

# **NORTH-EAST INDIA IN SINO-INDIAN RELATIONS SINCE 1978**

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**SAILEN DUTTA DAS**



**Chinese Studies Division  
Centre for East Asian Studies  
School of International Studies  
Jawaharlal Nehru University  
New Delhi-110067**

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CENTRE FOR EAST ASIAN STUDIES  
SCHOOL OF INTERNATIONAL STUDIES  
**JAWAHARLAL NEHRU UNIVERSITY**  
NEW DELHI - 110 067 INDIA

Telegram : JAYENU  
Phones Off. : 6107676, 6167557 Extn. 2346

Fax: 91-11-616 5886  
91-11-616 2292

18 July 2002

**CERTIFICATE**

This is to certify that the dissertation entitled, "**NORTH-EAST INDIA IN SINO-INDIAN RELATIONS SINCE 1978**", submitted by **SAILEN DUTTA DAS** in partial fulfillment of the requirement for the award of the degree of **MASTER OF PHILOSOPHY** of the university, is his own work, and has not been previously submitted for the award of any other degree of this or any other university.

We, therefore, recommend that the dissertation may be placed before the examiners for evaluation.

*Lalima Varma*  
**DR. LALIMA VARMA**

**(Chairperson)**  
**CHAIRPERSON**  
Centre for East Asian Studies  
School of International Studies  
Jawaharlal Nehru University  
New Delhi-110067

*Dr. D. Varaprasad Sekhar*  
**DR. D. VARAPRASAD SEKHAR**

**(Supervisor)**  
Supervisor  
Centre for East Asian Studies  
School of International Studies  
Jawaharlal Nehru University  
New Delhi-110067

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JNU, New Delhi

*Sailen Dutta Das*  
(SAILEN DUTTA DAS)

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*Dedicated*  
*to*  
*my parents and elder sister Dhanada*  
*with remembrance and memories*

## PREFACE

The North-East India represents a geostrategic point, a meeting place of diverse ethnic-cultural elements, and a potential zone of economic transactions. In the light of these vital aspects, the region becomes a crucial factor in the Sino-Indian relations. Geographical proximity has closely attached the region with China. People of some ethnic groups in the region share certain affinities with certain groups of people in China. There were rich cultural ties between the either side of the Himalayas. The vast natural resources, if properly channelised, give the impression that North-East India could be a future economic actor in any bilateral economic transactions between India and China.

The study is divided into four chapters where it has analysed various factors that contribute towards possible role for the North-East India in Sino-Indian relations.

Chapter I attempts to find out how a particular region of a country with its geostrategic location, economic potentials and ethnic-cultural aspects can influence the foreign policy objectives of that specific country. To establish this proposition, the chapter takes up three cases of Tamilnadu, Tibet and Taiwan in Indo-Sri Lankan, Sino-Indian and Sino-American relations respectively. It has analysed the various aspects of the three regions played varied roles to influence the respective bilateral relations. And finally, with the help of these three cases,

the chapter has made an effort to place the North-East India as a factor in Sino-Indian relations.

In chapter II an attempt has been made to trace out the ethnic similarities and cultural ties of ancient times between the North-East India and China. The chief purpose of the chapter is to examine how these ethnic affinities and cultural ties could be a factor to influence the Sino-Indian bilateral relations in the present times.

Chapter III highlights the strategic and political significance of the North-East India in the context of Sino-Indian politico-strategic relations. It has also analysed the strategic significance of the region for India's external security. And lastly, the growth of insurgents movement in the region and Chinese support to them in the initial stage, and its implication for political stability in the region and, in turn its impact on national politics have also been shown.

Chapter IV deals with the economic potentials of the region and its scope for border trade with China in the light of the expanding Sino-Indian economic engagements in the present times. It proposes for a Sino-Indian economic ties through the North-East in the form of border trade within the wider framework of a Southeast Asian "Growth Quadrangle".

The last chapter details the conclusions of the study and hopes for a prosperous North-East India through a strengthened Sino-Indian relation.



## Chapter I

### INTRODUCTION

#### NORTH-EAST INDIA AS A FACTOR IN SINO-INDIAN RELATIONS

##### **Geographical Location and Foreign Relations: A Theoretical Analysis**

*“The policies of all powers are inherent in their geography”* - Napoleon.

The study of international relations has recognised the fact that the geographical elements of a state- such as the location, size, demography, climate, natural resources etc. have significance in its foreign relations. This fact is testified by the development of a discipline called ‘geopolitics’.<sup>1</sup> Several leading theorists like- Friedrich Ratzel, Captain Alfred Mahan, Halford Mackinder etc. laid great emphasis on the importance of geographical factors while studying international relations and foreign policy. They all recognized the inextricable relations between the geographical factors and foreign policy-making.

India’s North-East region, otherwise known as the ‘seven-sisters’, comprising of seven political units<sup>2</sup> viz., Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura, is a unique part of the country. Situated in the North-Eastern corner of the country, the region is surrounded by China in the north, Bhutan in the immediate northwest, Myanmar in the

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<sup>1</sup> Appadorai and M.S. Rajan, *India’s Foreign Policy and Relations* (New Delhi, 1985), p.7.

<sup>2</sup> Sikkim joined the North-Eastern Council in 1999.

29° North Latitude, and 89°46' and 97°5' East Longitude. The region occupies an area of 2.55 lakh sq. kms (8.06% of India's total area)<sup>3</sup> and it has a population of 38.5 million as per the 2001 Census of India.

Given the geographical structure and ethnic-cultural diversity, the region seems to be rather different from rest of the country. Its geographical alienation and non-typically Indian populace have made the neighbouring countries to find a place of their influence in the region. Considering these aspects and many more, the neighbouring countries have attempted to use the region to fulfil political goals. These would have fatal consequences for India had India not strengthened its hold over the region. Hence, from the viewpoints of geo-strategic and ethnic diversity the region has the potential to influence India's relations with the neighbouring states.

Given the significance of the region, the study attempts to take up few cases as 'models' to show how a region of a certain country can influence the relations with its neighbours. With the help of these 'models' the study attempts to place the North-East region in the bilateral relations between India and China.

### **Case Studies**

The study has proposed to cite three examples of three different regions which influence the respective countries' foreign policy to show how a specific region of a country can influence with its geographical attachment,

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<sup>3</sup> India, Rajya Sabha, *Thirty-sixth Report on Development Potential of Commerce in the North-Eastern Region*, December 1998, p.3

ethnic-cultural ties etc. with its immediate neighbouring country. It has taken the issues of Tamilnadu, Tibet and Taiwan, taking its various aspects into consideration, in respect to their role in the Indo-Sri Lankan, Sino-Indian and Sino-American bilateral relations respectively.

### *Place of Tamilnadu in Indo-Sri Lankan Relations*

First, the study takes up the case of Tamilnadu in the Indo-Sri Lankan bilateral relations. The geographical and ethnic causes have considerable stress on this relationship in which one can easily see the involvement and role of the Indian state of Tamilnadu.

It is about two decades that the island nation, Sri Lanka, has been shattered by the ethnic conflicts between the Sinhalese and the Sri Lankan Tamils. The Tamils constitute more than 19% of the total population of the island nation.<sup>4</sup> The British brought the Tamils of Indian origin to Sri Lanka for the purpose of tea plantation during the colonial era. The root causes of the conflicts have been language, culture, territory and Tamils' demand for self-determination. The nature of the colonial economy in the 19<sup>th</sup> century had been major factor for the rivalry between the two ethnic communities. Apart from this, the Sri Lankan government enacted New Citizenship Act No. 18 of 1948, No.3 of 1949, the Parliamentary Elections (Amendment) Act, No. 48 of 1949 were some which designed the conflict.<sup>5</sup> However, the conflict which

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<sup>4</sup> Vijay S. Khare, "Sri Lankan Ethnic Crisis: Strategic Implications to India's National Security" *The Third Concept* (Mumbai), Vol.14, No.163, September 2000, p.25.

<sup>5</sup> *ibid.*

occurred in the recent years in the form of a violent civil war, owed its genesis to the ‘Sinhala Only’ campaign launched by the former Sri Lankan Prime Minister Solomon Bandaranaike in 1956. But it is after the 1983 riots in which several Tamil people were massacred, that the on going conflict took a violent form. In this way the process of discrimination and deprivation of the Tamils in all spheres of life in the society by the Sinhalese dominated government gave purpose to the emergence of extremism that is represented by the Liberation Tigers of Tamil Eelam (LTTE).

India cannot ignore the developments in Sri Lanka for two basic reasons: firstly, its geographical proximity through Tamilnadu with Sri Lanka. Secondly and most importantly, the ethnic homogeneity of Indian state of Tamilnadu with the Sri Lankan Tamils has an influential political implication. All together these factors have a strong impact on Indian foreign policy towards Sri Lanka.

Tamilnadu, being the nearest Indian part to Sri Lanka, is directly affected by the continued ethnic conflicts in the island nation. The conflicts in Sri Lanka have political, socio-economic and demographic implications for Tamilnadu in turn for India. In the present day coalition politics in India where the national politics is state-centred, the government in the centre cannot ignore such a matter of grave concern for a politically powerful state like Tamilnadu.

Nearly sixty million Tamils in Indian state of Tamilnadu act as a socio-cultural bastion of Sri Lankan Tamils. They share common language, cultural

ethos. India cannot ignore the sub-regional sentiments in Tamilnadu favouring the struggle of their fellow Tamils in Sri Lanka. A new emotional link forms between Sri Lankan Tamils and Tamils of Indian state of Tamilnadu, whenever there is communal tensions in Sri Lanka.<sup>6</sup> This was why in the immediate post-1983 period India had to intervene in the ethnic crisis of Sri Lanka. India even fostered and assisted the fighting Tamil extremists in the island nation. The Indian national press and the international media exposed the assistance given to the rebel Tamils by the various Indian governmental agencies. Indian government could not hurt its own Tamils sentiments in Tamilnadu. If it did so, it would have faced a crisis for national unity. India had already been facing the problems of secessionist movement in various parts of the country such as in the North-East and in the state of Punjab. If India did not support the Tamil case in Sri Lanka, there would have grown the same tendencies in Tamilnadu too. Taking all these serious considerations into account India had to (and doing so) wholeheartedly support the Tamils in Sri Lanka. This was how argued by J.N. Dixit, India's High Commissioner to Colombo through the 1980s, saying, "There was a perception that if India did not support the Tamil case in Sri Lanka, and if the Government of India tried to question the political and emotional feelings of the Sri Lankan Tamils, there would have been a resurgence of Tamil separatism in India. India, who could, therefore, not remain unconcerned

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<sup>6</sup> Ravi Kant Dubey, *Indo-Sri Lankan Relations with special reference to the Tamil Problem* (New Delhi: 1993), edn.2, p.88.

about Sri Lankan developments during Mrs. Gandhi's second tenure, chose the option of supporting the Sri Lankan Tamils."<sup>7</sup> This still has the relevance.

The recent April 2000 developments in Sri Lanka also show how the concern of Tamilnadu has to be taken into consideration while showing gestures towards the Sri Lankan crisis. India could not provide a military helping hand to the Sri Lankan government to fight the Tamil rebels. The government had to honour the domestic sentiments of Tamilnadu's sixty million populations. During the recent ethnic crisis in Sri Lanka, India's decision not to intervene militarily was dictated by this concern. That is why before arriving at any decision the government of India at the Centre had to consult important political parties from Tamilnadu and its Chief Minister.

Another implication of the ethnic crisis in Sri Lanka for Tamilnadu is influx of refugees. As the conflict intensifies in Sri Lanka there has always been a massive inflow of refugees from Sri Lanka into Tamilnadu what had put extra burden on the state exchequer. This, in turn, it has a direct impact on the national politics. As the regional political parties have a crucial role in determining the tenure of the government at the Centre in the coalitional pattern of Indian politics, it is vital to consider such cases seriously. That is why any coercive attempt by the Central Government to stop the Tamilnadu authorities from supporting the Tamil cause in the face of Sri Lankan government's militaristic intentions and resisting the state government to host

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<sup>7</sup> Manik De Silva, "Sri Lanka's Civil War" *Current History* (Philadelphia), Vol.98, No.632, December 1999, p.431.

the Sri Lankan Tamil refugees, will be a question of political stability at the Centre.

Given the importance of Tamilnadu in the Indo-Lankan bilateral relations, one might treat the India's foreign policy towards Sri Lanka as a "Tamilnadu-policy."

### *Issue of Tibet in Sino-Indian Relations*

The second case that the study proposes to take up as 'model' of how a region of a country influences the foreign policy of that country is the issue of Tibet in the context of Sino-Indian bilateral relationship. An understanding of Sino-Indian relations in a broader perspective involves the study of the issue of Tibet too. The issue of Tibet has been an integral part of the modern history of Sino-Indian relations. As soon as the two Asian giant civilisations began their independent course as nation-states in the late 1940s, Tibet began to impinge on their relations. Since this early year of their relations as nation-states, Tibet had come to be a major bone of contention. It was clear from both Indian Prime Minister Rajiv Gandhi's China and Chinese Premier Li Peng's India visits when the Tibet question was raised from both sides. Tibet looms large in Sino-Indian relations and politics even after fifty years of Chinese occupation of the region, because of its intimate connection with the strategic interests of both the countries.<sup>8</sup>

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<sup>8</sup> Dawa Norbu, "Tibet in Sino-Indian Relations: The Centrality of Marginality" *Asian Survey* (Berkeley), Vol. XXXVII, No. 11, November 1997, p. 1094

The issue of Tibet indicates many major and immediate implications for the relations of both China and India. These are basically of strategic, political, emotional and national stature at the international community. All are intimately connected and not independent. To understand the potential of Tibetan issue in influencing the bilateral relations of both the countries, one needs to see it consider the views of both the countries for which the issue is equally important.

As the 'state-to-state' relations between India and China officially started since 1950, a race over Tibet began for who should or could have dominant influence on the strategic 'buffer zone' between the two giant Asian states. Indian Prime Minister Jawaharlal Nehru wished that both the states would respect the Himalayas as the operational perimeter of the other's political and defence interests.<sup>9</sup> In fact, he represented the view of the British that Tibet was an autonomous buffer state between India and China. But the Chinese leadership was reluctant to accept this viewpoint. This was, for them, an unequal treaty by the colonial masters were determined to take over Tibet. It was not possible without India's assistance, because India is tied to Tibet by historical and cultural bondages. Hence, the Chinese had to proceed carefully with the best possible diplomatic weapons. The launching of the new era of '*Hindi-Chini-Bhai-Bhai*' hosted by Nehru and Chou-en Lai came to serve this better. Nehru had a vision of great Asian solidarity, which would be structured on the basis of the Sino-Indian friendship. However, both Mao Tse-

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<sup>9</sup> *ibid*, pp.1078-79.



tung and Chou-en Lai did not quite share this Pan-Asian vision of Nehru. They were hard-nosed and focused on their territorial aspirations and strategic interests.<sup>10</sup> Nehru, for the realisation of his great vision was ready to negotiate the Himalayas and recognised Tibet as part of China signing the most hyped *Panch Sheel* Agreement of 1954. Though the agreement is viewed as the vistas of Sino-Indian relations, but an inner view into the Agreement suggests that it was an agreement on Tibet's fate of sovereignty. It is viewed later by various scholars that the agreement could have served a great job to India if Nehru were aware about that. This is how J. N. Dixit sees the golden opportunity<sup>11</sup>:

“...we (India) could have negotiated a realistic deal with was when Nehru acquiesced with the Chinese resuming their suzerainty and jurisdiction over Tibet. We could have told the Chinese that, in return for our accepting their resumption of authority over Tibet, they should confirm the delineation of the Sino-Indian boundary as inherited by them and us from the British period. We could have and should have demanded the *quid pro quo* of their questioning the delineated boundary of British times and asked them not to revive any of their tenuous claims on what was Indian territory”.

Then the agreement could have really served as the vistas of long lasting Sino-Indian relations. But the consequences were worst as India surrendered Tibet without receiving anything in return. It lost the ‘outer ring’ of the country’s defence in a strategic term penetrating ‘inner ring’ of defence starting with Nepal in 1955.<sup>12</sup>

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<sup>10</sup> J.N. Dixit, *Across Borders: Fifty Years of India's Foreign Policy* (New Delhi, 1998), p.353.

<sup>11</sup> *ibid*, p.354.

<sup>12</sup> Dawa Norbu, n.8, pp.1081-2.

The Indian recognition of Tibet paved the way for China to question the sphere of Indian influence even in Nepal on the one hand, and strengthen its claims of more border areas on the other hand. Once the Chinese occupation of Tibet was legitimised, they then began to claim officially territory along the Indo-Tibetan border using the provisions of the 1954 treaty as its rationale.<sup>13</sup> It also in this sense that one could see the prevalent Chinese territorial claims such as Aksai Chin and some parts in Arunachal Pradesh and so on, are primarily based on the Tibetan official documents not Chinese. Also, evidence for China's claims on the border, especially the MacMohan Line are based on the treaties that British India signed with the 13<sup>th</sup> Dalai Lama's government in 1913-14.<sup>14</sup> In this sense, Tibet has remained the pivot around which the territorial disputes are revolving still and this territorial dispute, born out of the Tibet issue, brought the two countries into the nasty war of 1962.

Though India recognised Tibet, Nehru could not resist the mass sentiments of the Indian people in favour of the Tibetans. Moral support for the Tibetan resistance movement against the Chinese occupation is still supported by a number of people. Tibet is associated with the Hindu sentiments as they regard the Himalayas as sacred, hence non-negotiable. That is why Nehru had to face an acid test for his negotiation of Tibet with Chou-en Lai. It was the public emotions and the opposition's bitter criticisms

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<sup>13</sup> Ibid, p.1087

<sup>14</sup> Ibid.

that shook the very foundation of the Indian foreign policy towards the People's Republic of China (PRC) of the times.

As it is seen that Tibet has been a factor in India's foreign policy towards PRC, there had also tremendous pressure in China for a tight hold on Tibet. India and China also view Tibet as strategically crucial for their security. For both the parties the issue is important. If the Chinese power elite consider Tibet to be strategically important to China, the Indian counterpart also think it is equally vital to Indian national security.<sup>15</sup> The fact is that some of the Indian elites yet consider Tibet as buffer between India and China. Tibet poses itself even today as a strategic dilemma for both the countries.

Some Chinese assumed that if Tibet were to become independent this would threaten China's national security. They argue that India's army would penetrate an independent Tibet and this would be a question for the defence of the country in the southwest.<sup>16</sup> Thus, it is clear that Tibet could not be independent again; the Chinese even can fight another war over it.

The global implications of the Tibetan issue is that even to some extent it motivated the two states to go for the nuclear options. In the early 1960s itself China achieved nuclear power status. Behind this decision of China, one of the reasons was to consolidate the hold over Tibet. The Chinese gave a free hand in the plateau and began their nuclear programming for the region. With

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<sup>15</sup> *ibid*, p.1095

<sup>16</sup> Cao Chang Ching and others, "Tibet Through Chinese Eyes" *Chinese Studies in History* (New York), Vol.30, No.3, Spring 1997, p.12.

this the genesis of India's strategic problem was also born.<sup>17</sup> India's Prime Minister A.B. Vajpayee's mentioning of the 'Chinese threat' as an impulse for India's decision of going nuclear in 1998 in his letter to the American President, is also an indication for the potential of Tibetan issue in the continued tension between India and China.

### *Taiwan Issue in the Sino-American Bilateral Relations*

Finally, the study discusses the case of Taiwan to show how it has been an influential factor in the Sino-American relations since mid-twentieth century to establish a region's importance in bilateral relations between two concerned countries. Taiwan's question has been the most debated one in the study of Sino-American relationship. It has been a controversial issue influencing the course of their relationship.

China has always considered Taiwan as a renegade province of the mainland. The Chinese leadership has, in the past five and more decades, been in constant endeavour to reunite the island part of their nation that went to the hands of the Kuomintang (KMT) under the imperialists' support. Since 1949 they have been not only obsessed with discouraging all other countries from recognising Taiwan as an independent state but has actively carried out crusades against various leaders and policies of Taiwan.<sup>18</sup>

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<sup>17</sup> Madhuri Santanam Sondhi, "India, Tibet and China: Fallout From the Pokhran Tests" *Mainstream* (New Delhi), Vol.36, No.42, October 1998, p.16.

<sup>18</sup> Swaran Singh, "Taiwan Factor in Sino-American Relations" *Strategic Analysis* (New Delhi), Vol. XVIII, No.11; Feb. 1996, p.1465.

After Hong Kong and Macao, Taiwan stands as the sole remaining part in Beijing's quest to unify China and recover the lands lost to the colonial incursion. For the PRC, settling the Taiwan question has been a matter of bringing political practice back into line with fixed principles of what it means to be a sovereign at the international law.<sup>19</sup>

The PRC pronounced that Taiwan already is and continuously has been a part of China and therefore, a part of the PRC as the holder of Chinese sovereignty since 1949. The PRC constitution asserts, "Taiwan is a part of the sacred territory of PRC. It is the lofty duty of entire Chinese people, including our compatriots in Taiwan, to accomplish the great task of reunifying the motherland."<sup>20</sup> And for the realisation of this objective the PRC leadership has introduced the principle of "One country, two systems" (Liangzhong Zhidu). For the reunification of Taiwan, China advocates 'peaceful resolution'. Indeed, the basic principle of the reunification policy suggests that 'everything is negotiable within the framework of One China' (it is noted here that it was the Shanghai Communiqué of 1972 that marked the rapprochement in Sino-US relations and through which the US recognised the "One China" policy of the PRC). But "as a sovereign state, the Chinese authority is entitled to use all necessary means (including military force) to

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<sup>19</sup> Jacques de Lisle, "The Chinese Puzzle of Taiwan's Status" *Orbis* (New York), Vol.44, No.1, Winter 2000, p.36

<sup>20</sup> cited in Dedananda Sengupta, "China and Taiwan: Understanding Major Premises" *International Studies* (New Delhi), Vol.34, No.4, October-December 1997, p.85.

protect its sovereignty and territorial integrity.”<sup>21</sup> Thus the PRC leadership holds firm confidence in reunifying Taiwan.

However, involvement of the United States of America (USA or the US) in the Taiwan issue has made the case more complex. It is seen by the concerned world community as the greatest hurdle for China in the way of reunifying Taiwan. In fact, Jiang Zemin singled out the Americans as the only outside force intervening in the Taiwan issue and threatened the pro-independent Taiwanese when he remarked on 30<sup>th</sup> January 1995, saying that China would be ready to use force in Taiwan “not against our compatriots in Taiwan but against foreign intervention in Taiwan and a plot for Taiwan’s independence.”<sup>22</sup>

As far as the US intervention in the Taiwan issue is concerned, it has bearing on its interests pertaining to security and stability in the Asia Pacific. The 1995 Pentagon Report, “United States Security Strategy for the East Asia-Pacific Region”, identifies five regional issues as security concerns to the United States: the Korean Peninsula, Cambodia, territorial disputes, the Taiwan Strait and proliferation.<sup>23</sup> Thus, Taiwan is one of the specific interests in the Asia Pacific for the US.

From the 1950s to the 1970s, Taiwan was the “Unsinkable (aircraft) Carrier” for the US Containment strategy in East Asia. Taiwan’s security was

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<sup>21</sup> The PRC White Paper; 1993, cited in Weixing Hu, “China’s Taiwan Policy and East Asian Security” *Journal of Contemporary Asia* (Manila), Vol.27, No.3, 1997, p.379.

<sup>22</sup> Devananda Sengupta, p.87.

<sup>23</sup> cited in Weixing Hu, n.21, p.384.

vital because it served the overall US Asia-Pacific strategy. However, after the Cold War, the US military presence in Asia, from the Philippines to Japan, became more problematic. In order to hold its foot in Asia, Washington successfully took the opportunity provided by the Taiwan Strait crisis of the mid-1990s to retain the forward based military presence in Asia. Washington's most important interest in the Taiwan Strait is to avoid military conflict. Any such conflict would force the US to choose between intervening on Taiwan's behalf and risking war with China or failing to honour its long-standing commitment to defend Taiwan from the Chinese aggression.<sup>24</sup> That is why the Pentagon Report states "peace in the Taiwan Strait has been the long standing goal of our (American) policy toward Taiwan."<sup>25</sup>

The basis of this long-standing relations is the Taiwan Relations Act (TRA) enacted in 1979, which provided a legal framework for the continuation of relations between the US and Taiwan. The TRA made it clear that any threat to Taiwan would be considered a threat to the security of the entire Pacific, and therefore, a clear matter of the US concern. The Act also provides explicit language to the effect that the US will make available defence articles and services in such quantities as may be necessary for Taiwan to maintain a sufficient self-defence capability<sup>26</sup>. It also preserves and promotes commercial, cultural and other relations between the US and

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<sup>24</sup> *ibid.*

<sup>25</sup> *ibid.*

<sup>26</sup> The Taiwan Relations Act, cited in Jaw-ling Joanne Chang, "Lesson from the Taiwan Act" *Orbis*, Vol.44, No.1, Winter 2000, p.64.

Taiwan and has been instrumental in maintaining peace, security and stability in the Taiwan Strait. However, in the later period the US had to face many constraints in the full implementation of the TRA because of their commitment to the Communiqués signed with the PRC to improve relations with the latter. The 1979 Communiqué established diplomatic relations with the PRC. The 1982 Communiqué put certain restrictions on the American arms sales to Taiwan. However, because of the ambiguity of the Act, the US ignored it on many occasions while dealing with the Taiwan issue.

In the light of the changing trends in the relations with the PRC, US has been stressing that China finds a peaceful solution for the Taiwan problem. Nevertheless, the US made it clear that if in case there is military threat from the mainland China, it would not remain a silent spectator.

Besides strategic interests, the US has also strong economic interests in Taiwan. Taiwan dominates as a trading factor in the US. Trade between the two has grown spectacularly over the years. Taiwan is the largest trading partner of the US in Asia only after Japan.

Taiwan even, to certain extent, influences the US domestic politics too. For example, it was one of the electoral issues during the presidential election of 1979-80. Ronald Reagan, while contesting for the highest post of the nation, in one of his election speeches, declared that he would consider restoring an official relation between Washington and Taipei which came to an end in 1979 with the establishment of diplomatic relations between the US and the PRC.



Thus, it is seen that Taiwan is an important factor influencing the US foreign policy towards China. Since it has been crucial for the strategic and economic interests in the Asia-Pacific region, the US unlikely to completely turn its back on the Taiwan issue. It is in this context that they were thinking to bring Taiwan under the umbrella of the Theatre Missile Defence (TMD) system to protect their interests. It is the American involvement that has been *sine quo non* of Taiwan's quasi-independent existence.

### **India's North-East as a Factor in Sino-Indian Bilateral Relations**

The above case studies, in the light of the importance of a specific region in the bilateral relations between two concerned countries, are useful as 'models' for the study to place the North-East India in a same perspective in the bilateral relations between India and China. As from the above it is clear that in each of the cases geographic, political, economic and ethno-cultural factors have played their roles in the respective bilateral relations of the concerned countries. In the same way, if one looks at the case of India's North-East, from various dimensions, it is central to the Sino-Indian relations besides involving the region in it. The only difference between the North-East India and the three cases discussed above is that the former has not been as contentious as the three have been.

Significance of the North-East lies in its strategic location. The peculiar geographical location of the region provides it the external linkages to the other Southeast Asian countries. On the either side of the Himalayas

there is China (Tibet autonomous region). Nepal is also not too far from the region. Besides this strategic location of the region, it has a huge reserve of natural resources. This reveals for a potential economic role in any kind of commercial transaction through the region or bilateral trade relations.

It is in this context that how Jawaharlal Nehru after his visit to the region in December 1945, gave an assessment about the importance of the region. Summing up his impressions on the region, Nehru said in Calcutta, "Assam (the earlier representative of the region) has the look of great reserves of strength and potential power...I have no doubt that great highways by road, air and rail will go across her connecting China with India and ultimately connecting East Asia with Europe. Assam then no longer be an isolated away province but an important link between the east and west".<sup>27</sup> Nehru's assessment correctly recognised the potential of the region. However, in the light of the region's overall development, it seems that Nehru's estimation has not been yet realised by the leadership of the country.

The geostrategic, political, multi-ethnic cultural and importantly, the economic factors relating to the North-East India have the potential to influence the relations between India and China.

Being predominantly a hilly region, India's North-East is intimately attached to the Himalayas in the north-eastern corner of the country. It constitutes a notable feature of the geopolitical setting of the Indian

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<sup>27</sup> S. Gopal, ed., *Selected Works of Jawaharlal Nehru (Vol. 14)* (New Delhi, 1981), p.278.

subcontinent in the context of India's relations with Bangladesh, Bhutan, China and Myanmar.

The North-East region is strategically located. It has immense regional geopolitical significance. This was even pointed out by the Assam Government of the colonial period to the Simon Commission that "the time may soon come when the North-East of India will become no less, if it is not more, important for the defence of India than the North-East Frontier".<sup>28</sup>

In the present Indian context, geopolitical-strategic importance of the region lies in promoting a cordial relationship with its neighbouring nations in the North-East- Bangladesh, Bhutan, Myanmar and China. The geopolitical setting of the region compels the policy makers to think about the importance of the region. This was obvious after the 1962 Sino-Indian border war when country's political establishment had begun a fresh approach towards the region. The intrusion of the Chinese into the region created new perceptions of the North-East India. The post-1962 India's defence and foreign policy began to focus on this part of the Indian state. The North-East is the only region in the country whose international borders exceed far more than the rest of the country. Being geographically alienated, the region is connected to the rest of the country with a narrow corridor of about twenty kilometres, popularly known as the 'chicken-neck', which constitutes hardly two percent of the total land borders of the region. This situation invites the foreign influences in the region. The recent history of the insurgents' movement in

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<sup>28</sup> cited in George Dunbar, *Frontier* (Delhi, 1932), introduction, p. vii.

the region adduces to this fact. Insurgent related activities have connections with the geopolitical setting of the North-East region.

The peculiar geostrategic situation of the region encouraged such activities in which the foreign assistance is easily accessible. Bangladesh has remained one of the influential factors in the political upheavals in the region. It has been a safe shelter for the insurgents of North-East and has been the host to many insurgent activities unleashed against India in the North-East region. An overwhelming illegal migrant Bangladeshi population in the region has been a major factor in the anti-India activities. Recently, there are invisible hands of the Pakistani Inter Service Intelligence (ISI) in the rise of the Muslim fundamentalist activities in the region, which are aided by the Bangladeshis in the region.

India also shares a 1670 kms long land border and a maritime border of 800 kms with Myanmar, another important neighbour of India in the North-East. Many of the insurgent groups from North-East use this country as their base. Kachin, in Myanmar, has been the favourite military strategic camp for the insurgent groups.<sup>29</sup> The refugees from there have also created political and social problems in some of the states in the North-East.

Many militant groups, especially from Assam, have their strong bases in Bhutan. Hundreds of United Liberation Front of Assam (ULFA) cadres and

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<sup>29</sup> Sreeradha Datta, "Security of India's North East: External Linkages" *Strategic Analysis*, Vol.XXIV, No.8, November, 2000, p.1506.

Bodo militants are estimated to have crossed the border easily and have set up their bases in the southern Bhutan.<sup>30</sup>

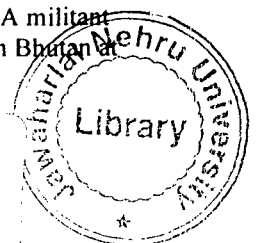
In these cases, it is observed that there has been some sort of help forthcoming from the concerned authorities in the respective countries for the insurgents. In this respect, the role of Bangladesh government has been notable. Though the Indo-Bangladesh relationship seems to be cordial, during the days of Sheikh Mujibur Rahman, but the political establishment that came to power after him always had some problems with India. This led them to encourage anti-India activities.

The authorities in Myanmar have been ignorant towards the holds of many North-East India's insurgents in that country. Media reports quoting official sources suggest that the Assamese rebels are treated with good sense of hospitality from the Bhutanese authorities, which have ignored their operations from the Bhutanese soil.<sup>31</sup>

As far as China is concerned, their presence in the region was felt in the 1960s and 1970s. China provided logistical training and theoretical indoctrination to the left-oriented guerrilla warfare by the Naga National Council (NNC) and the Mizo National Front (MNF). Activists from the People's Liberation Front (PLF) of Manipur had training in Lhasa in the 1970s. Though China has now stopped its support to these groups, in the distant future it cannot be assured that they may not revive this project.

<sup>30</sup> Report: "A Government Official said that during interrogation, the surrendered ULFA militant mentioned that the Bhutan king had in recent times visited the headquarters in southern Bhutan at least on three occasions" *Times of India*, April 3 2000.

<sup>31</sup> *ibid.*



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However, this would depend on the nature of the relations between India and the PRC. Although at present India-China relationship is cordial, yet it is shocking to know that China still helps some of the militant groups in the North-East. In the recent past China was accused of helping the insurgents again. It was in December 2000, when the Union Minister of Home for State, I. D. Swamy informed the Parliament that it had report that the ULFA was procuring arms from China.<sup>32</sup> His basis for this assertion was the confessions of a former ULFA leader. Cadres of the outfit had crossed over China through Bhutan in 1995, and were able to procure huge consignment of arms, which were smuggled in from the high seas. Another consignment was handed over to the out fit in 1997, though it could make to Bhutan, their base. only in 1999.<sup>33</sup> These are some of the past developments that have crucial implications for the political and social stability of the region as well as the country. The unresolved border problems in the North-East frontier with China are also a cause of concern. This may in the future create problems that will affect the region.

Given the geopolitical-strategic location of the region, it is no surprise that foreign relations of India with the stated countries have much to do with the North-East region. This is one of the first angles through which the region's importance could be focussed.

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<sup>32</sup> Staff Correspondent, "ULFA Procuring Arms from China: Government" *Assam Tribune* (Guwahati), 14 December 2000.

<sup>33</sup> *ibid.*

Other angles, through which the region could be placed in the bilateral relations, are the economic and the multiethnic-cultural factors which can have immense influence.

In this age of globalisation, the North-East India has immense economic potentialities in its economic relations with its East and Southeast Asian countries. Its geographical location and to certain extent its cultural affinities with the rest of East Asia can play a major role in its foreign trade. However, the concerned authorities have to take necessary initiatives because the region lacks proper infrastructures. Recently there have been some developments in the South East Asian region to promote the commercial relations between these countries. China is also involved in the process. India's former External Affairs Minister Mr. Jaswant Singh seemed to be very interested to have initiatives in that direction involving India's North-East region in it.<sup>34</sup> Mr. Singh's recent visit to Thailand and Myanmar have brought some hope of opening the region to the outside world. India's, thus, 'Look East Policy' might have a new dimension for the development of the North-East.<sup>35</sup> Though the policy is directed by the considerations of globalisation, it has the domestic imperatives to develop this region. From this, it is seen that New Delhi seems to have realised the potentials of the region. If this becomes a reality, the immense economic energies of the North-East India will get strengthened and will make an impact on the international scene. This will, in

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<sup>34</sup> C. Raja Mohan, "East by North-East" *The Hindu* (New Delhi), 6 April 2002.

<sup>35</sup> C. Raja Mohan, "Looking East: Phase Two" *The Hindu*, 11 April 2002.

turn, contribute to overall development of the region, leading to the weakening of insurgency in the region.

The multi-ethnic cultural factors of the region also has the potential to influence the course of relations between India and China. The North-East region is one where there are a number of ethnic cultural groups. Most of them have their ethnic affinities with the surrounding countries. The Chinese are also a part of these affinities. The earliest history shows that there existed economic and cultural relations between China, especially the Southwest part of that country, and the North-Eastern region of India. Hence, this could have an implication on the relations between the two countries. In the foreign relations there is always a role of the historical and cultural factors.

Thus, it is seen that India's North-East has the potential to influence India's relations with its neighbouring countries including China if one considers the factors mentioned above. Hence, it is a matter that could be taken into consideration as a factor in Sino-Indian relations.



## Chapter II

### HISTORICAL BACKGROUND OF THE ETHNIC - RACIAL AFFINITIES AND CULTURAL-TRADE TIES BETWEEN NORTH-EAST INDIA AND CHINA

In addition to its exuberant beauty and wealth of flora and fauna, North-East India's uniqueness lies in the ethnic diversity of its inhabitants, who, like those of the Amazon Basin, have been able to preserve their cultural identity under the sheltering roof of the rain forests or in lofty and impenetrable mountain realms. The cultures that have developed in this vast area have little in common with what is considered "typically Indian".

North-East, in a wider context, belongs to the great trans-Himalayan multinational habitat which is watered and nurtured by the mighty Brahmaputra. Scholars are increasingly inclined to believe that the foothills of the Himalayas and their surrounding areas, of which North-East is an essential part, make up one of the cradles of human civilizations. The basis for this belief has been "the presence of the fossils of both Rama Ape and Austro Ape in China (and in Punjab), and so close to the Himalayan area is one of the early homes of human civilization".<sup>1</sup> Discovery of the Yunnanmou Human has provided a Himalayan species that was as old as, if not older than the Lantian Human discovered in Shanxi province in the Yellow River valley of

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<sup>1</sup> Tan Chung and H. P. Ray, "Trans-Himalayan Multi-National Habitat" in Tan Chung (ed.), *Indian Horizon* (special issue 'India and China'), Vol. 43, Nos. 1-2, 1994, p. 297.

China.<sup>2</sup> This virtually extended the cradle of Chinese civilization from Yellow River valley to further down south of the Himalayas foothills.

The ethnic situation in the North-East region is a complex one and therefore, unique. This is due to the extensive migration of various ethnic-tribal groups from the surrounding East and Southeast Asian states to the region in the ancient times; and raids and invasions by many invaders from Burma on the one side and from the Indian plains on the other, who left behind them an abundant number of races, religions and languages. This, in turn, contributed to the North-East becoming a storehouse of nationalities. It is observed that the ancestors of many ethnic-tribal groups living here hailed from far flung regions, as may be inferred from their languages spoken or the myths they have created.

The majority of the population living in the North-East is not of Indo-Aryan origin but descends from those who migrated here centuries ago from Mongolia, Tibet, China, Laos, Cambodia and Thailand. It is a “Mongoloid India” and culturally a part of the Southeast Asia. The region represents a sort of ethnological transition zone between India and neighbouring China, Myanmar, Bhutan and Bangladesh. There had been wave of migrations of various ethnic groups to the region. The original home of these groups was in western China near the Yang-tse Kiang and the Huang Ho rivers.<sup>3</sup> From these they went down the courses of the Brahmaputra and the Chindwin and the

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<sup>2</sup> *ibid*, pp.297-98.

<sup>3</sup> B.K. Barua, *Cultural History of Assam (early period) Vol.1* (Guwahati, 1969), p. 8.

Irawaddy and entered North-East India and Burma. Those swarm who came to Assam proceeded down to the great bend of the river Brahmaputra near Dhubri. From there some of them went to the south and occupied the Garo Hills and the state of Hill Tippera. Other members of the Tibeto-Burman origin halted at the head of the Brahmaputra valley. They took the possession of the Naga Hills.<sup>4</sup> Another group settled even in some parts of Manipur. This is how various ethnic-tribal groups from the surrounding areas migrated to the North-East India and spread into the various parts of the region. Most of these Tibeto-Burman stock still practice their own religious rituals and cultural festivals. Some of their rituals have been animistic while others practice polytheistic religious traditions. These unique religious and cultural aspects have contributed to building up of different attitudes and life styles of the tribal people in the North-East region which vary greatly from those of the rest of Indians.

Here the study attempts to focus on some Indo-Mongoloid groups in the North-East to find out the possible ethnic-racial links with the Mongoloid stock of China and its surroundings in view of their migrations to the region. Later with the help of the aspect of ethnic similarities, the study proceeds to analyse cultural ties that existed in the ancient times between the people of North-East India and China, taking various factors into consideration that contributed for such contacts.

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<sup>4</sup> *ibid.*

## **Ethnic-Racial Affinities between the Indo-Mongoloid people of North-East India and Mongoloid stock of China**

Situated some distance from the present day territory of Mizoram, there is the homeland of some forty clans that collectively are called the *Mizos* (*Mi-zo* 'highlanders'), among which the *Lushais*, the *Hmars*, the *Raltes*, the *Paites* and *Zos* are the most numerous. Their ancestors seem to have migrated from the Tao valley in Northwestern China's Kangsu province. They claim Chhinlung to be their original homeland. However, there are controversies around this. About the exact location of Chhinlung, there is speculation that it might have been Silung in Southwest China or Sining in Central China. Another possible theory suggests that Chhinlung is a derivative of the Chin Dynasty (200-7 B.C.).<sup>5</sup> Notwithstanding these controversies, the fact is that there has been certain truth about the Mizo migration from the said place to the region.

The various conjectures and assumptions reveal that *Nagas* belong to the Indo-Mongoloid race. It is speculated that most probably they moved South and East from Sinkiang (in China).<sup>6</sup> From there some of them trekked along the Brahmaputra and into present day Arunachal Pradesh; some were pushed southwards into Indonesia and Burma, and the evidences of strong cultural parallels remain. There can be little doubt that at one time the Nagas might have wandered about before they found their present permanent abode.

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<sup>5</sup> Lalrimawia, "Pre-historic and Historic Migration of the Mizos" in the Proceedings of the North-East India History Association (hereafter NEIHA), Second Session; (Dibrugarh, 1981), p. 24.

<sup>6</sup> Majid Husain, *Nagaland: Habitat, Society and Shifting Cultivation* (New Delhi, 1988), p. 25.

From their myths and legends one gathers that there is some relationship with the natives of Borneo in that the two have had a common traditional way of head-hunting, with the Philippines and Taiwan through the common system of terraced cultivation.<sup>7</sup>

According to the historians, the *Garos* of Meghalaya are of the stock known as Tibeto-Burman, which drifted into Northeastern India and Burma across the plateau of Tibet. The ethnic features of the Garos such as stature, usual and cephalic indexes, hair forms etc. strongly suggest resemblance to the Mongoloid races of China.<sup>8</sup> Their language still retains some similarity with the Tibetans, and some of their ideas, such as the sentimental value they attach to songs, are identical with those prevailing in Tibetan villages.<sup>9</sup> Tradition bound and unwilling to change too rapidly, the Garos still talk of their migration from the uplands of the Himalayas to the valley of Assam.

The various racial groups of Assam also exhibit a whole range of facial features, many of which would support the hypothesis that they migrated from the northwest Tibet and China, and southwest Burma (Myanmar) and Cambodia. The *Ahoms*, rather the *Tai-Ahom*, were a branch of the great Tai race of Southeast Asia, who ruled the Brahmaputra Valley for a period of nearly six hundred years (from 13<sup>th</sup> century A.D. to the mid-19<sup>th</sup> century). They belong to the *Shan* tribes. The Shans first appeared in the history of

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<sup>7</sup> *ibid.*

<sup>8</sup> Debasis Sen, "Some Aspects of the Indo-Mongoloid Garos" in the Proceedings of the NEIHA, First Session (Shillong, 1980), p.24.

<sup>9</sup> Kamaleswar Sinha, *Meghalaya: Triumph of the Tribal Genius* (New Delhi, 1970), p. 105.

Yunnan.<sup>10</sup> Some of them migrated into upper Burma. In the 6<sup>th</sup> century A.D., some of them migrated from the mountains of southern Yunnan to the valley of the Shewei and the adjacent regions. In the 13<sup>th</sup> century A.D., one of their groups, i.e., the Ahoms, overran and conquered Assam itself, giving their name to the country<sup>11</sup> Ahom (Axom-Assam). In conformity with their traditions, the *Ahom* kings traced their descent from Lengdon, the ruler of the upper kingdom of the *Ngai-Lao Shans* of Yunnan and Sze-Chuan of the 6th century A.D.<sup>12</sup> Other Shan tribes who followed the Ahoms were the *Khamtis*, *Phakials*, *Naras* and *Aitonyas*, who mostly inhabit the eastern part of Assam.

The *Bodos* or the *Boros*, who constitute one of the major communities in present Assam, belong to the Indo-Mongoloid ethnic group of Tibeto-Burman language family. The group of Bodo migrants, who followed the Austrics to the North-East India, was from the north of the Himalayas and northwest China.<sup>13</sup>

Thus, the above brief study substantiates on the ethnic and racial similarities between the Indo-Mongoloid populace of the North-East India and the Mongoloid stock of southwest China and north of the Himalayas.

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<sup>10</sup> B.K. Barua, *Cultural History of Assam (early period) Vol. 1* (Guwahati, 1969), p.8.

<sup>11</sup> *ibid.*

<sup>12</sup> Arun Barua, "The Ahom Monarch: Succession to the Throne" in the Proceedings of the NEIHA, Ninth Session (Guwahati, 1988), p.142.

<sup>13</sup> S.M.Nath, *The Background of Assamese Culture* (Guwahati, 1978), p.15.

## **Cultural Ties between North-East India and China in the Ancient Times**

There had been cultural contacts between India's North-East and China in the ancient times. However, such contacts between the either side were not official and vast. Such relations were basically a kind people to people contacts, exchange of ideas and feelings. It is observed four basic factors contributed to the development for such cultural ties between the North-East India and China:

- (a) Geographical proximity of the region to China;
- (b) ethnic migrations in the regions at various times in the past;
- (c) various religious missionary movements; and
- (d) the role played by various trade routes through the region to the East and Southeast Asia.

Firstly, the geographical location of the North-East region of India has intimately connected it to China. The location of the North-East India on the foothills of the Himalayas has made it a meeting place of divergent ethnic-cultural elements. It occupies a vital link between the east and the west, and between the north and south of the entire trans-Himalayan world. The region's this trans-Himalayan linkage can be ascertained through its linguistic and racial connections. This peculiar geographical setting of the region along with linguistic and ethnic connections with its neighbouring countries encouraged developing various relations with them since the past.

The close proximity among the trans-Himalayan region, of which North-East India and Southwest China are parts, has through the history

created cultural affinities in the entire area. Though the mighty Himalayas acts as a formidable barrier between the two sides, there were many passes through which various contacts were possible. Ideas and cultures had their access in both India in the northeast and China in the southwest, through such contacts. It is also assumed from the point of the view that as both China and North-East share a common border there was possibility of such contacts. It is because of such geographical location that often strengthened common cultural and social link at least in the immediate bordering areas.

Secondly, there had been overwhelming migrations among the trans-Himalayan regions in the past. For example, the *Thai Kadai* ethnic group migrated from the Nanzhou region of South China. It forms today the most significant ethnological grouping all of Southeast Asia extending from the Brahmaputra to the Gulf of Tonkin, and then to Yunnan and Guangxi, and southward as far as the Kedah state of Malaysia and Myanmar.<sup>14</sup> Likewise the Ahoms, Bodos, Mizos and Nagas migrated from the various parts of the north of Himalayas and the Southwest China and various parts of the Southeast Asia. This had obviously contributed to the cultural assimilation in the region and in turn, created a cultural bond between the people of the two regions. The fact is that still there have been certain ethnic-religious rituals and ceremonies of various ethnic groups that have similarities with those of the people of the Southwestern China and other parts of the Southeast Asia.

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<sup>14</sup> Haraprasad Ray, "Trade Routes from Northeast India and Bangladesh to South and Southwest China: Some Suggestions for an Integrated Economic Development of the Region" *Asian Studies* (Kolkata), Vol. XVIII, Nos. 1 & 2, January-June & July-December 2000, p.113.



Thirdly, religious factors, especially, the Buddhists monks' missions to China at various times in the past, created a strong religious-cultural bond between the two sides of the Himalayas. Mahayana monks like Dharmabodhi and others who went to China through North-East India opened a glorious chapter on the religious-cultural ties between the either sides. Other two legendary Indian Buddhist monks, Kasyapa Matanga and Dharmaratna, who entered China through the Yunnan-Sichuan route to Luoyang, had been historical witness to the existed religious-cultural relations between India and China through the North-East region in the past.<sup>15</sup>

*Tantrism* is another factor which forms a cultural bond between the North-East India, Tibet, Nepal and South China.<sup>16</sup> Kamakhya Hill and Umananda in Guwahati on the Southern bank of the Brahmaputra are still important centers of the *tantra* culture which have similarity with that of China. The famous story of friendship between the Kamrupa King Kumar Bhaskaravarmana (600-48 A.D.) and the Chinese pilgrim Xuanzang shows the traces of the historical development of the *tantra* culture in Assam.

Finally, the role played by various routes existed in the past had been crucial in encouraging cultural and commercial relations between India through the North-East and China. There had been many passes through the Himalayas between the North-East region and China, and many ancient trade routes between the region and China through Bhutan and Myanmar. Trade is

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<sup>15</sup> Tan Chung and H. P. Ray, n.1, p. 296.

<sup>16</sup> *ibid*, p.304.

not independent of cultural aspects. There is always an integral connection between culture and commerce. The commodities that a state produces and exports carry a cultural identity of that very state.

There were four historically recognized routes through which India was connected with China:<sup>17</sup>

- (a) the Central Asian Route or the Silk Route,
- (b) the route of Assam [Assam - upper Burma] or the famous Southern Silk Route,
- (c) the route of Tibet-Nepal, and
- (d) the sea routes or the so-called Maritime Silk Routes.

Among these, the routes of Assam and Tibet played crucial role to connect the North-East India with China. The route of Tibet was through Nepal, Bhutan and Lohit region of present Arunachal Pradesh. The route of Assam passed through Burma (Myanmar) to China. This route had three sub-routes:<sup>18</sup> [i] the first one was by the valley of the Brahmaputra up to the Patkai range and then through its passes up to Burma; [ii] the second was through Manipur up to the Chindwin Valley; and [iii] the third one ran through the Arakan range up to the Irawaddy Valley. All the three met on the frontier of Burma, and then proceeded over the mountains and across the river valley to Yunnanfu, i.e., Kunming which was the Southern province of China.<sup>19</sup>

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<sup>17</sup> Kalidas Nag, *Greater India* (Calcutta, 1960), p. 196.

<sup>18</sup> *ibid.*, p. 197.

<sup>19</sup> E.G.H. Nobby, *South East Asia* (London, 1973), p. 191.

These routes were in extensive use in the past. The usage of the Tibet and Assam routes is testified by many historical events of different times. These have significance for the relations that existed in the past between North-East India and China. There is reference to the Assam route in the history of the Wei Dynasty (629-45).<sup>20</sup>

### **Trade Relations**

The North-East had been an important centre of border trade in the country in ancient times. It was connected through many important trade routes and had many trade centres. Some of the goods produced in the region were in good demand in the neighbouring countries. Many items were imported through the region and exported through some ports to other countries.

The North-East had trade links with Tibet and Burma through land routes. There were many routes to China and other surrounding regions through the North-East for trade purposes. There was passage from north of present Guwahati to Tibet via Tawang which ultimately led to China.<sup>21</sup> During the 15<sup>th</sup> century A.D. numerous routes were opened connecting North-East and China via Burma, Bhutan and Tibet for trade purposes. There were mainly five routes of which three were notable for the trade purpose. These were- one through the pass of the Diling, the other through the Mishmi Hills,

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<sup>20</sup> Kalidas Nag, n.17, p. 199.

<sup>21</sup> Haraprasad Ray, "Trade Routes from North-East India and Bangladesh to South and Southwest China: Some Suggestions for an Integrated Economic Development of the Region" *Asian Studies*, Vol. XVIII. Nos.1&2, January-June & July-December, 2000, p.114.

and the third through the Phungan Pass to Manchee and China.<sup>22</sup> Accounts of certain British officers mentioned various routes connecting Assam with Burma and thence with China via the Naga Hills, Manipur and the Lushai Hills.<sup>23</sup> Some of these are now used by the insurgent groups in the North-East to maintain contact with the Kachin Independent Army. There were also numerous passes through the northern part of Assam leading to China through Tibet. Some of these were used for trade in horses. The Assam-Burma route was used by various tribes of Assam who procured copper, silver, tin and other articles from China and exchanged them with Assam silk, ivory, musk, manjit, madder etc. at the frontier market at Sadiya.<sup>24</sup> To the Sadiya market, the Mishmis, Hill-Miris and Abors (Nishis) brought *inter-alia* gold, iron implements and woolen cloth from China.<sup>25</sup> These tribes maintained their contact with China through the Mishmi Hill route. Along the route through Bhutan, horses and Chinese silk were imported to Assam from China and Tibet.<sup>26</sup> There were also many minor trade routes through which considerable trade was carried. Trade was also carried between the villagers of both sides of the international border in the various parts of the region. Such trade, though illegal and called smuggling, still continues. The inhabiting tribes along the Indo-Tibetan border had trade links with their neighbours across the

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<sup>22</sup> M. Cosh, *Topography of Assam* (Calcutta, 1837), p.10.

<sup>23</sup> John Butler, *Travels and Adventures in the Province of Assam* (Bombay, 1855, reprinted Delhi, 1978), p. 45f.

<sup>24</sup> W. Robinson, *A Descriptive Account of Assam* (Calcutta, 1809), p. 160.

<sup>25</sup> R.B. Pemberton, *Report on Bootan* (Calcutta, 1839, reprinted 1961), p.113f.

<sup>26</sup> *ibid*, p.83.

border. Some of the tribes of Arunachal Pradesh- the Monpas, the Sherdukpens, the Boris, the Ramos, the Bokars, the Pailibos used to be expert traders and had good trade links with the Tibetans. The Boris used to visit Nayi Lube market in Tibet and barter their rawhides, raw wool, Tibetan swords, Tibetan vessels, ear-rings and brass bangles. The Bokars exchanged their surplus chilies, butter, hides, tamen (a creeper used for dying) for the cattle, sheeps and goats, swords and woolen goods in the Tibetan markets. The Tibetans also came down through the Kepung La Pass to the Ashing areas of Arunachal Pradesh and further down upto Pasighat for exchanging rock-salt, iron, hand-woven clothes, swords, masks, imitation turquoise neckless, blue porcelain beads, yarn of different colours, snuff, China silver, wooden bowls, metal pots for mithuns, raw hides, deer horns, and white and red rice.<sup>27</sup> Marts were regularly held at the foothills of the Himalayas throughout the region bordering Tibet. Annual fairs were also held at some important border points such as Sadiya, Udalguri (in Mangaldoi sub-division of Darrang district), Doimara etc. The Udalguri fair accounted for almost the entire volume of trade between Assam and Tibet.

The notable among goods that were exported from China (Sichuan-the southwest China) included: Sichuan cloth, the square bamboo sticks (for the use of the mountain dwellers), salt, iron, copper, iron lead, tin, gold and silver and probably jades and agates. Exporting goods from North-East India were

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<sup>27</sup> *ibid*, p.33.

cotton or flax cotton (known as *bodie* in China), myrobalan, pineapple, jackfruit, cowries, coloured glaze, peacocks, halcyons, elephants etc.<sup>28</sup>

During the colonial rule over Assam and adjoining areas in the North-East India, the existing trade through the trans-Himalayan areas took a new turn. The British East India Company started exploring different alternative trade routes of Yunnan, the Southwest province of China bordering Tibet and Burma. At that time the East India Company enjoyed the monopoly of British trade in China and their main items for trade was opium. The British commercial interests were earnestly trying to open overland trade routes from North-East Indian frontier to China via Burma (district of Bamo) along which they could export opium besides their growing industrial products to that country. Attempts were also made at opening of trade routes to Tibet through the North-East Frontier hills.

However, with the passage of time the North-East no longer remained congenial for the border trade that existed in the past times. Unnatural boundaries were drawn in due course of time. The region became a “land-locked” or “blocked land” in course of time due to formation of historical Indo-Bhutan boundary, Indo-Burma boundary in 1826, Indo-Tibetan boundary in 1914 and Indo-Pak boundary in 1947 (subsequently turned into Indo-Bangladesh boundary in 1972). The partition of the country had affected the border trade relations in the North-East.<sup>29</sup>

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<sup>28</sup> Haraprasad Ray, n.15, p.119.

<sup>29</sup> Sanjoy Hazarika, *Stranger of the Mist: Tales of War and Peace from India's Northeast* (New Delhi, 1995), pp. 257-60.

## **Ancient Assam (Kamrupa) and China**

Since time immemorial, Assam was well connected with China through various mountain routes. For such contacts, Assam could serve as the “eastern-gateway” for the passage and communication of the people, commodities and ideas between the Indian sub-continent in the east, and China and her neighbours in the southwest. The Sino-Tibetan speech group started to move into the North-East region of India probably in the Third millennium B.C. onwards mainly along the eastern course of the Brahmaputra from their early lodgement near the course of the Yang-tse Kiang and Huang Ho rivers.

The road north of Guwahati near Hajo was an important passage to Tibet via Tawang, Cuona (Tsona) on Tibet border reaching Zedang, south of Tsangpo and from there to Lhasa from where the route spread eastward to Chamdo, the all-weather route to China through Chengdu, the capital of Sichuan.<sup>30</sup>

There were well known routes to China from Kamrupa (the ancient name of Assam). This can be proved from the account of the great Chinese pilgrim Hieun Tsang who visited the court of King Kumar Bhaskaravarman in 643 A.D. and had been in Kamrupa for about a month. There were sea and land routes to China. Through the northern mountains of Assam there were some land routes. When Hieun Tsang came to Kamrupa he was told of the

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<sup>30</sup> H.P.Ray,n.12, p. 114.

existence of a route leading to southwest China.<sup>31</sup> His assessment about Kamrupa's geographical contiguity to China that "To the east of Kamrupa, the country is a series of hills and hillocks without any principal city, and one can reach the southwest barbarians (of China); hence the inhabitants were akin to the Man and the Lao"<sup>32</sup> has been a historical evidence to the contacts that existed between the region and China in the past. The pilgrim learnt from the people of Kamrupa that the southwest borders of Sse-Chouan were about two month's journey, "but the mountains were hard to pass; there were pestilential vapors and poisonous snakes and herbs".<sup>33</sup> When Bhaskaravarman learnt from Hiuen Tsang that his country was Mahacina, the former enquired about a song that came from China that was very popular in Assam at that time.<sup>34</sup> This points out the cultural intercourses that existed between China and Assam at that time. It is also surprising to know when we take into consideration the fact that a Chinese musical piece composed after 619 A.D. had penetrated the region of Kamrupa and became popular by 638 A.D. when Hiuen Tsang visited the country.<sup>35</sup>

Thus, from the above discussion it is clear that there was an established cultural contact between India in the northeast and China in the southwest. However, with the passage of time, such rich cultural relations reached to a stage of stagnation. This was due to a number of reasons. The advent of

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<sup>31</sup> B.K.Barua, n.10, p.109.

<sup>32</sup> *ibid*, p.198.

<sup>33</sup> Shaman Hwui Li, *Life of Hiuen Tsang* (Delhi, 1986), p.198.

<sup>34</sup> B.K. Barua, n.32, p.110.

<sup>35</sup> *ibid*.



foreign elements in both the countries came to effect their relations. They no longer encouraged the ancient rich cultural relations between the two sides of the Himalayas. Artificial borders were drawn. This effected the flows of ideas and cultures from each side. The routes and mountain passes, that served the great purposes of cultural and trade communications, came to be closed. The exchange of ideas and cultural components came to a standstill chapter. With the turns of time, such a situation came that the people of both sides of the Himalayas gradually lost contact with each other.

In the final analysis it can be said that in the present context of times, revival of the ancient trade and cultural contacts could serve the great purpose of strengthening Sino-Indian relations. Cultural aspects have always been a building factor in the stained relations between countries. The development of various modern facilities of communication would help in re-energizing the age-old cultural and trade relations. In the present age of globalization where there is increasing cultural assimilation, there is scope for the reshaping the ancient cultural contacts. This would greatly contribute towards the strengthening of social aspects of the Sino-Indian relations.

## Chapter III

### STRATEGIC AND POLITICAL SIGNIFICANCE OF THE NORTH-EAST INDIA FOR SINO-INDIAN BILATERAL RELATIONS

#### India's Geopolitical Setting and the North-East Region

In the peculiar geopolitical location of India, the North-East region has a special place. It is an important part of the Himalayan region in the North-Eastern periphery of the country. The region is a shadow of the Himalayan range. If the Himalayas are regarded to be the chief elements of India's natural defence, the region is also a part of this natural defence system. The region is a notable feature of India's geopolitical setting and has significance as far as the bilateral relations of India with the neighbouring countries, e.g., Bangladesh, Myanmar, Bhutan and China are concerned.

The geopolitical importance of its external environment for the North-East India is explained as all that part of the country lying beyond Siliguri, then of its 5000 km long outer perimeter, less than two percent of land borders connects the region with the rest of the country.<sup>1</sup> The remaining represents international boundaries marching with China's Tibet, Bhutan, Myanmar, and Bangladesh. The Siliguri corridor is an extraordinary political isthmus and strategic choke point.<sup>2</sup> Thus, in other words, it is observed that

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<sup>1</sup> B.G. Verghese, *India's North-East Resurgent: Ethnicity, Insurgency, Governance, Development* (New Delhi, 1997), p.377.

<sup>2</sup> *ibid.*

the region is of strategic importance for the country on account of the fact that about 98 percent of its borders form India's international boundaries in the North-East corner.

### **North-East India's Strategic and Political Importance for the Sino-Indian Relations**

Till the 1962 Sino-Indian border war, the North-East did hardly figure in the minds of the policy-makers, domestic as well as foreign, in terms of its strategic importance. Its significance in the sense of geopolitics was not realised by then. The region was not adequately focussed from the point of its geostrategic importance. But the 1962 war, which had a direct impact on the North-East, compelled the country's policy-makers to think about the region afresh and to change their mindset on it. The North-Eastern Frontier part, along with the other frontier parts on the north of the country, came under the Chinese invasion. The situation prior to the war was that China was engaged in snuffing out all opposition put up by Tibetans and, at the same time was undertaking an extensive road-building programme<sup>3</sup> which had strategic implications for India. Extending the situation to the North-East, China claimed the whole of the North-Eastern Frontier Agency (NEFA), now known as Arunachal Pradesh and sometimes even down to the Brahmaputra valley.<sup>4</sup> In the 1962 border war, the mountains of Arunachal Pradesh was one of the

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<sup>3</sup> Maj. Gen. Niranjan Prasad, *The Fall of Tawang, 1962* (New Delhi, 1981), p.8.

<sup>4</sup> *ibid.*

two areas (Ladakh being the other) that China invaded. Some see this as a careful planning by Beijing (then Peking) as the NEFA was the section of the Himalayan frontier in which Indian military and logistic capabilities were most limited.<sup>5</sup> The Chinese Frontier Guards virtually overran Arunachal Pradesh, taking even Bomdi La, within the reach of the Garrison town of Tezpur (about 200 kms from Guwahati by bus) in northern Assam.<sup>6</sup> Tezpur was a ghost town on the fateful night of November 20-21 as the administration and civil population evacuated the north bank of the Brahmaputra and the security forces were pulled back to Guwahati.<sup>7</sup> The local State Bank currency chest and official papers at the District Collectorate had been burnt. The doors of the Tezpur Mental Hospital were opened and the inmates were released. There are still some local aged people who can still remember those fateful happenings. Even there are some songs based on the Chinese invasion in Assam.<sup>8</sup>

Since 1962, with the Chinese invasion of the NEFA, the history of the North-East took an important turn and with this the perception of the national leaders about the region witnessed change. The post-1962 India's foreign defence policies began to focus on the strategic importance of the region. Survey and identification of the borders, installation of the border posts,

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<sup>5</sup> Lawrence Ziring, *The Subcontinent in the World Politics: India, Its Neighbours, and the Great Powers* (New York, 1978), p.76.

<sup>6</sup> Wasbir Hussain, "The North-East & China" *The Hindu*, November 4, 2000.

<sup>7</sup> B.G. Verghese, "Unfinished Business in the North-East" *Assam Tribune*, April 21, 2002.

<sup>8</sup> One of such songs among the songs called "Sankirtana songs" in lower Assam tells the story of the Sino-Indian war. It goes like "wunnoish sha bashasti sone Chin-Bharator juddho haila..." (in the year 1962 when the Sino-Indian war starts...).

regular deployment of the army at the crucial border points, bilateral talks at the Director General of Military Operation (D.G.M.O.) level, census of the bordering population were some of the crucial steps taken by the Government of India, indicating the increasing realisation of the importance of the region. Intensive efforts were made by the government to construct roadways and to improve the network, construction of the airfields near the bordering areas, and to build administrative infrastructure in the NEFA. The issue of the security of the NEFA became a hot topic for debate in the Parliament for some time during the 1960s. Thus, the 1962 brought the North-East to the minds of the national leaders and policy-makers to realise its strategic importance.

The assumption that at present China is no longer interested in the North-East India lacks credibility. Some developments in the recent past suggest that China's interest- strategic and political, still prevail in different forms in the region. The Chinese support to insurgents' movement in the region and its arms procuring from China has been witness to this fact. On the basis of this fact and more, many commentators hold the view that China has still strategic interests in India's North-East.

There have been some historical references that suggest China's continued interest in the North-Eastern Indian territory. This suggests that Chinese intention about the region was clear as early as the late 1950s when they committed what was called a "cartographic aggression of India" since in the Chinese maps large parts of the North-East India were shown as Chinese

territories.<sup>9</sup> Certain past records at the government level also show that the Chinese had been in constant effort to have their influence in the North-East frontier.

The reports of the External Affairs Ministry inform about the construction of a helipad in the Sumdorang Chu valley area of Tawang in Arunachal Pradesh.<sup>10</sup> China still does not recognise Arunachal Pradesh as a part of India and it protested when the Arunachal Pradesh was granted the status of a full-fledged state from the position of a union territory. This is clear from the news paper report which informs about an interesting incidents, but a matter of grave concern. The Mac Arthur Foundation, USA, invited the then Chief Minister of Arunachal Pradesh Mr. Gegong Apang and his special secretary K.D. Singh to attend a conference (April 7to 12, 1997) at Kunming in the Yunnan Province. Apang had to cancel his trip since the Chinese Embassy in New Delhi informed the Ministry of External Affairs that an *Arunachali* (a resident of Arunachal Pradesh) would not require a Visa to visit China as it considers Arunachal Pradesh to be its own territory.<sup>11</sup>

There have been some media reports and Arunachal Pradesh State government's observations in the recent past suggest the prevailing Chinese interests in the frontier areas. The Chief Minister of Arunachal Pradesh,

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<sup>9</sup> Dinesh Kotwal, "The Naga Insurgency: The Past and the Future" *Strategic Analysis*, Vol. XXIV, No. 4, July 2000, p.764.

<sup>10</sup> India, Ministry of External Affairs, P. Shivsankar, "Statement in the Lok Sabha in response to a calling attention notice regarding the situation arising out of the Chinese intrusion into Indian territory and construction of helipad in the Sumdorang Chu valley area of Tawang district in Arunachal Pradesh" (New Delhi: Foreign Affairs Record, August 1, 1986).

<sup>11</sup> Shiladitya, "No Visa Required" *The North-East Sun*, April 15-30, 1997, pp 15-20.

Mukut Mithi has observed that China's continuous violation of the Line of Actual Control (LAC) by crossing over to Indian territory was a serious matter that has to be taken into consideration while looking for friendly relations with China. He claimed that China had been crossing the LAC intentionally. He appealed to the Central government to take serious steps to stop these incursions. He also revealed in an interview to the Press Trust of India (PTI) that the Indian Army and intelligence had recently discovered a Chinese-built mule rail in Kaila Pass in the state's Dibang Valley district.<sup>12</sup> His observations revealed that such Chinese incursions into the Indian territory in the North-Eastern frontier had been occurring repeatedly. These suggest that the entire border areas in the eastern sector are not safe and free from the Chinese influence. Mithi's statements received considerable media attention, with China quickly denying any intrusions.<sup>13</sup>

India's Defence Minister George Fernandez also showed concern over the matter when he commented that "Mithi's comment can not be ignored"<sup>14</sup> and he personally visited the frontier on October 29, 2000.

It is true that China has been interested in certain parts of the Himalayas in the North-East which they think to be purposeful to their strategic interest. It is in this perspective that one might think that North-East (especially the bordering areas of Arunachal Pradesh) as part of the Himalayas attracted the attention of the Chinese policy-makers. It was this,

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<sup>12</sup> "The Dragon's Shadow", (editorial) *Assam Tribune*, Octo. 23, 2000.

<sup>13</sup> "China Denies Incursion", *Assam Tribune*, November 16, 2000.

<sup>14</sup> As quoted in *Assam Tribune*, October 20, 2000.

and the growing Indian support to the Tibetan dissidents in the 1960s onwards till the late 1970s that China began to support and indoctrinate insurgent elements in India's North-East.

However, since the late 1970s, there had been major policy changes in both the countries especially in China that led improvement in their relations that was in comma since the 1962 boundary war. The Chinese support to the North-Eastern insurgent groups came to be the neglected one. But some tensions developed in the aftermath of India's Pokhran II nuclear venture. This shows that still there is a lack of understanding in their relations. It is often viewed that Sino-Indian relations have been suffering from hot and cold blows. It is in this views that a section of commentators still hold pessimistic views on Sino-Indian relations. It is in this context that one observes though the time has passed, still the geography remains the same. The 1030 kms long terrain with dense forest that Arunachal Pradesh shares with China's Tibet region continues to be as inhospitable as before.<sup>15</sup>

### **Insurgency and Arms Trade in North-East and its Implications for India's Security: An Analysis of the Possible Chinese link and Its Impact on the Sino-Indian Bilateral Relations**

For many Indians in the rest of the country, the North-East represents a paradox. In the present scenario about the region, one common picture flashes in the minds of the people, i.e., the 'face of terror', or a 'haven of insurgency'.

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<sup>15</sup> Wasbir Hussain, n.6.



For the development of such phenomena in the public image, the responsible factors are- the media, intellectuals and political leaders- regional and national.

Media can play a crucial role in addressing the problems of the region. The fact is that, the entire seven states don't get national media coverage as much as its neighbouring state West Bengal alone gets. Media can play the role of integrating the region with the rest of the country and thus bringing an end to the decades long of socio-political isolation of the region.

More importantly, the region is not being able to act as 'strong political pressure-block' as it could send only 24 members as a whole to represent the region in the 545 strong Lok Sabha. It is on this basis that one notices that "there is socio-economic exploitation of the region on the one hand, and socio-economic neglect of its hapless populace on the other hand."<sup>16</sup> The crux of the prevailing problems lies in the fact that the Centre has exploited the resources of the region but has largely ignored the developmental aspects of it. Such phenomena have led to the social alienation of the region, and socio-political and economic turbulence; and it is viewed as one of the chief causes of the insurgency problem in the region.

Insurgency movements in the region have grown to a violent stage and spread to every part of the region, and made their hold. They have almost overshadowed other important aspects of the region. Due to the insurgency, other socio-economic and political problems have been sidelined and the

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<sup>16</sup> Subir Ghosh, *Frontier Travails: North-East, The Politics of A Mess* (New Delhi, 2001), p.1.

development of the region received a setback. The law and order situation has been in disarray for the past many years. The common people of the region are suffering and losing their lives in the hands of the insurgents as well as the army who are operating against the outfits in many encounters. North-East's potentials for its overall development and contribution to the nation have been halted for many years.

The growth of insurgency movements in the North-East also suggests some external compulsions. The forces emanating from the South Asian countries across the border influence this region (for example the anti-Indian elements are active in the North-East through Bangladesh, fundamentalist elements are growing in the region, activities of the Pakistani ISI are being reported in the daily news papers- regional as well as national).

To understand the dynamics of the insurgents' movements and its offspring- drug trafficking, arms trade, smuggling and growing ethnic movements, it is necessary once again to see the external linkages of the region. This has been a contributing factor for the growth and development of insurgency in the North-East.

The peculiar geopolitical location of the region, bordering Bangladesh, Myanmar, Bhutan and China, has been responsible for the problem. This has always been congenial to the insurgents to serve their purposes. The assistance provided by the neighbouring countries helped the insurgents to strengthen their power and influence. They have always seen a safe shelter in these countries. The countries concerned are getting huge amounts of revenue

through smuggling by the insurgents. However, the degree of external involvement is conditional and varies from time to time. While India's relations with the neighbouring countries suffer setbacks or are not so cordial, they have become friendlier to the various insurgents groups in the North-East India. As for example, during the tenure of Mujibur Rahman as the Prime Minister of Bangladesh, the anti-Indian elements in the North-East India working through that country were not active as it had been in the aftermath of his death. Since the demise of Mujibur Rahman, the Indo-Bangladesh relations have not been that much friendlier as it was during the days of the great leader. It is in this context that Bangladesh have often been alleged to the home-shelter of various insurgent groups of the North-East. As the Sino-Indian relations come to improve to a great degree since the 1980s, the Chinese hands in the insurgency movements in the region became invisible.

Most of the insurgent groups operating in the region have their bases in Bangladesh, Bhutan or in Myanmar. China was an early lodgement for some of the insurgents groups in the past. However, the situation is different now. Thus, one sees a direct involvement of the countries on India's North-East in the continuing political and social upheavals in the North-East India in the past.

Here the study makes an effort to analyse the possible involvement of China in India's North-East in the developments of insurgents' movements, drug trafficking, arms trade and smuggling in the light of the past and present history, which has effected Sino-Indian relations.

## **Chinese Influence in the Insurgency Movements in the North-East**

No insurgency in an area, even the smallest of nation-states have acquired enormous wherewithal to suppress separatist movements, can survive without a degree of foreign support.<sup>17</sup> The case of insurgency in India's North-East clearly suggests adduces to this fact. China, as an external factor has been involved in the insurgents' movement in the region in different forms in different times. However, the degree of its involvement has been different. Before 1978, its involvement was quite active and considerable, while in the post-1978 period it is minimal.

At no point did Beijing (then Peking) attempt to sponsor an insurrection in India. Its support for the Indian communists during the armed struggle days was limited to greeting and messages of support.<sup>18</sup> In case of the North-East, there had been hardly any references to the Chinese involvement in the politics of insurgency in the region prior to 1960. The border war of 1962 and India's extended support for the Tibetan movement made the Chinese leaders to find out an option to equally disturb the Indian government. They had been upset with the Indian support for the Tibetan insurrection. Soon after the border war, Beijing started arming, training and indoctrinating first the Naga rebels, then the Mizos and finally the Meitei rebels.<sup>19</sup>

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<sup>17</sup> B. Pakem (ed.), *Insurgency in North-East India* (New Delhi, 1997), p.100.

<sup>18</sup> *ibid*, p.94.

<sup>19</sup> Sanjib Kr. Baruah, "The Nexus" *The North-East Sun*, Vol. 7, No. 15, March 1-14, 2002, p.10.

The Naga undergrounds had been the first to receive assistance and training from the Chinese.<sup>20</sup> After 1966, at least nine batches of Naga rebels, belonged to the Naga National Council (NNC), went to China for training between 1966 and 1978.<sup>21</sup> Among them the first group was consisted of 353 strong guerrilla detachment led by Thinoslie Medon Keyho and Thuingiland Muivah which started their journey from Nagaland's Mon district in early October and reached China's Yunnan province in January 1967 after an arduous 97-day trek.<sup>22</sup> The local Chinese welcomed them as their "brothers". On their arrival, the fighters were sent to three training camps in Yunnan. By the end of 1969, three Naga groups had been trained by the Chinese and sent back with arms and equipment suited for jungle warfare, together with a large stock of literature on guerrilla warfare, particularly Mao's writings on the subject.

The Chinese covert support to the Naga insurgents caused serious concern for the government of India. The government had to deploy the army in large numbers to face China trained Naga undergrounds with several casualties. In June 1968, the Indian Army first faced a force of Naga militants who had just returned from their training in China in a fierce four-day battle at the Jotsoma Knoll.<sup>23</sup> However, the impact of the Chinese-trained guerrillas was diluted by the spilt in the Naga underground. The weapons seized from

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<sup>20</sup> *ibid.*

<sup>21</sup> B.Pakem, n.17, p.95.

<sup>22</sup> Subir Bhoumick, *Insurgent Cross Fire: North-East India* (New Delhi, 1996), p.47.

<sup>23</sup> Binalakshmi Nepam, "Small Wars and Insurgencies in the North-East" *Journal of Himalayan and Central Asian Studies* (New Delhi), Vol. 5, Nos. 3-4, July-Dec. 2001, p. 69.

Muiva's group showed that the Chinese were providing sophisticated arms to the guerrillas.<sup>24</sup> Despite the split in the NNC, the support from China continued for some time.

The People's Liberation Army (PLA) is one of the strong insurgents groups operating in Manipur had their training in China and was influenced by Mao's revolutionary thought. Mao's Red Book was everyone's company in the PLA cadres. Namierakpani Bisheswar, the leader of the PLA, went to Lhasa with his boys through Nepal in 1975.<sup>25</sup> The local Chinese authorities in Tibet first put the group led by Bisheswar through rigorous course of Mao Tse-tung thought. The PLA with 18 lieutenants re-entered Manipur from Lhasa and thus, started the prairie fire of insurgency.

Newspaper clippings of the time reported the mood generated by China-inspired PLA movement.<sup>26</sup> The activities of the PLA militants caused alarm to the government with incidents occurring during those days. These became topics for the debates in the Rajya Sabha for quite sometime<sup>27</sup>. In regard to the growing activities of the insurgents, the then Manipur Chief Minister Dorendra Singh's statement talked about the chief point of the region's external linkages which have been crucial for the insurgents developments. He made responsible the state's external linkages for the

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<sup>24</sup> *ibid*, p.70.

<sup>25</sup> *ibid*, p.67.

<sup>26</sup> *ibid*.

<sup>27</sup> India, Rajya Sabha, Debates: *Discussion on the reported recovery of Chinese balloons with transmitters and propaganda materials in different parts of the country and the activities of the foreign trained guerrillas and other lawless elements in Manipur*, July 28, 1978.

growing insurgency, which helps the outfits to take way for China through Myanmar. It would take only two days for anyone to walk into China from Manipur border.<sup>28</sup> This makes the region vulnerable to the Chinese maneuvers.

Besides, the Mizo National Front (MNF) had been another militant group in the North-East that came under the Chinese influence in the 1960s and 1970s. They also had training in Lhasa during the said periods.

However, with the passage of time China's influence in the North-East's insurgent's politics has come to change. By the 1980s, things have been different and China has not been abetting and funding insurrectionist movement in the North-East. This shift occurred with the transfer of power in that country. The new generation leader Deng Xiaoping brought about economic reforms since 1978 and tried best to improve China's external relations with all countries, and with this move Sino-Indian relations also came to be normal.

### **Arms supply from China**

Though it is seen that China is now no longer involved in the insurgents' activities in the North-East India, some reports in the recent past suggest a revival in China's interests. News paper reports say that most of the arms and ammunitions arranged by the North-East insurgent groups originate from a small Chinese town called Ruili and then are brought to the nearby

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<sup>28</sup> Binalakshmi Nepram, n.23, p.68.

Burmese town Muse, before transporting those to the bordering places from where those come to the hands of the various insurgents groups of the North-East.<sup>29</sup>

During an arrest of 192 insurgents' in 2001 November, made by the Myanmar Army, 1400 weapons were recovered from them that were brought from Ruili. Along with these arms, cash worth one crore rupees, 2 kg of gold and a substantial amount of US dollars were also recovered from the insurgents.<sup>30</sup> These suggest that not only arms have been on the flow but smuggling of various materials is also a part of the business of the insurgents.

Insurgency, arms trading, drugs trafficking and smuggling have affected the life of the civil population in the region for the past years. Innocent people have been losing their lives in the hands of the insurgents as well as in the hands of the army operating against the insurgents in the region. The government is spending huge amount of money fighting the underground activists. The political upheavals in the region have repercussions for the politics of the country. The growing ethnic movements along with the insurgency have become a matter of law and order. In the light of the above discussion one sees the invisible or visible hands of the foreign powers that have been encouraging these. This is due to the peculiar geographical location of the region, which provides external links with the bordering countries. In view of this fact the government of India has to take serious initiatives to

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<sup>29</sup> Shantanu Nandan Sharma, "New Found Route for Gun-running" *North-East Sun*, Vol. 7, No.18, April 15-30, 2002, p.13.

<sup>30</sup> *ibid.*



improve relations with the neighbouring countries. Indian diplomacy, until recently was content to see the North-East as an internal, domestic or at best a matter of countering cross-border insurgency. Initiatives have been taken in the recent times to highlight the importance of the region. The country needs to have a proper “ North-East Policy”. Taking all these aspects into consideration it can be concluded that the North-East region cannot be a concern only for the Home Ministry, the External Affairs Ministry also has to give adequate attention.

## Chapter IV

### SINO-INDIAN ECONOMIC RELATIONS: POSSIBILITIES OF BORDER TRADE THROUGH THE NORTH-EAST

#### I

In the 1950s, their initial stages of development, both China and India followed almost a similar path of planned development influenced by the Soviet model. In the case of India the economic framework was kind of mixed- where both public and private sectors played their roles; while in China it was socialist where the state solely steered the economic development. A centralised planning scheme was put in place to allocate resources and monitor the working of the economy towards realising the set goals.<sup>1</sup> Gradually with the passage of time several forces, global and internal, came to compel them to change their economic development framework. Chinese policy makers, with the change of leadership, brought about a shift in the development paradigm by assigning guided roles to the non-state actors, and adopted an “open door” agenda in 1978. The crucial decision to enter into the period of economic reform was formally taken at the Third Plenum of the Chinese Communist Party (CCP) Central Committee held in December 1978.<sup>2</sup>

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<sup>1</sup> Atul Sarma, “Prospects of Trade and Investment in India and China” *International Studies*, Vol. 39, No.1 January- March 2002, p.25.

<sup>2</sup> David J. Pyle, *China's Economy: From Revolution to Reform* (London, 1997), p.8.

In the first three-and-a-half decades, India pursued an inward-oriented development strategy which did not yield expected outcomes in terms of targeted growth rates, self-reliance or better spatial and interpersonal income distribution.<sup>3</sup> On the contrary, greater protectionist measures and multistage government interventions made Indian economy to suffer a loss in overall performances. The growing realisation of the situation finally brought a shift in the development paradigm, first incrementally in the mid-1980s and then drastically since mid-1991 in favour of a policy regime relying on market forces and seeking integration of the Indian economy with the world economy. In fact, the policy shift in 1991 was a watershed in the economic history of the country.

The new thinking on economy that began in 1991 placed Indian economy in the wider context of worldwide economic developments.<sup>4</sup> In comparison to China, India's embarkment on the economic reforms was rather late. As a result, China was ahead in economic performance than India. However, India is slowly but surely catching up.

The impact of the economic policy changes in both the countries have led to excellent results in terms of their economic growth. The growth in economy that China has achieved since late 1970s, in fact has astonished the world economic community. The Chinese economy had been able to maintain

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<sup>3</sup> Atul Sarma, n.1, p.25

<sup>4</sup> C. Rangarajan, *Perspectives on Indian Economy: A Collection of Essays* (New Delhi, 2000), introduction, p. xii

an annual average growth rate of nine percent till 1997<sup>5</sup> and the per capita income too has been impressive. However, due to problems, such as international constraints, social constraints, resource constraints<sup>6</sup> etc., the present economy has shown some slow down. For whatever China has achieved in the last two decades, it stood out as a 'model of fastest growing economy'. It has become the world's most successful "transitional economy"<sup>7</sup> in terms of both dynamic growth and the reform of its economic system.

Indian economy too, since liberalisation of its economy, has performed encouraging in many respects. The real Gross Domestic Product (GDP) growth has moved into a higher trajectory leading to a significant shift in the perception relating to the long-term growth prospects of the country.<sup>8</sup> The high growth rate of the economy has been accompanied by an impressive performance of some of the macro economic parameters of the country.

This is how the shift in the economic policies has brought India and China to the path of other fast growing economies in the Asian continent, and from this point the prospects of economic engagement between the two countries have grown.

However, at the same time, everything that was economic was determined by the ease in the politico-strategic rivalry between the two

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<sup>5</sup> Shahul Hamid, "India and China: The Economic Relationship" in Kanti Bajpai and Amitabh Mattoo (eds.), *The Peacock and Dragon: India-China Relations in the 21<sup>st</sup> Century* (New Delhi, 2000), p.200.

<sup>6</sup> John Wong, "China's Economy" in Robert E. Garmer (ed.), *Understanding Contemporary China* (London, 1999), p.113.

<sup>7</sup> *ibid.*

<sup>8</sup> C. Rangarajan, n.4, p.66.

countries. With the shift of economic policy regime, China had to have a friendly relation with other countries. It was necessary for the growth and sustainable development of its economy. China gradually took serious initiatives to improve the deadlocks that it had with other countries. Several initiatives were taken to resolve the border problems with its neighbouring countries in which India was also included. India has always been positive to this. Visits at the governmental level started and several talks began to attempt at resolving the politico-strategic problems between the two.

Indian Prime Minister Rajiv Gandhi's path breaking visit to China in 1988 improved the relations between the two countries to a great extent. In the 1990s both the countries' top most leaders' visits and signing of many agreements and protocols regarding bilateral relations-political and economic, improved the situation to a great degree. There were two landmark agreements that improved the overall Sino-Indian relations. The first was the Agreement on the Maintenance of Peace and Tranquility along the Line of Actual Control (LAC) in the border areas, signed during Indian Prime Minister P.V. Narasimha Rao's China visit in 1993. The second was the Agreement on Confidence Building Measures in the Military Field along the Line of Actual Control, signed during the Chinese Premier Li Peng's South Asia visit in 1996. These two had drastically improved the Sino-Indian strategic and political relations, which had positive impact on their increasing economic engagements. Chinese president Jiang Zemin's South Asia visit in November-December 1997 had been another boost to their good relations.

However, in the late 1990s with India's nuclear explosion, again some kind of tensions developed in their relations. But it did not last long. India's External Affairs Minister Jaswant Singh's June 1999 China visit finally "untied the knot"<sup>9</sup> in bilateral relations caused by India's nuclear tests. In short, it is seen that with the policy changes in the economic development since the late 1970s, good gestures from China developed to which India responded positively.

It is in this background that the economic reforms in both the countries and the development of relations between the two countries had built the edifice of the Sino-Indian economic engagements.

To evolve the framework for expanding India-China economic engagement, both sides had set up an India- China Joint Working Group (JWG) for Promoting Mutual Trade and Commerce in 1984. This was done by signing of a Trade Agreement between the two countries' governments. This was the first of its kind after a long period since 1954 Trade Protocol that lapsed in 1962.

The JWG conducts annual meetings alternatively in Beijing and New Delhi and it is supported by a Joint Business Council that represents business interests, especially of the non-State sectors from both sides.<sup>10</sup> In the same year, 1984, they also signed the Most Favoured Nation (MFN) Agreement. Their efforts have since resulted in many more agreements on evolving the

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<sup>9</sup> Alka Acharya, "A Measured Tread to the Future" *Seminar*, No.487, March 2000,p.35.

<sup>10</sup> Swaran Singh, "China-India: Expanding Economic Engagement" *Strategic Analysis*, Vol.XXIV, No.10, January, 2001, p.1818

new legal framework for facilitating their trade and commerce, and for establishing joint ventures between the two countries. Indian Prime Minister Rajiv Gandhi's historic visit to China resulted in the establishment of an India- China Joint Group on Economic Relations and Trade, Science and Technology (JEG). The JEG has met six times till date. The seventh meeting is due in India in 2002.

Since 1978, the following major Agreements and Memorandum of Understandings (MOUs) were signed between China and India to develop trade relations and promote cooperation in the fields of science and technology<sup>11</sup>:

- Trade Agreement between the Government of the Republic of India and the Government of the People's Republic of China, 1984.
- Protocol between the Republic of India and the People's Republic of China on Resumption of border trade between the Tibet region of China and India, 1988.
- Memorandum between the Government of the Republic of India and the Government of the People's Republic of China on Resumption of border trade, 1991.
- Trade Protocol between the Government of the Republic of India and the Government of the People's Republic of China for the calendar year of 1992(signed in 1991).

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<sup>11</sup> [www.meadev.nic.in/foreign/ind-China.htm](http://www.meadev.nic.in/foreign/ind-China.htm).

- Protocol between the Government of the Republic of India and the Government of the People's Republic of China on Custom Regulation, Banking Arrangements and Related matters for border trade, 1992.
- Protocol between the Government of the Republic of India and the Government of the People's Republic of China on Entry and Exit Procedures for border trade, 1992.
- Protocol between the Government of the Republic of India and the Government of the People's Republic of China for extension of border trade across Shipki La Pass, 1993.
- Memorandum of Understanding between Ministry of Metallurgical Industry of the Government of the People's Republic of China and the Ministry of Steel of the Government of the Republic of India, 1995.
- Memorandum of Understanding on co-operation in the field of Information Technology, 2000.

### **Volume of trade and its growth**

Sino-Indian trade, since its resumption in the late 1970s has been showing a positive trend. The following table shows the growing trend in their trade engagements immediately after the resumption of the trade:



**Table 1: Volume of Trade 1978-1990**

(in Rs. million)

Year	India's exports to China	India's import to China	Total trade Turn over
1977-78	19.3	6.3	25.6
1978-79	241.9	11.7	253.6
1979-80	204.3	261.9	466.2
1980-81	236.3	819.9	1056.2
1981-82	526.8	782.6	1309.4
1982-83	121.6	105.2	1171.8
1983-84	57.2	757.9	815.1
1984-85	63.3	665.5	728.8
1985-86	292.00	1419.6	1711.6
1986-87	143.3	1733.4	1876.7
1987-88	337.3	1593.1	1930.4
1988-89	644.00	1324.00	1969.00
1989-90	391.00	658.00	1049.00

Source: Directorate General of Commercial and Intelligence Statistics (DGCIS) (Various issues)

In the 1990s, the trend even shows a better upward movement. Table 2 shows the growing trend in the India-China bilateral trade since 1991.

**Table 2: India- China bilateral trade 1991-2001**

(in US \$ million)

Period	India's Export	India's Import	Total Volume of Trade	Balance of Trade
1991	120.33	144.48	264.81	+24.15
1992	180.99	158.44	339.39	+22.50
1993	416.57	259.16	675.73	+157.41
1994	322.00	573.00	894.00	-251.00
1995	398.00	765.00	1162.00	-367.00
1996	719.16	689.54	1408.70	+29.62
1997	897.26	933.06	1830.32	-35.80
1998	905.70	1016.59	1919.09	-110.89
1999	825.70	1161.88	1987.62	-336.14
2000	1350.41	1569.46	2914.22	-219.05
2001	1699.9	1896.3	3596.2	-196.4

Sources: www.meadev.nic.in and DGCIS (various issues)

Thus, in the 1990s bilateral trade of India and China recorded a rapid growth. This high growth in trade was the result of their improving political relations, and the increasing process of globalization in both the countries. Bilateral trade has recorded rapid growth from a trade volume of US\$ 265 million in 1991 to US\$ 3596 million in 2001. In 2001, bilateral trade reached US\$ 3596.2 million, an increase of 23.4% over 2000. While India's imports (US\$ 1896.3 million) from China increased by 21.5%, exports (US\$ 1699.9 million) to China increased by 25.6%.

Sino-Indian bilateral trade in January 2002 was US \$ 310 million, which was an increase of 28.47% over the corresponding period of 2001.

### **Trade Composition and Its Diversification**

Till the early 1990s, the range of goods that were being traded between India and China was quite limited. The major items of export from India were: iron ore, chrome ore, other manufactured and processed minerals, engineering goods, oil seeds, tobacco, dyes/ intermediaries etc. China's export to India were mainly raw silk, coal, crude minerals, organic and inorganic chemicals, textile yarns, fabrics and made-up articles, pearls, precious and semi-precious stones, pulses and electrical machinery<sup>12</sup>. However, the trade protocols signed since 1990s- such as Annual Trade Protocol, January 1993, expanded the list of commodities to be traded between India and China. This trade protocol, signed between Chinese Foreign Trade Minister Wu Yi and

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<sup>12</sup> ASSOCHAM- Views and News, *Weekly* (New Delhi), 15th January 1993.

India's Commerce Minister Pranab Mukherjee, further enlarged the scope of the trade between the two countries.<sup>13</sup>

Over the years, since the protocols were signed, the items for trade have considerably diversified. The chief reasons behind this development were the increasing process of globalization and expansion of the Information Technology (IT) industries in both the countries. India has shown a better result in this respect. IT related goods also have now come to occupy a place in the bilateral trade.

### **Sino-Indian Joint Economic Ventures**

There are growing trade delegations and product exhibitions that have been encouraging the Sino-Indian economic engagements. A number of joint ventures have been launched and finalised, and they are coming up both in India and China. The first India- China joint venture between "India's Mideast Integrated Steel Limited" and "China Metallurgical Import Export Corporation" was commissioned in Orissa in January 1993.<sup>14</sup> This was a milestone in India- China bilateral trade relations in the 1990s. Major identified areas for the joint ventures have been- telephone and allied equipments, aluminum and aluminum products, mining sector, pharmaceuticals, auto mobiles, scooters, mopeds, construction materials, jute

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<sup>13</sup> "India- China Sign Accord to Increase Trade", *China News Digest*, 15th June 1994.

<sup>14</sup> M. Rajgotra & V.D. Chopra (eds.), *India's Relations with Russia and China: A New Phase* (New Delhi, 1997), p.158.

machinery, packing machinery and down stream petrochemical power projects.<sup>15</sup>

Indian companies, Ranbaxy Limited, Dr. Reddy's Laboratory, Aurobindo Pharma, the NIIT and the APTECH have established joint ventures in China. Two Indian pharmaceutical companies, Cadilla and Wockhardt are going to set up joint ventures in China. Orissa Industries Ltd. (Orind) and Infosys have set up wholly owned ventures in China. Essel Packaging is also establishing a wholly owned venture. Other Indian companies represented in China are- Tata Exports, Torrent Group, Lupin Laboratories and Kanoria Chemicals & Industries. Bank of India has received approval to establish a Representative Office (RO) in China. Bank of India would be the second Indian Bank after State Bank of India to establish a RO in China.

Recently the Tata Consultancy Services (TCS) has announced to launch a Tata Information Technology (Shanghai) Company Limited which is a subsidiary of the Tata Sons in Shanghai. Besides Shanghai, where the entity would be headquartered, the Company will have a marketing and client relationship management office in Beijing that will provide support services in North-East and northwest parts of China.<sup>16</sup> This is an extended initiative of the Tata Group that succeeded in their business in China.

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<sup>15</sup> "India- China Trade: A Brief Sketch" –Information Paper (New Delhi, 1993).

<sup>16</sup> "TCS Kicks off China Programme" *The Hindu*, June 20, 2002.

Chinese Companies represented in India include China National Machinery Import and Export Corporation (engaged in selling technology for mini blast furnaces), China Petroleum Technology & Development Corporation, China Metallurgical Import and Export Corporation (CMIEC) and Sinochem. China Silk Corporation is considering opening a representative office in India. In 1999, Konka and Haier, two Chinese consumer durable companies, set up joint ventures in India. Huawei Technologies has recently set up software Research & Development Centre in Bangalore.

China's exports of machinery is likely to grow in view of recent developments, such as project contracts in India bid for by Chinese companies, and joint ventures in India which will import capital equipment as part of equity.

#### **Sino-Indian Trade Delegations and Discussions**

Shri Murasoli Maran, the Commerce and Industry Minister led the Indian delegation for the 6<sup>th</sup> Session of the India- China Joint Economic Group on Economic Relations & Trade, Science & Technology in Beijing on February 21-22, 2000. During this meeting, India and China signed an agreement on issues relating to the World Trade Organisation (WTO) and signed an MOU for setting up a Joint Working Group in the field of steel. Both sides agreed to facilitate – exchange of visits between the business communities; establishment of business representative offices in each others' territory, organisation of exhibitions and trade fairs and encouraging greater

participation in them, etc. Both sides also agreed on the need to improve direct banking, shipping and air services between the two countries.

A delegation led by the Vice-Governor of Yunnan visited India from December 4-9, 2000 to explore economic, tourism and aviation links between India and the Yunnan province of China. A delegation from Sichuan Province led by Senior advisor, Mr. Zhou Yongkang and a delegation led by Mr. Tang Bingquan, Vice-Governor of Guangdong Province visited India from February 27-March 2, 2001 and May 12-18, 2001 respectively to explore opportunities for economic co-operation.<sup>17</sup>

An Associated Chambers of Commerce and Industry (ASSOCHAM) delegation visited China in May 2001. Delegations from FICCI ladies Organisation, CII and PHD Chamber of Commerce visited China in the latter half of 2001.

There have been many trade related discussion forum held at the scholarly level in both the countries. Among these, the scholarly meet in November 23, 1998 had been a major brain storming session in regard to step up Sino-Indian economic relations.<sup>18</sup>

Thus, it can be argued that bilateral trade between India and China which was resumed since 1978 officially, has grown considerably, though in the 1980s it saw decline, in the 1990s it came to be increasingly expanding. At present it is very impressive and still growing. There has been increased

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<sup>17</sup> "Economic and Commercial Relations" *India's Foreign Relations-China* (www.meadev.nic.in)

<sup>18</sup> "Scholars discuss trade ties with China" *Asian Recorder*, Vol. XXXV, No.1 January 1-7, 1999, p.27810.

diversification of Chinese goods. Cheap Chinese toys, locks, electrical equipments, torch, radios and other consumer goods are flooding the Indian markets.<sup>19</sup> However, it is also seen that many such things are not officially traded between the two countries, but these are illegally traded. Some of the neighbouring countries such as Nepal, Myanmar have been serving as the gateways for smuggling of many of these items. Siliguri in West Bengal has been a big market for the smuggled goods and it has also been serving as one of the main entry points for smuggling in Chinese goods to the east as well as North-East India.

Though in the recent years the bilateral trade has been growing, there are still some areas that have not received adequate focus in their trade. For example, many agricultural items are not being fully focussed in their trade. If all the potential areas of trade are fully recognized and utilized, the bilateral trade between China and India would be a “colossus” one in the coming few years.

## II

### **Border Trade through North-East India**

Border trade is referred as exchange of goods and services among different countries in the border points. The concept of border trades has wide-ranging connotations. At one extreme, it could possibly be the country's international trade across its international border, while on the other extreme,

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<sup>19</sup> “Bridging the Himalayan Divide” *The Economist* (New Delhi), March 20<sup>th</sup> 2002.

it could be the trade practices among the neighbouring peoples of both sides of the international borders. Border trade is intimately linked with socio-economic development of a region.

The North-East had been an important centre of border trade in the country in ancient times. It was connected through many important trade routes and had many trade centres. In the present times too there is prospect for resuming border trade if proper steps taken.

### **India's Trade Through North-East: Present Trends**

In the recent years, India's trade through the North-East with its neighbouring countries, Bangladesh, Myanmar and Bhutan have shown positive trends.

The Indo-Bangladesh trade has witnessed encouraging results. Bangladesh ranked eleventh with 2.25 per cent of India's total export to that country in 1997-98. Indo-Bangladesh bilateral trade is growing fast. It is due to the closeness of the region to that country. Bangladesh shares about 1500 kms border with the region that touches Assam, Meghalaya, Manipur, Mizoram, and Tripura. The region has age-old socio-economic ties with Bangladesh since time immemorial. The land borders between the two regions are more accessible and cost effective. The North-East region is well connected with that country by both surface as well as water. These are some of the causes that have encouraged both India and Bangladesh to have an increasing trade in the present times.



The North-East shares a common border about 650 kms with Bhutan. Indo-Bhutan trade through the region is also showing prospect in the present times. Principal exports from the North-East to Bhutan consist of coal, limestone, rice and wheat. Where as the region mainly imports woods from that country. The trade between the two areas runs through Assam-Bhutan borders. However, the volume of Indo-Bhutan bilateral trade is considerably low.

Indo-Myanmar border runs along the four states of Arunachal Pradesh, Manipur, Mizoram and Nagaland of the North-East region. Together they share about 1450 kms border with Myanmar. Much of the land border trade between India and Myanmar through the North-East runs through Moreh sector of Manipur because of relatively better infrastructure facilities. Besides Moreh, a significant level of trade also takes place through Champhai border in Mizoram and Lungwa border in Nagaland. However, the volume of informal trade is larger than formal trades with these countries.

### **Sino-Indian Border Trade: Initiatives Taken**

The Trade Protocol, signed in April 1988, had been a watershed development for the resumption of Sino-Indian border trade. Again during the visit of Chinese Premier Li Peng to New Delhi in December 1991, a Memorandum for the Resumption of India-China border trade was signed. Initially, the Indian trade mart at Gunji in the state of Uttar Pradesh and the Chinese trade marts at Pulan in their Tibet Autonomous Region, were

demarcated as the trade points. Subsequently, at its sixth meeting in New Delhi between 27th-30th June 1993, the India- China Joint Working Group “agreed to open a border trade point at Shipki La Pass (Himachal Pradesh) in addition to the one at Lipulekh in the middle sector of the (Sino-Indian) boundary”<sup>20</sup> which was reopened in December 1991.

### **Possibilities of Sino-Indian Border Trade through the North-East**

India shares 3440 kms long border with China (Tibet Autonomous Region) and out of this one-third is with the North-East (Arunachal Pradesh).<sup>21</sup> The border is somewhat inhospitable in comparison with those of Bangladesh, Myanmar and Bhutan. Which is why trade with China through the North-Eastern border is not a priority. Through the bordering areas at the present times some transactions are carried on in an irregular manner. There are small markets in towns adjoining the border like Tawang and Bomdila where small quantities of cheap Chinese goods are sold. There is negligible volume of direct trade between the region and the southern provinces of China. The fact is that along the India-China border the North-East does not have any authorised trade outlets unlike Myanmar and Bangladesh. Some trade was carried through Land Custom Stations along the stretches of Uttar Pradesh-China and Himachal Pradesh-China borders. There was even some

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<sup>20</sup> Sri Prakash, “Economic Dimensions of Sino-Indian Relations” *China Report*, Vol. 30, No.2, April-June, 1994, p.248.

<sup>21</sup> Gulshan Sachdeva, *The Economy of the North-East: Policy, Present Conditions and Future Possibilities* (New Delhi, 2000), p.166.

official border trade across the Arunachal Pradesh prior to 1962. But after the India-China border conflict it was completely stopped.

It is often argued that the land locked geographical location and the vast hilly terrain have been the main stumbling blocks for economic development of the North-East region. Most of the parts of the international borders that the region shares with have been artificially created. This has resulted in the elimination of the regional trade, commerce and other linkages that existed in the pre-partition days. Time has come to end isolation and to realize the economic potentials of the region and fully exploit the regions' rich natural resources through the bilateral trade. With the development of sophisticated communication system, the scope for border trade between these two countries through North-East has increased. If serious efforts are taken, the geographical disadvantages could be converted even into an advantage. For example, China has done a great job in this respect. They have built railways in the high plateau of Tibet to connect the region to serve its economic as well as political purposes.

Unfortunately, the initial steps taken by the two countries in the late 1980s and early 1990s for the resumption of border trade did not mention about the border trade through the North-East. But it was only the Shukla Commission (report entitled 'Transferring the North-East', 1997) and Report of the Indian Institute of Foreign Trade (IIFT) which have recommended for promotion of border trade through the North-East.

The North-East region is very close to the dynamic Southeast and East Asian economies. And it is time to integrate the region with these economies. Already there have been some talks in the recent times to open the region to the Southeast and East Asian world to convert the region's disadvantageous location into a boom. This is encouraged by the ongoing worldwide process of the globalization which is increasingly integrating the global economies. In such situation the region could play the role of bridge to the booming economies of South Asia and southwest China for mutual benefit.

There had been a talk (at non-governmental level) for establishing a "Growth Quadrangle"<sup>22</sup> involving Southwest China, North-East India, northern Myanmar and Bangladesh. (Southwest China includes Yunnan province, Sichuan province, Chongqing Municipality and Guizhou Provinces). The "Growth Quadrangle" covers a vast territory with abundant natural resources and population of nearly 400 million. The area is rich in bio-diversity, full of tourist sites and rich in hydro energy resources. Southwest China has a good industrial base that includes metallurgy, chemicals, electromechanical, textiles, tobacco, papermaking and foodstuff. India's North-East region also has huge hydro electrical potential and oil industry, tea industry, handicrafts, rich bio-diversity and agricultural and forest based products. Within the quadrangle there is a scope of integrating the economies

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<sup>22</sup> The proposal for the "Growth Quadrangle" was launched in August 17 1999, "*Kunming Initiative*" at the International Conference in Kunming, the capital of Yunnan Province of China. The conference also resolved to establish a forum for regional cooperation between China, India, Myanmar and Bangladesh through interaction among academics, governments and leaders of business and industry. The basic objective of the conference was to strengthen regional economic cooperation among contiguous regions of the eastern/ North-Eastern India, Bangladesh, China and Myanmar.

of both the North-East and Southwest China. There is also commonness between the two regions in that though the two regions are rich in their respective resources, both are underdeveloped. Hence, it is in this context that if the trade of the quadrangle nature comes into a reality, both the areas expected to explore their respective potentials, and from such an international trade framework all the countries involved are bound to be benefited immensely.

In the present context of proposed India-China trade within the “Growth Quadrangle” the opening of the Stil-Well Route would be immense beneficial to revive the ancient connection of India’s North-East and China’s southwestern part. There could be bilateral trade between the two countries by this historic route which will connect the economies of Yunnan and India’s North-East.

Under the reform programme, China adopted an approach in which some provinces were selected to play leading role in the reform initiative. This caused the coastal provinces to emerge as the focal points of reform process. Some other provinces which have international borders and therefore, scope for international trade lagging behind. Among these, Yunnan and Sichuan provinces are notable.

Like the North-East region of India, Yunnan province of China has also been regarded as remote, inaccessible and economically backward. This land-locked province shares its borders with Myanmar, Laos and Vietnam along a 4060 kms of international borders. It is also home for number of

ethnic minorities like North-East India.<sup>23</sup> Though earlier the region was considered to have hardly any potential for any foreign trade, the recent increasing cooperation between Yunnan and its neighbouring countries have changed the earlier notion on the province. In fact, at present the province has become one of the promoters of the “Mekong Growth Triangle”<sup>24</sup> which includes parts of Myanmar, Laos and Thailand. Potentials for international trade through Yunnan includes its industrial products- manufacturing goods, such as non-ferrous metals, phosphorous based chemical products, electricity, iron and steel. Other manufacturing includes building materials, forestry products, cigarettes, sugar, tea, rubber, food products, perfume processing, machinery, electronics and pharmaceuticals. Yunnan is one of the biggest tobacco producers in China.

Like, Yunnan of China, the North-East is also a potential economic zone of India. This region is production center for number of items. Items produced traditionally in the region are textile materials like cloth, woolen and warm clothes and other industrial (small) products, like brass metal etc. In the farming sector also the region produces many food items, fruits, spices, vegetable in the hills and plains. Tea, coffee, rubber and other cash crops have also been important products. The region has also a huge reserve of hydroelectric power potential. It has a hydropower development potential of 14 million kw.

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<sup>23</sup> *ibid*, p.226.

<sup>24</sup> *ibid*, p.202.

Therefore, both the regions have tremendous potential for economic exchanges, and most crucially both share geographical proximity. Both could be joined through the historic Stil-Well Road, which runs through Myanmar. It is a 1726 kms long from Assam's Ledo to Yunnan's Kunming.<sup>25</sup>

### **Arunachal Pradesh in Sino-Indian Border Trade**

For any proposed border trade between India and China, Arunachal Pradesh comes to the forefront considering its geographical closeness to China and its rich natural resources that could be utilised for the purpose of trade. The position of the state in terms of possibilities for border trade given its past links looks encouraging.

Arunachal Pradesh is the largest state in the North-East India in terms of area. It is strategically located as it borders China (Tibet region) on the north, Bhutan on its west and Myanmar to its east. The southern parts of the state run into the plains of Assam. The region earlier had cross border free trade relations that came to an end after 1947. Almost all the tribal groups of Arunachal Pradesh along the present border had trade relations with the people of neighbouring across it. Historical studies point out that since the past various tribal groups, such as Mishmis, Monpas, Sherdukpens, Apaptanis, the various Adi sub-tribes, Khamtis and Nishi had trading contacts with Tibet, Bhutan and Burma via various trade routes.

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<sup>25</sup> Bolin Bardoloi, "The Stil-Well Road: a pipe dream turned reality" *Assam Tribune*, January 20, 2002, p.4.

The township of Tawang, strategically located on the western most part of the state, happened to be the nerve centre of the trans-Himalayan indigenous trade. It was through this part of the state the important caravan route connecting Tibet with the plains of Assam passed.

At present no official trade is carried out (though unofficially trade has been continuing) through the state. However, there is growing interest in the state authorities for resumption of trade with the neighbouring countries. The chief minister of the state Mukut Mithi has shown keen interests. He has asked the Centre to reopen the border routes of the ancient times with China, Myanmar and Bhutan. While doing so he was referring to the past trade links that existed with these countries through which salt, iron and woolen clothes were bartered.<sup>26</sup> The state government has identified various points that could be developed as centres for border trade. The Chief Minister suggested that Zemithang in Tawang, Gelling in upper Siang and Kibito in Lohit district can be developed as trading points with China.<sup>27</sup> The Centre has also shown interest in the matter and it has already earmarked Rs. 20 crore to develop various trade points. However, the central government fears that such action might provide an impetus to already existing cross border terrorism and drug trafficking in the region.

In conclusion it can be observed that taking the view of the region's geographical proximity, the ancient trade between the North-East India and

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<sup>26</sup> "Arunachal moves Centre to open trade routes with China & Myanmar" *Assam Tribune*, March 21, 2001, p.5.

<sup>27</sup> "Border trade with China, Myanmar, Bhutan stressed" *Assam Tribune*, September 30, 2001, p.5.



the neighbouring countries, and the existing Indian trade with Myanmar, Bangladesh and Bhutan, if necessary initiatives are taken, which include improvement in politico-strategic relationship with China, building required infrastructures, putting trade posts at some possible border points, and importantly expanding overall Sino-Indian trade relations, at the contemporary times when the world economy is being increasingly integrated, there is bright prospect for trade with China through the North-East. The disadvantageous geographical location of the North-East could be turned into an advantage for the trade purpose which would contribute to the development of the region and at the same time would contribute to the betterment of Sino-Indian trade and political relations.

The major border routes especially for trade with China, may be developed through the Assam- Arunachal Pradesh, are<sup>28</sup>:

- Tezpur-Bomdila-Tawang,
- North Lakhimpur-Daparijo-Nasa,
- Jonai-Pasighat-Shimong Ningning,
- Sadiya-Mekha Avini-Bruioni,
- Sadiya-Mekha Maluni-Tajobum, and
- Sadiya-Tezu-Chirangla-Kahao.

All these may be developed in a planned manner. Priority should be given to the routes already having better facilities and needs minimum improvement and have highest potentials.

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<sup>28</sup> Gurudas Das and R.K. Purkayastha (eds.), *Border Trade: Northeast and Neighbouring Countries* (New Delhi, 2000), p.115

Infrastructure should be created in the trading centres- trade information centre, exhibition halls for trade items, customs clearance centres, transport communication, warehouse, hotels, insurance provision, currency exchange centres in selected areas etc.

Thus it is seen that the North-East has vast potential for border trade with China if special facilities are created. However, this trade must be carried on in the wider trade relations of India that also includes Myanmar, Bangladesh and some of the ASEAN countries. In this wider trading framework the North-East may act as a trade zone between trade with Indian mainland and with neighbouring countries. The North-East may produce those items that have demand in the neighbouring countries.

However, on the way of the growth of Sino-Indian border trade through the North-East, there are a number of obstacles. Trade would be possible only when there prevails a good relation between the two countries. Sino-Indian relationship is often characterized by fluctuations. The unresolved boundary problem is the biggest obstacle in the path of the possibilities of border trade. There has been still disputes regarding certain border parts in the eastern sector. Chinese does not recognise the Mac Mohan line to be authentic. There has repeated Chinese claims of some bordering areas in Arunachal Pradesh. For the greater interests of border trade both China and India must take initiatives for a complete solution of the boundary disputes. It is in this important context that the growth of border trade must be

viewed in the wider context of building political and strategic confidence between India and China.

Infrastructure problems such as lack of roads for communication, lack of industrial development in the region, lack of awareness of export formalities, information and marketing strategy, high cost of transportation, frequent disruption of communication arising out of natural calamities, law and order situation etc. remain as big obstacles on the way of the economic development of the region. But serious efforts by the concerned authorities can make it possible. In the ultimate analysis, the possibility of border trade through the North-East is completely dependent on the endeavours taken by the governments of both the countries.

## Chapter V

### CONCLUSION

The study has attempted to place the North-East India as a factor in the Sino-Indian bilateral relations in the broad framework of their improved relations since 1978.

After the demise of Mao Tse-tung, the Chinese politics, both domestic and international, have witnessed drastic changes under the dynamic leadership of Deng Xiaoping. The political climate within China changed from the previous decades prior to 1978 that were characterized by abrupt turns in national policies. The Chinese foreign policy under Deng Xiaoping had come to be guided by two basic aspects: “peace” and “development”. Deng Xiaoping adopted the “foreign policy of peace” to accomplish economic development. Within this broad framework of changed foreign policy, there had been a noticeable shift in its perception and policy to its neighbours including India. Deng’s successor Jiang Zemin has also been pursuing the same track of economic reforms and foreign policy of “peace and development’.

In India too, a non-Congress government came to power for the first time in the year of 1979, which meant a different foreign policy perspective. With the change in the country’s leadership, a new trend in the foreign policy was an obvious expectation though there was not a complete deviation from the main thrust of Indian foreign policy of the earlier periods. Ideological

transformation in foreign policy was expected in regard to issues such as non-alignment, socialist orientation about international matters, anti-imperialism and anti-colonialism as well as objection to the discriminatory nuclear non-proliferation. This was so because India's new Prime Minister Morarji Desai had ideological and operational differences with his predecessors Jawaharlal Nehru and Mrs. Indira Gandhi. India's foreign policy began to lean towards the western democracies and became keener to resolve the problems with her immediate neighbours. Once this new trend in the foreign policy began with Morarji Desai, in the successive periods too, this came to be continued.

The changing international power equations and security environment greatly influenced the Indian foreign policy during the periods of Rajiv Gandhi as Prime Minister of India. During his tenure as India's Prime Minister, relations with China improved greatly. It was he who broke the stalemate in Sino-Indian relations by his historic visit to China in 1988. He took serious initiative to resolve the border problems with China. He also initiated many steps to resume Sino-Indian economic relations.

In the post-cold war period, India-China relations improved to a great extent. This was due to the steps taken by the leaders of both the countries. Indian Prime Ministers like P.V. Narasimha Rao and I.K. Gujral took serious efforts to maintain the normalcy that began with Rajiv Gandhi's period. Visits of the Chinese top leaders like Jiang Zemin and Li Peng to India had contributed to the friendly trend of their relations. They held neutral views on the Kashmir issue in the Indo-Pakistan relations and emphasised for talks

between the two countries to resolve the grave problem. They also ruled out any mediator's role in the Kashmir issue.

Though in the immediate post-1998 Pokhran II nuclear tests conducted by India there had developed certain bitter feeling in the Sino-Indian relations, it was comparatively short-lived. Normalcy came back within a short period. During the Kargil war between India and Pakistan, China showed a neutral attitude.

With the growing process of globalisation, economic factors have come to play crucial roles in the states' bilateral relations. This has led the states to improve their relations with every other states to serve their economic purposes. In this process of globalisation, Sino-Indian relations have grown to a better position. Economic engagements between the two countries have been expanding. This has contributed greatly in strengthening their bilateral ties.

It is in this background of changed environment of cordial relations between India and China, that the study has established the North-East India to be factor in Sino-Indian relations taking its various important aspects into consideration. While approaching for the cause, the study has analysed briefly three cases of specific regions as "models"- Tamilnadu, Tibet and Taiwan in Indo-Sri Lankan, Sino-Indian and Sino-American relations respectively. In the three different cases, three groups of factors have been playing the pivotal role. In the Tamilnadu case in India-Sri Lanka relations, the ethnic causes have influential roles. In the Tibet issue, its strategic-political significance has

impact on the Sino-Indian relations. While in Taiwan case it is strategic-political and economic factors that have influenced the respective relations. In sum, in the three cases- ethnic-cultural, political-strategic and economic factors been identified as the chief motive force to influence the three set of relations.

In the same way, to place the North-East India in Sino-Indian relations as a case, the study has identified similar aspects about the region that could be factors to influence the relations.

Firstly, the striking aspect about the India's North-East region that has been identified is its geo-strategic location. For India's strategic-political relations with China, the peculiar geographical location of the region has significance. To establish this argument the study has gone back to the Sino-Indian border war of 1962 in which North-East India's Arunachal Pradesh and few parts of Assam were amongst the places that were occupied by the Chinese military forces. This revealed that the North-East could be a way for India's external security threat. In the same way, the study also cites the cases for China's continued claims of certain parts of Arunachal Pradesh. The study has find out Chinese involvement in the growth of insurgency movement in the region and its assistance to the insurgent groups for a long period, which affected Sino-Indian bilateral relations.

Secondly, the study has traced out certain ethnic similarities between some groups of people in the North-East India and China. On these racial linkages the study also has revealed ancient cultural and trade relations

between China and North-East India. Here emphasis has been put on the very fact that such kind of cultural relations that existed in the past could be a factor to improve the Sino-Indian present relations if those past cultural contacts could be revived again.

Finally, the study has emphasised on the economic potentials of the North-East. It has proposed for the resumption of Sino-Indian border trade in which the North-East could be an important factor. It has revealed that if the Kunming Initiatives' proposed "Growth Quadrangle" makes its headway successfully, the North-East would be the gateway for Indian commercial transactions with the Southeast Asian countries.

Thus three basic aspects about the North-East region have been identified – its strategic significance for India's relations with China, its ethnic affinities and past cultural ties, and economic potentials for trade with China. These all posed the region to be an influential factor in Sino-Indian relations.

An effort has been made to realise the potentials of the North-East region for the economic development in an international platform. Here the study has argued that the reopening of the "Stil-Well Road" would join the economies of the North-East and Southwest China. This historic route connects Assam's Ledo with China's Kunming (in the Yunnan Province) through Myanmar. This would contribute greatly towards the economic development of the two regions, which are regarded as underdeveloped in both the countries, and this will rebuild the ancient cultural and trading ties



between the either side. For the North-East the development of such contacts would be a boon in the sense that the region has been suffering from acute underdevelopment that has been one of the chief reasons for the insurgency movement in the “seven-sisters” states. The economic development and a place in the international trade relations through a developed Sino-Indian relations would definitely go a long way in minimizing the insurgency problems in the region.

In the final analysis it can be viewed that India’s North-East, if its potentials realised fully, the region would be model of development. But for this, the leadership as well as the people of the region must work. The Central government has still more to do in the direction to actualise the its potentials. Recent steps, like conversion of the Lok Priya Gopinath Bardoloi domestic airport into an international airport, a crucial in the way to open the North East region to the international community.

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