic development. The lack of a coherent economic strategy for the Northeast has resulted in inadequate industrialization and poor human capital development⁷. The northeastern region of India has historically been perceived as a remote, landlocked, and economically disadvantaged area in comparison to the more dynamic parts of the country. This perception stems from the region's geographical isolation, which has led to higher transportation costs, making goods produced in the Northeast less competitive in the markets. The resulting lack of competitiveness has discouraged investment and industrialization, further exacerbating the region's economic challenges. The region's reliance on the narrow Siliguri corridor for access to the Indian mainland is a significant vulnerability, particularly in times of geopolitical tensions or natural disasters. This underscores the urgent need for alternative connectivity routes to ensure the region's sustained access to the mainland and to mitigate potential economic disruptions.

The economic makeup of the northeast region closely mirrors that of some of the least developed regions around the globe. About 50-60% of the region's total income is generated from the primary sector, which includes activities such as agriculture, forestry, and mining. The secondary sector, which encompasses manufacturing and industry, contributes a relatively modest 11-16% to the overall income. This underscores the region's positioning as one of the least industrialized areas in India. Additionally, the tertiary sector, which includes services, is also underdeveloped in the region. The NSDP (Net State Domestic Product) growth rates in India have consistently hovered around four percent in recent years⁸. However, it is important to note that this growth has not translated into widespread prosperity. Instead, only 13 percent of the population has directly benefited from this economic growth. One of the contributing factors to this inequity is India's inward-looking economic strategy, which has had the unintended consequence of depriving the northeastern states of access to their natural markets and neighboring countries' products across the border.

Despite India's significant growth in trade with its eastern neighbors, representing a quarter of its overall trade, the Northeast region has not experienced a substantial positive impact. This lack of impact can be attributed to the fact that much of the trade expansion occurs through seaports, which are located far from

⁵ Barua, Tanmoy. "The Look East Policy/Act East Policy-Driven Development Model in Northeast India." *Jadavpur Journal of International Relations* (2020). Accessed April 11, 2024. <https://doi.org/10.1177/0973598420908844>.

⁶ Khanna, Sushil. "Economic Opportunities or Continuing Stagnation." *India Seminars*, 2005. <http://www.india-seminars.com/>.

⁷ Das, Pradeep. *Industrialization in Northeast India: Challenges and Prospects*. Shillong: North East India Council for Social Science Research, 2021.

⁸ Nath, D., ed. *Reopening of the Stilwell Road: Prospects and Problems*. Kolkata: Anamika Publishers and Distributors, 2004.

the North East region. As a result, the cities benefiting the most from this trade growth so far are Chennai, Vizag, and the Calcutta port on the eastern flank of India. The initiation of Indo-Myanmar Border Trade in April 1995, specifically with the launch of the Tamu (Myanmar) - Moreh (Manipur) was marred by significant challenges and ultimately did not achieve its intended success. (Khanna,2024) The existence of numerous non-trade barriers and transit restrictions has severely limited the potential for rapid expansion of trade in the region. (Pattnaik,2016) Complex customs regulations and border policies are significant barriers to trade. Regulatory inconsistencies and bureaucratic red tape delay and complicate the trade processes, and different standards for documentation inspection and valuation lead to delays and increased costs⁹.

2.2 Infrastructural Challenges

India has one of the largest road networks in the world comprising national highways, expressways, state highways district roads, village roads, and others¹⁰. Despite this, the road condition in the region is far more underdeveloped as compared to other regions, geographical isolation and rugged terrain of India Northeast pose formidable infrastructural challenges, hindering economic development, and connectivity with the rest of the country. The region's inadequate road, rail, and air transport networks limit access to markets, healthcare, education, and other essential services, exacerbating socio-economic disparities and marginalization, only about 60% of the villages in the Northeast are connected by roads, and even fewer have access to reliable and all-weather roads. This connectivity hinders the movement of goods and people, raising transportation costs and discouraging investment in the region. Furthermore, the limited railway network, which primarily serves Assam does not extend to many of the other states, exacerbating the region's isolation.

The absence of robust transport infrastructure not only impedes intra-regional trade and commerce but also inhibits foreign investment and industrial development¹¹. The lack of basic infrastructure between the states of the northeast in terms of physical connectivity has kept the different states in the northeast separated from each other as a result of such transport bottlenecks, the internal economic integration of north east has failed to take place, the lack of infrastructure has prevented the efficient exploitation of the region's rich natural resources, such as oil, gas, and minerals¹². This underutilization of resources has contributed to the underdevelopment and high levels of poverty, industrialization in the northeast region has not taken off not because of the absence of integration with the outside markets but due to the lack of integration of the northeastern region itself, which has caused significant disparities between the regions¹³. This impacts the ability to develop trade hubs and enhance economic activities, all products consumed in the region are imported from distant manufacturing regions in India¹⁴. (Thangjam and Indrakumar, 2011) A World Bank study estimated that costs of logistics and damages added 60 percent to the cost of a bag of cement and 14 percent to general cargo when moved from Calcutta to the northeast. Isolation and lack of Economic opportunities transformed the northeast into a dependent region¹⁵

⁹ Pattnaik, Jajati K. "Look East Policy and India's Northeastern Region: Status of Cross-Border Trade and Connectivity." In *Look East to Act East Policy*, 213-228. New Delhi: Routledge India, 2016.

¹⁰ Singh, Amarjeet, and Yihingle. "The Three Decades of Look East Policy and India's Northeast Region." *Jadavpur Journal of International Relations*, 2023. Accessed July 30, 2024

¹¹ Singh, Rajesh. *Social Integration and Infrastructure Development in Northeast India*. Guwahati: North East Books, 2020.

¹² Basu, Rina. *Economic Opportunities in Northeast India: The Role of Infrastructure*. Kolkata: Orient Blackswan, 2019.

¹³ Singh, Rajesh. *Social Integration and Infrastructure Development in Northeast India*. Guwahati: North East Books, 2020.

¹⁴ Barua, A. "India's Entry into the ASEAN: Some Implications for the Northeast." In *Rethinking Economic Development in Northeast India: The Emerging Dynamics*, edited by D. K. Mishra and V. Upadhyay, 403-422. Routledge, 2017.

3. EMERGENCE OF KALADAN PROJECT: BACKGROUND

The KMMTP has its roots deeply embedded in the historical ties between India and Myanmar, particularly during the colonial era when both regions were part of British India. During this period, the Kaladan River served as a critical trade route connecting the hinterlands of British India with the ports of Burma (now Myanmar). This waterway facilitated the movements of goods and people, making it an essential component of the colonial economy. Following the partition of India in 1947 and Myanmar's independence in 1948, the Kaladan River's strategic significance waned, primarily due to the reconfiguration of national borders and the geopolitical isolation that ensued during the Cold War era. The newly independent nations of India and Myanmar faced internal challenges, including building and border security, which contributed to the decline of this historic trade route.

Before 1971, the possibility of connecting India's mainland to its northeast through east Pakistan was seen as impossible by Delhi with a hostile Pakistani military regime not only determined to deny that but actually backing Naga, Mizo, and Manipuri insurgents in tandem with China to weaken India's hold on the area. On 18th March 1968, India's legendary editor and geo-strategist B.G. Verghese, who also served as an information adviser to late Prime Minister Indira Gandhi (1966-69), devised a plan on a paper titled "Proposal for a road – river link from the Mizo Hills district to Akyab in Burma"¹⁵ where he pushes for a multi-modal route transport through Burma by using the Arakanese port of Sittwe and the Kaladan river that flows out of India's Mizo hills to the Arakan (now Rakhine) coast into the Bay of Bengal.

Therefore, strategic vulnerabilities like the Siliguri corridor require strategic redundancies that must be conceived and constructed well before crises occur. It was only after the electoral defeat of former Bangladeshi Prime Minister Sheikh Mujib's daughter Sheikh Hasina and her pro-Awami League in 2001, that India resurrected the Verghese proposal, however in the post-Cold War period, as India began to look eastward to strengthen economic and strategic ties with Southeast Asia, thereby facilitating economic development in the historically underdeveloped region. In March 2008, during a visit by Myanmar defense service senior vice general Maung Aye, the MOU for the Kaladan multi-modal project was signed, which intended to provide easier access to the northeast and alternate connectivity between India and Myanmar bypassing Bangladesh.¹⁶ The Kaladan Project represents a modern effort to restore the economic linkages that once existed between India and Myanmar through the Kaladan River. By reviving this ancient trade route, India aims to enhance regional connectivity and integrate the northeastern states with the broader Southeast Asian economy.

4. CURRENT STATUS : PROGRESS AND CHALLENGES

To gain a comprehensive understanding of the project's development, it is crucial to delve into the various components that make up the project. These components can be further broken down into micro-projects, each with its distinct features and characteristics. By examining the progress and outcomes of these micro-projects, we can gain valuable insight into the overall development of the project.

- a. A port and inland water transport terminal and related infrastructure facilities at the port of Sittwe to Kaletwa for transshipment from ships to inland vessels and vice versa.
- b. A waterway on the Kaladan River from Sittwe to Peltwa that is 225km long

¹⁵ Mukherjee, Sudhir. *Reviving Old Trade Routes: The Historical Context of the Kaladan Project*. Kolkata: Jadavpur University Press, 2016.

¹⁶ Bhaumik, Subir. "The Kaladan Project: Vision and Reality." *International Journal of Politics and Media* 1, no. 1 (2009): 1-5. <https://doi.org/10.1163/194016109X12538202981923>.

- c. A IWT and highway transshipment terminal and related facilities at Paletwa
- d. Finally a highway from Kaletwa to Mizoram border (110 km).

4.1 SITTWE PORT AND PALETWA IWT TERMINAL

The work of construction of the port and IWT components is completed, which includes fairway development and sea dredging in the Sittwe port area, port and IWT terminal at Sittwe, fairway development and dredging along the Sittwe paletwa stretch of Kaladan river, IWT terminal at paletwa, and M/s A to Z Exim had been selected by tendering as the port operator with effect from February 1st, 2020 and on May 9th, 2023 the first Indian cargo ship was received by the minister of ports shipping and waterways Sarbananda sonowal at Sittwe port from Shyama prasad Mukherjee port in Kolkata, heralding a new age of transportation between the two countries¹⁷.

The Sittwe port also provides certain advantages concerning the Myanmar hinterland which can be exploited by the kala dan project. Magway, Mandalay Shan, and Sagaing are in closer proximity to Sittwe than to Yangon hence cargo from these places can be lightened at Yangon and be brought to Sittwe which will make cargo more profitable and delivery more efficient.. But there is enough existing potential for the port to operate independently. The entire Rakhine state is very rich in agricultural products such as rice and various fruits which could be exported to other countries.

4.2 ROAD COMPONENT

The project includes a road component estimated at 109.2 km, split into two packages. Package 1 covers the stretch from Paletwa to Kaletwa, which spans 60.7 km. Package 2 covers the stretch from Kaletwa to Zorinpui, which spans 48.5 km. The final phase of the project involves an 87.8 km stretch from Zorinpui to Lwangtlai.

The 1600 crore road project that passes through dense forest and hilly areas was awarded to a joint venture comprising Engineering Projects India Limited (EPIL) a PSU and a Delhi-based private company, C&C Constructions in June 2019¹⁸.

Initially, the plan was to start the work from south to north, which means from Paletwa to Zorinpui. However, due to the violence in the region, the Myanmar government permitted the construction to begin from north to south, which means from Zorinpui to Paletwa. As per the plan, the other contractor, EPIL, has subcontracted the work, which is Package 2 (60 km to 109.2 km), and which would have been completed in 2022. At present, the insolvency case is pending with the National Company Law Tribunal, and MEA is exploring the options of handing over Package 1 (Paletwa to Kaletwa, which means 0km to 60km). On the Indian side, the 87.8 km road connecting Zorinpui and Lwangtlai is about 80 percent complete. Work here is being executed by two firms, RDS project and ARSS.

5. CHALLENGES OF THE KALADAN PROJECT

There are also challenges that will need to be surmounted for the best returns on the KMTTP. Hence its becomes necessary to look into the various categories in which the issues are divided.

5.1 GEOPOLITICAL CHALLENGES

The major concern for New Delhi is the political instability in Myanmar and the infighting between the Tatmadaw and the ethnic armies specifically the Arkan army from the state of Arakan also known as

¹⁷ Press Bureau of India (PIB). "Shri Sarbananda Sonowal to Receive the First Indian Cargo Ship Docking at the Sittwe Port on May 9, 2023." Accessed August 18, 2024. <https://pib.gov.in/PressReleasePage.aspx?PRID=1922176>.

¹⁸ Bose, Pratim Ranjan. "India Starts Construction of 1600 Cr Mizoram Myanmar Kaladan Road." *The Hindu Business Line*, April 17, 2018. <https://www.thehindubusinessline.com/news/india-starts-construction-of-1600cr.ece>.

Rakhine which has been fighting its war against the Myanmar army for decades and now has joined hands with the other ethnic armies to fight against the Junta under the code name (operation 1027). The fighting intensified after the Junta ousted the newly elected government on February 1st, 2021 after which the Arakan army has been able to make various advancements and has been able to capture various army posts and cities. The presence of active conflicts in the areas surrounding the project route poses a direct threat to the safety of infrastructure, workers, and future users. It could also lead to targeted attacks on project infrastructure, disrupting construction and operations. The fight between the Arakan army and the junta's forces reached a crucial turn on January 15, 2024, when the rebel forces captured Paletwa, where the project IWT and highway transshipment components are located making it a serious security concern for the project¹⁹.

5.2 SECURITY CONCERN'S

In November 2019, the group kidnapped a survey team recessing the area between Paletwa to Kaletwa towards Zorinpui²⁰. An engineer of the team died due to Cardiac arrest while in a camp of the Arakan army, with insurgent groups operating along the India-Myanmar border region, there is a danger that their activities could threaten ongoing developments. Moreover, The project involves transnational infrastructure crossing the Indo-Myanmar border, raising concerns about border security and management there is always the possibility of connectivity infrastructure being used by insurgent groups in the area. Enhanced cross-border movement could allow them to link up with different groups and evade monitoring by authorities much more easily²¹.

5.3 IMPLEMENTATIONS DELAYS

The KMTTP has faced numerous delays which have significantly impacted its progress and raised concerns about its eventual completion. The Regions through which the project runs, both in Northeast India and Myanmar are characterized by challenging terrain. Dense forests, rugged mountains, and river systems make construction and transportation difficult and time-consuming. These geographical challenges have led to repeated delays in the construction of roads, waterways, and port facilities.

Bureaucratic hurdles in both India and Myanmar have played a significant role in delaying the project. The process of securing approvals, coordinating between various government agencies, and addressing legal and regulatory challenges has been slow and often inefficient. The involvement of multiple stakeholders, including central and state governments has further complicated the decision-making process. Banking is a vulnerability even though India has signed agreements with Myanmar banks they have not been executed. There are no internationally recognized banks in Sittwe, only five local banks²².

6. KALADAN AND THE NORTHEAST

6.1 ENHANCING CONNECTIVITY AND ACCESSIBILITY

The geographic isolation of Northeast India has long been a significant impediment to its development the KMTTP aims to provide an alternative route to the vulnerable Siliguri corridor enhancing the region's

¹⁹ Bhattacharjee, Kallol. "India's Kaladan Project 'Almost Dead' After Paletwa Fell to Arakan Army." *The Hindu*, June 28, 2021. <https://www.thehindu.com/news/international/indias-kaladan-project-almost-dead-after-paletwa-fell-to-arakan-army-senior-myanmar-opposition-leader/article67825130.ec>.

²⁰ Dutta, Amrita. "110 km Road Is Final Challenge for Long Delayed Myanmar Kaladan Connectivity Project." *The Print*, March 29, 2021. <https://theprint.in/diplomacy/110-km-road-is-final-challenge-for-long-delayed-india-myanmar-kaladan-connectivity-project/629247/>.

²¹ Asian Development Bank (ADB) and Asian Development Bank Institute (ADBI). *Connecting South Asia and Southeast Asia*. Manila: Asian Development Bank, 2024. Page 254.

²² Chanda, Jaideep. *Irrawaddy Imperatives*. New Delhi: Pentagon Press, 2019. Page 103.

connectivity with the rest of India and southeast Asia.

Through this project, the mainland will be linked to the northeast through three modes of transport: sea, river, and road²³. The riverine road transport system is poised to increase the region's strategic importance from the standpoint of LEP/AEP (Look East Policy/Act East Policy) and effectively transform it from a landlocked to a land-linked region²⁴. The shipping distance from Kolkata port to Sittwe port in Rakhine is 539 km, across the Bay of Bengal. From Sittwe to Paletwa by inland waterway is 158 km. From Paletwa to the Indo-Myanmar border will be 110 km and from Zorinpui on the border to Lawangtlai in India is 100 KM by road. The journey from Haldia port near Kolkata to Lawangtlai in Mizoram through the chicken neck is 1880 km. When the kaladan project becomes operational the distance will be cut in half to 950 km. Goods can be transported to Mizoram through the multi-modal transit way, and the existing NH 54 extends the route further to Assam and other northeastern states of India. The kaladan project will reduce the dependency on the Siliguri corridor, thereby reducing the cost and time of transportation. New Delhi also seeks to link the Kaldan project to its other big road connectivity projects through Myanmar such as the India-Myanmar Thailand Highway (IMT). The act of linking various regions can hold great significance, as it can potentially provide an overland route and enable direct involvement in the lucrative Southeast Asian market. The Kaladan Multimodal Transit Transport Project (KMTTP) is an essential infrastructure initiative aimed at fostering better economic integration between Northeast India and the ASEAN market. By improving transportation connectivity, the project is anticipated to have a positive impact on market accessibility for the diverse range of goods originating from the Northeast region. Notably, key industries such as handicrafts, agriculture, and horticulture, which are distinctive to the region, are poised to experience substantial benefits from the project, as it will facilitate their connection to wider national and international markets, thereby boosting their growth and competitiveness²⁵. By linking the region with Southeast Asia, the project has the potential to stimulate economic diversification and lessen the Northeast's reliance on mainland India. Consequently, this could facilitate advancements in technology and the development of valuable skills within the region. The proposed trade route is expected to play a pivotal role in facilitating both intra-regional and inter-regional trade activities. Connecting different regions is anticipated to significantly impact the economic and cultural exchange, ultimately contributing to the overall socio-economic development of the northeastern region of India. The project's enhanced transportation links are links to foster greater social integration by reducing the region's sense of isolation. Increased mobility will enable easier access to education, healthcare, and employment contributing to the region's social cohesion²⁶.

6.2 PROMOTING ECONOMIC DEVELOPMENT AND INDUSTRIALIZATION

Economic underdevelopment is a persistent challenge in the Northeastern states. The KMTTP is expected to stimulate economic growth attracting investment promoting industrialization, and boosting trade, improved infrastructure provided by the KMTTP is likely to attract both domestic and international investors. The connectivity offered by the project could lead to the establishment of export-oriented industries, particularly in sectors like manufacturing and agro-processing²⁷.

²³ Bhaumik, Subir. "India Myanmar Kaladan Project: Vision and Reality." *Torkel Opsahl Academic EPublisher*, 2020. Accessed April 11, 2024. <https://www.toaep.org/pbs-pdf/106-bhaumik/>.

²⁴ Pattnaik, Jajati K. "Look East Policy and India's Northeastern Region: Status of Cross-Border Trade and Connectivity." In *Look East to Act East Policy*, 213-228. New Delhi: Routledge India, 2016.

²⁵ Basu, Rina. *Economic Opportunities in Northeast India: The Role of Infrastructure*. Kolkata: Orient Blackswan, 2019.

²⁶ Singh, Rajesh. *Social Integration and Infrastructure Development in Northeast India*. Guwahati: North East Books, 2020.

²⁷ Chakraborty, Anjana. *Investment and Economic Growth in India's Northeast*. New Delhi: Sage Publications, 2017.

The project's aim is to enhance support for small and medium enterprises (SMEs) by facilitating improved access to markets and resources. By bolstering connectivity, SMEs will be able to more efficiently procure raw materials and reach a wider customer base, thereby fostering local economic advancement. This initiative holds the potential to empower local businesses, enabling them to broaden their scope and capitalize on new prospects. The Kaladan multi-modal transport project holds considerable promise for facilitating trade and connectivity in the northeast region. Not only would it enhance cross-border trade and connectivity, but it also has the potential to significantly alter the geo-economic landscape of the northeast, putting an end to its maritime isolation. Additionally, improved infrastructure and connectivity can make the Northeast more attractive to investors. Industries that require access to ports, such as manufacturing and agro-processing, may be more inclined to set up operations in the region if they can easily export their products through the KMTTP's port facilities. KMTTP could act as a catalyst for the industrialization of the Northeast by Providing the necessary infrastructure for the development of industrial corridors and special economic zones(SEZs)¹. This would not only encourage urbanization but also stimulate the growth of the Micro, Small, and Medium Enterprises (MSME) sectors.

7. CONCLUSION AND RECOMMENDATION

The Kaladan Project is a transformative initiative that has the potential to revolutionize the economic landscape of India's Northeast region through enhanced connectivity, economic growth stimulation, and strategic reinforcement. However, fully realizing these benefits hinges upon sustained efforts to overcome multifaceted challenges and ensure equitable development, which is essential for fostering greater regional integration and prosperity. The geographical proximity of the region to Southeast Asia underscores its significance in India's broader geopolitical strategy, especially within the context of the Indo-Pacific region. As India endeavors to extend its influence and connectivity networks eastward, the northeast emerges as a pivotal strategic gateway to Southeast Asian markets and maritime routes. Nevertheless, realizing this strategic potential requires seamless integration and connectivity with neighboring economies, which is currently impeded by various obstacles.

The Kaladan project, when fully operational, is poised to address developmental disparities in India's Northeast and unlock a multitude of opportunities, promising to overcome existing geographical and strategic constraints to provide a substantial impetus to the local economy. Yet, to achieve this, a comprehensive overhaul is imperative to counter the project's historical legacy of significant delays and cost overruns. It is paramount for New Delhi to surmount several challenges to ensure the effective reconfiguration and revitalization of the Kaladan project, thereby allowing it to realize its full potential.

This critical infrastructural initiative aims to mitigate these challenges by providing an alternative trade route through Myanmar. However, its successful implementation is contingent upon overcoming logistical hurdles, securing investments, and navigating intricate geopolitical dynamics. Moreover, unlocking the economic potential of the region and fostering inclusive growth necessitates complementary measures such as the development of inland waterways, expansion of rail networks, and enhanced digital connectivity.

Initiating the plan involves delinking the port from Kolkata, which is imperative due to limited business opportunities at the ports of Kolkata and Haldia attributed to labor and draft issues. The exclusive connection with the Kolkata port perpetuates a sense of negativity and pessimism, underscoring the urgency of establishing alternative connectivity routes from Vishakapatnam, Chennai, or other Indian ports. The subsequent step is a strategic reframing to dispel the perception of the Kaladan project being

merely an alternative to the Siliguri corridor. Presenting it as the primary and preferred route for transporting goods to the northeast of India and from Myanmar to India is crucial in eliminating the presumption that the mainland is the sole route, thereby introducing strategic redundancy. This paradigm shift also serves to decongest the corridor and establish a more efficient transportation system. Furthermore, policymakers must emphasize that the primary objective of the project is to foster trade and economic activities in the northeast, necessitating the creation of a stable environment to incentivize business expansion and attract investments. It is imperative to acknowledge that the Kaladan project, in synergy with other infrastructural initiatives and geopolitical endeavors, has the potential to unlock the region's economic prospects, promote regional stability, and advance national interests, thereby contributing to the overall well-being of the people in the region.

NOTE'S

1. A Special Economic Zone (SEZ) is a geographically demarcated area within a country where the government implements specific economic policies that differ from those in the rest of the country. These zones are designed to attract foreign direct investment, enhance export-oriented growth, and stimulate overall economic development by offering tax incentives, relaxed regulations, and infrastructure support

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