

A Comparative Study of Western Development Programme of China and India's Act East Policy – Contradictions and Convergences

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Abstract: *This paper compares the Western Development Programme (WDP) of China in Yunnan Province and the Act East Policy (AEP) of India. These two initiatives are formulated to integrate borderland regions with Southeast Asia. Accordingly, the centre-periphery theory, border studies scholarship, and securitisation form the analytical framework. The study explains that Yunnan's transformation under the WDP is an example of sustained infrastructure investment, policy continuity, and cross-border economic integration. In concurrence, WDP has helped bring about transformation in the historically marginalised and ethnically diverse Yunnan province. On the contrary, India's AEP is beset with implementation loopholes. The AEP has made comparatively less progress than WDP due to a lack of infrastructure and security concerns, compounded by bureaucratic inefficiencies in northeast India. Thus, northeast India attracts less investment. The paper concludes by proposing lessons for India in the light of WDP. As a result, the paper contributes to understanding borderland development strategies and regional integration processes in India and China.*

Keywords: Act East Policy, Northeast India, Regional Connectivity, Western Development Programme, Yunnan Province

INTRODUCTION

The Yunnan province in Southwest China shares borders with Myanmar, Laos, and Vietnam. For much of the reform period, it remained outside the growth centres along China's eastern coast. This imbalance led Beijing to launch the Western Development Programme (WDP) in 1999. The programme directed large-scale public investment into transport, energy, and industrial sectors and linked inland provinces with neighbouring regions. In Yunnan, sustained funding, administrative coordination, and cross-border connectivity turned a peripheral region into a gateway to Southeast Asia.

India introduced the Look East Policy in 1991 during an economic crisis to expand trade and engagement with Southeast Asia under its economic reforms agenda. The Northeast Region (NER) served as the land bridge for this policy. In 2014, India renamed it the Act East Policy (AEP) to signal stronger implementation. The policy seeks to expand connectivity, trade, and strategic ties across the Indo-Pacific. Despite these goals, outcomes in the NER remain limited. Infrastructure projects proceed slowly, cross-border trade remains low, and private investment stays weak.

This contrast raises a central question: why has China achieved faster integration of Yunnan with Southeast Asia, while India has struggled to deliver similar outcomes in the NER? Existing accounts often describe differences in infrastructure or geography, but such explanations remain incomplete. Delays in Indian projects do not arise from terrain alone. They stem from institutional fragmentation, overlapping authority across ministries and states, prolonged approval processes, and the use of security frameworks in development planning. These factors affect project execution, investor confidence, and cross-border coordination.

CONCEPTUAL FRAMEWORK

Differences between core and peripheral regions explain uneven development within states. World-systems theory (Wallerstein 1974) and internal colonialism (Hechter 1975) show that peripheral regions depend on the core for capital, decision-making, and market access. The core extracts resources and concentrates gains, while peripheral regions face weak industrialisation and political marginalisation. This pattern appears in both India and China. Regions such as Tibet, Xinjiang, Yunnan, and Northeast India remain tied to central priorities that prioritise control over local development.

Border studies scholarship adds another dimension by treating borders as political and social institutions. Diener and Hagen (2012) argue that borders act as both barriers and bridges. States regulate flows of goods and people while also enabling exchange and connectivity. This dual function creates tension in policy execution. Governments promote trade corridors and infrastructure while maintaining strict controls for security. In the India–China border regions, development projects operate within this tension. As a result, infrastructure expansion does not automatically lead to integration. State priorities, security concerns, and administrative practices determine whether borders facilitate or restrict economic activity.

Kurian (2014) challenges the view that border regions remain isolated and fully controlled by the state. She shows that borderland communities sustain everyday exchanges through trade, social ties, and cultural interaction (Kurian 2014, 15–16). These practices generate local networks that operate alongside formal state systems. This insight explains why top-down development policies often face resistance or produce limited results. When policy design ignores local dynamics, implementation slows, and outcomes remain uneven.

Securitisation theory explains why development policies in border regions tend to favour control. Buzan, Wæver, and de Wilde (1998) argue that political actors frame issues as security threats to justify extraordinary measures. In China, unrest in Xinjiang and Tibet receives this treatment. In India, insurgency and cross-border threats in the Northeast prompt similar responses. As a result, development policies operate within security structures. This condition slows project execution, increases administrative layers, and limits cross-border engagement.

WESTERN DEVELOPMENT PROGRAMME AND REGIONAL TRANSFORMATION IN YUNNAN

China's WDP was introduced to address disparities created by coastal-led growth. The WDP directed investment into transport, energy, and industry to connect inland provinces with domestic and external markets (Lai, 2002, p. 432). It also linked development with political stability by targeting ethnic minority regions (Shih, 2004, p. 429).

China implemented the programme through centralised planning and sustained financing. The state expanded fiscal transfers, provided tax incentives, and financed large infrastructure projects. It extended loans to provincial governments and identified priority industries to attract foreign capital. Interregional cooperation policies, including Hand-in-Hand Aid and East–West Interaction, connected advanced and lagging regions (Deng & Lu, 2013, pp. 251–255). This approach reduced coordination failures and ensured continuity in execution.

Yunnan occupies a strategic position in this programme due to its borders with Myanmar, Laos, and Vietnam. The state used this location to expand cross-border trade and tourism. Ethnic tourism generated income and integrated local communities into market networks while also creating risks such as cultural commodification and environmental pressure (Yang & Wall, 2009, p. 78). These trade-offs required regulatory responses alongside growth policies.

Infrastructure development formed the backbone of this transformation. The Baoshan–Longling highway spans 76.3 km, supported by 19 km of link roads, interchanges, and service facilities, while 294 km of additional roads improved access to minority regions. These investments reduced logistics costs and expanded access to markets and services. The Asian Development Bank supported this effort with a US\$250 million loan (Asian Development Bank, 2011, p. 1). Rail and road networks further strengthened connectivity. The Kunming–Chongqing railway and the Kunming–Shanghai high-speed rail improved internal links, while the Trans-Asian Railway Network connected Yunnan with Vietnam, Laos, and Myanmar. The Kunming–Bangkok motorway extended this network to Thailand, and Kunming Changshui International Airport emerged as a regional hub.

Industrial growth followed improvements in connectivity and energy supply. Yunnan hosts industries such as tobacco, metallurgy, chemicals, electronics, mining, pharmaceuticals, and hydroelectric power (Bhattacharya & De, 2005, p. 22). The oil and gas pipeline from Kyaukphyu to Kunming supports industrial activity and reduces reliance on maritime routes. Investment policies further accelerated growth. Multinational firms such as GE Healthcare, Bayer, and Royal Philips operate alongside domestic firms like Huawei and Fosun. Financial incentives, including grants up to RMB 5 million and RMB 3 billion in support for small and medium enterprises, lowered entry barriers and promoted expansion (Wong, 2020).

Special economic zones strengthened cross-border trade. The Kunming Economic and Technological Development Zone and Kunming High-Tech Zone support manufacturing and innovation. Border zones such as Ruili, Wanding, and Hekou facilitate trade with Myanmar and Vietnam (Consulate General of India, n.d.). These zones integrate local economies with regional markets.

Economic data confirm these outcomes. Yunnan received US\$706 million in foreign direct investment in 2020, with 39 per cent directed to wholesale, trade, and catering sectors and 87 per cent concentrated in Kunming (Hong Kong Trade Development Council, 2022). Trade with South and Southeast Asia reached 125.78 billion yuan (US\$17.49 billion) by 2023, with a 42 per cent increase over nine years (The State Council, 2024a). The China–Laos railway raised trade to US\$7.1 billion in 2023 and handled 10.6 million tonnes of goods worth 44 billion yuan (The State Council, 2024b). Planned projects, including a US\$8.3 billion Vietnam railway and a US\$9 billion Muse–Mandalay line, extend this network, with Muse accounting for nearly half of US\$11 billion in China–Myanmar border trade (Strangio, 2025).

These outcomes show that infrastructure, industrial policy, and cross-border integration operate together to drive growth. This case provides a basis for comparison with India's Act East policy and its performance in the Northeast.

ACT EAST POLICY OF INDIA

The Yunnan case signifies that coordinated institutions, sustained investment, and cross-border engagement can transform a peripheral region. India's AEP

pursues similar goals but produces weaker outcomes in the Northeast. This contrast requires closer examination of policy design and implementation.

Institutional measures support these goals. India has strengthened ties with the Association of Southeast Asian Nations (ASEAN) through bilateral agreements, military cooperation, and diplomatic initiatives. It appointed a dedicated ambassador to ASEAN and created a specialised division within the Ministry of External Affairs. High-level engagement, including participation in ASEAN summits, has expanded cooperation in maritime security, cybersecurity, and trade. Connectivity through direct flights and cultural exchanges supports these efforts. India also leads the Indo-Pacific Oceans' Initiative, which addresses maritime security, disaster response, and sustainable development (Ministry of External Affairs, 2024, pp. 61–77, pp. 289–90).

The NER plays a central role in this policy. It shares a 1,643 km border with Myanmar and connects India to Southeast Asia by land. The region also borders Bangladesh, Nepal, and Bhutan, which increases its strategic value. Policy documents identify the NER as a gateway for trade, infrastructure, and regional integration (Rajendram, 2014, p.4). India's economic and strategic objectives depend on improved connectivity and stability in this region.

The state has taken steps to address security challenges. Agreements such as the Bodo Accord and Bru-Reang settlement have reduced conflict, and insurgency incidents declined by 80 per cent between 2014 and 2020. The withdrawal of AFSPA in several areas signals improved conditions. Budget allocations increased from INR 36,108 crore in 2014–15 to INR 76,040 crore in 2022–23 (Press Information Bureau, 2022). These measures indicate political commitment but do not resolve implementation constraints. Development outcomes remain sluggish, and sectors such as tourism underperform.

Trade data further shows these limitations. Through the Moreh Land Customs Station, exports from the NER to Myanmar reached US\$1.47 million, while imports stood at US\$2.12 million in 2009–2010. Average annual exports and imports remain low at US\$2.36 million and US\$1.88 million, respectively (Research and Information System for Developing Countries et al., 2011, pp. 37–38). These figures contrast sharply with the scale of trade seen in comparable regions.

Weak trade facilitation contributes to this outcome. Border infrastructure remains inadequate, regulatory systems lack efficiency, and coordination across agencies remains limited. Upgrading integrated check posts, synchronising transport systems, and improving coordination with neighbouring countries could reduce these constraints (Das & Chattopadhyay, 2022, pp.21–23). The NER contributes only 2.8 per cent to India's GDP, which indicates its limited integration into the national economy (Fruman 2023).

IMPLICATIONS FOR ACT EAST POLICY

The evidence from Yunnan shows that infrastructure, coordinated institutions, and cross-border integration drive regional transformation. India's experience in the Northeast points to gaps in these areas. These gaps

require closer attention to institutional causes and policy execution.

Border trade data indicate underperformance. Moreh in Manipur and Zowkhathar in Mizoram serve as key trading points with Myanmar, with Tamu and Rhi acting as counterparts. Bilateral trade between India and Myanmar reached US\$1.894 billion in 2021–22, with exports at US\$892 million and imports at US\$1,002 million (Embassy of India, Yangon 2022). These figures remain modest given geographic proximity and market potential. In contrast, China's Ruili Economic Zone supports cross-border trade through subsidies, access to finance, and a dedicated financial transaction platform (Song et al. 2020). This comparison points to differences in institutional support and policy execution.

Delays in India's connectivity projects require explanation beyond terrain or funding constraints. Rana and Uberoi identify deeper causes, including weak governance, overlapping authority, lack of local participation, and persistent insurgency (Rana & Uberoi, 2012, pp.22–23). These factors slow approvals, disrupt coordination, and reduce investor confidence. As a result, projects remain incomplete or underutilised. The Trilateral Highway illustrates this problem. Despite its strategic value, construction continues to face delays. The Imphal–Mandalay bus service completed a trial run in 2015 but remains non-operational. Plans for direct flights between Imphal and Mandalay began in 2019 but have not continued. These outcomes indicate systemic inefficiencies in project execution.

China integrates connectivity within a wider regional strategy. Corridors such as the China–Indochina Peninsula Economic Corridor and the China–Myanmar Economic Corridor connect inland provinces with ASEAN markets. Maritime routes under the 21st Century Maritime Silk Road support uninterrupted trade flows. This integration links infrastructure with trade and investment networks. India's initiatives lack similar coordination, which limits their impact.

Security conditions in the Northeast further obstruct development. Ethnic conflict and insurgency disrupt economic activity and delay projects. The suspension of the Sangai Festival in Manipur during ethnic conflict between the Kuki-Zo and Meetei communities shows the economic cost of instability. Although the festival resumed in 2025, visitor numbers remained low. Tourism depends on predictable conditions and access. Permit systems such as the Inner Line Permit and Protected Area Permit regulate entry but also restrict mobility. Simplifying these procedures can improve access without compromising security.

Myanmar plays a central role in the success of connectivity projects. Instability in Myanmar affects border states in India through refugee flows and security risks. Ethnic ties across the border, including links between the Kuki-Zo and Chin communities, add complexity. China has secured its interests in Myanmar through sustained engagement with state and non-state actors. Agreements with the Myanmar junta led to the formation of a joint military company in 2024 and legal provisions in 2025 that permit the deployment of private security for project

protection. These measures protect infrastructure linked to the China–Myanmar Economic Corridor.

India must adopt a clear and consistent approach toward Myanmar. It can combine engagement with the state authorities to secure infrastructure with parallel outreach for humanitarian and border management purposes. Progress on the Kaladan project and the Trilateral Highway depends on stability and access in Myanmar. Without a coherent approach, delays will persist. These issues point to a central conclusion: institutional coordination, security management, and external engagement determine the success of the AEP.

CONCLUSION

This study shows that differences in outcomes between Yunnan, China and India's NEA arise from variation in state capacity, coordination, and external engagement. Under the WDP, China combined centralised decision-making, sustained investment, and cross-border integration to convert Yunnan into a regional economic gateway. In contrast, India's Act East Policy faces delays due to fractured institutions, security-driven governance, and weak project execution.

The comparison indicates that infrastructure alone does not guarantee integration. Implementation depends on coordination across agencies, continuity in policy execution, and credible engagement with neighbouring states. India must address these structural constraints by improving institutional coordination, reducing procedural delays, and linking connectivity projects with trade and investment networks. Engagement with Myanmar remains critical for the success of key projects.

Future prospects depend on whether India can sustain reforms in governance and project delivery while maintaining stability in the Northeast. The region holds potential for trade, tourism, and cross-border cooperation, but this potential requires consistent execution. Future research can examine micro-level project implementation, local participation in development, and the political economy of border governance across South and Southeast Asia.

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