

R45-2017

M. Mayilvaganan



# BUILDING BRIDGES: POTENTIAL AND POLICY RECOMMENDATIONS FOR ENHANCING INDIA-MYANMAR TIES

MEASURES TO REDEFINE INDIA'S IMAGE, ROLE AND  
POLICY PRIORITIES



International Strategic and Security Studies Programme

**NATIONAL INSTITUTE OF ADVANCED STUDIES**

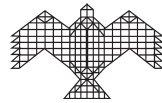
Bengaluru, India



# **BUILDING BRIDGES: POTENTIAL AND POLICY RECOMMENDATIONS FOR ENHANCING INDIA-MYANMAR TIES**

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Policy Priorities

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**International Strategic & Security Studies Programme (ISSSP)**  
**NATIONAL INSTITUTE OF ADVANCED STUDIES**  
*Bangalore*

*2017*

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**Published by**

National Institute of Advanced Studies  
Indian Institute of Science Campus  
Bengaluru - 560 012, INDIA  
Tel: +91-80-2218 5000; Fax: +91-80-2218 5028  
E-mail: admin@nias.iisc.ernet.in

NIAS Report: R45-2017

ISBN: 978-93-83566-24-2

**Typeset & Printed by**

Aditi Enterprises  
Bengaluru - 560 023  
Ph.: 080-2310 7302  
E-mail: aditiprints@gmail.com

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# I. INTRODUCTION

Located on India's eastern periphery Myanmar is an important neighbour serving the country's security and economic interests. Additionally, it is a 'doorway' that not only includes land and sea bridges to the North East region but also provides access to the various countries of continental Southeast Asia. It is therefore a country of great importance that has a key role in the development of India's North East region. The prospects of improved relationship with Myanmar have brightened considerably since 2011. After five decades of military rule, Myanmar has moved ahead with significant political and economic transformations. Particularly, the victory of the National League for Democracy (NLD) in the November 8, 2015 general elections and the formation of the government at Nay Pyi Taw in March 2016 have created new conditions that show great promise.

The loud and clear signal from Myanmar that they are amenable and ready to do business with the world has intensified competition among regional powers via the foreign investment route to exercise their influence over it. Myanmar's geopolitically strategic location, its abundant natural resources that include oil, gas, raw materials and gemstones, along with a young work force have attracted the attention of regional and outside powers. There is a surge in the number of international companies and countries that want to do business in Myanmar today. These developments have reinforced India's commitment to improve relations with this important neighbour.

Even though, India shares strong cultural, ethnic, historical and economic linkages with Myanmar and is seen as a friendly neighbour there has been a history of troubled ties between the two countries for more than four decades. The events since the 1962 military coup in Myanmar affected India's position and long standing relations with the Nay Pyi Taw. Both sides could not do much to improve their diplomatic, economic, and security ties till late 2000s. One reason for this state of affairs could be because of the inward looking and closed strategic choices and policy approaches adopted by both countries.

The "Look East Policy" (LEP) of India brought some changes in the bilateral relationship. The number of high-level political visits between countries increased and there was some progress on the economic front. More recently the Indian government under Prime Minister Narendra Modi has signalled an 'Act East Policy' (AEP) and a "neighbourhood first policy" that provide a much needed momentum for strengthening India's connections with Myanmar.

In spite of tangible progress in last one decade, New Delhi seems to be way behind compare to other powers including Thailand and Singapore in terms of making significant inroads into Myanmar. Though India is engaged with the Myanmar and has taken up some investment and infrastructure activities, relationships between the two countries still remain well below their true potential. Inadequate infrastructure and connectivity between India and Myanmar coupled

with lack of greater understanding and sensitivity in India to Myanmar's needs and concerns and Myanmar's pro-China approach overlooking Myanmar for a decade or more despite the LEP till the late 2000s and the consequent low volume of trade relations are apparently some of factors for this stalemate.

With a democratically elected government under President U Htin Kyaw of the NLD in power the scope of India forging lasting ties and building bridges with Myanmar has widened considerably compare to earlier regimes. New Delhi can now secure greater advantages by scaling up its engagement with Myanmar since it is looking to widen its engagements with all its neighbours in a bid to gain economic and political mileage for the country's development. Under the prevailing conditions of some lingering local opposition to Chinese projects and its dominance and Myanmar's desire for peace and development, a stronger relationship with India would serve Myanmar's interests. The perceptions of India as a non-aggressive, non-hostile country and as the land of Lord Buddha are some other reasons for being optimistic about stronger India Myanmar relations.

India needs to promptly take advantage of today's Myanmar which has given India a reasonable opportunity to strengthen its existing ties and to further scale up the strategic partnership to a new significantly higher level. Importantly, New Delhi needs to display its preferences, seriousness, and greater empathy for meeting the genuine development needs of Myanmar.

More essentially, India needs to improve its understanding of Myanmar from a socio-cultural point of view. Once India has an understanding of the mindset and the psyche of the people of Myanmar it would help India and Indian corporate groups to adapt and modify their approach for meeting local needs. These improved perceptions of Myanmar's aspirations, and requirements along with Myanmar's perception about India would aid in better policy formulation. Similarly, Myanmar too needs to understand India's sensitivities, interests and concerns which would in turn aid in scaling up its ties with India.

This report outlines the rationale for fostering robust ties with Myanmar and choosing a particular policy course of action in the current geopolitical scenario. In particular, this report focuses on the importance of Myanmar to India, Myanmar's perception of India, the development requirements of a fast changing Myanmar and finally what India can offer to them. The analysis was an outcome of a study undertaken by the International Strategic and Security Studies Programme (ISSSP) of the National Institute of Advanced Studies (NIAS) with the support of the Defence Research and Development Organisation (DRDO).

The key recommendations are detailed in this report. These may help Indian policy makers to better formulate and fine tune our policies towards Myanmar in order to realize the country's larger political, economic and strategic goals.



## II. WHY MYANMAR MATTERS FOR US?

Myanmar shares a 1600 km plus long land border, with four of India's north-eastern states Arunachal Pradesh, Nagaland, Manipur and Mizoram, are geographically contiguous to Myanmar. The common strategic waters of Bay of Bengal are also very critical for India strategic, security and development needs.

The security and prosperity of India's Northeast region depends more on its common borders with neighbouring countries including Myanmar than on mainland India. Greater cooperation between India and Myanmar is essential for the betterment of this landlocked region, particularly, it is important for states like Manipur that is geographically almost at the doorstep of Myanmar. Improving connectivity, trade and investment with neighbouring Myanmar may offer India alternate cost effective ways to connect India's northeast with mainland India.

There is huge potential for augmenting the linkage to the North-East through increasing maritime connectivity between ports on India's eastern coast and Myanmar's south western coast. Myanmar's ports could significantly shorten the distance to several of India's north-eastern states. The proposed Kaladan Multimodal Transit Transport project is one such initiative. Many more such projects could be considered as a part of the development of the North-East apart from completing the committed project speedily.

A friendly and cooperative Myanmar would help India in checking insurgency along porous borders through more effective cross border security. This could usher in stability in India's Northeast. Myanmar could also help India in dealing with non-military challenges such as drug, trafficking which are either sourced from or routed through Myanmar. Since this helps both insurgents and criminal groups to thrive such an approach could be of great benefit to both countries.

A third reason for improved relations is, the presence of large population of about 2.5 million Indian origin people, (about 5% of Myanmar's total population), in Myanmar. The Indian community in Myanmar could be crucial for the realization of India's East Asian dream especially the AEP. Such enhanced ties will greatly support India's strategic interest and improve its standing in Myanmar. It will also pave the way for meaningful economic and political consolidation of Myanmar resulting in a win-win situation for both countries. But given the historical experience India should be cautious of not to prompt the Myanmar of the past bitterness between the two.

Bolstering infrastructure and connectivity to Myanmar could improve trade and greatly facilitate India's continued economic growth. Also improved and mutually beneficial ties with Myanmar will provide India a solid base for accessing both needed resources and Southeast Asian markets.

Though India's northeast possesses a lot of hydropower and other natural resources, making use of them to power economic growth, and development is fraught with a number of internal problems that include ethnic strife. Hence, if India can harness some of Myanmar's resources especially its energy resources they could offer viable alternative sources of supply to the North East India and the country in general.

A sixth reason why Myanmar is important is because it is a key player for preserving peace and stability in the Bay of Bengal. India's strategic, economic as well as security interests are inextricably intertwined with this expanse of the oceans. As the major global and regional rising powers including China play out their different versions of the Great Game safeguarding Indian interests would require closer and improved ties with Myanmar.

China's Maritime Silk Route and Japan's Bay of Bengal Industrial Growth Belt (BIG-B) are concrete manifestations of how the bigger powers view the Bay of Bengal. The strategic importance of the Bay of Bengal is increasing and the power play here will inevitably reshape the dynamics of the region. To protect Indian interests India needs to make sure that Myanmar is sensitive to Indian needs. Establishing mutually dependent relationships in key areas would facilitate the building of trust and help in strengthening India's position as the dominant power in the Bay and in the Indian Ocean Region.

The estimated economic potential of untapped natural resources<sup>1</sup> that the Bay offers that includes Myanmar adds a whole new dimension to the importance of Myanmar. Strengthening ties with Myanmar will also ensure the stability and safety of the Ocean's SLOCs that is so vital for India's continued economic growth.

These economic and geopolitical reasons demonstrate why Myanmar is important for India.

An improved understanding of the new and significant opportunities in today's Myanmar would help India move ahead rapidly in improving its ties with Myanmar. It cannot afford to be left behind in this ongoing competition for power and influence over an important neighbour. It is the time for the New Delhi to up-grade its ties to the level of a special and privileged strategic partnership.

Despite the Indian policy makers/government officials' hard work to build our relationship over the years with Nay Pyi Taw, perhaps, what is needed now is the political will to act and quickly complete all projects that are already approved. In parallel, Myanmar's aspirations and needs can be linked to Indian capabilities and interests, the strategic task of building bridges with Myanmar may serve India's interests better.

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<sup>1</sup> According to the 2011 British Petroleum (BP) Statistical Review of World Energy, approximately 100 trillion cubic feet, or approximately 1% of the world's total unexploited oil and gas reserves are estimated in Bay of Bengal region.

### III. HOW DOES MYANMAR PERCEIVE INDIA

Myanmar regards India as a “friendly” country and many in Myanmar particularly in the western region (bordering India) and centre (Bamar dominated region) cherish the shared values and cultures between the two nations. In fact, they profoundly appreciate the Indian culture and the greatness of the leaders like Mahatma Gandhi.

However, a considerable section of the Myanmar elites think that India is not as ‘strong,’ and ‘assertive’ as China or Japan and cannot be ‘of much help’ for Myanmar’s development. The lack of ‘proactiveness,’ or ‘swiftness’ in enhancing the engagement and the ‘sluggishness’ in delivery of the committed projects at a stated time are considered to be negative factors affecting India’s image.<sup>2</sup> Ironically, even Indian democracy is not viewed positively as a ‘model democracy’ by many. Instead it is seen as a ‘messy democracy.’<sup>3</sup>

Myanmar also believes that countries such as China, Japan and Vietnam are investing heavily in Myanmar whereas capital inflows from India are not commensurate with its stated ‘Look East’ or ‘Act East Policy’ in which Myanmar figures prominently. Understandably, this has led to dwindling faith on India and in turn increases the prospects for countries like China, Thailand and others to extend their power and influence over Myanmar.

Similarly, the ethnic minorities in the periphery like the Rohingyas were quite vocal in their criticism of the Indian government for not supporting their case when they faced “injustice and oppression” at Myanmar.<sup>4</sup>

Interestingly, though people-to-people contact on both sides have intensified rapidly in recent years people on either side still know very little of each other. The relationships are confined to day to day economic and social interaction. Western Myanmar knows very little about India. Equally Indians too apparently knows very little about Myanmar. For a sustained relationship between the people on either side this situation should change.

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<sup>2</sup> There is a perception that Indian companies come there for “window shopping” alone” and not serious in expanding their business. As a result, Myanmar seems “unhappy with Indian companies” and their way of business. Evidently, though many Indian companies go to Myanmar, there is not much investment taking place from India as compared to companies that come from Japan, South Korea, etc. The displeasure expressed by Ye Htut, Union Minister of Information and spokesperson for the President in 2014 seems to validate the negative perceptions of the Myanmar elites on India. Refer Nayanima Basu, “Myanmar unhappy with India’s ‘window shopping’ attitude,” *Business Standard*, August 27, 2014 at [http://www.business-standard.com/article/economy-policy/myanmar-unhappy-with-india-s-window-shopping-attitude-114082700022\\_1.html](http://www.business-standard.com/article/economy-policy/myanmar-unhappy-with-india-s-window-shopping-attitude-114082700022_1.html)

<sup>3</sup> These views are based on author’s interaction with the academician and policy makers in Myanmar at Yangon, Nay Pyi Taw and Mandalay, December 2015.

<sup>4</sup> These views are based on author’s observation during field visit to Myanmar, December 2015.

Incidentally India does not figure prominently in the Myanmar media too. The coverage of India as compared to the coverage obtained by China and Thailand is not very good.<sup>5</sup> Apparently India is not doing much to use its soft power for changing this situation. Except for some pockets of influence in the central and western Myanmar including Yangon and Mandalay areas, India’s reach in other areas is negligible.

In short:

India’s image in Myanmar at an aggregate level can be considered to be above average. it ranges from good to negative spanning the spectrum from one section (pro-military) upset with India siding with the West on Human Rights in 1990s whereas others (pro-democracy) viewed India sided with the military regime, to the ethnic minorities in the periphery who censure India for not supporting them against the Military junta “oppression”.

<b>Myanmar’s (Ethnic Groups) Perception about India <sup>6</sup></b>				
<i>Ethnic Groups</i>	<i>Positive</i>	<i>Negative</i>	<i>Strength</i>	<i>Weakness</i>
<b>Bamar</b>	Cherish Religious, Cultural and Historical links, Land of Lord Buddha and Mahatma Gandhi	One section (pro-military) were upset with India siding with the West on Human Rights in 1990s whereas few others (pro-democracy) viewed India sided with the military regime.	Information Technology, Affordable Healthcare, Education	Messy Democracy, Lack of Commitment, Vigour and Smartness
<b>Chin and Sagaing</b>	Ethnic, Cultural and Historical Links	Not standing with them on oppression during military junta rule	Affordable Healthcare, First-class Education, Democracy	Apathy and Sluggish player
Rakhine, particularly <b>Rohingyas</b>	Religious and Historical Links	New Delhi’s silence and lack of sympathy for their plight	Regional Power with multicultural and secular ethos	No Idea
Other Minorities in the eastern periphery like Shan, Mon etc.	Religious Links	No Idea	No Idea	No Idea

<sup>5</sup> This inference is based on the content analysis of Myanmar media, particularly English newspapers like Myanmar Times and The New Light of Myanmar for three months from September to November 2015.

<sup>6</sup> These are Inferences based on the Author’s interaction with the people of Myanmar at Yangon, Nay Pyi Taw, Mandalay, Tamu. It also includes email exchanges with scholars/journalist of various Myanmar ethnic groups based in t India and Thailand during December 2015. Since the size of sample is small (about 52) and confined to only a few regions/places due to lack of time and financial support one can consider these as indicative trends.

## IV. MYANMAR'S ASPIRATION

Understandably, Myanmar as a state aspires to be a developed country like Singapore and a lead player in the region.<sup>7</sup> In fact, they desire to be the hub of ASEAN and not just the gateway to either their Western neighbours like India to Southeast Asia or to western neighbours like Thailand, Malaysia, and Singapore to South Asia. They feel that because of internal complexities and turmoil's Myanmar has been pushed to the status of a pariah state in the region.

To achieve its aim, the Nay Pyi Taw is looking to utilize the two natural endowments that the country is blessed with. First, its unique geographic advantage and strategic location in the region, midway between South Asia and East Asia makes it a gateway for linking countries. As Thant Myint-U (former United Nations official and a reputed author) said, Myanmar is where "China meets India". Myanmar is therefore logically looking to derive the maximum advantage from its strategic location between these two emerging giants. They believe Myanmar is the essential link for powering China's maritime and energy ambitions and India's AEP. Apparently, the policy makers have understood that Myanmar is filled with promise and opportunity for these emerging powers.

The second natural endowment that Myanmar hopes to capitalise on is its abundant natural resources that provide great potential for growth and development. The untapped agricultural potential, the availability of hydropower, oil, gas and precious stones are magnets that attract foreign players and direct investment. Keeping this in mind, Myanmar has rapidly moved ahead with auctioning some of its identified offshore and onshore blocks. It has also awarded many hydropower projects to countries like China, Thailand, South Korea, and Japan. Myanmar—the land of Buddhist pagodas—has sensed the great potential of tourism and is planning to take advantage of it for pushing economic development.

Since 2010, the development of infrastructure and economic development are the top priority of Myanmar. Constant power supply, stable telecoms services, widespread transport coverage and providing financial services would ease the burden on the foreign investor for ensuring smooth daily operations. Thus, continuing economic and political reforms is the main agenda of Myanmar.

In addition, the Myanmar aspires to manage the ethnic conflicts internally since this is a major irritant for countries investing in Myanmar. The negotiations with ethnic armed groups is using economic and business incentives, both within and outside of ceasefires, to convince minority ethnic armed groups of their development and larger nation development intentions. There seems to be growing awareness that only an all inclusive of Myanmar that encompasses all of its ethnic minorities and diversity can contribute to national development.

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<sup>7</sup> Based on the Author's observation and interaction with the Myanmar political party representatives, academicians and industrialist/corporate.

In particular, the NLD that formed the new government at Nay Pyi Taw with the motto of ‘Time to Change’ has stated its aspiration in their manifesto roadmap to democracy. Strengthening democracy, promoting national reconciliation and guaranteeing human freedom are some of the acknowledged objectives of the party.

Tatmadaw, the Myanmar military on its part intends to enhance its air power and sea denial and sea control capabilities. They seem to have accepted the need for transforming themselves from a counter insurgency force into a conventional one to take care of future external threats.

As far as the common people are concerned, the majority Bamar community’s aspirations are divided based on their affiliation and political ideology. The current and ex-military personnel who were dominating the Union government till late 2015 and hold substantial controls over the state wish to continue with their measured and controlled approach towards social and political liberation. The supporters of Aung San Suu Kyi and her NLD party aspire for rapid progress and democratisation of the country without military interference.

The minorities in the periphery—Kachin, Kayin, Chin and Shan—aspire to secure a fair distribution of the gains generated from the extraction of natural resources and large industrial projects undertaken by the central government and foreign investors in their states. Currently they believe they do not benefit from the wealth generated from their land, and yet have to endure the negative impacts resulting from large scale projects.

The ethnic minorities also desire to have a fair say in the country’s political and economic policy and decision-making. The development of their region, proper rehabilitation and resettlement of the affected population and recognition of their social and cultural rights are other major aspiration of the minorities.

The ethnic minorities in Sagaing and Chin along the Indian border want a vibrant and restriction-free border trade that is facilitated by formal mechanisms. The border towns on the Myanmar side of the border used to be relatively underdeveloped in terms of infrastructure. Today Myanmar with a large influx of Indians wishing to purchase cheaper Chinese goods in their border town of Tamu has undergone a major transformation from a sleepy rural town to major trading centre comparable to Moreh on the Indian side. A direct bus service between Imphal and Mandalay with better roads is one of their desires.

<b>Myanmar’s Major Aspirations</b>
<ul style="list-style-type: none"> <li>● To be a lead player in the region (ASEAN)</li> <li>● Rapid Economic and Infrastructure Development (by 2030)</li> <li>● To enhance Technological Capabilities</li> <li>● Augment country’s air power, sea denial and sea control capabilities</li> <li>● Achieve Peace and Stability</li> </ul>

## V. WHAT DOES MYANMAR WANT FROM INDIA?

While a strategic partnership with India might still be some distance away, Myanmar's interest in India has been expanding fast, with a focus on the issues such as education, agriculture, science and technology, and defence. Myanmar therefore has an abiding interest in receiving greater support for its development agenda from India.

From a political perspective, Myanmar's aims are two-fold. First of all, it takes every opportunity to assert that Myanmar 'has become a new market and the hope of Asia' and is expecting all the neighbours including India to treat them as equals and with dignity. The second aim is to engage more efficiently with India. Myanmar expects the friendly neighbour India to take advantage of the local reforms and become an integral part of its socio-economic development. Such an approach will create a good environment for overall bilateral development and a sustainable relationship.

From an economic viewpoint, Myanmar seeks India's support in sectors such as agriculture, forestry, dairy, livestock, education, healthcare, energy, and infrastructure development. In particular, given India's experience and achievements in dairy and agriculture sectors Myanmar expects India to support them in modernising and developing these areas.

Similarly, given India's standing as a leading provider of affordable health care in the region, Myanmar expects India to help them set up affordable healthcare systems that include hospitals, training medical professionals and establishing a pharmaceutical industry. Interestingly, alternative medical systems such as Ayurveda and Unani are gaining popularity in Myanmar. They also expect India to share its expertise in telemedicine, health and medical research, vaccine technology, marine science and biosciences, disaster management training, management of the hospitality industry, renewable energy, rural electrification, meteorology, and space science.

They are also interested in India's low cost housing technology, similar to the one developed by the IITs using wood and bamboo.

Apart from the above listing, Myanmar wants large investments and ventures from India besides seeking low cost direct transportation between the two countries with a simplified visa process. The people of Myanmar would also like to have greater interaction between the two countries, particularly at a people to people level that would facilitate a greater understanding between the two countries.

In terms of defence, Myanmar, which was dependent almost completely on foreign military sources, particularly from Beijing for its military modernisation programme since 1988, expects

India to help them to enhance their air power, sea denial and sea control capabilities. Nay Pyi Taw is very keen on modernising its naval wing and is therefore interested in procuring defence hardware from India.<sup>8</sup> These include Offshore patrol vessels (OPV), Mine countermeasures vessels (MCMV), Light Combat Aircraft, Amphibious Floating Bridge & Ferry Systems, Mine Clearing Equipment, Surveillance Radars, Maritime surveillance aircraft, Helicopters like Lancer, Cheetak, High speed interceptor boats, Torpedoes, Sonar systems, Decoy and fire control systems, High speed interceptor boats, Bullet proof jackets and helmets, UAVs, advanced infantry combat vehicles, communication and Inmarsat terminals.

Ultimately in defence sector Myanmar seems to be interested in securing India’s support in capacity building of its naval personnel in order to equip them to safeguard and ensure their maritime security.

<b>Myanmar’s Major Expectations from India</b>
<ul style="list-style-type: none"> <li>• Treat us Equal and with Dignity</li> <li>• Engage More Regularly and Efficiently</li> <li>• Support in the sectors such as Agriculture, Forestry, Diary, Livestock, Education, Affordable Healthcare Systems, Energy, and Infrastructure Development</li> <li>• Share expertise In Telemedicine, Health And Medical Research, Vaccine Technology, Marine Science And Biosciences, Disaster Management Training, Management of The Hospitality Industry, Renewable Energy, Rural Electrification, Meteorology, And Space Science</li> <li>• Low Cost Housing Technology</li> <li>• Low Cost and Direct Transportation</li> <li>• Assistance for Military Modernisation</li> </ul>

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<sup>8</sup> Based on the author’s discussion with Defence analyst in India and Members of Parliament belong to the USDP, NLD and academicians in Myanmar, December 2015 Also based on the news report and statement appeared in the media, both Indian and Myanmar media.



## VI. WHAT INDIA NEEDS TO DO AND CAN OFFER TO MYANMAR?

In view of Myanmar's overwhelming interest in establishing a close partnership with India, New Delhi should make use of its inherent geographical and socio-cultural advantages in expanding ties with Myanmar so as to be able to exert influence over Myanmar. First of all, it needs to understand the emerging internal dynamics since 2011 and the aspirations of different sections of Myanmar. Based on this understanding it can work out a detailed strategy for improving ties that could be the cornerstone for an improved strategically driven relationship. Given India's Buddhist links and the century's old Indo-Myanmar cultural ties, New Delhi should scale up its ties with the key power nodes within Myanmar society consistently.

Many Indians, have very little or almost no knowledge about Myanmar apart from knowing it as Burma a country with a large number of Buddhists. Indian school text books on history and geography too have little information about Myanmar. The Indian media also do not have a major presence in Myanmar. Hence, Indian government may educate its citizens about the neighbouring countries including Myanmar and our historical, cultural and civilization linkages through broader coverage in media, school curriculum, and promotional events.

There is a multitude of ways in which India can boost its image and influence in Myanmar. India first of all needs to create a visible, demonstrable and sincere interest in building close ties with Nay Pyi Taw. Secondly, New Delhi require to cultivate local constituencies through substantial charity works such as aiding Buddhist Sanghas, donating to Vihara, rebuilding and supporting education institutes, providing affordable health related services, etc. Most importantly India needs to formulate a feasible strategy that takes into account of its national interest and local conditions at Myanmar backed by hard political leadership. The continuing constant presence and the consistency in the engagement are the two key factors that would help India in building trust among the locals. Such trust in turn would contribute to India's political and diplomatic success and the success of Indian companies in Myanmar.

More importantly, India needs to support Myanmar's development goals by aiding and taking up projects related to education, health, infrastructure, etc. in a timely manner. This would significantly strengthen India's status within Myanmar. With India embracing an AEP there is a favourable strategic environment today for strategic bilateral cooperation with Myanmar. Initially New Delhi can focus on the identified seven sectors - education, agriculture, health, institution/ capacity-building, connectivity, science and technology and defence.

In the education sector, the Indian government has taken some major initiatives, including the establishment of Language Laboratories and Resource Centres, such as the Myanmar Institute of Information Technology, the Agricultural Research and Educational Centre, and the

India-Myanmar Centre for Enhancement of IT Skills. In spite of these initiatives the evidence suggests that only a few Myanmar students, if any, attended Indian universities/educational institutes. The Indian government, as well as private educational institutions, should offer more seats and scholarship to Myanmar students through exchange programs in order to attract additional students from Myanmar. In addition, the government and the private sector could offer vocational training to the people of Myanmar.

Agriculture, dairy and forestry are another important sector where India can make a big impact. India can support Myanmar in establishing modern rice mills, storage facilities and farm-to-market roads. These initiatives would not only ensure high-quality milled rice for export at premium prices but also lower transportation costs for the produce of local farmers. There are also opportunities in the areas of frozen foods and condiments for export both to the international market as well as to India. India could consider leasing out acres of arable land in Myanmar and then import the produced agricultural products back to India. Such measures, if carried out on a large enough scale could also help preserve India's ground water resources and reduce demand for electricity.

With its mastery over the hugely successful System of Rice Intensification(SRI)—that is being implemented across India, especially in Assam and Bihar, India would offer its expertise to Myanmar's small land holders to produce better yields with lower input costs that use less water and less fertiliser.

India could also invest in service industries such as hybrid seed sector, biotechnology, fertilizers, pesticides, agri-machinery, irrigation, food processing value-added food products apart from research and development. Since fertilizer prices are high in Myanmar, India could export cheaper fertilizers to Myanmar. India could also consider converting available domestic Myanmar gas into LNG and invest in making fertilisers.

Along similar lines India could open up its medical tourism facilities. Myanmar considers India as the only country in the region that has the best and most affordable health care system. Given geographical proximity and economic calculations the local Myanmar people prefer to come to India rather than go to Singapore, the current most favoured destination for medical treatment. In addition India can help Myanmar establish hospitals and pharmaceutical companies and facilitate the reach of alternative systems of medicine such as Ayurveda and Unani which are gaining popularity among the people of Myanmar.

India could also assist Myanmar in institution/capacity-building. This can be done in a number of ways. The Indian government should regularly invite Myanmar politicians to observe Indian parliamentary proceedings besides, permitting them to interact with academics and scholars at Indian university and think tanks. The bureaucrats of Myanmar can be offered a short courses

and training programmes on public administration and the theory and practice of democracy combined with a visit to Buddhist pilgrimage places. The academics of Myanmar can be offered more opportunity through the Indian embassy there to attend the seminars conferences, courses and visits to India. The Indian government should increase donations to university and school libraries which would help to create visibility and knowledge about India.

Improving the connectivity via people-to-people contacts is another essential element for improving bilateral relations. Not only do India and Myanmar have a shared border, but also share the same ethnic communities. Examples are the Kachin, the Kuki, the Naga and the Shan, who live side by side along the India-Myanmar border. Importantly, bus services between Imphal and Mandalay are essential. Though originally planned to start in 2012-2013, the bus service was launched only on December 9, 2015 (by the Manipur Chief Minister Okram Ibobi Singh) but paradoxically the service it not continue after a trial run.

Similarly, a regular flight service between Myanmar and India, connecting Imphal, Chennai, Bangalore and Mumbai is badly needed. Though weekly direct Air India flights on the Kolkata-Yangon route and Golden Myanma charter flights to India were launched in November 2014, the connectivity between the two countries still remains very poor. People of both the countries largely depend on third country airlines like Thai airlines and pass through several transits for their visit. Myanmar for its part needs to implement measures and policies that would enhance bilateral ties. Its mission in India has to become more open and accessible to Indians.

Reliable road links, bus and train services, and the introduction of visa-on-arrival facilities at the border are also essential for the improving India's ties with Myanmar.

Stepping up scientific cooperation between India and Myanmar would also have special significance. Myanmar's capacities in terms of technology absorption for its industrial and military development may be more commensurate with Indian capabilities than the capabilities of the more advanced countries like Japan, the US, etc. India is well placed to fill this slot and assist in the development of Myanmar's industrial and economic infrastructure.

What Myanmar needs is an intermediate level of technology. There is great opportunity for India in areas like sustainable technology, information technology, mobile based technology, affordable health technology, and space related technology. Technologies related to Dengue Control, Water Purification, Agro and Food Processing & Packaging, Water Treatment, Waste Management, Telemedicine, etc. have high potential for sharing or export to Myanmar.

India could help Nay Pyi Taw to achieve its "ultimate aim" of having their individual national satellite by offering them technological assistance in building and launching their satellite at a 'friendly' price.

In addition, India can consider providing a set of Client Terminal hardware with software for the use of academic institutes like Technological Universities in Myanmar. These terminals could access, download, use and distribute data from Indian satellites for academic and research purpose. India could also make available the Gagan Navigation System to Myanmar along with help them to train their air traffic control system personnel.

India could also think of extending cooperation in the development of civilian peaceful nuclear programme with a focus on power generation. Even though a Nuclear Myanmar is not in India’s interest, understandably there is no harm if Myanmar pursues its civil nuclear programme under IAEA safeguards.

Apart from the above, India also has opportunities in the construction of warehouses and terminal facilities at ports, the operation and management of SEZs, and affordable housing projects. Indian low cost housing technology using glass fibre reinforced gypsum developed by IIT Chennai and low cost house made up of wood may be appropriate. Customised, cost-effective waste management systems, clean water supply, establishing budget hotels and service apartments are other areas.

Finally as one of the largest manufactures of wind sets, solar PV modules, and solar thermal systems, India can assist Myanmar in the energy sector. For example, the advanced class gas turbines that are developed by BHEL are highly relevant in the renewable energy sector which can be exported. Indian expertise resident in the Bureau of Energy Efficiency and e the Ministry of New & Renewable Energy can be harnessed to foster Indian ties with Myanmar.

<b>Technologies that India can export or share with Myanmar</b>
<ul style="list-style-type: none"> <li>• Technology related to sustainability such as renewable energy</li> <li>• Agriculture technology such as post harvest technology, sustainable farming, organic farming, bio-fertilizers, soil management, weed control &amp; productivity improvement and health management of livestock</li> <li>• Medical biotechnology, Vaccine technology</li> <li>• Transportation/ automotive technology – tractors, compact affordable four wheelers, air conditioners passenger transport vehicles, railway signalling technology</li> <li>• Application based information technology</li> <li>• Space technology particularly civilian applications</li> </ul>

As far as the defence sector is concerned, India can initiate the following measures with Myanmar:

1. Regular Security and defence dialogues at the level of Defence Secretary or National Security Advisor; and then at the commander level.  
The interaction could facilitate both adequate understanding and assessment of situation in the border and would aid in promoting bilateral relations to a more pragmatic and consistent level.
2. Defence technology cooperation
3. Cooperation in the Indian Ocean;
4. Naval exercises and training;
5. Humanitarian and disaster relief/search and rescue;
6. Maritime piracy; Maritime border protection and maritime domain awareness;
7. Cooperation between other military services;

More importantly,

1. Military training facilities in India that includes both combat and technical training can be opened up in a big way for training of Myanmar Armed Forces personnel.
2. India should upgrade Myanmar's Air Force and Navy military hardware by rendering all technical assistance. Myanmar's Air Force and Navy have mostly Russian origin hardware, which is operationally limited due to lack of spares and advanced repairs and maintenance. Hence, India is well placed to assist Myanmar particularly in naval modernisation.
3. India has a sizeable defence production infrastructure. With domestic naval manufacturing where at least 39 vessels including frigates are home grown, six diesel-powered submarines are under construction and an aircraft carrier is being designed in Cochin, India can provide some more patrol boats and equipment to Myanmar. But it should be sustained and nurtured.
4. Also India can consider of selling Electronic Warfare Systems, UAVs, GIS based solutions, Surveillance and Reconnaissance systems, Missiles, helicopters, ammunitions, bullet proof jackets and helmets, armouring solutions, software, Software Defined Radio (SDR), mine proof and other armoured vehicles, radars and many other such products that would be required by Myanmar.
5. India may provide such indigenously produced equipment at 'friendship prices' or even as aid particularly the naval patrol vessels.
6. Naval exercises between Indian Navy and Myanmar Navy as also between the coast guards of both countries should be conducted at regular intervals.
7. India can assist in development of indigenous defence production infrastructure in Myanmar with the assurance from the latter for long term partnership and assured orders.

8. Through the use of incentives and the provision of long-term guarantees on investments, India can encourage private players like Tatas, Mahindras, Bajaj and TVS to crack open the civilian market for their products since the two-wheeler market potential is huge and set to record rapid growth. Of course the economic viability is the key in this regard.
9. India can consider providing light aircraft to Myanmar which they desire.
10. An institutionalised framework for regular discussions between the Indian and Myanmar Defence Ministers and the Service Chiefs is needed. Such discussions should include the sharing of strategic threat perceptions and intelligence.
11. Setting up suitable institutionalized mechanism for sharing intelligence and strengthening the border management systems needs To be pursued
12. Cooperation in and technology capacity building for HADR operation, search and rescue of fishermen and coordinated patrolling of respective EEZ can be initiated.
13. Regular joint jungle warfare exercises can be considered as a part of the cooperative effort.
14. Other areas where in both countries can probably collaborate are on maintenance of Soviet Era Platforms that Myanmar possesses.
15. Defence technology particularly related to naval forces is an area where Myanmar is in need of Maritime Surveillance Aircraft, Deck-Based Air-Defence Guns, sonar and navigation systems.

However, India should avoid sharing or selling arms that was originally imported by it from other countries and that are outdated. Through this way India can avoid some of the embarrassment that it faced few years ago (around 2012-13) when Swedish Carl Gustaf M-3 anti-tank rifles and related ammunition that was originally exported to India ended up in the hands of the KIA via the Myanmar Army. A more cautious military assistance process can avert such embarrassment and preclude the creation of an image that India is a country that sells its old and unwanted items to other countries.

With the ongoing rapid pace of policy reforms in India, there is a positive business sentiment within the country as well as overseas. Given the complexities of defence technologies and manufacturing, it is imperative for the Government of India to explore and encourage co-development and co-production arrangements with various friendly foreign countries including Myanmar and their companies for their access to some of the more advanced technologies.

India can deliver the technologies that are developed by DRDO for commercialisation to Myanmar, particularly the products that are commercially available for public under DRDO-FICCI Accelerated Technology Assessment and Commercialization (ATAC) programme. The following technologies and products are appropriate for Myanmar. These can be useful for both civilian and service use. They are:

1. Food Technology like Omega-3 rich bar, Performance Enhancement Drink, Instant Rice, etc.
2. Social Impact Technologies like Acoustic Life Detector (Sanjeevani), Multi-Purpose Foldable Cot, and Herbal Mosquito Repellent Vaporizer, etc.
3. Engineering Technologies like Remotely Operated Vehicle (ROV)/ Unmanned Ground Vehicle (UGV) and Hydraulic and Lube Filters (flight control), etc.
4. Material based technology such as Arsenic Removal Water Filter and Bioremediation of Oil in Marine Environment, etc.
5. Communication/security surveillance Technology likes Explosive Detection Kit (EDK) and Short Range Surveillance Radar, etc.
6. Medicine/ Health Science Technology like Chikungunya IgM Elisa Detection Kit and Dengue/ H1N1 detection kit, etc.

Given the general perception among the common people and the Myanmar elite that Indian products are better than Chinese ones in terms of quality and value, along with an increasing desire to procure Indian products and technology, DRDO and other government agencies apart from private companies should make use of the existing opportunity at Myanmar.

These measures and defence cooperation with Myanmar would aid Indian military to establish robust security mechanisms for land borders with Myanmar that would address the North East insurgencies and prevent instability in contiguous areas. Besides, it would help in countering transnational crimes including drug smuggling and gun running that takes place across the borders of the two countries.

## KEY POLICY RECOMMENDATIONS

### TO THE GOVERNMENT OF INDIA:

#### Political

**1. Sustain Political Determination to forge stronger ties.**

Although there are numerous shared interests and opportunities for cooperation, a closer relationship will require sustained political will to overcome the differences in strategic culture and perspective.

Internally, it is essential to enhance coordination among the various ministries in our dealings with neighbouring countries like Myanmar. The internal conflict within ministries/agencies that have different interest and views not only complicates the India role but also contributes to a negative image of India in the international geopolitical arena.

**2. Create visibility and demonstrate sincere posture of our interest in building close ties with the Myanmar.**

A steady presence and the consistency in the engagement are the two key factors that would help in building trust needed for building a long term relationship between the two countries.

**3. Effectively manage public perceptions about India in Myanmar.**

It is currently not seen in a positive way and often thought of as just a physical neighbour. New Delhi should make its presence felt by showing commitment, helping Myanmar achieve its desire to develop through aid, gift and charity. For these things to happen cultural, ethnic and religious factors and links can be creatively used.

**4. Focus on soft power until we acquire the required hard power status.**

This may be a more appropriate approach to follow in order to consolidate Indian position in Myanmar. Particularly this may be more appropriate at this point in time.

**5. Complete existing committed projects before taking up new projects or announcing new policy measures.**

Delay or non completion of taken up projects affects India's image and status. Important to discourage the behaviour of officials who are responsible for undue delays in implementing the projects.

A greater push is needed to complete the Kaladan Multi-Modal Transit Transport Project early and to take up and complete other projects that link the northeast with Myanmar's ports and rail network.

**6. China should not be elevated as the major cause of the improving relationship. India's objective should certainly be to try and increase its own footprint.**



### Economy/Commerce/Trade/Infrastructure Connectivity

**1. Invest in building critical infrastructure in Myanmar.**

Infrastructure that improves connectivity between India and Myanmar, border area development and the advancement of tourism infrastructure are obvious priority areas.

**2. Enhance investments in Myanmar** by setting up a much larger corpus of, say, at least \$5 billion for investment in Myanmar's economic and social projects in the form of grants and soft loans.

**3. Explore the potential of setting up small and medium scale industries in Northeast India** that serves as the crucial linkage between India and Southeast Asia.

**4. Operationalize trilateral highway** connecting India with South East Asia promptly. This would facilitate transit trade.

**5. Accelerate the construction of Integrated Check Post at Moreh.**

Infrastructure facilities combined simplified documentation procedures at borders and developing more efficient customs services are vital factors for promoting trade and integration.

**6. Upgrade border infrastructure**, particularly at Moreh-Tamu to international standards so that both countries can commence MFN trade at the border. Better basic civic amenities with steadfast power and telecommunication connectivity coupled with good banking facilities are essential at border town Moreh which could promote trade and good border governance.

Also establishing proper warehousing, storage facilities and testing labs are prerequisite.

**7. Dedicated ferry services between India and Myanmar from Chennai and Kolkata ports (apart from Visakhapatnam) to Yangon could also be considered** as essential, for improving sea connectivity trade and revenues.

**8. Offer attractive incentives to Indian private companies** to motivate them to venture into Myanmar. Creation of an effective mechanism of government support for Indian companies as they enter Myanmar markets; state insurance that covers a portion of the risks of national companies, may be considered for overcoming the reluctance of Indian companies to do business in Myanmar.

**9. Consider low tax and low interest rate on loans to Myanmar.**

**10. Exploit the potential of healthcare tourism.** India being considered as one of the low cost effective destination for better medical facilities.

## Socio-Cultural

### 1. **Cultivate the local constituencies in Myanmar.**

Substantial donations, gifts, charity works such as aiding Buddhist Sanghas, donating to Vihara, rebuilding education institutes, providing affordable health related services, etc. perhaps through these means India has more prospects to move closer to the locals.

It can be done through Indian missions at Myanmar, or institutes like ICSSR, ICWA, NIAS, etc. who have some contacts for reaching out to locals.

Most importantly, with several Buddhists sites and scholars in Buddhism India should use these links to strengthen the bilateral relationship between the two countries.

### 2. **Develop and encourage tourism sector in India and Myanmar** that has historical and cultural connections.

Buddhist sacred sites and cultural monuments in India and Myanmar can be linked that exhibits warmly relationship between both.

### 3. **Promote people-to-people contacts.**

This can be done though **rapid liberalisation of the visa regime** including on arrival visa, visa permit at the borders and having dedicated air and road connectivity between two countries.

### 4. **Improve and expand air connectivity.**

**Air services from Chennai, Bangalore, Mumbai, New Delhi, Kolkata and Imphal to Yangon and Mandalay are indispensable needs that deserve immediate attention.** Air India should be encouraged to operate regular flight between India and Myanmar without concern about only market and cost benefit. It should be perceived as a political and socio-cultural carrier aiming to scale up physical and people to people relation.

Increased airlines connectivity between Bodh Gaya and other Buddhist centres in India to Myanmar could also be considered for improving ties.

Affordable and economical air tickets from Indian cities to Myanmar would be a positive catalyst for business.

### 5. **Explore setting up of railway lines to Myanmar from Guwahati** as this would not only greatly help the people of northeast but will also enhance connectivity to Myanmar. Both goods train and passenger train can be added gradually.

### 6. **A major effort towards establishing an Indian TV channel oriented towards the region should be initiated.** It can broadcast regular regional news, events of significance and showcase Indian and Myanmar progress along with themes that communicate the diversity in Indian cultural values.

Currently Indian TV channels do not have adequate space in Myanmar. As a minimum at least Doordarshan should be made available free of charge without delay. In addition, systematic efforts to establish print editions, to support already existing media in local languages are required.

7. **Sponsor more tracks two visits** like the one sponsored by the MEA in 2015 where students of University of Mandalay visited India for doing a short course at Jawaharlal Nehru University (JNU).

These sorts of visits and engagements will definitely enrich cultural relations between both countries as well as give further impetus to an emerging strategic partnership.

8. **Promote academic engagement.** As there is little or no cooperation among think tanks, India should exploit this field and promote institutions in India to forge ties with think tanks in Myanmar. While the universities are expected to attain autonomy soon, the scope and potential for enhanced ties are bound to increase.

These soft power measures will help India create a pro-Indian lobby in Myanmar while providing opportunities at the same time for the two countries to understand each other better.

9. Strengthen and equip education institutes in Myanmar and in Northeast India. It is also worth considering, human resource building through English training and skill development institutes.

## Science and Technology

1. **Scale up the sharing of technological benefits** with Myanmar such as satellite data on Monsoon, Climate Change, etc. Provide a set of Client Terminal hardware with software for Technological Universities in Myanmar where they can access, download, use and distribute data from Indian satellites.

The Gagan Satellite Geo-stationary Navigation System can also be offered to Myanmar, along with the training of Myanmar personnel for familiarization with advanced air traffic control systems.

2. Considered a Memorandum of Understanding in Science and Technology.

If India wishes to enhance its security and defence relationship with Myanmar, it must be prepared to act outside its comfort zone.

3. **Increase the number of fellowships** that are offered to Myanmar students and researchers to study at Indian Universities and Research Institutions from the current number of under 10 to at least 30 slots in a year, **particularly in the areas of Atmospheric and Earth Sciences, Chemical Sciences, Engineering Sciences, Life Sciences, Medical Sciences, Mathematical and Computational Sciences and Physical Sciences.**

4. **Scale up training programmes/ more fellowships in the areas of dairy development, cattle breeding, vaccine technology, horticulture, aquaculture, study of arid/dry land farming and renewable energy that includes solar and wind energy solutions.**
5. Offer regular slots to Myanmar journalists for intensive professional training at Indian Institute of Mass Communication (IIMC), etc.
6. Consider training Myanmar scientists in the hugely successful SRI – System of Rice Intensification - that is being implemented across India, especially in Assam and Bihar. Small land holdings using SRI are able to produce better yields, with lower input costs, and lower water and fertiliser use.
7. India can consider establishing a Centre of Excellence in Science and Technology, Medicine and Engineering.
8. Provide skill development opportunities in the sector of gems and jewellery.
9. Consider extending cooperation in the development of civilian nuclear programme meant solely for peaceful purposes and particularly for generating electricity.  
  
Even though a Nuclear Myanmar is not in India’s interest, there is no harm if Myanmar pursues its civil nuclear programme, provided all the safeguards laid down by IAEA are met.

## Defence

### 1. **Forge Defence Cooperation.**

Information sharing, joint patrolling of the borders, and cooperation on border management are obvious areas of importance.

2. Put together a mutually agreeable bilateral framework for cooperation in the defence industry. The framework should be based on a win-win model.

A stronger Myanmar would help India in neutralising threats posed by insurgents in the North East as well as deter extra regional powers aggressive strides in the Indian Ocean Region. So, the development of joint mechanisms for intelligence sharing, joint training and coordinated operations would be a high priority area.

3. **Consider exporting defence technologies** that are developed by the DRDO and made available through its DRDO-FICCI ATAC (Accelerated Technology Assessment and Commercialization (ATAC) Program).

## TO PRIVATE INDUSTRIES/ CORPORATE HOUSES:

1. **Indian companies should avoid the “window shopping” attitude.** They need to show their seriousness in understanding local conditions, how the country operates and about the laws and banking system.

It is essential to understand the country before venturing into it. Understanding the Myanmar legal landscape is essential for Indian companies before establishing operations. Gaining the trust of the locals will help in successful business performance.

2. Private players should set up bases in the Northeast and in Myanmar. Both have a lot of potential for growth that needs to be tapped. Even though the region has got required attention in accordance with India's constructive look east and AEP— significant results have not been realised. Accelerating local development will eventually bring prosperity, stability and peace to the region.
3. In terms of technology India has greater advantages. **Indian IT companies should consider venturing into the creation of virtual infrastructure where opportunities are huge.** Telecom (wireless) for retail customers and the digitisation of the economy are promising areas.
4. Indian private education institutes can invest and develop local educational infrastructure at Myanmar.
5. Indian mobile companies like Airtel and Tatas should **focus on the nascent telecommunications market in Myanmar** as developing and maintaining a telecom network in that country is a natural for Indian players given the similarity of conditions.

The Government of India can incentivise Indian telecom players to enter Myanmar with affordable services and sturdy phones.

6. Scope of training Myanmar's pilots with simulators is high. Currently Myanmar's pilots go to Thailand for flight simulator training. Doing it in India will be cheaper and more convenient for them. The aviation companies in India should consider this.
7. Indian Ayurveda and herbal based companies like Himalaya, Dabur, and Patanjali should accelerate the export of their products to Myanmar.

Indian pharmaceuticals can also establish a base for the manufacture of Ayurveda/Unani medicine in Myanmar.

8. Huge potential exists for Indian consumer products like hair dye, hair oil, soap, and cosmetics. Indian companies should tap this market.
9. Cooperation in the agricultural sector offers a great opportunity for Indian companies as Myanmar has abundant cultivable land and India has the complementary man-power and technology to cultivate those lands. This could translate into a win-win situation for both countries.
10. **Carry out regular promotional events that showcase the advantages of Indian companies and their products. The message could be that Indian products are relatively cheaper, affordable and of high quality.**

11. The Indian film industry, particularly Bollywood and Kollywood may **host an Indian film festival at Myanmar**. Such initiatives will promote India's soft power. Also literary and cultural tie-ups with Myanmar should be enhanced.
  12. The Indian chambers of commerce and industries should **improve information dissemination** about their businesses and achievements in Myanmar. Regular trade delegations visits to Myanmar are necessary to support exchanges and joint ventures.
  13. Finally, Indian companies should **depute most capable personnel to oversee their operations** in Myanmar. They need to be paid adequately with other incentives on par with international standards. This would help in eliminating the feeling that posting in Myanmar is a, punishment, posting.
- These comprehensive measures would help India to consolidate its positions and influence in Myanmar as well manages the risks and challenges in doing business in Myanmar.**

## VII. CHALLENGES AND RISK OF DOING BUSINESS IN MYANMAR

As a consequence of the opening up to the world, opportunities in Myanmar are many. However, the question of challenges or risks associated with these potential still remains. The following are some of the risks and challenges of doing business in/ with Myanmar:

**Political Risks-** The emerging trends indicates that the military will permit the transition and reforms to continue. However with the military's inbuilt institutional power guaranteed by the 2008 constitution along with their economic and political interests that is directly linked to their hostile positions against the ethnic and religious minorities will dampen the prospects for sustainable stability and peace. Any power struggle between the NLD and the military as well hostility between the ethnic parties and the centre will impact on Myanmar's progress and stability. It can fundamentally impact investment and businesses' operations of India in Myanmar.

**Business and Financial Risks-** The poor infrastructural support including power outages, unreliable telecom services, limited network coverage, poor transportation and the needs for cash based business operations may impose extra burdens on Indian companies to make investments and ensure smooth every day operations.

In some sectors, identifying the local partners who has the right market-specific strategy could be a challenge for Indian investors. Sometimes, in order to enter into the Myanmar market, Indian companies may need to please the local companies who may demand huge concessions for becoming the local partner.

The lack of skilled labour, the problems from a far from perfect evolving rule of law and increased land and property values pose additional risks to Indian investors. Inconsistent interpretation of rules and regulations relating to taxes, such as corporate income tax law and transfer pricing coupled with significant shortcomings on contracts enforcement and investment protection could also affect doing business. This could be a matter of major concern since local authorities retain the right to interpret existing laws and regulations.<sup>9</sup>

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<sup>9</sup> Myanmar military's economic stakes is high as long tradition of engagement in a wide range of business or commercial activities. The Union of Myanmar Economic Holding Ltd. (UMEHL) and its firms are the main enterprises under the control of Tatmadaw which according to 2007 estimate had authorised capital of 39,000 million Kyats. They are reportedly involved in the illegal trade in drugs, gems, and lumber, etc. Refer Maung Aung Myoe, Building the Tatmadaw: Myanmar Armed Forces Since 1948, Institute of Southeast Asian studies, 2009, p. 173.

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## ACKNOWLEDGEMENT

This report is an extract of a study carried out under the support of DRDO. The analysis is carried out based on the author's field visit to Myanmar (Yangon, Nay Pyi Taw, Mandalay and Tamu) and Manipur (Imphal and Moreh) in December 2015 and his interaction with Myanmar officials, political party representatives, defence analysts, academics, industry executives, chamber of commerce and common people including traders, frequent visitors, etc. besides Indian officials, academics, and representatives of trade union, etc.

Author is immensely grateful to DRDO for their funding and support in completing the research study project and in particular highly indebted to DRDO HQ and all the officials who have provided direction and feedback.

Thanks are also due to the Dr. Baldev Raj, Director NIAS for his administrative support. This study could not have been possible without the timely research support and guidance by Prof. Rajaram Nagappa and Prof. S Chandrashekar, for which am sincerely grateful. Thanks are also due to Ms. Ramya PS, Ms. Suprana Banerjee, and Ms. Kaveri Ashok for their research support.

My sincere gratitude is also to Dr. K. Yhome (Research Fellow, ORF, New Delhi) and Dr. Sonu Trivedi (Assistant Professor, Zakir Husain Delhi College, New Delhi) for their valuable comments and suggestions that helped in enhancing this report.

Finally, my special thanks and appreciations also go to all my contacts and scholars in India, Myanmar, Thailand and Singapore including the Mr. Gautam Mukhopadhyaya, former Ambassador of India to Myanmar, officials of Myanmar Ministry of Foreign Affairs, Ministry of Energy, and Ministry of Electric Power and Planning, Ministry of Commerce of Myanmar, Mr. Khin Maung Soe (Mandalay), Mr. Soe Myint (Yangon), Mr. Suresh Babu, IAS, Principal Secretary (Home), Manipur, Dr. Dhabali Singh, (President, Manipur Chamber of Commerce and Industry, Imphal), Dr. Jiten Nongthombam (CMS/MU, Imphal), PRO of Moreh Tamil Sangh and Moreh Trader Union, for their valuable inputs and facilitation of our field visit. However, certainly, the usual disclaimer applies. The author is solely responsible for any remaining errors.

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