

## *Finance Capital and Infrastructure Development: The Asian Context*

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The premise of this paper may be considered to be the notion that India's Look East Policy (LEP)/Act East Policy (AEP) was impelled by economic and political drives and its objective was to establish strategic footprint to reinforce its position that India has established over countries.

To rationalize the AEP, it may be submitted that in the Indo-Pacific region India would be expected to play a significant role upholding the security and stability of the region. India may not presume that its Act East policy would rhetorically endow it with a salient leadership role. India has to occupy a leadership position in giving a concrete direction/shape to the flowing of the Asian dream. India's growing relation with the 10 nation ASEAN group is at the core of its leadership role in unfolding the Asian resurgence.

As has been discussed India's position by way of the Act East policy may be considered to be based on three pillars: Commerce, Culture, Connectivity. All these can be closely related to the theme of the abstract presented by ImanMitra – capital movement & infrastructure development across the region.

The abstract has addressed a unique dimension of AEP launched in 2014. It covers the history of AEP and its financial engagement. It looks at connections between networks of financial capital and infrastructure-led development with reference to India's LEP policy now augmented to the AEP.

The two main issues covered in the paper are:

- 1) The funding agencies and their agenda in AEP.
- 2) The connectivity that can be created by infrastructural development and the synergy that can be brought about given the cultural connectivity underlying the region.

Such connectivity, which is possible only with infrastructure development as mentioned in Mitra's paper, touches upon two issues:

- i) Causal – The finance capital engaged in bringing about infrastructure development.
- ii) Consequential – The cultural and commercial network generated.

Connectivity can be brought about by adequate infrastructure development. In this case both land and water connections will be important. Finance capital involvement and infrastructure development is one of the main catalysts of ensuring India's location within ASEAN organization structure. This is important because the economic alliance between them is yet to bloom. Mitra has listed the efforts, intentions and expected impact of various transnational organizations to this effect including the Bay of Bengal Initiative for Multisectoral Technical & Economic Cooperation, ASEAN and the Asian Development Bank.

However, the future research could be enriched by looking at the different financial sources backing the AEP. India shares its expertise in capacity building projects through three funds –

1. ASEAN-India Cooperation fund
2. Asian India green funds
3. ASEAN India Science and Technology fund

It may be worthwhile to point out the GOI proposal of introducing Sea Planes. Mitra may introduce the issues of sourcing of finance of each of the connectivity infrastructural models that are being produced. Considering the stakeholder theory, it may be meaningful to analyse the agenda of each funding agency in promoting and developing a seamless Asia, particularly since the paper mentions ADB. The political and legal framework within which a funding agency can operate is also worthy of consideration.

It may be considered that consequence of Inter-Asia connectedness through infrastructural development takes different forms for different countries. Nepal's regional integration with south Asia was "abysmal" (Dr. Ram sharan Mahat, Finance Minister Nepal). Trade costs have been found to be major barriers to trade within south Asian countries. For example trade costs between Nepal and Sri Lanka are much higher than trade costs between Nepal and Brazil or USA. These high trade costs are due to high trade barriers and poor infrastructure. India has a significant role in improving such infrastructural development which will bring about seamless connection between Asian nations that will directly bring down trade costs.

The paper may look into issues that often influence areas of capital flow and specific direction soft infrastructure development. In this context, there are a number of commonalities between India and the Asian countries. They are:

1. essentially rice based economies, with largest biodiversity in the world.
2. are often at the receiving end of sea based calamities,
3. suffer from high incidence of diseases like malaria which are likely to afflict these countries.

The cultural similarities, the resilience capabilities to overcome natural or man-made calamities add synergy to the impact created by inter connectedness. It may help in remembering that the modern states that we are refereeing to, have the legacy of important civilization linkages. The synergy that develops between these countries is based on historical and cultural civilization ties. The LEP and AEP that are now being crystalised for political economic and social development of the region will benefit significantly from the rich resources that fall in the category of soft power. More discussion of these points will make the research more relevant in today's context.