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India's Bilateral Relations with Neighbourhood: 2014



Society for Policy Studies (SPS)
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Table of Contents

India-Afghan relations: Road to nowhere?.....	2
Bangladesh and India: Opportunities for a consolidation of ties	4
India and Bhutan: An important regional partner for India.....	6
India and Maldives: Quenching Male's thirst and more.....	8
India and Myanmar: A progressing relationship that needs nurturing	10
Modi government ushered new chapter in Nepal-India ties in 2014.....	12
India-Pakistan relations: Hostage of Rawalpindi GHQ.....	14
India-Sri Lanka: Rajapaksa's handling will be the key	17

India-Afghan relations: Road to nowhere?

By Shakti Sinha

The fast-changing situation in Kabul with a new president heading a government of national unity, the end of NATO and US' combat roles and increased insecurity poses severe challenges for India.

This comes at a time when the government of Narendra Modi has been busy consolidating its position domestically, trying to revive the economy and defining a role for India in the Indo-Pacific. Attention to Afghanistan seems to have slipped below the horizon even though the Indian mission in Herat was attacked just before Modi assumed office, and then President Hamid Karzai attended Modi's inaugural ceremony along with other South Asian heads of government.

Independent India's relations with Afghanistan have generally been on an even keel with the exception of two short periods of time where India faced either indifference or hostility. The first was with the Mujahideen takeover of Kabul in 1992 following the fall of Najibullah which left India friend-less and isolated; its public support for the Soviet intervention and for the People's Democratic Party of Afghanistan (PDPA) regime meant it was on the wrong side of history. The second was, paradoxically, when the Mujahideen regime was evicted from Kabul by the Taliban (1996), who proceeded to torture and execute Najibullah.

For most of the past year, the conduct and outcome of the presidential election dominated the Afghan scene. It saw unprecedented enthusiasm and high turnout but controversies about illegalities held up the final results. Ultimately, the final outcome was a US-brokered agreement between the two main contenders, Dr Ashraf Ghani and Dr Abdullah Abdullah; the former after being sworn-in as the president appointed the latter as chief executive. If all goes well, the constitution would be amended to shift to a parliamentary system of government. For the time being, even three months after the inauguration, disagreements have held up the appointment of ministers.

The year began with president Karzai pursuing his wish-list of assistance from India including reportedly tanks, ammunitions, helicopters and transport aircraft as well as enhanced cooperation in intelligence and security matters. Karzai visited India in May and December of 2013 to push Delhi to increase its support to the Afghan government. Many in Delhi's strategic community were critical of the then government's diffidence, arguing that India should break free of looking at Afghanistan through American eyes, which in turn was mindful of Pakistani sensibilities. Many prominent Afghans also felt let down by Delhi's attitude as they feared that in a post-withdrawal Afghanistan, their country would descend into mayhem unless the Afghan security forces were adequately armed and trained. That Afghanistan as a sovereign country had a right to seek support from whom they wanted regardless of what Pakistan felt; the subtext was that for a peaceful resolution of the Pakistan-backed Taliban insurgency, the Afghan government would need to negotiate from a position of strength.

Paradoxically, it was India's overwhelming popularity among the Afghans, and substantial development support to the elected Afghan government that Pakistan cited as proof of its own fears of insecurity of being encircled. Pakistan further developed a dubious argument that Afghanistan was the site of a proxy war between Pakistan and India, both as a way to justify its

support for the Taliban and to constrain India's freedom of action in supporting the Afghan government.

US' ambivalence in the face of relying on Pakistan to support its Afghan mission while recognising Pakistan's role in undermining that very mission meant that the former did not want India to 'muddy' the waters. Not wanting to upset the Americans, the Manmohan Singh government went along and did not entertain Karzai's request, a sign that India would only do so much to shore up a government in a neighbouring country whose stability is of vital interest to India.

The new Afghan president made China his first international destination. He followed this up with a visit to Pakistan, where in an unprecedented move he called on chief of the Pakistani army Gen Raheel Sharif at his headquarters before meeting Prime Minister Nawaz Sharif. Subsequently, the Americans handed over to Pakistan Latif Mehsud, a Pakistani Taliban leader who had crossed over to Afghanistan and had more or less come overground to negotiate. Further, Gen Raheel Sharif flew to Kabul within hours of the horrendous attack on Peshawar's army school and demanded of President Ghani action against Pakistani Taliban forces who he said were operating out of Afghanistan.

In this whole narrative, India seems missing in action. This is understandable since there can be no doubt that the Pakistani army is the key to peace in Afghanistan, and only the Chinese have leverage over them. Seeing the weakness of the Afghan security forces and the increased insecurity of Afghanistan, President Ghani has little option but in engaging with both these actors.

Whether the Chinese or the Pakistani army can deliver is beyond the scope of this piece, but there is no doubt that in this equation India has no role. It shares no physical borders, has desisted from supplying arms to the government security forces, is not involved with any armed groups and has no favourites among the local political groups and individuals. On the other hand, hundreds of Afghans travel to India every day for medical treatment and thousands study here. Indian films and TV serials provide mass entertainment and showcase a common heritage. India's development role, though low key is much appreciated. And it is this mix that is India's strength in Afghanistan.

The present policy of continuing India's development role and forbearance in strategic matters should not be mistaken for negligence, or irrelevance. India cannot do or seem to be doing anything that undermines Afghanistan's democratic regime for both share a common goal of a stable Afghanistan, not a dysfunctional state that provides sanctuary to transnational terrorists.

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Bangladesh and India: Opportunities for a consolidation of ties

By Syed Badrul Ahsan

The rise of Narendra Modi and his Bhartiya Janata Party to power in Delhi in May 2014 was occasion for a flurry of activities in Dhaka.

Just how ready Bangladesh's political classes were to welcome the change in India was initially reflected by the congratulatory message sent to India's new leader, even before the official results of the general election came in, by the chairperson of the opposition Bangladesh Nationalist Party (BNP) and former prime minister Khaleda Zia. She was soon followed by Prime Minister Sheikh Hasina.

One does not require an extraordinary degree of wisdom to understand the cause behind this desire to extend the hand of cooperation to the new Indian leadership. For Khaleda Zia, the clear need was to convince the new leadership that for all the anti-India position her party had nurtured and practised over the years she was ready to go for a fresh beginning with Delhi. And for Sheikh Hasina, there was the unquestionable feeling that a Modi government needed to be convinced of Bangladesh's sincerity in sustaining a cooperative framework of relations between the two countries against a background of everything that had not happened under the departing United Progressive Alliance (UPA) government.

The Bangladesh government's grievances were quite a few, and pretty significant too. The expectation that with Manmohan Singh in charge --- and with the Congress in Delhi and the Awami League in Dhaka sharing a common heritage of secular democratic politics in South Asia --- such outstanding issues as the Land Boundary Agreement (LBA) and the sharing of the Teesta waters would be resolved, were in the end to be belied. With West Bengal Chief Minister Mamata Banerjee scuttling the possibility of a deal on the Teesta in 2011 even as Singh prepared to fly to Dhaka, the suspicion gained ground in Bangladesh that with the feisty Banerjee in charge in Kolkata and a steadily weakening Manmohan Singh in Delhi, there was little chance of a solution to the issue being reached any time soon. Moreover, the difficulties on Delhi's part in ratifying the LBA were another assault on hopes of better neighbourly relations between the two nations. The absence of a Teesta deal and non-action on the LBA were embarrassing for Sheikh Hasina's government. Her detractors were beginning to castigate her foreign policy vis-à-vis India as a failure.

The arrival of the BJP government in Delhi was therefore an opportunity which policy makers in Dhaka could not afford to not take advantage of. Such a belief obviously had its roots in the sheer majority the BJP had achieved in the elections, convincing politicians across the spectrum in Bangladesh that the new Indian leadership would play hardball in the region through a reinvention of foreign policy under Modi. Dhaka was, again, convinced that with Delhi finally led by a strong government it made sense for Bangladesh to persuade India of the need for quick action on the core issues which had quite undermined ties between the two countries in the recent past.

That said, it is not hard to suppose that the emergence of Narendra Modi as India's new leader was, in large measure, cause for worry among Bangladesh's political circles given the BJP's image as a Hindu nationalist organisation. The conclusion to be drawn is that politicians in Dhaka were agreed on the need to engage the new leaders in Delhi through diplomacy rather

than place focus on the change in India's internal political dynamics brought about by the defeat of the Congress. Diplomacy, so the reasoning went, was of the essence.

For his part, Modi played his cards well. His invitation to the heads of government of all South Asian Association for Regional Cooperation (SAARC) nations outside India to be part of the inaugural ceremonies of his government in Delhi was stunning as well as refreshing. Suddenly, in Dhaka especially, the feeling of Narendra Modi being a disturbing symbol of Hindutva politics gave way to the perception that he was beginning to look like a statesman intent on casting India in new light. And indeed Modi did not disappoint Bangladeshis.

At his meetings with the Bangladesh prime minister on the sidelines of such events as the SAARC summit in Kathmandu and the United Nations General Assembly in New York, he reassured Sheikh Hasina on the LBA and Teesta. The two issues, he informed her, would be resolved soon. Bangladeshi officials could hardly contain their glee. Indian Foreign Minister Sushma Swaraj's visit to Dhaka was seen as adding substance to the new foreign policy perspectives of the BJP administration in Delhi.

The year 2014, considered from a diversity of perceptions, has been a time of positive note in Indo-Bangladesh diplomacy. The LBA and Teesta apart, forceful Indian action in such significant areas as the Burdwan blast involving fugitive Bangladeshi Islamist elements holed up in West Bengal has been welcomed in Dhaka. With Indian and Bangladeshi intelligence officials exchanging information on the presence of unsavoury elements in one another's territory, relations between the two countries have taken on added substance.

And with both Modi and Hasina enjoying comfortable majorities in Delhi and Dhaka, it is only natural to expect that over the next few years, or in the forthcoming two years, the pattern of bilateral cooperation set in motion since Modi took over as India's prime minister should logically be one of increasingly closer linkages. The Awami League government has in the past six years gone out on a limb to crack down on Indian extremist elements operating from Bangladesh territory against the Indian authorities.

Reciprocity from the Indian side, particularly in apprehending and handing over to Dhaka Bangladeshi criminal elements currently fugitive in India, will in very large measure contribute to a strengthening of links between the two countries. Regular and closer coordination between India's Border Security Force (BSF) and Bangladesh's Border Guard Bangladesh (BGB) will surely ensure a safer frontier for people on both sides of it. Dhaka's need for enhanced trade with India is another priority which Bangladesh expects will be considered with understanding in Delhi.

Bangladesh, at this point in its history, is in dire need of a consolidation of democracy for its people. The government of India, through its cooperative endeavours with the government of Bangladesh, will be helping that process along. Indian democracy is constantly cited in Bangladesh as a model of modern politics. Delhi's sustained interest in the growth of democratic pluralism in Dhaka, therefore, can only redound to the mutual benefit of the two nations.

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India and Bhutan: An important regional partner for India

By Abhismita Sen

Located at the eastern end of the Himalayas as a buffer state between India and its crucial neighbours, Nepal, Bangladesh and China, Bhutan - which had only featured in Indian foreign policy as an aid receiver thus far - welcomed the first official diplomatic visit of Prime Minister Narendra Modi earlier this year.

India's growing emphasis on its neighbourhood through multilateral cooperation is not a sign of its shrinking paradigm of ambitions, but a strategy to pursue the same. India would have to face both its prodigal neighbours China and Pakistan in order to attain regional leadership. Though both China and India are wary of each other's growth, none can seize diplomatic and trade relations with the other in the globalized world.

In this regard, Bhutan is one of India's most crucial neighbours in its China containment strategy. Besides, there are also a considerable number of domestic considerations which make Bhutan a significant neighbour.

The Indian state of Sikkim separates Bhutan from Nepal in the west, Assam and West Bengal separate Bhutan from Bangladesh in the further south. Hence from the geostrategic point of view Bhutan can determine and regulate the balance of both power and terror in South Asia.

Insurgency is a sensitive issue across the northeastern borders of India at large. The Himalayan kingdom was chosen by the United Liberation Front of Asom (ULFA), and later the National Democratic Front of Bodoland (NDFB) and the Kamtapur Liberation Organisation (KLO) because southern Bhutan, where it set up base, was not properly policed and was densely wooded and located just across the border from Assam. The north Bengal areas of West Bengal run the risk of acting as a bridge between the Maoist insurgents in India and Bhutan. India's interest is to develop the security forces through personnel training institutes and aides in Bhutan and strengthen its anti-insurgency forces. Development in terms of trade, infrastructure and better employment scopes is also a way to evade growing resentment which translates into insurgency.

Bhutan's northwest is adjacent to the Chumbi Valley, a tri-junction of Bhutan, India and China which adjoins both Sikkim and Tibet. The area is important for India as the sole link between the Indian mainland and the northeast. Infrastructure remains extremely ill-developed in Bhutan, very much like India's northeastern states. Building of newer roadways between Indian northeastern states and Bhutan will not only reduce transport costs incurred through longer routes of the well-developed states, but also lead to the installation of security forces, thus combating insurgency in a way.

India has planned to assist Bhutan to set up a digital library which will provide access to Bhutanese youth to two million books and periodicals, and is also keen on embarking several cultural projects with Bhutan.

The Indian northeastern population has a religious connectivity with its Bhutanese counterpart through ideals of Buddhism. Cultural activities across the border can be a soothing safeguard for them. Tourism initiatives between India's northeastern states and Bhutan across the beautiful Himalayan belt can play a key role in socio-economic progress through newer

enterprises and employment opportunities, infrastructure development and foreign exchange earnings.

Student and cultural exchanges between India and Bhutan will not only produce newer leaders for Bhutan but also foster a sense of inclusiveness and security in the Buddhist and northeastern communities of India.

Hydropower has been the cornerstone of Indo-Bhutanese economic cooperation. Bhutan is blessed with several fast flowing rivers which can be excellent sources of hydroelectricity. Although, the frail economic standing of Bhutan makes it impossible to tap into the hydro resources of the country for India to a major extent, the power projects in Bhutan, set up with Indian investment and technological support, provide clean and green energy to India in exchange, in its own currency of rupees, which Bhutan uses to pay for its imports.

Bhutan, abundant in many endangered species of flora and fauna, has the untapped potential of becoming one of India's major import partners for herbs and spices. On his visit, Prime Minister Modi recalled the free trade arrangement and promised to expand bilateral trade between both the countries. India has also been recorded to announce a number of measures for concessions, including the exemption of Bhutan from any ban on export of milk powder, wheat, edible oil, pulses and non-basmati rice.

It is theoretically believed that a nation-state pursues the policy of benign economic nationalism in order to secure its interests by appeasing its neighbors and the big powers, only when it is on the verge of decline. The Gujral Doctrine (accommodative policy with regard to India's neighbours) pursued at a time when India was in its worst economic phase reinstates the manifestation of this theory.

However, India's neighbourhood has been in a rather dynamic and proactive mode for the last couple of years and is likely to continue so for the span of the next. Thus, India's engagement with the same can also be seen as a worthwhile decision to percolate its influence on the region, especially when these neighbours are being subjected to a lot of international attention.

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India and Maldives: Quenching Male's thirst and more

By N. Sathiya Moorthy

Nothing could explain the realities of bilateral relations in the post-Cold War era than the readiness and remarkable alacrity with which India despatched military aircraft and warships to quench the thirst of the Maldivian capital of Male, after fire damaged the city's desalination plant in late 2014.

To the man on Maldives' streets and across the country, it should have brought back fading memories of India rushing aid and assistance through its mighty military, first during the aborted coup of 1987 ('Operation Cactus') and later when the 'Boxing Day' tsunami struck the nation in 2004.

All three episodes proved only two things for the average Maldivian and his government of the day. That independent of political changes in India, the nation's leadership has demonstrated an undeniable and unquestioned readiness to help Maldives in whichever way needed and whenever. In turn, the Indian Air Force (IAF) and the Indian Navy (IN) have shown an even greater enthusiasm in reaching out to Maldives and Maldivians, and the imaginable ways that it could do so, before the rest of the world could muster up, and measure up!

It's not geography that has united India and Maldives as none else! It's also not the need for Maldives to depend near-eternally on external help in such matters that has made India an inevitable partner in every sense of the term. If anything, the 'drinking water crisis' may have drawn for both nations the subtle yet succinct differences between 'help' and 'assistance' – the first, in the hour of need, and the latter, over the medium term. A fuller understanding of this distinction could help fashion bilateral relations in ways that the current geopolitical and geostrategic situation in the shared Indian Ocean waters (where Sri Lanka is the leg in a regional tripod) commands and demands.

It's inevitable that contemporary geostrategic calculations, particularly from the Indian perception, would (have to) involve China's presence, contribution(s) and threats in the South Asian neighbourhood. There is no denying that China is possibly the only nation in the world that is flush with funds just now, to be able to invest even in nations and enterprises without financial returns alone as the motive.

Unless an Indian Ocean Region (IOR) nation in these parts is willing to provide a base for China and until China is able to develop a full-fledged 'Blue Water Navy', there can be no replacement for India in these waters. After the near-overnight collapse of the Soviet Union, nations big and small would and should re-think a thousand times to bet their future on unsustainable relations that have no connect to realism. Over the short and the medium term, the Chinese 'assistance' would go a long way in helping a nation like Maldives. Over the medium and the long-term, the Indian 'help' will be of greater assistance, as 'Operation Cactus-1987', Tsunami-2004 and the 'Male Water Crisis-2014) have all proved.

It is not as if China did not rush help to Maldives. In fact, Bangladesh, another of the South Asian nations, did rush drinking water to Maldives. So did neighbouring Sri Lanka. They all however suffered from limitations of time, or quantity, or both. As a larger neighbour with a larger heart, India alone was well-equipped to help Maldives face the emerging situation, which

had the potential of turning into a nasty law and order problem. And there were enough people in the country, almost as ever, to capitalise on it.

New leaderships, both

The year 2014 began with new Maldivian President Abdulla Yameen making his overseas visit after assuming office, to India, in January, to meet with then prime minister Manmohan Singh. He was again in New Delhi in May after India's new Prime Minister Narendra Modi invited all South Asian Association for Regional Cooperation (SAARC) leaders to his inauguration. A third time, the leaders of the two nations met on the sidelines of the SAARC Summit at Kathmandu later in the year. Ministers and officials from each nation have been visiting the other for bilateral and SAARC-centric multilateral discussions.

Included in the list was the New Delhi visit of Maldivian Defence Minister Mohamed Nazim to meet with the new Indian dispensation after they had settled down. India's new External Affairs Minister Sushma Swaraj stopped over at Male while returning home from an official visit to Mauritius for discussions with Maldivian counterpart, Dunya Maumoon. This was followed by India's new National Security Advisor (NSA) Ajit Doval visiting Male where he called on President Yameen, senior officials and various political stakeholders.

The message was clear. That the two nations would miss no opportunity to remain engaged. Some, though not all of such engagements seemed to have involved India's compulsive need to study and understand the implications/repercussions of Maldives joining China's 'Maritime Silk Route' (MSR) project.

As may be recalled, the project was mooted when President Yameen visited China during the year, to be followed only weeks later by counterpart Xi Jinping's three-nation South Asia tour, where India was the last and the most important leg. Maldives and China have since tied the loose ends, it would seem, when a Maldivian delegation visited Beijing. A bilateral free trade agreement (FTA) too is also on the anvil.

A respecter of the 'sovereignty' of individual nations, India has clearly conveyed to neighbours its no-nonsense approach to their engaging with China on trade, business and investments. India's overall concern is only about such relations denigrating into or many of these nations enlarging their China relations to include a geo-strategic component with a military element. This could trouble the placid Indian Ocean waters in these parts, and India would not be the only one to face the consequences.

Yet, with new leaderships in the two nations in the bygone year, India and Maldives have been able to shed the 'GMR baggage' -- involving the midway cancelled airport construction and concession contract with the Indian infrastructure major -- without much trouble or recall. However, both remain to learn lessons from the same, still. While the air has been cleared of the immediate concerns and consequent embarrassment, they will have to ensure that there is no repeat of the same, big or small, unintended though they all have been.

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India and Myanmar: A progressing relationship that needs nurturing

By Preet Malik

There is little doubt that the government and public opinion take India as an important player in Myanmar's designs for its future. However, there are unfortunately gaps between expectation and what so far has been promised or delivered by India.

It is also fairly clear that the foreign policy establishment in India has come to recognise the importance to India of Myanmar as a strategic and security partner. However, before making an assessment of the present state of play on the India-Myanmar relationship it is worth pointing out that the Indian leadership has yet to understand the nature and direction that the relationship deserves.

Prime Minister Narendra Modi has undoubtedly provided a new dynamism and sense of purpose to Indian diplomacy and has displayed a deft personal touch in establishing a high level of personal relationship with many of the world leaders. However, he failed to recognise the strategic and security importance to India of Myanmar as a neighbour that also serves as the land bridge to Southeast Asia and the Pacific region. Modi failed to recognise these aspects when he failed to invite President Thein Sein along with other neighbouring countries to his swearing-in ceremony. He again failed to attach priority to the relations with Myanmar that warranted his making a specific bilateral visit to that country on par with what he has shown in the case of Nepal and Bhutan.

During the November 2014 visit that Modi made to capital Nay Pyi Taw he had a 45-minute meeting with Thein Sein on the sidelines of the Association of Southeast Asian Nations (ASEAN) Summit. The meeting was routine in nature, restating the areas of cultural, connectivity and commercial ties. On the cultural front the reference was to enabling Myanmar scholars' entrance to the Nalanda University, thus reiterating the importance of the Buddhist connection.

On connectivity there was a review of the progress of the Trilateral Highway and a reference to the establishment of industrial SEZs and the desire to establish a bus service between Manipur and Mandalay.

As far as India's commercial involvement is concerned it has been perfunctory in nature despite the clear areas of advantage to Indian business entities where investment would pay off. A case in point is the paper and pulp industry, an area where Myanmar has a rich raw material resource base that would enable India to cover the deficit in meeting domestic demand. The private sector is holding back on investing in Myanmar as it is uncertain over the outcome unless it is carried out on the back of concessional financing commitments from the government of India as well as a risk related assurance policy. It feels that this is essential for it to take the investment plunge into Myanmar.

The progress on the Kaladan Multi-modal project was reviewed. This project has been inordinately delayed and still awaits a decision on establishing a longer connecting road with Mizoram. This project is of significance as it would provide connectivity to the north eastern states to both India and the outside world and would help in granting substance to the economy of the region.

The main stumbling block to the timely and cost competitive completion of Indian projects in Myanmar lies at the doors of bureaucratic red tape and the hitherto dependence on the public sector to carry out both the definition and the construction of these projects. The main culprit is the finance ministry that interferes at every stage delaying the release of funds despite the approval and budgetary clearance for the projects. These delays have resulted in India earning the reputation of one that holds promise but fails on delivery. The solution lies in the setting up of a monitoring system involving the Ministry of External Affairs and the Prime Minister's Office that would help cut out administrative and financial delays.

Another aspect that is of immense importance for bilateral relations is for swift progression of the implementation of the Border Area Development Agreement. This requires involvement by India, on a cross border basis, in the establishment of institutions and programmes in the areas of education, healthcare, and communications while simultaneously developing the requisite industrial base covering areas like agriculture, food processing, irrigation, and a timber-based industry. The political commitment has to be translated to development on the ground.

The security issue that confronts both countries and where progress would be of mutual benefit requires that much greater attention be provided to the socio-economic projects in the border areas with financial, technological and institutional support being extended on a large scale by India. The aim has to be to ensure that development and the requisite institutional support works towards providing a secure future to the people on both sides of the border areas where they recognise that the state machinery is working to guarantee the future of the people and their welfare.

This is the only way in which the state machinery would be strengthened to bring a sense of purpose to the people and remove the need for them to indulge in insurgency. It has to be recognised that if the material needs of the people and sense of a secure future prevails then the need for the people to seek their rights outside the present associations fades away.

To conclude, the security aspect and cooperation on the issue has to lie at the forefront of relations between the two countries. The fact that the mastermind of the Assam massacre is operating out of Myanmar's Kachin State only places stress on this issue. What needs to be kept in mind is that China utilises the Wa and the Kokang tribals to provide military equipment and training to Indian insurgents.

The strategic value of Myanmar is of great importance and significance to India and a close relationship with that country is an imperative. Hopefully Modi shall soon recognise the centrality of Myanmar to India and attach the importance that the relationship requires.

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Modi government ushered new chapter in Nepal-India ties in 2014

By Pramod Jaiswal

India-Nepal relations are bound by history, geography, economic cooperation and socio-cultural ties. Strong people-to-people relations have continued since centuries which were further strengthened with the 1950 Indo-Nepal Treaty of Peace and Friendship that give special privileges to people, of both the countries.

Unlike most of the borders of the world, Nepal-India share an open border and cross border marriages are common. India is Nepal's largest trading partner and has significant contribution in development of the nation. It has played a crucial role in the political transition of Nepal by mainstreaming the Maoists. However, the presence of anti-India sentiments in Nepal portrays that India has failed to manage the public perception in Nepal.

It must be noted that Nepal figured prominently in Indian foreign policy in 2014, especially after Narendra Modi got elected as the new Indian prime minister. His invitation to the heads of governments of the South Asian Association for Regional Cooperation (SAARC) member-states to his swearing-in ceremony was the clear signal that under his tenure as the prime minister India will prioritise her relation with neighbours. After his first foreign visit to Bhutan, Prime Minister Modi paid a bilateral visit to Nepal in August 2014. He became the first Indian prime minister to visit Nepal in 17 years. The last bilateral visit to Nepal was by Inder Kumar Gujral in June 1997. Atal Bihari Vajpayee had visited Kathmandu in 2002 for a SAARC summit. There have been several visits to India by the prime ministers and the president of Nepal since.

Modi's visit to Nepal ushered a new chapter in relations between the two neighbours. He enchanted Nepalese with a rousing address in the Constituent Assembly and Legislature-Parliament of Nepal - the first by a foreign leader. He announced a soft loan of \$1 billion and promised several infrastructure development projects. The prime ministers of both the countries agreed to review, adjust and update the most talked about Treaty of Peace and Friendship of 1950 and other bilateral agreements. Similarly, the Joint Commission which was formed in 1987 at the Foreign Ministers' level with a view to strengthening understanding and promoting cooperation between the two countries for mutual benefits in the economic, trade, transit and the multiple uses of water resources was reactivated after a gap of 23 years during the Nepal visit of Sushma Swaraj, minister of external affairs of India in July 2014.

In October, the Power Trade Agreement (PTA) and the Project Development Agreement (PDA) between the Investment Board of Nepal and GMR Group of India for the development of Upper Karnali hydropower project was also signed. Both the agreements were expected to be signed during Prime Minister Modi's visit to Nepal in August but were postponed by Nepal citing lack of enough deliberation. If the project completes on time, the 900 MW Upper Karnali Hydroelectric Project would generate dividends worth approximately \$33 million from equity, royalty and free electricity throughout the concession period of 25 years. The project, constructed by an Indian company GMR, will be handed over to the state-run Nepal Electricity Authority (NEA) after 25 years. Since it is being constructed on BOOT (build, own, operate and transfer) basis, the NEA will not have to share the project's financial burdens.

Modi paid another visit to Kathmandu in November to attend the 18th SAARC Summit. During his visit, he inaugurated a 200-bed trauma centre built by India and flagged off a Kathmandu-

Delhi bus service being run by the Delhi Transport Corporation (DTC). He also handed over a helicopter to Nepal Army and a mobile soil-testing laboratory to Nepal.

India gave greater political recognition and priority to its Nepal policy because of its unique relationship and security implications. Only stable and peaceful Nepal can take care of India's security interest. Hence, India wants to focus more on economic engagements with Nepal, which can provide stability. Nepal, which has a huge potential for generation of hydropower, faces a chronic power shortage which has affected the economy severely. India seeks greater connectivity and wants to harness Nepal's huge water resources to strengthen Nepal's economy. The PDA and PTA agreements are in that direction. India has major stakes on the peace process of Nepal. It played the role of facilitator in mainstreaming the Maoists of Nepal.

Most probably this trend would continue in 2015 too. India would continue to have deeper engagements with Nepal in 2015; more on economic issues. Indian firms are the biggest investors in Nepal, accounting for about 40 percent of total approved foreign direct investments. There are about 150 operating Indian ventures in Nepal. They are engaged in manufacturing, services (banking, insurance, dry port, education and telecom), power sector and tourism industries. The investment is expected to rise in days to come with the signing of BIPPA (Bilateral Investment Promotion and Protection Agreement) between Nepal and India.

Development will get priority in Nepal after the constitution is promulgated by the second Constituent Assembly. India can be the partner to Nepal's economic development. India might increase its aid to Nepal in 2015 to challenge the growing Chinese aid in Nepal.

India, which has major stakes in the peace process and constitution-making process of Nepal, would have to make some hard choices. It has to observe the constitution-making process as it will have lasting implications on the relationship between both the countries. India should bring all the political parties together and pressurize them to draft the constitution by consensus. Constitution drafted by consensus can only bring lasting peace and stability in Nepal.

The current government in India has also added anxiety among the Nepalese who stand for a secular and republic Nepal. They fear that Modi's government, whose leaders had openly expressed unhappiness after Nepal was declared a secular and republic country, might encourage the hard-line Hindu party and pro-Hindu forces of Nepal to fight for a Hindu Kingdom. India should not try to fiddle with these aspirations of Nepalese as it can have adverse effect on India-Nepal relations.

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India-Pakistan relations: Hostage of Rawalpindi GHQ

By Alok Bansal

2014 ended with India-Pakistan relations hitting a new low, there have been allegations of cross border firings and even worse, Indian security forces have alleged that there have been attempts by Pakistan to push in terrorists through the sea routes, a replication of Mumbai.

As the year was coming to a close, a boat carrying suspicious cargo was intercepted off Gujarat coast and destroyed itself when challenged to stop. Sources have claimed that the crew on board had been in touch with Pakistan's security forces. It appears as though the ties have hit rock bottom with the year coming to an end.

India-Pakistan relations have gone through a rollercoaster during 2014, which began with Pakistan's Prime Minister Nawaz Sharif firmly in saddle, with a new Army Chief and Chief Justice. Like all other political leaders in Pakistan, Nawaz knew that Pakistan's salvation lies in good relations with India. It would also help him to reduce the salience of the Pakistan Army, in the body politic of the state. He accordingly tried hard to improve trade relations with India.

The first two months witnessed lot of discussions on trade, including importing electricity through Amritsar. To bypass the terminology "Most Favoured Nation"- offensive to hardliners, a new term Non-discriminatory Market Access (NDMA) was coined and it appeared as if NDMA would be granted to India by Feb 15. However, the army ensured that this step, which had the potential to permanently change the dimension of India-Pakistan relations, never came about.

It instigated farmers and certain sections of the industry like pharmaceuticals, engineering and automobiles, to protest against granting market access to India. Army sponsored columnists started projecting that trade could be catastrophic for Pakistan. Even a benign offer of exporting electricity through Amritsar was seen as devious machination of India and was projected as though it would enable India to tinker with the water flow of the Western rivers. In the agrarian heartland of Punjab, it became an extremely emotional issue.

A huge movement was created by the army through proxies, who talked of not only non-tariff barriers (NTB) in India, but also about hidden subsidies to Indian farmers. Although Indian authorities gave an assurance that all NTBs that were specific to Pakistan would be removed, it did not cut any ice. Finally as the elections in India were announced, the whole exercise went into a limbo as it was felt that negotiations during elections were meaningless. Moreover, granting concessions to Pakistan, while contesting elections did not make political sense.

The elections in India gave an unprecedented mandate in favour of the National Democratic Alliance (NDA) and a government led by Prime Minister Narendra Modi came to power. The new government invited the heads of states/government of all South Asian Association for Regional Cooperation (SAARC) states to the prime minister's swearing-in ceremony. Accordingly, Prime Minister Nawaz Sharif was invited and he rightfully responded by attending the ceremony and gave a positive stimulus to the emerging bonhomie by rejecting a call by the Kashmiri separatists to meet him. In keeping with this prevailing atmosphere of trust, it was decided that the foreign secretaries of India and Pakistan should meet in Islamabad to lay a platform for reviving the composite dialogue process, which had been stalled for two years.

However, this cordiality created problems in Pakistan, as the army realised it could lead to the army's political marginalisation. Consequently, it worked on a two-pronged strategy to unravel this emerging bonhomie. Firstly, it started firing across the Line of Control (LoC), which elicited a stronger retaliation. Secondly, it campaigned to weaken Nawaz and managed to get Tahir-ul-Qadri, a Pakistani politician and Islamic scholar, and Imran Khan, chairman Pakistan Tehreek-e-Insaf, to lay siege to Islamabad with their followers. Nawaz, who was cornered, had to seek support from the army to survive. The army did provide him crutches, but forced him to sing its tune. It asked the envoy in New Delhi to meet the separatist leaders of 'Hurriyat Conference' just before the Foreign Secretary level talks, despite instructions from the Indian government not to do so; thereby forcing India to call off the talks.

In the UN General Assembly, a beleaguered Nawaz read the army's script, wherein he tried to raise the Kashmir question. The relationship consequently went into a deep freeze. Meanwhile, the firings continued unabated not only on the LoC, but also across the International Border in Jammu and Kashmir. The NDA government in India, which had come to power riding on a strong nationalist sentiment, had to give the security forces the autonomy to retaliate strongly.

The ice was eventually broken when the two prime ministers shook hands during the SAARC summit in Kathmandu in November last year, but there has been no further progress in bilateral ties. The terrorist attack on a school in Peshawar led to widespread sympathy for the victims across the border and there was genuine outpouring of grief. All educational institutions prayed for the departed souls and maintained two minutes silence. Even the Indian parliament expressed sympathy for the bereaved families.

There was a general perception that this could lead to better India-Pakistan relations, as Pakistan would realise the dangers of harbouring terrorists. For a change the rift between the Islamist extremists and the army appeared permanent and strikes were launched on the terrorist hideouts. The government also terminated its moratorium on death penalty and hanged many terrorists, who had been awarded the sentence long ago.

For the first time, the Nawaz government overtly expressed its desire to eliminate all terrorists and the army conceded that there were no good or bad Taliban. It appeared that Pakistan would eliminate or at least incarcerate those who were responsible for the Mumbai and other incidents of terror in India. However, Indians were stunned when courts in Pakistan granted bail to Zakiur Rahman Lakhvi, the mastermind of the Mumbai terror attack. Although the authorities arrested him again in another case and an appeal was filed in the Supreme Court against the bail, the incident created serious apprehensions in India. To compound the matter, firing across the border and LoC in Jammu and Kashmir intensified.

At a time when Pakistan is in no position to fight a war with India and Army General Raheel Sharif has made elimination of all Taliban his avowed objective, the firing on the LoC shows fissures within the Pakistan army. It appears there are sections within the army who are unwilling to go along with the army chief. Consequently, firings across the LoC have resumed, as these elements realise that the Indian security forces will respond in strength and this could aggravate the situation along Pakistan's eastern front, forcing it to halt operations in Federally Administered Tribal Areas (FATA) and shift troops to the east. To create further fissures within the armed forces, Adnan Rashid, former Air Force personnel who is part of the Pakistani Taliban, recently released a video wherein he has exhorted the Pakistani soldiers not to obey their officers. As an added incentive, he has promised them complete amnesty if they joined Taliban.

The future of India-Pakistan relations will continue to be decided by GHQ in Rawalpindi, but the recent incidents have shown that until and unless the troops deployed along the border are reined in, the relations cannot improve. The detection of a boat off Gujarat, which destroyed itself, leads to suspicion that it was either carrying terrorists or arms for them. This shows that there are elements within Pakistan who want to attack India, with or without the approval of their superiors.

The Pakistan Army, despite its outer façade is no longer a monolith and in days to come could show further fissures. Consequently, there could be increase in firings across the LoC and International Border. The two 'Sharifs' in charge of Pakistan's destiny need to improve relations with India by allowing trade and unilateral reduction of forces across LoC and International Border, if they really want to have any chance of success against the Taliban.

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India-Sri Lanka: Rajapaksa's handling will be the key

By Dr. Sridhar Krishnaswami and Archana Arul

If one were to go by strictly civilisational and historical contexts India and Sri Lanka should have had the best of bilateral relationships in the region of South Asia.

But sadly that has not been the case, for the two nations have been involved in bitter acrimony over the last few decades, some of it having to do with strategic compulsions and a lot that can be pinned down to the fashion in which the minority Tamils have been subjected to, both during the brutal ethnic conflict that plagued that island nation for nearly three decades and in the last five years after the end of that traumatic period.

Unfortunately for India, decision makers in New Delhi have been weighed down by domestic political compulsions where the mere survival of the political order in our nation's capital meant that the government there has had to dance to the tunes of political partners in Tamil Nadu. It was not merely that India's foreign policy was mortgaged to the whims and fancies of alliances in Tamil Nadu — one could say the same as far as New Delhi's relations with Nepal, Bangladesh and Myanmar as well, to mention a few.

But May 2014 signalled a chance of a definite shift in foreign policy making where the Bharatiya Janata Party (BJP) and the National Democratic Alliance (NDA) coalition have made a significant difference. The fact that new Indian Prime Minister, Narendra Modi made a conscious and deliberate effort to reach out to South Asia and its leaders sent a strong signal that foreign policy interests of India were going to be calculated on national and strategic factors, and not in a desperate attempt to cling on to power. For the first time in a very long period, New Delhi made it clear to its neighbours that its reaching out to them is a two-way street.

January 2015 can be seen as yet another milestone in bilateral relations in the sense that the forthcoming presidential elections in Sri Lanka on Jan 8 could make all the difference. It may not be a game changer, for foreign policies do not abruptly change course; yet the emerging scheme of things in Colombo could be an eye opener for both bilateral ties and the regional balance of power. President Mahinda Rajapaksa has his political challenges cut out even if he manages to hold on to a substantial base of support in his country. And that raises a very pertinent question: What should New Delhi's stance be in this forthcoming presidential election in the island nation. The prudent and sober voices will say only one thing: Stay clear of the democratic political and electoral process evolving in Sri Lanka. And the first impressions are that the Modi government may well just do that.

Irrespective of what emerges in the presidential polls in Sri Lanka, it is a rare opportunity for the political leadership in that country to come to terms with some of the troubling questions it has been facing in the last five years, especially as it pertains to the future of the Tamils. Simply maintaining that he has got rid of "terrorists" and "terrorism" may get Rajapaksa votes and propel him to victory on Jan 8, but that is not the end of the story both for his own country and the relationship with India.

It is well within Colombo's rights to nurture relationships with countries like China and Pakistan; but it is politically and strategically imprudent to wave those cards when difficult and pertinent questions are raised by India and the world community on issues of accountability and "real" devolution of powers. Both Rajapaksa and his presidential contest opposition leaders will have

to realise that if Sri Lanka is being hammered within the Commonwealth and outside, it is on account of a deliberate unwillingness to come to terms with ground realities.

And if the world body is asking for an international probe for accountability and war crimes, it has precisely to do with powers-that-be in Colombo refusing to account for how some 40,000 — or more — people could have died in the closing stages of the ethnic conflict. And this does not include the thousands who are unaccounted for. Military personnel absolving the military for any misconduct during the last phase of the conflict is simply not going to wash. And this is precisely what the international community and the non-governmental organizations are telling Sri Lanka. Making the point that all these institutions and individuals calling for accountability are “sympathizers” of the Liberation Tigers of Tamil Eelam (LTTE), or somehow on its payroll, is not going to work either.

For that matter, the challenge for Modi, the BJP and the NDA is not simple by any stretch of imagination. For a party that is making steady inroads in many states since May 2014, the BJP cannot wish away the domestic compulsions in Tamil Nadu as it searches for allies and alliances to make a mark in the 2016 state assembly elections. As much politically savvy it may be nationally, the BJP cannot wish away the future of the Tamils in Sri Lanka as it seeks to make political inroads in Tamil Nadu. Rajapaksa releasing Indian fisher folk and even saving some from the gallows may be good gestures, but they certainly fall short of the larger picture.

The year 2015 and beyond is something to be watched very closely for both New Delhi and Colombo for the road to genuine strengthening of the bilateral relationship depends very much on what happens in the island nation and the next steps that are going to be taken by Rajapaksa or any of his major challengers in the presidential poll. The winning strategy in Sri Lanka is not in words, or occasionally waving the China card, but in deeds.

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