

#### Neighbourhood

#### Pakistan

#### Executive Summary

- ◆ India's neighbourhood is in turmoil. This creates a variety of internal and external security challenges for the country. Terrorism, maritime security and border management are the key challenges.
- ◆ India needs to give focused attention to its neighbourhood as a stable and friendly South Asia is a sine qua non for its progress.
- ◆ Pakistan is passing through an unprecedented political, economic and social crisis. The Islamic radical elements pose a threat to stability in Pakistan.
- ◆ India faces the challenge of dealing with an increasingly Talibanised Pakistan where the institutions of governance, particularly the army, are coming under the sway of Taliban ideology.
- ◆ The military operations launched by the Pakistan army in FATA and NWFP under US pressure have created long term problems. Nearly two million people have been displaced. Fears have been expressed that indiscriminate use of force by the Pakistani army could trigger civil war in Pakistan.
- ◆ Pakistan remains ambivalent on dealing with militant groups, particularly the LeT. Pakistan has not taken any credible action against the terrorists who perpetrated the Mumbai attack.
- ◆ India's short term options vis-à-vis Pakistan are limited. India needs to be prepared internally to deal with future terrorist attacks from Pakistani soil and should evolve an action plan of what it should do vis-à-vis Pakistan in the event of another 26/11 like attack.
- ◆ Resumption of composite dialogue with Pakistan will be counterproductive if undertaken before it has shown an inclination to wind down the infrastructure of terror.



## Afghanistan



- ◆ India should be prepared to deal with medium to long term possibility of unstable Pakistan. Pakistan supported terrorism in Kashmir and elsewhere is likely to continue. Our border guarding forces and the army, therefore, will have to remain specially vigilant.
  - ◆ India should remain in touch with various constituencies in Pakistan, particularly in Sindh and Balochistan. We should develop long term contacts with Shias, Ismailis, Barelvis, Sindhis and Mohajirs to encourage them to take a firm stand against the Taliban. India should involve Indian Muslims, particularly the Barelvis and Shias to establish contacts in Pakistan.
  - ◆ India should remain in touch with the civil society in Pakistan.
  - ◆ We should consider our leverages vis-à-vis Pakistan particularly in the context of water and cyber issues. India should not give in to Pakistani blackmail on water and instead propose re-negotiation of the Indus Water Treaty.
  - ◆ The pace of normalization of relations with Pakistan should be decided by India without any external interference. We should stoutly resist efforts in future to link Kashmir with US's Af-Pak policy.
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- ◆ India should be cautious about the Af-Pak strategy unveiled by the US as it has several inherent weaknesses.
  - ◆ India should resist getting involved militarily in the Afghan security situation.
  - ◆ India should continuously review its rehabilitation and reconstruction programme in Afghanistan with a view to making it more relevant to the Afghan people. In particular, India should consider offering assistance to Afghanistan in implementing such successful programmes as the National Rural Employment Guarantee Programme.
  - ◆ India should assist Afghanistan in training of its security forces.
  - ◆ India should strengthen its relations with the Afghan parliament and the media. India could offer scholarships to media and communication professionals in Afghanistan.
  - ◆ India should conduct a dialogue with the regional powers and the US to explore the possibility of international guarantees for Afghanistan's neutrality. A neutral

## Bangladesh

Afghanistan would help prevent outside interference which has been the bane of Afghanistan's stability.

- ◆ The massive mandate for change given to the Awami League by the voters presents an opportunity for India to work towards a better relationship with Bangladesh which stagnated during the BNP-led government.
- ◆ From India's point of view the key issues are illegal migration from Bangladesh, the presence of IIGs in Bangladesh, the lack of transit facilities through Bangladesh, the involvement of HuJI cadres in terrorist incidents in India.
- ◆ From Bangladesh's point of view the main grievances are the adverse balance of trade, non-trading barriers, water sharing, non-ratification of Indira-Mujib Accord, unresolved question of enclaves and adverse possessions.
- ◆ India should walk the extra mile in resolving the outstanding issues with Bangladesh during the tenure of the Awami League government. Issues related to non-tariff barriers should be resolved expeditiously.
- ◆ We should initiate steps to exchange adverse possessions and settle the land and maritime borders early.
- ◆ We should persuade the Bangladeshi government to take action against the IIGs based on Bangladeshi soil as well as Islamic fundamentalists.
- ◆ We should deal with the illegal migration problem ourselves by strengthening the border fence, issuing identity cards to the Indian population on the border and by issuing work permits to economic migrants.
- ◆ As a hedging strategy, we should enhance our engagement with Myanmar in the hope that Bangladesh will be persuaded to engage with India.

## Nepal

- ◆ The fall of the Maoist-led government in May 2009 over the sensitive question of the integration of the Maoist cadres into the Nepalese army and civil-military relations has brought political instability to the country. This situation is likely to continue even though a new government led by UML has been installed.
- ◆ From India's point of view the key questions in Nepal are the perceived tilt towards China under the Maoist



government, unrest among the numerous ethnic groups, the anti-India feeling in Nepal, particularly amongst the Maoists, the presence of the ISI in Nepal.

- ◆ A vocal section of Nepalese society sees India as interfering in Nepal's affairs.
- ◆ India should not be seen taking sides in the Nepalese imbroglio.
- ◆ India should encourage the implementation of the understanding reached by the political parties in the course of the peace process.
- ◆ India should at the same time make it clear to the Nepalese government that it should show sensitivity to India's security concerns.
- ◆ The border check points on India-Nepal border should be upgraded and modernized.
- ◆ India should not hesitate to re-negotiate the India-Nepal Treaty if Nepal so desires.
- ◆ India should play a more proactive role on the issue of Bhutanese refugees in Nepal.

## Bhutan

- ◆ India and Bhutan have signed a new treaty which gives Bhutan greater freedom of action in foreign affairs than was possible under the earlier treaty.
- ◆ India-Bhutan relations are friendly and are becoming stronger. Indian projects in Bhutan have led to a substantial increase in Bhutan's GDP.
- ◆ India should continue with its policy of deepening ties with Bhutan but we need to be vigilant on two aspects: the sensitive issue of Bhutanese refugees in Nepal, and the ongoing border talks between Bhutan and China which have serious implications for India's security.

## Sri Lanka

- ◆ With the demise of Prabhakaran, a new chapter has opened in Sri Lanka. India should take advantage of the opportunity provided by the vanquishing of the LTTE.
- ◆ India should provide generous support to Sri Lanka in relief, rehabilitation and reconstruction efforts required to rehabilitate nearly 250,000 civilians who were trapped in the war zone. This will help India regain its influence in Sri



## Maldives

Lanka, both with the government as well as the Tamil population.

- ◆ India should, through quiet diplomacy, persuade the Sri Lankan government to come out with a substantial devolution package which would help extend equal civil and political status to the Tamils. This is crucial.
- ◆ India should work assiduously to curtail the influence of Pakistan and China which has grown over the last few years.
- ◆ Sri Lanka is set to expand its army by fifty per cent. India should enhance its military ties with Sri Lanka. India should re-evaluate the cost and benefits of the Setusamudram project. Instead, a bridge to Sri Lanka connecting Dhanushkoti to Sri Lanka may be considered. This will improve connectivity between the two countries.

- ◆ The elections in Maldives resulted in a peaceful change of government in the country. The new President is friendly towards India. India should work hard to deepen India-Maldives relations, particularly by increasing investment, technical assistance and trade.
- ◆ India should take note of the rising Chinese presence in Maldives and the reported increase of influence of Islamic radicals in the country.
- ◆ Military cooperation with Maldives should be enhanced.



# Brief on India's Neighbourhood

## I. Neighbourhood:

India's neighbourhood is in considerable turmoil at the present moment. The instability is likely to continue for the foreseeable future. India has sought to improve its relations with neighbouring countries. Regional cooperation is an important instrument of India's policy towards its neighbours. The neighbouring countries have also derived considerable mileage from economic cooperation with India. This is particularly true of countries like Nepal, Bhutan and Sri Lanka. Pakistan, Nepal, Bhutan, Maldives and Bangladesh have held peaceful elections in the recent past. The upsurge of democracy in South Asia should normally provide a sound foundation for better relationship between India and these countries.

However, several challenges remain. There are powerful anti-India forces in many of our neighbouring countries. Regional cooperation, particularly in the context of SAARC, has not made visible difference to the life of the common person in South Asia. The democratic institutions in India's neighbourhood are fragile. China is making inroads into South Asia. India's borders are porous and ill-regulated. Terrorism, human and arms trafficking, smuggling and organized crime are rampant. Pakistan uses Nepal and Bangladesh to launch terrorists into India. Groups like LeT have presence in even Sri Lanka and Maldives. Maritime security is a matter of concern for India. It is in this background that India needs to devise its South Asia policies.

### a. Pakistan:

Pakistan is undergoing a tremendous upheaval, with the Taliban having established control over some areas outside FATA. The country has become the epicentre of international terrorism. The Taliban influence in Punjab is also increasing. The Pakistan army, under US pressure, is involved in a military conflict with the Taliban groups. This has worsened the humanitarian situation in the country. Over a million persons have been displaced. However, the ability of the Pakistan army to control the situation is in doubt. Strong military action involving the use of air power would result in civilian casualties which would in turn alienate the population from the army and could have an impact on its

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own cohesion. Pakistan is also simultaneously facing a serious economic crisis which limits its capability to deal with the situation in the country. Its dependence on external aid is growing. However, the US, concern about the real danger of the Pakistani nuclear weapons falling into the hands of the Jihadis, is likely to extend complete support to Pakistan. The increasing US influence in Pakistani affairs will make the US more unpopular in the country.

In the short to medium term, India should proceed on the assumption that Pakistan will remain unstable and the situation there may worsen. The possibility of a civil war in Pakistan cannot be ruled out. The Jihadi groups could target India in future with Mumbai like attacks. While a stable

Pakistan is in India's long term interest, India has very limited leverage to affect the course of events in Pakistan. Pakistani situation can improve only if it sheds its obsession with Kashmir and the idea that India is an enemy country. Pakistan needs to sincerely develop cooperation with India in all fields. She is getting similar advice from the US.

Unfortunately, the Pakistan army's mindset would not allow that to happen.

While Pakistan remains in turmoil, India has to make all efforts to harden itself against possible terror attacks from Pakistani soil. We need to project Pakistan as a threat to international security which it has become because of the nuclear and terrorism factors.

### **b. Afghanistan:**

With the onset of summer, fighting in Afghanistan between coalition forces and the Taliban has intensified. The increased fighting has coincided with the resurgence of Pakistani Taliban against whom Pakistani army has launched operations in Swat and other parts of NWFP. Afghanistan is heading for presidential elections in August 2009 which President Karzai is likely to win. After President Obama unveiled his Af-Pak strategy in March, the US has come to hyphenate the Afghanistan problem with that of Pakistan. The new strategy is similar to the strategy adopted by the US in Iraq. The US will induct 17000 additional troops to stabilize Afghanistan. The US's goal in Afghanistan is essentially to act against the Al Qaeda and other terrorist groups who can threaten the US. The Af-Pak strategy is aimed at minimizing the US losses and disentangling the US from Afghanistan in due course. Another important aspect of the strategy is to put pressure on Pakistan to take effective action

against Pakistani Taliban. The US has also sought alternative routes of supply through Russia and Central Asia.

Only time will tell whether Af-Pak strategy will succeed. However, there are several weaknesses in the strategy. The US reliance on Pakistan to fight the Taliban may prove to be a mistake considering that Pakistan has adopted an ambiguous approach towards the Taliban. US military operations in Afghanistan in which civilian casualties occur routinely make it unpopular. The US is building local militia in Afghanistan and is also wooing the so called "good Taliban". This part of the strategy may turn out to be counterproductive.

Pakistan has launched a propaganda campaign that Indian consulates in Afghanistan are being used to destabilize Pakistan. Unfortunately, the US has not openly condemned Pakistan for its misplaced propaganda. India has a substantial rehabilitation and reconstruction programme worth \$1.2 billion in Afghanistan. This has been appreciated by Afghanistan and the Afghan people. However, India should resist pressure from any side to send troops to Afghanistan to fight the Taliban. Our approach should be to continue with the assistance programme and review it from time to time to make it more effective. Some of the developmental experience gained in India e.g. National Rural Employment Guarantee Scheme, can be implemented in Afghanistan on a pilot basis in areas where the security situation is not serious.

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On the bilateral plane, India could consider enhancing its technical assistance programme for Afghanistan. Indian socio-economic development experts could be sent to Afghanistan in larger numbers. We could also play a greater role in training and equipping the Afghan security forces.

India should work closely with Afghanistan to strengthen counter-terrorism cooperation and promote information-sharing. This will help prevent terrorist attacks by groups based in Afghanistan-Pakistan region.

India should be alert to the possibility of Pakistan disintegrating or at least remaining in a state of prolonged

chaos. India should remain in touch with the various constituencies in Pakistan, particularly in Sindh and Balochistan. We should also remain in touch with the civil society in Pakistan and help it to become stronger. People to people contacts should be continued. We should also consider our leverages vis-à-vis Pakistan particularly in the context of water and cyber issues. Our border guarding forces should exercise extra vigil with regard to the possibility of influx of Pakistanis to India in case the situation deteriorates. Pakistan has not taken concrete action for booking the culprits of Mumbai attacks nor in dismantling the infrastructure of terrorism. Therefore, there is no pressing requirement of resuming the composite dialogue.

### c. Bangladesh:

The Awami League government has received a massive mandate for change. The Awami League has traditionally been friendlier towards India than the BNP. India has an opportunity to settle the outstanding bilateral issues with Bangladesh during the tenure of the present government. Our key concerns remain the IIG's presence in Bangladesh, continuing illegal migration from Bangladesh which has

resulted in the alteration of demographic balance in the North East; the lack of transit facilities through Bangladesh to the North East, the involvement of HuJI cadres in terrorist incidents in India, anti-India mindset of some political parties including the BNP and JI, etc. Bangladesh has a similar list of grievances against India. These include adverse balance of trade, non-trading barriers of various kinds, water sharing, non-ratification of Indira-Mujib Accord, unresolved question of enclaves and adverse possessions. The acute suspicion of India which was prevalent during the BNP rule came in the way of resolving these issues.

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The security threats arising from Bangladesh are diffused but no less serious than those emanating from the Western side. The threats from Bangladesh cannot be dealt with through military means only. India's effort should be to walk the extra mile in resolving the outstanding issues with Bangladesh during the tenure of the Awami League government. We should consider the genuine concerns of the Bangladeshi government on trade and non-tariff barriers. We should also enhance military to military contacts. We must initiate steps to exchange adverse possessions and

settle the land and maritime borders early. There is, however, a need to be cautious on water-sharing issues as India also has genuine concerns on water security. The Bangladeshi government needs to be persuaded to take action against the IIGs based on their soil as well as the Islamic fundamentalists.

We should deal with the illegal migration problem ourselves by strengthening the border fence, issuing identity cards to the Indian population on the border and by issuing work permits to economic migrants.

No government in Bangladesh including the Awami League led government can openly display a positive stance towards India. Therefore, we will have to be sensitive in dealing with Bangladesh. As a hedging strategy, we should enhance our engagement with Myanmar in the hope that Bangladesh will be persuaded to engage with India.

#### **d.Nepal:**

Nepal is currently passing through political uncertainty. The monarchy has been abolished for good. Yet, the republican system has not yet consolidated. The Constituent Assembly, elected in April 2008, has yet to begin the task of framing a constitution. The coalition government led by the Maoists fell in May 2009 on the sensitive question of the integration of the Maoist cadres into the Nepalese army. Prime Minister Prachanda had to resign after a stand-off between his government and the Army Chief. Thus, civil-military relations in Nepal have become a point of contention.

The disunity amongst the political parties on critical issues will continue to bring political instability in the country. The

Madhesi question is a potential flash point in unstable Nepal. Anti-India feeling is also on the rise. A section of Nepalese population, particularly, the Maoist supporters, see India as interfering in Nepal. The Maoist-led government also showed a distinct tilt towards China. The Chinese have stepped up their contacts and

presence in Nepal. This can have serious implications for India. The security interests of India are also adversely affected by the infiltration of terrorists through Nepal into India. The ISI remains active in the country. The Madarssas along the Tarai border have been breeding Islamic fundamentalists with anti-India mindset.

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interference. India should go towards reconciliation amongst the various political parties and encourage them to get on with the task of constitution making. India has several leverages in Nepal but these will have to be used with utmost circumspection.

We should not be seen to be taking sides in the Nepalese imbroglio. India should continue with its assistance and people to people contacts with Nepal. India should promote in Nepal the cause of Indo-Nepal cooperation which will be beneficial to both countries. At the same time, India should make it clear that the Nepalese government should pay heed to India's security concerns.

India should also resist the interference by the Western powers as well as the UN in Nepal. We should reach out to pro-India constituencies in Nepal through carefully designed programmes.

The border check points on India-Nepal border should be upgraded and modernized. The infrastructure on our side should also be improved. India should work out a trilateral cooperation initiative between Nepal, Bangladesh and India. We should adopt a more proactive approach on the issue of Bhutanese refugees in Nepal

#### **e. Bhutan:**

India and Bhutan have signed a new treaty which gives Bhutan greater freedom of action in foreign affairs than was permissible under the earlier treaty. The king has become a constitutional monarch as democracy takes root in the country. Elections have been held under the new constitution. India-Bhutan relations are friendly and are becoming stronger. Indian projects in Bhutan have led to a substantial increase in Bhutan's GDP.

**On the refugee issue we need to ensure that the relationship between Bhutan and Nepal does not deteriorate. We should clearly explore the possibility of a more proactive role on this issue.**

India should continue with its policy of deepening its ties with Bhutan. However, we will have to be vigilant on two aspects: the sensitive issue of Bhutanese refugees in Nepal, and, the ongoing border talks between Bhutan and China which have serious implications for India's security. On the refugee issue we need to ensure that the relationship between Bhutan and Nepal does not deteriorate. We should clearly explore the possibility of a more proactive role on this issue. On the border negotiations between China and Bhutan, we should convey to the Bhutanese side our position on the critical ridges so that our security concerns are addressed by the Bhutanese side.

**The challenge before India would be to ensure that the Sri Lankan government comes up with a credible devolution package that guarantees equal rights to the Tamils.**

#### **f. Sri Lanka:**

The Sri Lankan armed forces have managed to defeat the LTTE and kill Prabhakaran. However, the military victory over LTTE comes at a heavy price. A large number of civilian has been trapped in the war zone. The LTTE had been using the civilian population as human shield. The Sri Lankan armed forces have also been guilty of using indiscriminate force resulting in civilian casualties. India has offered humanitarian assistance for the affected population. This policy should continue. However, the Sinhala chauvinist opinion has been buoyed by the LTTE's defeat. The challenge before India would be to ensure that the Sri Lankan government comes up with a credible devolution package that guarantees equal rights to the Tamils. This will not be easy. The government will also have to be alert to the rise of pro-Eelam sentiment in Tamil Nadu.

Another factor that needs to be taken into account is the rise of influence of Pakistan and China in Sri Lanka as the Sri Lankan government in recent years has turned to these countries for support. The government should engage with all sections of society in Sri Lanka to ensure a political settlement of the issue. Another factor of concern is the reported presence of LeT in Sri Lanka.

With the marginalization of LTTE, new opportunities have opened in India-Sri Lanka relations which India must use. Indo Sri Lankan defence cooperation which has been languishing on account of domestic political sensitivities must be stepped up to reduce space available to China and Pakistan.

Economic cooperation with Sri Lanka must be enhanced to integrate the Sri Lankan economy with Indian economy. There is a need to build a land bridge from Dhanushkodi to Talai Mannar as this will boost connectivity and economic ties and tourism between the two countries. There are apprehensions in Sri Lanka about the Sethu Samudram Project and this project, therefore, needs to be reviewed, as it creates a gulf between two friendly neighbours.

#### **g. Maldives:**

Elections in Maldives have resulted in a peaceful change of government in the country. The new President is well disposed towards India and is looking for deepening India-Maldives relations. India should take the opportunity to enhance the level of Indo-Maldives relations. India should

**India should enhance environmental cooperation with Maldives particularly in the area of climate change.**

look for greater presence in Maldivian economy through increased investment, trade and technical assistance. At the same time she will have to factor in the rising Chinese presence in Maldives as well as the reported increase of influence of Islamic radicals in the country. A dozen Maldivian fundamentalists were caught in Pakistan. India should enhance environmental cooperation with Maldives particularly in the area of climate change. The Maldivian President has said that his country would be looking for land in India and Australia in case the Maldivian islands begin to sink with rising sea level. India should brief itself properly on what exactly the Maldivian President has in mind. Military cooperation with Maldives also needs to be enhanced.

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