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North-south & east-west corridor: A new economic silk road of India is also a gateway to East Asia

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Abstract

The National Highways Authority of India initiated the National Highway Development Program in 1998 to ease chronic capacity constraints by upgrading key arteries of the national highways network. The program upgraded into four lanes the following highway corridors: (i) corridor connecting the major metropolitan cities of Delhi, Mumbai, Chennai, and Kolkata—known as the golden quadrilateral; (ii) north–south corridor connecting Srinagar to Kanyakumari (4,000 km); and (iii) east–west corridor that connects Silchar to Porbandar (3,300 km). In combination with the Golden Quadrilateral network, and port connectivity highways, the North-South-East-West Corridor forms a key part of the Indian highway network, connecting many of its important manufacturing, commerce and cultural centers. As of May 2012, India has completed and placed in use some 15,800 kilometers of such 4-lane highways. The North-South-East-West project is managed by the National Highways Authority of India under the Ministry of Road Transport and Highways. This is a 4,000 kilometres corridor via National Highway 44 (Srinagar–Udhampur–Jammu–Jalandhar–Delhi–Agra–Gwalior–Jhansi–Narsinghpur–Lakhnadon–Nagpur–Hyderabad–Bengaluru–Salem–Madurai–Kanyakumari), branch road National Highway 544 (Salem–Coimbatore–Palakkad–Kochi). This is a 3,300 kilometres corridor via National Highway 27 (Porbandar–Rajkot–Samakhiali–Radhanpur–Kota–Jhansi–Kanpur–Lucknow–Ayodhya–Muzaffarpur–Darbhanga–Supaul–Purnia–Kishanganj–Galgolia–Bijni–Guwahati–Nagaon–Dabaka–Silchar).

Keywords: national highways authority, national highway development program, north-south, east-west, corridor, golden quadrilateral network

Introduction

Corridors which cut across a geographical space generate economic agglomeration, subject to location, where transportation costs and time are critical to such agglomeration^[1]. Corridors are often characterized by public good features—non-rivalry and non-excludability—though their extent could vary across services^[2]. Corridor-based infrastructure development has received worldwide attention when the Greater Mekong Sub-region (GMS) countries jointly decided to promote economic corridor for improvement and expansion of economic opportunities by linking cities and towns with urban centres^[3]. The empirical findings tell us that corridor-based development promotes further economic growth and regional development of that particular area through reducing time and cost of the transaction and also contributes to poverty reduction^[4]. Improvement in transport corridors influences production and households consumption through a reduction in transportation costs. This may generate redistribution effects among economic groups and also among regions. Corridors are multiple sets of routes connecting the economic centers within specific boundaries. It could be transport corridors, trade corridors or economic corridors. A corridor can be national (e.g. Leipzig - Frankfurt corridor, Tokyo - Osaka corridor), regional (e.g. GMS or CAREC corridors) or even international (e.g. submarine telecommunication cables or energy pipelines). While there are similarities between them, each one is distinct on its own. For example, the economic corridor approach emphasizes the integration of infrastructure improvement with economic opportunities such as trade and investment, and also includes efforts to address the social and other outcomes of increased connectivity (ADB, 2006; 2009). Trade facilitation and logistics services are the main catalysts in the development of an economic corridor. A corridor helps strengthen industrial (or, services)

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agglomeration over time through the establishment of industrial zones (or, SEZs) and facilitates the cluster-type development of enterprises. To a great extent, a corridor can be interpreted as public capital summed over transportation networks, human resources, communication facilities, energy grids, and institutional infrastructure. The North Eastern Region of India (NER) is crucial to India's growing economic and strategic partnership with Southeast and East Asia. NER is also central to India's Look East – Act East Policy and acts as a land-bridge between South and Southeast Asia. Owing to its geographical location, several national and international corridors pass through NER, either as a place of origin or place of destination.

Historically, NER was dependent on the river system for their livelihood and trade and commerce. Sea routes were the typical transportation outlets for international trade, whereas the inland waterways were the most preferred mode for inland trade. Over the time, with the growing technology and connectivity, the NER has started using the land transportation through road and railways, in place of the inland water transportation. Transportation facilitated the international trade from the NER, particularly in Assam. With the division of the Indian sub-continent in 1947, NER became isolated from the rest of India in terms of economy and connectivity and gradually surrendered to an inward-looking economic regime with fragmented transportation networks^[5].

Today, high transportation cost negates NER's advantages of having an international border. Keeping NER in focus, there is much to be desired in terms of infrastructure development and growth of trade. The NER has the potential to become an important location in India's trade and investment. Not only natural resources, the NER also enjoys greater geo-economic space over other Indian regions. As per the Census 2011, about 4 percent of India's population lives in NER, which covers about 8 percent of India's surface area. In relative terms, it is one of India's most economically laggard regions, contributing only 3 percent of the country's gross domestic product (GDP)^[6].

Moreover, the NER imports almost every consumer goods from outside the region. The absence of adequate institutional and physical infrastructure, both national and international, has slowed down the NER's growth process. About 98 percent of the NER's borders form India's international boundaries. It shares borders with South Asian countries like Bangladesh, Bhutan, and Nepal, and with Southeast and East Asian countries like Myanmar and China. It has been argued that the NER has the potential to grow faster than its current pace, provided it improves the connectivity, logistics and trade facilitation, more particularly with Bangladesh, Myanmar and other Southeast and East Asian countries such as Thailand, Malaysia, China^[9]. Development of transport corridors, which connect NER with the other states of India and the neighboring countries, can enhance both trade and connectivity. The stylized benefits of the economic corridors are manifold, and some of them, as outlined below, are assumed to be applicable in case of NER also.

Research Objectives

The current study has considered four corridors of India, namely, East-West Corridor (EWC) (part of Golden Quadrilateral project), Trilateral Highway between India, Myanmar and Thailand (TH), Kaladan multi-modal transit

transport project (KMTTP), and Bangladesh–China–India–Myanmar Economic Corridor (BCIM-EC) to assess their likely impacts on economic development on the connected areas. Among these four corridors, EWC is the existing corridor and part of the Golden Quadrilateral project initiated by the National Highways Authority of India (NHAI) under the National Highway Development Programme (NHDP) in 1998, whereas the others are corridors proposed to connect India with neighboring countries in the eastern neighborhood. Our objective is to assess the economic impact of the aforesaid corridors on Northeast Indian states. The NER has special strategic importance due to its international boundaries with Bangladesh, Bhutan, China, Myanmar, and Nepal. The aforesaid four corridors are the entry into the international market beyond the eastern borders of the country. Development of these corridors with the neighboring countries is believed to generate development, political, economic integration^[7].

In particular, this study tries to find out the role of corridors on freight movement in India with special reference to the NER based on secondary data. It attempts to see the potential of the existing freight over economic corridor and GDP with other important explanatory variables to understand the relation between GDP and the freight along with the presence of corridor. The study then aims to find out the major determinants of the freight other than GDP. It tries to make an assessment on how the current pattern of freight can stimulate the economic activities and whether the growth of GDP can increase the freight of the NER taking the corridors under consideration. Further, it makes an attempt to estimate the results of GDP with freight activity of the Indian states till 2040 and to provide the expected outcome of the freight growth due to GDP shift with respect to the presence of corridors^[8].

In a recent study, Sen (2014) examined how the economic corridors play a significant role in facilitating South Asian nations' way to the global production networks in East Asia and Southeast Asia. The study suggested that regional and national economic corridors can act as vital catalysts, coupled with complementary policies, for instance, development of clusters and relax the logistical constraints in the regions along with the corridors^[9].

ASEAN and India have been working together on a number of integration and cooperation initiatives over the years. India has undertaken several physical connectivity projects to connect ASEAN economies with India. Among these connectivity projects, two corridors, namely, Trilateral Highway and Kaladan MTTP, are under implementation. These corridors, once completed, are likely to facilitate new economic activities in the India-ASEAN region in general and NER in particular (AIC-RIS, 2015). However, none of the studies analyzed the economic impact of the proposed corridors on Indian states. This study is, therefore, aimed to narrow the gap in the literature^[10].

Conclusion

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out the major Assessing Economic Impacts of Connectivity Corridors 21 determinants of the freight other than GDP. It tries to make an assessment on how the current pattern of freight can stimulate the economic activities, and, whether GDP growth can increase the freight of the NER taking the corridors under consideration. In this study, another objective is to assess the development impact of the aforesaid corridors on Northeast Indian states. The NER has special strategic importance due to its international boundaries with Bangladesh, Bhutan, China, Myanmar and Nepal. Findings of this study may then help understanding the economic benefits that the aforesaid four corridors may bring to the region.

References

1. Refer, Weber, Isard, Krugman, to mention a few 1929, 1956, 1991.
2. Refer, Rimmer. For a detailed discussion on corridors in Asia-Pacific region 2014.
3. A detailed discussion is available at several seminal publications of Asian Development Bank (ADB). Refer, for example, ADB 2004.
4. See, for example, ADB 2008.
5. Refer, the commentary of De and Majumdar), Das, Brunner 2014, 2005, 2008, 2010.
6. GDP and GSDP are taken at current price for the year, sourced from CSO 2011-12.
7. This is a popular reflection in media in the region. Most of the commentaries indicate economic gains outweigh costs.
8. Assessing Economic Impacts of Connectivity Corridors_Report-2018.
9. Ibid.
10. Ibid.