

# India's neighbours

JAYANT PRASAD

ACCELERATING India's ongoing economic transformation is the core objective of India's foreign and security policy. The current National Democratic Alliance government headed by Prime Minister Narendra Modi is as much attached to this objective as was the previous UPA government. An unsettled periphery is both distracting and bad for business. India cannot grow, its leaders are conscious, without positive interaction with both its South Asian and larger neighbourhood, especially China and Myanmar.

What constitutes India's neighbourhood? For Sir Girija Shankar Bajpai, independent India's first Secretary General of External Affairs, it stretched from the Hindu Kush mountains to the Irrawaddy river, and from Suez to Shanghai.<sup>1</sup> This corresponds closely with the contemporary understanding of India's periphery. Although the early focus of Indian leaders was on its land frontiers, the relevance of the Indian Ocean region has grown over time. Virtually landlocked on its North West due to denial of overland access through Pakistan, as also on the eastern side due to the absence of

connectivity through the North East, India's natural area of interest extends from Iran and Transoxiana in the West to China in the North, Myanmar in the East and the Indian Ocean region all around the subcontinent – from the Gulf of Hormuz to the Straits of Malacca, or more broadly, from Suez to Singapore, encompassing the Persian Gulf and the Andaman Sea, and abutting the East African Seaboard, Mauritius, Indonesia and Thailand. Modi has signalled that his 'neighbourhood first' policy extends also to the island states of the Indian Ocean, symptomized by his visits to Sri Lanka, Mauritius and Seychelles.

India's first Prime Minister, Jawaharlal Nehru, and his successors, were never short of envisioning close relationships in India's neighbourhood. Indeed, as head of India's provisional government prior to independence, Nehru hosted the Asian Relations Conference in New Delhi in March–April 1947. He invited leading representatives from across nations to end their mutual isolation, foster mutual contact and understanding, and conceive of how issues of common concern to them could be addressed. Nehru and his successors, however, failed to

1. This was shared with the author by Sir G.S. Bajpai's son, Ambassador K.S. Bajpai.

translate their ideas into action, in part because they never had the resources required for the effort. The economic underpinnings of their foreign policy ambitions were weak. In the years ahead, this constraint should be less binding.

What differentiates India's new government from the previous ones is the vigour with which it is seeking to reconnect with the nations of South Asia and the Indian Ocean region. Prime Minister Modi's invitation to regional leaders to his swearing-in ceremony on 27 May last year signalled his intent about India's determination to win space in all these countries lost due to policy paralysis and economic deceleration. He is perhaps more conscious than his predecessors that India cannot bestride the global stage without building constructive ties with its near neighbours.

There are formidable problems to contend with in South Asia, both practical and cognitive. With about a quarter of the world's population, spread within four per cent of the world's land surface, it constitutes the second least developed region of the world after Sub-Saharan Africa. The growth of its population is inversely proportional to its share in global output and trade. It has rising inequality, and its adult literacy rate is the lowest in the world, lower than even Sub-Saharan Africa.<sup>2</sup> Its per capita GDP, in terms of purchasing power parity, is three times below the global average.

On its margins, South Asia is bristling with terrorism and insurgencies that threaten to bring Afghanistan and Pakistan to the brink of an abyss. All its constituents suffer from poverty,

extra-legal power centres, weak governance, the increasing threat of natural disasters and pandemics, and the adverse consequences of climate change. Notwithstanding the cultural commonalities and broadly familiar terrain, temperament and civilizational space that anchor their relations, they diverge in many ways, geographically, socially, economically, demographically, and most of all, politically. It does not help that they are significantly more unequal in development, resources, population and size than any other region in the world.<sup>3</sup>

South Asia's borders were redrawn in 1947 and 1971. The cultural closeness of the subcontinent – peoples speaking the same languages or belonging to the same ethnicity or religion straddling both sides of our boundaries – has had the opposite effect of reinforcing a sense of the distinctiveness of India's neighbours from India. National elites have remained suspicious about the closeness of peoples across the border regions. Psychological partitions of perception and identity have reinforced the physical fractures of South Asia.

India's most fraught relationship continues to be with Pakistan. Successive Indian leaders have sought resolution of contentious bilateral issues, including that of Jammu and Kashmir, but without much success so far. The first democratic transition of power in Pakistan in June 2013 and the assumption to office of Prime Minister Nawaz Sharif – a public advocate of positive India-Pakistan relations – created an atmosphere of expectation, as did the parliamentary election in India last year. With a clear majority of the

3. See comparative chart on how diverse SAARC is in L. Alan Winters, 'Regional Integration and Small Countries in South Asia', in Ejaz Ghani and Sadiq Ahmed (eds.), *Accelerating Growth and Job Creation in South Asia*. OUP, Delhi, 2009, p. 303.

Bharatiya Janata Party in the Lok Sabha, Narendra Modi has the requisite political space to engage constructively with Pakistan.

However, the early promise of a renewed effort for India-Pakistan engagement has foundered. The increasing hiatus between the two countries in their public discourses and government policy has been further complicated by firing across the Line of Control and the international boundary. While the disconnect between the two sides is now being bridged through resumed contact between their leaders and foreign secretaries, Indians continue to underestimate the degree of paranoia in Pakistan concerning India – promoted consciously by the Pakistan Army that insinuates an Indian hand behind every violent incident within Pakistan, and alleges India's support to the Tehrik-e-Taliban Pakistan and Balochi rebels.

Equally, Pakistanis remain insensitive to Indian frustration concerning the continued shelter and support extended to the Lashkar-e-Toiba (LeT), Jaish-e-Mohammed, and the D-Company, as Pakistan's sub-conventional strategic assets to compensate for the perceived asymmetry of force between the two countries. The involvement of organizations supported by the Pakistan Army, such as the Haqqani network and LeT in the 2008 attacks on the Indian Embassy and Mumbai, respectively, undermines confidence in India concerning Pakistan.

For normalizing relations, India and Pakistan will need to pick up the threads from the 1972 Simla Agreement and the 1999 Lahore Declaration – by activating a repackaged comprehensive dialogue process on all outstanding issues, while respecting the sanctity of the Line of Control, dismantling the infrastructure of terrorism, and implementing existing and new

2. Jacques Veron, 'The Demography of South Asia from the 1950s to the 2000s: A Summary of Changes and a Statistical Assessment', *Population* 63(1), Jan-March 2008, pp. 10 and 12.

confidence building measures. The Indian conundrum is determining whether or not Nawaz Sharif's government has the power to negotiate meaningfully with India, based on its experience within weeks of the then Prime Minister Atal Bihari Vajpayee's 1999 visit to Pakistan. At that time, the Kargil war resulted from Pakistan Army's belief that if it could alter the conventional status quo by stealth and surprise, an Indian riposte might not necessarily follow given Pakistan's newly acquired nuclear deterrent.

The military-civilian balance in Pakistan today is no different. What has changed, startlingly, is that government policy pronouncements are now routinely made through the Director General of Pakistan Army's Inter-Services Public Relations. The announcement that Pakistan will assist Afghanistan in dealing with the Afghan Taliban was first made not by the Pakistan Foreign Office, but by DG, ISPR, General Asim Bajwa. It is the military that now also directs internal security issues, including the administration of counter-terrorist justice. The high levels of internal violence have led to some reconsideration by the Pakistan Army of the main source of threats to Pakistan, but the abatement of its India-obsession is still to be tested. Meanwhile, Indian policymakers are left wondering how committed Pakistan is to a multifaceted relationship with India. This is largely predicated on restoring trust through dismantling terrorist support structures directed against India. A result-oriented dialogue process and a future India-Pakistan partnership, for which India has been ready in principle, will depend on this.

Like Pakistan, Afghanistan recently saw its first democratic transfer of power from one elected government to another. Contrary to the dire predictions about the election, Afghans

voted twice, disregarding the Taliban's threats, resulting in an interim coalition between President Ashraf Ghani and Chief Executive Abdullah Abdullah. The Afghan National Army, though bereft of aircraft and enablers such as protected surface mobility, medevac, intelligence, and heavy weapons, has taken charge of the country's security from ISAF without losing much ground for now. However, close to 5,000 Afghan soldiers were killed in 2014, many more than the total ISAF casualties since the war began in 2001, and double the number of total US casualties, losses that could prove unsustainable in the future.

India shares Ashraf Ghani's objective – to establish a stable, strong, sovereign Afghanistan, able to stand on its feet and take its own decisions. So long as that happens, India's short-term strategic objective in Afghanistan is fully met. India believes that if Afghans have food, fuel, and firepower, as well as support and solidarity from neighbours and the international community at large, they can hold their own and find appropriate political solutions with the reconcilable among their armed opposition.

India's role in Afghanistan is focused on infrastructure and human resource development. It has delayed responses and discouraged previous Afghan requests for military hardware because it did not want to be misunderstood in Pakistan – where the military establishment is encouraging a discourse that India is using Afghanistan as a second handle of a nutcracker to prise open Pakistan by creating a two-front war. Quite the contrary, India would like to see, in the long run, both Afghanistan and Pakistan as a trade, transportation, energy and minerals hub, linking Iran and Central Asia with China and South Asia. This is what could make Afghanistan's slow process of recovery sustainable over time.

Ghani began his presidency by settling differences with the United States and NATO and signing agreements on bilateral security and the Status of Force within a day of taking charge. He then moved to engage Pakistan and forge stronger relations with China, perceived to have real influence in Islamabad. Afghan leaders rightly believe that without Pakistan's fullest cooperation it will be impossible to ensure peace and stability in Afghanistan. The test of the success of this effort will come in early summer, if there is no Taliban offensive, and Afghans gain access to the Haqqanis and the Quetta Shura leadership. Pakistan established governments of its choice in Kabul in 1992 and 1996, those of the Mujahideen and the Taliban, without then gaining anything for itself. If Afghanistan were to go down, or if parts of its east and south were to come under insurgent control, it could have adverse consequences for Pakistan, putting enormous strain on its relatively strong state structure, and in turn posing a greater security threat to India than what she faces today.

It is with China that prospects of improved relations are much greater. As two large, rapidly developing countries with new, self-assured leaderships and a broadly similar self-image, their natural impulse would be to work together without conflict. While it is premature to suggest that the two are moving towards 'a new type of major power relations' with each other, there is greater prospect of forward movement in their interactions than at any time since the trauma of 1962. There has been no firing across the Line of Actual Control in decades, and there has been no casualty near it in 40 years. The 1993 agreement to maintain peace and tranquillity along the LAC, the 1996 military confidence measures and the 2013 border defence cooperation

agreement have helped in managing misunderstandings, and the pushing and shoving that results from an undemarcated boundary.

Chinese openness to India joining the Shanghai Cooperation Organization and Asia-Pacific Economic Cooperation are good signs, as also its willingness to explore cooperation in third countries, most notably in Afghanistan. The Depsang and Chumar standoffs might spur greater sensitivity in handling border incidents, if not seek ways to avoid such incidents altogether. A beginning could be made by delineating the LAC on maps and exchanging them. Meanwhile, India and China could work cooperatively on a range of bilateral, regional, and international issues, including the construction of building blocks for a new Asian security architecture. President Xi Jinping's visit to India last September set a positive narrative, and Modi's forthcoming visit in May this year is expected to take this forward even further.

Some critics contend that the Strategic Vision Document on the Indian Ocean and Asia-Pacific, signed during President Obama's visit to India in January, undermines India's relations with China – which believes that the United States is seeking to enlist India to contain the rise of China. The Vision Document refers to accelerated infrastructure connectivity between South, Southeast, and Central Asia, ensuring freedom of navigation, especially in the South China Sea, avoidance of the use or threat of force in the settlement of disputes, and strengthening the East Asia Summit dialogue process. Misgivings about the future direction of India's policy have arisen when this is read together with the Joint Statement issued simultaneously. The Statement notes that India's 'Act East' and the US 'rebalance' to Asia provide oppor-

tunities for them and other Asia-Pacific countries to strengthen regional ties, upgrade trilateral consultations between India, Japan, the United States to the foreign ministers level, and identify and implement joint projects of mutual interest among them. It also underlines the re-energizing of India-US strategic partnership through stronger defence, security, and economic cooperation, including upgradation of their bilateral naval exercise, Malabar. In fact, none of these initiatives are new and India's policy towards China remains unaltered in its fundamentals.

Given China's strategic support for the nuclear and conventional arming of Pakistan, the increasing Chinese military presence in the Indian Ocean and its littoral states, and the pressure of an unsettled border with China, India will naturally seek countervailing assurance in deepening its ties with the United States, Japan, Australia, Vietnam, South Korea, and with ASEAN states, particularly Indonesia. India's contestation and cooperation with China will go hand in hand. India has never contemplated a containment or alliance strategy directed against China. Indeed, India wishes the opposite – to comprehensively engage China, much as the United States does. With India seeking sustained high growth and China transforming its economy to avoid the middle income trap, both will gain by preserving strategic peace and forging increased mutual dependence between them.

Since the game-changing visit of Prime Minister Sheikh Hasina to New Delhi in January 2010, India-Bangladesh relations have maintained a positive trajectory. The lofty objectives of greater connectivity, Indian investment in Bangladeshi infrastructure, and settling bilateral issues, however, have still not been addressed with the required

urgency, with the exception of their maritime boundary. India's decision to opt for international arbitration was a signal of its *a priori* acceptance of relinquishing its claims on the disputed waters, nearly 80% of which have been awarded to Bangladesh. The 71-km Baharampur-Bheramara transmission grid now carries 500 mw of electricity to Bangladesh. This supply will soon double, with more to come from the Palatana power plant in Tripura, and later from India's North East. There is hope of ratification of the Land Boundary Agreement and the conclusion of the Teesta Agreement on sharing of waters. Meanwhile, India must speed up the tardy disbursement of \$1 billion Eximbank line of credit extended in January 2010 and encourage more investments in Bangladesh to promote better linkages in eastern South Asia and Myanmar.

The spurt of violence in Bangladesh since the beginning of this year, inspired by the Bangladesh Nationalist Party, with street power provided by the Jamaat-e-Islami, could imperil the gains of the country's remarkable progress and the advancement of its bilateral agenda with India. Roads, bridges, ports, power plants and energy trade, could all be put into jeopardy. Even more disquieting could be the danger of *Islam passand* forces regaining political space within Bangladesh, replicating the mayhem that exists in Pakistan and Afghanistan.

Like Bangladesh, Nepal too is at a political crossroads. The self-imposed deadline by Nepal's second Constituent Assembly got over on 22 January 2015, without any agreement. The peace process begun a decade ago following an agreement between seven mainstream democratic parties and the Communist Party of Nepal (Maoist), has progressed. Around 1,400 former Maoist combatants from the People's

Liberation Army have been integrated as members of the Nepal Army. The main unfinished task in Nepal is promulgation of a new constitution that would reflect the values of the peace agreements, and the *jana andolans* or democratic people's movements of 2006-07.

Notwithstanding Nepal's slow internal political evolution, Narendra Modi went to Kathmandu in 2014 on a bilateral visit – the first by an Indian prime minister in 17 years. The Joint Commission also met, after a gap of 23 years. These initiatives, and PM Modi's statements and gestures during the visit resonated well with the Nepalese people and leadership, cutting across the political spectrum in Nepal. He made concrete offers – of concessional credit, promising assistance to Nepal on highways, information technology and transmission lines. He positively reinforced the constitution writing process in Nepal by encouraging members of the Constituent Assembly to draft a fully inclusive constitution that springs from the womb of the peace process. In a subsequent visit, for the SAARC Summit last November, he further advised that the constitution should be inclusive, and drafted by consensus, not majoritarian voting. Success in this effort will increase confidence about Nepal's future stability and open the doors for its rapid economic progress.

Bhutan was the very first destination of Modi's foreign visits after he became prime minister, underlining his unambiguous objective of putting relations with neighbours on a firmer footing. Although the commitment to develop 10,000 mw of power was reiterated, the target date of 2020 to achieve this has shifted to an indeterminate future. India underwrites Bhutan's development almost single-handedly. India pledged Rs 4,500 crore

for five years for Bhutan's plan expenditure at the commencement of its current plan in 2013, besides other types of assistance and grants and loans for hydropower development. For a population of 750,000, plan assistance alone amounts to \$1,000 per inhabitant for this period, a worthwhile price to pay for what the prime minister rightly described as a 'unique and special relationship' that exists between India and Bhutan. Bhutan's easy transition from monarchy to parliamentary democracy in 2008 has been a singular success, and augurs well both for strengthening democracy in South Asia and for India-Bhutan relations.

The election of President Maithripala Sirisena in Sri Lanka paves the way to conciliate the Tamil population and reverse the rollback on previous offers on devolution of power for the provinces – on which previous President Rajapaksa had a negative attitude. While attempting to do so, however, the new Sri Lankan government will have to perform a balancing act between traditional contenders – the Sinhala Buddhist majority, and the Tamil and Muslim minorities, which have overwhelmingly voted for Sirisena. As the India-Sri Lanka engagement revives, Sri Lanka will seek to moderate its over-reliance on China in the security and infrastructure domains, though its dependence on Chinese foreign direct investment will continue. What this might imply is greater reticence in Colombo in accepting port calls by Chinese submarines, which created misgivings in New Delhi. India will also need to demonstrate dexterity in dealing with hardy perennials, such as Indian fishermen transgressing into Sri Lankan waters, Tamil Nadu's negative attitude towards constructing sea-cable grid connectivity, and up scaling India's security, defence, and development

cooperation with Sri Lanka. It is significant that President Sirisena's first foreign visit was to New Delhi and that Modi was the first Indian premier to pay a bilateral visit to Sri Lanka in over a quarter century.

In contrast to Sri Lanka, the democratic transition in Maldives following the election of President Yameen Abdul Gayoom, has not been smooth. The arrest of former President Mohamed Nasheed on trumped up charges of terrorism has led to the cancellation of a planned visit to Male by Modi. Maldives, along with India and Sri Lanka, is signatory to the 2013 Tripartite Maritime Security Agreement to protect sea routes in the Indian Ocean region, which Mauritius and Seychelles are considering joining. The agreement covers joint efforts directed against piracy, terrorism, smuggling, and gunrunning. The stability of Maldives is thus critical to security in the Indian Ocean and internal turbulence there will have to be watched and deftly dealt with, without a heavy hand.

India's relations with Myanmar, where India has strong economic and strategic equities, suffered a long period of relative neglect. Manmohan Singh's visit in 2012 was the first by an Indian prime minister in 25 years. Myanmar is a critical gateway for India's northeast to the rest of South-east Asia. Yet, the construction of the Kaladan multi-modal transit route connecting the Sittwe port to Mizoram is significantly behind schedule. The port is ready, but its road section is not. Work is also slow on the India-Myanmar-Thailand Friendship Highway. It was during his address at the East Asia Summit in Nay Pyi Taw that Modi underlined his determination to move with a greater sense of priority and speed to turn India's 'Look East' policy into 'Act East' policy. This will

be tested in the implementation of the slow-moving India-funded connectivity initiatives.

Good relations with neighbours must have a priority for India's foreign policy that is second to none. The first and most important step India could take in this context is to substantially step up investments in its near neighbourhood. Contrary to Narendra Modi's professed interest in doing so, however, the first signals on such augmented engagement have been quite negative. The revised estimates for 2014-15 entailed reduced budgetary assistance, ranging from one-fifth less for Bhutan, to one-third less for Nepal, two-fifths less for Bangladesh, and three-fifths less for Myanmar.<sup>4</sup>

India must contribute to creating regional public goods in South Asia and beyond. These would help to utilize the region's vast natural resources. Creating connectivity (energy grids, cross-border transport networks, coastal shipping, roads, railways and waterways), facilitating trade and dismantling barriers, and lowering transaction costs for the economies by streamlining administrative procedures, will help generate greater investment and employment both in India and the region. By permitting economies of scale, these could have attendant social benefits for poverty reduction, public health, and environment, as well as attenuate inter-state conflicts and raise the threshold below which bilateral relations would not fall. The people to people connectivity will be equally important, with easier visa norms, for which India could inventively devise more streamlined healthcare and guest worker access. Increasing sub-regional and regional

cooperation and integration, entailing interweaving positive interactions and interdependence, will increase trust, reduce tensions, augment India's leverage vis-à-vis the great powers, and stabilize the region by raising the costs of non-cooperative behaviour.

A second important initiative could be to engage with interested nations in crafting a new regional security architecture in Asia for the cooperative management of its commons, and nurturing unfettered relationships in which conflicts are attenuated, anchored in an Asian Economic Union for the free flow of goods, services, investments, persons, ideas, and technology. Asia is still in the pre-evolutionary phase of this exercise. The absence of a collective security arrangement or an overarching economic union, instead of being a disadvantage, offers India an opportunity to shape the evolving architecture. Indian leaders have already stated that such an arrangement must be open, inclusive, plural, and flexibly structured, to be accommodative of all nations. It should provide a forum both to ensure peace and security, and deeper integration and interdependence.

Asian heterogeneity, reflected internally in India, creates a natural disposition towards polycentrism, making it difficult for any one power to impose its will on the entire region. With Asia's proven ability to create new models of economic growth, similar innovation could also apply to its security architecture, in which India could play a seminal role. Considerable Indian investment in statecraft will be required in the coming years to conceive the sequencing and institutional design of this new architecture, and to conduct negotiations to construct it. India's full agenda with the neighbourhood should keep its diplomacy busy for the next few years.