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India and Its South Asian Neighbours

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Executive Summary

India shares land and maritime boundaries with eight countries – Bangladesh, Bhutan, China, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka. If one sets aside China, the Maldives, and Bhutan – mostly at peace – six countries in India's immediate neighbourhood have been on the boil on and off for many years. This paper also includes a consideration of India's relationship with Afghanistan.¹

India has close historical, religious, economic, ethnic and linguistic relationships with all of these states. Not surprisingly, the complex and dovetailing ties linking up the South Asian subcontinent drive its countries to speak – optimistically – of friendship as a “geographical imperative”. That they have not succeeded in acting much on it does not condemn them to regional dysfunction and friction forever, but much will depend on how India leads its region and what example it sets in promoting more positive relations with its neighbours.

Ideally, India would prefer a peaceful, prosperous neighbourhood responsive to its own needs and wishes. But from the outset of its history as an independent country, India's principal challenges have included the promotion of internal cohesion and the management of its often troubled relations with its neighbouring countries, the two often being closely linked, for example in relation to Pakistan, Nepal and Sri Lanka.

Overall, as it repositions itself on the global stage, India has been seeking to outgrow its neighbourhood both economically and geo-strategically. In conceiving and conducting its South Asia policy, its tactics have varied, but the recent trend has been towards a more conciliatory approach, as India reaches beyond its own immediate neighbourhood to establish itself as a global actor.

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India is militarily and economically more powerful than any combination of its immediate neighbours except for China. The changing security architecture of South Asia, especially due to the rising Chinese profile in the subcontinent, has become a major concern for Delhi, but one with which it has not yet engaged very energetically.

Within South Asia, New Delhi has sought to elevate development discourse over the conventional security debate, highlighting economic globalisation and the rejuvenation of long-standing ties with neighbours in line with a pragmatic Indian foreign policy. Prime Minister Manmohan Singh champions the notion of partnership with neighbours in South Asia, notably: through “greater connectivity, in transport, road, rail, and waterways links, communication, transit routes through each other's territory transforming each sub-region of the subcontinent into an interconnected web of economic and commercial links [in order to...] create mutual dependencies for mutual benefit.” While these ideas are widely welcomed, New Delhi’s seriousness about and ability to implement them are open to question, not so much in principle as in practice. The South Asian Association for Regional Cooperation (SAARC) has mostly been a somnolent and disappointing regional body, in spite of strong rhetorical support from New Delhi.

India is today facing a challenge the United States never faced as a regional hegemon in the Americas. Apart from a brief period in the early 1960s when the Soviet Union challenged Washington’s hemispheric role in Cuba, the US dominance of the Americas, to the extent that it has cared to pursue and protect it, has not been threatened seriously since the early 20th century. India, on the other hand, sits alongside a powerful neighbour, China, which is growing economically and in terms of military capacity much faster than India, and disposing resources necessary to make itself very attractive to third countries in the region.

Whether India can manage its anxieties and develop therapies that soothe rather than exacerbate its fears will be important. It has had the wisdom to signal that it intends to join no alliance against China and that it will never serve as a local pawn for a wider strategy. It has also developed globally, if not regionally, new assets in its competition with China, not least through much warmer and substantive ties with the USA. But these will not necessarily help it in managing its own neighbourhood.

How India meets this challenge remains to be seen. Would it be through carefully-planned and well-executed country-specific strategies playing on a range of soft and hard power instruments or as it does now, simply by muddling through in a less domineering way than it used to? It may be that India’s domestic politics and other priorities will simply overwhelm careful, long-term management of neighbourly relations.

Indian policy in South Asia has improved in tone and quality in recent years. But it is not yet such as to induce either awe or affection amongst those neighbours who matter.

Introduction

Contemporary Indian foreign policy is focused largely on the promotion of economic interests, India's graduation to the high table of international relations and, most consistently since its independence, on enhancing its security within its immediate neighbourhood - approaches to which have evolved over the decades. This paper focuses on this last topic.

The Indian government has spoken a great deal about the importance, indeed the primacy, of greater economic cooperation with its neighbours, but on this front, results are meagre and unconvincing, as are the achievements of the SAARC. That said, India faces the challenges that any regional hegemon does in engaging its neighbours. A recent editorial essay in the Indian periodical *Seminar* stated:

Large, subcontinental countries, more so those laying claim to a hoary civilisational legacy, are often inward oriented, far too preoccupied with internal developments to evolve a larger regional or global view. Such, at least, has been the case with India. Barring an obsession with Pakistan, and for the elite with the Anglo-Saxon West, Indian political imagination and foreign policy has rarely demonstrated the needed knowledge about our near and extended neighbourhood, far less an ability to influence events in pursuance of national interests...The overwhelming presence of India creates an asymmetry that pushes other, smaller countries, into suspecting hegemony in every proposal for greater cooperation, in turn feeding into an incipient irritation within India that its neighbours are united only in their anti-India sentiment.²

Reflecting on its own challenges in engaging Latin America, a sporadic pursuit, the United States might sympathise (and so would Latin Americans recalling Washington's frequent neglect).

India shares land and maritime boundaries with eight countries – Bangladesh, Bhutan, China, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka. If one sets aside China, the Maldives, and Bhutan – which are mostly at peace – six countries in India's immediate neighbourhood have been on the boil on and off for many years.³ Although India today is not contiguous to Afghanistan, the latter is mostly seen by Indians as an integral part of South Asia, so India's relations with it are discussed in this paper.⁴

India has close historical, religious, economic, ethnic and linguistic relationships with all these states. Not surprisingly, the complex and dovetailing ties linking up the South Asian subcontinent drive the countries to speak – optimistically – of friendship as a “geographical imperative”.⁵ That they have not succeeded in acting much on it does not condemn them forever to regional dysfunction and friction, but much will depend on how India leads its region and what example it sets in promoting more positive relations with its neighbours.

From the outset of its history as an independent country, India's principal challenges have included the promotion of internal cohesion and the management of its often troubled relations with neighbouring countries, the two often being closely linked. S. D. Muni noted that India's policy towards its immediate neighbours is likely to face serious challenges “from internal turbulence in those countries and in India itself”,⁶ as has recently been the case with Pakistan, Nepal and Sri Lanka. In conceiving of and conducting its South Asia policy, India's tactics have varied, but the trend has been towards a more conciliatory approach, as India reaches beyond its own immediate neighbourhood to establish itself as a global actor.

In spite of the trauma of partition in 1947, India has never needed to worry about being overshadowed in the subcontinent, and for all the stresses and strains in its relationship with its long-time post-partition rival, Pakistan, India's economic and geo-strategic weight has consistently given it the upper hand (although also required of it more restraint than Pakistan has showed on occasion). Indeed, India is militarily and economically more powerful than any combination of its immediate neighbours except for China. China's relations with India's South Asian neighbours (particularly Pakistan, but also, more recently, Myanmar, Bangladesh, Sri Lanka and Nepal) has been a source of concern for New Delhi, and, therefore, is addressed here in this paper.

How do Indians see their own neighbourhood? Raja Mohan argues that without enduring primacy in one's own neighbourhood, no nation can become a credible power on the global stage.⁷ He and Muni argue that for India, "achieving the objective of becoming one of the principal powers of Asia will depend entirely on India's ability to manage its own immediate neighbourhood".⁸ One of India's leading geo-strategic writers, V. P. Dutt, rather debatably, suggested that a country's neighbourhood must enjoy unquestioned primacy in foreign policy making.⁹ And former Prime Minister Atal Bihari Vajpayee stated that, "Friends can change but not neighbours who have to live together..."¹⁰ More recently, then-Foreign Minister Pranab Mukherjee noted the importance of foreign policy providing the "facilitation of India's developmental processes", a relevant factor in a regional context.¹¹ However, do all of these imperatives and bromides add up to the defining characteristics of India's actual calculus?

This paper is built around a summary analysis of India's relations with each of its immediate neighbours other than China after first laying out a sense of how India's approach to its neighbours has evolved over the past two decades. It offers some tentative conclusions at its end, recognising that India's approach to its neighbours is both too often reactive and at times quite dismissive, but also recognises that it has been trying much harder in recent years to accommodate and tolerate neighbourly differences. While we discuss India's rivalry with China as played out in countries abutting India, we do not analyse here India's relationship with China as the scope of that examination would require a separate paper of its own.

The Challenge of a Resentful, Dangerous Neighbourhood

Ideally, India would prefer a peaceful, prosperous neighbourhood responsive to its own needs and wishes. But such ideal conditions have never prevailed and are unlikely to in the foreseeable future.

Unlike the United States, or indeed, the Russian Federation, India is not a fully convincing hegemon within its own sub-region insofar as it has regularly been challenged militarily by Pakistan (and also in other violent ways by actors based in Pakistan). Bangladesh harbours ambiguous sentiments towards its neighbour (on all sides except the Bay of Bengal to its south and Myanmar to the east), sharing with it much pre-1947 history, and owing to India its own birth in 1971, overtaking its identity as the East Bengal province of Pakistan after 1947. Its Muslim identity, poverty (encouraging migration to India) and troubled relations with India's north-eastern states which Pakistan had coveted in 1947, amongst other factors, have made for a complex, often uncomfortable relationship.

As detailed further on, such has also been the nature of India's relations with some other immediate neighbours, coloured by much local anti-Indian sentiment that India has rarely

tried to dispel or succeeded in reducing. Some sympathy is in order with India's "Gringo problem".¹² Observers of the Americas might note that no matter what administration is in power in Washington and irrespective of its hemispheric policies, widespread, reflexive and sometimes virulent anti-Americanism is a constant.

While dwarfed by India's size, population and sub-regional weight, several of these neighbours are consequential states in their own right and reluctant to bow to Indian predominance or pressure. Thus, the challenge of managing asymmetry in its neighbourhood relationships, within its notional "sphere of influence", is not only a real, but also a serious one. India has not always met this challenge impressively in the past, occasionally displaying brusque manners and rough tactics, with indifferent and sometimes counterproductive results.¹³

While India's economic liberalisation and consequent sharply higher economic growth allowed the country to cast itself as a potential regional economic locomotive, none of its neighbours, except for Bhutan, and, possibly the Maldives, in practice accepted this logic (not least given India's feeble efforts at promoting regional economic cooperation within the framework of SAARC). This strand of Indian policy is, in fact, both rational and helpful, but New Delhi clearly has not done enough to make greater economic integration politically attractive and administratively feasible.

One feature of India's political life is replicated in several of the neighbouring countries: dynastic rule by one or several political families, in which power passes as readily to matriarchs as to patriarchs. Periods of often disastrous and corrupt dynastic rule are frequently interrupted by military coups introducing military-led government of equally disastrous consequence, but in different ways. When the bankruptcy of the latter becomes clear, some form of electoral consultation leads to a resumption of dynastic rule. Bangladesh has provided a running parody of the model for many years.

India's Objectives towards its Neighbours

India accepts the reality that it must live with the neighbours it has, preferably peacefully.¹⁴ Translated into the serene cadences of diplomatic communication, the Indian Foreign Ministry couched matters as follows: "With the objective of a peaceful, stable and prosperous neighbourhood, India continues to attach the highest priority to close and good neighbourly political, economic and cultural relations with its neighbours",¹⁵ and also noted that this should be carried out "on the basis of sovereign equality and mutual respect".¹⁶

Hence, one of the cornerstones of India's stated foreign policy, not a notably successful one to date, has been to build a strategically secure, politically stable, harmonious, and economically cooperative neighbourhood.¹⁷ The ideas are right, as is the notion of India leading the integration of South Asian markets, thus creating a web of regional interdependence, although hardly original.¹⁸ Worries in India about maintaining and enhancing its sub-regional strategic superiority seem, to an outsider, overblown. India's indigenous capacity to maintain and enhance it is increasing rather than the reverse.

Dynamism in India's Policy

Though India's first Prime Minister, Jawaharlal Nehru, stressed the importance of keeping foreign powers out of Asia and considered the Indian subcontinent as an exclusive sphere of

influence for Delhi, India was in no position, early in its history as an independent country, to keep the great powers at bay. Indeed, it called upon the support of both the United States and the Soviet Union at various times. This has been less true of late, with India able to establish more equal partnerships with Washington and Moscow, as well as Beijing, particularly after the collapse of the Soviet Union. Indeed, the process of economic globalisation forced India to find new anchors for its conduct of external relations.¹⁹ These developments seem to have helped Delhi to take a more benign view of some of its neighbours and also to be better equipped to see its challenges in South Asia against a broader backdrop of rising Indian international influence.

Indeed, by the 1990s, however tentatively at first, India began to work more closely with other powers (although not necessarily with Beijing) in addressing the political crises in its neighbourhood. Nepal and Sri Lanka provide good examples of this change in approach, in which Delhi was able to reconcile its own drive for sub-regional leadership with meaningful roles for others, including, in Nepal, a modest but helpful role for the United Nations, which Delhi had kept firmly out of its orbit since the world body disappointed its aspirations on Kashmir in 1948. India supported the participation of China, Japan, and the United States as observers in SAARC, although some in the Indian foreign policy establishment were alarmed when Bangladesh called for full Chinese membership in the forum in 2007.

Addressing Asymmetry

India's neighbourhood policy over recent decades has remained a theatre of various types of conflict and cooperation, although India's approach to these has been evolving.²⁰ The conflicts are a by-product of unresolved territorial, ethnic, ecological and border related tensions within as well as between the states in the region. The changing security architecture of South Asia, especially due to the rising Chinese profile in the subcontinent, has become a major concern for Delhi, but one with which it has not yet engaged with very energetically. Delhi never sought to frame an over-arching approach to its sub-region. Nehru, wisely no doubt, failed to act on a suggestion by United States Ambassador Chester Bowles in 1953 that India articulate the South Asian equivalent of its own Monroe Doctrine, establishing a formal claim to an exclusive sphere of influence over its immediate neighbourhood.²¹

With respect to cooperation, India sought to engineer a marked improvement in its relations with most of its immediate neighbours as of the 1990s, building on the articulation of the "Gujral Doctrine"²² in 1996.²³ India's relations with its neighbours during the 1990s were marked by three clear trends: a) regular high-level meetings at the level of leaders and of senior officials; b) focus on resolving major bilateral issues to build an environment of trust; and c) emphasis – at least rhetorically – on the economic dimension of relationships.²⁴

The accelerated development of every country in the subcontinent was a key goal of the "Gujral Doctrine". Since then, at the heart of evolving Indian ideas on foreign policy towards the neighbours, a new priority has been at work. "First establish yourself in your neighbourhood – by privileging the neighbourhood in your foreign policy scheme and strengthening or winning trust and confidence in both areas of strength and areas of problematical, or even bad, relations."²⁵ This new attitude marked a welcome departure for India's regional policy. That this thesis co-existed in India's international relations with other policy thrusts (for example, the earlier "Look East" policy), is hardly surprising for a newly rising power. Coherence and consistency in policy is much admired by high-end

commentators and sometimes by scholars but rarely prized by politicians or other practitioners.

The doctrine, which generated considerable goodwill, emphasised the free flow of information and underlined that the making of foreign policy decisions should not be confined to the Ministry of External Affairs; rather, there should be substantive input and contributions from academics, intellectuals, journalists and others. Subsequent Indian governments sought to build on its momentum – although with uneven success.

Indeed, to place India at the heart of the new Asian order, the Indian government in recent years has sought to elevate development discourse over the conventional security debate, highlighting economic globalisation and the rejuvenation of long-standing ties with neighbours in line with a pragmatic Indian foreign policy. Prime Minister Singh championed the notion of partnership with neighbours in South Asia, notably, “greater connectivity, in transport, road, rail, and waterways links, communication, transit routes through each other’s territory transforming each sub-region of the subcontinent into an interconnected web of economic and commercial links [in order to...] create mutual dependencies for mutual benefit”.²⁶ While these ideas are widely welcomed, New Delhi’s ability to implement them, indeed its seriousness about them, is open to question, not so much in principle as in practice.

Linking Geography with Strategy

Leaving aside issues of implementation, two overlapping strands emerge clearly in India’s contemporary neighbourhood policy – security and development. India is attempting to build a web of “dense interdependencies”²⁷ with its neighbours, as was clearly enunciated in a speech by then-Foreign Secretary Shyam Saran on 14 February 2005”.²⁸ In another speech, Saran touched on a vulnerability – reactive decision-making – in India’s regional policy: “Our effort has been to construct an overarching vision for South Asia, so that we do not deal with neighbours in an ad-hoc and reactive manner, but formulate policies that fit into and promote this larger vision.”²⁹ He argued for a fresh view of borders in sync with ideas articulated at times by both Prime Ministers Vajpayee and Singh and said, “India must start looking at national boundaries not as impenetrable walls which somehow protect us from the outside world, but as “connectors”, bringing India closer to its neighbours.”³⁰

India’s position in earlier decades had been that its neighbours should reciprocate the benefits of relations with itself by being sensitive to the country’s security concerns – a line that naturally found little resonance in most of the neighbouring states. This strand of policy has been retired, at least publicly. The talk now is of India’s “soft power” articulated through its cultural, civilisational and economic pull. India thus is offering its neighbours a stake in its economic prosperity and much funding of visits by scholars, artists and others and training of officials from several neighbouring countries. Nevertheless, the formal instruments of regional cooperation, the South Asia Free Trade Agreement (SAFTA) and SAARC, remain anaemic.

India’s Relationship with its South Asian Neighbours

Tables 1 and 2 indicate gross domestic product (GDP) and intra-regional and world trade of South Asian countries, followed by the country analyses.

Table 1: GDP at PPP (current US\$ million)

Year									
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008
Afghanistan	15455	18945	19648	22411	25395	30751	31842
Bangladesh	111201	119885	127369	136921	149685	163729	180084	196751	213736
Bhutan	1416	1549	1748	1914	2104	2317	2538	3329	...
India	1544327	1664036	1756927	1944577	2166047	2445194	22766115	3096867	3361295
Maldives	836	885	960	1064	1198	1180	1429	1585	..
Nepal	21005	20988	21381	22698	24444	26022	27841	29536	31497
Pakistan	235963	246438	258837	277161	306141	340258	372660	403234	431341
Sri Lanka	51994	52193	54178	58620	63587	69740	77454	84935	92031

Source: Asian Development Bank, *Key Indicator for the Asia and The Pacific 2009*, Manila: ADB, p.171.

Table 2: GDP per capita at PPP (current US\$)

Year									
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008
Afghanistan	699	841	846	950	1054	1255	1274
Bangladesh	868	923	968	1026	1107	1195	1297	1399	1501
Bhutan	2379	2569	2862	3093	3356	3649	3924	5053	---
India	1520	1608	1672	1821	1996	2221	2474	2731	2923
Maldives	3094	3208	3420	3731	4140	4016	4780	5198	---
Nepal	931	907	903	938	988	1029	1076	1117	1165
Pakistan	1688	1731	1782	1870	2026	2210	2377	2527	2657
Sri Lanka	2815	2786	2850	3045	3267	3546	3895	4245	4556

Source: Asian Development Bank, *Key Indicator for the Asia and The Pacific 2009*, Manila: ADB, p.172.

Table 3: Intra-regional and World Trade of South Asian Countries, 1991-2006

Year	% Share of Intra South Asian Imports in total imports of South Asia Countries	% Share of Intra South Asian Exports in total exports of South Asia Countries	% Share of intra South Asian trade in total trade of South Asia Countries
1991	2.63	3.70	3.11
1992	3.20	4.08	3.59
1993	3.29	3.68	3.47
1994	3.46	3.94	3.68
1995	3.91	4.52	4.18
1996	4.57	4.47	4.53
1997	3.83	4.94	4.32
1998	4.73	4.57	4.66
1999	3.72	4.33	3.97
2000	3.72	4.43	4.03
2001	3.82	4.65	4.18
2002	4.24	5.23	4.69
2003	4.71	6.40	5.46
2004	4.45	6.23	5.20
2005	4.54	6.45	5.32
2006	3.85	6.16	4.73

Source: IMF DOTS Database

Note:

1. The values in Column 2 are in US\$ million and the above figures do not include the data from Bhutan as it does not report its data.
2. The Countries included are Afghanistan, Bangladesh, India, Maldives, Pakistan, Nepal and Sri Lanka.

Pakistan

India's relationship with Pakistan is the most intractable and difficult in its immediate region and one with which it grapples internationally. At the core of animosities lies the question of Kashmir. In recent years, Pakistan, rarely a beacon of stability, has been experiencing enhanced political volatility and internal violence. This violence has spilled over into India several times, with or without the collusion of the government in Islamabad, and has sorely tested the patience and restraint of the Indian nation and its government. Nevertheless, large-scale hostilities have been avoided since 1971 and the nuclear weapons capacity of both countries may, in fact, have rendered all-out war much more unlikely than in the past decades.

Pakistan's pivotal location at the crossroads of South Asia, the Middle East, and Central Asia endows it with singular strategic significance. It has 1,046 kilometres of coastline along the Arabian Sea and the Gulf of Oman, and land boundaries with Afghanistan (2,430 kilometres), Iran (909 kilometres), India (2,912 kilometres) and China (523 kilometres). Pakistan is the sixth most populous country in the world and has the second largest Muslim population in the world after Indonesia.³¹

Pakistan was born as a separate Muslim state in August 1947. Though for centuries, Hindus and Muslims had lived together in the subcontinent, the partition created unprecedented

hostilities between secular India and Islamic Pakistan. Stephen P. Cohen cited an observation by G. Parthasarathy, former Indian High Commissioner to Pakistan, that trying to effect India-Pakistan reconciliation is like trying to treat two patients whose only disease is an allergy to each other.³²

For the past 60 years, India-Pakistan relations have been fraught. It is one of “the most enduring rivalries of the post-World War II era.”³³ Successive Indian and Pakistani governments have attempted to negotiate and resolve outstanding problems, sometimes achieving limited if real success (for example, with World Bank participation and assistance, on the Indus Waters Treaty of 1960), but the overall relationship has never improved fundamentally for long.

The list of agreements reached by the two countries since the late 1980s is a long one (see Table 4).

Table 4: Confidence Building Measures (CBMs) between India and Pakistan³⁴

Select CBMs	Date
An agreement not to attack each other’s nuclear facilities	31 December 1988
a couple of military Confidence-Building Measures	1991
Agreement on the complete prohibition of chemical weapons	19 August 1992
An agreement to negotiate more measures to bring more military stability	1999
Bus service between New Delhi and Lahore	1999
India’s announcement of easing of visa rules for visiting Pakistani journalists, doctors and academics	9 September 2004
Expert level talks on Nuclear CBMs	December 2004
Bus service from Srinagar to Muzaffarabad	7 April 2005
Agreement reached on the establishment of a hot line between the two maritime security agencies	4 October 2005
Bus service from Lahore to Amritsar	20 January 2006
Fibre optic link between Amritsar and Lahore	27 February 2006
Agreement to jointly fight human trafficking, counterfeit currency trade, and illegal immigration	22 March 2006
Amritsar-Nankana Sahib bus service	24 March 2006
Agreement on reducing the risk from accidents relating to nuclear weapons	21 February 2007
“Khuda Kay Liye” or “In the Name of God” becomes the first Pakistani film in four decades to be approved for release in Indian theatres – drawing big crowds and receiving more generous praise in India than its qualities may have merited;	4 April 2008
A framework agreement with Turkmenistan, Afghanistan and Pakistan on a US\$7.6 billion gas pipeline project	24 April 2008
Agreement to a series of Kashmir-specific CBMs	21 May 2008
The opening of several trade routes between the two countries – the Wagah-Atari road link, the Khokrapar-Munnabao rail link, and the cross-LoC Srinagar-Muzaffarabad and Poonch-Rawalakot roads	25 September 2008

There have also been extensive discussions, both formal and informal, between the two governments over the sensitive Kashmir issue, with each (up to a point) supporting “track two” discussions among leading scholars, retired officials and writers. Indeed, at times, it has seemed as if “track two” activity was the main growth industry involving both countries.³⁵

And yet, beyond such Pakistani military adventurism as the ill-advised Kargil operation of 1999, spectacular incidents of terrorism, with proven or suspected links to Pakistan, have all too frequently disrupted the efforts to improve ties between the two countries and have repeatedly placed Indian governments at risk of looking “weak” in the absence of reprisals. For example, on 24 December 1999, five armed Islamic terrorists, later found to have Pakistani connections, hijacked an Indian Airlines flight after its departure from Kathmandu and, after touching down in Amritsar, Lahore, and Dubai, forced it to land in Kandahar. At the end of six days, during which the hijackers killed one of the 178 passengers and injured several others, the ordeal ended when New Delhi agreed to release three Islamic militants³⁶ jailed in India who were associated with Pakistan-backed Islamic fundamentalist terrorist organisations, such as the *Harkat-ul-Ansar*.³⁷ Then-Indian Foreign Minister Jaswant Singh flew with the terrorists to Kandahar in order to secure the release of the hostages.³⁸ The decision to allow Jaswant Singh to do so was a very difficult one for the Indian government, which had always rejected negotiations with terrorists.³⁹

Among other incidents challenging the bilateral relationship, the 13 December 2001 terrorist attack on the Indian Parliament resulting in the deaths of nine policemen and Parliament staffers (and also the five terrorists, who were identified as Pakistani nationals) stands out. India’s response was, all told, mild – the recall of its High Commissioner to Pakistan and termination of the bus and rail services between these two countries.⁴⁰ A suicide car bomber struck the Indian Embassy in Kabul, Afghanistan, on 7 July 2008, and Pakistan’s Inter-Services Intelligence (ISI) was thought by many to be implicated. The blast killed more than 40 people, including two Indian diplomats.⁴¹ India did not respond overtly (or, as far as we know, covertly). On 26 November 2008, terrorists later established to have been Pakistani citizens attacked Mumbai, resulting in nearly 200 dead.⁴² On this occasion, India sought to achieve Pakistani government recognition that the attackers had originated in Pakistan through dialogue managed by Washington and, to a lesser extent, London. Thus, India has established a pattern of considerable restraint in responding to terrorist attacks associated with Pakistan if connections to the Islamabad government itself are often hard to establish conclusively. However, many other terrorist attacks in India in 2007 and 2008, for example, in Hyderabad and Jaipur, were loosely, reflexively and perhaps inaccurately, linked to Pakistan or Bangladesh by the Indian media based on official and semi-official briefings.⁴³

Beyond individual incidents, the graver challenge for India is the perception there and elsewhere that to a very large extent, “Pakistan defines itself in anti-Indian terms”.⁴⁴ Rulers in Pakistan, and not just military ones, have all too often played the “India card” to consolidate their regimes, an approach much appreciated by Pakistan’s defence establishment as this has served as the rationale for its weapons build-up disproportionate to the needs of a country of its size and for other calls on Islamabad’s Treasury. While Delhi has often been accused domestically of under-investing in military and intelligence spending, Islamabad has been generous in building up Pakistani military and espionage capabilities, often including sizeable assistance from both the West and China. According to a RAND study, “Pakistan perceives its diplomatic and military options to be quite limited...Given the constraints, Pakistan believes that one of its few remaining successful strategies is to calibrate the heat of the

insurgency in Kashmir in order to *pressure India through the expansion of violence in other portions of India's territory.*"⁴⁵

The serial domestic political crises in Pakistan early in the new millennium, coming after the serial failure of democratically-elected governments during the earlier decades, and the increasing extremism of religious fundamentalists within the country (and spilling out from it) have become much more serious security concerns for India and for much of the rest of the world than is its nuclear arsenal – worrying as that is also.

However, India's response to provocations originating in Pakistan, be it the Kargil adventure or the 2008 Mumbai attack, has increasingly involved coercive diplomacy intermediated by Washington (and sometimes, to a degree, by London). While this is sometimes derided as "weak" by Indians favouring a muscular response, the approach has many benefits: Pakistan's weapons suppliers and financiers are hard to sideline, their intelligence findings hard to duck, and the incentives – positive and negative – that they can offer are impossible to ignore. Meanwhile, Washington takes the heat, while the Indian government sits back carefully calibrating varying messages for domestic, international and Pakistani consumption.

Focusing on India's own lack of preparedness to detect and counter terrorist activity, so distressingly on display at the time of the Mumbai attacks, the Indian novelist Aravind Adiga zeroed in on the dynamic as follows:

When the strike takes place, it will be found that the local police did not have enough guns, walkie-talkies, training or manpower to fight back quickly. Co-ordination between local security agencies and elite commando forces in Delhi will prove to be poor. When the terrorists are overpowered, they will probably say that they received training and assistance from jihadists in Pakistan; they may even be Pakistani nationals.

The government will immediately threaten to attack Pakistan, then realise that it cannot do so without risking nuclear war, and finally beg the United States to do something. Once it is clear that the government has failed on every front – military, tactical and diplomatic – against the terrorists, senior ministers will appear on television and promise that, next time, they will be prepared.⁴⁶

Home Minister P. Chidambaram is making a convincing stab at attempting to pull the security forces together such that a repeat of the Mumbai security fiasco will be less likely, but only time and further experience will indicate whether he has achieved real change or simply generated sound and fury (rather along the lines Adiga evokes above).

While this description is cruel, if all too often accurate, by delegating the diplomatic heavy lifting to Washington (with a role for the United Nations Security Council in extreme cases, as with Mumbai) India avoids having to escalate by launching reprisals, which could conceivably lead to an uncontrollable tit for tat with lethal (although not likely nuclear) consequences.⁴⁷ Thus, that India's strategy for managing crises generated from within Pakistan seems to be one of "containment" with much of the execution delegated to Washington.

Kashmir remains at the crux of the tortured relationship between India and Pakistan. At different times, both countries have betrayed the aspirations of Kashmiris for independence or, at the least, meaningful autonomy, but, over the years, in spite of a harsh Indian military

occupation of the Kashmir Valley, Pakistan has increasingly come to be seen as the fiercest antagonist bent on upending the *status quo*. The division of the historical territory of Kashmir between the two countries has strong emotive resonance in Pakistan, where it is discussed on three levels – as a territorial, ideological and moral dispute.⁴⁸ For many Indians, Kashmir is a very distant state of the Union, but India's overall cohesion is strongly supported by most Indians, and thus the Indian government has rarely been under domestic pressure to be forthcoming in negotiating with Pakistan – quite the contrary. For many older Pakistanis who are still able to remember the horrors of Partition, identity, pride and an unwillingness to buckle to the stronger Indian hand come together vividly in the advocacy of unyielding support for a Pakistani Kashmir. These sentiments have been fuelled at the political level, and very often by the security establishment. Most Indians are unaware, or given the hardships of their own lives, not unduly moved by the severity of conditions in the Valley and the all too frequently brutal military and police presence there. For Pakistan, Kashmir seems to represent much more than it does for most Indians. And fringe elements in Pakistan see it not merely as a just cause, but somewhat quixotically, as a key to unravelling the cohesion of India. One “techno-economic” view occasionally heard is that Pakistan can never achieve water security until such time as it controls the Indus and its tributaries in Kashmir. This view runs into the reality that the Indus Waters Treaty of 1960 between the two countries has been a major success to date, but for political activists and conspiracy theorists, such inconvenient facts are always secondary.⁴⁹

On balance, in spite of periods of civilian rule, the Pakistani Army has dominated the political order in Islamabad and always exercises strong influence over civilian governments. It not only sees itself as the ultimate guarantor of the state but has built up vested economic interests at the institutional and personal levels posited on its political role.⁵⁰ Thus, despite the civilian government led by President Asif Ali Zardari since 2008, Pakistan remains subject to undue opaque but real influence of its security establishment, exacerbating the country's reputation as an unstable nation-state. The breakaway of East Pakistan in 1971 was the first of its major failures in addressing its problems of socio-ethnic pluralism. The inability of the state to constructively manage this diversity continues in the North West Frontier Province, in parts of Sindh and above all in Baluchistan. It is not surprising that, in practice, Indian politicians prefer to let Washington take the lead in trying to ride this tiger, so long as the country is accommodated by its allies.

T. V. Paul argued that a crucial, neglected structural factor causing the persistence of an India-Pakistan rivalry is the power asymmetry that has prevailed between the antagonists for over half a century.⁵¹ Cohen also underlines the structural problems between these two nations. He noted, “Structurally, the India-Pakistan relationship is toxic.”⁵² ‘Terrorism’ is the core issue for India, ‘Kashmir’ for Pakistan, and ‘nuclear security and stability’ for the international community. These tectonic plates crash up against each other, but cannot mesh comfortably. It may also be that the growing asymmetry in economic performance and geo-strategic significance builds in a powerful structural dimension to Pakistan's resentments. Thus, it is hardly surprising that efforts to engage bilaterally across the border at the level of heads of government have yielded little fruit, most recently in encounters between Indian Prime Ministers Vajpayee and Singh and Pakistani President Pervez Musharraf.

In optimistic times, friends of both countries never tarry of hoping for peace through economic cooperation. Nisha Taneja notes that there is a large untapped trade potential between the two countries of around US\$11 billion. However, very few items having export potential from India are on the permitted list adopted by the government of Pakistan.

Likewise, India imports several items from other countries but not from Pakistan.⁵³ While only a modest part of this potential is realisable for now, given political realities, gains from new products and intra-industry trade could, in the longer term, go much beyond projections currently being made by quantitative econometric studies. More cross-border investment could be a mutually profitable endeavour.

India's main interests in economic cooperation with Pakistan lie in sectors such as hydro-power, water management, gas transportation, tourism and road-connectivity to Afghanistan and Iran. A proposed 'Iran-Pakistan-India' gas pipeline, a US\$7.6 billion tri-nation project would provide market linkages to Iranian natural gas resources and increase the commercial attractiveness of the natural gas sector. The project, creating a significant economic link with Pakistan as well as with Iran, one of the world's top three holders of proven oil and natural gas reserves, is also attractive from the perspective of helping to contribute to the reduction of poverty, income disparities, and unemployment in Pakistan, which in turn might discourage radicalism.

At the human level, there is intense interest, indeed often hunger for, cross-border visits and exploration of each other's society as it has evolved since 1947. Many touching accounts exist of how well visiting Indians are treated in Pakistan and vice versa (although the security authorities in both countries remain vigilant with respect to such visits). Indian books are read, and films watched, with great enthusiasm in Pakistan and Pakistani maestros of classical music are as much admired in India as in their own country, with huge crowds materialising to hear them perform live whenever that is possible. Indians and Pakistanis arise from the same roots, and there is keen interest in getting reacquainted among the cultural elite, however high the political and security barriers are.

The two governments could, without adding much to their security concerns, relax the protocol regimes applying to their diplomats assigned in the other country – absurdly constraining notification regimes and niggardly authorisation patterns for any movements beyond the city of residence, parallel what remain tremendously restricted and tentative efforts to establish cross-border trade, passenger transportation and more general interaction. (Indeed, these regimes recall those in force between the East and West blocs during the Cold War at its most egregious.) Several bus and rail links announced in recent years amount to little in practice, although the murderous bombing of the Delhi-Lahore train in 2007 reminds of the risks involved in any attempt to improve relations.⁵⁴

One area for potential confidence-building that could pay off over time would be the inclusion of officers from each other's establishments in certain training courses, in military games, and in certain types of cooperative maritime manoeuvres, but this would obviously need to be preceded by a genuine effort to improve overall ties.

Cohen aptly remarked, "Indians do not know whether they want to play cricket and trade with Pakistan, or whether they want to destroy it. There is still no consensus on talking with Pakistan: sometimes the government and its spokesmen claim that they do not want to deal with the generals, but when the generals are out of the limelight, they complain that the civilians are too weak to conclude a deal."⁵⁵

In Western governments, hope springs eternal that change, virtually any change, in government will be for the better in Pakistan. Military government, it is thought, will bring a measure of stability and less corruption. Civilian rule, it is assumed, will provide better

governance that is more in tune with Western values. Indians are more cynical – they have seen and remember the follies of successive Pakistani governments, military and civilian, all of which have played the anti-Indian card. Thus, when Benazir Bhutto was assassinated in December 2007, the Western media evoked a Greek tragedy calling forth intense emotion, projecting onto the late Ms Bhutto – an attractive, Western educated woman particularly skilled at delivering different messages to different audiences – ideals of democratic government she never came close to approximating in power, as Indians all too readily remembered. Indian commentators conceded that she was both admirably brave and articulate but focused mainly on the sorry record of her two spells in power, and her frequent stoking of anti-Indian sentiment.

Nevertheless, as the stronger party, the onus is widely seen as being on India to go the extra mile in engaging Pakistan. Counter-intuitive as this seems to some Indians, given how often the country has been victimised by cross-border terrorism, it makes sense that India should do all in its power to avoid aggravating Pakistan's torment and that it should, whenever circumstances allow, reach out. It has little to lose, particularly as the most salient features of its interests, including its security interests, are now focused elsewhere. And when it is overwhelmed by frustration in dealing with its recalcitrant western neighbour, it can compare notes with several other major regional and global powers, such as the United States, the Russian Federation and China on the thankless nature of relationship-building with weaker, resentful neighbours – although few of these neighbours are as potentially dangerous as Pakistan remains, not in the least due to those it hosts, willingly or unwillingly, on its territory.

Bangladesh

Bangladesh, earlier known as 'East Pakistan', emerged as an independent and sovereign country in 1971. It constitutes one of the largest deltas in the world with a total area of 147,570 square kilometres. Bangladesh has a population of about 140 million, making it one of the densely populated countries of the world.⁵⁶ A major portion of Bangladesh is surrounded by Indian states, which makes the country feel 'India locked' to some.⁵⁷ India shares 4,095 kilometres of border with Bangladesh, the longest among all its neighbours. Of this, four north-east states – Tripura, Meghalaya, Mizoram, and Assam – account for 1,879 kilometres while West Bengal accounts for the rest. All too often, Bangladesh is seen mainly by many Indians as the source of an unending flow of illegal migrants.⁵⁸ (Current estimates run to about 15 to 20 million illegal Bangladeshi in India.) The Indian High Commissioner in Dhaka commented, "We have to be circumspect in issuing visas particularly when we know that around 25,000 Bangladeshis do not return after entering India every year. Those who enter unrecorded are many more."⁵⁹ It is also thought of prominently as a haven for fundamentalists and terrorists and a sanctuary for Indian insurgents in the north-east.⁶⁰ Indeed, with the exception of a brief period, in the immediate aftermath of the liberation of Bangladesh in 1971, bilateral relations have been marred by mistrust, disharmony and suspicion. Sreeradha Datta wrote:

The convergences of their cultural links and economic complementarities are apparently not compelling enough for both countries to overcome the growing bilateral problems between the two. Over the years, the differences have deepened while the convergences have got marginalised.⁶¹

Either by design or due to drift, Indo-Bangladesh relations are amongst the least cooperative that India has developed in South Asia, although much more positive than those with Pakistan.⁶²

From an Indian perspective, Bangladesh has become increasingly resentful of its economically more successful and larger neighbour, resisting several large Indian-inspired economic projects and the related Indian investment and, more generally, all too readily blaming India for the ills of its own creation.⁶³ At first, India seemed to hope that military-backed interim rule instituted in 2007 after several years of government by the Bangladesh Nationalist Party and its Islamist allies, led by Khaleda Zia, the widow of its former leader, and no friend of India's, would lead to better relations with New Delhi. It was, of course, disabused of this view by the time electoral democracy was restored two years later, when Sheikh Hasina, daughter of the founding leader of Bangladesh and head of the Awami League, returned to power. While both women command strong loyalty among their followers, both are tainted by corruption, which the interim government failed to confront convincingly.

The levels of maladministration and corruption in Bangladeshi public life shocked even the other South Asians, largely inured to a high level of both.⁶⁴ Of greater concern to India has been the strength of radical Islam in organised politics as well as the existence of significant Islamist militant groups, some with international links, including to confederates in Pakistan, and, it is widely suspected, in India. The fear of a *Talibanisation* of Bangladesh, while seemingly far-fetched to many casual Western observers, remains real and urgent to much of the Indian security establishment.⁶⁵

The issue of migration from Bangladesh into India has at times been a politically salient one for New Delhi, at least not after terrorist events in India are attributed, not always entirely convincingly, to extremists with Bangladeshi ties. In addition, Bangladesh's reported harbouring of separatist movements targeting parts of India's north-east (much of which was coveted by Pakistan in the run-up to partition) has also been a sore point in bilateral relations.⁶⁶

While Bangladeshis are concerned about the potential for Indian domination, India has its own concerns, feeling vulnerable to pressures from Bangladesh over the narrow Siliguri corridor that links the north-east with the rest of India.⁶⁷ Apart from security concerns, many other actual or potential problems mark the relationship between these two countries including issues of border management; problems of water sharing, trade and transit related issues, and illegal migration.

The landslide victory of the Awami League, led by Sheikh Hasina in the 2008 parliamentary elections, ended the two-year-old political uncertainty in Bangladesh. The government in Bangladesh, which was elected in December 2008, and its Indian counterpart have projected a willingness to improve the bilateral relationship. Bangladesh Prime Minister Sheikh Hasina has welcomed Indian entrepreneurs to invest in Special Economic Zones to double bilateral trade to about US\$6 billion over two years.⁶⁸ Similarly, to boost trade, business and numerous economic activities, the two neighbours aim to upgrade existing infrastructural facilities at 27 Land Customs Stations in the north-east.⁶⁹

India-Bangladesh economic ties have grown by 145 percent from about US\$1 billion in 2001-02 to US\$2.55 billion in 2006-07.⁷⁰ To improve relations and encourage people-to-

people exchanges, India and Bangladesh resumed train services between Dhaka and Kolkata after a gap of over four decades. The rail connection between Kolkata and Dhaka was snapped during the 1965 Indo-Pak conflict when Bangladesh was part of Pakistan. (Meanwhile, India and Bangladesh had resumed direct bus services linking Kolkata and Dhaka in 1996.)⁷¹

India's reading of the country is a factor in its politics: during the government led by Khaleda Zia from 2001 to 2007, overt hostility by Dhaka towards India reached an unprecedented peak. This was partly, foreign observers thought, designed to divert attention from internal problems in the government and widespread charges of corruption, but it also took advantage of the perception that India was partial to the Sheikh Hasina-led Awami League. While these factors will not be so much at play under Sheikh Hasina, she will, nevertheless, have to overcome conflicted feelings among the Bangladeshis towards their larger, more powerful and economically more successful neighbours.

One means of achieving greater harmony would be to hitch Bangladesh's economic prospects more clearly to the rising economic star of India, but this will not be an easy sell domestically.

Afghanistan

Afghanistan, a landlocked country, with an area of approximately 647,500 square kilometres, is located to the north and west of Pakistan, east of Iran, and south of Turkmenistan, Uzbekistan, and Tajikistan. The narrow Wakhan Corridor extends from north-easternmost Afghanistan to meet with China. Its borders extend as follow – China (76 kilometres); Iran (936 kilometres); Pakistan (2,430 kilometres); Tajikistan (1,206 kilometres); Turkmenistan (744 kilometres); and Uzbekistan (137 kilometres).⁷²

India and Afghanistan are geographical neighbours and their relations date back even to pre-history. The Indian epic, *Mahabharata*, mentions many places, rivers and names of tribes and their leaders located in today's Afghanistan. Afghanistan was the vehicle for the spread of Buddhism from India to Central Asia and beyond. There is a shared history and strong bonds of culture.⁷³ India has a strong security interest in ensuring that Afghanistan remains sovereign, stable and united and free from outside influence (notably any lasting undue Pakistani, American or Russian influence).⁷⁴ However, India's approach towards Afghanistan has been cautious. According to the great Indian thinker Kautilya's 'Mandal'⁷⁵ theory, Afghanistan should have been one of India's closest friends in the region, deserving all kinds of support to ensure its strength and stability, but it was not the case even in Kautilya's time. Relations ever since have ebbed and waned according to contemporary circumstances. But during the 20th century, many in Afghanistan's elite were educated in India, and both diplomatic and cultural ties were strong until the Monarchy in Afghanistan was overtaken by even more radical elements during the 1970s.

The Partition of India left Afghanistan bordering Pakistan but separated from India by a narrow band of valleys and mountains in Pakistan's north-east. However, psychologically, India and Afghanistan think of each other as neighbours and friends (their positive relationship derived from added saliency as a result of the difficulties each has experienced with Pakistan).

Nevertheless, India's policy towards Afghanistan demonstrates the dichotomy between its aspiration for a larger role in its north-western neighbourhood and the real constraints on it. Despite this, India's engagement with Afghanistan has achieved considerable progress after many post-Independence twists and turns.

India's refusal to criticise the Soviet military intervention in Afghanistan at the end of 1979 isolated it from a large segment of the Afghan people. The shadow of the Cold War damaged India-Afghan relations. And the advent to power of the Islamist Taliban in the 1980s was deeply worrying to India. At the turn of the 1990s, India's first challenge was to pick up the pieces from its shattered Afghanistan policy. Though India's engagement over time increased, the emergence of the Taliban with Pakistan's support limited India's options. India supported anti-Taliban forces in Afghanistan.⁷⁶ The dramatic developments after the 9/11 attack and the ensuing defeat of the Taliban by the United States-backed Northern Alliance (with which India also entertained good relations) changed everything. It provided an opportunity for India to re-establish itself in Afghanistan in a radically different international and regional framework.

India has provided generous assistance in Afghanistan's reconstruction and nation building. High level visits in both directions are routine. President Karzai was educated in India, and is completely comfortable there. Despite security threats and attacks on Indian companies and their personnel in different projects, India has maintained its commitment to the reconstruction and rebuilding of Afghanistan.

India's direct bilateral commitment to the rebuilding and reconstruction of Afghanistan is US\$1.2 billion as part of the India's extensive multi-year development assistance programme.⁷⁷ Several thousand Indians are engaged in development work in Afghanistan. Funds have been committed to projects spread over a whole range of sectors ranging from education, health, power, telecommunications and broadcasting, infrastructure to institutional capacity building, strengthening of governance and food assistance.⁷⁸ India is the sixth largest bilateral donor in Afghanistan. In early 2009, then-Indian Foreign Minister Pranab Mukherjee inaugurated the Zaranj-Delaram Road which will provide better access to the country through Iran.⁷⁹

India is also working with other countries like Germany and Japan in the reconstruction efforts and also in capacity building activities which includes training courses for diplomats, government officials, policemen, journalists and doctors.⁸⁰

Furthermore, as part of the initiative for strengthening cultural ties with Afghanistan, the India Culture Centre was opened at the Indian Embassy in September 2007. Several activities including classical music and yoga lessons by Indian teachers are being undertaken by the Centre.⁸¹

Nevertheless, tensions with Pakistan over India's presence (including five consulates) in Afghanistan – seen as a provocation in Islamabad and evidence of an Indian strategy of encirclement of its long-time rival – has greatly complicated India's cooperation with Afghanistan. India has needed to emphasise again and again that it has provided no military support for the North Atlantic Treaty Organisation (NATO) mission in Afghanistan nor sought to engage Pakistani forces from within Afghanistan. While this is true as far as it goes, Pakistani sensitivity to India's activities in Afghanistan is acute and the involvement of Pakistan's ISI in the murderous suicide bombing of the Indian Embassy in Kabul in July

2008 was rumoured with great insistence. On the other hand, Indians recognise that internal threats in Afghanistan affect the region as a whole.⁸² M. K. Bhadrakumar wrote, “The biggest threat to regional stability originates from Afghanistan in the activities of radical extremists and drug traffickers.”⁸³

Ultimately, India’s policy and activities in Afghanistan, while overtly reinforcing those of NATO countries, may come under some pressure from Washington which could be tempted to accommodate the government in Islamabad on some issues of peripheral weight relative to its own key interests in Afghanistan. For this reason, Indians viewed the appointment of Richard Holbrooke as United States President Barack Obama’s heavyweight special envoy for Afghanistan and Pakistan with some apprehension, especially as the Obama transition team had speculated about linking policy development on Afghanistan and Pakistan to a resolution of the Kashmir dispute between Pakistan and India.⁸⁴

Nepal

Nepal is a small, landlocked largely Himalayan country with an area of approximately 147,181 square kilometers (roughly 4.5 percent of India’s land area). It is an ecologically and ethnically diverse country with a population of roughly 30 million. With its GDP per capita of about US\$1,165, it is also one of the 20 poorest countries in the world. The 2001 national census has classified 98 caste and ethnic groups and sub-groups, and an almost equal number of languages and dialects.⁸⁵ Each caste and ethnic group has its own class divides, hierarchies and patriarchies. Each has its own myths of origin, its own history and its own particular relationship to state power. Political affiliations range from vestigial loyalty to the feudalist royal family, deprived of any official role in 2006, through Hindu nationalists and a Nepali Congress party superficially modelled on its Indian cousin, to a garden-variety communist party and the Maoists who recently transitioned from an armed insurgency to the practice of electoral politics. The country’s many complexities make it often bewildering for foreigners to understand.⁸⁶

Nepal’s economy is pre-dominantly agricultural. Water is its biggest natural resource and could enrich the country, if better managed.⁸⁷ Nepal lies between two powerful neighbours, “like a yam between two rocks”⁸⁸ and often feels disempowered economically and otherwise by this fact. As one Nepali scholar Pashupati Shumshere J. B. Rana wrote:

In 1947, when the British handed over the reins of government to independent India, the latter expected to succeed to Britain’s dominating influence over Nepalese affairs. For over a century Britain was not only dominant in South Asia, but also as a world power, while China had progressively declined. In addition there were powerful cultural, social and economic links with the south. Similar social systems, common religions, ancient cultural ties and the perennial interchange between private citizens through pilgrimage, trade, employment and marriage enmeshed the two nations. As a result of the building of the Indian railways all along Nepal’s southern border, where the majority of her resources were concentrated, the development and exploitation of Nepal’s economy became south-oriented. Both goods and ideas travelled through India to landlocked and isolationist Nepal. For instance, due to the paucity of facilities in the country, almost all Nepalese had to obtain higher education in India before 1960. Thus, the influence of the south was reinforced by cultural bias, economic dependence and even by the very process of modernisation. So much so, that to most people in 1947 it must have seemed inevitable that, despite her unchallenged independence, Nepal

should continue to be under the influence of the power that ruled the southern hinterland.⁸⁹

Nepal is well engaged in a process of transformation, emerging from serious governance challenges in 2006 to strip power from King Gyanendra (a poor argument for royalty) and to bring the Maoists down from the hills and into government. These developments responded to deep frustrations in society over the previous ineffective and occasionally brutal political order and over the deep poverty with which most of the country continued to be afflicted.⁹⁰

Relations between India and Nepal, long organised by Raj interests and servants, have, since 1947, experienced the tensions and interdependencies that small neighbours typically have with large ones. Links of historical, geographical, economic, political, religious and socio-cultural nature, as well as constant flows of population across borders, conspire to create deep attachments but also deep resentments.⁹¹ The open border, national treatment granted to the nationals of the other (even though there is imbalance in how each country implements the facility) and long existing familial links at various levels, underline the exceptionally intense relations between the two sovereign states, but they have also contributed to frequent friction at the political and diplomatic levels, including an economic blockade imposed by India against Nepal in 1989.

The Treaty of Peace and Friendship concluded between India and Nepal on 31 July 1950 forms the basis of Indian policy towards Nepal.⁹² However, from an Indian perspective, the 1950 treaty was driven by security considerations. Prime Minister Nehru was clear with the Parliament in Delhi on the significance of the treaty:

Apart from our sympathetic interest in Nepal, we are also interested in the security of our own country. From time immemorial, the Himalayas have provided us with a magnificent frontier. Of course, they are no longer as impassable as they used to be, but they are still fairly effective. We cannot allow that barrier to be penetrated because it is also the principal barrier to India.⁹³

Nepali resentment of Indian domination impinged directly on India's effort to uphold its special security relations with that country. Indian economic, political, and cultural influence on Nepal was pervasive. For Nepal's government, India was the ultimate guarantor of law and order (through close links between the armed forces of the two countries, which became controversial in 2009 when India appeared to stand by the leader of Nepal's armed forces when he refused to step down at the request of Nepal's Maoist Prime Minister). Culturally, India's universities, religious and artistic institutions, media, and scientific-technological institutions also exercised a strong influence on Nepal.⁹⁴

Nepal has several concerns *vis-à-vis* India, beyond worries over excessive Indian interference. In a recent book on Indian foreign policy, former Indian diplomat Rajiv Sikri wrote, "Indians have taken Nepal too much for granted. India's approach towards Nepal has been dismissive and neglectful. The Indian government and public have never shown adequate sensitivity to Nepali pride and uniqueness."⁹⁵ Thus, as often with a large neighbour of a small and proud country, India justifiably feels at times that it cannot win.

The Nepalese also believe that the treaties and agreements between Nepal and India are 'unequal' and not conducive to Nepal's interests. Such perspectives have prevented Nepal

from capitalising on the huge and energy-hungry economy next door. Rather than viewing them as opportunities to be replicated, there is resentment in Nepal with regard to agreements on the Kosi and Gandak rivers. (All the while, Bhutan raises 40 percent of its national income from the sale of electricity to India from turbine plants the Indians themselves provided.)

One of the major casualties of weak, venal and self-serving governments in Kathmandu has been the lack of ambitious economic cooperation with India. Nepal does not have a major manufacturing base, nor is it likely to have one in the near future, but the hydroelectric potential of Nepal alone is more than sufficient to transform the economy in a dramatic manner. Nepal's apprehensions regarding the inadequacy of its arable land and therefore the difficulty of creating large water reservoirs is understandable, as are worries over the challenge of people displaced by hydro-electric development, but Nepal's inability to take constructive action where it could generate income (notably through hydro-electric development) is distressing to its friends.

Since the low-water mark in bilateral relations in the late 1980s, India has gradually shifted to a more sympathetic approach. Indeed, in part through the early interventions of the Indian communist (Marxist) party, notably under Sitaram Yechuri's leadership, India shifted from a position of unbridled hostility towards Nepal's Maoists (suspected of links with various Maoist insurgencies in India) towards a willingness to accommodate their participation in talks on Nepal's governance in India from 2006 onwards.⁹⁶ India's communists and other Indian political actors argued strongly that the Maoists needed to renounce armed insurgency and to join the political process, which, to the surprise of many, the Maoists agreed to do in stages in 2005 and 2006.

In a parallel process, India, which had generally been hostile to the United Nations' involvement in its neighbourhood since the United Nations failed to uphold Indian claims over Kashmir in 1948, accepted a role for the United Nations monitoring of agreements entered into by political parties in Nepal. India supported the electoral process that brought the Maoists to power in early 2008 and, although tensions developed between the Maoists and India (fuelled, in part, by the enhanced relationship that the Nepali Maoists seemed keen to build up with Beijing), India has largely avoided overt intervention in the country's recent political life (beyond cajoling the various Nepali partners towards compromise), although it was widely seen to tilt against the Maoist government in early 2009. While India can be and is frequently criticised for its "heavy hand" in Nepal, its current stance and behaviour represents a quantum leap from its earlier outright domination of the country through a dependent Nepali royal family and other allies.

Of course, India also needs a positive agenda in Nepal. It might be more pro-active and supportive of economic renewal in Nepal and of the strengthening of democracy and civil society. India's approach too often appears reactive to events on the ground, suggesting a lack of actual strategy *vis-à-vis* this important and troubled neighbour. This sense of drift is summed up tartly by Mohan Guruswamy, "The confusion in [Delhi] over Nepal is not because that choice is difficult owing to a number of alternatives. We suffer no *l'embarras des richesses* in terms of options, but a poverty of clarity and hence muddle takes the place of policy."⁹⁷ This is all the more significant in a period marked by the abandonment of power by the Maoists in Kathmandu in early 2009, following parliamentary tensions over their decision to sack the armed forces commander, General Katawal, a decision that also brought them into conflict with Delhi.⁹⁸ A virtual stand-off between Delhi (through its local proxies and allies)

and the Maoists cannot continue indefinitely.⁹⁹ Muni, in correspondence with the authors, suggested:¹⁰⁰

The standoff between India and Nepal resulted from a number of factors, principal among them was the Maoists deviations from assurances sought by India and given by them on a number of bilateral issues; their propensity to use the China card beyond the ‘red lines’ drawn by India; their unwillingness or incapacity to give up strong-arm methods in dealing with their political opponents. Relevant as well were the abrasive diplomatic behaviours of Kathmandu-based Indian diplomacy; India’s fears that the Maoists were inclined to and capable of changing Nepal’s domestic power equations; and finally Delhi’s fears that a Constitution drafted under assertive Maoist leadership may not be compatible with the democratic profile of Nepal.¹⁰¹

However, he added:

Both India and the Maoists seem to be uncomfortable with the standoff and may want to end it. While the Maoists would want their recognition by New Delhi as the most powerful political force in Nepal, New Delhi may want the Maoists to respect its sensitivities inherent in the issues identified above. India can accept a gradual social transformation in Nepal, but the Maoist agenda of radical change may not be compatible with its own view of stability and order in the sensitive Himalayan state.

The tensions inherent in the relationship between India’s government and the Maoists in Nepal point to the wider challenges India faces in analysing and influencing developments in neighbouring countries.

Sri Lanka

Sri Lanka is an island republic situated in the Indian Ocean, south of India. Its total area is 25,332 square miles. About 15 percent of its people speak Tamil, the rest speak Sinhalese. “It has nearly 100 percent literacy, good infrastructure, great sun and sand, a vibrant class of professionals (teachers, doctors, lawyers, civil servants), two great religions that preach pacifism, a swashbuckling cricket team and a lot of goodwill. Once upon a time, it was also a model of democracy. What it did not – and does not – have is a spirit of accommodation between the two major ethnic groups, the Sinhalese and the Tamils.”¹⁰² Had it not been for the unending Tamil “problem”, and the unhappy Sinhalese response thereto, Sri Lanka would be clearly the most successful country of South Asia, given its comparatively excellent GDP per capita levels (which kept climbing throughout much of the civil war), high levels of education and good performance on other social indicators.

India and Sri Lanka have deep historical linkages. This is not surprising considering their proximity. It is evident that Buddhism transferred to Sri Lanka from India, but so did the Tamils. Unfortunately, the coexistence between the Sinhalese and the Tamils broke down when Sri Lankan nationalism attempted to consolidate itself around a Sinhala Buddhist identity.¹⁰³ Tamil discontent led to the demand for an independent Tamil Eelam that emotionally and sometimes in more concrete ways embroiled India’s Tamil population.

Fear of unrest among this Indian Tamil population both galvanised and constrained Indian policy at different times. From 1987 to 1990, India gingerly engaged in a degree of military intervention (in part aimed at addressing the large flows of Tamil refugees accruing to India)

under the guise of peacekeeping, but this did not work well, as, contrary to Indian military expectations, the Indian peacekeeping force was soon engaged in combat with the separatist Liberation Tigers of Tamil Eelam (LTTE), occasioning significant Indian casualties among its 20,000 troops (at their peak numbers) while failing to nudge the combatants towards compromise. A change of government in India allowed the new Prime Minister, V. P. Singh, to start withdrawing troops in 1989. In 1991, Rajiv Gandhi, who had launched the Indian peacekeeping force, was assassinated by an LTTE suicide bomb squad.

India's relationship with Sri Lanka's rulers has not been entirely comfortable ever since, which is why after 1990, India moved towards a more "hands-off" policy to the extent that sentiments in Tamil Nadu allowed.¹⁰⁴ This, however, provided space to other players such as Pakistan, China, Israel, and the United States to play a role in promoting various ideas for a negotiated settlement and for economic links with Sri Lanka. With considerable international support, Norway offered its services as a mediator between Colombo and the LTTE, resulting in a cease-fire in 2002. However, this agreement soon unravelled, and Norway was never able again to achieve full traction with the belligerents.¹⁰⁵ Following the election of President Mahinda Rajapaksa in 2005, Colombo opted for all-out military confrontation (occasioning many casualties on both sides) that led to the complete defeat of the LTTE and the death of its leader Prabhakaran announced on 18 May 2009.¹⁰⁶ The Sri Lankan government subsequently espoused reconciliation between the two communities, but because of its hard line approach in prosecuting the fighting to the finish, high anxiety remained among Tamils in Sri Lanka and abroad.

During recent years, India's views on the Sri Lankan civil war were conflicted. On the one hand, the LTTE's assassination of Rajiv Gandhi left it with few friends in India's body politic and none in the Congress Party, once again leading the Indian government as of 2004. On the other, the Indian government remained convinced that a military "solution" could never prove permanent without a genuine accommodation of Tamil interests within Sri Lanka. Delhi managed to defuse agitation from the Congress Party's Tamil Nadu ally, the Dravida *Munnettra Kazhagam* (DMK), for more energetic Indian action to protect the Tamils in Sri Lanka by engaging in diplomatic manoeuvres that did little to constrain the Rajapaksa government. (There was little more that Delhi could do without launching full-scale military intervention to save an LTTE it abhorred.) In the final days of the civil war, which coincided with the concluding stages of the Indian national election campaign of April-May 2009, Delhi redoubled its diplomatic lobbying in Colombo for the benefit of Tamil Nadu's worried population – quite effectively, as the DMK and the Congress Party carried Tamil Nadu handily in the election results.

More worrying to India's community of geo-strategic thinkers and commentators have been the warming ties between China and the Rajapaksa government that, could, some Indians fear, result in major Chinese naval assets being developed in Sri Lanka, as part of a strategy centring on India's encirclement.¹⁰⁷ There is much inhibiting China's ascension in India's immediate neighbourhood, but there is no reason to doubt that countries such as Sri Lanka will be only too happy to play India and China off against each other to their own benefit.

The way forward for Delhi may be to forge ever closer and more productive economic relations between India and Sri Lanka, whose entrepreneurship on this front has been more impressive than that of others in the region, while also nudging Colombo towards more convincing efforts to achieve reconciliation between Sri Lanka's two leading communities, and the rehabilitation of the many people displaced by the conflict. This will be particularly

important if terrorism and renewed conflict are to be avoided in years ahead. That the government in Colombo is seen by most Tamils as representing only Sinhalese interests and perspectives remains a challenge, which the government has done all too little to address since the comprehensive military defeat of the LTTE in 2009.

Indeed, Sri Lanka has benefited from the rapid growth of the Indian economy (particularly pronounced in India's south, so close to Sri Lanka). In 1998, the two countries signed a free trade agreement (FTA) that has greatly expanded bilateral trade between them. A new Comprehensive Economic Partnership Agreement is now being envisaged. Sri Lanka has been able to attract substantial private investments from India, resulting in an economic relationship that is largely private sector-driven. Thus, in spite of tensions over Sri Lanka's civil war, the economic relationship between India and Sri Lanka stands as a model within the region and could serve as an example for other capitals of South Asia.

Bhutan

Bhutan is situated in a comparatively inaccessible part of the Himalayas to the East of Nepal. It has an area of about 46,500 square kilometres, with a population of 672,425 (2005) and is compact, with a maximum north-south and east-west distance of 170 kilometres and 300 kilometres respectively.¹⁰⁸ Bhutan is bounded on three sides by India – Sikkim in the west, West Bengal and Assam in the south, and Arunachal Pradesh (formerly the North-East Frontier Agency) in the east, while Tibet looms to the north. Thus, Bhutan is a land-locked country sandwiched between two Asian giants – India and China, sharing borders of approximately 605 and 470 kilometres with each respectively.¹⁰⁹ The traditional inhabitants of Bhutan are of Indo-Mongoloid origin and of the same stock as the inhabitants of the eastern Himalayan region of India (Sikkim and Arunachal Pradesh). Culturally and in many other ways, including the dominant Buddhist religion, the country is linked more to Tibet than to India, but its political ties developed southward rather than towards Lhasa or Beijing.¹¹⁰ Bhutan, a country of tremendous scenic beauty and glorious indigenous architecture, and endowed with reserved but welcoming people is often thought of as the best approximation on this earth of the mythical *Shangri La*.

India and Bhutan traditionally enjoyed a cordial relationship, although a distant one until quite recently. Although the two countries signed a Treaty of Friendship, calling for peace between the two nations and non-interference in each other's internal affairs on 8 August 1949, the relationship did not gain momentum until Indian Prime Minister Jawaharlal Nehru visited Bhutan in 1958, and was enchanted by it (as he normally was by Himalayan climes). While formally genuflecting before the principle of non-interference, the essential bargain between India and Bhutan involved considerable Indian assistance in exchange for Bhutanese deference to India's foreign policy and defence concerns, notably as related to China.

Under Indian guidance, Bhutan developed a model of diplomatic engagement with middle powers, but with none of the Permanent Five members of the United Nations Security Council and, thus, most significantly, not with China. Indian troops were and remain stationed in strategic parts of northern Bhutan. Bhutan has subtly expanded the scope of its diplomacy through good working relations with the United States and some others of the P-5 while also engaging in low-key talks with the Chinese on the largely undefined border between them.

In spite of this clear Indian dominance of its small Himalayan neighbour, the relationship has been a genuinely friendly, positive and mutually respectful one, with India working hard to keep its own profile in Bhutan as low as possible and the Bhutanese mostly expressing appreciation for India's contributions. New Delhi pulled out all stops for Bhutan's engaging new King's official visit to India in August 2008, losing no opportunity to mark its regard for him and his country. (For those inclined to believe that India's only mode of intercourse with its neighbours draws on equal measures of arrogance and unilateralism, the relationship with Bhutan is a prime exhibit of how India can behave quite differently when met halfway.) The bilateral relationship has undergone some structural change: India renegotiated the 1949 treaty with Bhutan and signed a new treaty of friendship in 2007 which ended India's guidance on the foreign policy of Bhutan (although India's essential security interests are protected).¹¹¹

During the years 2006-08, Bhutan engaged in a carefully managed and apparently successful transition from absolute monarchy to a form of parliamentary democracy conjoined with a constitutional monarchy, marked by the abdication of the impressive modernising fourth King, Jigme Singye Wangchuk, in favour of his Oxford and India-educated son Jigme Khesar Namgyel Wangchuck.¹¹² The shift was undertaken at the instigation of the monarchy and unfolded against the backdrop of nervousness by much of the population which trusted the King but was not so sure about politicians. Throughout the process, India kept its thoughts to itself, and publicly extolled the vision of the fourth King.

Bhutan has, in recent years, registered significant economic success, largely due to the hydro-electric resources India has developed on its soil and for which India is the sole client (and one paying well for the privilege). India has completed three major hydroelectric projects – Chukha, Kurichhu and Tala – which are a great source of revenue generation for Bhutan, and Thimphu is now encouraging international interest in developing further hydro-electrical resources (for which India would remain the main client).¹¹³ The success of Bhutan's relationship with India in the field of hydroelectricity should suggest similar possibilities to Nepal, but the quality of bilateral relations, and also the quality of local politics, are so different, that Nepal – which has poor relations with Bhutan – may never take the hint. Bhutan enjoys preferential trade and transit facilities and benefits from exceptionally generous Indian aid – India finances nearly three-fifths of Bhutan's budget expenditures. The export of hydro-electric power to India is Bhutan's most important source of revenue. In June 2006, the 1972 FTA (which permits Bhutan to import and export goods via India) was renewed for 10 years. India and Bhutan also signed a 60-year agreement to cooperate in the development of hydro-electric power.¹¹⁴

The country has recorded impressive growth rates that average over seven percent per annum during the last two decades and during the Ninth Plan period (2002-07), the growth rate climbed to over nine percent.¹¹⁵ The singularly accomplished primary and secondary schooling system has yielded high numbers of qualified young Bhutanese able and prepared to engage with the global economy. It is, however, not yet clear how their aspiration for meaningful jobs will be met within the small, largely rural economy.

India has been Bhutan's principal donor for the development programme. The first two Five-Year Plans (since 1961) were wholly implemented with financial and technical assistance from the government of India. Today, India holds 61 percent of Bhutan's debt stock, while multilateral agencies hold 28 percent and other bilateral donors hold 11 percent.¹¹⁶

Indian assistance and aid from other partners, including the Asian development Bank, the World Bank and several bilateral donors, have allowed Bhutan to leapfrog over many countries that had started their development process earlier, by establishing the infrastructure for a credible knowledge economy and in supporting the emergence, essentially in the span of two generations, of Bhutan's remarkable, often English-speaking, modern human capital.

The Maldives

The Maldives Islands, India's other "good" neighbour, are located south of India's Lakshadweep Islands in the Indian Ocean. Maldives has a total landmass of 298 square kilometres spread over 1192 islands. India and Maldives enjoy close, cordial and multi-dimensional relations. The two countries share ethnic, linguistic, cultural, religious and commercial links steeped in antiquity. India was among the first to recognise the Maldives after its independence in 1965 and to establish diplomatic relations. It fields the only resident diplomatic mission in the capital, Male. Since 1965, India and the Maldives have developed close strategic, military, economic and cultural relations. India did little to discomfit increasingly authoritarian President Maumoon Abdul Gayoom during a 30-year run in power (1978-2008), but also did nothing to interfere with his defeat and replacement in 2008 by the young and dynamic Mohamed "Anni" Nasheed, whom Gayoom had earlier imprisoned.

Indo-Maldivian relations have been nurtured and strengthened by regular high level visits between the two countries. India's assistance in developmental work cemented the ties between these two countries. However, India can do little to assist the Maldives with its major concern: climate change, which has produced dangerously rising oceans, the threat from which was brought home again at the time of the tsunami in December 2004 that wreaked great havoc on its tourism economy spread across islands and often rising mere feet above sea level.

The Maldives, along with Bhutan, is a striking example of a successful Indian relationship with a small neighbour. There are no others.

Myanmar

Myanmar's geographic location largely between China and India endows it with great strategic significance for New Delhi. India's north-eastern states are sandwiched between Bangladesh, Bhutan, the Tibet Autonomous Region of China, and Myanmar. These states, several of them afflicted with separatist insurgencies, share a border extending over 1,643 kilometres with Myanmar. The borders are impossible to patrol closely and are, thus, porous, with population, insurgents and local trade spilling across in both directions. To the north, China's long border with the Indian state of Arunachal Pradesh is a source of tension, as China claims the entire state as its own. Myanmar can connect China with parts of India's north-east beyond Arunachal Pradesh. Myanmar also offers China geographical access to Bangladesh.¹¹⁷ Myanmar is thus the pivot of many forms of actual and potential transit that India could find highly threatening in a part of the country far from its critical mass. There can be little doubt that Delhi's close ties with Myanmar are motivated at least in part by India's desire to discourage and combat insurgencies in its own north-east region.¹¹⁸ No wonder then that India treads carefully in its relations with the unattractive military regime ensconced in Myanmar's new capital Naypyidaw (to the distress of many Western countries far removed from this theatre of conflict).

Positive developments in bilateral relations have occurred in all areas since the mid-1990s, especially under the two coalition governments led by Prime Minister Vajpayee (1998-2004). Bilateral trade has grown strongly although the volume of formal trade remains less than half of that that Myanmar conducts with China.¹¹⁹ Myanmar's exports to India during 2007-08 amounted to US\$984.48 million, whereas India's exports to Myanmar for the same period stood at US\$189.95 million. Further, both countries have agreed to upgrade border trade at Moreh-Tamu and Zowkhathar-Rhi, and to open a new border trade point at Avangkhang in the state of Nagaland in India and Robermi in Myanmar. The list of commodities under the Indo-Myanmar Border Trade Agreement has been expanded from 22 to 40 items. India and Myanmar are also emerging as partners in the fields of energy, information technology (IT) and power. In September 2008, a memorandum of understanding was signed between NHPC (India), Ltd. and the Ministry of Power of Myanmar covering development of the Tamanthi Hydro-Power Project in the Chindwin river. The Centre for Development of Advanced Computing of India has set up an India-Myanmar Centre for Development of IT Skill, which was inaugurated by the Prime Minister of Myanmar, General Thein Sein, on 16 October 2008.¹²⁰

Prime Minister Thein Sein visited India for the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation Summit in November 2008 and the Vice President of India, Hamid Ansari, visited Myanmar from 5 to 8 February 2009. During his visit several agreements in the training field were signed, as well as a Bilateral Investment Promotion & Protection Agreement. Institutional initiatives to check the activities of Indian Insurgent Groups in Myanmar were also discussed. India remains committed to assistance in developing infrastructure within Myanmar, including the Kaladan Multimodel Transit Transport Project, and to strengthening cooperation in oil and natural gas exploration (among other sectors).¹²¹

Myanmar is a major exporter to India, mainly of agricultural produce and primarily pulses (five percent of total Indian consumption which determines Indian market price). In fact, between US\$50 million and US\$400 million of pulses get exported to India annually. Timber is also exported to India as all plywood factories in India have closed and can only operate with imported material. There generally is no direct documentation between Myanmar and India as Myanmar is perceived to be a high risk country and not easy to cover by insurance, especially because of the insurgency activities on both sides of the border. Indian companies also route their trade via Singapore in order to avoid tax. Besides the agro-manufacturing and trading which goes via Singapore, there is pharmaceutical distribution through Korean and German companies, rough stones are exported to India and then, once cut, to the Middle East, and there is an increasing volume of tours and travel.¹²²

Myanmar is also India's gateway to ASEAN countries through Thailand and Laos, being the only ASEAN country with which India has both a land and maritime border. Many Indian geo-strategists see the relationship with Myanmar as key to preventing China and Pakistan from developing further foothold beyond the Chindwin River. India's Tri-services Command at Andaman (in a group of islands well to the East of India's main coast-line) lies alongside Myanmar's maritime boundaries and is separated from Myanmar's Coco Islands, where China is believed to be building up its naval infrastructure, by a mere 18 to 30 kilometres.

India's intelligentsia is hostile to the military *junta* mismanaging the country's economy and oppressing its people. There is much sympathy for opposition leader Aung San Suu Kyi, who received the Jawaharlal Nehru Award for International Understanding in 1995, India's

highest honour available to a foreigner.¹²³ And many Indians, including some prominent politicians such as former Prime Minister I. K. Gujral, believe that their own government should advocate democratic reforms in her country. And there are worries among Indian analysts of the spillover effects onto India soil and more widely into its neighbourhood if and when the Naypyidaw regime falls in ways that could spawn chaos and fear within the country. But most in the government believe that India's strategic interests require it to compete for the favour of any government in Napyidaw, particularly one that has allowed China to gain such a strong foothold in its economy and through Beijing's defence footprint within Myanmar. India's privileged relationship with the Naypyidaw generals allowed it quicker humanitarian access than that offered to multilateral agencies following the devastating floods in the coastal areas of Myanmar brought about by Cyclone Nargis in May 2008. And it is conceivable that, when the Myanmar *junta* collapses under its own dead weight at some unknowable point in the future, India will be helpful in promoting a more democratic form of government in keeping with its own governance preferences.

China-South Asia Relations and India

China has had long and deep historic linkages with South Asia. The Indian Ocean looms large in China's perception of its regional and global security interests, and China's growing influence in the region has been an important concern for New Delhi. Despite the recent booming trade between the two countries, lingering suspicion and mistrust characterise a relationship that can be inflamed at any time by many potential irritants (for example, disputed border claims and the Dalai Lama's residency in India). Their competition for influence in South Asia and neighbouring regions remains a major source of uncertainty at the global level, with commentators far from united over the likely shape of their evolving relationship. Today, neither country is expansionist in territorial terms (having enough trouble keeping their own existing territory at peace, as demonstrated in China in mid-2009 by violence in the Xinjiang Autonomous Region and in 2008 by clashes between Chinese security authorities and Tibetan communities both within Tibet and beyond, and in India by a plethora of Maoist and separatist insurgencies), but in terms of their international economic interests and their military reach, the scope for friction is very significant, not least through third parties, notably those serving a direct or indirect buffer role.

In nearly every Indian regional relationship outlined above, China has appeared as either an active third party or, quite often, as an active concern for Delhi.

While India-China relations today have progressed economically, neither power is at ease with the rise of the other. Each perceives the other as pursuing regional hegemony and fears the other might entertain geographical expansion (improbable as this seems for the reasons outlined above). On occasion, each advances proposals for multilateral cooperation that exclude the other. Moreover, India is concerned about the expansion of Chinese influence and the construction of inherently dual-capable (civil and military) transport links along both of India's flanks.

The Indians see China as having systematically sought to counterbalance India in the subcontinent by building up Pakistan and its military capabilities.¹²⁴ Across the Indian Ocean and South Asian region, India watches warily as China expands its military and political roles, fearing that it is sliding into a state of "strategic encirclement" by China, in part through a "string of pearls" strategy centered on the Indian Ocean.¹²⁵ This is the view of

Gurmeet Kanwal, Director of a Delhi based military think tank, The Center for Land Warfare Studies, who wrote:

While China professes a policy of peace and friendliness toward India, its deeds clearly indicate that concentrated efforts are under way aimed at strategic encirclement of India. For the last several decades, China has been engaged in efforts to create a string of anti-Indian influence around India through military and economic assistance programs to neighbourly countries, combined with complementary diplomacy. Pakistan, Bangladesh, Nepal, and Sri Lanka have been assiduously and cleverly cultivated toward this end...China's foreign and defense policies are quite obviously designed to marginalise India in the long term and reduce India to the status of a sub-regional power by increasing Chinese influence and leverage in the South Asian region.¹²⁶

Indian analysts are apprehensive of China's security relations with India's South Asian neighbours. According to Sujit Dutta of the Institute for Defence Studies and Analyses:

Beijing has over the years...developed some of its closest external relationships in the region built on defence and intelligence ties, military transfers, and political support. Unlike China's ties in East Asia, where they are essentially economic, in South Asia ties are primarily political-military in content.¹²⁷

Parthasarathy wrote that, "China remains the most destabilising factor for Indian national security."¹²⁸ Another Indian scholar Brahma Chellaney has encapsulated Chinese designs (new regional links and capabilities) antithetical to Indian interests as follows:

With its new wealth, China has been inventively building trade and transportation links to further its larger interests. Such links around India's periphery are already bringing this country under strategic pressure on three separate flanks. China is fashioning two north-south strategic corridors on either side of India-the Trans-Karakoram Corridor stretching right up to Gwadar, at the entrance to the Strait of Hormuz; and the Irrawaddy Corridor involving road, river and rail links from Yunnan right up to the Burmese ports. In addition, it is shoring up an east-west strategic corridor in Tibet across India's northern frontiers.¹²⁹

Cumulatively, these assertions can seem overly defensive. Nevertheless, the perspective they embody is deeply held in strategic circles in Delhi, and anti-Chinese sentiment is rarely far from India's editorial and commentary pages, placing India at something of a disadvantage *vis-à-vis* China, where media commentary can be carefully calibrated in the service of diplomacy. Strident anti-Chinese commentary in the run-up to the visit of President Hu Jintao to India in November 2006 seriously marred a visit that both governments had gone to great pains to stage-manage carefully.

India is today facing a challenge the United States never faced (irrespective of the Monroe Doctrine). Apart from a brief period in the early 1960s when the Soviet Union challenged Washington's hemispheric hegemony through Cuba, the United States dominance of the Americas, to the extent that it has cared to pursue and protect it, has not been threatened

seriously since the early 20th century (and probably before). India, on the other hand, sits alongside a powerful neighbour growing economically and in terms of military capacity much faster than it is, and which is disposing resources necessary to make itself very attractive to third countries in the region.

Whether India can manage its anxieties and develop therapies that soothe rather than exacerbate its fears will be important. It has had the wisdom to signal that it intends to join no alliance against China and that it will never serve as a local pawn for a wider strategy. It has also developed globally, if not regionally, new assets in its competition with China, not least through much warmer and substantive ties with the United States. However, these will not necessarily help it in managing its own neighbourhood.

How India meets this challenge remains to be seen. Would it be through carefully-planned and well-executed country-specific strategies playing on a range of soft and hard power instruments or as it does now, simply by muddling through in a less domineering way than it used to? It may be that India's domestic politics and other priorities will simply overwhelm the careful, long-term management of neighbourly relations.

Challenges and the Way Forward

No big country is loved by its neighbours. India's neighbourhood policy is abound with irony. While India has little influence over Pakistan, its policy is thought by many outside observers to be perhaps excessively Pakistan-centric, and unhelpfully so.¹³⁰ This has prompted other nations to wonder if a belligerent anti-India policy is the best method of attracting its attention.¹³¹ We disagree, having remarked above on India's considerable restraint in reacting to security crises believed to have originated from within Pakistan, but the fact remains that while India is considerably less focused on Pakistan than many Pakistanis seem to be on India, the first steps in arranging a lasting *détente* will probably need to come from the larger, stronger and more self-confident party in the relationship.

The challenge for Indian diplomacy lies in convincing its neighbours that India is an opportunity, not a threat. Far from being besieged by India, they have, through it, gained access to a vast market and to a productive hinterland that could provide their economies far greater opportunities for growth than if they were to rely on their domestic markets alone. For Bangladesh, greater engagement with India could yield major economic dividends, as Sri Lanka has already established. But has India done enough to make this option attractive? Judging from the admittedly narrow prism of its lacklustre leadership of SAARC, the answer would have to be, not yet. And, as described earlier in this paper, intra-South Asian trade remains limited and its growth is unsteady and slow. On the other hand, Indian Prime Minister Singh's advocacy of greater economic integration among SAARC partners rings true, as does his positive engagement with global financial and economic challenges in the G-20.¹³²

Economic cooperation represents the easiest "sell" to various constituencies within the countries of the region. Should this prove to be successful, cooperation on more divisive and sensitive issues such as terrorism, separatism, insurgency, religious fundamentalism, and ethnic strife, could be attempted with greater chances of success.

India's pragmatism on both the Sri Lankan and Nepali civil wars in recent years has served it well. It does not seem to have lost any real (as opposed to imagined) influence in either

country, although Nepal's Maoists are quick to see Delhi's hand behind every adverse development befalling them. That India is today to use an expression coined by George H. W. Bush in 1988, a "kinder and gentler" neighbour than it was 20 years ago redounds entirely to its credit. But this still does not amount to much of a strategy.

A strategy for each neighbouring country (and sometimes cross-cutting ones for several neighbours) may require better coordination among various units of government in Delhi than has been the case to date. This, of course, is a challenge in all capitals and has proved particularly so in Washington at times. Nevertheless, a stronger role for the Prime Minister's office, as has been emerging for some years, and a greater mutual engagement of the foreign and security ministries could yield significant dividends. Prime Minister Singh's neighbourly instincts during his first term as Prime Minister were all good, but too often overtaken by events or simply neglected over time.

India needs to devote more diplomatic and political energy towards tending its relationship with immediate neighbours. The Indian economy is growing at a faster rate than the other South Asian countries, and given the disparity between the size of these economies, India will continue to outpace the others in the years to come. This will give India certain advantages over the other countries but it may also give rise to some difficulties.

For example, migration to India from Bangladesh and Nepal may increase further. If mechanisms are not evolved to respond to these pressures there may be new problems relating to demographic imbalance in certain parts of India, giving rise to friction between communities or simply rises in crime rates. However, if educational and employment opportunities are created in the hilly hinterlands of Nepal or in the outlying districts of Bangladesh there may be a need to perform domestic checks to mitigate pressure for migration.

India may also need to induce greater complementarities of economic production in its region, as many of the South Asian countries today compete with, rather than complement, each other's exports. Some of the neighbouring countries might develop strategies centred on feeding larger industrial input needs or food requirements in India.

South Asia as a whole may have insufficient hydrocarbon energy resources, but it has yet to exploit fully its hydro-electric energy potential available in Nepal and the Indian north-east. There is a very strong case for a pan-South Asian energy grid that can work on the basis of electricity trading – a system that is already in place within India. Greater electricity availability could change the economic face of the whole region.

Finally, India will need a stronger articulation of its vision of South Asia. China, the United States and Pakistan are the other major actors in the region. In the long run, one key outcome that strategies should be designed to serve is the reversal of the tremendous economic damage inflicted by the 1947 partition: road, rail, and river links that united British India were subject to near-impenetrable barriers after 1947. Natural ports were cut off from their hinterlands, as Chittagong was from India's north-east and Kolkata from Bangladesh. Twin commercial cities like Mumbai and Karachi have become distant neighbours. The gradual easing of these barriers could produce significant economic (and eventually security) benefits.

We have aimed to demonstrate that Indian policy in South Asia has improved in tone and quality in recent years. But it is not yet such as to induce either awe or affection amongst

those neighbours who matter. If the individuals quoted at the outset of this paper are right, India cannot aspire to be a truly convincing “great power” until it achieves a better handle on its region, and until it can do without the support and active involvement of outsiders in managing some of its most intractable regional problems.

Endnotes

- ¹ Afghanistan, which used to border on British India, is cut off from contemporary India by Pakistani Kashmir. Many Indians still consider it a neighbour, either for historic reasons, or because they do not recognise Pakistan’s occupation of parts of Kashmir.
- ² “The Problem”, *Seminar: Our Troubled Neighbourhood (web edition)*, No. 584, April 2008, available at <http://www.india-seminar.com/semframe.html>.
- ³ Pranay Sharma, “Overcoming trust deficit”, *Seminar: Our Troubled Neighbourhood (web edition)*, No. 584, April 2008, available at <http://www.india-seminar.com/semframe.html>.
- ⁴ Afghanistan, which used to border on British India, is cut off from contemporary India by Pakistani Kashmir. Many Indians still consider it a neighbour, either for historic reasons, or because they do not recognise Pakistan’s occupation of parts of Kashmir.
- ⁵ This phrase was first used by then President Ershad of Bangladesh in an interview on 7 December 1986 in which he had said that friendship with India was a “geographical imperative”, cited in M. S. Rajan, *Recent Essays on India’s Foreign Policy*, New Delhi: Kalinga Publications, 1997, p. 131.
- ⁶ S. D. Muni, “India and Its Neighbour: Persisting Dilemmas and New Opportunities”, *International Studies*, Vol. 30, No. 2, 1993, p. 196.
- ⁷ C. Raja Mohan, “India’s Neighbourhood Policy: Four Dimensions”, *Indian Foreign Affairs Journal*, Vol. 2, No. 1, January-March 2007.
- ⁸ S. D. Muni and C. Raja Mohan, “Emerging Asia: India’s Options”, *International Studies* Vol. 41, No. 3, 2004, p. 318.
- ⁹ V. P. Dutt, *India’s Foreign Policy*, New Delhi: Vikas Publishing House Pvt. Ltd., 1984, p. 136.
- ¹⁰ V. N. Khanna, *Foreign Policy of India*, New Delhi: Vikas Publishing House Pvt Ltd, 1997, p. 315.
- ¹¹ “Indian Foreign Policy: A Road Map for the Decade Ahead”, Speech by External Affairs Minister Shri Pranab Mukherjee at the 46th National Defence College Course on 15 November 2006, available at <http://meaindia.nic.in/speech/2006/11/15ss02.htm>.
- ¹² The expression is from C. Raja Mohan, *Crossing the Rubicon: The Shaping of India’s New Foreign Policy*, New Delhi: Viking, 2003, pp. 237-238.
- ¹³ Soon after taking up office in New Delhi in 2006, I called on one of the most senior members of its security and foreign policy establishment. He mentioned that he was inclined to think of most of India’s neighbours as “thugs and crooks”. He noted, however, that Prime Minister Singh disagreed, arguing that if India’s neighbours were all thugs and crooks, India must bear some share of responsibility. The truth may lie somewhere in between.
- ¹⁴ S. D. Muni, “Problem Areas In India’s Neighbourhood Policy”, *South Asian Survey*, Vol. 10, No. 2 (2003), p. 185. U. S. Bajpai, “Introduction” in U. S. Bajpai (ed.), *India and Its Neighbour*, New Delhi: Lancer International in association with India International Centre, 1986, p. 4.
- ¹⁵ Ministry of External Affairs, Government of India, *Annual Report 2007-08*, New Delhi: Policy and Planning Research Division, p. i.
- ¹⁶ Ibid.
- ¹⁷ S. D. Muni, “Problem Areas In India’s Neighbourhood Policy”, *South Asian Survey*, Vol. 10, No. 2 (2003), p. 189.
- ¹⁸ S. D. Muni and C. Raja Mohan, “Emerging Asia: India’s Options”, *International Studies* Vol. 41, No. 3, 2004, p. 319.
- ¹⁹ C. Raja Mohan, “India’s New Foreign Policy Strategy”, paper presented at a seminar in Beijing by China Reform Forum and the Carnegie Endowment for International Peace, Beijing, 26 May 2006, available at <http://www.carnegieendowment.org>.
- ²⁰ S. D. Muni, “Coping with Contentious Issues in South Asia” in M. L. Malhotra (ed.), *SAARC 2000 and Beyond*, New Delhi: Omega, 1995, p. 78.
- ²¹ Derived from correspondence in the Canadian Archives between Escott Reid and Douglas Le Pan alluding to Bowles’s farewell conversation with Nehru in 1953. See “From the Archives”, *Bout de Papier*, Vol. 24, No. 2, p. 6.
- ²² I. K. Gujral’s willingness to go the extra mile in resolving problems with neighbours and his refusal to insist on reciprocity came to be widely termed as the “Gujral Doctrine”. It was articulated by Gujral in a speech in London in September 1996, outlining five points: “First, with its neighbours like Bangladesh, Bhutan,

Maldives, Nepal and Sri Lanka, India does not ask for reciprocity, but gives and accommodates what it can in good faith and trust. Second, we believe that no South Asian country should allow its territory to be used against the interests of another country of the region. Third, that none should interfere in the internal affairs of another. Fourth, all South Asian countries must respect each other's territorial integrity and sovereignty. And finally, they should settle all their disputes through peaceful bilateral negotiations." See I. K. Gujral, *A Foreign Policy for India* (New Delhi: Ministry of External Affairs, 1998), pp. 69-81. Also see I. K. Gujral, *Continuity and Change: India's Foreign Policy*, New Delhi: Macmillan, 2003, pp. 107-74.

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²⁴ Ibid., p. 66.

²⁵ John Cherian, "United Front's Bright Area of Performance", *Frontline* (Chennai), 4 April 1997, p. 8.

²⁶ Speech by Prime Minister Dr Manmohan Singh at India Today Conclave, New Delhi, <http://meaindia.nic.in/speech/2005/02/25ss01.htm>.

²⁷ This term was used by then Foreign Secretary during his talk on "Does India have a Neighbourhood Policy?" at the Indian Council for World Affairs in Delhi on 9 September 2006.

²⁸ Foreign Secretary Mr Shyam Sharan's speech on "India and its Neighbour" at the India International Centre, New Delhi on 14 February 2005, available at <http://www.indianembassy.org/Speeches/1.htm>.

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³⁰ Ibid.

³¹ "CIA – The World Factbook – Pakistan", available at <https://www.cia.gov/library/publications/the-world.../pk.html>.

³² Stephen P. Cohen, *India: Emerging Power*, Washington DC: Brookings Institution Press, 2001, p. 62.

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³⁴ The detail information and timeline on CBMs in South Asia is available on <http://www.stimson.org/southasia/?SN=SA20060207948>.

³⁵ See Steve Coll, "The Back Channel", *The New Yorker*, 2 March 2009, available at http://www.newamerica.net/publications/articles/2009/back_channel_11191; Navnita Chadha Behera, "Need to expand track-two diplomacy", *Asia Times Online*, 16 July 2003 at http://www.atimes.com/atimes/South_Asia/EG16Df03.html; C. Raja Mohan, "In defence of Track Two diplomacy", *The Hindu*, 4 June 2001.

³⁶ Maulana Masood Azhar, Mushtaq Ahmed Zargar and Ahmed Umar alias Syed Sheikh were three militants on board along with India's then External Affairs Minister Jaswant Singh. A detailed account of whole episode is available in Jaswant Singh's book. See Jaswant Singh, *A Call To Honour: In Service Of Emergent India*, New Delhi: Rupa & Co., 2006, pp. 229-247.

³⁷ Ranbir Vohra, *The Making of India: A Historical Survey*, New York: M. E. Sharpe, 2000, p. 318.

³⁸ Jaswant Singh, *A Call To Honour: In Service Of Emergent India*, New Delhi: Rupa & Co., 2006, p. 240.

³⁹ Faraz Ahmad, "Voices against Advani get shriller: Brajesh, Yashwant back Jaswant on Kandahar", *The Tribune* (Chandigarh), 28 August 2009. There was some controversy over whether A.K. Advani, then Home Minister and late leader of the Official Opposition, had been in on the decision at all, which it seems he was.

⁴⁰ "Press Statement issued by the Ministry of External Affairs on recalling of High Commissioner of India to Pakistan", 21 December 2001, available at http://www.indianembassy.org/press_release/2001/dec/dec_21_2.htm.

⁴¹ "Terror Strikes Indian Embassy in Afghanistan", *The Times of India*, 7 July 2008; "40 Die in Attack Outside Indian Embassy in Kabul", *The Hindu*, 8 July 2008.

⁴² Syed Saleem Shahzad, "Al-Qaeda 'hijack' led to Mumbai attack", *Asia Times Online*, 2 December 2008, available at http://www.atimes.com/atimes/South_Asia/JL02Df05.html.

⁴³ B. Raman, "Terror's new faces", 19 August 2008 at <http://www.rediff.com/news/2008/aug/19raman.htm>.

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- ⁴⁷ Following the 26 November 2008 attacks against Mumbai, the United Nations Security Council on 9 December 2008 issued a rather generic Presidential Statement (United Nations Document S/PRST/2008/45) reaffirming its commitment to the fight against terrorism, with an accompanying debate that displayed genuine outrage over the Mumbai attacks, led off by United Nations Secretary-General Ban Ki Moon. This debate, in which 46 countries intervened, considerably added to the pressure on Islamabad to cooperate with Indian inquiries and to recognise that the terrorists had originated from Pakistan. For a summary of the debate, see United Nations Document SC39524 of 9 December 2009.
- ⁴⁸ This view was expressed by eminent Pakistani experts recently in a conference on South Asian Security in Ottawa.
- ⁴⁹ The World Bank also signed the treaty as a Third Party, having provided much technical advice and some prodding in its negotiation.
- ⁵⁰ For an analysis of economic interests of the Pakistani army, see Ayesha Siddiqi, *Military Inc. Inside Pakistani Military Economy*, London: Pluto Press, 2007. Also see Hasan Askari Rizvi, *The Military and Politics in Pakistan 1947-86*, Delhi: Konark Publishers, 1988. Rizvi writes that even in times of civilian rule as during the 1988-99 period, the Pakistan army has exerted discreet influence over key issues such as nuclear policy, internal security, and the Kashmir issues. He highlights the penetration of the army through the Fauji Foundation into the core of the Pakistani economy.
- ⁵¹ T. V. Paul, "Why has the India-Pakistan Rivalry Been so Enduring? Power Asymmetry and an Intractable Conflict", *Security Studies*, Vol. 15, No. 4 (October-December 2006), p. 601.
- ⁵² "Rising India's Pakistan Problem", A Talk by Stephen P. Cohen, Brookings Institution at Canadian International Development Research Centre on 9 April 2009.
- ⁵³ See Nisha Taneja, "Trade Possibilities and Non-Tariff Barriers to Indo-Pak Trade", New Delhi: Indian Council for Research on International Economic Relations (ICRIER) Working Papers, October 2007, No. 200, available at http://www.icrier.org/publication/working_papers_200.html.
- ⁵⁴ "68 killed as blasts rock Indo-Pak special train", 19 February 2007 at <http://www.rediff.com/news/2007/feb/19blast.htm>.
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- ⁵⁷ Hussain, Akmal, "Geo-politics and Bangladesh Foreign Policy", *CLIO*, Vol. 7, No. 2, pp. 99-100, quoted in Sanjay Bhardwaj, "Bangladesh foreign policy vis-à-vis India", *Strategic Analysis*, Vol. 27, Issue 2, 2003, pp. 263-278. And to the South lies the Bay of Bengal, heavily patrolled by the Indian navy.
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- ⁶⁰ Deb Mukherji, "Distant Neighbours: India and Bangladesh" in Atish Sinha and Madhup Mohta ed. *Indian Foreign Policy: Challenges and Opportunities*, New Delhi: Academic Foundation and the Foreign Service Institute, 2007, pp. 557-558.
- ⁶¹ Sreeradha Datta, "India and Bangladesh: Stuck in a Groove?" in Virendra Gupta, Sumita Kumar and Vishal Chandra (eds.), *India's Neighbourhood: Challenges Ahead*, New Delhi: IDSA and Rubicon Publishers, 2008, p. 79.
- ⁶² Sreeradha Datta, "India and Bangladesh: Stuck in a Groove?" in Virendra Gupta, Sumita Kumar and Vishal Chandra (eds.), *India's Neighbourhood: Challenges Ahead*, New Delhi: IDSA and Rubicon Publishers, 2008, p. 85.
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- <http://www.apcss.org/Publications/Edited%20Volumes/ReligiousRadicalism/ReligiousRadicalismandSecurityinSouthAsia.pdf>; Also see Harsh V. Pant, "India and Bangladesh: Will the Twain Ever Meet?", *Asian Survey*, March/April 2007, Vol. 47, No. 2, pp. 231–249.
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