5

India and Its South Asian Neighbours

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

The Indian government has spoken a great deal about the primacy of greater economic cooperation with its neighbours, but on this front, results are meagre and unconvincing, as are the achievements of the South Asian Association for Regional Cooperation (SAARC). That said, India faces the challenges any regional hegemon does in engaging neighbours. A recent editorial essay in the Indian periodical *Seminar* comments:

> Barring an obsession with Pakistan, and for the elite with the Anglo-Saxon West, Indian political imagination and foreign policy has rarely demonstrated the needed knowledge about our near and extended neighbourhood, far less an ability to influence events in pursuance of national interests . . . The overwhelming presence of India creates an asymmetry that pushes other, smaller countries, into suspecting hegemony in every proposal for greater cooperation, in turn feeding into an incipient irritation within India that its neighbours are united only in their anti-India sentiment.[1]

India shares land and maritime boundaries with eight countries—Bangladesh, Bhutan, China, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka. Setting aside China, Maldives, and Bhutan—mostly at peace—six countries in India's immediate neighbourhood have been on the boil on and off for many years.[2] Although India today is not contiguous to Afghanistan, the latter is mostly seen by Indians as an integral part of South Asia, so India's relations with it are discussed in this chapter.

India has close historical, religious, economic, ethnic, and linguistic relationships with all of these states. Unsurprisingly, the complex and dovetailing ties linking up the South Asian subcontinent drive South Asian countries to

speak—optimistically—of friendship as a 'geographical imperative'.[3] That they have not succeeded in acting much on it does not condemn them forever to regional dysfunction and friction, but much will depend on how India leads its region and what example it sets in promoting more positive relations with its neighbours.

Since independence in 1947, India's principal challenges have included the promotion of internal cohesion and the management of its often troubled relations with its neighbours, the two often being closely linked. S. D. Muni notes that India's policy towards its immediate neighbours is likely to face serious challenges 'from internal turbulence in those countries and in India itself', as has recently been the case with Pakistan, Nepal, and Sri Lanka. In conceiving of and conducting its South Asia policy, India's tactics have varied, but the trend has been towards a more conciliatory approach, as India reaches beyond its own immediate neighbourhood to establish itself as a global actor.[4]

How do Indians view their own neighbourhood? Raja Mohan argues that without enduring primacy in one's own neighbourhood, no nation can become a credible power on the global stage.[5] He and S. D. Muni argue that for India, 'achieving the objective of becoming one of the principal powers of Asia will depend entirely on India's ability to manage its own immediate neighbourhood'.[6] One of India's leading geostrategic writers, V.P. Dutt, suggests that a country's neighbourhood must enjoy unquestioned primacy in foreign policy making.[7] And former Prime Minister Atal Bihari Vajpayee stated that 'Friends can change but not neighbours who have to live together.'[8] More recently, then Foreign Minister Pranab Mukherjee noted the importance of foreign policy providing 'facilitation of India's developmental processes', a relevant factor in a regional context.[9] But do all of these imperatives and bromides add up to the defining characteristics of India's actual calculus?

This chapter is built around a summary analysis of India's relations with each of its immediate neighbours other than China after first laying out a sense of how India's approach to its neighbours has evolved over the past two decades. It offers some tentative conclusions, suggesting that India's approach to its neighbours is both too often reactive and at times quite dismissive, but also acknowledges that it has been trying much harder in recent years to accommodate and tolerate neighbourly differences. While India's regional rivalry with China as played out in countries abutting India is discussed here, its bilateral relationship with China is discussed separately in Chapter 6.

The challenge of a resentful, dangerous neighbourhood

Unlike the USA, or indeed, the Russian Federation, India is not a fully convincing hegemon within its own subregion. While dwarfed by India's

size, population, and subregional weight, several of India's neighbours are consequential states in their own right and reluctant to bow to Indian predominance or pressure. Thus, the challenge of managing asymmetry in its neighbourhood relationships, within its notional 'sphere of influence', is both a real and serious one. India has not always met this challenge impressively, in the past occasionally displaying brusque manners and rough tactics, with indifferent and sometimes counterproductive results.[10]

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

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

India's objectives towards its neighbours

India accepts the reality that it must live with the neighbours it has, preferably peacefully.[11] Translated into the serene cadences of diplomatic communication, the Indian Foreign Ministry couches matters as follows: 'With the objective of a peaceful, stable and prosperous neighbourhood, India continues to attach the highest priority to close and good neighbourly political, economic and cultural relations with its neighbours', also noting that this should be carried out 'on the basis of sovereign equality and mutual respect'.[12]

Hence, one of the cornerstones of India's stated foreign policy, though not a notably successful one to date, has been to build a strategically secure, politically stable, harmonious, and economically cooperative neighbourhood.[13] The ideas are right, as is the notion of India leading an integration of South Asian markets, thus creating a web of regional interdependence, but they are hardly original.[14] Worries in India about maintaining and enhancing its subregional strategic superiority seem, to an outsider, overblown.

Dynamism in India's policy

Though India's first Prime Minister, Jawaharlal Nehru, stressed the importance of keeping foreign powers out of Asia and considered the Indian subcontinent as an exclusive sphere of influence for Delhi, India was in no position, early in its history as an independent country, to keep the great powers at bay. Indeed, it called upon the support of both the United States and the Soviet Union at various times. This has been less true of late, with India able to establish more equal partnerships with Washington and Moscow, as well as Beijing, particularly after the collapse of the Soviet Union. Further, the process of economic globalization forced India to find new anchors for its conduct of external relations.[15] These developments seem to have helped Delhi to take a more benign view of some of its neighbours and also to be better equipped to see its challenges in South Asia against a broader backdrop of rising Indian international influence.

By the 1990s, however tentatively at first, India began to work more closely with other powers (although not necessarily with Beijing) in addressing the political crises in its neighbourhood. Nepal and Sri Lanka provide good examples of this change in approach, in which Delhi was able to reconcile its own drive for subregional leadership with meaningful roles for others. For example a modest but helpful role was established for the United Nations in Nepal, which Delhi had kept firmly out of its orbit since the world body disappointed its aspirations on Kashmir in 1948. India also supported the participation of China, Japan, and the USA as observers in the SAARC.

With respect to cooperation, India sought to engineer a marked improvement in its relations with most of its immediate neighbours as of the 1990s, building on the articulation of the 'Gujral Doctrine' in 1996.[16] The accelerated development of every country in the subcontinent was a key goal of this doctrine. Since then, at the heart of evolving Indian ideas on foreign policy towards the neighbours, a new priority has been at work. 'First establish yourself in your neighbourhood—by privileging the neighbourhood in your foreign policy scheme and strengthening or winning trust and confidence in both areas of strength and areas of problematical, or even bad, relations.'[17]

This new attitude marked a welcome departure for India's regional policy and the development of three clear trends during the 1990s: regular meetings at the level of leaders and of senior officials; a focus on resolving major bilateral issues to build an environment of trust; and an emphasis—at least rhetorically—on the economic dimension of relationships.[18] Indeed, to place India at the heart of the new Asian order, the Indian government in recent years has sought to elevate development discourse over the conventional security debate, highlighting economic globalization and the rejuvenation

of long-standing ties with neighbours in line with a pragmatic Indian foreign policy.[19]

Linking geography with strategy

Leaving aside issues of implementation, two overlapping strands emerge clearly in India's contemporary neighbourhood policy: security and development. India is attempting to build a web of 'dense interdependencies'[20] with its neighbours, as was clearly enunciated in a speech by then Foreign Secretary Shyam Saran in February 2005.[21] In another speech, Saran touched on a vulnerability in India's regional policy—reactive decision-making: 'Our effort has been to construct an overarching vision for South Asia, so that we do not deal with neighbours in an ad-hoc and reactive manner, but formulate policies that fit into and promote this larger vision.'[22] He argued for a fresh view of borders in sync with ideas articulated at times by both Prime Ministers Vajpayee and Singh.

India's position in earlier decades had been that neighbours should reciprocate the benefits of relations with India by being sensitive to India's security concerns (a line that naturally found little resonance in most of the neighbouring states). This strand of policy has been retired, at least publicly. The talk now is of India's 'soft power' articulated through its cultural, civilizational, and economic pull. India is thus offering its neighbours a stake in its economic prosperity and much funding of visits by scholars, artists, and others and training of officials from several neighbouring countries. Nevertheless, the formal instruments of regional cooperation, SAFTA (the South Asia Free Trade Agreement) and SAARC, remain anaemic.[23] Indeed, at the April 2010 SAARC summit, Prime Minister Manmohan Singh noted: 'We have created institutions for regional cooperation but we have not yet empowered them adequately to enable them to be more pro-active.'[24]

India's relationship with its South Asian neighbours

Tables 5.1 and 5.2 indicate Gross Domestic Product (GDP) and intraregional and world trade of South Asian countries. This section continues with individual country analyses.[25]

Pakistan

India's relationship with Pakistan is the most intractable and intense of those with neighbours.[26] At the core of animosities lies the question of Kashmir, but

Table 5.1. General information on South Asian countries

Country	GDP per capita (2008)	Total population (2008)	Land area (km^2)	Length of border with other countries (km)
Afghanistan	1,103	29,021,099	652,230	China 76 Iran 936 Pakistan 2,430 Tajikistan 1,206 Turkmenistan 744 Uzbekistan 137
Bangladesh	1,335	160,000,128	130,168	India 4,053 Burma 193
Bhutan	4,759	686,789	38,394	India 605 China 470
India	2,946	1,139,964,932	2,973,193	Bangladesh 4,053 Bhutan 605 Burma, 1,463 China 3,380 Nepal 1,690 Pakistan 2,912
Maldives	5,597	305,027	298	–
Myanmar/ Burma	–	49,563,019	653,508	India 1,463 Bangladesh 193 China 2,185 Laos 235 Thailand 1,800
Nepal	1,104	28,809,526	143,351	India 1,690 China 1,236
Pakistan	2,538	166,111,487	770,875	India 2,912 Afghanistan 2,430 China 523 Iran 909
Sri Lanka	4,564	20,156,204	64,630	–

Note: GDP at purchasing power parity in 2008 (current international $).
Sources: The World Bank World Development Indicators Database (GDP and population); and the CIA World Factbook (area and length of border), both consulted in May 2010.

Table 5.2. Intraregional and world trade of South Asian countries, 1991–2006

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

Note: The above figures do not include the data from Bhutan as it does not report its data. The countries included are Afghanistan, Bangladesh, India, Maldives, Pakistan, Nepal, and Sri Lanka.
Source: IMF DOTS Database.

the relationship today is bedevilled by many further layers of resentment and anxiety. In recent years, Pakistan, rarely a beacon of stability, has been experiencing enhanced political volatility and internal violence, although, happily, in 2008, it returned to democratic rule. Beyond the three major wars that have pitted the two countries against each other, violence has visited India from Pakistan several times, most recently in Mumbai in November 2008. These incidents, with or without the collusion of the government in Islamabad, have sorely tested the patience and the restraint of the Indian nation and its government. Nevertheless, large-scale hostilities have been avoided since 1971 and the nuclear weapons capacity of both countries may, in fact, have rendered all-out war much more unlikely than in past decades. Stephen P. Cohen cites an observation by G. Parthasarathy, a former Indian High Commissioner to Pakistan, that an India–Pakistan reconciliation is like trying to treat two patients whose only disease is an allergy to each other.[27]

For the past sixty years, India–Pakistan relations have been fraught. Theirs is one of 'the most enduring rivalries of the post-World War II era'.[28] Successive Indian and Pakistani governments have attempted to negotiate and resolve outstanding problems, sometimes achieving limited if real success (for example, with World Bank participation and assistance, on the Indus Waters Treaty of 1960), but the overall relationship has never improved fundamentally for long. The two countries have reached numerous agreements since the

late 1980s on issues including: the protection of nuclear facilities, bus services between Indian and Pakistani cities, human trafficking, illegal immigration, and the establishment of trading routes.[29] There have also been extensive discussions, both formal and informal, between the two governments over the sensitive Kashmir issue, with each supporting 'track two' discussions among leading scholars, retired officials, and writers.[30] But little ever seems to come of it, due to the lack of trust between the two governments and political risk aversion in tackling their fundamental differences.

TERRORISM

Yet, beyond such Pakistani military adventurism as the ill-advised Kargil operation of 1999, spectacular incidents of terrorism, with proven or suspected links to Pakistan, have all too frequently disrupted efforts to improve ties between the two countries and have repeatedly placed Indian governments at risk of looking 'weak' in the absence of reprisals. Prominent incidents include: the hijacking of an Indian Airlines flight by Pakistan-backed terrorists in December 1999 that compelled the Indian government to release three Islamic militants jailed in India;[31] the December 2001 terrorist attack on the Parliament of India; a suicide car bomb attack on the Indian Embassy in Kabul in July 2008; and the November 2008 terrorist attacks in Mumbai that left nearly 200 dead. In reacting to these incidents, India has established a pattern of considerable restraint if connections to the Islamabad government itself are hard to establish conclusively. However, many other terrorist attacks in India in 2007–8 (e.g. in Hyderabad and Jaipur) were loosely, reflexively, and perhaps inaccurately linked to Pakistan or Bangladesh by the Indian media based on official and semi-official briefings.[32]

Beyond individual incidents, the graver challenge for India is the perception there and elsewhere that to a very large extent, 'Pakistan defines itself in anti-Indian terms'.[33] Rulers in Pakistan, and not just military ones, have all too often played the 'India card' to consolidate their regimes. While Delhi has often been accused domestically of underinvesting in military and intelligence spending, Islamabad has been generous in building up Pakistani military and espionage capabilities, often with sizeable assistance from both the West and China.

On balance, in spite of periods of civilian rule, the Pakistani Army has dominated the political order in Islamabad and always exercises strong influence over civilian governments. It not only sees itself as the ultimate guarantor of the state but has built up vested economic interests at the institutional and personal levels posited on its political role.[34] Thus, despite the civilian government led by President Asif Ali Zardari since 2008, Pakistan remains subject to undue opaque but real influence of its security establishment, exacerbating the country's reputation as an unstable nation state. Pakistani

scholar Ahmed Rashid writes: 'The [Pakistani] army... seeks to ensure that a balance of terror and power is maintained with respect to India, and the jihadis are seen as part of this strategy.'[35]

The serial domestic political crises in Pakistan early in the new millennium, coming after the serial failure of democratically elected governments during earlier decades, and the increasing extremism of religious fundamentalists within the country (and spilling out from it) have become much more serious security concerns for India and for much of the rest of the world than is Pakistan's nuclear arsenal. However, India's response to provocations originating in Pakistan, be it the Kargil adventure or the 2008 Mumbai attack, has increasingly involved coercive diplomacy intermediated by Washington (and sometimes, to a degree, by London). While this is sometimes derided as 'weak' by Indians favouring a muscular response, the approach has many benefits: Pakistan's weapons suppliers and financiers are hard to sideline, their intelligence findings hard to duck, and the incentives—positive and negative—that they can offer impossible for Pakistan to ignore. Meanwhile, Washington takes the heat, while the Indian government sits back carefully calibrating varying messages for domestic, international, and Pakistani consumption. Indian novelist Aravind Adiga zeroes in on the dynamic as follows:

> When the strike takes place, it will be found that the local police did not have enough guns, walkie-talkies, training or manpower to fight back quickly. Co-ordination between local security agencies and elite commando forces in Delhi will prove to be poor.... The government will immediately threaten to attack Pakistan, then realise that it cannot do so without risking nuclear war, and finally beg the US to do something. Once it is clear that the government has failed on every front—military, tactical and diplomatic—against the terrorists, senior ministers will appear on television and promise that, next time, they will be prepared.[36]

But delegating the diplomatic heavy lifting to Washington (with a role for the UN Security Council in extreme cases, as with Mumbai), India avoids having to escalate by launching reprisals, which could conceivably lead to an incontrollable tit for tat with lethal (although not likely nuclear) consequences.[37]

KASHMIR AND INDO-PAKISTANI ASYMMETRY

Kashmir remains at the crux of the tortured relationship between India and Pakistan. At different times, both countries have betrayed the aspirations of Kashmiris for independence or at the least meaningful autonomy. But, over the years, in spite of a harsh Indian military occupation of the Kashmir Valley, Pakistan has increasingly come to be seen as the fiercest antagonist bent on upending the status quo. For many Indians, Kashmir is a very distant State of the Union. Nonetheless, India's overall cohesion is strongly supported by most Indians, including its Muslim population, and thus the Indian

government has rarely been under domestic pressure to be forthcoming in negotiating with Pakistan. Most Indians are unaware of, or, given the hardships of their own lives, not unduly moved by the severity of conditions in the Valley and the all too frequently brutal military and police presence there. The division of the historical territory of Kashmir between the two countries has stronger emotive resonance in Pakistan, where it is discussed at three levels, as a territorial, ideological, and moral dispute.[38] Fringe elements in Pakistan see it not merely as a just cause, but somewhat quixotically as a key to unravelling the cohesion of India.

How to deal with the 'Line of Control' (LoC) separating Indian and Pakistani forces from each other in Kashmir is contested within India. Some Indians, such as Pankaj Mishra, believe that its defence should be the only key mission of the Indian military in Jammu and Kashmir.[39] Others, such as Chinmaya Gharekhan, believe that for the LoC to become peaceful, it needs to be first recognized by both countries as a legitimate international border.[40] Most outside observers, including friends of India, believe that the nature and overwhelming weight of the security deployment by the Indian armed forces and other security units in the Kashmir valley is not only excessive but increasingly counterproductive, and that significant easing of this security presence in the Kashmir valley (which could partly refocus on the LoC) would help considerably. Chapter 12 provides further thoughts on the matter.

T. V. Paul argues that a crucial, neglected structural factor causing the persistence of an India–Pakistan rivalry is the power asymmetry that has prevailed between the antagonists for over half a century.[41] It may also be that the growing asymmetry in economic performance, as well as in geostrategic significance builds in a powerful structural dimension to Pakistan's resentments. Thus, it is hardly surprising that efforts to engage bilaterally across the border at the level of heads of government have yielded little fruit. Stephen Cohen notes: 'Terrorism' is the core issue for India, 'Kashmir' for Pakistan, and 'nuclear security and stability' for the international community. These tectonic plates crash up against each other, but cannot mesh comfortably.[42]

ECONOMIC AND SOCIETAL RELATIONS

In optimistic times friends of both countries hope for peace through economic cooperation. However, very few items having export potential from India are on the permitted list adopted by the government of Pakistan. Likewise, India imports little from Pakistan.[43] India's main interests in economic cooperation with Pakistan lie in hydropower, water management, gas transportation, tourism, and road-connectivity to Afghanistan and Iran. A proposed 'Iran-Pakistan-India' gas pipeline, a US$7.6 billion tri-nation project, promised to provide market linkages to Iranian natural gas resources and increase the

commercial attractiveness of the natural gas sector. The project, creating a significant economic link with both Pakistan and Iran, one of the world's top three holders of proven oil and natural gas reserves, is also attractive from the perspective of contributing to the reduction of poverty, income disparities, and unemployment in Pakistan, which in turn might discourage radicalism. However, India has been slow to move on this front, partly due to US pressure on Delhi's dealings with Tehran, and partly due to a persistent suspicion in Delhi of Islamabad's reliability as a partner in a venture of this scale.

At the human level, there is intense interest in cross-border visits and exploration of each other's society as it has evolved since 1947. Many touching accounts exist of how well visiting Indians are treated in Pakistan and vice versa (although not always by the security authorities of each). Indian books are read, and films watched, with great enthusiasm in Pakistan and Pakistani maestros of classical music are as much admired in India as in their own country. Indians and Pakistanis share common roots, and there is keen interest in getting re-acquainted among the cultural elite, however high the political and security barriers.

Protocol regimes applying to Indian and Pakistani diplomats assigned in the other country are highly restrictive. Absurdly constraining notification regimes and illiberal authorization patterns for any movements beyond the city of residence, parallel what remain tremendously restricted and tentative efforts to establish cross-border trade, passenger transportation, and more general interaction. Several bus and rail links announced in recent years amount to little in practice, although a murderous bombing of the Delhi-Lahore train in 2007 highlighted the risks involved in any attempt to improve relations.[44]

WESTERN PERSPECTIVES

In Western governments, hope springs eternal that change, virtually any change, in government will be for the better in Pakistan. Military government, it is thought, will bring a measure of stability and less corruption. Civilian rule, it is assumed, will provide better governance more in tune with Western values. Indians are more cynical—they remember the follies of successive Pakistani governments, military and civilian, all of which have played the anti-India card. Thus, when Benazir Bhutto was assassinated in December 2007, the Western media evoked a Greek tragedy calling forth intense emotion, projecting onto the late Ms. Bhutto—an attractive, Western-educated woman particularly skilled at delivering different messages to different audiences—ideals of democratic government she never came close to approximating in power, as Indians all too readily remembered. Indian commentators conceded that she was both admirably brave and articulate but focused mainly

on the sorry record of her two spells in power, and her frequent stoking of anti-Indian sentiment.

Pakistani lawyer and columnist Babar Sattar writes:

> [In Pakistan a] centrist view is that we have been irresponsible in developing our notions of national security and strategic depth, creating international alliances and pursuing policies dictated by the US. Washington is pointing its finger at us while speaking of terrorism and violence in self-righteous terms. [Meanwhile], it is extremely difficult for the civilian government to renege on Pakistan's traditionally held positions on disputes with India.[45]

Pakistani scholar and analyst, Ahmed Rashid comments:

> The relationship between India and Pakistan is becoming more and more complicated as the end game in Afghanistan approaches. Pakistan should . . . deal with its domestic terrorist threat rather than try to treat the whole issue as India-oriented.[46]

Nevertheless, as the stronger party, the onus is widely seen as being on India to go the extra mile in engaging Pakistan. I agree. Counter-intuitive as this seems to some Indians, given the country's frequent victimization by cross-border terrorism, it makes sense that India should do all in its power to avoid aggravating Pakistan's torment and that it should, whenever circumstances allow, reach out.[47] Indeed, the Indian Government has recently decided to resume multifaceted talks with Pakistan.[48] K. Shankar Bajpai aptly describes dialogue with Pakistan as the 'right, rational choice for a mature power'.[49]

Bangladesh

Either by design or due to drift, relations with Bangladesh, although much more positive than those with Pakistan, are amongst the least cooperative that India has developed in South Asia.[50] A major portion of Bangladesh is surrounded by Indian states, which sometimes makes the country feel 'India locked'.[51] Indeed, India's border with Bangladesh is the longest among all of India's neighbours and all too often, Bangladesh is seen by many Indians as the source of an unending flow of illegal migrants.[52] The Indian High Commissioner in Dhaka comments: 'We have to be circumspect in issuing visas particularly when we know that around 25,000 Bangladeshis do not return after entering India every year. Those who enter unrecorded are many more.'[53] Bangladesh is also thought of prominently as a haven for fundamentalists and terrorists, and a sanctuary for Indian insurgents in the northeast.[54] Hence, with the exception of a brief period in the immediate aftermath of the liberation of Bangladesh in 1971, bilateral relations have been marred by mistrust, disharmony, and suspicion. Sreeradha Datta writes:

> The convergences of their cultural links and economic complementarities are apparently not compelling enough for both countries to overcome the growing bilateral problems between the two. Over the years, the differences have deepened while the convergences have got marginalised.[55]

Iftekhar Ahmed Chowdhury, who acted as Foreign Minister with the title of Adviser in the caretaker government of Bangladesh between January 2007 and January 2009, and prior to that a widely respected Ambassador to the United Nations, writes:

> India is the preeminent regional power, and Bangladesh has always entertained some wariness of it. Unsurprisingly, 'Indo-centrism' has been a key factor in the processes of policy-formulation. There has, therefore, been a tendency to use the web of other external linkages to make-up for the regional power-gap.[56]

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

The levels of maladministration and corruption in Bangladeshi public life shock even other South Asians, largely inured to a high level of both.[57] Of greater concern to India has been the strength of radical Islam in organized politics as well as the existence of significant Islamist militant groups, some with international links—including to confederates in Pakistan, and, it is widely suspected, in India. The fear of Talibanization of Bangladesh, while seemingly far-fetched to many casual Western observers, remains real and urgent to much of the Indian security establishment.[58]

The issue of illegal migration from Bangladesh into India has at times been a politically salient one for Delhi, not least after terrorist events in India are attributed, not always entirely convincingly, to extremists with Bangladeshi ties. As well, Bangladesh's reported harbouring of separatist movements targeting parts of India's northeast has been a sore point in bilateral relations.[59]

While Bangladeshis are concerned about the potential for Indian domination, India has its own concerns, feeling vulnerable to pressures from

Bangladesh over the narrow Siliguri corridor that links the northeast with the rest of India.[60] Apart from security concerns, many other actual or potential problems mark the relationship between these two countries including issues of border management, problems of water sharing, trade- and transit-related questions, and illegal migration.

The government elected in Bangladesh in December 2008 and its Indian counterpart have projected willingness to improve the bilateral relationship. Bangladesh Prime Minister Sheikh Hasina has welcomed Indian entrepreneurs to invest in Special Economic Zones (SEZs) to double bilateral trade to about $6 billion over two years.[61] Similarly, to boost trade, business, and other economic activities, the two neighbours aim to upgrade existing infrastructural facilities at twenty-seven Land Customs Stations (LCS) in the northeast.[62]

To improve relations and to encourage people-to-people exchanges, India and Bangladesh resumed railway services between Dhaka and Kolkata, which had been suspended during the 1965 Indo-Pakistani conflict (prior to the establishment of Bangladesh), after a gap of over four decades (although, in 1996, a direct bus service linking Kolkata and Dhaka resumed).[63] More recently, during the successful visit to Delhi by Sheikh Hasina in January 2010, five agreements were signed relating to mutual legal assistance in criminal matters, transfers of sentenced persons, fighting terrorism, organized crime, and illegal drug trafficking, power cooperation, and cultural exchange programmes.[64] Moreover, India announced a US$1 billion line of credit to strengthen Bangladesh's infrastructure—the highest credit line India has ever extended to any country.[65]

India's reading of the country is a factor in Bangladesh's politics: during the government led by Khaleda Zia from 2001 to 2007, overt hostility by Dhaka towards India reached an unprecedented peak. Foreign observers thought this was partly designed to divert attention from internal problems in the government and widespread charges of corruption, but also to take advantage of the perception that India was partial to the Sheikh Hasina-led Awami League. While these factors will not be so much at play under Sheikh Hasina, she will nevertheless have to overcome conflicted feelings among Bangladeshis towards their larger, more powerful and economically more successful neighbour. Although one means of achieving greater harmony would be to hitch Bangladesh's economic prospects more clearly to the rising economic star of India, this would not be an easy sell domestically.

Afghanistan

Aside from a shared history and strong bonds of culture, India has a strong security interest in ensuring that Afghanistan remains sovereign, stable,

united, and free from outside influence (notably any lasting undue Pakistani, American, or Russian influence).[66] However, India's approach towards Afghanistan has been cautious.[67] Relations have ebbed and waned according to evolving circumstances. But during the twentieth century, many in Afghanistan's elite were educated in India, and both diplomatic and cultural ties were strong until the monarchy in Afghanistan was overtaken by more radical elements during the 1970s.

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

Nevertheless, India's policy towards Afghanistan demonstrates the dichotomy between its aspiration for a larger role in its north western neighbourhood and the real constraints on it. India's refusal to criticise the Soviet military intervention in Afghanistan at the end of 1979 isolated it from a large segment of the Afghan people. The advent to power of the Islamist Taliban in the 1980s was deeply worrying to India. At the turn of the 1990s, India's first challenge was to pick up the pieces of its shattered Afghanistan policy. Though India's engagement over time increased, the emergence of the Taliban with Pakistan's support limited India's options and India supported anti-Taliban forces in Afghanistan.[68]

The dramatic developments after the 11 September 2001 attack and the ensuing defeat of the Taliban by the US-backed Northern Alliance (with which India also entertained good relations) provided an opportunity for India to re-establish itself in Afghanistan in a radically different international and regional framework. Delhi has provided generous assistance towards Afghanistan's reconstruction and nation building. High-level visits in both directions are routine. Despite security threats and attacks on Indian companies and on its personnel in different projects, India has maintained its commitment to the reconstruction and rebuilding of Afghanistan.

India's direct bilateral commitment to the rebuilding and reconstruction of Afghanistan is US$1.2 billion.[69] Several thousand Indians are engaged in development work in Afghanistan. Funds have been committed to projects spread over a range of sectors, from education to institutional capacity building and strengthening of governance.[70] India is the sixth largest bilateral donor in Afghanistan. In early 2009, the Zaranj–Delaram road, which will provide better access to the country through Iran, was inaugurated.[71] India is also working with other countries such as Germany and Japan in the reconstruction efforts and in capacity-building activities including training courses for diplomats, government officials, policemen, journalists, and doctors.[72]

Nevertheless, tension with Pakistan over India's presence (including five consulates) in Afghanistan—seen as a provocation in Islamabad and as evidence of an Indian strategy of encirclement of its long-time rival—has greatly complicated India's cooperation with Afghanistan and India has needed to emphasize repeatedly that it has provided no military support for the NATO mission in Afghanistan nor sought to engage Pakistani forces from within Afghanistan. While this is true, Pakistani sensitivity to India's activities in Afghanistan is acute and the involvement of Pakistan's ISI in the suicide bombing of the Indian Embassy in Kabul in July 2008 was rumoured with great insistence. On the other hand, Indians recognize that threats internal to Afghanistan affect the region as a whole.[73]

In talks between Mr. Karzai and Dr Singh in April 2010, Delhi reaffirmed its strong commitment to the Afghan government and offered to increase its already considerable reconstruction assistance.[74] India's strong support for Karzai stands in contrast to Washington's wavering over the legitimacy of his re-election as President in 2009. It also follows on leaked suggestions in Washington that India's reconstruction programme in Afghanistan was inconvenient insofar as it was interpreted as provocative in Pakistan, thus complicating Washington's task in securing Islamabad's full cooperation with its policies. Indeed, in 2010, during a visit by Russian Prime Minister Putin to Delhi, he and Prime Minister Singh exchanged notes on their worry over the lack of apparent Western resolve in Afghanistan to resist the Taliban.[75] Indian commentators suggested that were NATO to withdraw from Afghanistan, a revival of the Northern Alliance with Russian, Indian, and possibly Iranian support would be the obvious strategy for preventing a Taliban takeover of the whole country, in effect engineering a partition of the country. Thus, Washington's increasingly fraught relationship with Karzai, mirrored in several other NATO capitals, left India as the Afghan President's sole unqualified major supporter by mid-2010 and in a difficult position when NATO's withdrawal occurs.

Nepal

Nepal is well engaged in a process of transformation, emerging from serious governance challenges in 2006 to strip power from King Gyanendra and to bring the Maoists down from the hills and into government. These developments responded to deep frustrations in society over the previous ineffective and occasionally brutal political order and over the deep poverty with which most of the country continued to be afflicted.[76]

Nepal lies between two powerful neighbours, India and China, 'like a yam between two rocks' and often feels disempowered economically and otherwise by this fact.[77] Relations between India and Nepal, long organized by Raj

interests and servants, have, since 1947, experienced the tensions and interdependencies that small neighbours typically have with large ones. Links of historical, geographical, economic, political, religious and sociocultural nature, as well as constant flows of population across borders, conspire to create deep attachments but also deep resentments.[78] The open border, national treatment granted to the nationals of the other, and familial links underline the exceptionally intense relations between the two sovereign states—but have also contributed to frequent friction at the political and diplomatic level, including an economic blockade imposed by India against Nepal in 1989.

The Treaty of Peace and Friendship concluded between India and Nepal on 31 July 1950 forms the basis of Indian policy towards Nepal.[79] However, the treaty was driven from an Indian perspective of security considerations. Nepalese resentment of Indian domination impinged directly on India's effort to uphold its special security relations with that country. Indian economic, political, and cultural influence on Nepal was pervasive. For Nepal's government, India was the ultimate guarantor of law and order (through close links between the armed forces of the two countries, which became controversial in 2009 when India appeared to stand by the leader of Nepal's armed forces when he resisted pressure to step down by Nepal's Maoist Prime Minister). Culturally, India's universities, religious and artistic institutions, media, and scientific-technological institutions also exercised a strong influence on Nepal.[80]

Nepal has several concerns vis-à-vis India, beyond worries over excessive Indian interference. Former Indian diplomat Rajiv Sikri writes: 'Indians have taken Nepal too much for granted. India's approach towards Nepal has been dismissive and neglectful. The Indian government and public have never shown adequate sensitivity to Nepali pride and uniqueness.'[81] Thus, as often with a large neighbour of a small and proud country, India justifiably feels at times that it cannot win.

Nepalese also believe that the treaties and agreements between Nepal and India are 'unequal' and not conducive to Nepal's interests. Such perspectives have prevented Nepal from capitalizing on the huge energy-hungry economy next door. Rather than viewing them as opportunities to be replicated, there is resentment in Nepal with regard to agreements on the Kosi and Gandak rivers. Nepal's apprehensions regarding the inadequacy of its arable land and therefore the difficulty of creating large water reservoirs is understandable, as are worries over the challenge of people displaced by hydroelectric development, but Nepal's inability to take constructive action where it could generate income (notably through hydroelectric development) is distressing to its friends.

Since the nadir in bilateral relations in the late 1980s, India has gradually shifted to a more sympathetic approach. In part through the early

interventions of the Indian communist (Marxist) party, notably those of Sitaram Yechuri, India shifted from a position of unbridled hostility towards Nepal's Maoists (suspected of links with various Maoist insurgencies in India) towards a willingness to accommodate their participation in talks on Nepal's governance in India from 2006 onwards.[82] India's Communists and other Indian political actors argued strongly that the Maoists needed to renounce armed insurgency and to join the political process, which, to the surprise of many, the Maoists agreed to do in stages in 2005 and 2006.

In a parallel process, India, which had generally been hostile to UN involvement in its neighbourhood, accepted a role for UN monitoring of agreements entered into by political parties in Nepal. India supported the electoral process that brought the Maoists to power in early 2008. Although tensions developed between the Maoists and India (fuelled, in part, by the enhanced relationship the Nepali Maoists seemed keen to build up with Beijing), India has largely avoided overt intervention in the country's recent political affairs. While India can be and frequently is criticized for its 'heavy hand' in Nepal, its current stance and behaviour represent a quantum leap from its earlier outright domination of the country through a dependent Nepali royal family and other allies.

Of course, India also needs a positive agenda in Nepal. It could be more proactive and supportive of economic renewal there and of the strengthening of democracy and civil society. India's approach too often appears reactive to events on the ground, suggesting a lack of actual strategy vis-à-vis this important and troubled neighbour. This is all the more significant in a period marked by the abandonment of power by the Maoists in Kathmandu in early 2009, following parliamentary tensions over their decision to sack the armed forces commander, General Katawal, a decision that also brought them into conflict with Delhi.[83] S. D. Muni suggests:

> The standoff between India and Nepal resulted from a number of factors, principal among them the Maoists deviations from assurances sought by India and given by them on a number of bilateral issues; their propensity to use the China card beyond the 'red lines' drawn by India; [and] their unwillingness or incapacity to give up strong arm methods in dealing with their political opponents. Relevant as well were abrasive diplomatic behaviour of Kathmandu based Indian diplomacy; India's fears that the Maoists were inclined to and capable of changing Nepal's domestic power equations; and finally Delhi's fears that a Constitution drafted under assertive Maoist leadership may not be compatible with the democratic profile of Nepal.[84]

From a Nepali perspective, editor Aditya Adhikari writes:

> There is a pessimistic view of Nepal's place in the world and its future, and India's tremendous economic growth arouses respect and envy. Dislike of India

> in Kathmandu has been tempered recently by fear of the Maoists, although Indian interference in domestic politics, real or perceived, is much criticized. Some advocate resort to a 'China card' against India, but this can be done only when politics is stable in Nepal and the centre is cohesive. Even then, however, nobody expects China's influence ever to rival that of India.[85]

Nepali analyst Prashant Jha notes:

> One reason why Nepali politicians have not gone too far in playing India off against China is that the Chinese themselves have not shown any real inclination to play this game. But this might be changing now. In the past few years, Chinese investment in business and economic activities; its level of engagement with political parties; the number of high-level visits; and Beijing's public statements on Nepal's situation have increased. Unlike the Indians, Beijing has not yet used its influence to try to substantially influence Nepali domestic political outcomes.[86]

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

Sri Lanka

India and Sri Lanka have deep historical linkages. Buddhism transferred to Sri Lanka from India and so did the Tamils. Unfortunately, the coexistence between the Sinhalese and the Tamils broke down when Sri Lankan nationalism attempted to consolidate itself around a Sinhala Buddhist identity.[87] Tamil discontent led to the demand for an independent Tamil Eelam, which emotionally and sometimes in more concrete ways embroiled India's Tamil population.

Fear of unrest among the Indian Tamil population both galvanized and constrained Indian policy at different times. From 1987 to 1990, India gingerly engaged in a degree of military intervention (in part aimed at addressing the large flows of Tamil refugees accruing to India) under the guise of peacekeeping. This did not work well, however, as, contrary to Indian military expectations, the Indian peacekeeping force was soon engaged in combat with the separatist Tamil LTTE, occasioning significant Indian casualties among its 20,000 troops (at their peak numbers) while failing to nudge the combatants towards compromise.

In 1991, Rajiv Gandhi, who had launched the Indian peacekeeping force, was assassinated by an LTTE suicide bomb squad. India's relationship with Sri Lanka's rulers has not been entirely comfortable ever since, which is why India subsequently moved towards a more 'hands off' policy to the extent that sentiments in the Indian state of Tamil Nadu allowed.[88] This, however, provided space to other players such as Pakistan, China, Israel, and the USA to

play a role in promoting various ideas for a negotiated settlement and for economic links with Sri Lanka. With considerable international support, Norway offered its services as a mediator between Colombo and the LTTE, resulting in a cease-fire in 2002. But this agreement soon unravelled, and Norway was never able again to achieve full traction with the belligerents.[89] Following the election of President Mahinda Rajapaksa in 2005, Colombo opted for all-out military confrontation (occasioning many casualties on both sides) that led to the complete defeat of the LTTE and the death of its leader Prabhakaran, announced on 18 May 2009.[90] The Sri Lankan government subsequently espoused reconciliation between the two communities, but because of its hard line in prosecuting the fighting to the finish, high anxiety remained among Tamils in Sri Lanka and abroad.

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

More worrying to India's community of geostrategic thinkers and commentators have been the warming ties between China and the Rajapaksa government that could, some Indians fear, result in major Chinese naval assets being developed in Sri Lanka, as part of a strategy centring on India's encirclement.[91] And there are indications that Colombo intends to benefit from playing India and China off against each other whenever possible, especially now that the civil war has ended.

Sri Lanka is the most successful significant state of South Asia in economic terms, with a GDP per capita nearly double India's. The way forward for India may be to forge ever closer and more productive economic relations with Sri Lanka, whose entrepreneurship has been impressive, while also nudging Colombo towards more convincing efforts to achieve reconciliation between Sri Lanka's two leading communities, and the rehabilitation of the many people displaced by the conflict. Sri Lanka has benefited from the rapid growth of the Indian economy (particularly pronounced in India's south). In 1998, the two countries signed a Free Trade Agreement (FTA) that has greatly

expanded bilateral trade between them. A new Comprehensive Economic Partnership Agreement (CEPA) is now being discussed. Thus, in spite of tensions over Sri Lanka's civil war, the economic relationship between India and Sri Lanka stands as a model within the region and could serve as a model for other capitals of South Asia.

Sri Lankan scholar and diplomat Dayan Jayatilleka writes:

> India inheres in the very fabric of the island. Sri Lanka is an inverted and miniaturized mirror of India. Even if the Tamil factor did not exist, Sri Lanka's relationship with India would be its most vital external relationship. There is . . . an existential imperative of dual co-existence: Sri Lanka's co-existence with India, and Sinhala co-existence with the Tamils.
>
> Sri Lankan internal actors can do much less harm to the Sri Lankan state than a potential decision by India, under mounting Tamil Nadu pressure, to tilt against or simply to stop tilting towards Sri Lanka, and a corresponding decision by India's strategic partner, the USA, to mount economic pressure through multilateral institutions and agencies. Under the Obama administration there may be convergence between the positions of the US, EU and India on Sri Lanka.[92]

Bhutan

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

Under Indian guidance, Bhutan developed a model of diplomatic engagement with middle powers, but with none of the Permanent Five (P-5) members of the UN Security Council and thus, most significantly, not with China. Indian troops remain stationed in strategic parts of northern Bhutan. Bhutan has subtly expanded the scope of its diplomacy through good working relations with the United States and some others of the P-5 while also engaging in low-key talks with the Chinese on the largely undefined border between them. In spite of clear Indian dominance of its small Himalayan neighbour, the relationship has been a genuinely friendly, positive, and mutually respectful one, with India working hard to keep its own profile in Bhutan as low as possible and the Bhutanese mostly expressing appreciation for India's contributions.

During the years 2006–8, Bhutan engaged in a carefully managed and apparently successful transition from absolute monarchy to a form of

parliamentary democracy conjoined with a constitutional monarchy, marked by the abdication of the modernizing fourth King, Jigme Singye Wangchuk, in favour of his partly India-educated son Jigme Khesar Namgyel Wangchuck.[93] The shift was undertaken at the instigation of the monarchy and unfolded against the backdrop of nervousness by much of the population, which trusted the King but was not so sure about politicians. Throughout the process, India kept its inner thoughts to itself, and publicly extolled the vision of the fourth King.

Delhi pulled out all stops for the official visit to India of Bhutan's new King in August 2008, losing no opportunity to mark its regard for him and his country. The King's visit paralleled recent structural changes in the bilateral relationship: India signed a new treaty of friendship in 2007 which ended its guidance on Bhutan's foreign policy (although India's essential security interests are protected).[94]

Bhutan has, in recent years, registered significant economic success, largely due to the hydroelectric resources India has developed on its soil and for which India is the sole client (and one paying well for the privilege). In fact, the export of hydroelectric power to India is Bhutan's most important source of revenue. India has completed three major hydroelectric projects—Chukha, Kurichhu, and Tala—which are a great source of revenue generation for Bhutan, and Thimphu is now encouraging international interest in developing further hydroelectrical resources (for which India would remain the main client).[95] Bhutan enjoys preferential trade and transit facilities and benefits from exceptionally generous Indian aid; India finances nearly three-fifths of Bhutan's budget expenditures. Today, India holds 61 per cent of Bhutan's debt stock, while multilateral agencies hold 28 per cent and other bilateral donors hold 11 per cent.[96]

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

Maldives

The Maldive Islands, India's other 'good' neighbour, are located south of India's Lakshadweep Islands in the Indian Ocean. India and the Maldives enjoy close, cordial, and multidimensional relations. The two countries share ethnic, linguistic, cultural, religious, and commercial links steeped in antiquity. India was among the first to recognize the Maldives after its

independence in 1965 and to establish diplomatic relations. It fields the only resident diplomatic mission in the capital, Male. Since 1965, India and the Maldives have developed close strategic, military, economic, and cultural relations. India did little to discomfit increasingly authoritarian President Maumoon Abdul Gayoom during a thirty-year run in power (1978–2008), but also did nothing to interfere with his defeat and replacement in 2008 by the young and dynamic Mohamed 'Anni' Nasheed, whom Gayoom had earlier imprisoned.

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

The Maldives, along with Bhutan, are the only striking examples of successful Indian relationships with small neighbours.

Myanmar

Myanmar's geographic location largely between China and India endows it with great strategic significance for Delhi. Several of India's northeastern states, afflicted with more or less separatist insurgencies, share a border extending over 1,643 kilometres with Myanmar. The borders are impossible to patrol closely and thus porous, with population, insurgents, and local trade spilling across in both directions. To the north, China's long border with the Indian state of Arunachal Pradesh is a source of tension, as China claims the entire state as its own. Myanmar can connect China with parts of India's northeast beyond Arunachal Pradesh. Myanmar also offers China geographical access to Bangladesh.[97] It is thus the pivot of many forms of actual and potential transit that India could find highly threatening in a part of the country far from its critical mass. There can be little doubt that Delhi's close ties with Myanmar are motivated at least in part by India's desire to discourage and combat insurgencies in its own northeast region.[98] No wonder then that India treads carefully in its relations with the unattractive military regime ensconced in Myanmar's new capital Naypyidaw.

Positive developments in bilateral relations have occurred in all areas since the mid-1990s, especially under the two coalition governments led by Prime Minister Atal Bihari Vajpayee (1998–2004). Bilateral trade has grown strongly although the volume of formal trade remains less than half of that Myanmar conducts with China.[99] Myanmar's exports to India during 2008–9 amounted

to US$928.77 million, whereas India's exports to Myanmar for the same period stood at US$221.64 million.[100] Further, both countries have agreed to upgrade border trade at Moreh-Tamu and Zowkhathar-Rhi, and to open a new border trade point at Avangkhung in the states of Nagaland in India and Robermi in Myanmar. The two nations are also emerging as partners in the field of energy, information technology (IT), and power. In September 2008, an MoU was signed between NHPC (India) Ltd. and the Ministry of Power of Myanmar covering development of the Tamanthi Hydro-Power Project in the Chindwin river. The Centre for Development of Advanced Computing of India (C-DAC) has set up an India-Myanmar Centre for Development of IT Skill (IMCEITS), which was inaugurated by the Prime Minister of Myanmar, General Thein Sein, on 16 October 2008.[101]

Prime Minister Thein Sein visited India for the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) Summit in November 2008 and the Vice President of India, Hamid Ansari, visited Myanmar 5–8 February 2009. During his visit several agreements in the training field were signed, as well as a Bilateral Investment Promotion & Protection Agreement. Institutional initiatives to check the activities of Indian insurgent groups in Myanmar were also discussed. India remains committed to assistance in developing infrastructure within Myanmar, including the Kaladan Multimodel Transit Transport Project, and to strengthening cooperation in oil and natural gas exploration (among other sectors).[102]

Myanmar is a major exporter to India, mainly of agricultural produce and primarily pulses. In fact between US$50 and US$400 million of pulses get exported to India annually. There generally is no direct trade documentation between Myanmar and India as Myanmar is perceived as high risk and not easy to cover by insurance, especially because of the insurgency activities on both sides of the border. Indian companies also route much of their trade via Singapore in order to avoid tax. Besides the agro-manufacturing and trading which goes via Singapore, there is pharmaceutical distribution through Korean and German companies, rough stones are exported to India and then, once cut, to the Middle East, and there is an increasing volume of tourism.[103]

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

India's intelligentsia is hostile to Myanmar's military junta mismanaging the country's economy and oppressing its people. There is much sympathy for opposition leader Aung San Suu Kyi, who received the Jawaharlal Nehru Award for International Understanding in 1995, India's highest honour available to a foreigner.[104] And many Indians, including some prominent politicians such as former Prime Minister I. K. Gujral, believe that their own government should advocate democratic reforms in her country. Indian analysts also worry about spillover effects onto Indian soil and more widely into its neighbourhood, if and when the Naypyidaw regime falls in ways that spawn chaos and fear within the country. But most in government believe that India's strategic interests require it to compete for the favour of any government in Napyidaw, particularly one that has allowed China to gain such a strong foothold in its economy and through Beijing's defence footprint within Myanmar. President Than Shwe visited Delhi without provoking meaningful protest in July 2010. India's privileged relationship with the Naypyidaw generals allowed it quicker humanitarian access than that offered to multilateral agencies following the devastating floods in coastal areas of Myanmar brought about by Cyclone Nargis in May 2008. And it is conceivable that, when the Myanmar regime collapses under its own dead weight at some point in the future, India will be helpful in promoting a more inclusive form of government.

China–South Asia relations and India

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

In nearly every Indian regional relationship outlined above, China has appeared as either an active or potential third party. China is seen by Indians as having systematically sought to counterbalance India in the subcontinent by building up Pakistan and its military capabilities.[105] India watches warily as China expands its military and political roles across the Indian Ocean and South Asian region, fearing that it is sliding into a state of 'strategic encirclement' by China, in part through a 'string of pearls' strategy centred on the Indian Ocean.[106] This is the view of Gurmeet Kanwal, Director of a Delhi-based military think-tank, The Center for Land Warfare Studies (CLAWS), who writes:

> China's foreign and defence policies are quite obviously designed to marginalize India in the long term and reduce India to the status of a sub-regional power by increasing Chinese influence and leverage in the South Asian region.[107]

Indian analysts are apprehensive of China's security relations with India's South Asian neighbours. According to Sujit Dutta: 'Unlike China's ties in East Asia, where they are essentially economic, in South Asia ties are primarily political-military in content.'[108] Indeed, the perception of being threatened by China is deeply held in strategic circles in Delhi, and anti-Chinese sentiment is rarely far from India's editorial and commentary pages, placing India at something of a disadvantage vis-à-vis China, where media commentary can be carefully calibrated in the service of diplomacy.

India is today facing a challenge the United States never faced (irrespective of the Monroe Doctrine). Apart from a brief period in the early 1960s when the Soviet Union challenged Washington's hemispheric hegemony through Cuba, US dominance of the Americas, to the extent that it has cared to pursue and protect it, has not been threatened seriously since the early twentieth century (and probably before). India, on the other hand, sits alongside a powerful neighbour that is growing much faster than it economically and in terms of military capacity, and disposing of the resources necessary to make itself very attractive to other countries in the region.[109]

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

Challenges and the way forward

No big country is loved by its neighbours. India's neighbourhood policy abounds with ironies. While India has little influence over Pakistan, its policy

is thought by many outside observers to be perhaps excessively and unhelpfully Pakistan-centric.[110] This has prompted other nations to wonder if a belligerent anti-India policy is the best method of attracting Delhi's attention.[111] The irony lies in India's considerable restraint in reacting to security crises believed to have originated from within Pakistan; but the fact remains that while India is considerably less focused on Pakistan than many Pakistanis seem to be on India, the first steps in arranging a lasting détente will probably need to come from the larger, stronger, and more self-confident party in the relationship.

The challenge for Indian diplomacy lies in convincing its neighbours that India is an opportunity, not a threat. Far from being besieged by India, they have through it access to a vast market and to a productive hinterland that could provide their economies far greater opportunities for growth than if they were to rely on their domestic markets alone. For Bangladesh, greater engagement with India could yield major economic dividends, as Sri Lanka has already established. But has India done enough to make this option attractive? Judging from the admittedly narrow prism of its lacklustre leadership of SAARC, the answer would have to be not yet. And, as described earlier in this chapter, intra-South Asian trade remains limited. On the other hand, Indian Prime Minister Singh's advocacy of greater economic integration among SAARC partners rings true, as does his positive engagement with global financial and economic challenges in the G-20.[112]

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

India's pragmatism on both the Sri Lankan and Nepali civil wars in recent years has served it well. It does not seem to have lost any real (as opposed to imagined) influence in either country, although Nepal's Maoists are quick to see Delhi's hand behind every adverse development befalling them. That India is today, to use an expression of George H. W. Bush in 1988, a 'kinder and gentler' neighbour than it was twenty years ago redounds entirely to its credit. But this still does not amount to much of a strategy.

A strategy for each neighbouring country (and sometimes cross-cutting ones for several neighbours) may require better coordination and more attention among various units of government in Delhi than has been the case to date. As JNU scholar Rajeev R. Chaturvedy comments: 'India must intensify its efforts to improve its internal security conditions and institutional capacity which, through their current deficiencies, are negatively affecting foreign policy formulation and execution by shrinking India's margin for maneuver vis-à-vis cross-border partners.'[113] India also needs to devote more diplomatic

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

For example, migration to India from Bangladesh and Nepal may increase further and create new problems relating to demographic imbalance in certain parts of India, giving rise to friction between communities or simply rises in crime rates. However, if educational and employment opportunities are created in the hilly hinterlands of Nepal or in the outlying districts of Bangladesh, they may act as domestic checks to mitigate pressure for migration.

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

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

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

Indian policy in South Asia has improved in tone and quality in recent years. But it is not yet such as to induce either awe or affection amongst those neighbours who matter. India cannot aspire to be a truly convincing 'great power' until it achieves a better handle on its region without the support and active involvement of outsiders. Indeed, India faces a circular challenge: unless its region becomes more cooperative (and prosperous), India is unlikely to develop into more than a regional power, but it is true as well that it cannot be a global power unless it reaches beyond its neighbourhood. This conundrum will arise again, more indirectly, in chapters ahead.