

2 CHAPTER

India and the Great Britain Relations

After reading the chapter, the reader will be able to develop an analytical understanding on the following:

- Historical diplomatic relations
- Strategic diplomacy
- Commercial diplomacy
- Analysis of bilateral visits

BASIC BACKGROUND

Great Britain or the United Kingdom (the UK from now on) was India's colonial ruler. As India became independent, the British allied with the US during the Cold War. India advocated for non-alignment and decolonization, which did not augur well with the British. India did not favour joining any military alliances. Thus, at the international level, the two were at loggerheads with each other both politically and ideologically. At the bilateral level, however, both have done well. We shall study the relation as it unfolded in multiple periods and we shall infer how each period had qualitative differences over other periods. When India became independent, the elite in India adopted a very conciliatory attitude to the British. India also committed to join the British Commonwealth. Initially, till the Indo–Pakistan war of 1965, the relations were good and only after the war did the change come when the British position on Pakistan changed. This change in Indo–British relations were visible again when India and the USSR signed a Treaty of Friendship of 1971. As the Cold War ended, a paradigmatic shift was seen in the relations as India brought about a change in its own economy to embrace the liberal order. Since then, we have witnessed a constant rise in trade between the two.

PHASE 1: 1947 TO 1965

When India became independent, it decided to focus on economic rebuilding. The reason for economic neglect was attributed by the leaders of the national movement to the British colonial rule. After independence, another factor that came up was India's assertion for autonomy in decision-making. This was done to ensure that no ambitious imperial power takes Indian sovereignty hostage again. However, during the national movement, as senior Congress leaders interacted often with the British political class, the negotiations for the transfer of power had led to the establishment of personal contacts between Indians and the British, which became an important link in the post independence phase of our relations. The most important issue that came up was India joining the Commonwealth. When India decided to join the British Commonwealth, there was a strong reaction from

the opposition in India. The opposition asserted that doing so would contradict India's non-alignment policy. However, Nehru clarified that India was, firstly, joining the Commonwealth as an independent nation. Secondly, it was not going to accept the British monarch as its head of state but would join the body as an independent Republic. Thirdly, Nehru clarified that India, even after joining the Commonwealth, would continue to maintain its own strategic autonomy in decision-making. Indian diplomats worked tirelessly to change the rules of the game in the British Commonwealth. India ratified the Commonwealth Agreement in 1949 and joined it as a representative after 26th January, 1950.

In the first phase, the next important issue was the linking of economies. Since the 1940s, the British and Indian economies were linked financially. The British had agreed that after the World War–II ends, it would reimburse the money spent by the Indian government in – the war. The amount was about 13 million Pounds, and an agreement was made that the British would return the money from 1947 to 1957. The businesses run by British firms also had to adopt to the new policies of the Indian government. The British firms and their subsidiaries that preferred to stay back faced severe competition from Indian firms and Indian PSUs. The British also continued to provide aid to India, both at the bilateral level and also through the Colombo Plan. The British also provided financial help to India to execute its Five Year Plans. They insisted, however, that India undertake purchases from British firms in lieu of the aid it received. One concern on the foreign policy front that emerged was the question of Pakistan and Kashmir. The British approach was to maintain good relations with both nations and go for UN-based mediation but India was visibly upset with the British for not supporting India. A balance gradually emerged as the British helped India to establish proximity to the Americans.



1965 Suez Crisis, India and British

Egypt gained independence from the British in 1922. However, it still faced regular interference in the functioning of the Suez Canal. Subsequently, Nasser decided to build the Aswan dam and asked for British financial support. The British showed reluctance to support Nasser. This compelled Nasser to seek American assistance but the US was not interested in overpowering its own ally and showed reluctance. Nasser, in return, nationalised the canal and restricted its usage for Israel. Israel, the British and the French, during a meeting Sèvres, France, made up a plan to attack Egypt. As the Israel–Egypt conflict began, the British went on to take control of the canal while French tried to separate Israel and Egypt and mediated to resolve the conflict. The US intervened and ordered complete halt of escalation and withdrawal of the British and French troops from the canal. India condemned the Israelis, the British and the French and showed solidarity with Egypt. This created a low point in Indo–UK relations but the relations did not breakdown completely. Since the 1940s, the British have provided India arms and have continued to do so even after the Suez crisis up till the 1962 Chinese conflict, when the British granted military supplies to India.



India, Britain and Defence Diplomacy

After Indian defeat in the 1962 war, India decided to go for defence modernisation. The British and the US saw it as an opportunity to make India lean towards the West. India's focus was on technical support so that suppliers could provide it arms under a license, helping India to diversify its suppliers' range. The Russians offered what India demanded while the British linked supplies to the revival of Kashmir talks with Pakistan. India rejected the British conditionality and went ahead with its arrangement with the Russians, thereby costing the British a supply market.

PHASE 2: 1965 TO 1991

The 1965 war was a game changer. When India witnessed Pakistani infiltration, it retaliated with an attack on Pakistan. The attack affected the Punjab region of Pakistan. The British branded India as an aggressor and began alienating India.

Concerns About the US–British Axis

The period of 1960s was one of global decolonisation. The British lost a majority of its offshore territory. The British came to accept close relations with the US as being in their national interest. India perceived it as Britain's pro-west alliance. Any intervention by the British in South Asia was now perceived by India as Cold War politics and a deliberate design of the British to promote the western cause. India thus became very concerned and cautious of the growing US–British axis.

However, the British and the US coming closer did not mean that the British became a power subservient to the US. In 1966, India faced economic crisis. The US took it as an opportunity to advise India to undertake devaluation and adopt the IMF reforms package. The Bank of England did not toe the US line on this and in fact declined IMF support. It also dissented with the World Bank when it advocated India to go for devaluation. The same disagreements on geopolitical issues began to emerge from late 1960s between India and the British. The Indo-British divergence was especially visible when India signed the Friendship Treaty with USSR in 1971.



Indian Ocean Diplomacy

In 1968, the British decided to reduce its presence in Indian Ocean at the military level. It continued to maintain control on the Chagos archipelago in Maldives territory. In 1966, the Chagos archipelago atoll had been given by the British to the US. The US decided to establish a military base the island of Diego Garcia. The British decided to remove the residents of Diego Garcia to free it up for US use. This move gave US a higher degree of presence in the Indian Ocean. India resented the move strongly, yet British continued to treat India as a friendly power in the Indian Ocean. However, in this period, the approach of the British towards Kashmir changed. The change was visible from 1979 to 1990. The British favoured bilateral negotiations and stayed out of support to either. The British continued arms support and economic aid to India. At political level, Indira, and later, Rajiv Gandhi maintained good politico–diplomatic relations.

PHASE 3: FROM THE END OF THE COLD WAR TILL THE PRESENT

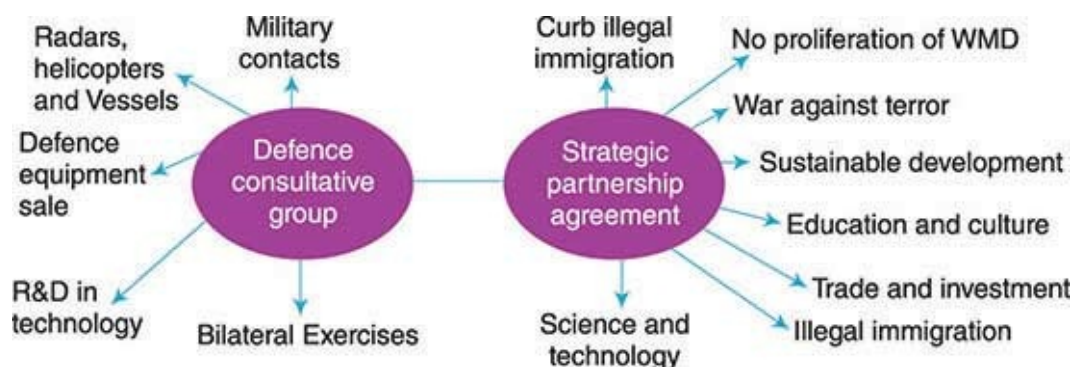
The opening up Indian economy and the end of the Cold War opened up an ocean of opportunities between India and the British. The British seized the opportunity to establish business relations with India. The trade bilaterally increased but is still below its true potential. Indian firms are present in Britain while Glaxo, Smith Klein and Unilever are in India in a big way. In recent times, mergers have paved way for establishment of large conglomerates. Tata has purchased Corus and Jaguar.



Swings at the Diplomatic Level

Relations have improved but stray comments by British officials on Kashmir have been resented by India. In 1997, Robin Cook, the British Foreign Secretary, advocated mediation of Kashmir while Derek Fatchett, the Junior Foreign Minister, advocated a referendum. Both were strongly resented by India. In the recent times, David Miliband, Secretary of State for Foreign and Commonwealth Affairs from 2007 to 2010, in a visit to India advocated that all extremism in South Asia can be ended if the Kashmir problem gets resolved. India again conveyed displeasure at the statement, calling it an intrusion in its internal affairs.

From 1997, the relations have been more business-centred. In 2004, the two nations concluded a Strategic Partnership Agreement while, since 1995, there has been a defence consultative group formed between the two.

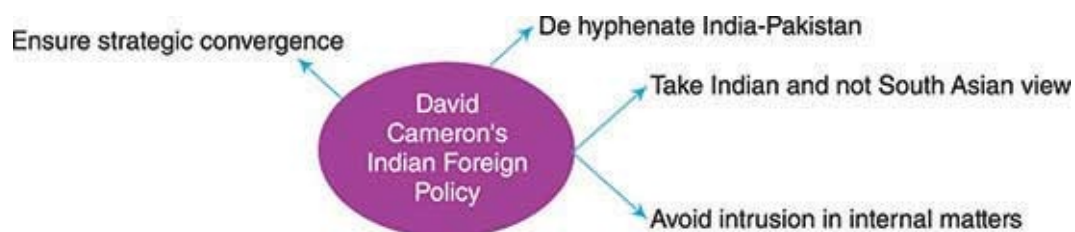


India and UK Skill Partnerships—An Unbeatable Combination

In 2014, India and UK Financial Partnership was announced. The aim of the partnership is to examine priority areas of financial coordination between India and UK. The thrust area is professional financial services industry. UK has decided to commit financial training as a new component of financial partnership. Under this, UK intends to impart work stream professional training for Chartered Accountants and other financial professionals. UK has tied up with India's First International Financial Centre- GIFT City in Ahmedabad to train Indian professionals.

The economic aid has declined since the end of the Cold War. In fact, the rising stature of India in the world has made India an aid contributor. In 2012, a decision was taken to halt the aid programme by the British. By 2015, it had been decided that the British would continue to provide assistance to India at the technical level if demanded. Due to increased economic interaction, a lot of Indians have been residing in Britain. These Indians are given temporary work permits by British. They don't contribute to social security funds and are not allowed to avail the benefits available to citizens, which remains an unresolved issue. The Indian diaspora in Britain is largely a supporter of the Labour party but in recent times, conservatives have made some incursions in the diaspora. An important contribution is of BBC which continues to promote British values to its listeners. The BBC has a well-defined audience in India and broadcasters like Mark Tully have been awarded with Padma Bhushan.

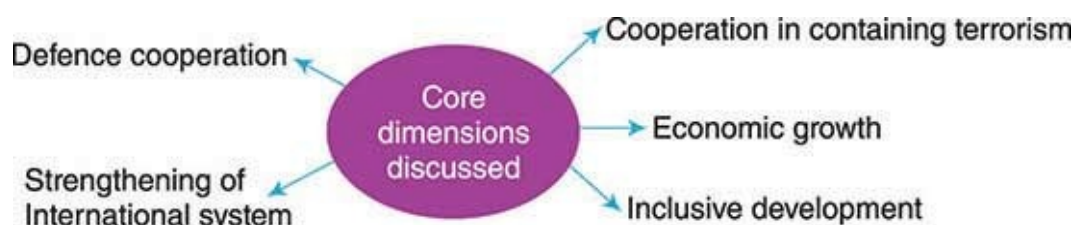
The relations had improved during David Cameron's term as his idea was to approach relations bilaterally rather than taking a South Asian perspective. He also stayed away from intruding on India's internal matters, like the Kashmir issue.



As Cameron has now been succeeded by Theresa May, it is to be seen how she carries forward the rich legacy. Since the UK has aligned closely to the US and India has developed proximity to the US, the UK has emerged as a successful middle power with no strategic rivalry for India.

ANALYSIS OF THE INDIAN PM'S VISIT TO BRITAIN 2015

In November, 2015, Indian PM Narendra Modi visited Britain for three days. He interacted with the diaspora at Wembley and also had a lunch with the British Queen.



A decision was taken to have biennial prime ministerial level summits. The two leaders accepted a vision statement where both decided to cooperate to transform people's lives and focus on education and health. High priority in the vision statement was given to infrastructures and technology with focus on sustainability. Cooperation was envisaged for smart cities and cleaning of rivers and achieving a low carbon economy. Both sides have agreed to cooperating on common threats such as Cyber security and terrorism. A new Defense and International Security Pact was agreed for curbing security concerns.



A joint statement on Energy and Climate Change cooperation was made to ensure cooperation to reduce fossil fuels consumption and focus on clean energy. The two decided to synergise at the international climate negotiation and work jointly for development challenges.



BREXIT and Impact on the Indian Diaspora in Britain

The colonial interaction has contributed to a very diverse Indian diaspora in the UK. The 18th and 19th century saw Parsis, Bengalis and other highly skilled people settling down in Britain. The period of 1950s and 1960s saw the first influx since independence. In 1990s, when Britain faced shortage of skilled personnel, it opened its gates for Indian IT professionals. This led to a huge wave of skilled labour migration to the UK. In 2000, the British government launched innovators visa scheme to facilitate students to get work permits upon course completion. After the recent decision of the British people to BREXIT (Britain exiting the EU), it is likely that the UK will open its border for more skilled migration. As a result of this, the IT professionals from India will face enormous competition. The Indian diaspora at the IT level shall be hit due to BREXIT. Unsurprisingly, many members of the Indian diaspora in Britain voted in favour of the UK to remain as a part of EU.



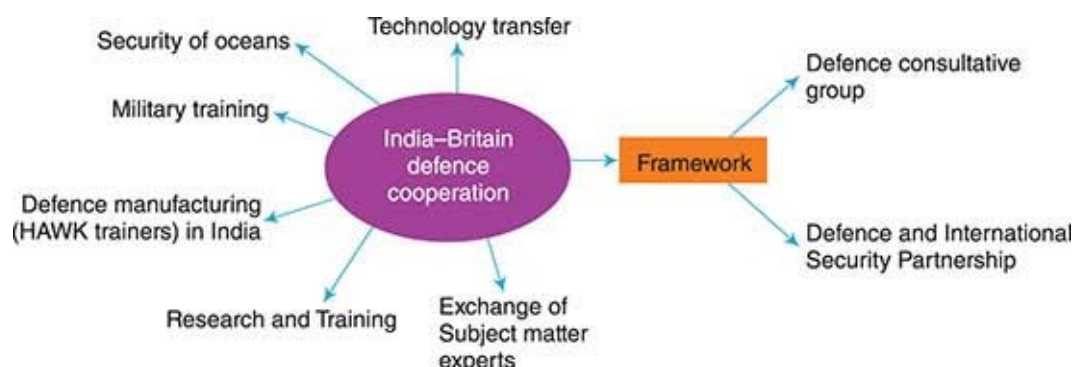
THERESA MAY'S VISIT TO INDIA

The British PM Theresa May visited India in November, 2016. The visit is significant as May visited India at a time when Britain was struggling to execute the BREXIT. The visit of May to India has helped engineer new dimensions in the relationship that will take India–Britain relations to an all new level. Another important thing to note is that Theresa May had chosen India as the first destination to visit outside Europe. This fact itself speaks about the importance Britain intends to attach in improving ties with India.



During the visit, the two sides decided to identify sectors to boost commercial diplomacy. ICT, critical engineering and healthcare products were identified as areas of cooperation. The two sides agreed to use the India–UK CEO forum to enhance cooperation in the three identified sectors. The issues related to market liberalisation and market access that may arise after Britain's exit from EU are to be negotiated at the Joint Economic Trade Committee (JETCO). The British firms will use JETCO to enhance their businesses with Indian partners.

Theresa May also agreed to support infrastructure development in India. The London Stock Exchange has emerged as a pioneer exchange to raise offshore rupee financing instruments. An agreement to support the development of corporate bond market of India was agreed upon between the SBI and London Stock Exchange group's index business, FTSE-Russell. The private sector in London will contribute 500 million Pounds in the India–UK Sub Fund to support infrastructure financing under the National Investment and Infrastructure Fund. Britain has committed support for redeveloping the Varanasi Railway Station. During her visit, May also committed 20 million Pounds for the Start Up India Venture Capital Fund over and above the 160 million Pounds has already been committed by Britain to fund 75 startups across India. The two sides concluded a MoU on Intellectual Property. May not only appreciated India's membership to the MTCR but also advocated for a speedy entry of India into the Nuclear Suppliers Group. To enhance bilateral defence cooperation, in November, 2015, India & Britain had concluded Defence & International Security Partnership (DISP). During her visit, May committed to support Defence Make in India under the framework of DISP. The defence consultative group has been tasked to chart out more areas of cooperation.





Dark Side of India- Britain Ties

One of the lesser discussed issues between the two states is of illegal immigrants. As per the Home Office of Government of UK, there are more than 1 lakh illegal Indian immigrants in UK. Britain has started putting pressure on Indian government to ensure that Indians who have no right to remain in UK be sent back to India. The UK government has asserted India is not cooperating effectively but, India, on the other hand has argued that the nationality of Individual can be established only when an investigation is carried out by Indian agencies. India has refuted the British claims of non cooperation and has asserted that it is cooperating with UK on the same issue.