



# SOUTH ASIA: MAY DOSSIER

The South Asia May Dossier provides analysis of various domestic and foreign policy issues of India, including Prime Minister Narendra Modi's recent diplomatic trips to China and Mongolia, the Indian government's attempt to emphasize its achievements upon completing one year in power, and the Congress' effort to bank on a (changed) Rahul Gandhi in order to better challenge the government. A series of articles give a wider overview of the politics in South Asia and across the wider region, through an Indian-centred perspective.

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## Synopsis

The month of May saw important visits by Prime Minister Narendra Modi to China, Mongolia and South Korea and in early June to Bangladesh, in an effort to emphasize India's engagement with major powers in the Asian region.

The BJP-NDA government completed one year in power and propagated its achievements countrywide with many rallies, press conferences and interviews of its most important ministers.

The Congress banks on a changed (?) Rahul Gandhi with an intended stronger challenge of the government, although Congress' Vice-President is way behind Modi in approval ratings.

## Part I Dr. Klaus Voll

### Rahul Gandhi and his future prospects

Rahul Gandhi, Vice-President of the Congress Party has been nearly two months out of India and this during the important first part of the budget session of Parliament. It is speculated – but not at all sure – that he stayed in Myanmar for a *Vipassana- Meditation* ('To see things, how they really are') and self-introspection.

#### *Everything speaks for Rahul Gandhi as Congress President*

Rahul Gandhi, till now a tragic-comical figure of Indian politics, who thrives on a great heritage of a political lineage of Indian Prime Ministers – Jawaharlal Nehru, Indira Gandhi, Rajiv Gandhi – has a last chance to establish himself as a politician to be reckoned with. He will be under pressure to succeed, but the perspectives for this during the next two years in forthcoming Assembly elections in various states are not very good for his party.

Congress-veteran Mani Shankar Aiyar claimed „that Rahul Gandhi has radically changed and reenergized the Congress, which has been virtually dead for the last year.“ It has to be seen, if this insinuated new quality of Rahul Gandhi corresponds more to wishful thinking or to a new reality.

It is widely expected, that Rahul Gandhi will take over during the course of this year – possibly in September – as President of the Congress, founded in 1885. In this case, his mother Sonia Gandhi – the longest ever serving President of the party - would rather play the role of a mentor, possibly as honorary President, and withdraw from the nitty-gritty of day to day politics.

The former minister Sachin Pilot mentioned, that Rahul Gandhi wishes strong Congress politicians in the states of the Indian Union, in order to revitalize the party. This would be a true departure of the damaging practice of a strong „High Command“ in Delhi, introduced during the reign of Indira Gandhi, which hollowed through pliable state-level politicians ('*Satrap*s') the organizational strength of the Congress and permitted only a few strong leaders in the states.

Rahul Gandhi is leaning till now on a few younger offsprings of local political dynasties and families, which is not necessarily an expression of his propagated version of inner democratisation of the Congress.

#### *Consistency, mobilisation and prospects*

It has to be seen, how consistent Rahul Gandhi – known for his time-outs and foreign vacations - will engage himself in future and if he can transform himself truly into a 24/7 politician. Not only a few observers doubt this basic change.

Although the mobilisation of at least parts of the rural population in the context of the *Land*

*Acquisition and Rehabilitation Bill* by the Congress changed partly the political equations, there will be in my opinion no major political challenge by the party to the BJP in the forthcoming Assembly Elections in Bihar, Tamil Nadu, Uttar Pradesh and West Bengal. This will come from regional players, since the Congress does not anymore possess any worthwhile organizational base in all these states. Only in Punjab and in Uttarakhand there are chances for success.

In Bihar the Congress will operate at best in tandem with the united (?) „socialist“ *Janata Parivaar* of Janata Dal/United (JD/U) and Rashtriya Janata Dal (RJD) and be able to put up candidates in a few constituencies, since Rahul Gandhi's line of going alone failed miserably in the elections of 2011.

In West Bengal the influence of the Congress is reduced to a few regional pockets, therefore the ruling Trinamool Congress and the hard-hit Communists will be the main opponents to the BJP.

In Uttar Pradesh with its 200 million strong population – here the BJP could together with allies win 73 of the 80 parliamentary seats in the general elections – the most important adversaries will be the ruling Samajwadi Party and perhaps the Bahujan Samaj Party (BSP), which possibly could benefit from a double „*anti-incumbency*“.

In Tamil Nadu the Congress is reduced to a very minor role and it has to be seen, if the All India Dravida Munetra Khazagam (AIADMK) under the reinsatled Chief Minister Jayalalitha will opt for early elections.

In this situation, advice is given to Rahul Gandhi to introduce new faces into the party at the national and state levels and to conduct elections to the *Congress Working Committee* (CWC), besides looking to new advisors for himself. It is expected, „*that there would be some big changes after Rahul takes over. For one, there would be an organisational revamp, and a new line of leadership would come to the fore. Rahul's team would be a mix of the old and new.*“

Although the 44-years old Rahul Gandhi has age on his side, his alleged weakness is that he cannot really connect and communicate with a cross-section of the population in the important Hindi-belt.

### *Perspectives*

In the political culture of the Congress, which practically like all the other parties in India does not know a truly '*inner-party democracy*', convincing of critics through arguments plays a subordinate role. Irrespective of public statements by prominent Congress-politicians, who spoke in favour of Sonia Gandhi's continuation as Party President and articulated doubts about Rahul Gandhi's capabilities in this respect, it looks as if the basic decision has been taken in favour of Rahul Gandhi, „*a reluctant politician.*“ Currently nobody speaks of his sister Priyanka Gandhi-Vadra, who definitely possesses charisma.

Harish Khare, an erstwhile media advisor of former Prime Minister Dr. Manmohan Singh, argues with a view to the existing confusion of two power centres in the Congress: „*The sooner he takes over, the better it would be for the party.*“

Will the Congress come out of the absolute low after the debacle in 2014 and the following state elections or will the decline continue? Even the history of the BJP, now ruling with an absolute majority of its own, started with two MP's between 1984 and 89 with a vote share of then less than ten percent. Its continuous rise in the 1990's, which lead to coalition governments as well as to stagnation and decline with the loss of power between 2004 and 2014, could give with its victory in 2014 hope to the desolate Congress, that not all is lost in the Indian political system and that the party could try in the middle- und long-run in a new attempt to regain governmental responsibility,

although scandals and an insufficient governmental balance sheet during the last years of its reign will make it less attractive for the electorate to vote for the grand old party. The humiliating defeat of the Congress in the Assembly poll in Delhi demonstrated this clearly.

#### *Immediate consequences of the transformed Rahul Gandhi*

Rahul Gandhi's changed conduct, his speeches at a farmer and workers rally as well as in Parliament with his slogan against the Modi regime as a „*Suit boot ki sarkar*“ ('Suit and boot-government) allegedly in favour of corporates, the rich and against the poor brought the BJP seemingly into the defensive.

Rahul Gandhi displays a different body language and attacks, also with humour, Modi directly.

Congress-politician Ajay Maken, a former Union minister and the chief ministerial candidate of the Congress in the recent Assembly elections in Delhi, observed, that Rahul Gandhi is now leading like a general from the front: „*We all knew that he had the right intentions and capabilities. However, we are pleasantly surprised at seeing the aggressive manner in which he has raised issues. It has enthused Congress workers throughout the country.*“

Randeep Surjewala, Head of the communication department of the Congress, supports this view: „*Yes, he is speaking more often. He is speaking from his heart. He speaks with sincerity. He has made short and long interventions. And this will continue.*“

The land question (*Land Acquisition Bill*) alone might not be sufficient, in order to reenergize the Congress, particularly since the NDA is starting a counter-offensive in this regard. The BJP is also wooing with a look to the *Upper House* (,Rajya Sabha'), where it will be for a few years in a minority, regional parties like the AIADMK from Tamil Nadu and the Trinamool Congress from West Bengal and regional parties -

Some within the Congress and some from outside see Rahul Gandhi rather as a burden for the party. P. Chidambaran, the former home and finance minister, answered to a question, if somebody from outside the Gandhi-family could become one day Party President: „*I think so, someday, someday yes.*“

A more comprehensive political formula is required – also concerted strategies with other parties like the Communists and regional parties – in order to prevent „*a pulverization process, which cannot be fully ruled out*“, so a former cabinet minister.

Dilip Cherian, Image-Guru, argues: „*Rahul falters on consistency. Sometimes he is the angry young man, at another time he plays the role of a vanished young man or an immune young man. Unfortunately, unless he decides to portray a consistent role, people wouldn't know what to expect from him.*“

Cherian, concedes „*that a pro-Dalit and pro-minorities image is a reasonably large canvas to play with.*“ He advised Rahul Gandhi to use Twitter, which he does in the meantime.

The Congress and Rahul Gandhi are planning mass-contact programmes and want to project the party as „*a saviour of the poor and the marginalised and the earning class.*“ Besides, the party wants to monitor the election promises of the Modi-government.

If Rahul Gandhi can be the glue for an innovative ideological and organizational renewal process of the Congress will be seen latest at the next Lower House (*Lok Sabha*) elections in 2019. According to recent opinion polls, the difference between Narendra Modi and Rahul Gandhi even increased.

Nevertheless, the Modi government reacted with a veritable „*Propaganda-Blitzkrieg*“ at its first anniversary of its existence, on the one hand to convey its successes and the other one to fend the „*deliberate misconceptions of the Congress*“, so Sunil Alagh, a media-advisor close to the BJP. Rajiv Desai, another media advisor, sees in this overkill also „*a certain uncertainty and over-reaction of the government.*“

## **Part II Dr. Joyce Lobo**

*Joyce Lobo analyses the recent state visits undertaken by President Pranab Mukherjee to Moscow and Prime Minister Modi's Visits to China and Mongolia.*

### **President Pranab Mukherjee in Moscow**

Given the geopolitical changes in West Asia and now in the post-Soviet space, the nature of Indo-Russian relations stands to be questioned. Will India tilt towards the West particularly the USA while Russia tilts towards China and their allies like Pakistan? These sorts of power and geopolitical equations that align countries around a dominant power/s are yet to set the tectonic plates if one is to draw the new bloc system as in the Cold War period. Where India stands and how it chooses its partners is already been answered several times by leaders and *External Affairs Ministry of India*. The preference is given to '*neighbours first*' by the government led by Prime Minister Narendra Modi, which is part of his *Bharatiya Janata Party's (BJP)* election manifesto of 2014. However this priority needs to be seen from the multi-vector diplomacy followed by India in general. In this context, President Pranab Mukherjee's visit to Moscow (May 7-10, 2015) has put some of the doubts to rest.

This means that New Delhi will continue with its engagement with Moscow despite the ongoing crisis in the Slavic region and the rift between the Western countries and Russia. The West including Germany has tried to stay away from the *Victory Day (VD)* celebrations given the fact that conflict continues in eastern Ukraine since the Russian annexation of Crimea in March 2014. This is a political decision of which India has refused to be part of considering New Delhi's practice of *non-interference* in internal matters of any foreign country or bilateral issues between two foreign countries. Moreover, India's participation in the VD celebrations confirms its commitment to bring peace and put an end to war and conflict, which marks the Red Army's victory over the Nazi. In a first, the Indian Army's 75-member contingent of the Nine Grenadiers marched along with the Red Army at Moscow's Red Square on May 09 that also included contingents from other countries.

The Foreign Secretary of India S. Jaishankar aptly says, "*We are here because this is a very important day for Russians. Anybody objective would recognise the Russian contribution to the end of the war, and we want to say we are here on a day that means a lot to them.*"[i] Apart from the commitment to peace and the solidarity shown towards the Russians, President Mukherjee's visit in his own words "*reflects the importance that India places on its strategic partnership with Russia*".[ii]

This visit has been termed by former Foreign Secretary and Ambassador to Russia Kanwal Sibal as affirming India's "*strategic autonomy*"[iii]. In another words, C. Raja Mohan, strategic expert on Indian foreign policy and on South Asia, comments on President Mukherjee's visit as "*extending New Delhi's solidarity with Moscow at a time when many Western leaders have decided not to show up in protest against Russian President Vladimir Putin's policy in Ukraine.*"[iv] Suhasini Haidar, Editor of diplomatic and strategic affairs in *The Hindu*, says that India's participation is "*an affirmation of India's role in the World Wars as a part of the British imperial army, which was sidelined for decades*

by Indian governments.”[v]

In fact in a conversation with Vladimir Putin, the President of Russia, soon after the annexation of Crimea, Modi conveyed India’s consistent position on the issues of unity and territorial integrity of countries: for all sides to “*exercise restraint and work together constructively to find political and diplomatic solutions that protected the legitimate interests of all countries in the region and ensured long term peace and stability in Europe and beyond.*”[vi] India chose political dialogue over sanctions. India abstained while voting in the *UN General Assembly* resolution to declare Russia's annexation of Crimea as illegal on March 27, 2014. This means that India still continues the policy of *non-alignment*, though this policy was called redundant once India signed the nuclear deal in 2005 with the USA.

#### *Mukherjee and his Moscow engagements*

President Mukherjee and President Putin, on May 09, reviewed progress on bilateral issues and discussed the rapidly evolving global political, security and economic scenario. The review included the progress achieved in terms of implementation of the measures agreed to at the last Summit in December 2014. This includes ongoing talks on joint development of the Ka-226T helicopters, MoUs with ONGC for Sakhalin oilfields, Arctic explorations and with GAIL for gas pipelines from Russia. Progress on defense, nuclear energy and space cooperation while “tangible” progress in economic and commercial cooperation in sectors ranging from hydrocarbons, fertilizers, diamonds and agricultural products was confirmed.

In terms of economic cooperation overall the bilateral trade in all sectors has remained low that is about US \$ 10 billion at present, which is less than 1 per cent of India’s total trade amounting to US Dollar 765 billion. Both sides have set the trade target in goods and services at US\$30 billion and investment levels to \$15 billion by the year 2025. Since April 2000, FDI inflows into India is US Dollar 246 billion, out of which only US Dollar 1 billion has come from Russia. During the talks both sides affirmed their commitment to operationalisation of the *International North South Transport Corridor*. Work towards early finalization of the Joint Study Group on the *Comprehensive Economic Cooperation Agreement (CECA)* between India and the Eurasian Economic Union is ongoing. One of the demands of the Indian businessmen in Russia has been the work-visa restrictions of 2010 that requires immigrants working in Russia to be “high-skilled” and pass Russian fluency tests within six months.

On May 8, the Diplomatic Academy of the Russian Ministry of Foreign Affairs bestowed President Mukherjee with the Honorary Doctorate. In his address, the President reiterated India’s ties with its old and traditional partner wherein Russia has “*been a pillar of strength at difficult moments in India's history*” and the relationship “*will not be affected by winds of transient global political trends...Russia is and will remain our most important defense partner. It is also a key partner for our energy security, building on its leading role in the development of nuclear power generation in India.*”[vii]

Education was the foremost focus of the current visit apart from taking part in the VD. President Mukherjee was accompanied by Minister of State for Railways Manoj Sinha and Senior Officials from the government including the Foreign Secretary. The delegation included directors of IIT Delhi, Mumbai and Madras, the Indian Statistical Institute, the Institute of Engineers (India) as well as the Vice-Chancellor of Delhi University. The Network of Indian and Russian Institutions of higher education was launched on May 8 to institutionalize cooperation between universities and institutions of higher learning of both the countries. About eight agreements were signed between



Indian institutes and Russian Universities. President Mukherjee inaugurated the Indo-Russian cultural festival, "Namaste Russia". And, in his interactions with the Russian Indologists he announced a new prize for Indology, instituted by the ICCR.

President of the Russian Federation Vladimir Putin and Prime Minister Narendra Modi last held talks during the 15th Annual Summit in New Delhi on December 11, 2014. Modi is already scheduled to visit Russia for the BRICS and SCO summit in July and the annual bilateral summit in November. Putin and Modi last December signed the new vision document '*Druzhba-Dosti (meaning friendship): A Vision for strengthening the Indian-Russian Partnership over the next decade*' to give a new direction to the 2010 '*special and privileged strategic partnership*'. This spells out the future course of action for the next decade and also, provides a roadmap for enhancing the relationship, while focusing on economic partnership. Modi, when he meets Putin, should come up with concrete ideas as to how to increase bilateral trade and investments in other areas of the economy given the fact that India is looking for diverse defence trade partners.

### Endnotes

[i] Suhasini Haidar, "Presence of Pranab, Xi appreciated", *The Hindu*, May 10, 2015.

[ii] *Office of President of India*, "Media Statement by the President upon the conclusion of his visit to Russia en route from Moscow to New Delhi", May 11, 2015. URL:<http://presidentofindia.nic.in/press-release-detail.htm?1515>

[iii] Suhasini Haidar, "Pranab's visit to Moscow signals 'strategic autonomy'", *The Hindu*, May 5, 2015.

[iv] C. Raja Mohan, "The Great Game Folio: Mukherjee in Russia", *The Indian Express*, May 5, 2015.

[v] Suhasini Haidar, "President leaves for Russia", *The Hindu*, May 8, 2015. URL:<http://www.thehindu.com/news/national/president-heads-for-russia-today/article7178312.ece?ref=relatedNews>

[vi] *Ministry of External Affairs (India)*, "Prime Minister's telephone conversation with Russian President Vladimir Putin", March 18, 2014. <http://www.mea.gov.in/press-releases.htm?dtl/23101/Prime+Ministers+telephone+conversation+with+Russian+President+Vladimir+Putin>

[vii] *Office of President of India*, "Press Statement: Russia has been a pillar of strength at difficult moments in India's history, says President Mukherjee", May 08, 2015. URL:<http://presidentofindia.nic.in/press-release-detail.htm?1508>

### Modi's visit to China

Prime Minister Narendra Modi embarked on a three-nation tour to the East of Asia beginning with China. He landed in Xian (capital of Shaanxi province), the hometown of President Xi Jinping in a reciprocating the latter's gesture during his last visit to India in September. Xian is also the birthplace of the 7th century Chinese Buddhist scholar Hsuan Tsang who visited India.

#### *Modi and Li Talks*

Modi held talks with Li Keqiang, Premier of China on May 15 in Beijing. Both India and China are focussing on more on the developmental aspect than the strategic aspects by building closer

developmental partnership, thus making it a core component. Hence the current relationship is termed as *India-China Closer Developmental Partnership*. This is by carrying forward the deals agreed during President Xi's visit to India. There is an acknowledgement with both sides "to play a defining role in the 21st Century in Asia and ... globally"[i]. Therefore both have tried to adopt a accommodative approach called the "constructive model of relationship" that is "between the two largest developing countries, the biggest emerging economies and two major poles in the global architecture" to proved "a new basis for pursuing state-to-state relations to strengthen the international system".

Both leaders agreed to enhance exchanges at leadership level and through dialogue mechanisms that are currently at work. Also both sides agreed to establish a *State/Provincial Leaders' Forum* between the Indian states and Chinese provinces as a regular affair, the first being held in Beijing on 15 May 2015, for advancing bilateral relations at the state/province level.

#### *Defence and border cooperation*

Military leaders would be visiting both countries this year. The other defence related activities to be conducted this year are the fifth joint counter-terrorism training to be held in China in 2015, exchange visits of naval ships and to hold PASSEX and SAR exercises.

Modi sought clarification on the Line of Actual Control, on visa policy and trans-border rivers. He also discussed the regional concerns that India has with China especially the latter's closeness to Pakistan. Apart from annual visits and exchanges between the two Military Headquarters and neighbouring military commands both sides have agreed to operationalize the hotline between the two Military Headquarters, expand the exchanges between the border commanders, and establish border personnel meeting points at all sectors of the India-China border areas. Otherwise the mechanisms to deal with the border dispute remain the same.

Since trade can act as an effective mechanism to instil mutual trust, both sides have agreed to hold negotiations on augmenting the list of traded commodities and also to expand trade at Nathu La, Qiangla/Lipu-Lekh Pass and Shipki La. Also China has agreed to allow Indian pilgrims through Nathu La Pass for the Kailash Manasarover Yatra this year.

#### *Developmental partnership*

Both leaders are attempting to gear the development component of the bilateral relation. They touched upon the *Five Year Trade and Economic Development Plan* signed in September 2014 in sectors like Indian pharmaceuticals, Indian IT services, tourism, textiles and agro-products. Keeping in mind India's burgeoning trade deficit with China (\$37.85 billion in 2014) both sides agreed to do away with trade barriers, improve market access and support local governments. Some of the measures undertaken and that will be worked upon by the *India-China Joint Economic Group* are: cooperation on pharmaceutical supervision including registration, speedier phytosanitary negotiations on agro-products for two-way trade, stronger links between Indian IT companies and Chinese enterprises, and increasing services trade in tourism, films, healthcare, IT and logistics.[ii]

#### *Cooperation in other areas*

In order to enhance dialogue process and for deeper understanding of each other, both sides decided to establish the '*India-China Think Tanks Forum*' which is to meet annually. Also the already existing '*High Level Media Forum*' is to be institutionlised wherein meetings would take place on

annual basis.

In order to deepen the developmental partnership Modi and Li gave mandate to their respective agencies to implement projects. The first is related to vocational training and skill development wherein the Action Plan on the establishment of Mahatma Gandhi National Institute for Skill Development and Entrepreneurship at Gandhinagar/Ahmedabad in Gujarat was signed. GIFT City in India and Shenzhen in China were smart cities chosen for joint demonstration projects. Cooperation in peaceful uses of outer space, nuclear energy, public health, medical education and traditional medicine were the areas that were looked into for expanding cooperation.

The Space Cooperation Mechanism has been established between space authorities of India and China. The talks yielded to both sides strengthening cooperation in Satellite Remote Sensing, Space-Based meteorology, Space Science, Lunar and Deep Space Exploration, Satellite Navigation, Space Components, Piggy-back Launching Services, and Education and Training. In terms of enhancing cooperation at regional and global level, both sides have agreed to start a bilateral consultative mechanism on WTO-related issues. China is the only veto-wielding State that has not endorsed India's bid for permanent seat in the United Nations Security Council but has emphasized support for its aspirations.

Lastly and most importantly there is an agreement that India and China would cooperate for a positive outcome of the climate agreement at the forthcoming CoP 21 to UNFCCC to be held in Paris later this year. In this regard a separate joint statement to register their commitment to the cause called the, *Joint Statement on Climate Change* was issued. Here both sides have agreed to further promote bilateral partnership on climate change by implementing this statement and earlier agreements. This calls for the developed countries to raise their pre-2020 emission reduction targets and honour their commitment to provide 100bn US dollars per year by 2020 to developing countries.[iii]

During this meeting about twenty agreements were signed. President Xi in his last visit to India had committed 20 billion dollars of Chinese investments over the next five years. Some of these business agreements were finalised and signed in the *India-China Business Forum* in Shanghai on May 16, wherein the value totalling to more than US\$ 22 billion. About 26 agreements and MoUs were signed between Indian and Chinese companies. The areas covered range from renewable energy, power infrastructure, steel and small and medium industries to film and entertainment industries.

#### **Endnotes**

[i] *Ministry of External Affairs (India)*, "Joint Statement between the India and China during Prime Minister's visit to China", May 15, 2015. URL: <http://www.mea.gov.in/outgoing-visit-detail.htm?25240/Joint+Statement+between+the+India+and+China+during+Prime+Ministers+visit+to+China>

[ii] *-ibid-*

[iii] *Ministry of External Affairs (India)*, "Joint Statement on Climate Change between India and China during Prime Minister's visit to China", May 15, 2015. URL: <http://www.mea.gov.in/outgoing-visit-detail.htm?25238/Joint+Statement+on+Climate+Change+between+India+and+China+during+Prime+Ministers+visit+to+China>

## Modi's Visit to Mongolia

Prime Minister Narendra Modi visited Mongolia (May 16-18) in what seemed to be an East Asian tour to commemorate the 60 years of diplomatic relations with this landlocked country. Modi gets the credit for being the first Indian premier to visit Ulanbator. So far India has signed the India-Mongolian Joint Declaration (Feb., 1973) which includes general principles to guide the bilateral relations; Treaty of Friendly Relations and Cooperation (Feb., 1994); Joint Declaration on the future directions for conducting bilateral relations (2001); and the Joint Declaration on Comprehensive Partnership (Sept., 2009).

### 'Comprehensive' to 'Strategic'

The aim of the visit was to alleviate the comprehensive partnership to 'strategic' in the near future. In this regard Modi held talks with his counterpart Chimediiin Saikhanbileg on May 17, 2015. This Strategic Partnership will have the key components like the "*universally recognized principles of sovereign equality of states, the principles of the United Nations Charter, collective interests*"[i] along with the ideals enshrined in the earlier signed declarations. On the basis of this both leaders agreed to intensify exchanges at all levels. Both sides have agreed to build institutional linkages, hold regular dialogues on bilateral relations and address concerns through the *India - Mongolia Joint Committee on Cooperation (IMJCC)* through policy consultations between the respective foreign ministries and other channels of communication. Both sides agreed to renew the *1994 Treaty of Friendly Relations and Cooperation*.

Both sides therefore believe in supporting open, balanced and inclusive security architecture in the Asia Pacific. In this regard both will cooperate at the regional and multilateral levels. Mongolia supports India's bid for permanent seat in the yet-to-be reformed and expanded *United Nations Security Council*. India has convergence of opinion and interests with Mongolia in the areas of terrorism, cyber security, regional and global areas.

Defence and security cooperation has been an ongoing affair since both sides established the *India - Mongolia Joint Working Group* which meets annually. Moreover, both armies hold the 'Nomadic Elephant' exercise every year to sharpen counter insurgency skills and enhance training infrastructure for UN peacekeeping missions. India also participates in the 'Khan Quest' which is a multi-nation exercise focused on peacekeeping operations. The former helps Mongolia in training its officers. Both sides agreed to continue working toward intensifying bilateral defense and security cooperation through exchanges, consultations, dialogues and capacity building.

In terms of economic cooperation, both sides have agreed to encourage trade and investment by creating business friendly foreign investment regimes. A Memorandum of Understanding (MoU) was signed in 2009 between both the countries for cooperation in the field of *Peaceful Use of Radioactive Minerals and Nuclear Energy*. The *Joint Working Group (JWG)* has been directed to look into how Mongolia can help India in the energy sector while the latter helps the former in the mining sector. Other collaborative initiatives in digital technology, pharmaceuticals, etc will be explored given the physical distance and limitations between both countries to conduct trade.

Mongolia is rich in mineral resources of which coal, copper and gold are found in large quantities while others are uranium, silver, molybdenum, and rare earth minerals. Since Mongolia requires investment for mining, Indian companies (private and public) through the help of the government (mostly through *Confederation of Indian Industry, CII*) have looked at investment opportunities. The

Modi-Saikhانبileg talks again reiterated that Indian companies would be encouraged to explore cooperation opportunities in Mongolia's mining sector through joint ventures and investment.

During his visit, Modi announced a credit line of USD 1 billion to Mongolia to augment Ulanbator's economic capacity and infrastructure. India provided the Bhabhatron-II tele-therapy unit and a Radiotherapy Simulator to Mongolia. Fourteen agreements on defence, cyber security, agriculture, renewable energy, airways, animal husbandry and dairy, culture, health sector, border patrolling, etc were signed. These deals also lay the framework for future cooperation in these areas.

Other areas that were carved for cooperation were agriculture, animal husbandry, dairy farming, health sector, etc. In order to build greater contact between the people of India and Mongolia, both leaders explored the possibilities to ease travel by establishing direct air links, simplify visa procedures, etc. India has again extended its role in terms of capacity building with Mongolia.

Setting course for a strategic partnership with Mongolia, Modi intends to strengthen India's Act East Policy. Enhancing relations with Mongolia is a good sign for India's engagement with its extended neighborhood which opens vistas for cooperation in variegated sectors. Given the geographical limitations that hinder cooperation with Mongolia sectors like digital technology and cyber security are areas that can transcend these limitations.

#### **Endnotes**

[i] *Ministry of External Affairs (India)*, "Joint Statement for India-Mongolia Strategic Partnership", May 17, 2015. URL:<http://www.mea.gov.in/outgoing-visit-detail.htm?25253/Joint+Statement+for+IndiaMongolia+Strategic+Partnership+May+17+2015>

#### **Modi to visit Dhaka armed with the ratified LBA**

Prime Minister Narendra Modi's long awaited trip to Dhaka had been stalled for some time given the fact that he intended to finalise the agreement on sharing of the Teesta River's waters between India and Bangladesh and the *Land Boundary Agreement (LBA)*. The Indian Parliament passed the Constitution (119th Amendment) Bill on the LBA 1974 pact between Indira Gandhi and Sheikh Mujibur Rehman in May 2015. Armed with the ratified LBA, Modi will visit Dhaka for bilateral talks with his counterpart Sheikh Hasina and also call on the President Md, Abdul Hamid in June 6-7, 2015.

#### *Modi seizes the Congress moment*

Modi and Hasina will formally exchange the enclaves and adverse possessions in each other's territory. In May 1974, the *Indira-Mujib pact* was signed to exchange territory (enclaves) and people on either side of the Indo-Bangladesh border. Since the signing, Dhaka immediately ratified the pact in the parliament. However, with regard to India, the issue of undemarcated land boundary in three sectors in West Bengal, Tripura and Assam remained unsolved. The swapping of the enclaves will now lead to handing 17,160.30 acres of land to Dhaka while India gets 7110.02 acres[i].

Most of the credit for coming close to finalising the LBA goes to former Prime Minister Dr. Manmohan Singh who was to seal the deal in his September 2011 visit to Dhaka. However, pressure from the Congress party and the opposition from the West Bengal Chief Minister Mamata Banerjee further stalled the LBA from seeing the daylight. One of the vehement critics was Arun Jaitley, then Leader of Opposition (from Modi's party the *Bharatiya Janata Party, BJP*) in Rajya Sabha, who said that India's territory is integral to its constitution and hence "*cannot be reduced or altered by an*

*amendment.*” Now the very same party has been instrumental in its passage. The Congress has been rightly blamed for being ambivalent on issues like the LBA. Though it leads to loss of more territory for India, the logic is that these areas are out of India’s reach and have caused untold misery to the residents of the enclaves. Moreover it has led to illegal trade, cross border crime and breach in security leading to infiltration and illegal immigration.

The most to benefit from the land exchanges would be the 51,549 people who reside in these enclaves and whose existence has been appalling due to the lack of national identity which in turn triggered a series of inadequacies and humanitarian crises in their lives.

Modi has been able to give boost to his foreign policy of *‘neighbours first’* by delivering on the LBA. Under Prime Minister Hasina terrorist groups wrecking havoc in border states of India especially Assam were checked and refused shelter. With the passing of the LBA in the Indian Parliament, another important aspect gets significance and that is to do with the goodwill that has been restored between both the countries. Banerjee has been placated with the offer of a Rs. 3,008 crore rehabilitation package for her *‘consent’*. She will be present during the signing of the instruments of operationalisation of the LBA, a visit she had cancelled in September 2011 over the Teesta agreement.

It is believed the LBA would help in better border management and in reducing the perception problem between both the countries, writes *former foreign secretary of Bangladesh* Farooq Shoban. He writes, *“India and Bangladesh both suffer from a “perception problem” wherein Bangladesh views India “with suspicion because of its geostrategic interests, overwhelming economic and military strength, apparent reluctance to resolve longstanding problems like the LBA and the sharing of Teesta waters. Indians, on the other hand, tend to view Bangladesh as a country where extremist groups are gaining in strength and where there is widespread poverty, triggering illegal immigration into India.”* [ii]

Experts like Joyeeta Bhattacharjee (fellow with *Observer Research Foundation*), Farooq Shoban and others write that the LBA will help in better border management and check illicit trade. In fact Bhattacharjee points out that, *“Illegal trade between the two countries is estimated to be double the legal trade which is worth \$6 billion.”*[iii] In one of the World Bank estimates the illegal trade stands at three-fourths of regular trade, mostly constituted by Indian exports of consumables.

Sheikh Hasina who had been instrumental in flushing out the insurgents for the sake of India and suppressing radical groups within the country has been slammed and ridiculed by the opposition parties and groups in Bangladesh for being pro-India. This is an opportune time when both leaders meet to send positive signals thus silencing the critics in Dhaka. Also the manner in which both countries have tried to settle their border and maritime disputes can act as templates for India’s disputes with countries like China and Pakistan. In July 2014, the UN’s Permanent Court of Arbitration handed the verdict that resolved the long standing delimitation of the maritime boundary dispute between the two countries. Bangladesh was awarded 19,467 sq. km (more than 75%) of the 25,602 sq. km sea area of the Bay of Bengal.

#### *While in Dhaka*

Issues like power generation and distribution, infrastructure development like road, housing and port and investment in prospective areas figured in Foreign Secretary S. Jaishankar’s talks with the Foreign Minister of Bangladesh A.H. Mahmood Ali on March 2, 2015.[iv] He confirmed the signing of two

agreements—*The Protocol on Trade and The Agreement on Coastal Shipping* during Modi's visit.

As one of the issues gets resolved, there are other issues that still persist. The External Affairs Minister Sushma Swaraj in her media briefing claimed that the signing of sharing of waters of the Teesta river will not be part of the bilateral talks as an understanding has not been reached. This also means the state government of West Bengal needs to be consulted for its views and kept in the loop on the decisions taken. However, Dhaka insists that the agreement will be finalised as early as possible.

Dhaka has registered its displeasure and its concerns to the Indian government as 21 million (70% compared to 30% in Bengal i.e., 8 million) lives in Bangladesh depend on the river. The problem arises in summers where the river dries up that affects the sustenance and the lives of people in general. India, whose population is on the rise, does not want to jeopardize the lives of those dependent on the river in West Bengal. The Teesta waters are also shared with Bihar, as part of linking of rivers project, and therefore the release to Dhaka is limited. The farmers, fishermen and people in general are affected on the Bangladesh side. The people here have taken their protests to the capital. In the meanwhile the West Bengal government and the Modi government at the centre do not want to jeopardize their chances by conceding to Dhaka on Teesta as West Bengal goes to polls in 2016.

With regard to economic cooperation and specifically trade Indian exports have doubled over the last five years, from US\$ 2.7 billion to US\$ 6.1 billion in 2013-14, while exports from Bangladesh for the same financial year were US\$ 462 million. Goods from Dhaka are given duty-free access in Indian markets. There will be discussions on the need to remove some of the non-tariff barriers.

Apart from signing the LBA, other initiatives that Modi and Hasina will undertake in Dhaka would be the flagging off a Kolkata-Dhaka-Agartala bus service. Also they will announce other services from Dhaka to Guwahati, Agartala and Shillong. India is expected to offer Bangladesh \$ 2 billion credit for road, rail and port connectivity projects. These include the 15 projects that Dhaka had already identified in consultation with the Indian government in which the funds will be used.[v] As per the news sources enhancing rail, road and water connectivity, boosting economic engagement and expanding security cooperation are likely to be the major focus areas of the talks. Energy, infrastructure and connectivity will lead to the development of the North-East in India and create inter-linkages with Nepal and Bhutan. Another agreement which may be signed, but that will be discussed is the Bangladesh, Bhutan, India and Nepal (BBIN) Motor Vehicle Agreement. This is part of the *South Asian Association for Regional Cooperation (SAARC)* initiative. All countries except Pakistan have agreed.

In order to start coastal shipping, both sides are touted to sign a coastal shipping agreement to facilitate sailing of small vessels from India to various ports in Bangladesh. Also a MoU may be signed for the facilitation of set up a Special Economic Zone in Bangladesh.[vi]

Keeping this positive note of the recent settling of maritime disputes through international means and the ratification of the LBA, India should continue with good neighbourly ties with Dhaka, which unlike Islamabad, has goodwill towards India. Kanwal Sibal, former foreign secretary of India argues that Indian foreign policy should focus more on *Act East* because, "*A large Muslim country to our east moving in the direction of a more "secular" polity was a clear strategic gain for us. Moreover, Bangladesh is a key link in our Act East policy. We are blocked towards our west by Pakistan, radical Islam and terrorism.*"[vii]

- [i] That is about 111 Indian enclaves in Bangladesh and 51 Bangladeshi enclaves in India.
- [ii] Farooq Sobhan, "41 years in the making", *The Indian Express*, May 12, 2015.
- [iii] Joyeeta Bhattacharjee, "A landmark in India-Bangladesh ties", *BusinessLine*, May 11, 2015.
- [iv] Haroon Habib, "Foreign Secretary discusses Teesta, LBA in Dhaka", *The Hindu*, March 03, 2015.  
URL: <http://www.thehindu.com/news/national/foreign-secretary-discusses-teesta-lba-in-dhaka/article6952365.ece>
- [v] Suhasini Haidar & Haroon Habib, "Modi to sign key agreements on Dhaka visit", *The Hindu*, May 27, 2015.
- [vi] Press Trust of India, "Connectivity, Security Cooperation to be Key Focus of PM Modi's Bangladesh Visit", *NDTV*, June 01, 2015. URL: <http://www.ndtv.com/india-news/connectivity-security-cooperation-to-be-key-focus-of-pm-modis-bangladesh-visit-767822>
- [vii] Kanwal Sibal, "Good ties with Bangladesh are essential to India's economic expansion", *MailOnline India*, May 11, 2015.



### **Part III Press Articles**

All the articles are reprinted with the explicit consent of the authors, who quite represent some of India's leading analysts. The articles are in three sections: 1. Domestic Issues. 2. The South Asian Region. 3. Asia and the wider world.

#### **1.Domestic Issues**

##### **Modi's year in office**

S Nihal Singh

The Tribune online, May 09, 2015

##### *Bright spots tinged with black marks*

A one-year mark is a fairer measure of judging a new dispensation rather than the fashionable credo of the first 100 days. As the Narendra Modi government is almost touching its first year of rule, it is apposite to look at its performance.

The Bharatiya Janata Party (BJP) government under the rubric of the National Democratic Alliance (NDA) started with two advantages. First, after the second stint of the United Progressive Alliance (UPA) government, which suffered from fatigue, the compulsion of coalition politics, a litany of scams and the soul-destroying double-headed leadership, change was welcome. Second, the Modi government was presented with manna from heaven in the shape of oil prices falling by a whopping 50 per cent.

What then has the first opposition government with an absolute majority in the Lok Sabha made of its blessings? The surprise has been the sure-footedness Mr Modi demonstrated in his initial moves in the foreign policy field. Few had suspected him of understanding international affairs, his trips to China and Japan as Gujarat's Chief Minister had the limited ken of furthering his state's interests.

Starting with his swearing-in, he began with inviting India's neighbours, including Pakistan, for the largely ceremonial event. And in plotting his travels abroad, to some nations close by and to the United States, to Australia, to Japan, to the island nations in the Indian Ocean, to France, Germany and Canada and his coup in getting President Barack Obama visit twice, the second time as a guest for the Republic Day celebration, Mr Modi turned heads.

Starting with neighbours, Mr Modi was building concentric circles extending to the Indian Ocean and such vital countries in their different ways as Australia and Japan, then going to the technological power houses in Europe, France and Germany, and a neglected power on the American continent, Canada. Essentially, he was touching base with countries vital for India in terms of proximity, trade or in its super power status, a process he will complete with visits to China, Mongolia and South Korea.

The overall message Mr Modi was trying to send was that he was an activist in foreign policy and that India was seeking a place in the world not merely as a balancer but as an aspiring leading nation, given its attributes of size, population, technological prowess and intellectual resources. It is, of course, the beginning of a process.

In the domestic arena, his year's record is patchier. Mr Modi has brought decisiveness to decision-making, being recognised as the leader of his party and government in contrast to his predecessor. But in leading campaigns in state assembly elections, he brought a high degree of partisanship in his quest for bettering party representation in the Rajya Sabha, in the process lowering the dignity of his

prime ministerial office.

Much was expected of Mr Modi in the economic field, with his emphasis on development and extolling the Gujarat model. Given the expectations, there was a general feeling of disappointment among businessmen and entrepreneurs that there was no “big bang” in his Finance Minister’s substantive budget although many agreed on second thoughts that it was in the right direction. The government is still seeking to push through the important goods and services tax (GST) in Parliament so that it can be promulgated in April next year.

It was in pursuing the land Bill that the government could not get its act together and the changes it made to the UPA version gave the Congress and the opposition parties the opportunity to combine to make Mr Modi’s task difficult. In the process, the NDA has lost political capital with the important farming community. The government’s objective was to further industrialisation by making land transactions speedier, but farming in India needs wholesale reform, with low productivity, fragmented farms and too many people producing too little, despite burgeoning stocks.

It is in two other areas the Modi government’s record left much to be desired: education and inter-communal relations. Even recognising that the Prime Minister’s hands were tied by the dictates of his mentor, the Rashtriya Swayamsevak Sangh (RSS), which played a crucial role in his victory, he has shown pusillanimity in taking his members to task for their disgraceful statements until it was too late.

In the education field, the stakes were higher because it was a key area for the RSS in moulding young opinion and in placing sympathetic men in key historical and research organisations. Mr Modi gave the game away by appointing a school leaver, Ms Smriti Irani, as a full Cabinet minister in this important ministry. No person of substance could be as malleable in the hands of the RSS. In the Sangh organisation, mythology is history, a shining example being provided by the doctored textbooks in Gujarat, to the detriment of the education of the young.

However, it is in the field of inter-communal relations, with the country’s large Muslim minority, that the new dispensation must take a large share of blame. Statistics alone are of little help because, thanks to the flow of statements coming from the BJP’s ranks and members of Parliament, an atmosphere of distrust has been created among minorities which is construed by a section of the BJP supporters as licence for desecrating churches and mosques at the slightest provocation.

The RSS has its own theories that all resident Indians are Hindus, whatever religion they profess, but spreading communal hatred is a dangerous proposition in a country as diverse as India. Mr Modi seems unable to bring truants, if they are such, to book. Perhaps his problem is that he himself has been reared in the RSS cradle and professes to believe in such marvels in ancient India as plastic surgery and head transplants.

As Prime Minister, Mr Modi has shown a measure of pragmatism, subordinating his instinctive beliefs to his onerous job of leader to all Indians. How he squares the circle remains to be seen but he has shown a capacity to learn. He has at least four more years to resolve his dilemmas.

### **The Modi govt's economic story**

Manoj Joshi

Mid-day, May 12, 2015

*Manoj Joshi says, Modi’s most important agenda is to rejuvenate India’s economy and this is where*

*there are growing doubts about his government's ability to do things.*

In politics, depending on your point of view, one year can be a long, or a short time. The Narendra Modi government has hit that anniversary and while critics charge that he has failed to deliver, his supporters argue that a year is simply too short a time to judge the government of a country as huge as India, and one with legacy issues ranging from corruption to misgovernance.

Modi's arrival was spectacular, at the head of the first party to win a majority by itself since 1989. His burden has arisen not only from expectations he aroused as a prime ministerial candidate, but also from the fact that he has a majority in Parliament, the first PM to have one since 1989. In other words, people believe that he is in a position to change things in a way Manmohan Singh, Vajpayee and his other predecessors of the 1990s were not.

The economic story of Modi's first year in office is mixed, both in the economic and political fronts. GDP has picked up to 7.4 per cent in 2014-2015, after a change in the way it was calculated. The index of industrial production for eight core sectors — coal, crude oil, natural gas, refinery products, fertiliser, steel, cement and electricity — grew 5 per cent in 2014-15 over 4.2 in the previous year. However, areas of concern remain such as declining exports and imports, which went down 2 and 0.5 per cent in 2014-15 over the previous year.

Of greater concern has been the continued poor performance of the agriculture sector where 600 million Indians are employed. It grew a marginal 1.1. per cent in 2014-15 and experts say that the numbers point to a deepening crisis in this sector.

Corporates and investors were betting on big bang reforms to kick-start growth and FDI has grown over 37 per cent in the past year. As the experience of tax laws imbroglio suggests, reform is not easy. However, the stock market continues to repose faith in Modi, though in the recent past, tax issues have dampened the spirits of foreign institutional investors.

The global fall in crude oil prices came as an unanticipated boon for the new government, as they helped in trimming the import bill and saving foreign exchange. There was good news as well in the inflation front, particularly in consumer prices which are below the Reserve Bank of India's 6 per cent target. However, the fiscal deficit has been contained to a comfortable figure.

On the political front, Modi has not been troubled so much by the shell-shocked Congress party, but elements in the Sangh Parivar who believe that the 2014 victory was a vindication of their politics. Perhaps they are worried that if allowed to go his own way, Modi could run away with the development agenda, and leave them high and dry. So they continue to agitate to push their Hindutva agenda wherever they can, queering the pitch for the BJP and the Modi government.

So far the prime minister has played a canny game. As the Gujarat experience of 2002 revealed, Modi is a skilful and cynical politician, who will not hesitate to use the communal agenda for electoral gain, just as a generation of politicians, from Indira Gandhi, Lalu and Mulayam Singh Yadav have done. Modi has not directly spoken on the issues of alleged attacks on churches or the communal violence in UP, or the inflammatory statements of some so-called sadhus and sants. But he has worked behind the scenes to rein them in because he is fully aware of their potential of derailing his agenda.

He has sought to position himself as a social reformer, keen to push the agenda of "sabka saath, sabka vikas" and promote programmes like "Swachh Bharat" and "Namami Ganga" and for women's empowerment. However, from the public point of view, the most important agenda is neither social,

nor cultural, but his promise to rejuvenate India's economy and make it an industrial power. And this is where there are growing doubts about the ability of his government to do things.

There are issues like the land acquisition bill which have generated a lot of opposition. But that is par for the course for anyone trying to change the way the country is being run. He will, no doubt, face even bigger hurdles when he tries to reform the labour laws of the country, considering that biggest trade union in the country, the Bharatiya Mazdoor Sangh is affiliated to the BJP.

The problem seems to be an acute lack of expertise in the system. Modi is wary of his own political colleagues and is hoping that the bureaucracy will do the needful, just as it had done in Gujarat. But, the problem is that debris of a decade of misgovernance and corruption has paralysed the government machinery.

In the old days, a new minister took office things ran on their own. Today, each ministry requires deep restructuring and reform for it to even function effectively. The only people who can lead change are politicians, not bureaucrats. Unfortunately for the party, with stalwarts like Arun Shourie, Yashwant Sinha, BC Khanduri and Murli Manohar Joshi sidelined, the party has a very narrow base of experienced leaders who can lead the process. Mr Modi relies on Arun Jaitley, who is known for his abilities, yet, he simply cannot overhaul a dozen ministries.

Modi himself is on record saying that it would take him 5-7 years to fulfil his agenda. That is a reasonable amount of time. The issue, however, is not how much time he deserves, but how much he will actually get, and no one can forecast that.

*(The writer is a Distinguished Fellow, Observer Research Foundation, New Delhi)*

### **The Modi govt's real test is yet to come**

Manoj Joshi

Mid-day, May 26, 2015

*As Modi completes one year of heading the government, there is need for political and economic restructure and reform where little has happened so far.*

Governments today face scrutiny on their 100th day, sixth month, first year or some equally arbitrary period. Like surprise examinations in a school, they end up being haphazard exercises in assessing the true worth of the examinee. For one thing, they are completely subjective. You can choose your metric the Sensex being up or down, inflation, FDI coming in and so on, and shape the argument any way you want. In other words, show the glass as being completely full, half empty, half full, or completely empty.

The real test, however, are elections the small ones in state assemblies and the big one to the Lok Sabha. The Narendra Modi government faces a small test later this year when elections will take place to the Bihar Legislative Assembly and later, in 2016 in West Bengal and in 2017 in Uttar Pradesh. However, since the BJP is not the incumbent party in any of the states, its stakes are relatively low. But, at the end of the day, the real test will take place only in May 2019.

Judged by that measure, the Modi government does have time. The problem, however, is that as of now, we are not quite clear as to the direction it is moving in. The first year should have given us a clear indication of its plans, and the personnel who would execute them. However, we have clarity in neither area. Yes, we are familiar with the numerous slogans and buzzwords — “Make in India”,

“Swachh Bharat Abhiyan,” “Namami Ganga”, “Jan Dhan Yojna”, “Shramev Jayate” or “GIAN, Global Initiative of Academic Networks”. But we see no clear policy lines or the organisations which will deliver them. We know that Arun Jaitley is the effective number two in the ministry, and that the Minister for Water Resources Uma Bharti is the nominal head of the clean Ganga campaign, or that Nitin Gadkari handles road building and Venkaiah Naidu does urban development. But none of these figures have stood out so far, as did Jaswant Singh, Arun Shourie, BC Khanduri and Yashwant Sinha in the case of the first NDA.

The challenge before the second National Democratic Alliance government is much more complex than that faced by the first, headed by Atal Bihari Vajpayee. In the last fifteen years, the governmental system has become more stove-piped and clogged.

So, the challenge before the government is not merely to run the system, but to understand that to even to run the government effectively today, there is need to first restructure and reform it. This is where we find little happening, because the Prime Minister in his wisdom has marginalised his political colleagues and privileged the bureaucracy.

However, the bureaucracy is simply unable to cope with the level of expertise required to run the government of today since it lacks an effective system of promoting expertise and upgrading the skills of its own personnel. In a bid to retain control, it has layered the government system with regulations and procedures which have effectively paralysed decision-making.

So, unless this reform takes place, we are likely to see a lot of declarations, slogans and plans, but little happening on the ground.

To break this logjam, Prime Minister Modi needs to, perhaps, imitate Rahul Gandhi and take a break to meditate on his situation. He needs to realise that the people of the country gave him the kind of electoral majority he got, on the basis of his promise of radical reform. It is true that the Modi team has ended the drift of the UPA II era, but in the main through tinkering with the system, rather than overhauling it. Achievements like coal blocks allocation have been more an outcome of a court-driven process than a self-conscious effort to reform. Indeed, within the government there seems to be a belief as expressed in the Economic Survey 2014-2015 that “creative incrementalism” will give India sustainable double-digit growth, rather than radical reforms.

India may have overtaken China in terms of economic growth, but that is scarcely any comfort since almost all estimates say that it would take us a generation or two to overtake the Chinese, even with double-digit growth. But that is assuming we can manage to consistently grow at a high rate for the next two decades and more.

This is where the problem lies. There is likely to be no gain without pain. It is an illusion to think that India can achieve its economic promise without drastic changes in the way it runs its governmental system. Though it is true, Modi recognises this, that the challenge is not just something New Delhi alone can meet; now more than ever, there is need for a functioning partnership between the Union government and the states. The move for a GST is one small forward move. But we need sharp acceleration of that partnership in removing obstacles in inter-state commerce and transportation. Likewise, beyond the promise of Make in India, the Centre and the states need to focus on the immediate problem that the country confronts — rural distress which can only be removed through reforms in our agricultural system.

The one lesson that emerges from the experience of other societies in transition is that we need to

see reform as a continuous process. There is also need to understand that in a democracy, the process of reform can only be led by the political class. If there is one weakness that the government clearly has, is the lack of Ministers who are reform minded. It is true that Modi is committed to reform and change. But that is not sufficient, no matter what his supporters may think, he is not a superman. He needs to expand his political team and empower them.

### **Kejriwal's new avatar**

S. Nihal Singh

The Asian Age online, May 16, 2015

*“Mr Kejriwal wants to function as any hardboiled successful politician practises his craft. If he holds on to his original moral high ground, he would be handicapped in dealing with traditional politicians...”*

Arvind Kejriwal's transformation from an anti-corruption advocate and street fighter to a shrewd hard-boiled politician is a remarkable Indian political phenomenon without parallel. Politicians in the country, perhaps more than in other democracies, have proved fickle in their political affiliations and laws have had to be enacted to curb such opportunism, with somewhat limited results.

But never before has an outsider riding on the shoulders of a non-party crusader come to form his own political party, tellingly named the Aam Aadmi Party (AAP), to win enough seats in the Delhi Assembly elections to form a government (with Congress support) on the strength of popular acclaim for his idealistic goals and to throw in the towel after a little over a month.

The setting for the re-election, when finally called, was ideal for Mr Kejriwal with his promise to complete his five-year term if elected. And there were his conscience keepers in the shape of Yogendra Yadav and Prashant Bhushan to lend him the moral high ground over the Bharatiya Janata Party and the Congress.

Delhi's voters took Mr Kejriwal and his supporters at their word and rallied splendidly to give the AAP an unprecedented sweep in an avalanche that reduced the BJP to three seats in a House of 70, with the Congress scoring a duck.

Mr Kejriwal was a changed man. He was not only home and dry but in the gravy for five years. With that kind of majority, he had no fear of defections. And he set about changing his party even while taking a medical sabbatical for his respiratory problems. His first task was to cast away his conscience keepers, who kept reminding him about the moral basis of his victory. Both Mr Yadav and Mr Bhushan considered themselves as the leader's equal, for good reasons. And he had his hatchet men initiate the job of removing them while he recuperated in a southern medical facility.

Mr Kejriwal had other scores to settle. No other political leader in recorded post-Independence history had received the encouragement he had by an eager media, particularly from television channels. Sometimes, it seemed that the media was fighting his battles, eager to support someone who was genuinely interested in people's problems after the demise of the Independence generation.

An otherwise endearing trait of Mr Kejriwal is that he is bold in taking decisions. And he seems to have come to the conclusion that expelling his conscience keepers was not sufficient to govern. There were the other conscience keepers, the media, who would judge him by his faithfulness to his promises. And he knew their power by their ability to make him the victor.

Having earmarked the media as his next enemy, he chose to act, accusing them of taking “supari” (bribes) to seek to finish the AAP. And taking his battle cry further, he issued a directive to his administration officials to recommend filing criminal defamation cases against the defaming media. The Supreme Court has stayed this directive while pointing out the contradiction in his own appeal in a defamation case, suggesting that such offences should not carry the criminal tag.

At its heart, Mr Kejriwal’s problem is simple. After having won a famous victory, he wants to function as any hardboiled successful politician practises his craft. How then, does he fight his future battles with a nagging media yapping at his heels? If he holds on to his original moral high ground, he would be handicapped in dealing with traditional politicians and cannot hope for fulfilling greater ambitions.

Perhaps unwittingly, he gave the game away by suggesting that “good people” should take on the job of starting newspapers and TV channels to report facts as they are — a task in which his administration would help. It is difficult to think of a more transparent attempt at starting a pro-government media outlet in the tried Communist fashion.

Mr Kejriwal’s support has eroded. Many AAP followers have resigned, and the generous London soul who had gifted him a WagonR has asked to have his car back. Indeed, the speed of Mr Kejriwal’s farewell to his ideals is amazing.

What then lies in store for Mr Kejriwal and the shattered dreams of all those taken in by the new politics he was supposed to herald in the country? The AAP leader probably believes that his crushing majority in the Delhi Assembly makes him immune to the evil of defection. Second, he, in common with tried Communist practice, will seek to connect directly with the people over the heads of the media, lacing his actions with dollops of populist measures.

Popular disillusion with Mr Kejriwal’s new avatar seems to be spreading and if this sense of betrayal takes hold, there can come a time when his seemingly rock solid majority will begin to erode. Obviously, many people who voted for him did so in the belief that here at last was a man who would purify the well of Indian politics heralding a vanished sense of idealism to revive the halcyon days of the giants of the Independence movement.

Despite speculation, it is not easy to form a new party. The AAP’s birth took place against the backdrop of the Anna Hazare movement on the strength of the good work done by him in his hometown in Maharashtra before taking it to the national level. The political movement was thick with the odour of a litany of scams in the second term of the United Progressive Alliance government. The national mood was receptive to a man acting in the Gandhian tradition of selfless service.

While Mr Hazare packed his bags and went home, Mr Kejriwal cashed in on the movement to start a new political party coming second to the BJP in the initial Delhi elections. It was a dilemma for the BJP — it could not take the support of the Congress — leaving it little choice but to call for new elections hoping to ride on Narendra Modi’s national wave.

The rest is history.

### **India's national security management: Crying for an overhaul**

C. Uday Bhaskar

South Asia Monitor, May 10, 2015

*In the backdrop of Modi's visit to China, that has already taken place, Bhaskar points out the defence inadequacies that require critical attention of the Indian government.*

As Indian Prime Minister Narendra Modi prepares for his first visit to China next week, the unresolved territorial and border dispute will be a major issue on the summit agenda. The incursion by People's Liberation Army (PLA) troops when President Xi Jinping was in India in September last will provide the context and both leaders will seek to avoid such exigencies.

India has to enhance its comprehensive national power to be able to better manage the uneasy bilateral relationship with China and the country's composite national military capability is an integral part of this calculus. However, the stark reality is the steady increase in the military gap between India and China that is growing in favor of Beijing and Delhi's inability to adequately redress the situation. India does not seek military equivalence with China but a degree of sufficiency and an operational profile that will enhance stability in the bilateral.

A useful reality check is provided in the Sixth Report of the Standing Committee on Defence that was submitted to parliament on April 24. It draws critical attention to the many immediate inadequacies and institutional infirmities that continue to plague India's dysfunctional higher national security structures. The chairperson of the committee, Major General B.C. Khanduri (Rtd), an accomplished military veteran and former cabinet minister and chief minister, is to be commended for a comprehensive 118-page report that covers eight major subjects viz: the Defence Budget and Capital Outlays, the BRO (Border Roads Organization), Coast Guard, Defence Estates, MES (Military Engineer Services), Married Accommodation Project, Defence Public Sector Undertakings and the Welfare of Ex-Servicemen.

The observations and recommendations are unambiguous and the words "dismay" and "displeasure" that have been used in the report reflect the anguish of the Khanduri-led committee over the many ills that have tenaciously resisted any meaningful redress over the last two decades plus.

At a time when the three armed forces – the army, air force and navy – have been drawing attention to the many gaps in their inventory profile, it is both anomalous and inexplicable that over the last fiscal year, the defence ministry was able to expend only 87 percent of its allocated \$35.94bn . The defence budget is broadly divided into two heads – the revenue and the capital – with the latter component catering for the induction of new inventory and modernization of existing platforms and equipment.

While the optimum ratio for military inventory is 30:40:30 (meaning 30 percent state-of-the-art equipment; 40 percent current technology; and 30 percent being inventory that is entering the cycle of obsolescence and phasing out), the Indian military receives just 38 percent of the total defence outlay for capital, and this has been grossly inadequate. Even in this head, the imbalance is glaring.

In the last fiscal, only \$850mn were spent towards procuring new inventory while as much as \$9.6b went towards payments for old contracts and in the current financial year – the corresponding figures are \$950mn and \$11.2bn. The principal reason why this pattern persists is the inability of the national exchequer to maintain the degree of fiscal fidelity that is called for in the defence sector and enforcing stringent and often counter-productive funding disbursements and a very tight control on the purse strings.

The Khanduri committee report again noted with dismay the state of the border roads near the territorial areas currently disputed with China and the contrast on the other side wherein Beijing has



created the necessary infrastructure to enable their military in the event of an operational exigency.

Paradoxically, these glaring gaps in the overall Indian defence preparedness have been staring the political apex since the days of Prime Minister Jawaharlal Nehru and the 1962 war with China. Subsequently the 1999 Kargil War and the 2008 terror attack on Mumbai have only heightened the need to address the inadequacies in higher defence management and embark on the structural and systemic changes that are imperative.

A brave attempt was made in the aftermath of the Kargil War and the A.B. Vajpayee government set up a Group of Ministers to implement the institutional changes that were recommended. However, this remained inconclusive and currently India's status apropos reviewing and redressing higher national security management may be compared to that of an intrepid person trying to cross a chasm in two leaps.

The net result of such complacency and insular tinkering with the larger gamut of national security (of which the military is a critical and visible but not the only component) is a series of cumulative delays and loss of comprehensive national capability. This is manifest in the poor material state of the Indian military across the board and the inability of the system to better integrate the paramilitary and police into the national security lattice. Furthermore, Defence R&D and domestic military production capabilities languish with episodic attention being paid to these sectors (for the record, the DRDO is still headless) and the management of the national intelligence agencies leaves a lot to be desired.

The last decade under the United Progressive Alliance (UPA) was a period of alarming stasis across the board – and both the material status of the Indian military and the human resource management led to a number of anomalous developments including allegations of a coup and the most unseemly controversy over the selection of the army chief. In addition, the status of the armed forces in relation to the rest of the edifice of government has been deliberately lowered leading to needless resentment in the 'fauj' – both in the serving fraternity and among ex-servicemen. The most shameful act has been that of the 'benevolent' Indian government and the Ministry of Defence challenging the legitimate compensation and benefits awarded to those injured in war or related operations.

The word dysfunctional to describe the current state of India's higher defence management is a considered one. The most striking illustration of this malignancy and indifference is the reality that 68 years after attaining independence, India still does not design and produce a personal weapon that is comparable to the global median. Hence the Indian soldier is compelled to fight an adversary from a basic disadvantage – and yes, the country imports this piece of equipment with a two million plus uniformed constituency.

However, if the parliamentary standing committee is the only forum now available – considering that India rarely has a constructive and sustained debate in parliament on the subject – the present political matrix of the Modi-Parrikar-Khanduri combine may be the most favorable for Delhi to embark on the much needed review of what ails India's national security management.

A number of useful task force reports on national security management are available with the government but have not been made public. These include the ones headed by the late K. Subrahmanyam as also the Vijay Kelkar, Rama Rao, Ravindra Gupta and Naresh Chandra committee reports. Releasing these documents to the public for an informed critique and providing them to the

legislature would be a very useful first step. But will the Modi government pick up this gauntlet? Hopefully the prime minister's China visit may yet prove to be the catalyst.

*(C Uday Bhaskar is Director, Society for Policy Studies, New Delhi.)*

### **Revisiting India's growth strategy**

Shyam Saran

Business Standard online, May 12, 2015

*The world cannot accommodate another China, so India will need to find another growth model to emulate.*

Will India be able to replicate the remarkable Chinese growth story in the coming decades? In the next 30 years, is it feasible for India to grow at an average annual rate of 10 per cent, just as China did between 1980 and 2010, thereby closing the widening gap between the two largest emerging economies? China's spectacular growth record is seen as validation of the investment- and export-led strategy, broadly similar to that pursued earlier by East Asian economies with focus on low-cost and employment-intensive manufacturing. India, it is argued, must traverse a similar path, if it is to join the ranks of successful Asian economies.

China's emergence as the world's leading merchandise exporter has been associated with a relatively extended period, when unusually favourable international economic factors prevailed at least up until the global financial and economic crisis in 2007-08. The major consuming markets of the United States, the European Union (EU) and Japan were relatively open and expanding. Global trade, on an average, grew at six per cent a year, double the rate of global gross domestic product (GDP) growth. Furthermore, over 50 per cent of China's merchandise exports were generated by wholly owned subsidiaries of multinationals or joint ventures between Chinese and foreign companies. More recently, China has become increasingly integrated into global supply chains of multinational companies. Thus, foreign investment has come to China, less to seek local markets, than to use China as a low-cost processing base for products that would be sold in Western markets. Since China joined the World Trade Organization in 2001, its share of the combined US, EU and Japanese import market has risen to 18 per cent. This supportive international economic environment, which China could leverage to its advantage, is no longer available since the global financial and economic crisis. Some of the unfavourable environment is the direct consequence of the crisis and may be ameliorated as the global economy recovers. But there are also longer-term factors that may be transforming the global economic and trade order in a manner that renders the investment- and export-led strategy less efficacious.

Despite the global economic slowdown, the United States, the EU and Japan remain the most significant export markets, but global trade overall is growing at the rate of a little over two per cent. The long-term trend of trade growing at twice the rate of global GDP has now been interrupted. China is now the second largest economy in the world, but plays only a small role as an importer of consumer goods. It accounts for only two per cent of global consumer goods imports. It should also be noted that for an economy of its size, China's personal consumption as proportion of GDP is only 36 per cent and still declining. In the larger Western economies, the proportion is higher but stagnant at around 60 per cent.

Therefore, precisely at a time when India may be looking for significantly increasing its exports as a

driver of accelerated growth the global marketplace is likely to be less welcoming. Furthermore, global supply chains, centred upon China, are now deeply entrenched. It has been and will continue to be difficult for Indian industry to become integrated into them. In addition, thanks to technological changes, such as 3-D printing, there is an incipient trend towards re-localisation of manufacture, which, too, may dampen prospects for increased exports.

China experienced rapid growth in its exports - from \$17 billion in 1980 to \$1.7 trillion in 2010, during a period of steady globalisation with diminishing trade barriers. Capital flows from and among major economies also grew at a rapid pace. For example, foreign direct investment (FDI) from the United States grew from \$19 billion in 1980 to \$338 billion in 2013. Japanese FDI rose from \$2.3 billion in 1980 to \$135.7 billion in 2013. Outward investment from the EU rose from \$21 billion in 1980 to reach a peak of \$809 billion in 2000, but declined to \$250 billion in 2013. These large capital outflows generated larger trade flows and this was clearly the case with China. However, since the global financial and economic crisis, there is a trend towards fragmentation of the global economy, with protectionist trends on the rise. The pursuit of new trade and investment arrangements, such as the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership, may create an even more fragmented global economy, reversing the trend towards a progressively integrated global market. Entry into the world's largest markets of the United States, the EU and Japan may become more challenging particularly since the proposed trade blocs will be creating non-tariff barriers in the form of a new and more rigorous set of norms and standards, which we may be unable to meet in the foreseeable future. These may also bias investment within the blocs rather than in countries outside, like India. India is likely to be pushed to the margins of the emerging economic and trade order, precisely when it is seeking enhanced participation.

This is not to argue that India should not promote exports or seek foreign investment. These will continue to be significant - indeed indispensable - components in any growth strategy. However, it is necessary to review our current strategies to determine what other drivers we should leverage in order to accelerate our economic growth. The Indian market, for example, offers scale second only to China. How can this be leveraged? In the past, we have talked about "making poverty pay" or using the "bottom of the pyramid" to trigger and sustain growth. No serious effort has been made to articulate a credible growth story around these concepts that would also promote inclusive growth. Technology has emerged as a major driver of growth, but in India, there has been no conscious effort to leverage high-technology capabilities, such as those in space, atomic energy or information technology, to create an ecosystem of innovation and marketisation. These capabilities are instead being leveraged by foreign entities, several of whom have set up large research and development centres in India, to generate cutting-edge technologies, innovations and products, which are then patented and commercialised outside.

China has pursued a highly energy- and resource-intensive strategy of growth and is already a major consumer of both fossil fuels and raw materials from across the globe. India may find it much more difficult to compete with China and globally for these same resources. Would India be able to sustain a similar growth pattern as China in what is becoming an increasingly resource-constrained world? We will also have to contend with pressures on account of concerns over fossil fuel-induced climate change. Though we have used concepts such as resource-frugal manufacture and are committed to expanding the use of renewable energy, these are often pursued as disconnected and *ad hoc* initiatives and not incorporated into a credible and coherent growth strategy.

The world cannot accommodate another China. India will have to traverse a different economic trajectory if it wishes to emerge as a front-ranking economic power in the next couple of decades. We should begin to explore alternative strategies sooner rather than later.

*(Shyam Saran is former foreign secretary and currently chairman, RIS, and senior fellow, CPR.) The views expressed are personal.)*

## **2.The South Asian Region**

### **A new manual for diplomats**

C Raja Mohan

The Indian Express online, May 21, 2015

*Narendra Modi's greatest momentum has been in foreign policy. But the external opportunities he has successfully created for India could be undermined by potential domestic failures.*

As Prime Minister Narendra Modi completes the first year in office, his greatest momentum has been in the least expected domain — foreign policy. As a state chief minister with limited exposure to the world of international relations, Modi, it was widely believed, might face a handicap on the diplomatic front and would concentrate on his presumed strength in economic management.

If Modi's performance on the economic front has drawn mixed reviews, many have acknowledged the vigour and purpose he has brought to India's renewed engagement with the world. Modi's frequent high-profile travels abroad have, in fact, generated some concern among the PM's supporters that he is spending far too much time abroad at a time of slipping domestic primacy.

Over the last one year, Modi has shown a surprising personal enthusiasm for diplomacy and revelled in the international attention he has got. While following the broad foreign policy direction set by his predecessors, Manmohan Singh and Atal Bihari Vajpayee, Modi has been bold enough to make some important departures.

The PM's main foreign policy objectives have been revitalisation of the stalled partnership with the United States, better management of the China challenge, more productive engagement with neighbours in the subcontinent and Asia, leveraging India's inherent strengths in soft power and moving New Delhi towards pragmatic internationalism.

In two summits with President Barack Obama, Modi moved quickly to address differences with the US on food subsidies and nuclear liability, inject new energy into defence cooperation and signal flexibility on climate change. Discarding the defensiveness that had crept into relations with the US during the second term of the UPA, Modi, despite his visa problems with Washington, has put America at the heart of India's international strategy. For the first time since 2005, when the UPA government signed the historic but controversial defence and nuclear agreements with America, there is renewed optimism about the future of Indo-US relations.

Just as he put ties with America back on track, Modi has begun to reset India's relations with China. He has sought deeper economic ties with Beijing, while prudently managing the border dispute. Unlike the UPA, Modi does not view the relationships with the US and China in terms of non-alignment. He has laid out a framework of greater security cooperation with America and a strong economic partnership with China.

In the neighbourhood, Modi has got trapped in the familiar roller-coaster with Pakistan. Though he

reached out to Prime Minister Nawaz Sharif immediately after the elections last year, Modi later suspended talks with Pakistan, objecting to political contacts between Islamabad and separatist groups in Kashmir. If his Pakistan policy seemed to flip and flop, Modi has moved decisively to improve relations with smaller neighbours like Bangladesh, Nepal and Sri Lanka. He has connected directly with the political classes and people in the neighbouring countries. Above all, he has shown the will to resolve long-pending problems with them — whether it is through the development of shared water resources with Nepal or getting Parliament to approve the historic land boundary agreement with Bangladesh.

Modi has rebranded India's "Look East" policy as "Act East", with special emphasis on strengthening economic and security ties with Asian neighbours like Japan, Vietnam, South Korea, Australia and Mongolia. His concept of the extended neighbourhood also includes the maritime domain, as he travelled to the far seas — from Fiji in the South Pacific to Seychelles in the Western Indian Ocean.

An intensive outreach to the diaspora and promoting India's religious and cultural links with the neighbours have been special features of Modi's diplomacy. Although the engagement with the diaspora had begun to gain some traction since the Vajpayee years, Modi has elevated it to a new level. Equally important has been his emphasis on the projection of Indian culture abroad.

Modi's most significant contribution could turn out to be his effort to build a new foreign policy identity for India. If India, obsessed with the notion of "strategic autonomy" in recent years, has been able to dump the residual ideological baggage on it, Modi has now begun to develop the idea of India as a "leading power".

For decades, India saw itself as a balancing power trying to limit the West or the Chinese. Modi is now suggesting that India, with its growing national capabilities, must view itself as a power that takes greater responsibility for the construction and maintenance of the global order.

This has translated into a more self-confident engagement with the other great powers. It has also resulted in a more positive Indian approach to dealing with such global challenges as climate change, where the country was long looked at as part of the problem rather than the solution.

As a leader with a strong mandate, Modi has been well placed to impart a new momentum to India's diplomacy. But it is by no means clear, in the middle of 2015, if Modi can engineer structural changes in the way the bureaucracy and political classes think and deal with the world. The slow pace of reforms and limited institutional capability to deliver on promises made to foreign interlocutors could re-emerge as important constraints on Modi's diplomacy. As at home so abroad, Modi has generated expansive expectations. The current global warmth towards Modi could begin to fade if India is seen as returning to a defensive and non-performing mode.

Meanwhile, there are threats to internal peace and harmony that have not gone unnoticed in the rest of the world. The Modi government's tolerance of the BJP's extremist fringe and its crackdown on liberal civil society groups have begun to draw criticism, especially in the US. Unless checked decisively, the negative dynamic on the domestic front will, sooner rather than later, cloud Modi's efforts to project India's cultural strengths and democratic values. At the end of the first year, Modi faces a paradox: his success in creating significant external opportunities for India could easily be undermined by potential failures on the domestic front.

## **Good ties with Bangladesh are essential to India's economic expansion**

Kanwal Sibal

MailOnline India, May 11, 2015

*Kanwal Sibal argues that Indian foreign policy should focus more on Act East keeping in mind the economic interests beginning from Bangladesh which is the key link.*

Prime Minister Modi is committed to the objective of improving ties with all our neighbouring countries. He believes that India can enhance prosperity in the region by pulling all South Asian economies upwards through its own economic growth. To stress India's goodwill, he gave priority to our neighbourhood in choosing his visits abroad. He began with Bhutan, and later visited Nepal and Sri Lanka. He could not visit the Maldives because of the political turmoil there. A visit to Pakistan will have to wait till there is a change in its unrelenting hostility towards India.

### *Pragmatism*

Modi invited all SAARC leaders to his swearing-in, but the Prime Minister of Bangladesh could not attend as she was travelling abroad herself.

External Affairs Minister (EAM) Swaraj visited Bangladesh in June 2014, in what was her first visit abroad as EAM. Her visit, by all accounts, went off very well. She gave a commitment to address Bangladesh's concerns over sharing of Teesta waters and implementation of the Land Boundary Agreement (LBA), and also handed over Modi's letter to Hasina in which he pledged to further strengthen the framework of ties. Within a month of her visit, the UN's Permanent Court of Arbitration gave a verdict that resolved the long standing maritime dispute between the two countries. By removing one more irritant in the relationship, the ground was further cleared for building a stronger India-Bangladesh entente.

Modi himself has had to defer his visit to Bangladesh until progress could be made on the two outstanding issues and key deliverables of Teesta waters and the LBA. Modi's pragmatism is now a well established fact. He has a flexible view of the strategy India should pursue to strengthen its position internationally and achieve the development goals he has in mind. On the India-US nuclear deal, which the BJP had opposed when the UPA was in power, he reached breakthrough understandings with Obama on the liability law and administrative arrangements for tracking the US supplied nuclear materials.

It was wrong of the BJP to oppose the September 2011 Protocol to the 1974 LBA agreed to by the UPA government. Our national interest then and now required the strengthening of Sheikh Hasina's political hands. After a long interregnum we had a friendly government in Bangladesh, which was weeding out anti-Indian insurgents from its soil and suppressing radical Islamic elements at home. Her success in this would have contrasted with the rise of radical Islam in Pakistan and West Asia in general.

### *Terrorism*

A large Muslim country to our east moving in the direction of a more "secular" polity was a clear strategic gain for us. Moreover, Bangladesh is a key link in our Act East policy. We are blocked towards our west by Pakistan, radical Islam and terrorism. Barring energy, the economy prize for us in the west is also limited, as this is not a region of high economic growth. When one talks of economic power moving towards Asia, the reference is to the Asia to the east of us. It is towards this

region that India should move economically on a priority basis, especially when the countries of this region want India to play a more active role there. Unlike to our west, we have no cultural, religious, political or economic impediments that stand in the way of an eastward expansion of a benevolent and mutually beneficial Indian presence. In this connection untying the Bangladesh knot is important as this can greatly facilitate our Act East policy, besides helping to promote the development of our northeast region. The change of thinking in Bangladesh on transit issues that we have seen under Sheikh Hasina is of great importance.

### **Protocol**

The three issues that the September 2011 protocol resolves are the un-demarcated land boundary of approximately 6.1km, the exchange of enclaves and adverse possessions. This will result in a fixed demarcated boundary in all the un-demarcated segments and exchange of 111 Indian enclaves in Bangladesh (about 17,160 acres) with 51 Bangladesh enclaves in India (about 7,110 acres). As regards adversely possessed areas, India will receive about 2,777 acres and will transfer about 2,267.

In both cases it will mean either a notional exchange as these enclaves are not physically accessible to either country, or accepting a procedural acceptance of the de facto situation on the ground with regard to adverse possessions. It is well to remember that the 2011 protocol had the concurrence of the State governments concerned (Assam, Meghalaya, Tripura and West Bengal). With this agreement now approved by parliament, the border should be better managed and the problem of smuggling, illegal activities and trans-border crimes better addressed, besides the gains of enhanced security, trade, transit and development that can now be expected.

Once again, Modi has shown pragmatism, courage and political acumen in shifting the party's past political position on the LBA and getting this agreement through in parliament under his watch, and that too unanimously. He seems to have wisely resisted efforts to exclude Assam from the purview of the agreement because of local electoral considerations. If Modi's leadership deserves applause, it also goes to the credit of the Indian polity as a whole that on issues of clear national interest, a united view can be taken, even when sensitive territorial issues are involved.

*(Kanwal Sibal is former foreign secretary. The views expressed are personal)*

### **Breakthrough in India-Bangladesh ties**

Jayant Prasad

The Hindu online, May 11, 2015

*The Indian Parliament's momentous ratification of the India-Bangladesh Land Boundary Agreement has paved the way for further expansion of ties between the two countries.*

The passage of the Bill ratifying the 1974 India-Bangladesh Land Boundary Agreement (LBA) is a sign that India's 'neighbourhood-first' policy is beginning to work. Prime Minister Narendra Modi's deftness in reversing course on this issue within his party and winning support from all others enabled him to fulfil the assurance he had extended to his Bangladeshi counterpart last September in New York.

Prime Minister Sheikh Hasina hailed the event as a new milestone in bilateral relations. The Bangladesh Nationalist Party (BNP), in the name of its Chairperson, Khaleda Zia, described the passage of the Amendment "an important day in our national life."

### *Significance of LBA*

India's relations with Bangladesh had already taken a distinctly positive course since Sheikh Hasina's 2010 visit to New Delhi. The LBA's unanimous endorsement is seen in Bangladesh as an affirmation of the general attitude of friendliness towards it in India. "What it has done," says Shamsul Bari, a prominent resident of Dhaka, "is to create a positive image for India in Bangladesh." It reflects the resolve of India's leadership to be fair towards a country that has demonstrated goodwill for India by taking action against insurgent leaders sheltering within its territory, as also its readiness to partner India on mutually supportive connectivity and infrastructure initiatives.

India's decision to opt for international arbitration to settle her maritime boundary with Bangladesh was a similar gesture of goodwill. It signified a deliberate, a priori relinquishment of its claims on the disputed waters, nearly 80 per cent of which have gone to Bangladesh. Negotiations could never have settled this matter since the India-proposed median line was drawn in a way – taking account of the concave configuration of the coast – that the Bangladeshi waters got confined to a narrow triangle between India and Myanmar.

By establishing its ability to resolve sensitive, sovereignty-related issues of its land and maritime boundaries and displacement of peoples, India has signalled, just prior to Mr. Modi's visit to China, that the Sino-Indian border may be ripe for a similar settlement. India's inability to ratify a 41-year old LBA, which addressed issues of a lesser magnitude than the McMahon Line, had given reason to China to continue to keep on hold the settlement of the boundary dispute with India.

India's land and maritime boundary agreements with Bangladesh also show that intractable issues can be wrapped up between neighbours within an overall relationship of growing trust and friendship. It is also instructive for the issue of Jammu & Kashmir, which can be resolved as a function of improved India-Pakistan relations, and not the other way around, as sought by Pakistan.

### *Developments in Bangladesh*

After gaining its freedom, Bangladesh has made remarkable progress. At a time when Bangladesh was emerging from a quarter century of neglect and the trauma of war, and it was derisively dismissed as "an international basket case", few could have imagined its evolution as a flourishing multiparty democracy and, arguably, as the most socially dynamic South Asian country.

Former Prime Minister Indira Gandhi had prophesied this at her public rally in Dhaka in March 1972: "I am confident that you will go forward step-by-step, and that with each step Bangladesh will become stronger, and that the progress you will achieve will not be limited to a few people, but extend to all your people and reach every doorstep whether in villages and towns. It is then that your country will become 'Sonar Bangla' — Golden Bangladesh."

In the 20 years following 1990, Bangladesh has reduced absolute poverty almost by half, from nearly 60 per cent to just over 30 per cent, together with improved child health and nutrition, reduced infant and maternal mortality, greater access to drinking water and sanitation, and gender parity in primary and secondary education. There has been a sharp decline in the fertility rate, and steady growth in women's employment. Targeted industrial development has made Bangladesh the fourth largest garment exporter globally.

A disquieting element is the periodic visitation of political violence in Bangladesh, whose latest bout was inspired by BNP, with storm troopers provided by the Jamaat-e-Islami, which has still not come



to terms with the logic of 1971. Many of its leaders have been sentenced in the war crimes trials that have targeted the Razakars — employed by the Pakistan Army against the liberation movement.

If Islam-*pasand* forces regain political space within Bangladesh, they could replicate the mayhem that exists today in Pakistan and Afghanistan. Any regime change that places power in their hands will result in the Inter Services Intelligence's re-establishment in Bangladesh and terrorist attacks in India from Bangladeshi soil.

### *The promise of partnership*

With Bangladesh's growing prosperity, trade with India has grown. Indian exports more than doubled over the past five years, from \$2.7 billion to \$6.1 billion in 2013-14. Bangladeshi exports last year were at \$462 million. A World Bank estimate places illegal trade at three-fourths of regular trade, mostly constituted by Indian exports of consumables. The barbed wire fence constructed by India is permeable to all manner of goods, including live animals.

The transaction costs of trade remain extraordinarily high, with forced transshipment of goods at the border and the absence of coastal shipping. Customs and documentation requirements are not up to international standards. India could redress the trade imbalance with greater facilitation, further reducing non-tariff barriers, and promoting Bangladesh's industrialisation. All these issues are now receiving attention.

The three prime areas of economic cooperation and investment between India and Bangladesh are energy, infrastructure, and connectivity. The 71-kilometre Baharampur-Bheramara transmission grid now carries 500MW of electricity to Bangladesh. This supply will soon double.

Partnership in energy has been a two-way process. Bangladesh facilitated the transportation, by the riverine route, of the two 300-tonne gas turbines for the Palatana power project in Tripura, along with 88 other packages of over-dimensional cargo — virtually impossible to carry through the serpentine, single-lane roads of northern Bengal, Assam, Meghalaya, and Tripura. Now, 100MW of power will flow to Bangladesh from Palatana.

When additional hydropower becomes available from Bhutan and, later, from India's northeast, Bangladesh will benefit from these, while wheeling electricity through its grid for supply to other Indian states.

India is promoting Bangladesh's energy security by encouraging investments in power generation. On the anvil are a 1,320MW coal-fired plant in Rampal, and a 130-kilometre long 'Friendship Pipeline' from Siliguri for supply of one million tonnes of diesel annually.

For countries that share so much in common across densely populated frontiers, more people-to-people initiatives are needed to stoke shared memories, including revival of railway routes (such as between Kolkata and Khulna) and bus connections (between Shillong and Sylhet, effectively connecting Guwahati and Dhaka).

India could strengthen Bangladesh's short term liquidity by offering it a currency swap facility similar to the one provided to Sri Lanka. Fresh credit commitments will be needed for road, railways, and waterways connectivity projects. Bangladesh will require help to ensure navigable depth for the Inland Water Protocol routes, and to develop Ashuganj as a transshipment point, with a railway link from Akhaura to Agartala.

Bangladeshi business and industry will gain from connectivity and infrastructure investments, as also

India's northeast. The linking of Nepal, Bhutan, and India's northeast to Bangladeshi ports might help make Bangladesh the natural bridge between South and Southeast Asia.

India and Bangladesh are seminal to each other's progress and prosperity. By the smooth passage of the 119th Amendment Indian parliamentarians have conveyed to the people of Bangladesh that India wishes them well and is ready to work with them cooperatively as their preferred partner.

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### **Beyond the Boundary: Modi's new agenda in Bangladesh**

C Raja Mohan

The Indian Express online, May 08, 2015

*Prime Minister Narendra Modi's visit next month must focus on making the border regions a zone of peace, stability and economic cooperation.*

The Parliament's approval this week of the legislation to finalise the land boundary with Bangladesh is a historic moment in the political evolution of South Asia and sets the stage for comprehensive regional integration of the eastern Subcontinent.

Nearly seven decades after the Partition and independence of the Subcontinent, India has resolved its boundary problems with one of the two successor states, Bangladesh.

The resolution of issues relating to land boundary complements the decisions of Delhi and Dhaka to abide by the award of an international tribunal last year on the maritime boundary between the two countries in the Bay of Bengal.

With the territorial questions resolved, India and Bangladesh have an opportunity to turn their long land boundary of 4060 km and their vast maritime spaces into zones of expansive economic cooperation.

As colonial Britain rushed to the exits in 1947, the Radcliffe Commission drew the dividing lines across the Punjab and Bengal in three weeks flat. On the west, the Kashmir question complicated the settlement of the land boundary with Pakistan. In the east, India found it hard to approve the boundary deal after Indira Gandhi and Sheikh Mujibur Rehman came up with an understanding in 1974.

In 2010, Manmohan Singh and Sheikh Hasina decided to give a new push and arrived at a settlement in 2011. If an elusive political consensus delayed the Parliament's ratification of the settlement in the last few years, all the parties have now come together to vote for the settlement.

The stage is now set for Prime Minister Narendra Modi to visit Bangladesh within the next few weeks and outline an ambitious new agenda for bilateral relations. The visit of Sheikh Hasina to India in 2010 moved the two countries towards greater cooperation on terrorism, India opening its markets for goods from Bangladesh, and the resolution of territorial issues.

Modi's visit next month must focus on making the border regions a zone of peace, stability and economic cooperation. Addressing the question of cattle smuggling from India to Bangladesh is critical to ending continuing violence on the border. Modernising the current infrastructure for

movement of goods across the border, improving connectivity, and facilitating legitimate cross-border movement of temporary workers should also be major priorities for Modi.

With more than 50 rivers crossing the borders of the two countries, Delhi and Dhaka must now move towards a more comprehensive approach to sharing the water resources rather than negotiate river by river. In the maritime domain, there are immense possibilities for full spectrum cooperation between the countries.

Looking beyond the bilateral, Modi and Prime Minister Sheikh Hasina must aim at a rapid expansion of regional cooperation in the eastern Subcontinent and across it. Bangladesh, Bhutan, Nepal and India have been exploring some productive ideas for trans-border economic cooperation and connectivity in the last few years.

China has been pressing for regional cooperation between its south western province of Yunnan, Myanmar, Bangladesh and India. With the major regional forum, the South Asian Association for Regional Cooperation (SAARC) slowed down by Pakistan's reluctance to deepen economic ties with India, Delhi can and should press ahead at full steam in the eastern Subcontinent.

*(The writer is a distinguished fellow at the Observer Research Foundation, Delhi and a Contributing Editor for The Indian Express)*

### **Undecided and unwilling**

Yubaraj Ghimire

The Indian Express online, May 18, 2015

*The Nepal government just cannot make up its mind about what donors should do.*

A powerful aftershock on May 12 — almost as powerful as the earthquake on April 25 — took an additional toll not only on human life and property but also on the collective confidence of a people engaged in rebuilding what they had lost. The focus shifted again to search and rescue operations as fresh areas — Dolakha, Solu, Sindhupalchowk and Ramechhap — all east of Kathmandu saw houses falling. It is still not clear how many are buried underneath.

Indian, American and Chinese aircraft that had remained in Nepal promptly joined the mission, but it was hampered by the tragic crash of a US Marine chopper, with six American and two Nepalese military personnel on board. Incidentally, parliament was in session, to pay homage to those who lost their lives on April 25 and to announce the relief and reconstruction package, when the floor and the convention hall shook, forcing members to rub for safety.

The poor quality of governance, political instability and the total absence of accountability are further eroding people's confidence in the government, even after it came out with a 27-point pledge for relief distribution and reconstruction. The absence of central authority has never been so starkly visible. President Ram Baran Yadav, supreme commander of the Nepal army, is apparently sulking, complaining that neither the cabinet nor the army chief briefed him when the army was being deployed for the rescue and relief operation.

The Nepal army — much vilified by the Maoists and others as the “king's private army” in the aftermath of the 2006 change — which is working in coordination with the Armed Police Force and the Nepal Police, is the most admired institution in the country in the aftermath of the disaster. At a time when the focus should have been on reaching succour to people, the state apparatus is not only

in disarray but a section is fearing a political fallout, given the army's current popularity.

The fear, perhaps, is more a reflection of their own shortcomings — especially on the part of the major political parties — that they failed to convince people about their ability to do what a natural disaster of this magnitude demands. Signs of a backlash against politicians are not hard to read. Social media is replete with hatred for MPs who collected a tent each for themselves, although the tents were meant for those who lost their homes.

The “donors’ world” is not united in terms of the approach they will adopt on how to move forward, despite generous offers of help from all quarters. UN Secretary General Ban Ki-moon has called a meeting for a “pledge” for Nepal next month, but at home, the government and political parties are not yet clear about what specifically they want each individual donor to do in the rebuilding process. The pressure on Prime Minister Sushil Koirala to quit and pave the way for a national government is rising. But the bigger parties have so far failed to define what constitutes the common agenda for such a government, or who would be the best person to lead it.

What is needed in this hour of crisis is clarity of approach and vision, as well as a collective resolve. That is just what is missing.

*(yubaraj.ghimire@expressindia.com)*

### **Best poised to deliver results**

Suhasini Haidar

The Hindu online, May 25, 2015

*Mr. Modi has been proactive and successful in foreign relations but has stalled in Pakistan. It is time he scripted a new narrative.*

In the one year of his government, Prime Minister Narendra Modi's travels to five continents have been marked by one common motif: that he is on the front foot. To borrow a phrase, he has boldly gone where many PMs have not gone before, with a first visit to Mongolia, and the first stand-alone visits to Sri Lanka, Canada, Fiji, and the Seychelles in decades. The government has taken up challenges abroad and pursued them unequivocally despite the possible backlash domestically: ratifying the Land Boundary agreement with Bangladesh, pressing ahead with the nuclear deal with the U.S., the announcement of defence buys in Paris, disregarding the security establishment by offering e-visas to China, and several other steps. However, Mr. Modi's dealings with Pakistan are the one exception to his otherwise proactive style. With Pakistan, the NDA government has appeared indecisive and risk-averse, in sharp contrast to Mr. Modi's first bold move of inviting Mr. Sharif to his swearing-in ceremony a year ago.

### *Limited engagement*

At the time, the invitation to Mr. Sharif had been hailed as a ‘masterstroke’, but the strokes played since have puzzled many in both Islamabad and in New Delhi, including the government's supporters. Thus, while the government drew red lines around the Pakistan High Commissioner Abdul Basit's meeting with the Hurriyat ahead of the Foreign Secretary talks in August, it failed to follow through when he met them in March this year. While Mr. Modi and Mr. Sharif exchanged gifts for their mothers, an obviously intimate gesture, the warmth didn't translate into the bilateral process. While India and Pakistan saved each other's citizens in Yemen, they didn't come any closer as a result. Foreign Secretary S. Jaishankar went to Islamabad to talk, but didn't engage in any substantive way,

and while Mr. Modi has dialled Mr. Sharif on at least three occasions, on the two occasions when they have been in the same city, even in the same room — New York for the UNGA and Kathmandu for SAARC — they have not held any formal talks. The two leaders may be afforded another opportunity in July, as both are expected to be in Russia's Ufa city for the Shanghai Cooperation Organisation summit.

Eventually though, evented meetings and “talks for the sake of talks” aren't a substitute for policy, and Mr. Modi alone cannot be expected to take the entire blame or credit for the relationship. The policy undertaken by the government in 2014 has in effect become what India's default position has been since the 2008 Mumbai attacks: a limited engagement without a defined process. As a result, it seems to have no desired outcomes other than avoiding another Mumbai, which in itself is a defensive position. The initiatives discussed last year, in terms of trade, power supplies, and increased visas for businessmen remain proposals for a time when the countries move out of this phase.

#### *Explaining the stasis*

Is there a point, as many within our government argue, to the present stasis in ties between India and Pakistan? After all, while infiltration and Pakistan-sponsored terror activity remain a concern, it would seem that those able to control terror groups within the establishment have been deterred from planning another attack all this time. Second, not talking to Pakistan until it shows results on terror keeps the pressure on the Sharif government to deliver on justice in the Mumbai 26/11 attacks. Third, at a time when the world is grappling with IS terror, a sharp focus on Pakistan's terror activities will ‘isolate’ it diplomatically from others who are fighting *jihadi* terror like the U.S. and China. Fourth, while government to government engagement is at a standstill, India “stands with the people of Pakistan”, as both the PM and National Security Adviser Ajit Doval have said in the past year, and that will pay off in goodwill inside Pakistan. All these arguments are given by those inside the government who work on diplomatic policy with Pakistan.

Unfortunately, not the least because Pakistan works in counter-intuitive ways itself, none of the above has been borne out on the ground in the past year. Terror networks, both those supported by the Pakistani state like LeT and JeM, and those fighting the state, including the TTP and now even IS, continue to thrive, giving no indication that India is any safer today for the lack of engagement. Second, the “pressure” on the Sharif government has worn thin, and the case against the Mumbai attackers has never seemed more tenuous, with bail for Zaki Ur Rahman Lakhvi and complete freedom granted to Hafiz Saeed. Meanwhile, despite Pakistan's actions and its blatant disregard of David Headley's corroboration of the case against Hafiz Saeed as detailed again in a memoir, the world is far from holding it to account. Days after Mr. Barack Obama's visit to India in January, his government proposed a sixfold increase in military aid (\$265 million in FMF or foreign military financing) to Pakistan, and a total aid outlay of \$1 billion for the year. China has announced a \$46 billion package to build Pakistan's infrastructure, and even India's oldest friend Russia has offered military exercises and helicopters to Pakistan.

What's more dangerous perhaps is the U-turn by Afghanistan, which has backed India for years against the terror groups that threaten them both. Last week's revelation of a joint counter-terrorism MoU between Afghanistan's intelligence agency NDS and the ISI will deeply impact India's defences, not the least in Kabul, where four Indians were killed in an attack possibly meant to target the Indian ambassador. President Ghani, who spearheaded the MoU within weeks of returning from meeting

Mr. Modi, could hardly have taken such a drastic step without American support.

Finally, the absence of government to government engagement and the PM and NSA's comments are not being allowed to percolate to the ground in Pakistan to produce the desired goodwill: Pakistani TV channels run more repeats of Mr. Doval's speech from February 2014 where he explained his "offensive defence" strategy as "if you do one Mumbai, you may lose Balochistan", while for the first time in decades, the Pakistan government has tried to blame RAW for heinous massacres in Peshawar and Karachi. Defence Minister Manohar Parrikar's recent comments on "targeted killings" in Jammu and Kashmir and using "terrorists to kill terrorists" will only serve more grist to Rawalpindi's propaganda mill.

### *Moving forward*

None of these disappointing developments of the past year, however, should discourage Mr. Modi. Instead, they underline the need for him to take the narrative of India-Pakistan ties back into his hands. It is now time to prepare the country for the long-term vision he hopes to implement.

He has no need to reinvent the wheel, but can pick up from where so many of his predecessors left off. Each of them may have tried and failed to resolve issues, or to deter those in Pakistan who wish India harm, but they left indelible stamps on the process: Inder Kumar Gujral gave us the neighbourhood doctrine and the composite dialogue; Atal Bihari Vajpayee's Lahore declaration is considered a template along with the Simla pact for diplomatic dealings; while Manmohan Singh's four-step formula on Kashmir remains the only solution theoretically acceptable to all sides. Mr. Modi has what none of the others possessed: a clear mandate, an uncritical Cabinet with no coalition compulsions or threat from the opposition. He has shown, as he did with the Bangladesh agreement and China engagement, that he is able to curb the most extremist views on relations with neighbours. It is a moment in Indian history that even the Pakistani government should be able to recognise as unique, and Mr. Modi is best poised to deliver the promise.

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## **3.Asia and the wider world**

### **Modi in China: It must be territory first, economics later**

Kanwal Sibal

Hindustan Times online, May 14, 2015

*Like the Chinese India should strengthen its strategic defences while increasing its economic ties and not relent the former for the sake of latter.*

The China-Pakistan Economic Corridor (CPEC) announced during President Xi Jinping's recent visit to Pakistan presents India with many strategic challenges. To begin with, the CPEC will traverse through India's territory that has been illegally occupied by Pakistan.

Both Pakistan and China accepted in their 1963 Sino-Pakistan Agreement that the territory does not legally belong to Pakistan and so it has no ground to contest India's sovereignty over that area. This Agreement throughout refers to China's Sinkiang and "the contiguous areas the defence of which is under the actual control of Pakistan".

Article 6 of the Agreement states: "The two parties have agreed that after the settlement of the

Kashmir dispute between Pakistan and India, the sovereign authority concerned will reopen negotiations with the Government of the People's Republic of China on the boundary as described in Article Two of the present agreement, so as to sign a formal boundary treaty to replace the present agreement, provided that in the event of the sovereign authority being Pakistan, the provisions of the present agreement and of the aforesaid protocol shall be maintained in the formal boundary treaty to be signed between the People's Republic of China and the Islamic Republic of Pakistan".

Pakistan, in fact, concedes through this formulation that the final sovereignty over Gilgit/Baltistan may not be settled in its favour.

China's statement that India should not worry about the CPEC as it does not impinge on the India-Pakistan dispute contradicts its 1963 position. China claims that this is a "commercial project", when in fact it is a vital geostrategic project with serious military dimensions in future. China seeks access to the Indian Ocean through the historically Indian landmass, an ambition that was denied to Russia but is being facilitated today by Pakistan, created as the West's protégé against Russia and China. The Gwadar port, the entry point for the CPEC from the Arabian Sea, will be controlled by the Chinese and will inevitably serve as an operational base for their navy in the Indian Ocean. The sale of six Chinese submarines to Pakistan serves their strategic objective of beefing up Pakistan's naval capacities to protect its coastline assets as well as to erode India's naval domination of the Indian Ocean by proxy, which is a well practised Chinese policy against India.

China is confounding matters by linking the CPEC to its so-called one belt-one road initiative. The idea of the CPEC has been discussed between China and Pakistan before China unveiled its larger initiative. China wants to deflect Indian concerns by inserting the CPEC into a larger trans-continental connectivity plan based on consultation and cooperation so that it loses its specific anti-India strategic connotation. China, however, has already created key connectivities for accessing natural resources, whether it is the oil and gas pipelines from Kazakhstan and Turkmenistan to Sinkiang or such pipelines across Russia to northern China, not to mention the connectivity through Myanmar. It is already boasting of rail transportation links across Eurasia connecting Shanghai with Lisbon. It has been investing in Sri Lanka to develop its maritime silk route strategy, much before announcing its one belt-one road initiative.

China's huge financial resources and mounting hubris lies behind its connectivity initiative that is intended to expand Chinese power by spreading its trade links, limiting its maritime vulnerabilities through the development of overland infrastructure, and providing outlets for the overcapacity it is burdened with in various sectors because of insufficient domestic orders.

Some in India are being persuaded by Chinese propaganda about the win-win nature of the Chinese initiative and recommend joining it, forgetting that as far as India and Pakistan are concerned, the pre-Partition connectivity is there and can be revived, and new links can be forged provided Pakistan is willing to normalise relations with India. If Pakistan is unwilling to trade with India at Wagah and rejects transit rights to India through its territory to Afghanistan, what is CPEC's relevance to us? We don't need to trade with Sinkiang through PoK or with the Gulf countries through Gwadar.

In reality, China will not give up its claims on Arunachal Pradesh and Pakistan on Kashmir. China has now taken the major decision to invest massively in Pakistan despite the latter's crumbling economic and political situation, with widespread internal terrorism and radicalisation of its society. Normally, countries avoid investing on this scale in unstable countries, but China is doing the opposite for wider strategic reasons. Pakistan will, unfortunately, see this flow of funds and arms, not only from China

but also the US, as evidence of its successful leveraging of its geopolitical position and as a validation of its policies. One can see the consequence of this already in Pakistan's more belligerent posture towards India. It has been buoyed further by its success with President Ashraf Ghani's Afghanistan.

India should not lower our strategic defences because of economics. China wants to expand economic ties with India without relenting strategically. India should follow a similar policy. It would be an error to unilaterally ease visa regulations for the Chinese if Beijing continues to issue stapled visas to the people of Kashmir and Arunachal Pradesh. Most important, India must protest against the CPEC going through territory that is legally Indian.

### **PM Modi finds a new balance with China**

Kanwal Sibal

MailOnline India, May 25, 2015

*Prime Minister Modi has established a new balance with China by engaging while also airing India's concerns.*

Prime Minister Modi is pursuing, with less inhibition, a policy of both engaging China and airing concerns about the problems in our relationship.

He is establishing a new balance between economically gaining from the China connection for India's development, and not losing politically by failing to mention differences that endure.

The joint statement issued at Beijing explicitly says that outstanding differences, including on the boundary question, should not be allowed to come in the way of continued development of bilateral relations.

However, Modi effectively balanced this by stressing in his joint press conference with Chinese premier Le Keqiang the need for China to "reconsider its approach on some of the issues that hold us back from realising the full potential of our partnership" and "take a strategic and longterm view of our relations".

#### *Trust building*

By reiterating the "importance of clarification of the Line of Actual Control", "tangible progress on issues relating to visa policy (stapled visa issue, no doubt) and trans-border rivers", and raising "some of our regional concerns" (undoubtedly it's policies in our neighbourhood, especially in Pakistan), Modi is highlighting his core political expectations from China.

In his address at the Tsinghua University, Modi added political pressure on the Chinese government by stating that if the two countries "have to realise the extraordinary potential of our relationship, we must also address the issues that lead to hesitation and doubts, even distrust, in our relationship".

Voicing concerns about China's increased engagement "in our shared neighbourhood", he called for "deeper strategic communication to build mutual trust and confidence" so as to "ensure that our relationships with other countries do not become a source of concern to each other".

Unusually, he publicly sought China's support for India's permanent membership of the UN Security Council and membership of the Nuclear Suppliers Group.

All this lays out the political agenda of the relationship in the years ahead, from his side, which if not



achieved in some measure could impede the economic agenda with China.

The joint statement contains some notable formulations, omissions and iterations. On the boundary question, the old language is repeated and the emphasis remains on improved border management. No mention is made of China's self-serving 'One Road, One Belt' initiative.

Progress in the BCIM (Bangladesh, China, India, Myanmar) Economic Corridor is mentioned, despite danger of opening up our inadequately nationally integrated northeast to more economic integration with China.

Unlike in September 2014, the joint statement contains no reference to maritime cooperation or to security in the Asia-Pacific region, which suggests a failure to agree on language on this sensitive issue.

#### *Boundary issues*

We have once again thanked China's Foreign Ministry and the government of 'Tibetan Autonomous Region of the People's Republic of China' for facilitating the Kailash Manasarover Yatra, knowing that this comforts China as it indirectly recognises TAR as part of the PRC even when China's strident claims on Arunachal Pradesh continue.

A stronger formulation on terrorism and a separate joint statement on Climate Change that fully reflects India's position perhaps prompted this concession.

The non-existent "commonalities" in their approach to global arms control and nonproliferation in the joint statement, to have China "note" our aspirations to join the NSG, is gratuitously whitewashing China's historical and current proliferation activities in Pakistan.

That Modi announced at the last minute the grant of e-visas to the Chinese raises questions about policy-making, more as the stapled visa issue remains unresolved.

Of the 24 agreements signed, the significant ones relate to the opening of our respective consulates in Chengdu and Chennai and space cooperation.

#### *Economic draw*

The driving force behind Modi's wooing of China being economics, the outcome on that front has not been dramatic. The joint statement largely repeats what was said in September 2014 during Xi's visit.

Surprisingly, the figure of \$20 billion of Chinese investments in India in the next 5 years is not mentioned this time.

No doubt 26 "agreements" were signed during the visit to Shanghai – mostly MOUs involving the private sector that have no binding value – in the areas of renewable energy, power, steel etc. and financing of private Indian companies by Chinese banks.

The PR exercise in valuing these MOUs as potentially worth \$ 22 billion is excusable as all countries do this in order to embellish the economic "success" of visits by leaders abroad.

All in all, the China challenge for India has not been reduced by Modi's visit. Modi made the right points during the visit, with some avoidable slippages that were perhaps inevitable because China holds the stronger hand.

But making the points and winning them are two different things. Less optimism and more scepticism about China's intentions and policies towards India may be a surer way to go ahead.

## **On foreign policy, Modi must walk the talk**

Shyam Saran

Hindustan Times online, May 20, 2015

*Shyam Saran analyses Modi's visit to China in a positive manner while cautioning that the weakness of follow-through processes is much more difficult to deal with than orchestrating a successful event.*

Prime Minister Narendra Modi's belief in the power of personal diplomacy was on full display during his just-concluded visit to China (May 14-16). The handshakes with Chinese President Xi Jinping and Premier Li Keqiang were warm and friendly, the body language relaxed and the overall atmosphere one of comfort.

The 'selfie' moment of the two prime ministers at the Temple of Heaven in Beijing is a first in the annals of Indian and Chinese histories. Whether at the historical city of Xian or in public venues at Beijing, the affable curiosity among ordinary Chinese was palpable.

The speech at Tsinghua University was, I believe, one of the most successful exercises in public diplomacy. Modi's first few words in Mandarin were a disarming stage-setting prelude to a serious and unusually frank acknowledgement of the sharp edges in the relations even while articulating a vision of Asia.

The measure of what Modi was able to achieve is evident in the change in tone both in the Chinese official and semi-official media and in social media before, during and after the visit. On the eve of the visit, positive coverage was interspersed with negative and sometimes even abusive comment. The level of enthusiasm increased with each day of the visit. One Chinese analyst even compared this to United States President Richard Nixon's path-breaking visit to China in 1972.

In a different age, Prime Minister Jawaharlal Nehru had also been accorded an unprecedented welcome in 1954 by Mao Zedong and Zhou Enlai. In the latter case, the promise of a defining relationship was soon shattered on the rocks of competing nationalisms and territorial claims.

The Tibet issue, which first erupted in 1959 with the Dalai Lama seeking shelter in India, generated strategic distrust, which led to the war in 1962 and the China-Pakistan alliance. Does the Modi visit carry the potential of reversing this negative dynamic? Will style and symbolism lead towards substance?

In addition to his belief in personal diplomacy and the importance of establishing a close rapport with fellow-leaders, Modi also believes in the efficacy of strong economic and trade relations as an instrument of reducing, if not eliminating, strategic distrust. This, too, has been on full display during the visit, with the prominence given to the India-China Economic Forum of top-level CEOs and message of welcome to Chinese investors delivered eloquently by the prime minister himself.

There were 24 agreements and 21 business-related MoUs concluded during the visit, with a combined value of \$30 billion. The inclusion of some chief ministers in the Indian delegation and promoting provincial-level engagement and cooperation are innovative. Setting up consulates in Chengdu in China and Chennai in India will be helpful in promoting ties with China's important southwest region.

However, it would be better if economic and trade relations are pursued on their own merit. We have witnessed how close economic relations between China and Japan have not prevented acute

political tensions from erupting from time to time.

China has much to offer in terms of capital and technology. But we must leverage China's desire to benefit from India's large and expanding market and investment opportunities to obtain reciprocal access for India goods and services such as pharmaceuticals, automotive parts and IT services, which have a competitive advantage. The foreign secretary announced a joint working group to look into ways of addressing the persistent trade deficit.

The ground realities that hold the relations back remain, with the danger that as in the past, in a moment of unexpected crisis or unintended confrontation, relations can once again plunge into hostility.

What the visit has achieved is a very frank articulation of these sources of tension, i.e. the border issue, China's activities in Pakistan and in our sub-continental neighbourhood, the issue of stapled visas, the ballooning trade deficit and market barriers in China, and the continuing overhang of the Tibet issue. Modi has unambiguously, though in a positive frame, publicly called on China to adopt a different, more accommodating approach on some of these issues. That's a plus, but must be persevered with.

The visit was also notable for what was missing. There was no reference in the joint statement to China's 'One Belt One Road' (OBOR) initiative, though pre-visit Chinese commentary had expressed the hope that India would be ready to join as partner.

There was no reference to the two sides engaging in a maritime security dialogue, which has been agreed in principle but not yet followed up on. This means that India still harbours reservations about the OBOR and there remain possibilities of confrontation emerging as the respective naval footprints of the two sides continue to expand and intersect in the South China Sea and in the Indian Ocean.

Overall, one could say that the visit was a hopeful beginning and may have created the political ambience within which the more contentious issues could be managed better, if not resolved.

Modi has consciously followed a strategy of building relations with one major power to enhance India's leverage with other major powers. The China visit owes some of its success to the gains India made thanks to Modi's reaching out to the US, on the one hand, and Japan, on the other. He has also asserted India's interests in the Indian Ocean with high-profile visits to Sri Lanka, Mauritius and the Seychelles.

This is a good strategy, but at the end of the day, the world will be watching to see how much of the promise translates into practical action and progress on the ground. The weakness of follow-through processes is much more difficult to deal with than orchestrating a successful event.

### **Modi begins containment of China**

K.C. Singh

The Asian Age online, May 22, 2015

*The Modi doctrine is diplomacy via ceremony, surface bonhomie, symbolism accompanied by simple but clear articulation of national imperatives while dangling the Indian market as a reward for Chinese good behavior, says K.C. Singh.*

Prime Minister Narendra Modi's visit to China on May 14-16 had appended to it a foray into Mongolia, last visited by President Pratibha Patil in 2011, and a swing through Republic of Korea on

May 18-19. He was adding shape and colour to India's Asia policy, balancing China engagement with cementing ties with Chinese neighbours, particularly those sharing cultural or religious links with India, and particularly those that are nascent democracies.

The China visit, commencing in Xi'an, highlighted the Buddhist link between India and China, as the famous monk Xuanzang (602-664 CE) began his 17-year pilgrimage to India there. On his Twitter account Mr Modi posted a picture of a gift he received at the Wild Goose Pagoda: a figurine of the monk and Buddha's picture with the message — "Water The Friendship Between India and China With Oriental Wisdom".

The diplomatic trapeze between India and China is about this "wisdom". Both countries are led by nationalist leaders who have consolidated more power than their immediate predecessors. Both nations are rising and thus testing existing international regimes governing trade, finance and security as well as measuring each other to adjust mounting nationalism, or even jingoism, amongst their peoples.

The Modi visit was thus aimed at two levels. Firstly, recalibrating existing fields of engagement, i.e. balancing trade, encouraging Chinese direct investment in manufacturing and infrastructure, increasing people-to-people links, testing soft-power leverages, etc. And, secondly, addressing more forthrightly the trust deficit by presenting Indian core interests and discussing, if it so wished, those of China. The Modi doctrine is, thus, diplomacy via ceremony, surface bonhomie, symbolism accompanied by simple but clear articulation of national imperatives while dangling the Indian market as a reward for Chinese good behaviour. This explains his public call for China to "reconsider" its approach to certain issues if the full potential of bilateral relations has to be achieved. The Chinese silence may mean unwillingness at this stage to revise yet their containment strategy in South Asia.

Although 24 agreements, worth \$22 billion, were inked, they were memorandums of understanding (MoUs), not finalised agreements, and largely Chinese bank financing for Indian corporates acquiring equipment/projects from China. The related issue of China opening its market to Indian pharmaceuticals, agricultural products or services remains nebulous. Also unclear is how Chinese in-bound direct investment in designated zones will be balanced between their export commitment and access to Indian market.

The visit to Mongolia, marking 60 years of diplomatic relations, was significant but inaccurately projected as a new overture. Prime Minister Jawaharlal Nehru strongly supported Mongolia's membership of the United Nations in 1961. In 1972, along with close Indian friend Bhutan, Mongolia was a co-sponsor of a UN resolution to recognise Bangladesh. A prescient V.P. Singh government in 1990 sent Kushok Bakula, the chief lama of Ladakh, as the Indian ambassador to Mongolia, which was then rediscovering its spiritual roots after the collapse of the Soviet Union. In his six years there the Indian envoy contributed to this process, earning personal reverence and friendship for India.

Contemporary bilateral relations, though dwarfed commercially by China's trade of \$300 million in 2014, constituting 90 per cent of Mongolian exports, rest on this strong foundation. Though landlocked, access can be planned by a surface route were India to develop connectivity via Chahbahar in Iran, Central Asia and a corner of Russia. Ambitious, but not unimaginable as Indian economic power expands, this could be the Indian answer to China's One Road One Belt.

Republic of Korea, or South Korea, which cherishes the memory of an Indian princess from Ayodhya marrying King Kim Suro in 48 CE, shares the additional dilemma of China using the Democratic People's Republic of Korea (or North Korea) to contain it much as China has used Pakistan against India. Indian relations with the Republic of Korea took off only post the Soviet collapse when India started looking at US allies in East Asia through non-doctrinaire eyes. In 2010, the two nations became "strategic partners", signing also a Comprehensive Economic and Partnership Agreement. In 2011, bilateral trade touched \$20 billion, crossing Indian trade with Japan. Republic of Korea's success has depended on creating new and reliable brands, thus emulating Japan. But South Korea is strategically conflicted, caught between China that supports DPRK, indirectly vitiating the Korean peninsula security environment, and Japan, with which North Korea has lingering war issues that neither nation is able to fully bury. However, for India, it is an important democratic and economic hedge to balance Chinese influence. Mr Modi's visit was to re-assess how to take the relationship to the next level, marrying the "Make in India" credo with South Korea's desire to diversify its portfolio of investment in India to ship-building, nuclear power, etc.

Former US secretary of state Hillary Clinton, in her memoir *Hard Choices* notes that her first visit was to Asia as it is there they "expected much of the history of the 21st century to be written". The countries she visited were Indonesia, Republic of Korea, Japan and China. Mr Modi has correctly covered three of these. His absence from the Bandung Conference's 60th anniversary in Indonesia, dominated by Chinese President Xi Jinping unlike the original show which Nehru bestrode colossus-like, betrays a crack in his vision. The Sino-Indian drama will be enacted in Asia as well as across the developing world — the source of raw materials and food to power global growth. Mr Modi needs to restore balance between Indian relations with the developed and developing worlds, particularly in Africa and the Islamic world. If not, the latter may share Rahul Gandhi's barb that India cares only for those in suits and Gucci shoes.

*(The writer is a former secretary in the external affairs ministry.)*

### **It's Cloudy Over Tehran**

Prem Shankar Jha

The Indian Express online, May 01, 2015

*Israel whips up fears based on misinformation on Iran's nuclear programme.*

The euphoria over the Iran nuclear agreement has evaporated. Its most inveterate enemy is Israel Prime Minister Benjamin Netanyahu. Shortly after the agreement, he warned the US public that it would threaten Israel's survival and increase the risk of "a horrific war". This is a brazen attempt to whip up hysteria on the basis of misinformation.

Netanyahu's fear mongering on Iran started a while ago. At the UN General Assembly in 2012, he unveiled a large cartoon of a bomb with a red line across it, just below the mouth. This was how close Iran was to making a bomb, he said. Later, the world would learn that the Mossad had told him Iran was very far from being able to build a bomb. The Mossad probably knew what a US Congress Research Service report revealed two months later: although Iran had enough low-enriched uranium in August 2012 to build five-seven bombs, it had not enriched enough of it to the intermediate level of 20 per cent to make even one bomb. The CRS concluded that Iran had made no effort to revive its nuclear weapons programme after stopping it "abruptly" in 2003.

Netanyahu's second deception is that he only wants to punish Iran with sanctions till it gives up trying to acquire not just nuclear weapons but any nuclear technology that could facilitate this in future. He knows no government in Iran can agree to this. So what he is really trying to steer the world towards is the alternative — a military attack on Iran. Since he also knows that destroying Iran's nuclear facilities will not destroy its capacity to rebuild these, he does not want the strike to end till it has destroyed Iranian infrastructure, industry and research facilities.

Netanyahu knows Israel will need US help for such an operation. But President Barack Obama has learned from recent experience that US interests don't always tally with those of its allies in the Middle East. So Netanyahu is following a two-pronged strategy: get the US Congress to insert clauses in the treaty that Iran will be forced to reject and take advantage of the ensuing paranoia to push the West into an attack.

Netanyahu is joined by another friend of the US, Saudi Arabia. At the end of February, Riyadh and Tel Aviv signed an agreement that would allow Israeli warplanes to fly over Saudi Arabia on their way to bombing Iran. Less than four weeks later, Saudi Arabia declared war on the Houthis, whom it has portrayed as a minority bent on taking over Yemen with the backing of Iran. The timing of the Saudi attack, its insistence that the Houthis are proxies of Iran, hints at a deeper understanding with Israel. The Houthis attacked Sanaa last September. Why did the Saudis wait till March to send bombers in?

Iran has kept out of the Yemen conflict so far, but the one-sided resolution passed by the UNSC, the resignation of the UN special envoy for Yemen, who had been struggling to bring about a non-sectarian resolution to the conflict, cannot have failed to raise misgivings in Tehran. Iraq PM Haidar al-Abadi's criticism of the Saudi attack in Washington shows he is aware that these developments are darkening prospects of Iran's rehabilitation and Iraq's future.

To stop this drift, Obama needs to make plain how far Israel's interests have diverged from the US's under Netanyahu's tenure, and how Israel has used its special relationship with the US to push the latter into actions that imperiled its own security. He needs to remind Americans that to convert a nuclear device into a bomb, Iran will need to master the physics of bomb-making and carry out at least one test explosion. That will make escaping detection pretty impossible.

Finally, Obama needs to remind Americans that Iranians also know the price they will pay if they are caught trying to build a bomb after signing the agreement. Not only will this bring back the sanctions, but it will also vindicate Netanyahu's apocalyptic predictions and make a preemptive military strike virtually unavoidable. Should a military strike destroy Iran's economy, it will cause the creation of thousands of Shia jihadis. The security that Netanyahu claims it will bring will turn out to be an illusion.

*(Jha is a senior journalist and author.)*

## **Modi in China: The Nuclear Dimension**

C Raja Mohan

The Indian Express online, May 14, 2015

*India should judge the possibilities for civil nuclear cooperation with China on the basis of technical merit and economic costs.*

The idea of civil nuclear cooperation between India and China might sound counter intuitive, but has long been in the realm of interesting possibilities between the two countries.

If Prime Minister Narendra Modi and his Chinese interlocutors unveil this week a political agreement to launch substantive civil nuclear energy cooperation, they could help reduce the negative salience of the atomic question in bilateral relations.

China's assistance to Pakistan's nuclear weapon programme in the past, its harsh reaction to India's atomic tests in 1998, opposition to the India-U.S. nuclear deal of 2005, and the more recent deployment of Chinese nuclear submarines in the India Ocean have all made the atomic discourse between Delhi and Beijing a confrontational one.

But the dark story of India-China nuclear engagement has not been without moments of brightness. In the early 1990s, when Delhi was struggling to ensure supply of enriched uranium to the U.S.-built Tarapur reactors, China stepped in to help out.

During the visit of President Hu Jintao to Delhi in November 2006, the two sides began to discuss proposals for launching more serious atomic engagement between the two countries. His successor Xi Jinping's travel to India last September saw a more definitive affirmation of the case of civil nuclear energy cooperation between Delhi and Beijing.

"As large developing countries committed to promoting the use of clean energy", Modi and Xi had declared, "India and China believe that expansion of civil nuclear energy program is an essential component of their national energy plans to ensure energy security".

The two leaders agreed to "carry out bilateral cooperation in civil nuclear energy in line with their respective international commitments, including working level consultations between the Department of Atomic Energy of India and the China Atomic Energy Authority."

It is not clear if enough consultations have taken place between the two atomic energy establishments to produce an MoU for example on the sale of Chinese nuclear power reactors to India during Modi's visit.

Although the Indian side is mum on the question, Chinese officials speaking to the Indian media in recent weeks have expressed their strong interest in joining other countries in developing India's nuclear power sector. Over the last two decades, China's civilian atomic energy industry has matured thanks to an emphasis on development of indigenous capabilities through international cooperation.

Beijing is now eager to export its nuclear power reactors. Besides its plans to build new reactors in Pakistan, China has been exploring export opportunities in Argentina, Britain and Romania.

India should judge the possibilities for civil nuclear cooperation with China on the basis of technical merit and economic costs. Delhi should not allow political reservations, especially on the Sino-Pak nuclear nexus, to come in the way of atomic energy cooperation between India and China.

Despite their multiple differences and growing strategic contestation in Asia, China and the United States are eager to develop nuclear energy cooperation. President Barack Obama has asked the U.S. Senate this week to approve a new 30-year civil nuclear cooperation agreement with China.

The agreement will allow the exchange of nuclear material, equipment and technology between the two countries. Climate change has been a major driver behind the Obama Administration's decision. It should also animate the discussions between Modi and the Chinese leadership on moving quickly

towards atomic energy cooperation.

### **Chinese Takeaway: Parrikar Missing**

C Raja Mohan

The Indian Express online, May 26, 2015

*The tone of disinterest in Asian defence diplomacy, set by A.K. Antony during the UPA years, appears to continue under the Narendra Modi government.*

As top defence leaders from across the Indo-Pacific meet this week at the annual Shangri La Dialogue in Singapore, the Indian defence minister will once again be conspicuous by his absence. Rising China's growing assertiveness and the uncertainties surrounding the American pivot to Asia have triggered an intensive interest in the region to expand defence engagement with New Delhi.

But the ministry of defence (MoD) seems as reluctant as ever to raise its regional security profile. Governments might come and go, but some things obviously don't change at the MoD. The tone of disinterest in Asian defence diplomacy, set by A.K. Antony during the UPA years, appears to continue under the Narendra Modi government.

South Block's reluctance to participate effectively in the Shangri La Dialogue stands in contrast to the growing importance of the forum. The deterioration of China's relations with the US and Japan and the mounting military tensions between China and its Southeast Asian neighbours, especially Vietnam and the Philippines, have resulted in an intensification of regional defence diplomacy. With few formal mechanisms for addressing security challenges in Asia, the Shangri La Dialogue has become a valuable forum for the exchange of ideas and informal interaction between senior defence policymakers.

During his eight long years at the MoD, Antony chose to speak at the Shangri La conference just once. Nor was there much certainty about who represents India. One year, it is the MoS for defence; it is the NSA or the chief of naval staff in others. In any case, the MoD does not decide until the very last minute on who might speak.

Last year, amid the regime change in Delhi, no one from the MoD showed up at the Shangri La Dialogue. For whatever reason, Defence Minister Manohar Parrikar has chosen to skip the forum. One wonders if the tall talk of "acting east" by PM Modi and External Affairs Minister Sushma Swaraj travels to the other end of South Block.

Expanding defence partnerships has become a dominant theme of foreign policy articulation by Modi and Swaraj. This has seen the renewal of the 10-year defence framework with the US, expanding the security partnerships in Asia with Japan, Mongolia, South Korea, Vietnam, Fiji and Australia. Modi and Swaraj have been more willing than the UPA to speak up on issues that animate Asia, especially the South China Sea, where Beijing, Hanoi and Manila are scrambling to secure their competing claims through land reclamation and expansion of military facilities. Last week, the Chinese navy challenged a US surveillance aircraft near the disputed Spratly Islands. A war of words between Beijing and Washington has ensued.

Modi has been forthright in affirming India's strategic stakes in the South China Sea. He has underlined the importance of China respecting the freedom of navigation in the disputed waters. The NDA government has also set a valuable example to Beijing by settling India's maritime territorial



disputes with Bangladesh peacefully, in accordance with the principles of the UN Convention on the Law of the Seas.

### *Defence Diplomacy*

Growing expectations in the region that the Modi government is ready to play a leadership role in securing a stable balance of power in Asia have also been reinforced by India's impressive evacuation of civilians from Yemen and its quick response to the Nepal earthquake. If India has a great story to offer Asia on security issues, Parrikar will not be there to tell it in Singapore.

In normal circumstances, the Shangri La Dialogue would be a standard date on the defence minister's annual calendar. He would be travelling there with senior officials for an intensive round of exchanges with key Asian states. But there is a big problem: the MoD has neither a policy commitment nor the institutional capability for defence diplomacy. If Modi does not change this, the shadow between Delhi's diplomatic talk and defence action will continue to grow darker.

### **Economics for India, strategic trust for China**

Srikanth Kondapalli

Rediff.com, May 14, 2015

*While the two sides' objectives may appear to differ, it is clear that both India and China are emphasising on the common minimum possible areas of cooperation between them, says Srikanth Kondapalli.*

Prime Minister Narendra Modi arrived on Thursday morning at Xian, the ancient capital of China. President Xi Jinping, reciprocating Modi's reception at Ahmadabad eight months ago, received him to start a new chapter in the bilateral relations -- that of building mutual trust at the strategic leadership level.

Most significantly, both leaders are meeting a second time outside their capital cities and in a more relaxed atmosphere.

That the atmospherics for the visit are positive has been indicated by both sides. PM Modi gave an interview to the China-state run CCTV two days before the visit stating his objectives: that he is looking "forward to working out a roadmap for qualitatively upgrading our economic relations and seek greater Chinese participation in India's economic growth, especially in transforming India's manufacturing sector and infrastructure".

The Chinese side also laid down the contours of the visit by stating on May 6, by the foreign ministry spokeswoman, that China will make efforts "to enhance strategic trust, deepen practical cooperation and people-to-people exchanges, increase communication and coordination on major international and regional issues and make progress on building strategic partnership of cooperation oriented to peace and prosperity." She also suggested that "the two leaders made plans for the development of bilateral strategic partnership of cooperation for the next five to 10 years."

While the two sides' objectives may appear to differ, it is clear that both are emphasising on the common minimum possible areas of cooperation between the two countries. The Indian side mainly has economic issues to discuss, while the Chinese side is more concerned about "strategic trust".

This is obvious given the new Indian leader's dream of making the "Make in India" policy successful, while the Chinese side plans for a broader "united front" against its perceived adversaries in the

international and regional orders.

By going first to Xian -- the place where Xuan Zang, the Buddhist monk who returned from a visit to India in the 7th century -- PM Modi is symbolically referring to the Buddhist connection between the two countries. With nearly 40 percent of Chinese believing in Buddhism, Modi is sending signals of rapprochement between the two peoples. More significantly, Modi is also underlining the non-violent streak of Buddhism. In an interview recently he had also stated the need to eliminate conditions for war in Asia as a whole.

This is significant against the backdrop of both India and China increasing their defence budgets and deployments, despite a 1993 "peace and tranquillity" pledge that rejects war between the two sides resolve the territorial dispute.

As for the agenda for Friday's talks in Beijing, it has been reported in the local press about 20 possible agreements on different aspects, including about \$10 billion in investments from China -- mainly in the "smart cities", high speed railways (at least to start with a portion of the \$36 billion for the proposed Delhi-Chennai line) and others.

It has also been reported about joint efforts to tackle natural disaster relief measures at the Asian regional levels by the two sides. Against the backdrop of the disastrous earthquake in Nepal recently, this is a likely agreement between India and China.

In November 2006, during President Hu Jintao's visit to Delhi, both sides for the first time decided to work in the larger Asian region. However, no specific area or issue was specified. The Indian side had showcased its disaster relief measures in Southeast Asia and South Asia during the tsunami, Operation Nargis in Myanmar, Sichuan earthquake and recently in Nepal. India and China joint efforts in this regard in Asia could win these countries laurels.

Against the backdrop of Chinese pressure on India to join the Maritime Silk Road initiative, India could propose land and sea links with China during this visit. However, India could suggest to a role in the continental route as well to tap into the Central Asian energy reserves, which currently China monopolises.

China realises that the growing Indian market and its millions of consumers are indispensable to its economy, which is witnessing a "new normal", slow down in the GDP figures. Indeed, many a Chinese company had made fortunes in the Indian market. Specifically, Gionee, Xiaomi, Huawei, Lenovo and other Chinese mobile phone companies are making a beeline for the 50-odd million new mobile market in India.

China also realises that with its Silk Road initiatives, there has been an increase in its export and import composition recently with the regions where the Silk Road traverses, including through India. Indeed, according to a recent report, in the first quarter of 2015, China's trade accounted for more than \$236 billion, that is nearly 26 percent of its overall trade figures.

Another area of Chinese interest is the Indian Ocean Region. Apart from seeking Indian blessings for the Maritime Silk Road initiative, China had been suggesting for joint scouring of the Indian Ocean sea bed for resources. In 2011, China had signed contracts with the International Seabed Authority for exploring 10,000 square km in Southwest Indian Ocean. China's deep-sea manned submersible, *Jiaolong*, completed a more than 100-day expedition in the region in March. Another vessel, *Dayang Yihao*, also completed a mission in the region.

Yet, China finds it difficult to conduct operations without a local partner.

*(Srikanth Kondapalli is Professor in Chinese Studies at the Jawaharlal Nehru University, New Delhi.)*

### **7 reasons why Modi's visit to China was different**

Srikanth Kondapalli

Rediff.com, May 18, 2015

*Unlike in the past, Narendra Modi made candid, frank and direct remarks about his hosts by suggesting that the Chinese side is holding back on further improving relations, says Srikanth Kondapalli.*

A few innovative features characterised Prime Minister Narendra Modi's visit to China. First was, setting aside the universally known protocols of meeting the counterparts in the capital city, and continuing his recent practice of visiting other major cities like Kyoto, New York, Sydney, Toulouse, Hannover and others, Modi visited Xian, which used to be the ancient capital city of China.

Breaking protocol for the first time, the Chinese side as well organised the official deliberations in Xian when President Xi Jinping held discussions with the visiting Indian delegation. Relatively new to New Delhi and its political establishment -- much like Barack Obama to Washington -- Modi once remarked of shifting focus to regional places for holding international events.

Also, Modi's body language in China and 'selfies' with Premier Li Keqiang must have impressed his hosts known for their stiff public appearance.

Secondly, unlike in the past when -- even where no substantial outcomes are forthcoming -- the two leaders sing paeans to each other, Modi made candid, frank and direct remarks on his hosts -- unlike his predecessors -- by suggesting that the Chinese side is holding back on further improving bilateral relations.

Modi told the media after the talks, 'I stressed the need for China to reconsider its approach on some of the issues that hold us back from realising full potential of our partnership.' Modi was referring to the perennial problems in bilateral relations, continuing cooperation between China and Pakistan specifically in Pakistan occupied Kashmir, the unresolved territorial dispute and others.

Thirdly, unlike his predecessors, Modi is trying to approach the Chinese people directly through two methods. One is opening a Weibo social networking account to reach out to Chinese netizens directly and the other is showcasing an Indian tradition that has recent resonance in China, yoga. For the first time, an Indian prime minister was present at a yoga demonstration ceremony at one of the main icons of China, the Temple of Heaven.

While both of these unconventional methods of reaching out to the Chinese public are fraught with limitations given the deep penetration of the Communist Party organs in every walk of life of the country, including in the cyber and religious domains through surveillance or party organs in addition to rising nationalism, Modi is trying to touch the hearts of the common people in the hopes of expanding Indian soft power.

To what extent these measures will deflect the ire of the Chinese youth -- now targeting Japan -- is difficult to fathom, but a beginning is now being made by Modi.

Fourthly, a new forum was inaugurated with the participation of states/provinces. While most of the

decisions were made by the Union government in New Delhi, and while in the recent times many states like Tamil Nadu, Andhra Pradesh, Karnataka, Bihar, Gujarat and others took the lead in attracting investments from abroad, this is the first time a formal forum has been established by India.

As a number of issues under the Indian Constitution are allocated as state subjects -- land, environment, taxes, labour, education, etc -- have become contentious, the states/provinces forum could acquire more significance and decentralisation in the coming years.

Fifthly, while previous Indian leaders did approach Chinese business communities, Modi made a big push in this direction during his Shanghai meeting with business tycoons. While under China's law, most business firms of the country should have a Communist Party cell, they generally operate under market principles.

Modi assured the Chinese business executives that he will personally pay attention to their Indian entry and operations, although it is not clear if the Prime Minister's Office will have a separate country office for China, as has been agreed for Japan and other countries' investors in India.

With labour charges increasing in China, in addition to the economic slow-down, Chinese businesses are looking at greener pastures, including to the growing Indian market. Nevertheless, it is not known how influential these Chinese businesses communities are in China's overall decision-making process in de-escalating any tensions in the bilateral relations.

The Depsang Plains and Chumar troop build-up by China that rattled the Indian side in 2013-2014 were in the main resolved through institutional arrangements rather than the pressures of the chambers of commerce.

As China earned more than \$48 billion in trade deficit from India in the last one year (and cumulatively about \$250 billion since 2007), the business deals (of \$10 billion signed at Beijing and \$22 billion at Shanghai, in addition to \$20 billion announced by President Xi Jinping in 2014 for the next five years) do not appear to match the ledgers, although this is a major effort by China to address the trade deficit issue.

Sixthly, previous visiting Indian leaders have addressed the Chinese youth at Beijing University and other institutions. Modi as well held interactions with the students at Tsinghua University in Beijing which sends many a Politburo member, in addition to opening a Gandhian Studies centre at Fudan University in Shanghai.

Yet, unlike the previous such engagements, these have generated much space in the Chinese blogosphere. With an agreement to double the youth delegation visits to each other, it is expected, as Modi remarked in Shanghai while interacting with the Indian community, the youth of both countries could witness more interactions in future.

Finally, after much dillydallying Modi made an impromptu announcement -- not as a part of the formal talks -- on granting e-visas to Chinese visitors. This has been a contentious issue both at the bilateral level with China which refuses visas to Arunachal Pradesh or Kashmir residents and at the domestic level with different ministries differing on the issue. Visa issues will keep testing these two levels in the coming years both on Chinese responses as well as domestic decision makers assessments.

## **\US, Japan re-commit to security alliance**

Monika Chansoria

*The Sunday Guardian, May 16, 2015*

*It is well known that Abe favours Japan taking up a proactive role for its national security.*

The revision of the US-Japan defence guidelines in April 2015, the first such amendment since 1997, became the flagship pronouncement during Japanese Prime Minister Shinzo Abe's visit to the US last month. Review of the defence guidelines has sent out multiple signals simultaneously to East Asia, as Tokyo and Washington manifest the commitment of the US-Japan security alliance for the domestic audience within Japan and across the region. It is only too well known that Abe staunchly favours Japan taking up a more proactive role and responsibility for the nation's security.

Reforms in Japan's defence and foreign policy quarters under the Abe administration, including launching a national security strategy, creation of a national security council, revising national defence programme guidelines, and amending arms exports policies are portends of a far more hands-on approach that the Abe administration has embraced vis-à-vis Japan's overall security policy. For that matter, the resolution passed by the Japanese Cabinet in mid-2014, reinterpreting Japan's pacifist Constitution to allow the exercise of the right to collective self-defence was inferred to be a validating step in this direction. The Japanese Constitution prohibits the use of force to resolve conflicts except in cases of self-defence. However, this reinterpretation of the law will now allow use of force to defend Japan's allies [the US] under attack, thus making way for the Japanese forces to participate in defence operations around the globe.

The road on this issue, however, is not expected to be smooth, given that the post-war pacifist identity roots itself profoundly in the minds and psyche of the Japanese people. Moreover, it casts a reflection on the political scene in Japan — in that, the decision to reinterpret the Constitution has yet to get a clearance from the opposition, so as to effectively become legislation. The ruling Liberal Democratic Party's coalition partner in the government, the Komeito — a political outfit drawing most of its membership from a steadfast Buddhist politico-religious grouping — has expressed its reservations over this decision, more so, from the party's local units. Sensing this unwillingness, Abe has made a smart move by choosing to use the term "reinterpreting", rather than "revising" the Constitution. By doing so, he has avoided the need for a public referendum on the subject, since the word "revision" evokes a very strong sentiment in the public.

With the announcement of revising the defence guidelines, the shift in the US-Japan security equation has become perceptible and can well be referenced in context of the Obama administration's Asian rebalance. By aiding Japan's national security, the guidelines incline the alliance beyond Japan's immediate proximity to the broader Asia-Pacific region, and this purging of geographic restrictions shall redefine conceptual and operational extended deterrence and grey zones — the most perturbing of which is the East China Sea. It would not really be imprudent to argue that China has surreptitiously used the existing space of obscurity to its advantage in this sphere.

Amidst a sea of strategic reverberations in the region, there needs to be greater clarity and less room for ambiguity in the US-Japan commitment to East Asian security, particularly over the Senkaku Islands. During Obama's visit to Japan in the spring of 2014, the internal political debate including sections within the conservative ruling Liberal Democratic Party, began questioning the role of the US

in the intensely contested Senkaku Islands dispute between Japan and China. While Obama reassured Washington's commitment to Japan's security in 2014, his tone was far more distinctive during Shinzo Abe's visit to the US last month. Obama refrained from outlining Washington's policy of neutrality on the dispute — decoded to being a taciturn rebuke to China. On the other hand, Abe drew a full crowd when he addressed a joint session of the US Congress — the first by a Japanese leader. The speech was designed to ensure that Abe does not come across as a historical revisionist and remains committed to strengthening the US-Japan alliance.

By adopting a seemingly pre-emptive posture on security, Shinzo Abe is consolidating his conservative support base at home, while simultaneously dovetailing with the Obama administration's Asian rebalance precept. Abe's political campaign and strategy hinge on accentuating the strength of Japan's post-war liberalism, with a vision to rejuvenate Japan. Concurrently, Abe has chosen to steer Japan towards a regional order that puts up a challenge to China and its prophecy of Asian regionalism, in the backdrop of Beijing's growing military offensive. Revision of the defence guidelines has provided a fresh connotation to the US-Japan alliance, which has long been considered the keystone of Washington's security role in Asia, and the greater Asia-Pacific region.

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### **Unspeakable Middle East tragedy**

S Nihal Singh

The Tribune online, May 23, 2015

*Major powers and local actors to be blamed given the tragedy that is unfolding in the Middle East.*

Dramatic advances by the Islamic State (IS), successor to the Isis, in the Syria-Iraq theatre of war represent a deep crisis for American policy. While the Obama administration has been seeking to extricate itself from the Middle East after the US misadventure in Iraq, events are pulling it more and more back into the quagmire. In Syria, the latest loss has been of the historic city of Palmyra, a world heritage site.

In Iraq, the loss of Ramadi, an hour's drive from Baghdad, set alarm bells ringing in the Iraqi capital and Washington, with Iraqi leaders hastily activating Shia militias, who have emerged as the doughtiest fighters against the IS and the US promising heavy ammunition to the Iraqi forces. It was the initial advance of the IS in Syria and Iraq that brought America back into the theatre of war by launching waves of American airstrikes.

A more contradictory set of circumstances and actions is hard to imagine. US airstrikes in Syria are helping President Bashar al-Assad (and indirectly Iran) even as official US policy is to ease him out. In Iraq, Ramadi and the whole of Anbar province is a Sunni stronghold even as the overthrow and killing of Saddam Hussein empowered the Shia majority to rule, the long-time former Prime Minister, Nori al-Maliki, exacerbating sectarian tensions further. In a sense many Sunnis were driven into the arms of the Isis and IS.

The help Americans would be providing to the Iraqi army buttressed by Shia militia by supplying ammunition and bombing runs will, in a sense, support Iranian objectives. Americans are, of course, seeking to finalise a framework agreement with Iran on its nuclear programme by the end of June. To allay Gulf kingdoms' disquiet on this score, President Obama held a summit meeting at Camp David,

with Saudi Arabia's King Salman conspicuous by his absence. In the end, those who attended received less than what they desired: a new cast-iron defence guarantee.

The American predicament is part of the dilemmas facing many of the major actors in the region. The fact is that the Arab Spring that convulsed the Arab world starting 2011 came much before its time. Only Tunisia, where it started, remains the one sentinel of what might have been. Egypt reverted to type by staging a military coup after one-year rule by its first-ever honestly elected President Mohamed Morsi now being persecuted.

Nor are the other countries better off. Libya has been engulfed in a civil war after US and allied bombing runs leading to the murder of Gaddafi and is now ruled by two competing governments and unruly tribal militias. And Yemen has been added to the list by the initial dramatic advances of Houthis, a Shia sect backed by Iran, with the Saudis leading air strikes on their positions.

So where do the US, the regional players and the world go from here? President Obama has made his peace with the new military dispensation in Egypt, realpolitik trumping democracy yet again. Washington's approach to President Assad has softened inasmuch as the IS presents a greater threat, with the question boiling down to which is the lesser evil, the President or the IS. Yemen remains a basket case, torn between two allegiances.

The new Saudi King Salman is bringing his own new-look government into play, with a more muscular foreign policy buttressed by force. Saudis share a long border with Yemen. Although Pakistan won rebukes for not joining in the war against Yemen, Riyadh is still looking towards Pakistan for the ultimate deterrent, nuclear arms should it come to a catastrophic crisis moment. Saudis have helped Pakistan in many ways in exchange for its soldiers serving in the kingdom and in being hospitable to the Wahhabi sect.

For the United States, it is a far cry from its desire to take leave of its Middle East problems to pivot to Asia to pay greater attention to a rising China. Thanks to the shale revolution, the US is much less dependent on Middle East oil, and apart from protecting Israel's interests in a hostile world, the scale of its interests has decreased.

The problem is that given the volatile nature of the Middle East's turmoil, there is no easy exit. Thanks to the powerful Jewish lobby in America, a succession of US administrations have bowed to Israel's wishes, despite the suicidal course the Netanyahu government is following in permanently colonising Palestinians in the 21st century.

Second, with the advent of the IS in seeking to conquer and rule over vast stretches of territory in Syria and Iraq, Washington feels it cannot have the heart of the Arab world run by a terrorist set-up. One question before the US and the world is the outcome of the negotiations with Iran. The fear of the Arab kingdoms clubbed under the Gulf Cooperation Council is that an Iran free from Western sanctions will have greater scope to spread its influence in the region by linking up the Shia entities and countries. Yet realistically Tehran cannot be kept under permanent sanctions to keep its influence at bay.

The end of the long-running civil war in Syria would be one pointer to the shape of things to come. If whispers are to be believed, some kind of accommodation between the Assad regime and the West led by the US could initiate an interim agreement, with the anti-IS forces then better able to fight the extremists. Second, if Turkey, a major player, succeeds in completing the peace process with its large Kurdish minority, it could mean accession of strength to the anti-extremist forces.

These are, for the present, in the realm of speculation. What is certain is that bloodletting will continue for some time to come. The scale and nature of devastation, the killings, dislocation and misery developments in the region have caused are almost beyond belief. Boatloads of miserable refugees trying to make it to Europe are one dimension of the problem. The other is the Herculean task of remaking lives and cities once fighting stops.