

# Current Affairs

## The 'Pivot'

The American military and diplomatic 'pivot,' or 'rebalance' toward Asia became a popular theme after Hillary Clinton authored *America's Pacific Century*, in the journal, Foreign Policy. Clinton's article emphasizes the importance of the Asia-Pacific, noting that nearly half of the world's population resides there, making its development vital to American economic and strategic interests. She states that "open markets in Asia provide the United States with unprecedented opportunities for investment, trade, and access to cutting-edge technology. Our economic recovery at home will depend on exports and the ability of American firms to tap into the vast and growing consumer base of Asia. Strategically, maintaining peace and security across the Asia-Pacific is increasingly crucial to global progress, whether through defending freedom of navigation in the South China Sea, countering the proliferation efforts of North Korea,... etc.

The 'pivot' strategy, according to Clinton, will proceed along six courses of action: strengthening bilateral security alliances; deepening America's relationships with rising powers, including China; engaging with regional multilateral institutions; expanding trade and investment; forging a broad-based military presence; and advancing democracy and human rights.

Areas of Continuity. Much of the "pivot" to the Asia-Pacific is a continuation and expansion of policies already undertaken by previous administrations, as well as earlier in President Obama's term. Since President Obama's inauguration in 2009, the United States has given considerable time and emphasis to Southeast Asia and to regional multilateral institutions. Under President George W. Bush, the United States emphasized the strengthening of relations with existing allies in Asia, began moving toward a more flexible and sustainable troop presence in the region, concluded a free trade agreement (FTA) with South Korea, Trans-Pacific Partnership (TPP) negotiations began, and forged new partnerships with India and Vietnam. All of these steps have been furthered by the Obama Administration.

However, there are a number of new aspects of the shift. The most dramatic lie in the military sphere. As part of a plan to expand the U.S. presence in the southwestern Pacific and make it more flexible, the Obama Administration has announced new deployments or rotations of troops and equipment to Australia and Singapore. U.S. officials have also pledged that planned and future reductions in defense spending will not come at the expense of the Asia-Pacific. Additionally, underlying the "pivot" is a broader geographic vision of the Asia-Pacific region that includes the Indian Ocean and many of its coastal states.

Benefits, Costs, and Risks. Underlying the "pivot" is a conviction that the center of gravity for U.S. foreign policy, national security, and economic interests is being realigned and shifting towards Asia, and that U.S. strategy and priorities need to be adjusted accordingly. For many observers, it is imperative that the United States give more emphasis to the Asia-Pacific. Indeed, for years, many countries in the region have encouraged the United States to step up its activity to provide a balance to China's rising influence.

There are a number of risks to the "pivot," however. In an era of constrained U.S. defense resources, an increased U.S. military emphasis on the Asia-Pacific region might result in a reduction in U.S. military capacity in other parts of the world. Another budgetary consideration is that plans to restructure U.S. military deployments in Asia and minimize cuts in the Navy may run up against more restrictive funding constraints than plans yet assume. Additionally, the perception among many that the "rebalancing" is targeted against China could strengthen the hand of Chinese hard-liners. Such an impression could also potentially make it more difficult for the United States to gain China's cooperation on a range of issues. Additionally, the prominence the Obama Administration has given to the initiative has raised the costs to the United States if it or successor administrations fail to follow through on public pledges made, particularly in the military realm.

Supporters of pivot say that Obama's 'pivot' or rebalancing toward the Asia-Pacific region is appropriate. "Without such a move, there was a danger that China, with its hard-line, realist view of international relations, would conclude that an economically exhausted United States was losing its staying power in the Pacific."

With the United States now fully invested in Asia, it would significantly reduce miscalculation and the likelihood of conflict in the US-China relation. United States' rebalancing is "part of a broader regional diplomatic and economic strategy that also includes the decision to become a member of the East Asia Summit and plans to develop the Trans-Pacific Partnership, deepen the United States' strategic partnership with India, and open the door to Myanmar." Beijing may not welcome the pivot, but China, understands it.

Critics however argue that the 'pivot' toward China is creating a self-fulfilling prophecy, whereby U.S. policy "unnecessarily compounds Beijing's insecurities and will only feed China's aggressiveness, undermine regional stability, and decrease the possibility of cooperation between Beijing and Washington." The United States is minimizing long-term diplomatic engagement and inflating the threat posed by Chinese power.

Another line of criticism says that turning away from the Middle East, where a number of urgent challenges remain, including the Syrian civil war, the ongoing struggle with the Taliban and al Qaeda, and Iran's nuclear program, would undermine the interests of the United States and its allies in the region and may cause China to sense a vacuum and seek to fill it.

## **India and the pivot**

'Looking, engaging and acting East' is a core interest for India. One-third of India's external trade is with its East Asian neighbors—and that share will grow. India and Southeast Asia together constitute one-fourth of humanity and have a combined GDP of \$3.8 trillion. India seeks to expand trade with the Association of Southeast Asian Nations (ASEAN) from its current \$80 billion to \$100 billion by 2015 and \$200 billion by 2022. Because of India's vast market, members of ASEAN see opportunities to diversify their economic relations by 'engaging West'. ASEAN views India as an indispensable security partner because ASEAN's problems will also be India's.

India, ASEAN and the United States could collaborate on maritime security, humanitarian and disaster relief, and counterterrorism. As over 90 percent of the region's trade is seaborne, particularly energy resources, and the littoral nations of the Indo-Pacific share a commitment to freedom of navigation,

experts recommend intensified bilateral security engagement and multilateral efforts to create a maritime security regime to provide mutual reassurance to all Asian nations. An open, inclusive, transparent, and balanced arrangement to address piracy, mishaps at sea, energy security and oceans management—particularly in the Bay of Bengal and South China Sea—would be far preferable to the potentially competitive naval build-up currently underway.

Connectivity is crucial. For example, the Mekong-India Economic Corridor (MIEC). For greater land connectivity, plans are underway to complete the India-Myanmar-Thailand Trilateral Highway which will not only boost incomes in the region but also help solidify Myanmar's shift toward democracy. For sea connectivity, major port projects, including the \$8.6 billion Dawei deep-sea port and industrial estate, will link east and northeast India to Myanmar, Thailand and beyond.

India is unlikely to become a US ally if the pivot has any plans to be anti-China. The strategic goals of at least a section of the Indian foreign policy elite can be gauged from the report *Nonalignment 2.0*, published in 2012 by the Center for Policy Research (CPR), an influential Indian think tank. The report's study group included prominent retired officials such as Ambassador Shyam Saran, who helped negotiate the US-India civil nuclear deal, and Lieutenant General Prakash Menon. The deliberations were also attended by the sitting national security adviser, Shivshanker Menon, and his deputies, thus signaling some level of official endorsement. The report argued that "strategic autonomy" in the international sphere has and should continue to define Indian foreign policy so that India can benefit from a variety of partnerships and economic opportunities to spur internal development, which in turn will propel its rise to great-power status. Shashi Tharoor calls it multi alignment to broaden our global engagement.

Even if India were to abandon strategic autonomy, as some of the report's critics advocate, it is essential to note that the Sino-Indian relationship is a little too complex for the sort of balancing game the US played with the USSR during the Cold War. As highlighted by Mohan Malik, the relationship faces several tensions, including territorial disputes, China's aggressive patrolling of borders, maritime competition, and the race for alliances with littoral states in the Indian and Pacific Oceans. But China also happens to be India's second-largest trading partner. Sino-Indian bilateral trade in 2012 peaked at almost \$74 billion. In short, the relationship is adversarial in certain areas, but symbiotic in others.

India is also engaged with China in international forums that are often perceived as emerging balancers *against* US power, such as the India-Russia-China forum and the Brazil-Russia-India-China-South Africa (BRICS) group, which has not only criticized US policies, but also called for replacing the US dollar as the international currency.

Furthermore, the Indo-US relationship has troubles of its own, especially in dealing with Iran and Afghanistan, which signal the limits of Indian support for US policies in Asia. Because Iran is a key resource for energy supplies, India has not participated in efforts to pressure Iran economically to curtail its nuclear program. When US sanctions against Iran were heightened in early 2012, Iran and India proposed a plan to barter oil for wheat and other exports. India is also perturbed by the US's planned departure from Afghanistan in 2014, which it fears may lead to chaos there. Moreover, it is wary of US-Taliban negotiations, afraid that the Taliban's return to power will put Indian investments in Afghanistan at risk and also offer strategic space to anti-Indian militant groups.

For these and other reasons, while the US and India share a range of common interests now and have been cooperating in a variety of areas, they still have a long way to go before establishing a truly close partnership. While the growing strength of this relationship is obvious, so are its limitations, and the ultimate nature of this relationship is as yet an open question. India's global rise and the position it can acquire within US grand strategy is also dependent on things beyond America's control—its continued economic growth and ability to tackle domestic challenges such as poverty and underdevelopment, infrastructural weaknesses, and multiple insurgent conflicts. It also fundamentally depends on the US's continued ability to financially and politically afford a strong military and diplomatic presence in Asia.

The current strategic commitments of American and Indian policymakers have also placed limits on the relationship. In Washington's game plan, India is only one country in a larger web of alliances that the US is developing. For its part, New Delhi is not looking to commit to an exclusive alliance with the US, but rather enter into a series of partnerships with a number of countries to gain what it can in terms of resources, trade, and security cooperation.

### **Indo-Pacific**

#### **Asia-Pacific or Indo-Pacific?**

In a speech to the Indian parliament in 2007, Shinzo Abe, the then-prime minister of Japan, became one of the first Asian leaders to call attention to a dawning geopolitical reality: "We are now at a point at which the Confluence of the Two Seas is coming into being...The Pacific and the Indian Oceans are bringing about a dynamic coupling as seas of freedom and of prosperity. A 'broader Asia' that (breaks down) geographical boundaries is beginning to take on a distinct form."

Abe was a little ahead of his time in acknowledging the "distinct form" of the Indo-Pacific region. Many believe that day has now arrived. Former Secretary of State Hillary Clinton used the term in her seminal 2011 Foreign Policy article "America's Pacific Century."

More recently, India's ambassador to the United States and former foreign secretary, Nirupama Rao, made the case for the Indo-Pacific in a speech at Brown University: "There is a seamless stretch of oceanic space that links the Indian and Pacific Oceans. The earlier concept of the Asia-Pacific had sought to exclude India—today the term Indo-Pacific encompasses the subcontinent as an integral part of this eastern world. We are glad that the mental map of the Asia Pacific has changed and that the center of gravity has moved westward to include India...The task before us is to concretely define this concept through expanding security, especially maritime, and economic cooperation."

Strategic thinkers are also arguing the case, including one of India's most prominent, Dr. C Raja Mohan, author of the *Samudra Manthan: Sino-Indian Rivalry in the Indo-Pacific*:

"The reference to the 'Indo-Pacific' in the subtitle of this volume is aimed at capturing the increasing integration of the regional theaters in the Eastern Hemisphere...That the major powers of East Asia, especially Japan, China, and South Korea, are increasingly dependent on the energy and mineral resources of the Indian Ocean has been known for quite some time. In recent years, this dependence has begun to make an impact on the strategic thinking in East Asia. Securing the seaborne trade through the Indian Ocean and its entry into the western Pacific through narrow choke points in Southeast Asia has also become a major strategic concern for both Japan and China."

In his book, Mohan calls attention to one other group that is now in favor of using Indo-Pacific over Asia-Pacific. The term, says Mohan, "has wide acceptance among the oceanographers as representing a 'bio-geographical' region comprising the warm tropical waters of the Indian Ocean and the western and central Pacific Ocean."

## **RCEP and TPP**

Regional Comprehensive Economic Partnership (RCEP) is a Free Trade Agreement (FTA) scheme of the 10 ASEAN Member States and its FTA Partners (Australia, China, India, Japan, Korea and New Zealand) to be concluded by the end of 2015 includes more than 3 billion people, has a combined GDP of about \$17 trillion, and accounts for about 40 percent of world trade.

ASEAN already has free trade agreements (FTA) of varying types with the six regional economies and the objective of RCEP is to combine those into one single comprehensive FTA that would harmonise the existing arrangements. This indeed would be a challenging task.

At the launch of negotiations in late 2012, the leaders of each relevant country endorsed the "Guiding Principles and Objectives for Negotiating the Regional Comprehensive Economic Partnership." The key points of this document are as follows.

Scope of negotiations RCEP will cover trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement and other issues.

Commitment levels The RCEP will have broader and deeper engagement with significant improvements over the existing ASEAN+1 FTAs, while recognizing the individual and diverse circumstances of the participating countries.

Negotiations for trade in goods Negotiations should aim to achieve the high level of tariff liberalization, through building upon the existing liberalization levels between participating countries.

Negotiations for trade in services The RCEP will be comprehensive, of high-quality and consistent with WTO rules and all service sectors will be subject to negotiations.

Negotiations for investment Negotiations will cover the four pillars of promotion, protection, facilitation and liberalization.

Negotiation schedule Negotiations will commence in early 2013 and aim to complete by end-2015.

Participating countries Participants will be ASEAN members and FTA Partners. After the completion of the negotiations, countries other than the 16 states may join.

On the other hand, the Trans-Pacific Partnership (TPP) is a proposed regional free trade agreement (FTA) that includes Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. While the RCEP is perceived as China-dominated grouping (though with the centrality of ASEAN), TPP is viewed as an American driven process which has geo-strategic objectives besides the economic significance of the grouping.

It can also be easily said that both may be competing for almost the same set of countries becoming its members and they also have similar agenda. Some of the ASEAN members are also members of the TPP besides having a network of FTAs at the bilateral level with many other countries.



Further, while RCEP differentiates between the different levels of development while going into the issues of protection of domestic industries etc and introduction of preferential tariffs and non-tariff barriers especially for the least developed ASEAN members, the TPP is expected to go in for more stringent rules with which developing countries may not be comfortable with. One of the Guiding Principles of RCEP states that it "will have broader and deeper engagement with significant improvements over the existing ASEAN+1 FTAs, while recognizing the individual and diverse circumstances of the participating countries".

The TPP, on the other hand, has proposed to link trade, economic and investment issues with labour laws, environmental protection and Intellectual Property Rights (IPR) besides other regulatory and technical issues and work towards WTO plus standards. This means that TPP will enforce more stringent rules especially concerning labour and environment than the WTO guidelines. This may not be acceptable to the ASEAN+ 6 members towards trade and commerce issues.

Even while moving towards RCEP, there were geo-politics involved when China was only keen to include ASEAN, Japan and South Korea (ASEAN+3) leaving out India, Australia and New Zealand. Japan, on the other hand prevailed upon China to forge the multilateral grouping based on ASEAN+6.

Further, it is not the political competition between US and China that would influence a country to join one group or the other but it would be practical economics that might move a country to join one or the other grouping or may be both as some countries have already decided to do so. However, with Singapore, Vietnam, Brunei, Malaysia, Japan, Australia and New Zealand already in the TPP negotiations, a certain level of political orientation in their decision to join TPP may be perceived. It is possible that maritime disputes in South China and East China Sea may have had impact on some of the members of ASEAN's entry into TPP. Philippines, another ASEAN, member is considering entering into negotiations with TPP. There is also an ongoing debate on whether ASEAN members joining TPP would weaken the RCEP.

However, it is also possible that pressure from TPP may have a positive impact on ASEAN and its partners to find a modus vivendi in intra-ASEAN plus 6 trade and economic differences and usher in the ASEAN Economic Community by end of 2015.

TPP is a platform which excludes many other countries especially the largest regional economy of China. Though in principle there is no bar against China to join the TPP, yet its many clauses on trade, labour, environment and capital account would prevent China from becoming its member.

That TPP is the economic component of its pivot to Asia or rebalance to Asia has been stated by authoritative US interlocutors and mentioned in the US documents. Even though TPP initiative has origins in 2005, it has now become a part of the US Asia Pacific strategy. TPP is perceived to offer several economic, diplomatic, and strategic benefits to the US. It is expected to provide access to growing markets of Asia, stimulate US exports growth, protect IPR; diplomatically, it will demonstrate US commitment and engagement in the region; strategically, the interest of the countries in the region for maintaining free flow of trade through SLOCs would increase and they would work together to reduce potential risks/threats to such trade.

There has been very little debate in India about the merits of RCEP versus TPP though India has concluded FTA with ASEAN in goods and services, the latter coinciding with the 20 years commemorative summit in December 2012 in Delhi. FTA in services is yet to be operationalized. RCEP does offer India a good opportunity to intensify its engagement not only with the ASEAN but also with its other partners in the rubric of ASEAN+6 which would further complement its Look East Policy. India remains uncomfortable with some of the rules of TPP relating to environmental and labour laws and IPR issues which at the current level of development may have a negative impact on India's trade.

At the same time, the US has been saying that India is an important part or an essential lynchpin of its Asia Pacific strategy. Joe Bidden, the US Vice President, during his visit to India in July 2013 invited India, though somewhat indirectly, to join America's TPP effort. Prime Minister Manmohan Singh, after his visit to Japan in May 2013, had remarked that India is studying implications of joining TPP.

Evidently, India, like some of the ASEAN members, has options to join both. TPP would include the largest economy besides many other fast growing economies. It has also the potential to become the largest FTA with the realisation of the proposed Trans-Atlantic Trade and Investment Partnership that would include US and European Union. India would be more inclined to go in for the economic benefits that can be reaped from joining such groupings rather than any intangible strategic benefits.

## India-USA

With the disintegration of USSR in 1991 and launch of India's LPG policy, relations with the USA have been progressing rapidly. Last decade saw rapid progress by convergence of interests and mutual benefits. On the strategic, economic and technology fronts, there has been considerable headway.

The five principal pillars of U.S.-India Relations

The two governments seek to accelerate the growth of their bilateral relationship to enhance global prosperity and stability in the 21st century. The two governments outlined a Strategic Dialogue that will focus on five principal pillars:

- Strategic Cooperation
- Energy and Climate Change
- Education and Development
- Economics, Trade and Agriculture
- Science and Technology, Health and Innovation

India and the United States have shared interests in promoting stability and prosperity across Asia. As the world's two largest democracies, both India and the United States have a shared interest in ensuring that the model for 21<sup>st</sup> century Asia is one of open economies, open governments, and open societies. Following are some important areas of mutual interest and cooperation:

The United States and India intend to deepen cooperation in the Asia Pacific region, including in multilateral forums such as the ASEAN Regional Forum (ARF), East Asia Summit (EAS), and the ASEAN Defence Ministers' Meeting Plus (ADMM+). They support a balanced and inclusive regional architecture and conduct a trilateral dialogue between Japan, India, and the United States, which they view as a valuable forum to discuss issues of mutual interest. From managing counter-piracy and natural disasters to fostering trade and commerce, the strategic cooperation in the Asia Pacific region is a marked feature of the overall partnership and one which will increasingly define it in the 21<sup>st</sup> century.

Q. America wants transactional relation with India?  
 Ans. " Interest in India lies around " economy.  
 Q. In name of dev., security, counter-terrorism, shopping on

**Advancing security and stability in Afghanistan:** The United States and India have a shared interest in a stable, prosperous, and peaceful Afghanistan. India has pledged \$2 billion in development efforts in Afghanistan.

**Shared Vision for Regional Integration:** The two countries agreed to work together and with Afghanistan's neighbors and near-neighbors for the future of Afghanistan. We acknowledge the crucial role of economic integration in furthering the region's long-term peace, stability, and prosperity. Increased economic openness between South and Central Asia will generate new economic opportunities for the people of the region by facilitating the free flow of goods, ideas, and people. Both countries plan to work together with regional partners to advance this vision of an integrated South and Central Asia and lay the foundations for a modern day "Silk Road."

**Sharing Global Perspectives:** The two hold talks on the developments in the wake of the Arab Spring since 2010 December and the convulsions in West Asia; developments in Central Asia as well as the Asia-Pacific. The 4<sup>th</sup> round of strategic dialogue includes all these areas (2013 June)

Immigration Bill of the US, IPRs in India; domestic content requirements in India; nuclear cooperation in civilian sphere by signing the NPCIL and Westinghouse to be entered into in September 2013 when Dr. Singh visits USA; recent assertiveness in China; TPP are the other issues that came up for discussion. Strategic cooperation has core issues like nonproliferation, counterterrorism and military cooperation as well.

### **Strategic Dialogue 2013**

The India- U.S Strategic Dialogue was launched in 2010 to serve as the basis for bilateral relations. 2013, June dialogue in Delhi between Shri.Khurshid and Mr.Kerry (SoS, USA) is the fourth in the series.

The Strategic Dialogue as mentioned elsewhere, has five pillars of focus: strategic cooperation; energy and climate change; education and development; economics, trade, and agriculture; and science and technology, health, and innovation.

### **Geopolitical issues at the Strategic Dialogue 2013**

#### **Afghanistan**

India has grown increasingly concerned about the U.S. withdrawal from Afghanistan in 2014 and the risk of Afghanistan again being used as a breeding ground for terrorists. Further, India is currently a major donor to Afghanistan (providing \$2 billion in reconstruction aid) and actively engaged in pursuing commercial interests in the country and beyond in Central Asia. India will not want to see its investments placed at risk by a badly executed drawdown of U.S. and international forces.

The issues were discussed about the security transition, including the prospects for a successful reconciliation with the Taliban and, more generally, the durability of the international commitment to Afghan security and reconstruction. In particular, Indian leaders wanted to hear from Kerry how the United States proposes to deal with the unfinished business of combating terrorism in southern Asia



and what that implies for U.S. relations with Afghanistan, Pakistan, and India. In this context, India's own role in Afghanistan was also discussed.

The second issue concerns China. Like many other countries in the Asia-Pacific region, India is anxious about China's new assertiveness. New Delhi is still struggling to understand what Chinese President Xi Jinping's ascendancy means for Beijing's trajectory and for U.S.-Chinese relations and how both these matters affect India.

The third set of issues involves developments in India's near and extended neighborhood, especially within South Asia—particularly Pakistan—and farther afield pertaining to Iran, Israel-Palestine, Syria, and the aftermath of the Arab Awakening.

The deliberations of the fourth annual U.S.-India Strategic Dialogue demonstrated that the U.S. and India have many common values and also share a number of strategic interests in the world. In an international environment that is currently experiencing economic instability and political unrest, the United States and India are global partners committed to working together for long-term peace and prosperity.

#### **Other important issues in the dialogue**

Trade disputes for the last couple of years, India and the US have been engaged in some major trade disputes that have ended up at the World Trade Organizations's (WTO) dispute panel. Among these, the high-profile cases concerning Indian steel exports to the US and poultry imports from the US are important. Besides, both sides have raised serious questions on supporting and subsidising their respective solar equipment manufacturing firms as a result of which investments worth billions of dollars are held up. Both sides have also not been in favourable terms as far as the upcoming 9<sup>th</sup> WTO Ministerial meet in December 2013 at Bali, Indonesia to discuss the Doha round of global trade talks.

Comprehensive immigration Bill Issues concerning work visas – H1B and L1 – had been a bone of contention between both countries since 2010 when visa fees were hiked from \$2,000 to \$4,500. India even moved WTO on this. The matter got settled. However, now the US has floated a new legislation which is officially called the 'H-1B and L-1 Visa Reform Act of 2013' that has irked India. The government has said the draft new law is completely against Indian information technology companies present in the US and if it is passed in the current form, then India will be forced to take some action.

Intellectual property laws/ patents While the US always felt and spoke strongly about India's "weak" IPR (intellectual property rights though they are completely compatible with the Trips of the WTO) laws and patent provisions, the recent incident of the Supreme Court rejecting patent to Novartis on its cancer drug has led to a series of allegations by US drugs makers. However, India has maintained its stance that it is against granting frivolous patents and ever-greening drugs.

Cyber security In June 2013, a certain programme – PRISM – run by the American intelligence agencies, came to light under which the US is reportedly tracking servers of nine internet big companies like Google, Yahoo, Facebook as part of their secret data mining programme of which India is one. Indian officials reacted to the report with "concern". The cyber security dialogue between India and the US is coordinated by both National Security Councils in India and US.

## **Issues that were important in 2012**

### **India-US Homeland Security Dialogue**

The first dialogue took place in mid-2011 during which Home Minister P Chidambaram and his American counterpart Janet Napolitano deliberated on issues like mutual assistance in probes like the Mumbai terror attacks and counter-terrorism.

Combating trans-national crime, countering illicit financing, accessing and sharing of data relating to terrorism are among key issues on the agenda of the day-long meeting.

Other issues like coastal security, cyber security, mega city policing, providing homeland security equipment to each other and capacity building were also discussed during the deliberations.

#### **India, US sign cyber-security cooperation agreement**

India and the US are cooperating for cyber security with a deal between the CERT-IN and US-CERT—the lead agencies in the respective countries to respond to cyber attacks.

The CERT-IN (Indian Computer Emergency Response Team) and its American counterpart US-CERT signed a Memorandum of Understanding for sharing of expertise in artifact analysis (study of traces of virus and worm), network traffic analysis and exchange of information.

The CERT-IN functions under Department of Information Technology of the Ministry of Communications and Information Technology. Its primary role is to raise security awareness among India's cyber community and to provide technical assistance and advice them to recover from computer security incidents.

The MOU establishes best practices for the exchange of critical cyber security information and expertise between the two governments. Through this arrangement, the respective governments and cyber security communities in the United States and India will have the ability to coordinate with their counterparts on a broad range of technical and operational cyber issues.

India-US Cyber Security Forum was established in 2001. The Forum, which grew out of our counterterrorism dialogue, is dedicated to protecting the critical infrastructure of the knowledge-based economy. Government agencies and private sector participants from India and the United States, working under the Forum's auspices, have identified risks and common concerns in cyber security and crafted an action-oriented work plan on securing networked information systems. The Forum focuses on cyber-security, cyber-forensics and related research and works towards enhancing co-operation among law enforcement agencies on both sides in dealing with cyber crime. CERT-In and US National Cyber Security Division will share expertise in artifact analysis (i.e. analysis of traces of virus / worm software), network traffic analysis, and exchange of information.

Defence services of both the countries will enhance their interaction through exchange of experience in organizational, technological, and procedural aspects.

Ongoing co-operation between India's STQC and the US National Institute of Standards and Technology (NIST) will expand to new areas including harmonization of standards.

CII and their US counterpart have decided to set up an India Information Sharing and Analysis Centre (ISAC) and India Anti-Bot Alliance ('bot' refers to software that can be tasked to invade computers and undertake malicious activities remotely on behalf of hackers).

A draft Protocol on cyber security, between the NSCS and the State Department is under discussion. (Standardisation Testing and Quality Certification (STQC) Directorate is an attached office of the Department of Electronics and Information Technology (DeitY), Government of India, provides quality assurance services in the area of Electronics and IT through countrywide network of laboratories and centres. The services include Testing, Calibration, IT & e-governance, Training and Certification to public and private organizations.)

### **Indo-US Defence Cooperation**

Defence cooperation between India and the USA covers all the important areas: sale, purchase and joint development of military equipment; transfer of military technology; intelligence sharing; cooperation on counter-terrorism and counter-proliferation; jointly providing relief and succour after natural calamities; coordination in transnational anti-drug trafficking activities; joint patrolling of sea lanes of communication against piracy and terrorism; and, joint military exercises. It also includes working together to maintain regional and international peace and stability under a cooperative security framework.

Recent achievements on the India-US defence cooperation front have been truly remarkable. The two nations are moving from seller-buyer relation to joint production. Hi-tech weapons and equipment will now be provided or offered to India by the United States. Advanced dual-use technologies will give an edge to India over China, both in security-related and civilian sectors. The decision to transform the existing bilateral export control framework for hi-tech exports will put an end to the discriminatory technology denial regimes which India was subjected to. The decision to lift sanctions on ISRO, DRDO and Bharat Dynamics Limited is a welcome step forward and perhaps the Department of Atomic Energy will also be taken off the list soon.

Joint patrolling of the sea lanes (SLOCs) in the Indian Ocean is already being undertaken as joint naval exercises.

The proposal to undertake joint development of future weapons systems is also a welcome development as it will raise India's technological threshold. Transfer of technology of the Javelin ATGM is being discussed.

India's rejection of American fighters out of the \$10.4 billion race to supply 126 medium multi-role combat aircraft (MMRCA) soured the relation marginally. But the biggest-ever Indo-US defence deal has been sealed: the \$4.1 billion contract for 10 C-17 Globemaster-III giant strategic airlift aircraft. All issues connected to costing and offsets (under which Globemaster-manufacturer Boeing will plough back 30% of the contract value into India) have been resolved. (Defence Offsets Policy is given elsewhere in the Notes)

IAF needs to augment its strategic airlift capability to swiftly move combat systems and troops over large national and international distances, given that it has just over a dozen Russian-origin IL-76 'Gajraj' aircraft. Capable of carrying a payload of almost 170,000 pounds and landing even at small

forward airbases with semi-prepared runways, the four-engine rugged C-17s can transport tanks and troops over 2,400 nautical miles.

With mid-air refueling, C-17s can go even longer distances. Along with the C-130J 'Super Hercules' aircraft already being inducted, the C-17s will play a significant role in countering China's massive build-up of military infrastructure all along the 4,057-km Line of Actual Control, which includes five fully-operational airbases in Tibet.

India is already conducting commercial negotiations for the around \$1 billion "follow-on contract" for four more P-8I Poseidon maritime patrol aircraft, eight of which were earlier ordered for \$2.1 billion in 2009.

Similarly, negotiations for six more C-130J 'Super Hercules' heavy-lift aircraft will begin soon. IAF has already inducted two of the earlier six C-130Js ordered for \$1.2 billion in 2008.

Naval exercises like Malabar; and India-USA-Japan trilateral dialogue need mention. Strategic dialogue underpins it.

2013 saw major developments. Having already bagged Indian defence contracts worth over \$8 billion in recent years after muscling out Russia, Israel and France, the US is now headed towards clinching another four major deals worth almost \$5 billion.

Deals for six more C-130J "Super Hercules" aircraft (\$1.2 billion), 22 Apache attack helicopters (\$1.4 billion), 145 M-777 ultra-light howitzers (\$885 million) and 15 Chinook heavy-lift helicopters (around \$1 billion) "are in the final stages" now.

The aircraft and howitzer deals will be direct government-to-government contracts under the US foreign military sales (FMS) programme, which does not involve competition through global tenders.

The attack and heavy-lift helicopter deals, however, were won by aviation major Boeing after its AH-64D Apache Longbow and twin-rotor Chinook helicopters outclassed Russian Mi-28 Havoc and Mi-26 choppers in field trials and commercial evaluation.

The four deals are also in tune with the government's recent approval to the Rs 90,000 crore plan to raise a new mountain strike corps along with two "independent" infantry brigades and two "independent" armoured brigades (totalling over 80,000 soldiers) over the next seven years to plug operational gaps against China. While the first six C-130J aircraft acquired by IAF are based at the Hindon airbase, the six new "Super Hercules" will be housed at Panagarh in West Bengal. Panagarh will serve as the headquarters for the new Army mountain corps. Similarly, the air-mobile M-777 howitzers, with an almost 30-km range, can be swiftly deployed in high-altitude areas in Arunachal Pradesh and Ladakh by helicopters and aircraft to counter China.

But in the field of defence equipment the two partners remain locked into a "buyer-seller relationship." India buys billions of dollars worth of US kit, without gaining a technological or logistical advantage by building the equipment in the country. Russian, French, British and German defence companies have transferred technology to set up production lines in India for manufacturing aircraft, tanks and submarines. We have partnered Russian and Israeli companies for jointly developing

advanced weaponry. But in buying weaponry from the United States — such as the A/ N- TPQ- 37 Firefinder Radar; C130J Super Hercules and C- 17 Globemaster III transport aircraft; and the P8I Multi- mission Maritime Aircraft bought in the last decade -- India has not been able to negotiate with Washington for the technology to build the equipment in India.

But there are high stakes for both countries in cooperatively exploring the benefits of co- production, especially in on- going tenders like the one India is negotiating with the Pentagon for the purchase of 145 BAE Systems M- 777 howitzers. If co- production were transferred to India, New Delhi will almost certainly buy between 400- 450 guns for its mountain divisions. For America, transferring the production line makes eminent sense, since only the Indian order is on the horizon, and building 400- 450 guns in India would be more profitable than building 145 in the US.

For New Delhi, the advantages of manufacturing the M- 777 in India are too obvious to miss. A good Indian company that obtains technology from BAE Systems would quickly absorb it and build upon it, becoming a major player in any future Indian artillery development programme. As the joint venture company builds expertise, it would gradually start taking on research, design and development functions from the parent US- based entity, the employee cost advantage driving this as it has in other fields. Next, setting up a production line in India would ensure that spares, maintenance, repair and overhaul would be reliably available in- country for India's inventory of M- 777 guns for as long as they remain in service. Finally, setting up high tech manufacture in India would result in the absorption of best practices that are currently in short supply. Almost incidentally, it would create skilled employment.

#### **U.S.-India Partnership to Advance Clean Energy, Energy Security and Climate Change**

India and the USA reaffirmed their countries' strong commitment to continue ongoing efforts to address climate change, ensure mutual energy security, and build a clean energy economy that will drive investment, job creation, and economic growth throughout the 21st century, including through implementing the 2009 U.S.-India MOU on energy and climate change. The U.S.-India Partnership to Advance Clean Energy (PACE) improves energy access and promotes low-carbon growth through the research and deployment of clean energy technologies.

India and the U.S., in 2012, held talks for shale gas trade. While Indian motives are energy security, USA wants to wean India away from Iran. India is, at present, importing crude oil from 30 countries spread across different continents.

Energy-hungry India has asked the US to export more liquid shale gas to help bridge its yawning gap between supply and demand. Gas-surplus US at present allows exports of small amounts of natural gas. GAIL India recently signed an agreement to import 3.5 million tons a year of LNG from Sabine Pass Liquefaction LLC.

India signed an MoU with the US for cooperation in identifying and tapping shale gas during US president Barack Obama's visit in 2010.



## **Shale gas export to non-FTA countries by the USA**

Opening up the prospects of export of shale gas to energy-starved India, the U.S. in May 2013, granted conditional authorisation to export domestically-produced liquefied natural gas (LNG) to countries that do not have a free trade agreement (FTA) with it.

The decision paves the way for India, which does not have a free trade agreement with the U.S., to get its companies seek similar licences for import of the much-needed gas from the U.S. in large quantities from other terminals. The existing federal law generally requires approval of natural gas exports to countries that have an FTA with the U.S. For countries that do not have an FTA with the U.S., the Natural Gas Act directs the Department of Energy to grant export authorisations unless the Department finds that the proposed exports "will not be consistent with the public interest." The commencement of supply is expected to start from 2017-18.

Demand-supply gap of natural gas in India, estimated at around 2.2 trillion cubic feet (tcf) per annum at present, is likely to go up to nearly 4 tcf per annum by 2016-17.

Import of shale gas from the USA would result in cheaper electricity, lower subsidies on urea and other nitrogenous fertilizers, and a more economical fuel for a variety of industrial and consumptive gas usages.

GAIL (India) has executed an LNG off-take agreement with Sabine Pass Liquefaction LLC, for import of 3.5 million metric tonnes (mmtpa) per annum LNG from the U.S.A. Indian companies had already made some large investment in the U.S. in this regard in the liquefaction terminals that are likely to come up in the USA. India's Petronet LNG and United LNG, have entered into an agreement.

Besides, other Indian companies, including Reliance Industries in the private sector, had bought stakes in oil and gas exploration and production companies. According to a study, roughly 20 per cent of the \$133.7 billion invested in U.S. tight oil and shale gas from 2008 to 2012 has come from abroad, with Indian companies accounting for a total investment of nearly \$4 billion so far.

Nuclear energy cooperation is also a part of the clean energy relation. (Right to recourse rules have been an irritant. India's atomic energy department has notified rules for the Civil Liability for Nuclear Damage Act, 2010, passed last year that allows nuclear operators a right of recourse to claim damages from their suppliers in the event of a nuclear accident. Nuclear installation operators in India will have a right to seek recourse compensation from their suppliers for a limited period of time and not for the entire lifetime of a nuclear reactor, the rules for India's civil nuclear liability act suggest.)

### **American nuclear plant in Gujarat**

India and US signed the nuclear deal in 2008. In 2012, Westinghouse Electric Co. has signed a memorandum of understanding with the Nuclear Power Corporation of India (NPCIL) that would pave the way for construction of nuclear power plants in Gujarat. Westinghouse has plans for building an AP-1000 nuclear power plant in Gujarat. As the strategic dialogue opened Clinton said that the American company and the Indian state run firm signed a pact to work towards preliminary licensing and site development in Gujarat for construction of new reactors.

**Cooperation in Education**

India-U.S. Higher Education Dialogue-2013 was convened in June, 2013 at New Delhi. The Dialogue was Co-Chaired by Minister of Human Resource Development, Dr. M.M. PallamRaju and U.S. Secretary of State Mr. John F. Kerry. The Dialogue is the third one, earlier ones being held in 2012 and 2011. India aims to, during the XII Five Year Plan 2012-2017, have an additional enrolment capacity of 10 million students in higher education including 1 million in open and distance learning so as to raise the country's Gross Enrolment Ratio (GER) in Higher Education from 18.1% at present to 25.2% by 2017 and reach the target of 30% GER by 2020. Skill development and vocational education should be an integral part of our education system and the role of business and industry would be of great relevance.

The India-US Higher Education dialogue has been instrumental in strengthening educational Collaborations between the two countries. The major initiatives include enhanced two-way student mobility, research collaborations, faculty development, collaborations for establishment of Community colleges, collaborations for Cyber Systems, and Technology Enabled Learning including Massive Open On-Line Courses (MOOCs).

The major announcements made during the Dialogue include 8 Joint Research partnerships under Singh-Obama 21<sup>st</sup> century Knowledge Initiative; announcing the final list of 126 Raman Fellows, supported by the University Grants Commission (UGC), who are ready to travel to US Institutions for Post-Doctoral research and "Connect India" Programme aimed at inviting students from US institutions for short term courses in India. The following four MoUs were also signed during the Dialogue:

- MoU between IIT Delhi and University of Nebraska on Cyber Systems
- MoU between IIT Bombay and edX on Massive Open On-Line Courses (MOOCs)
- MoU between AICTE and American Association of Community Colleges on cooperation for establishment of Community Colleges
- MoU between ITM Group of Institutions and Montgomery College on Cooperation in Capacity Development

Some of the important ideas that emerged from the Dialogue include:

- Deepen educational relations on a sustainable basis in the areas of skill development, learner centric technology integrated education, building human capital for meeting skill requirements at all levels from elementary to tertiary liberal education and establishing stronger and larger people and institutional linkages, We would upscale the Raman Fellowships to encourage more students for their post- doctoral studies.
- UGC and AICTE to work with their counterparts to embed mechanisms for standard setting and quality assurance mechanisms and vocational education and skills.
- Greater involvement of industry in both countries to develop strong industry-academia linkages.

The Dialogue has now become an annual event along with the India-US Strategic Dialogue.

Obama-Singh 21<sup>st</sup> Century Knowledge Initiative: The Initiative will focus support on the formation of higher education partnerships between interested institutions in both countries. The initiative will strengthen teaching, research, and administration in U.S. and Indian institutions. The United States and India each pledged \$5 million for this undertaking during Prime Minister Manmohan Singh's U.S. visit in 2009.

Major areas known for research and innovation are:

- Cyber security
- Public health which includes green energy, medical technology and environmental studies
- Using technology for education leading to e-learning
- Developing Meta-University
- Using NKN to increase connectivity
- Connect to India program
- Educational technology
- Taking mutual benefits of incubation and innovation

### **Community colleges**

The HRD Ministry along with the University Grants Commission (UGC) is working on a proposal to start as many as 100 community colleges in the country within the next one year to “address skill shortage”.

They are likely to be based on the community college model in the United States. A team of education ministers from seven states, led by Madhya Pradesh’s Laxmikant Sharma, visited the US to understand the model. The team submitted a review report in May 2012.

In the US, community colleges provide an important additional layer of education where students can learn practical skills and get the theoretical knowledge to continue on to university if they like. USA will cooperate with India in this endeavour.

### **India-USA Bilateral Trade**

Trade and commerce form a crucial component of the rapidly expanding and multi-faceted relations between India and U.S. From a modest \$ 5.6 billion in 1990, the bilateral trade in merchandise goods has increased to \$ 62.9 billion in 2012 representing an impressive 1023.2% growth in a span of 22 years. India’s merchandise exports to the U.S. grew by 7% from \$ 12.84 billion during the period January- April 2012 to \$ 13.74 billion during the period January- April 2013. US exports of merchandise to India grew by 4.36% from \$ 6.54 billion during the period January- April 2012 to \$ 6.82 billion during the period January- April 2013. India - U.S. bilateral merchandise trade stands at \$ 20.56 billion during this period.

### **Trade during the period Jan. – Apr. 2013**

**i) Major items of export from India to US** □□ Select major items with their percentage shares, are given below.

- a) Textiles (16.9%)
- b) Precious stones & metals (20.9%)
- c) Pharmaceutical products (11.1 %)
- d) Mineral Fuel, Oil (8.9%)
- e) Organic chemicals (5.7%)
- f) Machinery (4.5%)
- g) Lac, Gum, Resins (3.7%)

**h) Iron & Steel Products (3.3%)** **ii) Major items of export from US to India**

Select major items with their percentage shares, are given below

- a) Precious stones & metals (28.1%)
- b) Machinery (12.6%)
- c) Electrical machinery (7%)

- d) Optical instruments & equipment (6.2%)
- e) Mineral Fuel, Oil etc (5.9)
- f) Aircraft, spacecraft, Parts (5.2%)
- g) Organic chemicals (4.3%)
- h) Miscellaneous Chemical Products (3.8%)

**Economic relationship**

The economic relation is progressing but is also beset with differences. Bilateral trade in goods and services is worth \$100 billion, and a substantial economic relationship has helped to keep both governments engaged even at times when speed bumps threatened the relationship. For the U.S., India's restrictions on foreign investment, nuclear liability law, more recently, India's retrospective tax laws, domestic content requirements and IPRs are objectionable. For India, visa issues. Other forms of protectionism are the sore point. The two governments need to settle some of these issues.

## Look East Policy

Since early 1990's, India has been pursuing Look East policy- that is closer relations with Asean countries- for a range of mutual benefits in trade, investment, security, connectivity and cultural exchanges. India's expanded look east policy in recent years involves good relations with South Korea, Japan, Mongolia and China as well. Look East Policy is pursued through constructive engagement with various regional groupings/organizations such as ASEAN, East Asia Summit, Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and Mekong-Ganga Cooperation (MGC).

India-Asean relations have come a long way facilitating expansion of our look east policy to a wider group of countries and also compelling a greater depth into the relation. India became a sectoral partner of ASEAN in 1992, and a full dialogue partner in 1996 after signing the Treaty on Amity and Cooperation with ASEAN. The 1st Summit Level Meeting took place with ASEAN leaders in 2002. India hosted the India-ASEAN Commemorative Summit in December 2012 to celebrate the 20 years of partnership.

India ASEAN trade reached US\$ 80 billion in 2012. India and ASEAN have signed a Trade in Goods Agreement in 2009 and one for services in 2012.

India is today ASEAN's sixth largest trading partner and eighth largest investor. India and ASEAN are also intensifying cooperation in diverse sectors, including science & technology, tourism, transport & infrastructure, information & communication technology, space technologies, agriculture, energy etc. India is pursuing extensive engagements with countries of North East Asia with whom also our trade and investment ties are increasing rapidly. There are regular high level exchanges between countries in East Asia and India, including Ministerial/Summit level events.

The Government of India through Archaeological Survey of India has undertaken the conservation works at Ta Prohm temple and Angkor Wat temple at Siem Reap, Cambodia and Wat Phou temple at Laos. Besides this, a team of experts have also visited Cham temples recently for assessing the scope of work in Vietnam. A team of experts will visit Myanmar later this year in connection with the Project on Conservation and restoration of Anand Temple, Bagan. Under financing from Ministry of External Affairs ICCR is also currently implementing a project in Cambodia to build Mekong Ganga Cooperation, Museum of Asian Traditional Textile.

Enhancing connectivity between Northeast India and the ASEAN countries is an important part of India's 'Look East Policy'. Focus areas are Asian Highway Network and construction of quality road between Imphal and Moreh and from Moreh to Indo-Myanmar Border and on the Trilateral Highway.

External Affairs Minister Salman Khurshid, addressing the 11th ASEAN-India Foreign Ministers' Meeting in Bandar Seri Begawan, emphasised India's keenness to further the process towards setting up the ASEAN Community by 2015.

Khurshid said that "one of the most progressive developments under the chairmanship of Brunei Darussalam is that we have initiated the annual ASEAN Connectivity Coordinating Committee (ACCC)-India Meeting, to facilitate coordination and policy decisions on connectivity issues". The meeting would discuss the idea of "a possible maritime transport route linking India, Myanmar,



Thailand, Cambodia and Viet Nam and has suggested the setting up of a Joint Working Group on Maritime Connectivity to explore linkages to complement the ASEAN Roll-On/Roll-Off (RO-RO) Shipping Network".

On the Mekong India Economic Corridor, he said the ASEAN governments need to provide incentives, including setting up of SEZs, to attract our private sectors to invest in these connectivity corridors.

He said India's commitments to the Trilateral Highway linking India-Myanmar-Thailand are proceeding as planned.

Mekong-India economic corridor proposes to link corridors in the peninsular, and possibly the north-eastern, regions of India with the East Asian region.

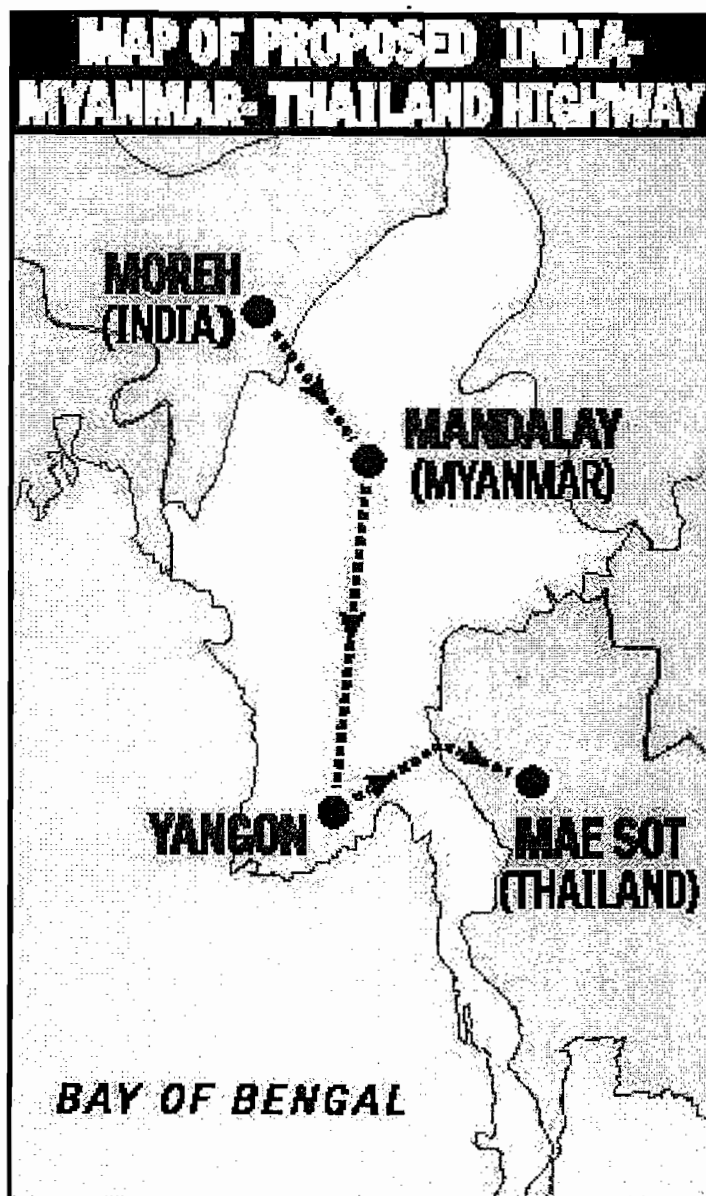
An ambitious project to develop a 3,200-km highway linking India, Myanmar and Thailand is expected to be ready by 2016.

India has already given Myanmar \$500 million in loan, a part of which will be used to fund the project.

Thailand and Myanmar are developing Dawei Special Economic Zone in southern Myanmar. Once operational, the project would further enhance connectivity and open enormous business opportunities for the region. Thailand invited Indian businesses to invest in the Dawei Special Economic Zone, especially in steel, manufacturing, power, petrochemicals and services.

The idea of the highway - from Moreh in Manipur to Mae Sot in Thailand, via Myanmar - was conceived at the trilateral ministerial meeting on transport linkages in Yangon in 2002.

The highway represents the most significant step in the establishment of connectivity between India and South East Asian countries. It was visualised as a highway of opportunity and friendship that would facilitate not just the movement of goods and services but also of people and ideas.



India has been part of the East Asia process since 2005 and has seen it become an important mechanism for enhancing regional cooperation in Asia. EAS has acquired relevance even beyond the Continent as is illustrated by the inclusion of US and Russia in its deliberations. India has consistently supported the centrality of ASEAN in the EAS architecture.

India has Comprehensive Economic Partnership Agreements with Republic of Korea and Japan, as also Comprehensive Economic Cooperation Agreements with Singapore and Malaysia. India and ASEAN have operationalized a 'Trade in Goods' Agreement. As a member of the East Asia Summit process, India actively participates in the future definition of the evolving architecture in Asia.

#### **India-ASEAN**

India has undertaken a number of initiatives to strengthen economic cooperation with ASEAN countries in areas of common interest. India signed a 'Trade in Goods' agreement with ASEAN in 2009, which became operational from 1 January, 2010. India is also negotiating an Free Trade Agreement (FTA) with Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

#### **ARF**

The ASEAN Regional Forum (ARF) is a formal, official, multilateral dialogue in Asia Pacific region. As of 2012, it is consisted of 27 participants. ARF objectives are to foster dialogue and consultation, and promote confidence-building and preventive diplomacy in the region. It has all the members of Asean and the dialogue partners including India. The most recent meeting -19<sup>th</sup> ARF meeting- was held in Phnom Penh in July 2012.

The ARF process is a three-tier one - Track-I, Track I ½ (activities approved by ARF and involving scholars and officials from member states acting in their personal capacity) and Track-II (which provides a non-governmental forum for academics, scholars, researchers to interact in their private capacity with a view to developing structured regional processes). At the Track I ½ level, ARF has established an Experts and Eminent Persons (EEPs) meeting.

Foreign ministers of the Association of Southeast Asian Nations (ASEAN) who met in Phnom Penh in July 2012 failed to agree on a joint statement at the end of their gathering. The proximate was their inability to reach a consensus on whether the statement should mention Scarborough Shoal, the site of a tense stand-off that began in April between China and the Philippines, whose governments both claim that land feature in the South China Sea. The Philippines wanted to include such a reference. Cambodia objected. Neither gave in. The "ASEAN way" of consensus failed.

2013 July meet was held in Brunei.

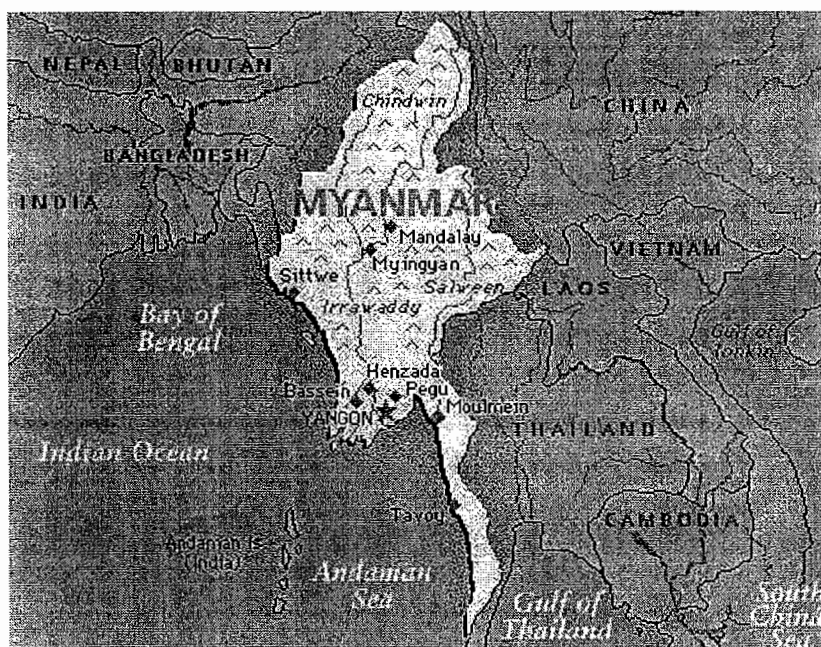
#### **East Asia Summit (EAS)**

The East Asia Summit (EAS) is a forum held annually by leaders of, initially, 16 countries in the East Asian region. Membership expanded to 18 countries including the United States and Russia at the Sixth EAS in 2011. EAS meetings are held after annual ASEAN leaders' meetings. It provides India the forum to carve out for itself a larger East Asian strategic presence and taking forward our vision for the future. Six summits of EAS have been held so far, the Sixth East Asia Summit being chaired by Indonesia. Regional maritime disputes, Myanmar and others were discussed.

### **Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC)**

Bangladesh, India Sri Lanka, Thailand Economic Cooperation (BISTEC) Grouping formed in 1997 was another vehicle to pursue our "Look East Policy". BIMSTEC has seven members – Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand. BIMSTEC provides a link between South Asia and South East Asia by way of economic cooperation and linkages in identified areas of cooperation. Starting with 6 sectors, the BIMSTEC agenda of cooperation has expanded to 14 sectors : i) trade and investment (ii) Technology (iii) Energy (iv) Transportation & Communication (v) Tourism (vi) Fisheries (vii) Agriculture (viii) Cultural Cooperation (ix) Environment and Disaster Management (x) Public Health (xi) People-to-people contact (xii) Poverty Alleviation (xiii) Counter-Terrorism and Transnational Crime and (xiv) Climate Change.

Mekong Ganga Cooperation (MGC) Given elsewhere



### **ASEAN Defence Ministers Meeting (ADMM) + 8**

The first-ever meeting of Defence Ministers from 18 countries was held in Vietnam in 2010. In 2012, ASEAN Defence Ministers Meeting (ADMM) + 8 format meeting, or ADMM Plus The Sixth ASEAN Defence Ministers' Meeting was held in Phnom Penh. The Meeting exchanged views on a wide range of emerging regional security issues of common concern.

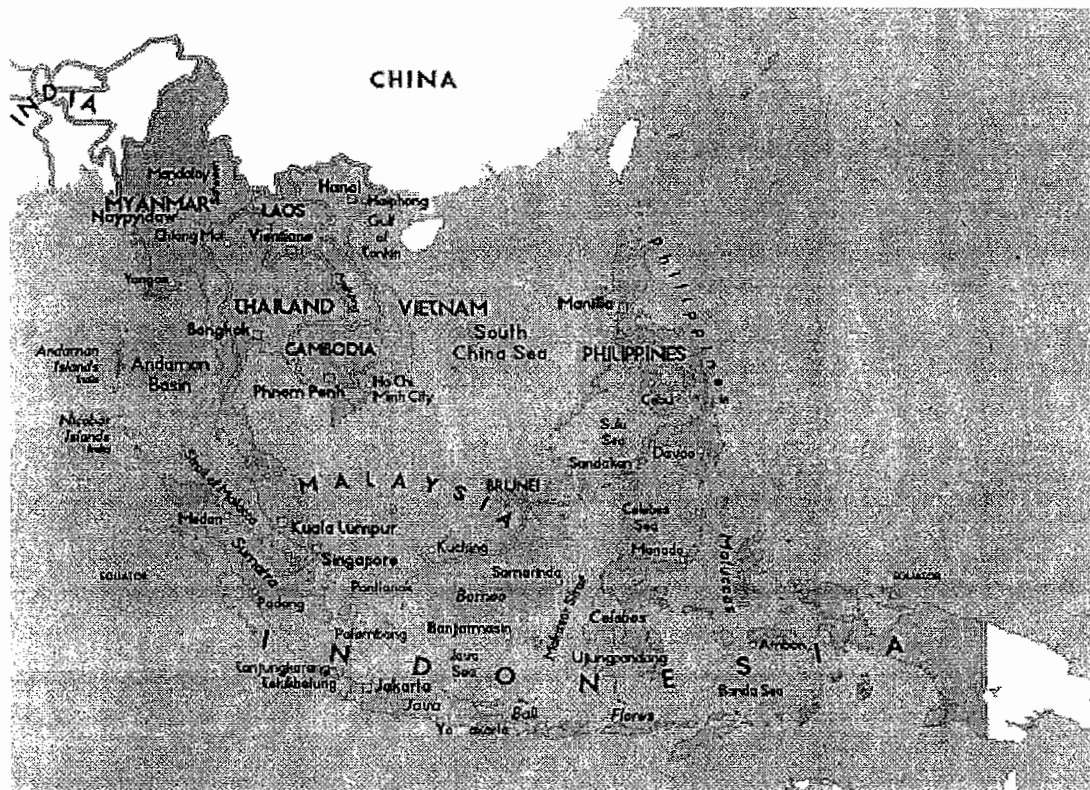
The Meeting called for more efforts to strengthen the central role of ASEAN in strengthening peace and security in the region. Here on the meeting will take place every two years.

The ADMM Plus meeting was attended by the Defence Ministers of Association of South East Asian Nations, which has 10 members besides six full dialogue partners — China, South Korea, Japan, Australia, India and New Zealand — and Russia and the U.S.

ADMM + 8 has become a new platform for ASEAN and other countries in the region to jointly deal with non-traditional security challenges and strengthen mutual trust and cooperation.

ADMM-Plus could over time also provide a platform for practical cooperation between ASEAN and its partners on key security issues, especially non-traditional and transnational challenges.

The second ADMM Plus meeting was held in Brunei in August 2013. The Minister of State for Defence Shri Jitendra Singh led the Indian delegation at the meeting. The Ministers issued a joint Declaration at the end of the meeting in which it has been decided that the ADMM Plus countries will establish practical measures that reduce vulnerability to miscalculation and avoid misunderstanding and undesirable incidents at sea.



### Look-East and the North-East

The North Eastern States of India are often described as land locked. They are joined to the rest of India by a narrow land corridor that skirts the north of Bangladesh. This land corridor is only 21 to 40 Km in width and is known as the Chicken's Neck. This has been a serious impediment for the development of the region, which has lagged behind the rest of the country in terms of infrastructure and industrial development. With the release of the document "North Eastern Region Vision 2020" by the Prime Minister in 2008 a serious effort has been made for socio-economic development of this region linking it partly with the objectives of the Look East Policy.

Several measures have been undertaken under the aegis of the Look East policy to uplift North East India such as the "Asian Highway", "Asian Railway link" and "Natural Gas pipeline". The Kaladan Multi-modal Transit Transport facility is aimed at establishing connectivity between Indian ports and Sittwe port in Myanmar through riverine transport and road links in Mizoram. With the Ganga Mekong initiative there is potential for direct flights between Guwahati -Ho-Chi Minh city - Imphal - Hanoi.



This document (Vision 2020) admits that the Look East Policy has failed to uplift the North East in the last fifteen years or so as most of the goods from ASEAN is sent through the sea route as the land route is thought highly unsafe for reasons such as lack of infrastructure and insurgency.

Look east policy which has had slow results so far, can be used for a solution to insurgency; attract investment; and connectivity.

### **Look east and energy security**

India's Look East policy needs to go beyond trade in goods and services to help ensure stable energy security. India's primary energy consumption has risen 4.6 times in the last 30 years, with a compound growth of 5.2 per cent per year. Coal accounts for 53 per cent of India's energy consumption. India used to be self-sufficient in coal and gas, but has become a net importer of both. Oil production has been on a plateau since the mid-1980s, while consumption has soared, so most of the demand is now met by imports. This accounts for over a third of India's import bill.

Moreover, an increasingly important trend demands our attention. Geo-politics in West and Southwest Asia could make India vulnerable to pressure from the US, Russia and even Pakistan, if India continues to depend on these markets for a bulk of its energy needs. The much-hyped Iran-Pakistan-India pipeline has been nixed by US opposition. The alternative Turkmenistan-Afghanistan-Pakistan-India pipeline may take time to be given the unstable situation in Afghanistan.

Apart from the India-ASEAN FTA and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, growing strategic alignment individually with major Southeast Asian countries like Indonesia, Thailand and Vietnam points to India's growing relevance in the geo-strategic calculations of these countries. A friendlier government in Bangladesh, and recent developments in Myanmar that has opened up new economic opportunities in that country, make such a re-alignment of our energy security policy more possible today than ever in the past.

Let us look at some of the facts:

1. Myanmar has the world's 10th-largest natural gas reserves, estimated at over 90 trillion cubic feet in 19 onshore and three major offshore fields.
2. Indonesia is the world's biggest exporter of coal.
3. Malaysia and Indonesia are the world's second and third largest exporters of liquefied natural gas.
4. Malaysia's East Natuna Gas Field can emerge as one of the world's richest sources of natural gas as further exploration confirms prospective new wells.
5. Vietnam is expected to emerge as a major exporter of oil.

Southeast Asia is already looking ahead. The proposed Trans-ASEAN pipeline project aims to develop a regional gas grid by 2020, by linking the existing and planned gas pipeline networks of the ASEAN member states.

India needs to become a partner in this project, and connect India's own rapidly growing pipeline infrastructure with the pipeline project. BIMSTEC, where energy is one of the areas of proposed cooperation, offers a good platform. The Indian government can support the creation of a public-private consortium of Indian companies that can actively invest in the Trans-Asian pipeline, ensuring its success and fruitful implementation. India also needs to actively engage Bangladesh (a BIMSTEC member) to provide transit space for Indo-ASEAN pipelines.



Look east policy has the strategic dimension in the following ways: maritime security, counter-terrorism, training, exercises and disaster management. Energy and north eastern states and the insurgency there are the other dimensions. Asian stability, security and peace are some more. Therefore, the trilaterals, naval exercise and so on.

### **Economic relation**

At present, trade between India and ASEAN stands at \$80 billion. Following the implementation of FTA in goods, trade grew by 41 per cent in 2011-12. Two-way flows in investments have also grown rapidly to reach \$43 billion over the past decade. As ASEAN investments into India have multiplied, ASEAN countries too have emerged as major destinations for Indian companies. From energy resources to farm products, from materials to machinery, and from electronics to information technology, Indian and ASEAN companies are forging new partnerships of trade and investment. Besides FTA with ASEAN, India is negotiating similar market opening pacts with members of the grouping. India has already implemented FTA with Singapore and Malaysia and is negotiating with Indonesia and Thailand in this regard. The FTA would also pave the way for discussions on a regional comprehensive economic partnership (RCEP) that ASEAN plans to seal with its six key trade partners, which include India.

### **FTA in Services**

Details of the broad agreement finalised in December 2012 are being worked out. Issues related to movement of professionals under mode 4 and mutual recognition of qualification in medical and education are learnt to be the main roadblocks.

India and the 10-member Asean ( Association of Southeast Asian Nations) had in December 2012 finalised the much-awaited free trade agreement in services and investments. The signing of the FTA is mired in difficulties as mentioned above.

While the FTI in goods benefited Asean more, giving it access to India's vast consumer market. India has a bigger stake in the services agreement, as it can help push exports to the region. The comprehensive agreement on services and goods is expected to boost trade to \$100 billion by 2015.

India's exports to Asean declined by 10.2 per cent in 2012-13 to \$32 billion, while imports grew by 2.86 per cent to \$43.7 billion, leaving a trade gap of about \$11 billion. The pact on services will help India gain some ground. Asean's share in India's IT export is a mere 5 per cent, as per estimates.

Countries like Malaysia and Thailand are not keen on allowing mode 4 of the services pact, which will make entry of Indian professionals easier in their countries.

Under mode 4, Indian professionals will be able to work in the Asean nations. These countries believe that it will affect their workforce with the increased presence of Indian workers, and are opposing the agreement. These countries apparently want Indian professionals to get an additional qualification from their countries to be eligible under mode 4 movements. It makes sense for India to sign the deal only if we get mutual recognition agreement.

For instance, to practice medicine in Thailand, a person needs a licence from the Thai Medical Council, with the council conducting its examination in Thai, which only a few foreign practitioners can clear. While in education, foreign professionals require an invitation from the education institute

that will employ them and also should meet the criteria set by the ministry of education. Some Asean countries, it is learnt, have an issue with India providing subsidies in higher education, whereas they give it at full cost price, which would give Indian professionals an edge, he added.

India wants mutual recognition agreement with Asean which will enable qualifications of professional service supplies such as engineering, medical and education among others to be mutually recognised by signatory member countries. If such an agreement is not signed at the Asean level, India would have to sign MRA degrees and licence of equivalence agreements with individual Asean members, making the process more cumbersome.

## Last-Minute Hitch

- India and Asean free trade agreement in services, concluded in December, signing to take longer
- It was to be signed in August

India-Asean goods agreement signed in 2009



Concerns relate to:

- Education and health services
- Mode 4 that deals with movement of professionals

**ASEAN IS A 10 MEMBER BLOC - INDONESIA, MALAYSIA, PHILIPPINES, SINGAPORE, THAILAND, BRUNEI, BURMA (MYANMAR), CAMBODIA, LAOS, AND VIETNAM**

The two sides have signed an agreement for trade in goods, which

### Expansion of the Look East Policy

The Look East Policy was initially directed towards the SEA nations. It is significant to note that India has since included China, Japan, South Korea and other Asia Pacific nations in the gamut of this policy.

The policy which began largely as an economic initiative has gained political, military and regional dimensions.

With Japan, we have annual strategic partnership arrangements, economic interaction, Cepa, Defence Policy dialogue and have conducted Jimex and Malabar. Similarly, with South Korea, we have Comprehensive Economic Partnership Agreement (CEPA) and President Lee Myung Bak was chief guest for the Republic Day function this year (2010).

TPP- American led.  
India member of ASEP not TPP ::

→ can't give any concession to least dev. countries  
→ insist on environment & labour standards → huge pressure on them.

REEP

→ concession to least dev. countries  
→ No insist on env. & labour standards.

**From Look east to Engage East**

India is elevating its two decade old "Look East" Policy to "Engage East," demonstrating a new resolve to play a pivotal role in its extended neighbourhood.

As India has pivoted towards the East, the term "Indo-Pacific" has gained currency acknowledging India's growing stature in Asia. At the moment, New Delhi's surge to the East is dictated primarily by economic and trade ties with ASEAN nations.

Its role in the East Asia Forum has also become important for strategic balance in Asia.

In the three years since a Free Trade Agreement (FTA) on goods was signed between India and ASEAN, trade has risen by 30 per cent. Apart from India's growing engagement with ASEAN, its economic relations with China, Japan and, more lately, Australia have also grown much faster than before.

Inevitably, there is also a security dimension to the 'Engage East' policy. India's tri-services Andaman Nicobar Command, located closer to Indonesia than the country's mainland, is fast emerging as a springboard for the country's growing strategic and security forays into Malacca Straits and beyond.

A rapidly modernising Indian Navy is a factor for stability in the region. The US has been to rope in New Delhi for cooperative security arrangement in Asia, a prospect that is not relished by China. Beijing is especially wary of New Delhi's bilateral military cooperation with Vietnam, Philippines, South Korea, Indonesia, Malaysia and Japan.

The Indo-Pacific has thus become a key driver of global politics. Stretching from the Indian subcontinent to the western shores of the Americas, the region spans two oceans -- the Pacific and the Indian -- that are increasingly linked by shipping and strategy. India's outreach through bilateral and multi-lateral organisations like the BIMSTEC (Bangladesh, India, Myanmar, Sri Lanka, and Thailand Economic Cooperation) and the Indian Ocean Rim Association for Regional Co-operation is set to alter the geo-strategic landscape in not too distant future.

'Engage East' has many strands, thus.

One of the key factors in India's Look-East-Engage East policy is of course Myanmar. Last year, Prime Minister Manmohan Singh went to Myanmar and said: "Myanmar, with its unique" geographic location, can be a bridge linking South and South east Asia to east Asia and there is much untapped potential in our economic relationship."

And North East particularly Manipur ought to become the center of thriving and integrated economic space linking two dynamic regions with a network of highways, railways, pipeline, and transmission lines crisscrossing the region.

Development of the northeast is thus integral to India's policy on Myanmar. North East is a corridor and a transit route to Southeast Asia. Infrastructure building tops the priority. A big project already under way is designed to turn the Kaladan River into a shipping route, linking Mizoram to Myanmar's port of Sittwe, which India is helping develop. India has also agreed to upgrade an extensive network of roads and bridges in Myanmar that would effectively connect the Northeast (and the rest of India) to Thailand as soon as 2016. Both sides are also exploring the possibility of setting up train routes through the country. Facilitating border transit would make the Northeast a gateway to Myanmar --a

potential boon for trade as well as tourism.

India's north eastern states and Myanmar should be the main target markets of many products manufactured in the SEZs to once again make India's north eastern states and northern Myanmar a natural economic zone, which they historically were, providing a sustainable economic life line to the north-eastern states.

Manipur, shares a 398-km border with Myanmar. According to available statistics, bilateral trade between India and Myanmar more than doubled between 2005 and 2010, expanding from US\$557 million to \$1.2 billion, most of it through Moreh.

In this context, the Trilateral Highway that aims at connecting India's North-east with Thailand via Myanmar becomes important. It could mitigate the disadvantages of landlocked North-east India. It is a component of the Asian Highway, which is scheduled for completion by 2016. It is proposed and implemented by the United Nations Economic and Social Commission for Asia and Pacific (UNESCAP).

#### **Upgraded to a strategic relation**

India and the Association of Southeast Asian Nations [ASEAN] recently pledged to greater cooperation across several political and security platforms, including assurances for greater maritime access – the ability to operate free trade in nearby sea waters.

The maritime security and free trade discussions were the highlight of the December ASEAN-India Commemorative Summit in New Delhi. The two-day summit marked the 20th anniversary of the ASEAN-India dialogue partnership and the 10th anniversary of the ASEAN-India summit-level partnership.

India – a first-time host – promoted the summit theme, ASEAN-India Partnership for Peace and Shared Prosperity. The growing role and responsibilities of ASEAN and India in global affairs calls for increased consultation on a broader range of international developments. "I feel we should intensify our political and security consultations, including in regional forums such as the East Asia Summit, the ASEAN Regional Forum and the ASEAN Defense Ministers' Meeting Plus," Dr./Singh said.

The summit resulted in the adoption of a vision statement expected to chart the future direction of ASEAN-India relations. It aims at maritime security and connectivity as the makers of an expanded India-ASEAN relationship.

Shyam Saran, former foreign secretary: "The summit marks an inflection point in the emergence of a new political, security and economic order in Asia with an opportunity for India to assume a leadership role in the region."

**South China Sea controversy may complicate India and ASEAN ties**

The focus on ASEAN as a central institution has come under strain recently as some members battle Chinese assertion of sovereignty over territories in the South China Sea.

"As maritime nations, India and ASEAN nations should intensify their engagement for maritime security and safety, for freedom of navigation and for peaceful settlement of maritime disputes in

accordance with international law,” Singh said. He also legitimized use of the new term “Indo-Pacific,” which presumes New Delhi’s role and interest in Asia-Pacific affairs.

Until recently, the India-ASEAN relationship has focused on what has become a flourishing trade strategy. Dr. Singh said the successful trade results allows for expanded cooperation and focus on defense and counter-terrorism.

The prime minister’s statement may be aimed at Beijing, which has claimed ownership of the entire South China Sea much to the chagrin of Taiwan and ASEAN members Vietnam, Philippines, Malaysia, Brunei and Indonesia. The intent may be to diplomatically signal to China the need to embrace a less controversial approach to the sovereignty issue.

India may not have a direct stake in the South China Sea but India’s hunger for oil and gas would not make the country averse to exploration in the region. Besides, much of what India trades with ASEAN and other countries passes through the Sea. India also has interests in shipping liquefied natural gas from Russia through the Malacca Strait. The strait connects the Indian Ocean to the South China Sea and Pacific Ocean.

**The ASEAN – India Commemorative Summit** was an international meeting which India hosted to mark the 20th year anniversary of the ASEAN – India dialogue relations. The summit was held from 20 to 21 December 2012 in New Delhi, India.

To commemorate 20 years of relationship between ASEAN and India, India hosted the ASEAN-India Commemorative Summit on the theme “ASEAN-India Partnership for Peace and Shared Prosperity” in New Delhi on December 20–21, 2012. The commemorative summit included the Plenary Session on 20 December and Ceremonial Flag-down of the ASEAN-India Car Rally on 21 December. The commemorative summit was attended by the Heads of States of the 10 ASEAN countries and Indian Prime Minister Dr. Manmohan Singh.

A series of flagship events, meetings and workshops were organised through the year 2012. Part of these flagship events included the 2nd ASEAN-India Car Rally and Indian Navy Sail training ship INS Sudarshini's ASEAN expedition.

The 2nd edition of the ASEAN-India Car Rally was flagged-off from Yogyakarta, Indonesia on November 26, 2012. The rally passed through 8 ASEAN countries (except Brunei and the Philippines) covering a distance of around 8000 km over 22 days and was flagged down in Guwahati on December 17, 2012. The Car Rally was ceremonially flagged down by the Prime Minister of India and Leaders of ASEAN in New Delhi on December 21, 2012 during the ASEAN-India Commemorative Summit.

### **Nalanda University Act 2010**

Parliament passed the Nalanda University Bill, which intends to revive the 5th century residential institution that attracted students from all over the world.

The revival is taking place under an international initiative by the East Asia Summit, a bloc of which India is a member, with the Ministry of External Affairs being actively involved in the \$1 billion project. A mentor group that drafted the regulations will be the university's interim governing body, which is headed by Nobel laureate Amartya Sen.



The university would be established as a non-state, non-profit, secular and self-governing international institute with a continental focus.

It seeks to resurrect the ancient seat of Buddhist learning at its original site in Rajgir.

Sixteen countries in East Asia are partnering in the re-establishment of the university.

The new university will have Buddhist studies, philosophy and comparative religions, historical studies, international relations and peace studies, business management, languages and literature and ecology and environmental studies.

It is being established as a regional initiative under the aegis of East Asia Summit.

At EAS, held in Thailand in October last year, the member countries issued a joint press statement which supported the establishment of the university as a non-state, non-profit, secular and self-governing international institution with a continental focus.

### **Nalanda University**

Founded in 427 A.D. by Buddhist monks at the time of Kumaragupta I (415-455 A.D.), Nalanda was an extraordinary centre of learning for seven centuries. The name probably comes from a combination of nalam (lotus, the symbol of knowledge) and da, meaning "to give", so Nalanda means "Giver of Knowledge". And that is exactly what the university did, attracting prize students from all over India, as well as from China, Indonesia, Japan, Korea, Persia, Sri Lanka, Tibet and Turkey. At its peak, Nalanda played host to more than 10,000 students — not just Buddhists, but of various religious traditions — and its education, provided in its heyday by 2,000 world-renowned professors, was completely free.

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Right to Recourse



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# Current Affairs

## India-Vietnam

India-Vietnam relationship has remained exceptionally cordial since its foundation was laid by Prime Minister Nehru and Ho Chi Minh more than five decades ago. The year 2012 marked the 40th anniversary of the establishment of full diplomatic relations between India and Vietnam, the 5th anniversary of the India-Vietnam Strategic Partnership, and the 20th anniversary of partnership between India and ASEAN. The two sides celebrated it as the 'Year of Friendship between India and Vietnam'.

The Foreign Minister of Vietnam, Pham Binh Minh, visited India in mid-July 2013 to participate in the Vietnam-India Joint Commission meeting and to review bilateral ties. A significant development in Vietnam's foreign policy has been its developing close relationship with India, because of complimentary and converging interests. Over the years, both India and Vietnam have graduated to being strategic partners.

The institutional architecture of the India-Vietnam strategic partnership is based on the joint declaration on Strategic Partnership of 2007 and dialogue mechanisms and agreements. On its part, Vietnam has regularly reiterated its support for India's candidature for permanent membership of an expanded UNSC. It has also signed the G-4 Draft Resolution on reforms of the UNSC. Concurrently, India-Vietnam security and defence cooperation is robust and growing, based on shared interests and a convergence in security perceptions.

India attaches great importance to the development of its relations with Vietnam and move forward on the strategic partnership by adding more content in all areas. During the visit of Binh Minh, and after the 15th meeting of India-Vietnam Joint Commission, it transpired that the strategic partnership which included exchange of a cooperative agenda on bilateral relations and regional and global issues has been strengthened further.

Defence Cooperation In pursuance and further consolidation of their strategic interests, both countries have resolved to deepen defence cooperation as well. For the first time, India has offered a \$100 million credit line to Vietnam to purchase military equipment. Vietnam will use this for purchasing four patrol boats. The credit line was agreed upon around the time India once again expressed its resolve to remain involved in oil exploration activity in the Phu Khanh basin of the South China Sea. Vietnam has reaffirmed that it is within its rights to invite India to explore for oil in this area but China claims that this basin is within the "nine dotted line" or its zone of influence. The credit line is likely to be finalized by the time the General Secretary of the Communist Party of Vietnam visits India towards the end of 2013. Vietnam and India have long enjoyed strategic ties that include cooperation in the civil nuclear sector, training slots for Vietnamese military officers and frequent exchange of visits. But this is one rare occasion when India is offering a defence-related credit line to a country so far located. Usually, near neighbours squarely in India's zone of direct influence have been the beneficiaries of New Delhi's credit lines for the defence sector. For example, Mauritius, whose air force and navy have Indian defence hardware, was given credit lines to buy Indian patrol boats and Dhruv helicopters. India has wanted to expand its defence ties with Vietnam to military hardware and one of the top-most items on the Vietnamese wish-list is the Brahmos missile, jointly produced with Russia. However,

since Russia has close ties with both Vietnam and China, it remains unclear if India would want to antagonize either. The government wanted the credit line to be seen from the context of the overall drive to improve ties with South East Asian nations of which Vietnam's close ties with India predate the Cold War. India has given a \$ 45-million credit line for a 200-MW hydel project built by BHEL, offer of export of the Param supercomputer and a breakthrough for the Indian corporate sector. India is beefing up security ties with all countries beyond its eastern flank as one of the vital components of its Look East policy. Indian and navies of some South East Asian countries have for long conducted the Milan series of naval exercises. The Indian Navy also conducts coordinated patrols with Thailand and holds joint exercises with Singapore and Japan. Apart from the Malabar naval exercise, India and Japan had for the first time had joint naval exercises in June 2012. During Prime Minister Manmohan Singh's visit to Japan in May 2013, it was agreed to renew the exercises and increase their frequencies.

**Economic Ties** Economic ties between the two countries have also expanded. Vietnam has received substantial Indian private sector investments. Bilateral trade has grown to \$6.1 billion in 2012-13. Both expect to cross the target of \$7 billion by 2015. Investments by Indian companies totals about \$1 billion in 86 projects in sectors such as oil and gas exploration, mineral exploration and processing, sugar manufacturing, agro-chemicals, IT, and agricultural processing. Vietnam has a lot to offer in terms of trade and investment. Vietnam supports Indian businesses to explore more opportunities in oil exploration, electricity, science and technology and agriculture. A vivid example is that Tata Power has won a \$1.8 billion contract to build the 2X660 MW Long Phu Thermal 2 Power Project in Soc Trang Province in southern Vietnam, despite strong competition from Korean and Russian companies, thus taking India from 40th to 12th biggest foreign investor to Vietnam.

It will be the single largest Indian investment in Vietnam when it comes through and will give a strong boost to the economic cooperation and the strategic partnership. The MoU between the two Central Banks, viz. Reserve Bank of India and the State Bank of Vietnam, signed in 2012, will enable Bank of India and Indian Overseas Bank to upgrade their representative offices into full-fledged branches in near future. India has extended 17 LoCs totaling \$164.5 million, including \$19.5 million LoC for setting up Nam Trai-IV hydropower project. From its side, Vietnamese investors are becoming strong in recent years.

**Cultural Exchange** The two countries have strong cooperation in capacity building and human resources development. Vietnam has been participating actively in training programmes under Indian Technical and Economic Cooperation (ITEC) programme. Presently, 150 ITEC slots are being offered to Vietnam every year along with 16 scholarships under the General Cultural Scholarship Scheme (GCSS), 14 scholarships under the Educational Exchange Programme (EEP) and 10 scholarships under the MGC Scholarship Scheme. India has set up a \$2 million Vietnam-India Advanced Resource Centre in ICT (ARC-ICT) in Hanoi and is providing a PARAM Supercomputer, costing Rs. 4.7cr, as a grant, for use in multiple applications.

Asia has become the centre of gravity, the engine of world growth and economic recovery. Despite the downturn in global economy, Asian economies still register strong growth. For example, in 2012 that reached 7.6%. One notable feature of Asia's growth is the simultaneous emerging regionalism. There are a total of 76 free trade agreements and the Asia-Pacific leads the world in the drive for economic integration in the absence of progress of the Doha Round. In the coming years, the number of FTAs and other forms of economic linkage will continue to rise. For example, along with the process of

ASEAN Community, there is a gradual emergence of the Regional Comprehensive Economic Partnership (RCEP), Trans Pacific Partnership (TPP) etc.

Despite this impressive stride, the potential is enormous and can be tapped and explored further. Inter-regional initiatives such as linking the Mekong-Ganga Initiative and between ASEAN and the South Asian Association for Regional Cooperation (SAARC) are areas in which India helps in a meaningful way, such as cooperation in the Lower Mekong to which Japan, the US and Korea are parties, and initiatives for connectivity in infrastructure, land and maritime transport. In recognition with India's engagement with ASEAN politically and economically, as a responsible and proactive member of ASEAN Vietnam stands ready to be at the forefront of the cooperation between ASEAN and India. The Strategic Partnership between the two countries, established in 2007, set out very clearly the five pillars of cooperation. These are: political, defense and security cooperation, economic cooperation and commercial engagement, closer trade and investment, science and technology, cultural and technical cooperation, and cooperation at multilateral and regional forums. During his state visit to India by President Sang in 2011, both India and Vietnam agreed on more concrete steps and targets that both sides should work on. Among those, a target to bring annual two-way trade to \$ 7 billion by 2015 was set. Bilateral visits by top political leaders have set the tone for consolidation and further expansion of bilateral ties. Mr. Kapil Sibal, the Indian Minister of Communication and Information Technology, visited Vietnam in June 2013 and reached a number of agreements with his Vietnamese counterpart. In the coming years, Vietnam will choose IT as a foundation for new development model. Vietnam looks to India as a leading IT industry powerhouse in the world for help and support.

The Vietnam-India Entrepreneurship Development Centre (VIEDC) and a Vietnam-India English Language Training Center (VICELT) have been established with Indian assistance under the IAI (Initiative for ASEAN Integration) as well. An IBSA funded Rice Seed Improvement Project in Danang is ongoing.

We plan to establish an Indian Cultural Centre in Hanoi this year and hope that it will further promote cultural cooperation between the two countries. Archaeological Survey of India (ASI) is about to finalise an agreement on conservation of the ancient remains of the Cham Civilization at My Son. This will help revive our ancient heritage and cultural links.

Vietnam is slowly but steadily deepening its engagement with the outside world. The single most important factor, besides economic imperatives, that is driving Vietnam's external policy is strategic considerations.

India and Vietnam have agreed to consolidate activities and add greater content to the partnership and bilateral relations in the fields of defence and security, trade and investment, science and technology, information technology, capacity building and human resource development, agriculture, education and culture and other areas of common interest.

### **Nine dotted line**

The nine-dotted line, U-shape line, or nine-dash map refers to the demarcation line used by both the governments of the People's Republic of China and the Republic of China (Taiwan) for their claim in the South China Sea, an area including the Paracel Islands (occupied by China but claimed by Vietnam) and Spratly Islands disputed by the Philippines, China, Brunei, Malaysia, Taiwan, and



Vietnam, who each either claim all or part of the Spratlys, which are believed to sit on vast mineral resources, including oil.

Rival claims to territory in the South China Sea are one of the biggest potential flashpoints in the Asia-Pacific region.

China, the Philippines, Vietnam, Taiwan, Malaysia and Brunei all have territorial claims across a waterway that provides 10 per cent of the global fisheries catch and carries \$5 trillion in ship-borne trade. Half the world's shipping tonnage traverses its sea lanes.

The United States, which claims national interests in the South China Sea, recently completed naval exercises with the Philippines near Scarborough Shoal. It is stepping up its military presence in the region as part of a strategic "pivot" towards Asia after more than a decade of wars in Iraq and Afghanistan.

The acrimonious confrontation over Scarborough Shoal, known as Huangyan Island in Chinese, began in 2012 when Beijing ordered its civilian patrol vessels to stop the Philippines arresting Chinese fisherman working in the disputed area.

Beijing and Manila both claim sovereignty over the group of rocks, reefs and small islands about 220 km (132 miles) from the Philippines.

The Philippines says the shoal falls within its 200 nautical mile Exclusive Economic Zone (EEZ), giving it the right to exploit the natural resources in this area.

Maritime lawyers note Beijing routinely outlines the scope of its claims with reference to the so-called nine-dashed line that takes in about 90 percent of the 3.5 million square kilometer South China Sea on Chinese maps.

This vague boundary was first officially published on a map by China's Nationalist government in 1947 and has been included in subsequent maps issued under Communist rule.

While Beijing has no difficulty in producing historical evidence to support its territorial links to many islands and reefs, less material is available to show how it arrived at the nine-dashed line.

## **India-Indonesia**

Being part of the same continent, India and Indonesia are Asia's two biggest democracies which are multiethnic, pluralistic with a religious diversity. Both countries share the demographic dividend of a large youth population.

Both share mutual interests, having large Muslim populations, sharing common democratic values, and equally priding themselves as non-aligned countries.

The two are Indian Ocean littoral neighbors separated by a mere 80 nautical miles of water with historical and civilizational ties.

President Yudhoyono was on a State Visit to India as Chief Guest of the Republic Day in January 2011. Prime Minister visited Bali in November 2011 to attend the India-ASEAN Summit and East Asia Summit. There has also been a regular exchange of Ministerial visits and a Joint Commission process co-chaired by the Foreign Ministers of the two countries.

### **The Context for a new India-Indonesia Partnership**

Indonesia's transition to democracy following Suharto's resignation in 1998 marked a significant advance. Then, Indonesia opted for 'democracy first' as a desirable domestic paradigm as opposed to the 'security first' paradigm. Indonesia's aspiration for unity (*Bhinneka Tunggal Ika*) in spite of its ethnic and cultural diversity, matches India's own quest. India's economic liberalisation and Look East policy initiated in the early 1990s provided the necessary point of convergence. Another (domestic) context has been Indonesia's struggle against terrorism. Like in the case of India, Indonesia too has been a victim of terrorism as the October 2002 Bali bombings and the July 2009 terrorist attacks amply illustrate. Besides, Indonesia's growing ties with the United States, signified by the Comprehensive Partnership Agreement. This is matched by India's own relations with the United States especially since the disintegration of the Soviet Union and the Indo-US nuclear deal. Lastly, Indonesia's emergence as a regional power in Southeast Asia, which should make it a natural partner for New Delhi.

### **Re-crafting the India-Indonesia Relationship**

Economic India and Indonesia are poised to reshape their ties at the economic and strategic levels. Bilateral trade is \$23 billion in 2012.

Indonesia India's second largest trading partner in the ASEAN. India is the largest buyer of crude palm oil from Indonesia. India also sources coal, oil and gas from Indonesia.

India has substantial investments in Indonesia in the textiles, steel, automotive, banking and resources sectors.

India's entrepreneurs are fuelling the rapid pace of engagement with Indonesia by cherry picking opportunities in the country's coal, oil and gas and mining sectors. India's top firms- the Tatas, Birlas, Reliance, Essar, Jindal Steel, all have substantial investments in Indonesia. While Indian auto giants Bajaj and TVS manufacture motorcycles in Indonesia, the Tatas own 30 per cent of Indonesia's two biggest coal mines. One of the early entrants into Indonesia's coal sector was Adani

Strategic During the 2005 visit of President Yudhoyono, the bilateral relationship was raised to the level of strategic partnership. India's Andamans are in close proximity to Indonesia which is crucial for controlling the entry point from the Indian Ocean to the Bay of Bengal. Joint patrols by the two navies in the Strait of Malacca was undertaken, besides participation of Indonesian Navy in the Milan naval exercises. The Indian Navy also provided timely aid during the tsunami that hit Aceh.

India provides ground support training for Sukhoi aircraft to men from the Indonesian air force.

India and Indonesia had signed an MoU on counterterrorism in 2004. Indonesia's experience in successfully fighting against terrorism is exemplary. There are plans to target terror funding and a pact to prevent drug trafficking. An extradition treaty is also on the anvil.

Indonesia is the largest and most influential member of ASEAN. In addition it is a member of the Group of Twenty. The possibilities of cooperation in multilateral forums such as the UN, ARF and East Asia Summit continue to present themselves. India cannot ignore Indonesia's credentials as the

largest Southeast Asian nation, which is a vibrant democracy, a bastion of moderate Islam, committed to multilateralism (ASEAN headquarters being based in Jakarta), and with a good record in counter terrorism and in maritime security. At a time when China reasserted itself in the South China Sea, the Indonesian Foreign Minister rejected China's efforts to keep the US out of the dispute. President Obama's visit to Indonesia in November 2010 followed directly after his India visit.

Indonesia has defence engagement with India across all branches of the armed forces. The maritime security cooperation is perhaps the most significant, as both countries share a common boundary as littorals of the Indian Ocean. Such cooperation includes coordinated patrols, joint bilateral or multilateral exercises, as well as humanitarian assistance and disaster relief. Cooperation between the air forces is also being discussed, with the recent progress including India's support and training for the Indonesian Air Force's Sukhoi fighter jets and pilots. Army-to-army cooperation primarily revolves around counter-terrorism and counter-insurgency. For example, in March 2012, Indian and Indonesian armies conducted their first-ever joint training exercise codenamed "Garuda Shakti" at the Indian Army's elite Counter Insurgency and Jungle Warfare School (CIJWS) in Mizoram.

What is new in the agreement is defense science and technology cooperation. New Delhi's maturing defense technology and industry offers an attractive opportunity for Jakarta to develop its defense self-reliance.

Geopolitics of the region and seeking to contribute to Asian balance are the main drivers in the strategic sphere for a closer relation.

Cultural India could potentially leverage its soft power in Indonesia. Indonesians acknowledge that all their faiths (Hinduism, Buddhism and Islam) came from India. The tradition of Ramayana and Mahabharata (though modified) continues. Indian films too are popular in Indonesia.



→ "Lamp of the East" - Tagore called it.

## India-RoK (South Korea) Relations

2013 marks the 40th anniversary of the establishment of the diplomatic relations between South Korea and India. Over the past 40 years, our two countries have come a long way together to forge sound and healthy ties. The establishment of strategic partnership between the two countries reflects our common desire for a stronger bilateral relationship in all areas of mutual interest. It also envisages two countries playing valuable roles in the regional and international affairs so as to protect and promote their

common interests.

Korea and India began to factor in each other in their economic and strategic calculus only recently. Until the 1990s, the relations between the two countries had much less economic and strategic content. The early 1990s saw far reaching changes at global stage and also in the domestic milieu of the two countries, which compelled them to redefine their foreign policy orientations. The end of the Cold War changed international dynamics from geo-politics to geo-economics. The march towards globalization and economic regionalism led to the opening of the closed economies.

Keeping in view the changing realities, India announced its New Economic Policy, moving from command economy to market economy. Simultaneously, New Delhi initiated its Look East Policy in an effort to engage initially with Southeast Asia and later with Northeast Asia. Around the same time, Korea had emerged as an industrial power and was looking beyond its traditional economic partners. Against this backdrop, both Seoul and New Delhi recognized the overwhelming need to deepen the process of economic engagement with each other. Indian Prime Minister Narasimha Rao paid a historic visit to Korea in 1993 and invited Korean investors to come and invest in India. Korean investors responded. Consequently, bilateral trade and investment relations expanded exponentially. As Indian economy began to register impressive growth and with rising economic stature, India's strategic importance also got significantly enhanced. The countries of South-east and North-east Asia began to accord importance to India in their foreign policy making and looked at India as a partner to ensure stable balance of power in Asia. The growing importance of India for the countries of the region came to be reflected in a flurry of high-level exchange of visits between India and countries of the region and number of strategic and free trade agreements that India signed with them as well as India's entry into the multilateral organizations such as East Asia Summit (EAS).

#### **Korea as a partner in the emerging geo-political scenario**

A definite step in this direction was taken when the two countries established 'Long-term Cooperative Partnership for Peace and Prosperity' in 2004. The two countries started an annual Foreign Policy and Security Dialogue to deliberate on regional and international security issues. Subsequently, the two countries laid the foundation for defence cooperation, by signing a MOU on cooperation in defence industry and logistics in 2005 and another MOU on cooperation between the coast guards of the two countries in 2006.

The real turning point in bilateral relations came in the year 2010, when Korea and India upgraded their relationship to a 'Strategic Partnership'. Cognizant of the importance of economic relations in the overall framework of Strategic Partnership, both Korea and India put in force the Comprehensive Economic Partnership Agreement or CEPA. With these two landmark agreements, our two countries laid down the strong foundation for the future development of bilateral relations.

The formalization of Korea-India strategic partnership is an important development in our bilateral relations, which has the potential to accrue long-term benefits to both our countries across a number of areas.

Today, a robust exchange of high-level visits has emerged as one of the defining features of our special partnership. President Lee Myung-bak's State Visit to India in 2010 was quickly followed by the visit of the President of India, Pratibha Patil to Korea in July 2011 and Prime Minister Manmohan Singh's visit in March 2012. We have witnessed an increase in the Ministerial visits, too. The Defence Ministers of our two countries have exchanged visits to add substance to the evolving strategic

partnership.

The newly inaugurated President of the Republic of Korea, Madam Park Geun-hye accords highest priority to Korea's relations with India and is keen to further build on the strategic partnership between the two countries.

On the economic front, two-way trade and investment have witnessed a surge. In the first two years of implementation of CEPA, bilateral trade witnessed almost 70 per cent growth. Despite continuing global economic slowdown, our two-way trade reached 19 billion US dollars last year. The two countries have set a new trade target of 40 billion US dollars by 2015. Korean investment in India and Indian investment in Korea has also picked up with bilateral investment amounting to 4 billion USD. As strategic partners, the two countries are working together bilaterally as also in regional and international fora to address strategic challenges facing the region, which include maritime security, freedom of navigation, maintaining stable balance of power and putting in place open and inclusive regional security architecture, among others.

Korea and India along with Japan have launched a trilateral dialogue among the think tanks of the three countries to shape common policy responses to issues of regional and global importance. At the moment, the dialogue is at track II level but there is every possibility that it could be elevated to government level in due course.

The two countries have scaled up cooperation in the field of defence and as part of this effort, they are regularly holding joint naval exercises and military consultations. Exchange programs, which include exchange of defence related experience and information, mutual exchange of visits by military personnel and experts including civilian staff associated with defence services, have begun to gain primacy in our interaction. For a long time, India's Defence Attaché stationed in Tokyo held dual charge for South Korea. Last year, India posted a permanent Defence Attaché in its Embassy in Seoul, signifying the importance of defence cooperation in evolving strategic partnership. The defence cooperation between the two countries, among others, also envisages cooperation of defence equipment, transfer of technology and joint research and development.

In the sub-regional context, there are no two views that both Korea and India require peaceful and stable periphery for their continued economic growth. The geo-strategic realities in our immediate neighborhood and the common concerns that our two countries share call for a stronger and deeper strategic cooperation between the two countries.

In the larger regional context, Indo-Pacific is one of the most dynamic and thriving regions in the world today. Our security, stability and prosperity are anchored in the region. So, our two countries have common interest in the peace and stability of the region. However, complex security situations, deep rooted difference in perceptions of history, competing territorial claims threaten to disturb the peace and stability which the region has enjoyed for more than four decades. The foreign and security policy of our two countries cannot afford to ignore these realities.

So, if one considers bilateral, sub-regional and regional situation, one finds that there are compelling reasons for Korea and India to seek a stronger strategic partnership. As the centre of gravity of world politics and economics shifts to Asia-Pacific, South Korea and India, with no conflicting or competing interests between them, will find many grounds to work together strategically so as to reap the



economic benefits resulting from the growth of the region as also to counter strategic challenges facing the region.

A series of provocative actions by North Korea over the past few weeks, including launching of a ballistic missile, nuclear testing and now threatening war against South Korea have escalated tension on the Korean peninsula.

On North Korea, Seoul is unambiguous in its position. President Park Geun-hye administration has made it clear that Seoul will not tolerate any provocation from Pyongyang and respond decisively and resolutely to any new North Korean attacks. President Park has offered North Korea a new trust-building process which is expected to build a foundation for the eventual peaceful reunification of Korea.

India-Republic of Korea (RoK) bilateral relations scaled a new height when the two countries signed a nuclear energy technology agreement in 2011 during President Pratibha Patil's recent visit to that country. This is the second major agreement between the two countries after the Comprehensive Economic Partnership Agreement (CEPA) signed in 2009 and implemented from January 1, 2010. These agreements show a remarkable uptrend in their economic relationship. With the signing of the nuclear deal RoK gains entry into India's nuclear energy sector as the ninth partner.

Besides economic and nuclear co-operation, India-RoK relations are developing at other levels too: cooperation in the peaceful uses of outer space. India is looking forward to launching Korean satellites on Indian rockets. Besides, defence ties are also looking up, especially given the deteriorating security situation in the East and South China Sea regions. In addition to naval and coast guard cooperation, there are prospects for co-production of defence equipment, transfer of technology and joint research and development. India is also planning to station a defence attaché in its embassy in Seoul.

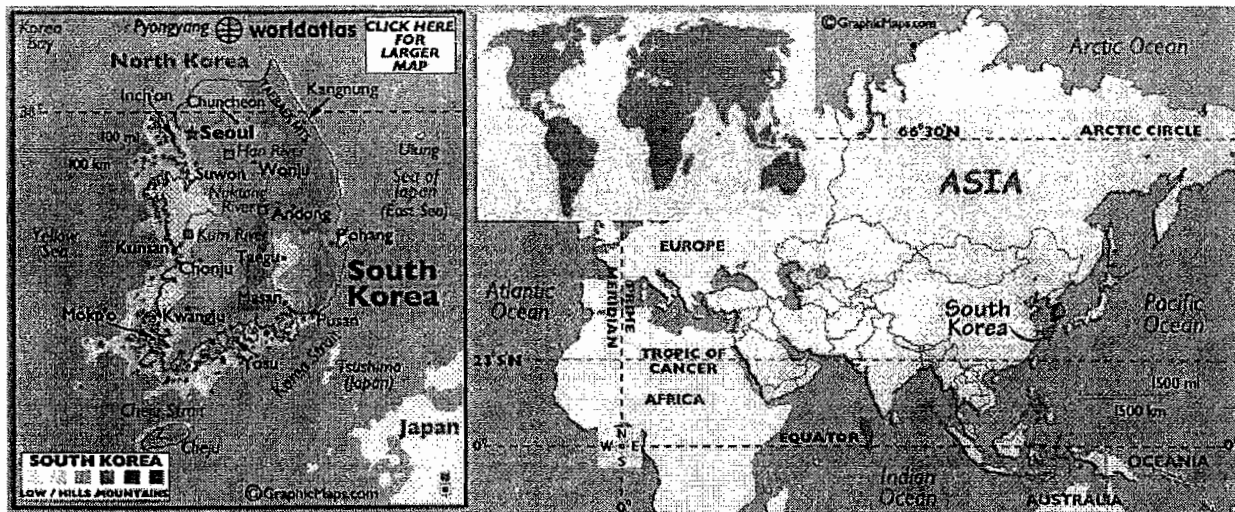
Further, India is seeking greater access in the Korean market for Indian pharmaceuticals and IT services.

South Korea has become the ninth country which had signed nuclear agreement with India after it got the waiver from the Nuclear Suppliers' Group (NSG) in 2008. The others are the US, France, Russia, Canada, Mongolia, Kazakhstan, Argentina and Namibia.

India proposed to ROK to participate in the revival of Nalanda University

They decided to increase cooperation and coordination in the East Asia summit process and also the issues pertaining to Asia Pacific.

ROK relation of India represents expansion of 'Look East Policy'.



The two sides have agreed to work together to conclude a maritime shipment accord and a double-taxation prevention treaty at an early date that would be beneficial for both nations.

Both the countries agreed to encourage greater people-to-people exchanges and stressed to start more direct flights between India and South Korea. For this purpose, we have to amend our Civil Aviation Agreement so as to grant each other's carriers fifth freedom rights. They agreed to do this soon. If CEPA was the high point in 2010, the nuclear deal is the defining development in 2011.

Dr. Singh's visit 2012

An important area between the two sides is on defence cooperation, particularly between the two navies. Both India and South Korea have "blue water navy" and close cooperation and joint exercises will only help their respective navies to learn from each other. ROK with its expertise in ship-building and construction of ports and naval bases is also keen to play an important role in India's proposed maritime projection and expansion.

Manmohan Singh requested President Lee "for Korea's support to India's quest to join international regimes such as the Nuclear Suppliers Group, the Missile Technology Control Group, the Australia Group and the Wassenaar Arrangement".

The two countries also discussed ways to increase coordination on global issues including in the G-20 and at the United Nations. On regional issues, they agreed to enhance cooperation and coordination, including in the East Asia Summit process.

2013 marks the 40th anniversary of the establishment of diplomatic relations between the two countries.

Links between India and Korea go back thousands of years. Lord Buddha's abiding message of peace resonates among both our peoples. Gurudev Rabindranath Tagore called Korea the 'Lamp of the East'..

South Korea has a GDP of US \$ 1.2 trillion (2013) and a per capita of almost US \$ 35,000 with the potential to touch \$ 40,000 by 2016.

Thus, Dr. Singh's visit saw a series of steps, from commerce to defence to space cooperation, to deepen the strategic partnership between Asia's third and fourth largest economies.

Buoyed by a substantial jump in trade—between 65% and 70% after a comprehensive economic partnership agreement was inked in January 2010—both nations have decided to scale up their bilateral target from \$30 billion in 2014 to \$40 billion by 2015.

## India-Japan Relation

### Dr. Singh's visit to Japan 2013

Set up in 2006, Indian and Japanese prime ministerial summits are held every year alternately in New Delhi and Tokyo. The summits are one of the few mechanisms to carry on bilateral relations that have become multi-dimensional over years, and now stand qualitatively improved. The joint statement issued every time indicates the depth, strength, dimensions and potentials. It is both symbolic and substantial.

"Sharing a strong strategic interest in expanding co-operation on maritime security and promoting regional stability, both India and Japan realise that ensuring sea lanes remain open and free as vital for the regional prosperity because of its dependence on oil imports from the Middle East." Prime minister Manmohan Singh visit to Japan primarily focused on firming up bilateral economic ties and co-operation in other areas.

"India's relations with Japan are important not only for its economic development but also because India considers Japan as a natural and indispensable partner in our quest for stability and peace in East Asia and the Asia-Pacific."

India and Japan have long expressed concern over potential threats to energy supplies due to sea lanes vulnerable to piracy and blockades. Both "have shared interests in maritime security, face similar challenges to energy securities".

Japan and India are working toward a deal on nuclear energy co-operation, as Tokyo tries to boost exports of atomic technology and other infrastructure to help revive its economy.

Armed with a trillion dollar foreign exchange reserve, targeting an achievable 2% domestic inflation, and a huge bulging bag of development assistance, Japanese premier Abe Shinzo is eager to promote sales of Japanese nuclear technology as part of its push to expand exports, especially in emerging markets in Asia and the Middle East that have better growth potential than within Japan. Aided by "Abenomics" — monetary easing and huge public expenditure policy, massive stimulus — the yen has fallen by about 25% and Japan is looking for attractive investment propositions abroad. India is certainly on the cards but not priority since development opportunities in Africa and Myanmar commands Japan's investment attention.

Recent Japan and India agreements on economic co-operation and investment include continued assistance to 100 billion dollar plans for industrial corridors between New Delhi and Mumbai, and between Chennai and Bangalore. Though the former project has begun, it is moving slowly and may not meet the 2017 deadline due to cost escalation and other problems.

The world has huge stakes in Japan returning to sustained economic growth, its continued leadership in enterprise, technology and innovation and ability to remain the locomotive in Asian development. India offers increasing opportunities for growth and internationalisation of Japanese corporations.

Trade between Japan and India had never been impressive. Japan's exports to India in the fiscal year ending March 2013 were worth \$8.25 billion. Imports were worth \$5.7 billion. Indian bilateral trade with Japan for 2012-13 worth \$14 billion is dwarfed by Japan-China trade (\$68 billion). Despite Comprehensive Economic Partnership Agreement that envisages abolition of tariffs in 10 years, higher trade with Japan has led India to register higher deficit of \$ 6.2 billion for 2012-13. Japan has a goal of 30 trillion yen in infrastructure exports in its growth strategy to be compiled in June. Since India's plan is to invest \$1 trillion (for five years), the India-Japan summit was a good chance to promote sale of infrastructure like railways and other facilities.

India and Japan also will reinforce bilateral co-operation for massive infrastructure projects. Joint research will be conducted for the construction of a high-speed railway connecting Mumbai and Ahmedabad to enable introduction of bullet trains. Abe announced 71 billion yen in loans for the construction of Mumbai metro and 17.7 billion yen for the IIT-Hyderabad. India's economic growth declined to 6.5% in 2011 and 5% in 2012-13 and hence Japanese investment could be a catalyst. In spite of sustained complementarities between India and Japan, Japanese firms are holding back investment waiting for further reforms relating to problems such as law, labour, land acquisition, tax and the like.

Though the civil nuclear pact could not come through this time, India and Japan have agreed to accelerate talks to conclude a pact to facilitate Japanese firms to export nuclear power generation technologies and equipment to India. Such a pact is problematic because India is not a party to the Treaty on the Non-Proliferation of Nuclear Weapons. India plans to build about 20 nuclear power plants to increase the share of nuclear power in supply from the current 4% to 25% by 2050. The worth of India's nuclear power market is estimated at \$150 billion. Besides, the strong anti-nuclear lobby in Japan can create trouble even if the Abe administration gains confidence to move forward politically.

Abe has already signed agreements with the UAE and Turkey to enable the export of Japan's nuclear power technologies and equipment. Such exports to India need to pay attention to the danger of nuclear power generation and need to thwart nuclear weapons proliferation.

Under pressure from the Bush administration, the Nuclear Suppliers Group, including the US, Britain, France, Germany and Japan, had decided to allow exports of nuclear power technologies and equipment to India. In turn India pledged unilateral and voluntary moratorium on nuclear weapons tests. The Indian call for insertion of a clause in a Japan-India nuclear pact to ensure it would not hamper India's nuclear weapons programme, besides right to reprocess spent nuclear fuel from Japanese generation equipment, could continue to be a point of difference.

Japan has now offered the US-2 amphibious aircraft. The joint statement has also mentioned India and Japan would regularly hold exercises between the Maritime Self-Defence Force and the Indian Navy and begin talks for the export of MSDF's US-2 amphibious planes to India.

Q. India has demographic profile which is richest in the world? Japan " " = old age? In this context relation. Japan has tech, & all things? need human resource from India.

They will co-operate to improve counter-cyber attacks, ensure safe sea lanes and strengthen coast guard authorities. The statement was obviously drafted with China's increasing maritime presence in mind. Thus, the summit was symbolic and gains were substantial.

### May 2013 visit of Dr. Singh: Major Outcomes

Joint Statement on the Prime Minister's visit to Japan, titled "Strengthening the Strategic and Global Partnership between India and Japan beyond the 60th Anniversary of Diplomatic Relations."

Japan has agreed to give loan to India worth 71 billion yen (almost seven million US dollars) for the Mumbai Metro Line III project as well as the yen loan of the fiscal year 2012 totaling 353.106 billion yen (3.47 billion dollars) for eight projects. Besides, Japan has also pledged 17.7 billion yen (174 million dollars) for the Campus Development Project of Indian Institute of Technology, Hyderabad (Phase 2) and 13 billion yen (127 million dollars) for the Tamil Nadu Investment Promotion Programme. Totally, it amounts to a staggering 4.46 billion US dollars.

*Natural partners → Nat. Interest converge closely.*

The two Prime Ministers expressed satisfaction at the steady growth of political exchanges, dialogue and policy coordination at all levels. They positively evaluated Ministerial-level annual dialogues and exchanges, particularly the Foreign Ministers' Strategic Dialogue and the Ministerial Level Economic Dialogue. The two Prime Ministers also noted the successful outcomes achieved during the "2 plus 2" dialogue, the Foreign Secretary level Dialogue, the Foreign Office Consultations, the Defence Policy Dialogue, the Trilateral Dialogue between India, Japan and the United States, as well as other key interactions on various areas including cyber, counter-terrorism and economic partnership. The two Prime Ministers welcomed the launch of the bilateral Maritime Affairs Dialogue, the first meeting of which was held on 29 January 2013 in Delhi. The two Prime Ministers welcomed the expanding defence relations between the two countries based on the Joint Declaration on Security Cooperation between India and Japan. The two Prime Ministers expressed satisfaction that the first bilateral exercise between the Indian Navy (IN) and the Japan Maritime Self-Defense Force (JMSDF) was held in June 2012 off the coast of Japan and decided to conduct such exercises on a regular basis with increased frequency. They decided to establish a Joint Working Group (JWG) to explore modality for the cooperation on the US-2 amphibian aircraft. India and Japan were never as close to each other as they are today.

### General Information on India-Japan

India's relations with Japan are singularly free of any kind of dispute - ideological, cultural or territorial. It is unique

India and Japan have huge potential to cooperate in infrastructure, energy and industry, nuclear and currency swap, the last with a view to stabilize their respective currencies. Marriage between India's young workforce and Japan's capital and technology could help build better infrastructure to sustain long-term growth. India emphasized the importance of the emergence of a large middle class, which could be the driving force for growth in the manufacturing sector.

India's manufacturing sector would facilitate the achievement of greater trade volumes. The signing of the Comprehensive Economic Partnership Agreement (CEPA) between the two countries in 2011 has placed India-Japan economic ties on a high trajectory. The CEPA will facilitate increase in bilateral trade significantly. Both countries have set a target of \$25 billion in bilateral trade by 2014.



The Indian government has also drawn up a blueprint to build a high-speed railway system, and Japan has requested India to adopt its Shinkansen (bullet train) technology. Both countries also discussed cooperation over natural resources, and expressed the hope that Indian and Japanese companies will promote joint businesses on production and trade in rare earths, which are vital for a wide range of green energy technologies as well as military applications. It also transpired that Japan wants to grab a bigger slice of the market in India, whose population is expected to become the world's largest as early as 2030. Cooperation in rare earths is also being discussed.

### **Security Cooperation**

Both countries are of the opinion that security in the Indian Ocean zone is important as it is a major sea lane connecting East Asia with the Middle East. Japan imports a large amount of crude oil from this region. Both leaders agreed on the following:

- Japan's Maritime Self-Defense Forces (MSDF) and the Indian Navy 1 conducted joint exercises in 2012-JIMEX( Read ahead)
- Both countries will move ahead with discussions on resuming negotiations over a bilateral pact on peaceful nuclear energy cooperation.

Since maritime commerce is vital for both India and Japan, it is necessary for both to agree to build a stable, liberal, rulebased order in Asia. As much as 97 per cent of India's international trade by volume and almost all of Japan's international trade is sea-borne. This calls for both countries to work together for unimpeded freedom of navigation, which is critical to their security and economic well-being. Jimex 2012 is a sign that both countries are seeking to jointly protect shared interests.

Two aspects of the India-Japan strategic cooperation may be highlighted here. The first is to build interoperability between their naval forces, which, along with cooperation with other friendly countries, can secure peace and stability in the Asia-Pacific region.

Presently, Japan has naval interoperability only with US forces. The other aspect is to jointly develop defence systems and cooperation on related technologies for mutual security.

### **Two-plus-Two Dialogues**

The second 2 + 2 dialogue was held in 2012 in Tokyo involving the Foreign and Defence Secretaries of both sides. India employs the 2 + 2 format only with Japan to address cross-cutting security and foreign policy issues such as maritime security, cyber security and space. The first one was held in 2010. Japan was the only country with which India has 2-plus-2 dialogue; an attempt to ensure convergence between foreign and defence policies

### **Jimex 12**

The first Bi-lateral maritime exercise between India and Japan 'JIMEX 12' (Japan India Maritime Exercise) took place in June, off Tokyo. Units of the Japanese Maritime Self Defence Force (JMSDF) participating are two destroyers; one maritime patrol aircraft and a helicopter. Indian Naval units participating are INS Rana, INS Shivalik, INS Karmukh and INS Shakti. The four ships entered Tokyo waters after visiting Singapore, Vietnam, Philippines and Republic of Korea enroute. The three day stay in Tokyo coincides with commemoration of 60 years of diplomatic relations between India and Japan.

The four ships of the Eastern Fleet of the Indian Navy are on a sustained operational deployment to the South China Sea and North West Pacific.

## **Defence relations**

Maritime security, anti-piracy measures, freedom of navigation and maintaining the security of Sea Lanes of Communication to facilitate unhindered trade by the sea routes-are some of the issues that dominate the India-Japan Defence Ministers' Meeting.

Japan's association with Indian Navy formed part of the trilateral Malabar series of exercise with the United States.

There is an ongoing Japan-India Defence Policy Dialogue. Both sides will carry out mutual visits of vessels and aircraft as appropriate and conduct bilateral exercise between the Japan Maritime Self-Defence Force (MSDF) and Indian Navy. The two countries resolved to continue to make active contributions to the peace, stability and prosperity of Asia as a whole.

## **Abe's return to power and its impact**

The recent general elections in Japan saw the landslide victory of the Liberal Democratic Party of Japan (LDP). The LDP came back to power after three years of rule by the Democratic Party of Japan (DPJ). As LDP leader, Shinzo Abe was designated Prime Minister on December 26. His party gained majority in the lower and the upper Houses. This is good news for India since Abe has long been seen a supporter of India-Japan partnership.

The geopolitical context in Asia has markedly changed during the last decade. The rise of China, and to a more limited extent that of India, as well as the rebalancing, or "pivot strategy", of the United States have tremendously increased the stakes in the region. Against this backdrop, Japan, whose constitution, Art.9, still edicts that the country has renounced the "threat or use of force as means of settling international disputes", has started to rethink its defence posture towards greater assertiveness and a diversification of its alliances, notably with India.

Abe has already been Prime Minister for a short period from September 2006 to September 2007 and advocated for a more assertive Japan. In this regard, he is often characterized as hawkish and nationalist. Regarding India, he tried to increase India-Japan cooperation during his tenure. He publicly advocated for renewed cooperation with India, even writing in his book *Towards a Beautiful Country: My Vision For Japan*, that it would "not be a surprise if in another decade, Japan-India relations overtake Japan-U.S. and Japan-China ties."

During his earlier tenure as PM, Abe strived to take India-Japan cooperation to the next level. Thus, when India's Prime Minister visited Japan in December 2006, he was granted the honour of addressing the joint session of the Japanese Parliament. These efforts were rewarded one year later, in 2007, when Abe was given the honour of addressing the Indian Parliament during his state visit.

As far as cooperation was concerned, PMs Singh and Abe renewed their commitment towards "Japan-India Strategic and Global Partnership" and published a long joint declaration describing the partnership.

Beyond this policy continuation, Abe has gone further by trying to promote the Quadrilateral Initiative (QI), also known as "quad". Quad is a strategic quadrilateral security dialogue between the United

States, Australia, India and Japan, designed to balance power in the Asian context and tackle transnational security issues. Despite the fact that it did not take off, the QI provides interesting insights into Abe's political vision and its implications. Indeed, he seemed to attach great importance to creating a balanced security architecture in the region, using Japan's alliance with the United States and to a lesser extent with India and Australia, against the rising might of China. Thus, Abe appeared in favour of a policy of "containment", rather than one of engagement with China.

His position with regard to the current security context in Asia: In this matter, and in the context of rising tensions over the disputed Senkaku/Diaoyutai islands, Abe took a tough and nationalist stance during the election campaign.

Against this backdrop, Abe is primarily expected retain good relations with the United States. In the field of defence, Abe's administration has announced its intention to review Japan's defence policy so that the Self-Defense Forces can work more closely with the US military in response to China's rise.

### **Abenomics**

Abenomics is the name given to a suite of measures introduced by Japanese prime minister Shinzo Abe after his December 2012 re-election to the post he last held in 2007. His aim was to revive the sluggish economy with "three arrows": a massive fiscal stimulus, more aggressive monetary easing from the Bank of Japan, and structural reforms to boost Japan's competitiveness.

By September 2013, the measures had resulted in a dramatic weakening of the yen and a rise in the Topix stock market index since his election win. Japan's central bank had also yielded to pressure from Mr Abe's administration to set an inflation target of 2 per cent. It has three arrows: fiscal stimulus, monetary stimulus and structural reforms of opening Japanese agriculture to globalisations.

Tokyo Stock Price Index, commonly known as TOPIX, along with the Nikkei 225 is an important stock market index for the Tokyo Stock Exchange (TSE) in Japan.

### **September 2013**

Japan, which has agreed to provide a \$50 billion currency swap window to tide over India's current account deficit, will also help set up an electronics manufacturing township. This will help India reduce electronic goods imports that are worth \$32 billion annually.

India's current account deficit is expected to touch \$70 billion in 2013-14. Electronics imports account for nearly half this amount. Phased manufacturing of these goods will help reduce foreign exchange outgo. Japan is the leader in electronics goods.

Though India is strong in information technology and software development, it is weak in hardware. India recently came out with an electronics policy, envisaging \$400 billion investments in hardware manufacture and electronic production over a decade.

### **Currency swap**

Japan and India agreed to more than triple their currency swap line to \$50 billion, as Tokyo likely tries to assist India's stepped-up efforts to defend its weak currency.

The sharp increase from the previous \$15 billion arrangement comes on top of fresh steps taken

Swap → Paying in Renminbi for China Import  
China paying in Rupee for Indian Import

16 International  
of  
Currency

recently by India's central bank to shore up the embattled rupee.

The two governments expect this will contribute to the stability of global financial markets including emerging economies.

The move by Japan and India also coincides with growing concerns in Tokyo that a sharp weakening of emerging economies--a key driver of global growth--could deal a blow to Japan's recovering economy. While much of Japan's recent growth has come from consumer spending, the nation's economy still relies heavily on exports for growth amid a shrinking domestic population.

In return for lending India a fresh helping hand, Japan is urging the south Asian country to undertake reforms so foreign investors can make stable, long-term investments in the nation.

The facility between the Reserve Bank of India and the Bank of Japan enables both countries to swap Japanese yen or the Indian rupee for US dollars in an unforeseen situation. It is essentially an arrangement to tide over short-term foreign exchange crunch. The deal was first signed in 2008 and was limited to \$3 billion, but the size was increased to \$15 billion when the arrangement was renewed in 2011. Now it is \$50b.

## India and Japan pact on rare earths

India and Japan in late 2011 inked a strategic agreement that will enable Tokyo to import rare earth minerals, a move which will help it to reduce its heavy reliance on China for the key material that is vital for producing a range of high-tech products.

The conclusion and signing of these agreements will further enhance and strengthen the India-Japan strategic and global partnership. Under the signed agreement, Japan will import over 4,000 tones of rare earths a year from India. Japan has in the past imported all its rare earth requirements from China but has been scouting for alternatives after political turbulence hit its ties with Beijing.

✓ India is expected to begin exporting rare earths to Japan in 2013.

With rare earth production at full throttle, India could supply around 4,100 tons annually, equivalent to around 10 percent of Japan's peak annual demand.

The production and exports will be conducted by a joint venture between Japan's Toyota Tsusho Corp. and India's state-run Indian Rare Earths Ltd.

Another deal also was signed recently - Social Security Agreement - will immediately benefit about 30,000 citizens of both countries. It is also called totalisation agreement.

About 22,000 Indians working in Japan and about 8,000 Japanese are employed in India and their social security contributions won't be deducted in both countries.

Swap → oil market cess dealing .

**Nuclear talks**

Under Abne, Japan has finally decided to resume negotiations with New Delhi for a civil nuclear cooperation deal. 4th round of negotiations on the India- Japan Agreement for Cooperation in Peaceful Uses of Nuclear Energy were held in Tokyo on September 3, 2013.

The third round of talks were held in November 2010. The talks remained stalled since the Fukushima accident early 2011. The agreement with Japan is important also for the US because it will allow its firms like Westinghouse, which have Japanese owners, to source critical equipment for their Indian reactors from Japanese companies.

The Japanese government under PM Shinzo Abe had earlier suggested that it may restart talks with India which had remained stalled since the Fukushima disaster early 2011. The fourth round of talks follow the summit meeting between Singh and Abe in May 2013 in Tokyo where the 2 leaders had reaffirmed the importance of civil nuclear cooperation between the two countries while recognizing that nuclear safety is a priority for both governments.

Japan determined that civil nuclear cooperation with India is significant considering such factors as "the strong wish for such cooperation expressed from the Indian side even after the accident in 2011, bilateral relationship between the two countries including fortification of the Japan-India Strategic and Global Partnership, and the need for measures against climate change and global warming".

**India-Japan-US trilateral**

India, USA and Japan have much in common: democracy, free market, interest in Asian security and stability, maritime security etc.

The first U.S.-Japan-India trilateral meeting was held late 2011(read ahead). With the U.S. getting into the framework of the EAS; the three countries think maritime security is very important and India should be involved, not only on its side of the Indian Ocean'

**India, Republic of Korea, Japan trilateral**

Held for the first time in June 2012 in Delhi, the trilateral dialogue seeks to address the three major themes - the evolving Asian security architecture, non-traditional security issues and prospects and challenges for this process.

The India-Japan-South Korea trilateral seeks to reinforce the India-Japan-US trilateral dialogue that also focuses on expanding strategic and maritime cooperation.

# BRICS

The term BRIC refers collectively to a group of countries with similar economic development characteristics and was first coined by Jim O'Neil of Goldman Sachs Asset Management in a 2001 paper titled "The World Needs Better Economic BRICs." At present, the five BRICS countries account for nearly 30 per cent of the world's land area, 42 per cent of the global population, make up 18 per cent of the world GDP and 15 per cent of the world total trade volume. The trade among these five countries experienced a rapid growth at 28 per cent annually from the year 2001 to 2010 and reached the amount of US\$ 230 billion. From 2000 to 2008, the BRICs accounted for 30 percent of the increase in global output from 2000 to 2008. They hold enormous forex reserves. Brics survived the global recession and are still posting good growth rates. They are the new pole in the global politics. Political dialogue between the BRIC countries began in New York in 2006. The BRIC countries met for their first official summit in 2009, in Yekaterinburg, Russia. The stimulus for the Brics was the global financial crisis and the power shift in their favour.

South Africa was officially admitted as a member nation in 2010. President Jacob Zuma attended the 2011 BRICS summit in Sanya, Hainan province, China in 2011 as a full member.

The essence of the reforms that Brics stand for:

- Called for reform of global monetary and financial institutions.
- United Nations Security Council reform
- Currency cooperation(Read ahead)
- Multilateralism and peaceful resolutions of conflicts in Syria, Iran and Afghanistan
- The BRICS maintained that independence, sovereignty, unity and territorial integrity of each nation should be respected.

## Economic and Currency cooperation

In a significant step towards enhanced economic cooperation, India, China, Russia, Brazil and South Africa signed an agreement that will enable them to provide credit to each other in local currencies and collaborate in capital markets and other financial services. The pact was signed in tune with the BRICS countries' commitment to increased cooperation in economic, finance and trade matters to support their sustained national economic growth and contribute to the "long-term steady, sound and balanced growth of the world economy."

## CRA

Major emerging-markets nations, the so-called BRICS group, moved closer to creating a \$100 billion reserve fund that can be tapped by any member in case of BOP pressures

Each country's contributions to the planned fund--along with its operational model, governance structure and lending practices--have already been agreed on by its members.

The fund, known as the contingency reserve arrangement, or CRA, will help boost confidence.

In March, 2013 finance ministers of the BRICS countries signed an agreement to kick-start the CRA during their annual summit in South Africa.



China will contribute \$41 billion, followed by Brazil, Russia and India with \$18 billion each, and South Africa with \$5 billion.

It is like the Chiang Mai Initiative created in the aftermath of the Asian currency crisis. However, in the 13 years since Asian countries created what they called an alternative to the International Monetary Fund (IMF) by pooling \$240bn to help support their currencies, no money is drawn.

The South African, Indian and Brazilian currencies are among the six worst performers in emerging markets this year as a surge in US bond yields lures away the investment the countries need to finance their current account deficits.

The Brics nations pledged to create the fund, named the Contingency Reserve Arrangement, to shield themselves from "unintended negative spillovers" from monetary policies in advanced economies.

Like any currency swap agreement, this fund also will be available to a limited extent and the rest will be available only after signing upto an IMF bailout arrangement with all the conditionalities.

### 2013 Summit in Durban

The **2013 BRICS summit** was the fifth annual BRICS summit. The summit was held in Durban, South Africa in 2013 March. This completed the first cycle of BRICS summits.

The central area of discussion was under the overarching theme, BRICS and Africa: Partnership for Development, Integration and Industrialisation. □ □

The eThekweni (African name for Durban) Declaration issued at summit's end targeted western and unipolarity.

The BRICS announced the formation of a \$50 billion jointly-funded development bank to rival the IMF and World Bank. Deals were signed to increase inter-BRICS trade in their own currencies, further eroding the US dollar's status as the world's reserve currency.

IMF and the WB were told to reform in line with the emergence of the new economies like Brics. BRICS' determination to anchor any emerging global order in "multilateralism" – whether by demanding permanent seats within the UN Security Council, forging alternative economic constructs that will shift the balance of power their way, or proactively influencing outcomes in global conflict zones.

**Syria and Iran were the important areas where the Brics rejected any further militarization and advocated political solutions negotiated through diplomatic initiatives, expressed concern over unilateral sanctions and warned against infringement on the "territorial integrity and sovereignty" of these nations.**

For all the BRICS, financial and economic considerations are the driving momentum behind the formalization of this strategic coalition.

BRICS "can potentially become a key element of a new system of global governance primarily in the financial and economic areas.

∴ not rivals, working together.

**Important outcomes and recommendations**

- Support G20 leaders for promoting stronger, sustainable and more equitable growth.
- The BRICS nation urges their respective governments to deepen their consultative engagements on economic policies to bring about stability and certainty in global financial markets.
- The BRICS nations encourage their respective governments to take steps to deepen economic engagement amongst the BRICS countries. The establishment of the BRICS Business Council is, therefore, supported as a practical measure that will deepen economic engagement amongst BRICS countries. Trade and investment are the two pillars of economic engagement amongst BRICS countries. We should look to continue enhancing intra-BRICS trade to achieve at least US\$ 500 billion by 2015 as per agreement from previous Business Forum in India. It is essential to improve the quality of trade by focusing on more value added trade in all the three sectors namely manufacturing, services and agriculture. Likewise, we should capitalise on opportunities in sectors such as but not limited to agriculture and agro-processing, energy, sustainable development, infrastructure, mining beneficiation, pharmaceutical and information and communication technology. There is agreement that support for industrialisation projects on the African continent will contribute to the expansion of trade and investment links between BRICS and Africa.
- The Countries are encouraged towards greater cooperation in the financial sector. The possibility of setting up of a development bank and contingency fund and promoting trade within this group in local currencies are particularly encouraging and progress in finalising these.

**New areas of cooperation to be explored**

- BRICS Public Diplomacy Forum.
- BRICS Anti-Corruption Cooperation.
- BRICS State Owned Companies / State Owned Enterprises.
- National Agencies Responsible for Drug Control.
- BRICS virtual secretariat.
- BRICS Youth Policy Dialogue
- Tourism.
- Energy.
- Sports and Mega Sporting Events.

**Political/strategic cooperation**

On the political side, three key issues deserve a brief mention. BRICS has voiced support for a comprehensive reform of the U.N., including the Security Council. In this context, Russia and China have underlined the importance they attach to the status of India, Brazil and South Africa in international affairs, committing themselves "to understand and support" the three countries' "aspiration to play a greater role in the U.N."

On countering international terrorism, a common position has emerged.

On Syria and Iran- mentioned above.

Brics countries show how geographically distant countries with different social and economic challenges can generate a convergence that changes the axis of international politics.

## Cross listing *financial cooperation*

The derivatives to be cross-listed includes Brazil's IBOVESPA futures; Russia's MICEX Index futures; India's Sensex Index futures; Hong Kong's Hang Seng Index futures and Hang Seng China Enterprises Index futures; and South Africa's FTSE/JSE Top40 futures, a joint statement said.

Further, JSE will also list options on the benchmark futures of the other four member exchanges.

The founding members of the BRICS Exchanges Alliance include BM&FBOVESPA from Brazil, Open Joint Stock Company MICEX-RTS from Russia, BSE Limited from India, Hong Kong Exchanges and Clearing Limited (HKEx) as the initial China representative, and JSE Limited from South Africa. The alliance was formed in October, 2011, at a World Federation of Exchanges' conference in Johannesburg, South Africa. The listing of benchmark equity index derivatives marks the implementation of the first phase of the alliance. This is the first initiative in the world in which five exchanges cross-list their most important equity indices.

## *Bank*

During the 4<sup>th</sup> BRICS Summit in New Delhi, the leaders of the five developing countries agreed to "enhance intra-BRICS trade" and agreed on an accord on extending a credit facility in their own currencies. In their joint declaration the BRICS leaders made another important step in cooperation as they stated: "We have considered the possibility of setting up a new Development Bank for mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, and to supplement the existing efforts of multilateral and regional financial institutions for global growth and development." This notion of a new development bank has sparked worldwide interest.

A new development bank would primarily serve the needs of BRICS countries, especially for countries that badly need a large investment in infrastructure, such as India. Generally speaking, all of the BRICS need to improve their infrastructure.

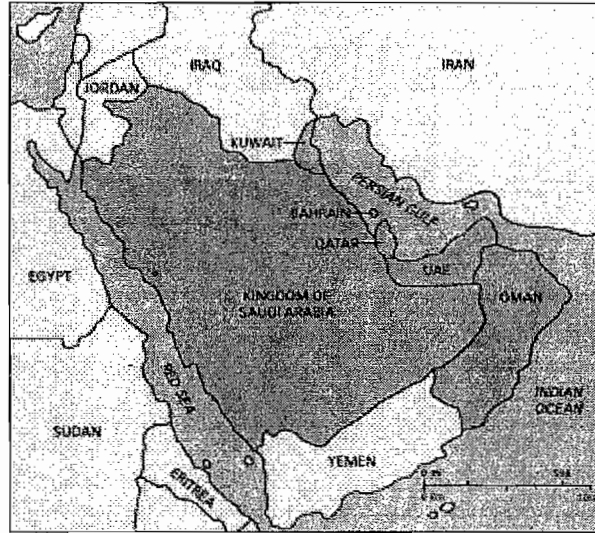
There are also political incentives behind this new development bank. The World Bank has been dominated by the West for more than half century. The recent World Bank selection showed that developed countries are not willing to give up the leadership of the bank. A BRICS development bank represents the growing influence of developing countries. It could also provide a platform for BRICS to promote international financial system reform.

All five countries are willing to enhance their internal trade and investment to create a wider base for further cooperation.

*Track I diplomacy* → Diplomat - diplomat (official level)  
*Track I 1/2* → Informal meet of diplomat - people  
*Track II* → former diplomat - people  
*Track III* → " (no support of govt) "  
*Track IV* → People - people  
*Track V* →

# Current Affairs

## India's "lookwest policy"



Adoption of the Look West policy in 2005 reflects India's increased desire for engagement with its West Asian neighbours. The Gulf region is important for India in the fields of trade, business, politics and security. Several high level visits have been exchanged and important agreements signed between the two sides on a number of issues. Bilateral engagement has also gathered momentum because of similar perspectives on terrorism and piracy. India's endeavours for deeper engagement with the region have been well accepted by the Gulf countries that realise India's potential as a large, stable, democratic country and an emerging political and economic power in Asia and the world.

India considers the Gulf region as part of its 'extended neighbourhood'. The relationship has been marked by the growth of trade and business, increased cooperation in the fields of security, regional and international affairs and improved political understanding.

Prime Minister Manmohan Singh visited Oman and Qatar in 2008 and signed important agreements with both the countries. India signed three Memorandums of Understanding (MoUs) with Qatar on defence and security, investment, energy and manpower development. The agreement on defence and security covers maritime security, piracy, intelligence sharing on terrorism, money laundering, narcotics and transnational crimes, including training and exchange of visits. The agreement on law and security enforcement lays out the framework for sharing of information and databases on threats posed by extremists and other legal matters. During the visit, Prime Minister Manmohan Singh requested Qatar to supply an additional five million tonnes of liquefied natural gas (LNG). Qatar is already the largest LNG supplier to India.

Manmohan Singh visited Oman in 2008. India and Oman signed an MoU for establishing a joint investment fund with a seed capital of US\$ 100 million, which will be expandable to US\$ 1.5 billion. The joint fund is designed to identify projects in infrastructure, tourism, health, telecommunications, utilities, urban infrastructure and other sectors in both the countries. A manpower agreement was also

signed between the two countries. This agreement seeks to protect the interests of the Indian workers in Oman, particularly those of women and those engaged in household sector which does not come under the purview of labour laws.

In February-March 2010, Prime Minister Manmohan Singh visited Saudi Arabia. During his visit the Riyadh Declaration was signed with the Saudi King Abdullah bin Abdulaziz Al Saud. In the Riyadh Declaration, the two leaders condemned terrorism and extremism, agreed to enhance cooperation in the exchange of information relating to terrorist activities, money laundering, narcotics, arms and human trafficking, and to develop joint strategies in combating these threats. Both leaders also agreed to develop a broad-based economic partnership including infrastructure, energy and enhancing bilateral trade. The Riyadh declaration has been termed as "a new era of strategic partnership" by both countries.

The Prime Minister proposed a strategic partnership between the two countries in the energy sector. He said that it is time to move beyond the traditional buyer-seller relationship and to forge a comprehensive energy partnership.

Apart from the Gulf Arab countries, Iran figures prominently in India's Look West policy.

#### **India's priorities in the Gulf**

- Energy security
- Trade and investment
- Forging strategic ties

**Military cooperation:** Particular attention has been paid on military cooperation to deal with common security threats. The growing threats of Islamic extremism, terrorism and maritime piracy have become concerns for both India and the Gulf countries. There is a growing concern over the rise of criminal activities, money laundering and illegal arms trade between the two regions. India has signed defence cooperation agreements with the UAE, Oman, Qatar and is considering one with Saudi Arabia. The defence agreements are aimed at providing military training, cooperation in military medical services, joint exercises, joint development and manufacture of sophisticated military hardware, cooperation in product support, services, defence science and technology etc and jointly combating pollution caused by the military at sea. The Indian Navy has been at the forefront of conducting military exercises with the Gulf region. The Indian Navy has conducted exercises with the navies of Kuwait, Oman, Bahrain, Saudi Arabia and UAE. Besides, the Indian Air Force has also come forward to conduct aerial exercises with their counterparts. In 2008, India conducted its first joint air force exercise with the United Arab Emirates at the Al Dhafra base in Abu Dhabi. In 2009 the Indian Air Force conducted a joint exercise with Oman codenamed 'Eastern Bridge' at the Royal Air Force of Oman (RAFO) base at Thumrait. The exercise, though ostensibly conceived to increase interoperability between the RAFO and the IAF, also served to underline the strategic reach of the Indian Air Force.

**Fighting piracy:** The recent spurt in the piracy activities off the Gulf of Aden in the Indian Ocean has affected both India and the Gulf countries. For India, the security of the Indian Ocean is important as large number of oil tankers pass through these waters. Cooperation with the Gulf countries in fighting piracy would also strengthen India's presence in the strategic waters of the Indian Ocean. India has already deployed its naval ships to deter the pirates.

**Strengthening soft power:** India has emphasised on strengthening the soft power relationship with the countries of the region. Cooperation in the field of education is an emerging area of cooperation between India and the Gulf region. India has pledged to assist Saudi Arabia in setting up an ICT Centre of Excellence as well as institutes of higher learning, involving both education and research in the field of technology.

**Protecting interests of diaspora:** Protecting the interest of the 6 million strong Indian diaspora has been an important element of India's policy priorities in the Gulf. The Indian diaspora in the Gulf is a major source of foreign currency. The UAE and Saudi Arabia are the major source countries for the remittance.

### **India-UAE**

The United Arab Emirates is an Arab country bordering Oman to the east and Saudi Arabia to the south, as well as sharing sea borders with Qatar to the west and Iran to the north. The UAE is a federation of seven emirates (equivalent to principalities), each governed by a hereditary emir, with a single national president. The constituent emirates are Abu Dhabi, Ajman, Dubai, Fujairah, Ras al-Khaimah, Sharjah, and Umm al-Quwain. The capital is Abu Dhabi, which is also the state's center of political, industrial, and cultural activities.

Over 1.75 million Indians live in the UAE, making it the confederation's largest expatriate community. The Dubai Chamber of Commerce and Industry has 20,038 Indian companies registered. UAE investors have pumped some \$2 billion into India in areas ranging from energy, computer services and programming to construction and tourism, making the tiny confederation the 10th-largest foreign investor in India.

In fiscal 2010-2011, trade between India and the UAE crossed \$67 billion, according to Indian government figures, yielding India a badly needed surplus as \$34 billion of Indian exports reached the UAE and \$32 billion worth of UAE exports were shipped to India. Trade, social and cultural ties between the two sides go back centuries.

Gold constitutes a large part of the trade. Gold is Dubai's biggest trade item, with imports and exports worth a total of \$39 billion last year, most of that with India. Major Indian exports to Dubai include gems and jewellery, petroleum products, machinery and instruments, much of it for re-export.

Expecting to invest around a trillion dollars over the next decade in infrastructure alone, India is looking to the UAE for financing. sovereign wealth fund of Abu Dhabi, the wealthiest of the UAE members, is looking to investing in India.

Economic ties have come hand in hand with closer political and even sports links.

India is already dealing with UAE on defense issues. There have been goodwill visits by Indian Navy ships to the UAE from time to time and in recent years, bilateral defense cooperation has been strengthened.

Cricket has also brought the two countries together, with India having played numerous matches against Pakistan in the UAE emirate of Sharjah.



**Economic and Commercial**

Indians have emerged as important investors within the UAE and India as an important export destination for the UAE manufactured goods. There are 484 direct flights per week between various destinations of India and the UAE. India-UAE trade, valued at US\$180 million per annum in the 1970s reached level of \$ 67 billion during 2010-2011. For UAE, India is the largest trading partner. India's major export items to UAE include petroleum products; precious metals; stones, gems & jewellery; minerals; food items (cereals, sugar, fruits & vegetables, tea, meat, and seafood); textiles (garments, apparel, synthetic fibre, cotton, yarn); and engineering & machinery products and chemicals. UAE was the fifth largest import source of crude oil for India in 2011-12 with import of 15.79 MMT of crude oil.

**Defence Cooperation:** With the signing of MoU on Defence Cooperation in 2003 and setting up of Joint Defence Cooperation Committee (JDCC) regular exchange of dialogue is taking place between the two countries. The fifth Meeting of JDCC took place in New Delhi in May, 2012. Potential areas of bilateral cooperation in the defence field are:

- production and development of defence equipment
- Joint exercises of armed forces, particularly naval exercises
- sharing of information on strategy and doctrines;
- technical cooperation in respect of Intermediate Jet Trainer etc.

In recent years, bilateral Defence cooperation has been strengthened, notably in the field of defence training and supply of defence inventory, besides regular exchange programmes. There have been goodwill visits of Indian Navy ships to the UAE from time to time. Three Indian Naval Ships, INS Teer, INS Krishna and CGS Veera, paid a visit to the UAE ports in 2011. UAE hosted the meeting of the 'Indian Ocean Naval Symposium' (IONS) at Abu Dhabi in 2010, where India handed over the Chairmanship of the IONS to the UAE. The third Naval Staff Talks between Indian and UAE Navies took place at Abu Dhabi in June 2011. The first ever IndiaUAE Joint Air Forces exercise took place in 2008 at the Al-Dhafra base in Abu Dhabi. India has also been a regular participant at the biennial International Defence Exhibition (IDEX) in Abu Dhabi.

**India –Saudi Arabia**

In recent times, the historic visit of King Abdullah to India in 2006 resulted in signing of 'Delhi Declaration' imparting a fresh momentum in the bilateral relationship. The visit provided the framework for cooperation in all fields of mutual interest. The reciprocal visit by Prime Minister Dr. Manmohan Singh to Saudi Arabia in 2010 raised the level of bilateral engagement to 'Strategic Partnership' and the 'Riyadh Declaration' signed by the leadership of the two countries captured the spirit of enhanced cooperation in the realms of political, economy, security and defence.

**Indo-Saudi economic relations have shown remarkable growth with bilateral trade registering three-fold increase in the last five years. Saudi Arabia is the 4th largest trading partner for India:** The value of the two-way trade between the two countries in 2012-13 exceeded US\$ 43.19 billion. The import of crude oil by India forms a major component of bilateral trade with Saudi Arabia being India's largest supplier of crude oil, accounting for almost one-fifth of its needs.

**Defence Cooperation:** After the visit of King Abdullah to India in 2006 and Prime Minister's visit to the Kingdom in 2010, there was a new momentum imparted to bilateral ties in the defence area. Both the countries have regularly exchanged defence delegations and sent their armed forces officers for

training from time to time. In 2006, India spearheaded the launch of the Indian Ocean Naval Symposium, a cooperative security initiative for the IOR, with active participation from the Royal Saudi Naval Forces.

The visit of A. K. Antony to Saudi Arabia in February 2012 is the first ever visit by an Indian Defence Minister to the Kingdom. Strengthening defence ties and broadening defence engagement between the two countries was the principal objective of the visit.

Antony's visit to Riyadh provides a thrust for India's defence diplomacy in the Gulf region. India has been engaging with other regional countries like Oman, UAE and Qatar by signing defence cooperation agreements and conducting regular exchanges and high level meetings. Though both Saudi Arabia and India are important countries in their respective regions, defence cooperation between the two has not received adequate attention. It is only in recent years that the two countries have begun to conduct joint naval exercises. Indian ships have visited Saudi Arabia on port calls and India has been providing training to some Saudi defence personnel. During his interactions, Antony also suggested an active role for the Saudi Navy in the Indian Ocean Naval Symposium, thus indicating the Indian Navy's desire to work with the Saudi Navy in future.

During the visit, both countries agreed to set up a joint committee to work out a Memorandum of Understanding (MoU) on defence cooperation, another MoU on cooperation in the field of hydrography, joint military exercises and high level visits, etc. Importantly, the committee would also explore the possibility of cooperation between the defence industries of the two countries. At present there is no formal defence cooperation agreement signed between India and Saudi Arabia. There is no supply of any weapons and equipment nor are there any joint Research and Development (R&D) projects.

The delicate political and security situation in the Middle East, Saudi ambition for a regional leadership role and the available oil wealth are some of the major factors that would drive Saudi interest in the defence sector in future. India should continue to focus on strengthening existing areas of cooperation such as joint naval exercises, conducting training programmes, holding joint military exercises, etc.

Saudi interest in signing an MoU on cooperation in hydrography stems from the fact that the 13,500 strong Royal Saudi Naval Forces have to further strengthen their power keeping in view the changing security situation in the region. Cooperation with Indian Naval units and training from India on hydrography would strengthen their knowledge and expertise for navigating in deep waters and thus increasing their capabilities in the region. Several Saudi defence personnel have been undergoing training at the National Institute of Hydrography, Goa, and a formal cooperation agreement would help in further deepening these ties.

During his visit Antony reiterated India's commitment and readiness for cooperation to fight against piracy in the Indian Ocean and has suggested that both the India and Saudi navies should jointly explore practical cooperation in the high seas against the pirates. In the past, both India and Saudi Arabia have been victims of piracy off Somali coast. The safety and security of the SLOCs( sea lines of communication) is directly linked to the trade and commerce of both countries. Active cooperation between the two powers in the high seas would certainly help in deterring the pirates. Though both countries have deployed ships in the Gulf of Aden to check piracy, operational cooperation between the two navies have not been established.

Similarly, terrorism is an important issue on which cooperation between India and Saudi Arabia is crucial (Read ahead about Jundal). Collaborating with each other in combating terrorism has become necessary keeping in view the transnational nature of terrorist funding, operation and ideology. Antony discussed the issue of terrorism with his Saudi counterpart Prince Salman and both countries have reiterated their pledge to fight the menace together. India is reportedly helping Saudi Arabia set up a jungle warfare college in the country, which is intended to train Saudi security forces fight against al Qaeda operating in the mountainous terrain along the Saudi-Yemeni border.

Saudi Arabia is an important country in the region for India in many respects. The 2010 Riyadh Declaration has been termed as 'a new era of strategic partnership' between the two countries. Although ties in the fields of trade and commerce remain strong and India and Saudi Arabia are engaged in identifying issues of mutual political concern, cooperation in the defence sphere has been conspicuously absent. Antony's visit attempts to fill that gap as both countries have decided to take the first big step by agreeing to form a joint committee to work out the future course of action in this regard.

### **Abu Jundal**

Sayed Zabiuddin Ansari aka Abu Jundal is an Indian national, Pakistani Islamic Fundamentalist / Terrorist belonging to Indian Mujahideen and Lashkar-e-Taiba. He is accused of being involved in 2008 Mumbai attacks. He had served as the handler of the 10 LeT terrorists during 2008 Mumbai attacks. He was deported from Saudi Arabia in June 2012 and is currently in the custody of Indian security agencies..

In this episode, the important aspect is the cooperation between India and Saudi Arabia in the field of security and intelligence cooperation. It must be noted that the desert kingdom went against the requests of its closest international ally, Pakistan. It is seen to have been partly done on US advice.

Abu Jundal is not another terrorist, but the closest India has got to the mastermind of 26/11 Hafiz Saeed and Pakistan's ISI. David Headley was involved in the recce, but Jundal was there in the control room, directing the attackers. This makes him way more valuable to India. It is clear that the voice intercepts that led to Abu Jundal came from the US counter-terrorism authorities, and subsequently there would have been some persuasion of the Saudis by the US.

The reasons for the increasing proximity between India and Saudi Arabia

After the 9/11 attacks, the Saudi royalty accepted Al Qaida as a threat to the kingdom as Osama targeted them directly. The Saudi royalty has traditionally had an uneasy relationship with Wahhabi Islamists but has been resolutely opposed to Al Qaida, since Osama bin Laden and his band of followers declared war on the House of Saud. It was soon realised that Lashkar and Al Qaida were working together – Lashkar is the Salafi terror group in Pakistan. (Salafi and Wahabi are expressions denoting fundamentalism) Pakistan, as Saudi Arabia's closest ally, took a hit after the killing of Osama inside Pakistan. In addition, Pakistan's clear support to the Afghan Taliban was hurting US interests in Afghanistan. The resultant US pressure on Saudi to pressure Pakistan and cooperate with India also worked.

Another major event that influenced the geopolitics is the fact that with shale energy, US has turned into a net exporter of energy. Coupled with a perceived decline in global influence, the US could, in the foreseeable future, disengage from the Middle East.

For Saudi Arabia, dependent on oil sales, the biggest consumers on the horizon are India and China. In the past few years, Saudi Arabia has weaned India off Iranian oil to emerge as the largest crude supplier to India. Greater convergence of interests and a strategic dimension to the relations need to be emphasised for this to continue and Saudi Arabia cannot be seen as a country which agrees with Pakistan's destructive policies.

### **Nitaqat**

The Nitaqat is a carrot-and-stick incentive programme for companies and businesses to hire more Saudis across a spectrum of jobs. It categorises firms into four colour ranges: blue (premium), green, yellow and red. For example, if a company has 40 per cent Saudis on its staff, it is in the blue (premium) category and will enjoy privileges in importing foreign manpower.

If the company has less per cent Saudi staff, it will be in the green category and its hiring privileges will be fewer. If a company's Saudi employees' percentage is even less, it will fall in the yellow range, and hence will need to do some extra hiring to fall in line with the Nitaqat.

If the percentage is between 0 and 5, the company is in real trouble: for instance, its foreign staff's work permits would not be renewed. Meaning: the company will have to fold up. A firm should have at least one Saudi employee, if it has under 10 employees, otherwise, it will fall into the red category. In April this year, there were 2.25 lakh firms and business entities that did not have a single Saudi employee.

Expats from India working for 'red' companies will have to leave. Where possible, they can move to 'green' and 'blue' companies if jobs are available.

The 'Saudi-isation' programme, announced in June 2011 in the wake of the Arab Spring, was to have taken effect in April 2013. But King Abdulla decreed a three-month extension.

There are more than two million Indians working, legally as well as illegally, in the kingdom.

### **India-Iran**

India-Iran relations span centuries. The two countries share several common features in their language, culture and traditions. Both South Asia and the Persian Gulf have strong commercial, energy, cultural and people-to-people links.

In past few years both India and Iran have been working towards managing its energy and economic cooperation under the shadow of the US and European Union (EU) sanctions. Despite the tightening of sanctions, India cannot afford to halt the import of crude oil from Iran given its dependence on Iranian oil. Iran was India's second largest supplier of oil but now it has slipped to sixth position. Though India reduced oil imports from Iran, It is trying to expand trade in other commodities like tea, pharma, automobile, electronics, spare parts and agricultural products. India has already approved USD 364 million (20 billion rupees) fund to provide reinsurance to local refineries that process Iranian crude oil and the quantum of the fund can be raised in future.

India and Iran have also been working to build the regional transport networks –International North South Transport Corridor, which will help connect South, Central and West Asia to Europe for regional economic development. Equally important is the regional security dynamics, particularly the developments in Afghanistan in the post-2014 scenario. In addition, the unfolding of Syrian crisis and the impact of the ‘Arab Spring’ has implications for both India and Iran.

West Asia is going through the phase of political transition. With the changing global and regional security environment, new geopolitical alignments as well as changing balance of power are taking place. Iran an important player in the region is confronted with both internal and external challenges. Domestically, it has a new leadership. Externally, it is trying to overcome its current isolation because of its standoff with the West on its suspected nuclear weapons programme. So far Iran has been able to manage both these challenges by developing strong political, economic and strategic relations with the states in the region and beyond, hoping that such ties can it through the difficult times. While the region reorganises itself, Iran and India look towards consolidating their bilateral relations. Both the countries are significant actors, whose role can't be overlooked in terms of their political and economic involvement in the region. Today, the regional complexities demand new ways and means of cooperation between India and Iran.

It is in this context that the recent visit of External Affairs Minister, Salman Khurshid merits attention. This is yet another diplomatic push towards strengthening the existing partnership between the two regional actors. Earlier, the visit of the Indian Prime Minister, Manmohan Singh to Iran on August 28, 2012 to participate in the NAM summit was a clear indication of New Delhi's desire to give new impetus to bilateral relations and enhance economic cooperation. After Prime Minister's visit, a new thrust was given to the bilateral relations. Subsequently, several high-level visits have taken place from both sides.

Significant among the various interactions has been the recent 17th India-Iran Joint Economic Commission meeting held in Tehran on May 4, 2013. The external affairs minister Salman Khurshid and his counterpart Ali Akbar Salehi, under the framework of joint commission, discussed critical bilateral and regional issues. Three important areas were identified:

1. Regional connectivity
2. Enhancing bilateral trade and economic cooperation
3. Cooperation on regional security issues

### **Regional connectivity**

On regional connectivity, both sides agreed to work on a trilateral transit agreement involving Afghanistan. A draft agreement is expected to start soon. India's participation in Chabahar port project has been under discussion for the last few years but the decision to upgrade the Chabahar port was conveyed during the EAM's visit. It is important to note that the Iranian port of Chabahar (previously Bandar Beheshti), located on the Makran coast of the Sistan and Baluchistan province of Iran criss-crosses some of the most important international corridors – East-West, North corridors, South corridor and TRACECA - and can be considered one of the most strategic transit locations. It is often referred to as the 'Golden Gate' to the landlocked Commonwealth of Independent States (CIS) countries and Afghanistan. Chabahar has immense potential to connect the business centres in South Asia (Mumbai, Jamnagar, etc), the Middle East (Dubai), Central Asia (Turkmenistan) and Afghanistan (Milak). It is close to the mainline shipping routes connecting Asia and Europe. The distance from Chabahar to Milak on the Afghan border is 950 km and 120 km from the Pakistan border. Iran plans to

use this port for transshipment of a variety of goods - tea, eatables, electronics, building materials, heavy equipments, etc. – to Afghanistan and Central Asia and equally maintain the Bandar Abbas port as a major hub for trade with Russia and Europe.

From India's point of view, the strategic importance of Chabahar is immense. It not only gives access to the oil and gas resources in Iran but also provides access to Central Asian Republics. India and Iran have already taken initiatives to enhance connectivity through bilateral agreements. In April 2008, an important initiative was taken by both countries when India and Iran signed an agreement to establish a new rail link between Iran and Russia. India offered assistance for technical training of personnel, railroad signalling projects as well as the supply of locomotives and spare parts. The trilateral agreement between the governments of India, Iran and Afghanistan to develop the Chabahar route through Melak, Zaranj and Delaram will also facilitate regional trade and transit and thus contribute to regional economic prosperity.

India is interested in investing in the Chabahar container terminal project as well as the Chabahar-Faraj-Bam railway project. From Bam, which is on the Afghan border, goods can be taken through the Zarang-Delaram road, which is linked with the garland highway connecting all major Afghan cities. There is also the possibility of extending this road to Tajikistan and Uzbekistan, which would give further impetus to regional trade and transit. During the current visit of the EAM, the proposed North-South corridor linking Russia with Iran was also discussed with the objective of clearing the hurdles. The potential of these corridors are immense. While new initiatives by India, Iran and other regional countries offer many opportunities, the challenges, however, limit the full realisation of these corridors. These challenges mainly concern the security situation in the region, lack of economic resources, the Iran-US standoff and finally the impact of current US and EU sanctions. India's recent decision to invest USD100 million in free trade zone in Chabahar can be viewed as a forward movement in terms of enhancing bilateral ties. Projects of such scale and size demand more time and assessment.

#### **Enhancing bilateral trade and economic cooperation**

The need to increase trade and economic cooperation between India and Iran is a strong imperative though the current level of economic engagement does not reflect the close relations between the two. India and Iran bilateral trade during 2011-2012 was USD 16 billion. The major portion of this trade is imports of petroleum by India from Iran. Therefore, in order to sustain the level of trade interaction, it is important that Iran imports more from India. Agriculture, pharma, medical equipments and aeronautics are some of the identified areas where cooperation in future could be enhanced. During the EAM's visit, both countries have decided to increase the bilateral trade to USD 25 billion in the next four years. Another significant area where cooperation can be expanded is banking. In addition, India and Iran have agreed to explore the prospects of joint investment. These can happen in both oil and non-oil sectors like electronics, automobile, Information technology, and infrastructure. Iran is offering production sharing contracts (PSCs) on exploration of oil block in Iran to Indian companies. If Iran expects India to be its true partner in energy cooperation it must give due attention to revisit the India-Iran LNG agreement signed in January 2005, according to which Iran was to export 7.5 million tonnes of LNG per annum over the 25 years starting in 2009.

#### **Cooperation on regional security issues**

The region is passing through the turbulent phase. There are huge political uncertainties particularly in Afghanistan, Syria and some of the West Asian countries. Without Iran's inclusion a durable regional



security architecture will not be sustainable. Iran controls the entry and exit to the Straits of Hormuz through which vast amount of oil passes. The uninterrupted oil supplies from the Persian Gulf remain important for India and the global economy.. Any military attack on Iran can interfere with the safety of oil supplies through the Straits of Hormuz. Military conflict in the region can lead to massive rise in global oil prices affecting the global economy. Iran is equally an important player in Afghanistan and had played constrictive role after 9/11 by offering full support to the US in ending the Taliban rule. Both India and Iran have stakes in the stability of Afghanistan. In past, India-Iran and Russia have jointly cooperated on Afghanistan. During the recent visit of the EAM, developments in Afghanistan and Syria were discussed at length with a focus on stability and efforts to deal with increasing violence and the challenges that a possible return of Taliban would bring. In the light of the US withdrawal in 2014, India and Iran need to evolve strategies to help Afghanistan in rebuilding their country. These efforts could include building infrastructure connecting Afghanistan with Central Asia via Iran, by working together in sharing information to ensure that Taliban does not return in Afghanistan. In the past India has worked with Iran, Russia and Tajikistan. In addition, regional countries like Russia, and China will have to play a far more active role in Afghanistan's economic development. At the same time no durable solution can be found without Pakistan's constructive role in Afghanistan.

On the Syrian crisis, India and Iran would want an end to violence and a peaceful resolution taking into account the aspirations of people of Syria. Both support the Geneva Communiqué, which includes the "6-Point Plan of Kofi Annan". For India, its relations with the Gulf Cooperation Council (GCC) countries are equally important. In fact, the stakes are high in the Gulf, where more than six million Indians work. The GCC countries are India's largest trade partner with trade in 2011-12 about \$124 billion, far outstripping the financial volumes of such ties with any other region of the world.

The future of India-Iran relations will depend on two factors: First, how India manages to balance its relations with Israel, US and the GCC countries on the one hand and Iran on the other? The need for India's energy security and its capacity to pay for the crude imports in dollars.

For India, Iran continues to remain important for various reasons: energy security, for countering Pakistani Taliban in Afghanistan, for access to trade and transport connectivity with Central Asia and Afghanistan and, to some extent, for managing the domestic political dynamics. India does not want to be a victim of the US policy in West Asia. However, equally important for India is its strategic partnership with the US.. In the current context, the real test for India and Iran is to maintain and sustain the current momentum.



ACU: Given elsewhere in the Notes

### **Iranian crude and rupee payments**

In view of the difficult CAD situation; rising oil prices internationally and the volatile Syrian geo politics, India is considering the option of paying Iran for its crude in rupees. Iran gives 90 days credit

to Indian oil companies and its crude is cheaper than that from Saudi Arabia and Iraq. It also accepts some **payments in Indian currency**. Moily points out that India saves precious foreign exchange too if it buys crude from Iran.

India reduced oil imports from Iran after the United Nations imposed sanctions on that country in 2011 in response to its controversial nuclear programme. From 18.1 million metric tonne (MMT) in 2011/12, India reduced the volume of crude exports from Iran to 13.1 MMT in 2012/13. In the first six months of this fiscal year, India imported only 2 MMT from Iran.

All this could change if Moily has his way. The minister is expected to travel to Iran soon and is keen to improve bilateral ties. Indeed, he wrote to PM Manmohan Singh on August 30 that India could save \$8.47 billion if it buys as much crude from Iran as it did in the last fiscal year.

However, Iran is still facing sanctions from the US, European Union (EU) and the United Nations (UN). India's bilateral relations with some of the major global economies could suffer if it does business with Iran. Then, there are issues relating to payments, insurance of the oil carrying vessels and even availability of these ships as these are all largely controlled by the western countries.

The most thorny issue is related to payments in Indian rupee for crude imports. India has a rupee-based payment mechanism with Iran. This essentially means Iranian oil can be purchased with Indian rupees, which Iran would use to buy Indian goods. India has made some 45 per cent of the total payment due to Iran in Indian currency in the last two fiscal years. But India's limited exports to Iran, may be a problem for this arrangement to work in the future.

India is now exploring the possibilities of a rupee-based trade-payment mechanism with other countries.

### **Rouhani's election and the likely impact**

President Hassan Rouhani, the moderate cleric was elected the President in mid-2013 and pledged to deepen ties with India. Vice President Hamid Ansari was present for the oath taking ceremony.

The victory of Hassan Rohani in many ways is a clear indication of continuity with some change in Iran's foreign policy in future. In the light of new developments in the region, Iran's major foreign policy challenge is to improve its relations with the West and its neighbours and overcome its isolation. From this point of view, Rohani provides a ray of hope in terms of some departure in Iran's foreign policy.

After eight years of hardliners' rule, moderate cleric and reformist Rohani was elected on June 14, 2013.

Rohani is an experienced cleric and politician who presently represents the Supreme Leader, Ayatollah Khamenei in the Supreme National Security Council (SNSC) and was the chief negotiator of Iran nuclear programme during 2003 and 2005 under the presidency of Mohammad Khatami.

In the present context, nuclear issue and its resolution holds the key to Iran's most acute problem; the economic crisis. Crippling sanctions have had an adverse effect on the economy which is slowly emerging as a serious issue of public discontent. The Supreme leader and the President would be hoping that fresh talks under the new leadership could ensure movement forward on the nuclear issue

and easing of some economic pressures on Iran.

Constitutionally, Iran's president does not have the authority to set major policies such as the direction of the nuclear programme or Iran's relations with the West. All such decisions are taken by the Supreme Leader.

The 2013 presidential elections in Iran came at a time of tremendous upheaval in the West Asian region. The uprisings in the Arab world over the past two years had created widespread political turmoil. Although Iran was not directly affected by the protests, it had to contend with heavy economic sanctions which were crippling its economy and creating undercurrents of domestic discontent. Added to that, the Syrian crisis in which Iran found itself waging a lone battle in attempts to keep the Assad regime afloat. Iran presidential elections were closely watched particularly on how Iran would frame its relations with regional powers.

In context of the region, the major stakeholders which directly effect Iran are the Gulf Cooperation Council (GCC) countries, Turkey, Israel, Egypt and of course, Syria. While Saudi Arabia-led GCC countries are traditional and ideological adversaries, it is the others who would greatly impact Iran and Rohani has already pointed towards a new relationship with the region which could offer a glimmer of hope and optimism.

Like all the earlier Iran elections, the Arab Gulf monarchies have carefully watched the unfolding of events and are hopeful that under the Rohani presidency their relationship will substantially improve. The Gulf countries relationship had come under considerable strain during Ahmedinejad, especially in the last couple of years since the onset of the Arab Spring.

Rohani's approach towards the GCC countries' concern about the Iranian nuclear programme would remain an important yardstick to restore ties with the Gulf states. Ahmedinejad rigorously pursued the nuclear agenda and he never gave any convincing response to the GCC countries' anxiety over the Iranian nuclear programme.

Iran's relationship with Saudi Arabia, to a large extent, defines Iranian motives in the region. Rohani has already expressed his intention to restore Iran's relationship with Saudi Arabia and reversing it into "mutual respect and mutually beneficial arrangements."

For the GCC countries, Iran's ambition to spread its influence and dominate the region is alarming. Iran has, either consciously or unintentionally, given the impression that it intends to be the regional power in the Gulf. The concerns of the GCC countries have been further aggravated as a result of Iranian connection with the Shia population in other countries and most notably, with the Hezbollah. Developments in the wider West Asia region such as the Syrian crisis, Yemen conflict, insecurity in Iraq, the emergence of Islamist political forces such as Muslim Brotherhood and Ennahda (Tunisia) are some of the challenges that Rohani will have to face immediately. Interestingly, the GCC countries have major stakes and interests in all the above issues. Such a complex political and security situation demands more cooperation between Iran and other neighbouring countries of the region. The coming months will test Rohani's wisdom in dealing with the Arab Gulf neighbours. The optimism expressed by Rohani may not make the GCC leaders believe that Rohani will come to them with an olive branch, but it certainly does help create a space for the GCC countries to look at Iran more positively.

Issues between the GCC countries and Iran are complex and contentious and not easy to resolve. Any resolution, if at all, will require major alterations to Iran's regional foreign policy objectives, which is unlikely to happen. Issues such as the nuclear controversy, Iranian ties with the Shia population in the GCC countries need resolution.

Iran and Turkey have been friends, sometimes at the cost of Turkey's ally in the past Israel. Lately, however, relations have soured over the crisis in Syria. Turkey is supporting the Syrian opposition and along with Saudi Arabia, Qatar and the Western countries is providing aid and support to them. Turkey has even permitted stationing of NATO Patriot missile batteries on Syrian-Turkish border. This has led to friction between Iran and Turkey.

### **Israel**

Israel welcomed Rohani's election cautiously. But it would be hard to expect any miraculous change in Iran-Israel relationship given the depth of mutual mistrust and rhetoric. While Prime Minister Benjamin Netanyahu has warned that international pressure on Iran must not be loosened, Israeli president Shimon Peres sounded more optimistic while saying that he hoped Rohani's election would bring about change. Rohani's background as a reliable and shrewd negotiator might allay some fears in Israel. Also, the departure of Ahmadinejad and his frequent rhetoric that Israel does not deserve to exist would ease some of the hardliners in Israel.

### **Egypt**

Iran had welcomed the election of President Mohamed Morsi and has been supporting the Muslim Brotherhood government ever since. However the ouster of Morsi from power and the current uprisings has raised questions on the future political stability in Egypt posing new challenges for Iran-Egypt relations which were at a nascent stage.

### **India**

The India-Iran relations under Rohani will depend on the following factors: How India is able to balance its relations with Israel, the US and the GCC countries and Iran? How will Iran-US relations unfold in the future? In the past few years both India and Iran have been trying to manage their economic, energy and political cooperation in the shadow of the US and European Union sanctions. Iran which was the second largest supplier of oil to India lost this position to Iraq.

Equally important has been India-Iran cooperation in the regional context. Both countries share common concerns in Afghanistan. In the light of the US withdrawal from Afghanistan India, Iran and Afghanistan need to enhance their cooperation. It is unlikely that under Presidency of Rohani India-Iran relations will witness reversal of initiatives taken by both the countries in past few years. Iran under President Rohani is expected to enhance cooperation with India in the areas of energy, connectivity, trade and on the issue of Afghanistan.

Against the new geopolitical and geo-economic realities one cannot expect a radical shift in Iran's overall foreign policy either towards its neighbours or its relations with the West. But what one is likely to witness is some remodeling in Iran's foreign policy which would address its internal economic challenges and reduce the impact of harsh economic sanctions. At the same time, it is equally significant to mention that Iran's regional role will be conditioned by its future relations with the US and Europe, level of its engagement with countries like China, Russia, Turkey and Egypt, and managing its economic challenges, particularly in dealing with the sanctions.

## India-Iraq

The **bilateral relations** between the Republic of Iraq and the Republic of India have traditionally been friendly and collaborative. Cultural interaction and economic trade between ancient India and Mesopotamia date back to 1800 BCE. The 1952 Treaty of Friendship established and strengthened ties between contemporary India and Iraq. By 1970s, Iraq was regarded as one of India's closest allies in the Middle East.

Mrs. Gandhi, India's PM, visited Iraq in 1975.

Ties between India and Iraq were disrupted during the Iran-Iraq War, the 1991 Gulf War and the 2003 Iraq War. However, the bilateral relations normalised after the establishment of democratic government in Iraq.

Iraqi Prime Minister Nouri-al-Maliki visited India for four days in August (22-25) 2013. It marks the rapid acceleration of bilateral ties after Delhi's prolonged neglect of Baghdad. The resurgence of Iraq will not only contribute to India's energy security but also widen the basis of India's engagement with the volatile Gulf region, where after the Arab Uprising since late 2010, there is discernible New Middle East.

Until the ouster of the Saddam Hussein regime by the American invasion in early 2003, Iraq used to be India's closest partner in the Middle East. Iraq was a major source of oil imports and Baghdad gave very favourable financial terms.

The India-Iraq partnership was not limited to energy security. Indian public sector companies participated in a big way in Iraq's national construction in the oil boom of the 1970s.

The Indian armed forces had close contacts with their Iraqi counterparts. Saddam Hussein's Iraq also among the few countries in the OIC that stood up for India when Pakistan pushed hostile resolutions on Jammu & Kashmir. Above all India enjoyed extraordinary good will among the Iraqi people.

Delhi's well-rounded partnership with Baghdad began to fray amidst the Iran-Iraq war of the 1980s and Baghdad's international isolation after the first American Gulf war to liberate Kuwait from Iraqi occupation in 1990.

After America's Second Gulf War in 2003 transformed the Iraq's political structure by empowering the nation's Shia majority, the Atal Bihari Vajpayee government briefly considered the U.S. request to send a division of Indian troops to stabilise Iraq. While Vajpayee finally ruled against the proposal, the UPA government's neglect of Iraq that followed has been rather unfortunate.

Since 2003, Iraq slowly but certainly emerged out of a difficult period. As the new rulers of Baghdad opened Iraqi oil fields and economy for international investments, China and other major energy importers rushed in. But India seemed utterly disinterested. Fortunately that has begun to change in the last couple of years.

With India's energy relationship with Iran under the stress of international sanctions, Iraq has once again become an attractive source of oil for Delhi. Iraq's exports to India, mostly oil jumped from US\$ 11 billion in 2011 to more than US\$ 20 billion in 2012.

The external affairs minister, Salman Khurshid traveled to Baghdad in June 2013 and the Iraq's Deputy Premier in charge of the energy sector, Ibrahim Shahrastani was in India in August 2013 pitching for Indian investments.

India appreciates the return of Iraq as a major shaper of regional balance of power in the Middle East along with Iran, Saudi Arabia, Egypt and Turkey.

To be sure, Iraq has been hit by fresh sectarian violence between the Shia and the Sunni. Tension between the Arabs and Kurds remains a source of instability. Iraq's close relations with Shia Iran worry some of the Sunni Arab states. Yet there is no denying that Baghdad's relative weight in the Middle East can only grow in the coming years. This, in turn, provides Delhi yet another pillar for the conduct of an effective policy towards the Middle East.

Iraq is an important Gulf nation and has emerged as India's second largest crude oil supplier, after Saudi Arabia which is primarily responsible for a very healthy bilateral trade figure of over \$21 billion in 2012-13. His current India visit is significant as it is the first head of government-level visit between the two countries since 1975 when the then Prime Minister Indira Gandhi visited Iraq. Dr. Manmohan Singh: "Prime Minister Maliki and I have agreed that our energy trading relationship should be turned into a strategic partnership, including through joint ventures in oil exploration, petrochemical complexes and fertilizer plants. The Inter-Governmental Memorandum of Understanding on Cooperation in the field of Energy will provide a very strong framework to further diversify our cooperation in this sector and we look forward to concrete progress in the near future." It is heartening to see that the two Asian powers, India and Iraq, re-establishing bilateral contact at the highest political level after a long hiatus of 38 years. The two nations have enjoyed time-tested, warm and friendly ties, growing cooperation in different fields, including hydrocarbons, agriculture and food security, water resource management, education, infrastructure development, pharmaceuticals, medicare, and information technology. What is even more encouraging and laudable is the fact the two countries have pledged to enhance their cooperation in energy sector from the buyer-seller to a more broad-based one through mutually beneficial participation in oil exploration, refineries, petrochemical complexes and fertilizer plants. "

Iraq ranks second in the world behind Saudi Arabia in the amount of oil reserves. Iraq, a founding member of OPEC, controls the lever of world oil prices. Thus, Iraq is a very important player in determining the health of the global energy security.

India and Iraq decided to take their energy trading cooperation to a higher level of a strategic partnership through joint ventures in oil exploration, as Prime Minister Manmohan Singh and his visiting Iraqi counterpart Nouri-al-Maliki held talks and both sides inked four agreements. In a statement after inking the agreements, Manmohan Singh said Maliki's visit would impart a "new dynamism" to their bilateral ties.

"Prime Minister Maliki and I have agreed that our energy trading relationship should be turned into a strategic partnership, including through joint ventures in oil exploration, petrochemical complexes and fertilizer plants," he said, adding that the MoU signed Friday would help in that.

Iraq is India's second-largest supplier of crude at more than 12 percent of total imports. Besides energy cooperation, both sides signed an agreement on water resource management, with India to help in



management of the Tigris and Euphrates and other rivers in Iraq that have suffered in the long years of war.

An MoU was also inked between the respective foreign ministries on foreign office consultations and between the Foreign Service Institutes of India's external affairs ministry and the Iraqi counterpart for training diplomats.

Manmohan Singh also offered to help in reconstruction efforts in war-devastated Iraq as well as in rebuilding and upgrading higher education and healthcare institutions.

Both sides have also identified other areas of cooperation, including in agriculture, water resource management, pharmaceuticals, health care, information technology, infrastructure, low cost housing and trade, he said.

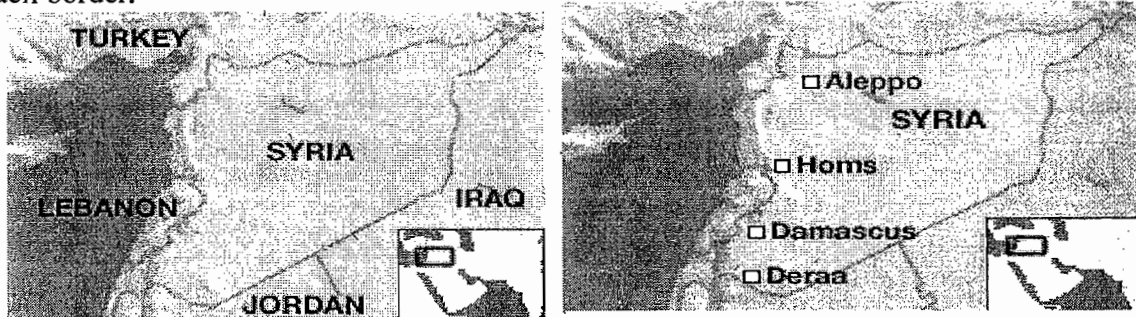
The Iraqi prime minister said his country has potential capacities and energy and India can contribute to developing the economy. Maliki, a Shiite, said Iraq has missed out a lot in the long years of war and sought cooperation from Indian private and public sector companies in helping rebuild his country's infrastructure and economy.

### **Syrian civil war**

The Syrian uprising has its roots in protests that erupted in March 2011. Protesters demanded the end to nearly five decades of Ba'ath Party rule, as well as the resignation of President Bashar al-Assad.

Syrian government deployed the Syrian Army to quell the uprising. By 2013 September, 1,20,000 people have died and 2 million people have become refugees.

Syrian refugees have fled the country to neighbouring Iraqi Kurdistan, Jordan, Lebanon and Turkey. Iraq has closed its border to Syrian refugees, while no Syrian refugees have yet arrived at the Israeli border.



The Arab League, United States, European Union, GCC states and other countries have condemned the use of violence against the protesters. China and Russia have opposed UNSC suggestions for tough action and suggested diplomatic solutions.

### **Annan plan**

The Kofi Annan peace plan for Syria or the six-point peace plan for Syria, launched in 2012, is considered the most serious international attempt to resolve the Syrian uprising in the Middle East diplomatically. Annan was the UN – Arab League envoy to Syria, to help find a resolution to ongoing

For Saudi Arabia – which, along with Qatar, is arming the Syrian opposition – the post-Assad period is a strategic opportunity to break the alliance between Syria and Iran, and, at the same time, deliver a severe blow to Hezbollah.

The weakening of the Iran-Syria-Hezbollah axis would directly benefit Israel, which has stepped up its not-so-veiled threats to launch a unilateral military strike against Iran's nuclear installations. Likewise, Israel accuses Hezbollah – together with Iran – of recent efforts to attack Israeli objectives, including the bombing of a bus carrying Israeli tourists in Bulgaria.

This new scenario will doubtless affect Iran's position in the ongoing international talks on its nuclear program, which are fundamental to achieving a diplomatic solution.

The Security Council's members could not agree on how to address the Syria conflict, owing to fundamental disagreements between Russia (and China) and the rest.

On the world stage Syria has been increasingly isolated in recent years, coming under fire for its support for insurgents in Iraq and over its role in Lebanon.

### **Why is the west anti-Assad?**

He has been against West. He is an enemy of Israel. He is a friend of Iran. Therefore, west is not poised well towards him.

### **Cold war 2.0?**

With Russia, China ranged against the US and the west and militarisation of the mediterranean to bomb Syria, the shadow of a broader international conflict has begun to loom large over Syria.

### **India and Syria**

From the beginning, the Indian position on Syria has focused on three things: <sup>①</sup>first, condemnation of all violence and human rights violations irrespective of who the perpetrators are; <sup>②</sup>second, encouraging a peaceful and inclusive political process for the resolution of the current crisis; and <sup>③</sup>third, ensuring that Syria itself leads the resolution, with the latter taking into account the aspirations of all Syrians and respecting the country's sovereignty.

In Feb and August 2012, India voted in the UNSC for a resolution that threatened to impose sanctions if the Assad regime did not stop killings. Many see India's decision to vote for the UNSC resolution, rather than abstaining, as signalling a departure from its earlier Syria policy. They cite various reasons, including the West's increased pressure on New Delhi, the growing death toll in Syria and India's growing realisation that its energy interests in the Gulf states ultimately matter more. However, India justifies it as

- ✓ Going along with the Arab League, the regional body
- ✓ Gave Assad time to stop killings in 2011 but he did not

### **Russia and Syria**

First, Syria's strategic relevance remains significant to Russia. Syria's port of Tartus is the only Mediterranean fuelling spot for Russian naval vessels. Moscow fears that any turmoil within Syria will

conflict there. Annan quit after becoming frustrated with the UN's lack of progress with regards to conflict resolution.

#### **Annan's six-point peace plan**

1. Syrian-led political process to address the aspirations and concerns of the Syrian people
2. UN-supervised cessation of armed violence in all its forms by all parties to protect civilians
3. All parties to ensure provision of humanitarian assistance to all areas affected by the fighting, and implement a daily two-hour humanitarian pause
4. Authorities to intensify the pace and scale of release of arbitrarily detained persons
5. Authorities to ensure freedom of movement throughout the country for journalists
6. Authorities to respect freedom of association and the right to demonstrate peacefully India supports it.

#### **Syrian civil war: Regional Ramifications**

Lack of agreement within the UN Security Council has prolonged the conflict and contributed to changing its nature. What began as a popular uprising inspired by the demands of the Arab Spring has taken on increasingly sectarian and radical tones.

In particular, there is a growing danger of Sunni retaliation against the Alawite minority, which comprises 12% of the population, but controls the government, the economy, and the army. The Alawites, who overcame second-class citizenship only when Assad's Baath party came to power in 1963, now believe that their very survival is linked to that of the regime.

The regional consequences: Fighting between the rebels and government forces is spreading, and the resulting refugee flows into neighboring Turkey, Jordan, and Lebanon threaten to bring these countries directly into the conflict.

Turkey is also worried about the conflict's possible repercussions for its Kurdish population, among whom aspirations for independence are resurfacing, and for its relations with the Kurdish populations of Iraq and Syria, which are woven into a complex balance.

Jordan, for its part, considers the growing numbers of Syrian rebels entering its territory a threat to national security, while the arrival of thousands of refugees in Lebanon has revived old sectarian disputes between Shia Alawites, most of whom support Assad, and Sunnis, who overwhelmingly sympathize with the opposition.

Chaos and confrontation could easily reach Iraq, too, where the possible fall of the Syrian regime seems to be revitalizing Sunni resistance to Nouri al-Maliki's predominantly Shia government.

The outcome of the Syrian conflict will also have a direct impact on the Middle East's alignment of power. A Sunni takeover after Assad's fall would mean a change of strategy with respect to Iran and its Lebanese Shia ally, Hezbollah, whose viability might be in danger, as a Sunni government in Syria would most likely cut off the conduit for arms flowing from Iran to Lebanon.

The disturbances in Syria have already weakened some of Iran's traditional alliances in the region. For example, Hamas has taken a position in favor of the Syrian opposition.

adversely affect its interests. Besides, Syria is a crucial market for Russian arms; the \$1.5 billion arms trade between the two in the last decade illustrates this.

At another level, western pressure on Syria came as a blessing in disguise for Putin, who saw the crisis as an opportunity to elevate Russia's international role.

Russia fears that a successful Sunni victory in Syria could encourage similar behaviour in Central Asia, where there are large Sunni populations, causing instability, and thereby providing grounds for international intervention in the region.

Russia's long held advocacy for a multilateral world system greatly explains its involvement in Syria. China's decision to collaborate with Russia in vetoing the UNSC resolution displayed their mutual determination to check U.S. unilateralism on issues of global significance.

Thus, while Kremlin may be playing to a Russian audience by blocking the West, broader interests, namely, geopolitics, multilateralism, regional stability drive its actions in Syria.

### Syria and China

China does not have direct interests at stake in Syria in the same way that Russia does. It does not sell Syria many weapons or rely on it as an ally.

China's stand is a sign of China's growing assertiveness - that China is starting to stand up for what it believes in. It signals that China could apprehend similar pressure on Tibet as well and so does not support the west on Syria. China does not want militarisation of Syrian conflict as the disturbances could cost dearly in terms of crude prices and shipping lines and their safety.

But China's veto has left Beijing open to criticism that it sides with dictators and repressive regimes and is encouraging Syria's crackdown.

Some say that China and Russia were outraged by what happened in Libya - where they allowed a UN resolution imposing a no-fly zone but then saw it used by Western powers to bring down the Gaddafi regime - and don't want a repeat of that experience.

China is worried that radical Islamic groups are backing the uprising in Syria. Beijing may be concerned that their influence could end up spreading down the old Silk Road to China's own Muslim populations in Xinjiang.

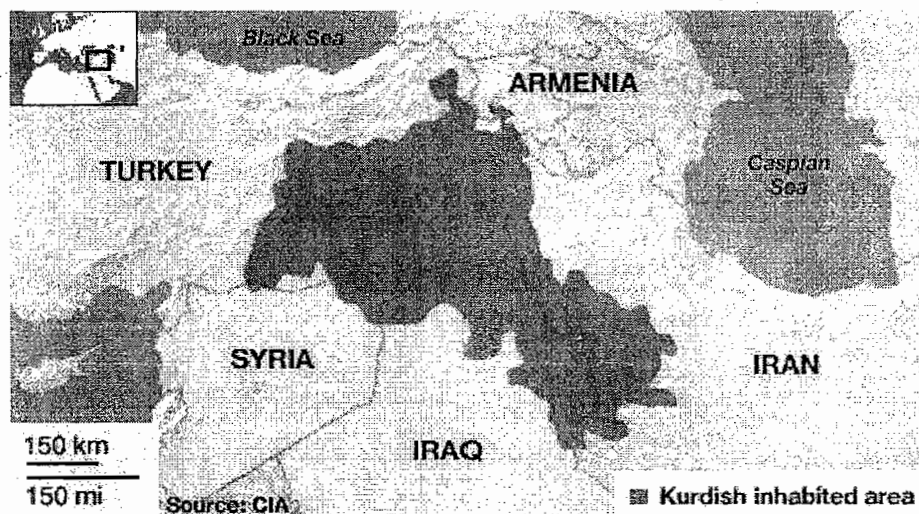
China along with Russia, both authoritarian states themselves, are concerned about the way repressive regimes have been falling in the Arab Spring. Both Beijing and Moscow have shown they are concerned about the ripples from the Middle East, and both believe the UN Security Council has been used to help topple regimes the West does not like. So backing Syria may be a way of trying to stop the dominoes falling.

### Syrian Kurds

Contemporary use of Kurdistan refers to parts of eastern Turkey, northern Iraq, Iran and northern Syria inhabited mainly by Kurds.

Kurds are the largest ethnic minority in Syria and make up nine percent of the country's population. Syrian Kurds have faced routine discrimination and harassment by the government. Kurds are in the northeastern Syria. Since the Syrian uprising, Syrian government forces have abandoned many Kurdish-populated areas, leaving the Kurds to fill the power vacuum and govern these areas autonomously. Turkey is worried and sees it as a belligerent measure to incite Kurd violence in Turkey.

Turkish Prime Minister Recep Tayyip Erdogan criticised Syria for allowing separatist PKK fighters to establish sanctuaries on its soil from where they could launch cross-border raids into Turkey. "In the north, it [President Bashar al-Assad's regime] has allotted five provinces to the Kurds, to the terrorist organisation," said Mr. Erdogan, in reference to the PKK.



### Syrian civil war and the Kurds

In any assessment of the potential winners and losers from the political chaos in Syria, the country's Kurdish minority could be among the winners. The Kurds make up a little over 9% of the population. Long marginalised by the Alawite-dominated government, they are largely concentrated in north-eastern Syria, towards the Turkish border.

Kurds could be one of the main beneficiaries of the demise of the regime of President Bashar al-Assad. Syria is coming apart and the central authority will be weaker.

For the Syrian Kurds there is "an opportunity to create more autonomy and respect for Kurdish rights".

### Turkey and Syria

As the Syrian uprising continues, Turkey's role is constantly expanding. Istanbul is playing home to the Syrian National Council (the largest opposition group), support for refugees fleeing the conflict, and Turkey is openly calling for a NATO led military intervention. Turkey has severed diplomatic ties with Syria and cancelled all trade and military agreements.

## Levant

The Levant is a geographic and cultural term referring to the region that includes most of modern Lebanon, Syria, Jordan, Israel, the Palestinian territories, Cyprus, Turkey's Hatay Province and sometimes Iraq or the Sinai Peninsula, and corresponds roughly to the historic area of Greater Syria. The Levant has been described as the "crossroads of western Asia, the eastern Mediterranean and northeast Africa". Syrian crisis could destabilise the entire Levant.

Shabiha is a term used in the context of the Syrian civil war to describe armed men in civilian clothing who assault protesters against the regime of Bashar Al-Assad.

## Baathist Party of Syria

Baath Party was founded in 1947. In 1973, the Syrian constitution was amended to give the Baath Party unique status as the "leader of the state and society", ushering it into all areas of public life.

## Alawites

The Alawis, also known as Alawites are a prominent branch of Shia Islam.

## Ghouta chemical attacks

The 2013 Ghouta chemical attacks were a chemical weapons rocket bombardment that occurred on Wednesday, 21 August 2013. The Syrian civil war event took place over a short span of time in several opposition-controlled or disputed areas of the Ghouta suburbs that adjoins Damascus, Syria. The Syrian government and rebels have blamed each other for the attacks. With a death toll of around 1500, the incident would be the deadliest use of chemical weapons since the Iran–Iraq War.

The attack occurred a few kilometers from the temporary quarters of UN investigators.

The European Union, the Arab League, along with the United States and nine other countries have alleged that the Syrian government was responsible for the incident, whether or not Syrian President Assad personally ordered the attacks. On the other hand, Syria, Russia, and Iran have stated that the opposition to Syria President Bashar al-Assad was responsible for the attacks.

The chemical attack was confirmed after a three week investigation conducted by the UN, who also confirmed the main agent used in the chemical attack was sarin gas.

The international community condemned the 2013 Ghouta attacks, which involved a chemical weapons attack that occurred in Damascus during the Syrian civil war. United States President Barack Obama said the U.S. military should strike targets in Syria to retaliate for the government's purported use of chemical weapons, a proposal supported by French President François Hollande, but opposed by the Syrian government's closest allies, Russia and Iran. The Arab League stated it would support military action against Syria in the event of U.N. support. Russia wanted a diplomatic solution and not a military attack as there was no evidence to blame Assad.

On 14 September the US and Russia announced agreement on a plan ("Framework for Elimination of Syrian Chemical Weapons") to disarm Syria of its chemical weapons, and Syria acceded to the Chemical Weapons Convention.

The United States reportedly planned to launch up to 100 Tomahawk cruise missiles against the Syrian



army. President Barack Obama said he will seek congressional authorisation before approving military action. The United States Navy deployed ships to the eastern Mediterranean Sea and the Red Sea in the days after the attacks. The government of the United Kingdom was mulling military action, but the House of Commons declined to give its assent, prompting Cameron to abandon plans for involvement in Syria and making him the first ever British prime minister blocked by Parliament from taking military action.

Russian officials argued international military action without UN authorisation would violate international law, China also warned against military intervention in Syria, saying that it would have "catastrophic consequences" for the entire region.

United Nations Secretary General Ban Ki-Moon said that "The use of force is lawful only when in exercise of self-defense, or when the Security Council approves such action."

Russia maintains a permanent naval facility in Tartus. On 5 September, several vessels were on their way to the Mediterranean.

### **Chemical weapons UN plan**

Following a suggestion from the US that the complete handover of Syrian chemical weapons within a week might be enough to avert military action, Russia and Syria began to pursue this potential diplomatic solution. On 10 September Syria said that it would be willing to sign the Chemical Weapons Convention, halt weapons production and allow UN inspectors access to its stockpiles. Joining the Convention would also imply a commitment to the destruction of its chemical weapons stocks. Debates began at the UN over the terms of a resolution regarding the issue. The US put on hold its attempt to gain Congressional authorization for military strikes, while stressing that the UN initiative could not be a mere delaying tactic.

On September 14, 2013, the United States and Russia announced an agreement called the **Framework For Elimination of Syrian Chemical Weapons** that would lead to the elimination of Syria's chemical weapon stockpiles by mid-2014. Syria acceded to the Chemical Weapons Convention, and the elimination would be supervised by the Organisation for the Prohibition of Chemical Weapons. The UN Security Council will oversee the agreement.

Syrian rebels responded negatively towards the plan, saying that it meant the Syrian government could escape punishment for its crimes.

It was the Putin proposal that made it possible. Obama got the face saving exit from the troubled situation and the contemplated military attack that the public opinion did not permit and the Congress also doubted.

### **Chemical weapons**

A chemical weapon (CW) is a device that uses chemicals formulated to inflict death or harm to human beings. They may be classified as weapons of mass destruction though are separate from biological weapons (diseases), nuclear weapons and radiological weapons (which use radioactive decay of elements). Chemical weapons can be widely dispersed in gas, liquid and solid forms and may easily afflict others than the intended targets. Nerve gas and tear gas are two modern examples.

Lethal unitary chemical agents and munitions are extremely volatile and constitute a class of hazardous chemical weapons stockpiled by many nations. (Unitary agents are effective on their own

and require no mixing with other agents.) The most dangerous of these are nerve agents GA, GB, and VX, and vesicant (blister) agents which are formulations of sulfur mustard such as H, HT, and HD. All are liquids at normal room temperature, but become gaseous when released. Widely used during the First World War, the effects of so-called mustard gas, phosgene gas and others caused lung searing, blindness, death and maiming.

Under the Chemical Weapons Convention (1993), there is a legally binding world-wide ban on the production, stockpiling, and use of chemical weapons and their precursors. Notwithstanding, large stockpiles thereof continue to exist, usually only as a precaution against an aggressor.

**Sarin**, or **GB**, is an organophosphorus compound. It is a colorless, odorless liquid, used as a chemical weapon owing to its extreme potency as a nerve agent. It has been classified as a weapon of mass destruction. Production and stockpiling of sarin was outlawed by the Chemical Weapons Convention of 1993, and it is classified as a Schedule 1 substance.

Sarin can be lethal even at very low concentrations, with death following within one minute after direct ingestion due to suffocation from lung muscle paralysis, unless some antidotes, typically atropine or Biperiden and pralidoxime, are quickly administered to a person. People who absorb a non-lethal dose, but do not receive immediate medical treatment, may suffer permanent neurological damage.

## **R2P**

The **responsibility to protect (R2P)** is a United Nations initiative established in 2005. It consists of an emerging norm, or set of principles, based on the idea that sovereignty is not a right, but a responsibility. R2P focuses on preventing and halting crimes like genocide, war crimes and ethnic cleansing, which it places under the generic umbrella term of, Mass Atrocity Crimes. The Responsibility to Protect has three "pillars".

1. A state has a responsibility to protect its population from mass atrocities;
2. The international community has a responsibility to assist the state to fulfill its primary responsibility;
3. If the state fails to protect its citizens from mass atrocities and peaceful measures have failed, the international community has the responsibility to intervene through coercive measures such as economic sanctions. Military intervention is considered the last resort.

In the international community R2P is a norm, not a law. R2P provides a framework for using tools that already exist, i.e. mediation, early warning mechanisms, economic sanctioning, and chapter VII powers, to prevent mass atrocities. Civil society organizations, States, regional organizations, and international institutions all have a role to play in the R2P process. The authority to employ the last resort and intervene militarily rests solely with United Nations Security Council and the General Assembly.

It was invoked in the case of Libya in 2011. Some point out the abuse of R2P and ask who decides when R2P has to be invoked. It can be used against any country that does not go by the dictates of the powers that be.

## India and Afghanistan

India's relation with Afghanistan aims to make the country democratic and prosperous so that terrorists and fundamentalists do not find place there. India suffered in their hands for a long time. Afghanistan is also important as a route to central asia. Further, a democratic Afghanistan denies Pakistan the 'strategic depth' it seeks by having Afghanistan under its control through Haqqani network and Afghan Taliban.

(The term "strategic depth" has been used in reference to Pakistan's policy of control of Afghanistan. Pakistan military's doctrine of "strategic depth" is a concept in which Pakistan uses Afghanistan as an instrument of strategic security in ongoing tensions with India by attempting to control Afghanistan as a pawn for its own political purposes. Pakistani military's "strategic depth" policy is either military or non-military in nature. The military version would state that the Pakistani military wishes to use Afghan territory in the event of a successful Indian attack, retreat to and re-group for a counter-attack. The non-military version would be based on the idea that Pakistan can improve relations with other Islamic countries such as Iran and Turkey, developing improved economic and cultural ties with them and thus making them into strong allies against India.)

Supportive  
Against

### India's capacity building efforts in Afghanistan

- Committed \$1.5 billion on various projects. Added \$0.5 billion aid in 2011 and today it stands at \$2b
- Built the 218-km Zelarang-Delaram highway to enable south-western Afghanistan to access the Iranian port of Chabahar.
- Constructed the 220KV DC transmission line from Pul-e-Khumri to Kabul and a 220/110/20KV sub-station at Chimtala.
- Built the Salma Dam power project (42 MW) in Herat province.
- Constructing the Afghan parliament building
- Helped expand the Afghan national TV network, provided uplink and downlink facilities over all of Afghanistan's 34 provinces.
- 84 small projects in areas of agriculture, rural development, education, health, vocational training and solar energy.
- Gifted three Airbus aircraft along with essential spares to Ariana Afghan Airlines. Also, 400 buses, 200 mini-buses and 105 utility vehicles.

But with the death of bin Laden and the beginning of the phased withdrawal of the USA troops from the country, the strategic situation in Afghanistan is changing and the geopolitics will be different from now on.

India needs Afghanistan. A rising superpower needs fuel, and Afghanistan could be a vital link in connecting India to the natural gas reserves of Central Asia. For example, TAPI — a proposed pipeline connecting Turkmenistan, Afghanistan, Pakistan and India.

### India-Afghan strategic interests

For India, the following is the strategic importance of Afghanistan

- It should be free of terrorism as we already suffered. Indian Airlines Flight 814 commonly known as IC 814 was hijacked and was made to force land in Khandahar in 1999. (It was an Indian Airlines Airbus A300 en route from Tribhuvan International Airport (Kathmandu, Nepal) to Indira Gandhi International Airport (Delhi, India) on December 24, 1999, when it was hijacked. Harkat-ul-Mujahideen, a Pakistan-based group, was accused for the hijacking)

- The Taliban terror could spread to parts of India as their ideology is fundamentalism and extremism.
  - India wants access to central Asia
  - India does not want Afghanistan to fall to Pakistan when the danger for India doubles.
- For Afghanistan, the interest lies in economic assistance and limiting Pakistan influence.

### Great game

"Great Game," the 19th-century geostrategic chessboard of British colonists, Afghan kings and Russian tsars played in Afghanistan for control of its territory is continuing still; in another form. India, Pakistan, Russia, Iran and China have strategic interests there.

### Regional solution to Afghanistan

President Obama's announcement that the US would withdraw by 2014 changes the great game in

### Afghanistan.

Terrorism, drug trafficking and fundamentalism emanating from Afghanistan remain real threats for its neighbours.

*Russia* The principal concerns of the Central Asian countries and Russia are to keep Islamic fundamentalism at bay and to stem the flow of drugs from Afghanistan. Iran too worries greatly about the narcotics trade. In addition, as the flag bearer of Shia Islam, it does not look kindly upon the prospect of a fundamentalist Sunni regime of Pakistan in power there.

*China* China is trying to straddle many horses: it supports Pakistan's policies in Afghanistan, worries about the seepage of fundamentalism and terrorism to Xinjiang, and wants to exploit Afghanistan's mineral resources.

*India* For India, Afghanistan holds the key to a successful Central Asia policy. Pakistan making it its strategic backyard is of concern to India. Terrorism, drug trafficking and fundamentalism add to its worries.

*90%* Any viable regional solution to Afghanistan has to be within the framework of a 'grand bargain' involving the principal players viz. Afghanistan, India, Pakistan, US and Iran. Russia and China also will want a say as they too have fears – Xinjiang in China and Chechens in Russia. Afghanistan can be peaceful and stable only if it is neutral and free of foreign troops, and its neighbours, the great powers and the UN guarantee its independence and sovereignty.

### Istanbul process

Afghan government hosted a one-day "Heart of Asia" ministerial conference in Kabul in mid-2012. It brings together Afghanistan and the surrounding region in a non-binding process that reflects the collective will to engage in sincere, result-oriented cooperation at all levels. India is actively participating in it.

This conference is a follow-up to the regional summit conference held in Istanbul in 2011 November in which all parties agreed to the Istanbul Process on Regional Security and Cooperation for a Secure and Stable Afghanistan. It's also a prelude to the Tokyo conference in July on Afghan development and transition after 2014.

The Afghan government aims to prop up confidence-building among countries belonging to the Istanbul process and draw attention to priority areas such as counter-terrorism, natural disaster management, counter-narcotics and cooperation in trade and transit. The stated objective of this gathering is to discuss ways and means to enhance coordination and implement benchmarks set in Istanbul. In addition to Afghanistan's six neighbors, representatives from eight other regional countries, major supporting nations and regional and international organizations, also attended.

The Afghan government aims to invest in regional cooperation as the 2014 NATO withdrawal approaches. However, that cooperation track has been weak, partly because of conflicting agendas, but also because they lack real commitment and enforcement mechanisms.

As a first step, Afghanistan is keen on focusing attention on tangible cooperation in counter-terrorism, and trans-border militant activity and sanctuaries.

### Strategic agreement October 2011

India and Afghanistan agreed to deepen strategic cooperation, with India consenting to train more Afghan police and military personnel to help the war-torn nation build its security forces ahead of a 2014 deadline for the pullout of international troops.

Both countries also signed two preliminary pacts on the development of minerals and natural gas in Afghanistan, which holds \$1 trillion (Rs. 55.5 trillion) in untapped minerals, according to a US study. The deepening of India-Afghanistan cooperation comes as US-led forces, weary with their decade-long stay and facing mounting casualties due to a resurgent Taliban insurgency, are looking to exit and Afghanistan's neighbours, including Pakistan, are seeking to increase their strategic influence. The strategic partnership agreement said ties between India and Afghanistan will be "based upon the principles of sovereignty, equality and territorial integrity of states". It is "not directed against any other state or group of states".

Besides a dialogue between the national security advisers of the two countries, "India agrees to assist, as mutually determined, in the training, equipping and capacity-building programmes for Afghan national security forces," it said.

In view of the large numbers required to be trained and the constraints in Western capacities, India is making the point that it is a key player with long-term interests in Afghanistan. A handful of Afghan military personnel are already being trained in India. All the training will take place in India. India has been working hard to shore up goodwill among Afghans, with a slew of low-profile development projects, pledging \$2 billion in aid and assistance.

The India-Afghan accord comes against the backdrop of a spike in violence across Afghanistan, with Islamist groups such as the Taliban and the Haqqani network—both suspected to have the backing of Pakistan's military spy agency, the Inter-Services Intelligence (ISI)—targeting places such as Kabul. Besides studies to map out reserves of natural gas, India will train Afghans to exploit hydrocarbon and mineral resources.

We both agree that Afghanistan's economic integration with the Indian economy and South Asia as a whole is in the national interest of the people of Afghanistan, and one of the ways to achieve this is to promote closer trade, investment and transit links.

### **Delhi Investment Summit**

First ever regional conference on Afghanistan, jointly organised by the Ministry of External Affairs and the Confederation of Indian Industry was held in Delhi in June 2012.

Delhi Investment Summit drew more than 270 private sector firms and consultancies from India and Afghanistan besides regional and global partners. Five senior government ministers from Afghanistan in charge of key economic portfolios such as mining, commerce and finance were present at the meet. The conference was the first India has organized for inviting investment in another country and aims to help Afghanistan transition from an economy sustained by donor handouts to one sustained by private investment.

With ties between the US and Pakistan strained due to a series of incidents, including the killing of Al Qaeda ideologue Osama bin Laden by US troops in Pakistan in a secret raid, the US administration has been openly supporting a greater Indian involvement in stabilizing Afghanistan. Earlier this month, India and the US agreed to hold a trilateral dialogue with Kabul to discuss issues relating to Afghanistan.

About 100 Indian firms were already in Afghanistan with a combined investment of \$25 million since 2002.

A consortium of Indian firms led by Steel Authority of India Ltd (SAIL) won the bidding for three iron ore blocks in Hajigak and plans to set up a \$10.8-billion project that includes a power plant, a road and rail link as well as a steel plant to be built by SAIL. Another consortium has been shortlisted to bid for copper and gold deposits, and the government is also eyeing coal deposits in Afghanistan. India already has an aid and capacity building programme for \$2b.

### **Tokyo meet**

In July 2012, 70 countries y pledged \$16 billion in aid to Afghanistan, but with strict anti-corruption conditions over four years.till 2015.

India, US agree to trilateral consultations with Afghanistan

India and US have agreed to a formal trilateral consultations with Afghanistan, During the annual Strategic Dialogue in the USA in June-2012. Both the US and India have signed strategic partnership agreements with Afghanistan to demonstrate our enduring commitment. A trilateral between the United States, India and the Afghan government would soon take place Hajigak iron ore mines and India. A consortium of seven Indian steel and mining companies has made a bid for the vast Hajigak Iron Ore Mines in Afghanistan, a country that is considered the last frontier for minerals.

The consortium of state and private steel and mining companies led by Steel Authority Of India (SAIL) includes NMDC, Rashtriya Ispat Nigam Limited, JSW Steel etc.



Chinese mining companies did not bid although China was the first to enter Afghanistan's mining sector securing the rights to mine the Aynak copper deposit, one of the world's largest unexploited copper deposits.

The world-class Hajigak iron deposit has an estimated resource base of some 1.8 billion tonnes of iron ore deposits at an estimated grade of 62 per cent Fe content, with estimated value of the deposit at \$350 billion at current prices.

The Indian consortium has proposed setting up a steel plant, the size of which would depend on the raw material quality and linkages, techno-economic viability and approval from the government of India as may be required for investment by public sector companies.

The Indian steel producers and mining giants are attracted to Afghanistan because of its high quality coal and iron ore and cheap cost of exploration. Moreover, the proximity to Afghanistan to India will cut transport costs. However, according to some experts, security may be a big issue for the companies.

If the Indian consortium's bid is successful, it will expand India's role in war-torn Afghanistan, where it has already invested \$2 billion on road and other infrastructure projects.

Bamiyan Budhas

24 The Buddhas of Bamiyan were two 6th century monumental statues of standing buddhas carved into the side of a cliff in the Bamiyan valley in the Hazarajat region of central Afghanistan. The statues represented the classic blended style of Gandhara art.

The main bodies were hewn directly from the sandstone cliffs, but details were modeled in mud mixed with straw, coated with stucco. They were intentionally dynamited and destroyed in 2001 by the Taliban.

### **China and Afghanistan**

China, which shares a small border with Afghanistan's far northeast, is cultivating relations with the country. It secured major oil and copper mining concessions in Afghanistan.

China says that they are engaged in close coordination with Afghanistan in areas like trade, culture and fighting terrorism, secessionism, extremism and narcotics.

### **Prospects for post-2014 Afghanistan**

2014 will be a turning point in Afghanistan. Power will be handed over to a new President after elections. The US military will complete its withdrawal. The Afghan National Security Forces (ANSF) will take over the security responsibility for the country.

The prospects for all these transitions do not look promising. The new President will have to be a Pashtun in order to ensure broad-based ethnic support. The larger question is whether a new Pashtun leader can emerge who can assure cross ethnic support? Will he be able to deliver political stability and a degree of economic development in the very difficult circumstances that his country will be facing?

The US has signed a Strategic Partnership Agreement with Afghanistan, but the follow-up agreement- the Bilateral Security Agreement- on the status of the residual US forces that will remain in military bases has not been finalized.

The ANSF may have numbers and reports that they are performing well does not guarantee they will be able to operate successfully in a post-US withdrawal environment, especially if the US leaves in a scenario that is politically unsatisfactory for all sides. The ANSF lacks heavy weaponry, air power and sophisticated intelligence capability. Will they be able to really cope as a cohesive force?

The economic prospects in Afghanistan are not very reassuring despite the pledges of assistance made at Tokyo and the announced longer-term commitments made by countries not to abandon Afghanistan. Can the US and west prop up afghan economy as they themselves are under economic pressure?

Plans by countries to invest in Afghanistan not only depend on internal stability but also will take some years to yield results, enough to make a difference on the ground.

Adding to the problem is the general instability around Afghanistan. The internal situation in Pakistan is fraught despite recent elections. Iran has a new President but the nuclear dossier remains problematic and sanctions on Iran have been further tightened. The Arab world is in turmoil, with the so-called Arab Spring having withered very rapidly. Religious extremism is spreading and this gives political oxygen to such forces battling in Afghanistan.

India has to cope with the situation as it develops. We have faced the worst when the Taliban took over Afghanistan in the mid-90s. We know what the dangers are ahead and have tried to play our limited role in preventing untoward conditions from developing through our political and economic engagement with Afghanistan.

India is pursuing a very responsible policy in Afghanistan. We want a sovereign, stable, democratic and prosperous Afghanistan, one that is free from extremism and where human rights, especially those of women are respected. India is doing nothing contrary to the achievement of this objective in Afghanistan.

We are maintaining friendly relations with Afghanistan based on equality and respect for sovereignty. We are not interfering in Afghanistan's internal affairs, arming any particular group or providing safe-havens for terrorists or anti-government political groups to carry on violent activities against the legitimate government of Afghanistan.

We have legitimate interests in Afghanistan as a neighbouring country and every right to be present there. The international community cannot accept the curtailment of Afghan sovereignty by endorsing the principle that the Afghan government should give precedence to the interests of any particular country over that of any other. It is for the Afghan government to take independent decisions in a responsible way. India has no intention to occupy the legitimate space that other neighbouring countries of Afghanistan seek there.

India has established a strategic relationship with Afghanistan. This is anchored in a longer-term bilateral and regional perspective. India has geo-political, strategic interests in this entire region that forms a part of our strategic neighbourhood. Afghanistan borders Central Asia and Iran, apart from China and Pakistan. India has had intimate age-old ties with Afghanistan, Central Asia and Iran, with the history of our country linked to this region over centuries.

Central Asia is landlocked and so is Afghanistan. The development of this region faces a particularly difficult challenge because of this. This entire region needs the broadest possible choices for its development. It is natural for it to look for enhanced ties with India as the biggest economy in Southern Asia that can substantially contribute to this objective. We are willing to respond.

Afghanistan has huge mineral resources that await exploitation. India is ready to invest large sums in this sector, beginning with iron ore extraction. Afghanistan is ready to offer to India a natural resources corridor for development. For realizing this objective, India needs better access to Afghanistan, as Pakistan is not as yet willing to provide transit facilities through its territory to Afghanistan.

India is looking at the Chabahar port in Iran as an access route to Afghanistan as well as Central Asia. We have recently committed \$100 million to this project. US/EU sanctions on Iran are a complication for such efforts to give Afghanistan alternative options for its trade and facilitate foreign investment there. The US government should take a positive view of Indian investments in Iran that are specifically directed at easing Afghanistan's difficult situation, which will be important for stimulating the Afghan economy, at present too dependent on foreign assistance and income derived from the presence of foreign troops on its soil.

In developing trade and energy ties between Central Asia and the Indian subcontinent, a project that the US favours as part of the New Silk Road project, Afghanistan is a critical hub. We support the TAPI pipeline project that will bring Turkmenistan gas to Pakistan and India through Afghanistan. India can fruitfully participate in projects to increase electricity grids in the region to alleviate regional energy-related problems.

India is participating in several international efforts to contribute to development in Afghanistan, whether it is the Istanbul Process and the Heart of Asia conferences in Kabul in June 2012 and in Istanbul in April 2012, or the initiative we took ourselves to organize a Delhi Investment Summit on Afghanistan, also in June 2012, followed by the Tokyo Conference on aid to Afghanistan in July 2012.

India's own bilateral aid to Afghanistan has reached \$2 billion. Economic development in Afghanistan and the region is essential to check-mate the growth of extremist ideologies in the region and associated terrorist activity. These concerns are uppermost in India's mind as we are most exposed as a country to terrorism and supporting ideologies. As a secular, multi-religious state, we are particularly sensitive to such threats. Any boost given to these extremist forces, even unwittingly, should be unacceptable as our security is threatened.

It is with concern therefore that we view the outreach by US, Britain and others to the Taliban. We are not against any genuine attempt at reconciliation if all sides want it on a basis that respects the red lines drawn by the international community for a dialogue with the Taliban. We find that these red lines are being blurred by NATO's anxiety to withdraw from Afghanistan by 2014, whatever the ground situation.

Such a strategy gives the upper hand to the Taliban-groups in Pakistan in negotiations as they know time is on their side.

The rhetoric remains that the reconciliation process should be Afghan-led and Afghan-owned, but the manner in which the dialogue is being structured does not suggest that it will be an independent-intra-

Afghan process. President Karzai has already distanced himself from the US initiative. We feel that nothing should be done behind the back of the Kabul government. Some express deep concern about understandings that the US may have reached with Pakistan and the possibility of south and eastern Afghanistan being handed over to the Taliban, which could divide the country and trigger an all-out conflict.

The end-game in Afghanistan is being played out in an atmosphere of great suspicion and bickering amongst the principal parties involved. The manner in which the Doha office of the Taliban was opened has made matters worse. The conduct of the Taliban in declaring themselves the Islamic Emirate of Afghanistan made their own end-game clear.

The link between the Taliban and Pakistan is evident. One will have to wait and watch whether the declared US position that no single country will be allowed to dominate post-2014 Afghanistan can be sustained by it when its intention to withdraw from Afghanistan is so clear.

India has not been kept adequately in the picture about the dialogue with the Taliban, despite India's vital concerns being involved. India suffered when the Taliban came to power in 1996. That was the only time India had no diplomatic relations with Afghanistan and terrorists were being trained on its soil for attacks against India. If the Taliban were to be accommodated again, India has reason to be concerned.

We find that the policies of our western friends in Afghanistan are neither sufficiently steady nor transparent.

India does not want conditions of ethnic conflict to be created again in Afghanistan. The international community must safeguard against it. The post 2014 situation in Afghanistan remains very uncertain as the country will be faced with a political and military transition even when the external danger to the country has not been neutralized.

Establishing democracy in Afghanistan by integrating forces into the polity that are currently threatening the country will be a most difficult enterprise.

The root of the problem must be dealt with, which is external support for Afghan extremists and their instrumentalization for achieving the military ambitions of a third country. So long as there are safe havens for extremists outside Afghanistan, the problems will not go away. If the Taliban retain influence in eastern and southern Afghanistan, it is because their staging grounds are outside.

India's traditional ties have been with the Pashtuns in Afghanistan. A large number of our development projects are in Pashtun areas, which have been very well received by the local people. We support ethnic harmony in Afghanistan, with the Pashtuns adequately represented in governance, but this has to emerge through a democratic process, without the shadow of externally supported violence.

Our strategic partnership with Afghanistan is not directed against any third country. The primary element in this strategic relationship is not military. India is willing to contribute to the capacity building of the Afghan national security forces through training and supply of non-lethal equipment so that they can better provide security to the people after the withdrawal of foreign troops from the country. Our goals are primarily economically oriented. We do not want to supplant NATO.

In principle, however, India could provide a limited amount of combat equipment too, as sought by the Afghan government. The concerns of Pakistan should be irrelevant in this regard. Pakistan is having a military relationship with Sri Lanka unbothered by our sensitivities. China is arming Pakistan, providing it even strategic capabilities, without any one advising Pakistan to defer to Indian sensitivities about the security threat posed to us. The US is arming Pakistan too, disregarding our sensitivities.

We have been very constructive in our dealings with the US on the Afghan issue. We have supported the international military intervention in Afghanistan and the ouster of the Taliban regime from power. We have been sensitive to US equities and concerns in Afghanistan despite serious provocations from Pakistan, including the terrorist attacks against the Indian Embassy in Kabul and India-related targets there. We continue to be willing to work with the US in a positive and mutually beneficial way in Afghanistan.

### **Taliban's Doha office**

The Taliban has temporarily closed its office in Qatar, where it was hoped peace talks would begin with the US and Afghanistan.

The office opened on June 18 as the first move towards a possible peace deal after 12-years of fighting, but it enraged Afghan President Hamid Karzai as it gave the message that it was an unofficial embassy for a government-in-exile.

Karzai broke off bilateral talks with the Americans and threatened to boycott any peace process altogether after the Taliban opened the offices with a flag-raising ceremony for the "Islamic Emirate of Afghanistan" - the name of the country under Taliban rule.

The US President, Barack Obama, is committed to ending the US military involvement in Afghanistan by the end of 2014, though his administration has been negotiating with Kabul about leaving behind a "residual force". There has always been a zero option- leaving no military behind, but it was not seen as the main option.

Non - monetary factors related to poverty ?  
 Quote report of Global burden of disease - A

Problems faced by Afghan post-2014

- 1) Lack of leadership
- 2) Conflict b/w ethnic groups - not allowed partition to overcome problems.
- 3) No security agreement with country
- 4)

## **Arab Uprising 2010-2013 and India**

A little over two years ago, the Arab Spring swept the landscape of West Asia and North Africa with the promise of freedom, democracy, social and economic justice and, above all, dignity. In 2011, four despots who had ruled their countries, Tunisia, Egypt, Libya and Yemen, for several decades, were dethroned in quick succession, and free elections took place in some countries.

Today, however, the West Asian scenario is marked by: a two-year-old civil conflict in Syria in which over 120,000 people have been killed and over three million have been displaced; in Libya, competing warlords, divided on clan and tribal lines, control different enclaves; in Tunisia, the elected Islamist government is under growing domestic pressure; and in Egypt, the elected government of President Mohamed Morsi has been ousted in a military coup and former president Hosni Mubarak has been released, while Morsi and the leadership of the Brotherhood face incarceration.

The Al Qaeda and its affiliates have discovered new opportunities for penetrations into Yemen, Somalia, Iraq, Syria, and recently in West and Northwest Africa as well. The promise of the Arab Spring is withering before the onslaught of the votaries of the old order and well-armed and ruthless extremist forces.

The causes of the failure of the Arab Spring are complex. The Spring had alarmed the countries of the Gulf Cooperation Council who felt that their political, economic and cultural order, founded on royal prerogative, patriarchal patronage and familial and tribal loyalties, was threatened by two challenges: one, a strategic and sectarian challenge from Iran, and the other from within the regional religious and political order, the Muslim Brotherhood.

The Brotherhood has its moorings in the Sunni Salafi tradition, but, unlike the quietist Wahhabiya of Saudi Arabia, it is activist in orientation, with a platform and a committed cadre equipping it to seek power.

The Brotherhood, and its underground affiliates in some countries, is seen as a challenge to the monopoly on religion and power of the GCC regimes.

In response, the GCC countries led by Saudi Arabia are confronting these challenges head-on. (Wahhabism like Salafis is an conservative branch of Sunni Islam. It is a religious movement among fundamentalist Islamic believers Salafist movement, is more radical- for example, the Muslim brothers of Egypt are Salarfs)

Arab Uprising has taken a Sunni-Shia divide. It also has been taken over by the regional powers to wage a battle for their own domination. USA and the west have used it for their own ends like getting rid of the defiant rulkers.

Though Saudi Arabia is confronting Iran across the Western Asia theatre, the competition is principally taking place in Syria. Iran has a long-standing strategic alliance with the (Shia) Alawite regime of Bashar Al-Assad, even as, through Syria, Iran has also nurtured the Hezbollah in Lebanon, a formidable Shiite political and military force in the region.



But, in Syria, the situation does not have a simple Saudi Arabia versus Iran dimension. The opposition militias in the country consist of a non-religious group, the Free Syrian Army, made up of defectors from the national force, which is backed by Saudi Arabia. The Syrian Muslim Brotherhood have their own militias, till recently supported by another GCC country, Qatar, but which are anathema to the Saudis.

The third force is made up of lethal Al Qaeda affiliates, frequently in conflict with the Syrian army as well as the other two opposition forces. All the fault lines in West Asia -- religious, sectarian, ethnic, Islamist, and big power divides, are at play in Syria, leaving the nation shattered and in danger of splintering into warring enclaves.

India, along with other countries with a stake in regional stability, has every reason to be concerned. The GCC countries are India's principal energy and trade partners, a major source for investments and joint ventures, and, above all, home to over six million Indians who send to their country over \$35 billion annually. India also has substantial energy and economic ties as also strategic links with Iran, particularly in respect of its interests in Afghanistan and Central Asia.

Hence, the GCC-Iran divide and the ongoing contentions in Syria and Egypt are alarming. These competitions could escalate into a region-wide conflict, if Israel were to persist with its aggressive postures against Iran, while Iran, Russia and even China would oppose an active US role in the Syrian imbroglio. All of this will have deleterious implications for India's (and Asia's) energy and economic interests, aggravating the current economic problems.

India can counsel prudence and restraint, but for now initiatives for moderation are unlikely to have any influence. With Brotherhood elements going underground and initiating a campaign of subversion in Egypt; with Iraq and Syria imploding under sectarian violence and external machinations, and the Kurds, inspired by revanchism and pursuing a sovereign territorial unity, the stage is set for major political upheavals that could redraw borders across West Asia and victimise thousands of people in religious and sectarian conflict and ethnic cleansing.

## Israel Palestine Talks

**Direct negotiations between Israel and the Palestinians** began on July 29, 2013 following an attempt by United States Secretary of State John Kerry to restart the peace process. As a prelude to the talks, Israel agreed to release 104 Palestinian prisoners. The negotiations take place in Washington, DC.

The negotiations are scheduled to last up to nine months to reach a final status to the Palestinian-Israeli conflict by mid-2014. They started in Washington, DC and will then move to Jerusalem and then to Hebron.

The recommencement of peace talks between Palestinians and Israelis on 29 July 2013 was long overdue and marked the culmination of six rounds of shuttle diplomacy in the region over the past six months by John Kerry, US Secretary of State holding multiple meetings with Israeli Prime Minister Benjamin Netanyahu and Palestinian Authority President Mahmoud Abbas. However, given the dismal record of past talks, certain questions are asked:

- In the context of a history of failed attempts, what is new and positive about this attempt that may raise expectations of a peace agreement?

- Within the complexities of the issues, how willing would be the two sides to compromise on their hard stand and attempt a peace resolution?
- How long is it possible for the current stalemate or status quo to be maintained?

In examining these issues, it is necessary to take a brief overview of the core issues of the conflict as also an insight into perspectives and positions of each of the major players in the dispute; Israel, Palestine and the US.

Borne over six decades, the issues are complex; both sides have strong and opposing viewpoints backed by huge public support which often make the core issues unbridgeable. But, both the sides and even the US realize that time is fast running out on achieving the goal of two independent sovereign states existing side by side as Israel and Palestine. That is why perhaps, despite the existing stumbling blocks and the fact that there has been no forward movement since September 2010 talks, there is guarded optimism in the atmosphere. The last time peace talks generated optimism was the Camp David Summit in July 2000 hosted by US President Bill Clinton when he almost got Israeli Prime Minister Ehud Barak and Yasser Arafat to agree to a peace agreement. Unfortunately the talks failed resulting in a bloody backlash in the form of the Second Intifada killing thousands of Israelis and Palestinians. The bitter memories of the Second Intifada therefore put in a sense of caution and controlled optimism of what could happen should the present talks fail.

As the current process gets underway, a look into the core issues confronting the two sides could give an insight into the possibilities of any substantial peace agreement.

### **Jerusalem as the capital**

Israel is unwilling to divide and share Jerusalem with Palestine. The Palestinians want East Jerusalem as the capital of a Palestinian state, an area which was occupied by Jordan before being captured by Israel in 1967. India supports Palestinian aspiration. The US does not recognize the Israeli annexation of East Jerusalem and maintains its embassy still in Tel Aviv.

### **Borders and shape of Palestine State**

Israel accepts that there should be a Palestinian state and that there will have to be an Israeli withdrawal from parts of the West Bank (captured by Israel in 1967) to accommodate this. It, however, wants to keep major Jewish settlements that have grown up on the West Bank and Jerusalem. Palestinians want borders along 1967 lines but accept that some Israeli settlements may be allowed and insist that any land given to the Israelis would have to be compensated for by a balanced land swap. The US agrees that the starting point should be the 1967 lines and that a land swap will have to be the basis of any agreement.

### **Settlements**

This has been the issue which has prevented resumption of talks for long. Despite being declared as illegal by the international community, Israel has continued to announce and build settlements in West Bank and Jerusalem. The Israeli government has insisted on keeping the major Israeli settlements in East Jerusalem and the West Bank. The Palestinians want that all settlements be abandoned as they were in Gaza. However, they appear ready to accept that some will have to stay but argue for a minimum number and a land swap for any that are left. The US does not recognize the international legitimacy of the Israeli West Bank and East Jerusalem settlements and has repeatedly urged Israel to exercise restraint in announcing and building them.

## Refugees

This is once again a very sticky issue. Israel rejects the idea that Palestinian refugees should be allowed any "right of return" to their former homes fearing that it could adversely affect the demography of Israel and the identity of Israel as a Jewish State. Palestinians, while maintaining the "right of return" could be willing to accept the return of a limited numbers with the balance being given adequate compensation by Israel. They however refuse to recognize the concept of Israel as a "Jewish state", saying that it ignores the Israeli-Arab citizens of Israel. The US understands the Israeli refusal to take back refugees and hopes that this can be resolved by compensation and development aid.

## Security

Israel is concerned that Palestinian territory, if completely independent could be used to launch attacks on Israel. Therefore, it is insisting that the state of Palestine be largely demilitarized and that it keeps a large measure of security control, including in the Jordan Valley. Palestinians argue that viable security will come from a stable two-state solution not the other way round. They want as many attributes of a normal state as possible and clearly state that client-status would be untenable and unacceptable. US, while comprehending apprehensions of both parties, feels that this issue could be resolved even at the cost of deploying international peace mission along the two states.

## Changing Geo-political Context in the Region and its Effect

While Israel and Palestine peace talks were stalemated after September 2010, significant developments in the region in the past three years have changed the geo-political dynamics in the region and therefore the context of the current initiative.

'Arab Spring', has brought about changes both within individual countries as well as in the region as a whole. Islamist parties are on the rise and economic concerns have risen to the fore. In Egypt, it lost Mubarak, its time tested ally, who had ensured peace between Egypt and Israel. The 1978 peace treaty hangs in the balance although Egypt has not yet indicated its intent to abandon the treaty. Sinai Peninsula, the buffer between Egypt and Israel, has erupted post ouster of Mubarak and caused concern in Israel. Jordan could go the way of Islamists any time, which would spell more trouble for Israel. The Palestinians have already been given the status of Non Member Observer in the United Nations in 2012.

Like Israel, Palestinians too are confronted with serious issues. Firstly, Mahmoud Abbas, despite being the leader of PLO does not represent all the Palestinians as Hamas controls the Gaza Strip and does not recognize Abbas as the sole leader of all Palestinians. There have been no elections after the January 25, 2006 elections for the Palestinian Legislative Council which Hamas won comfortably. The subsequent struggle for power resulted in split of 2007 resulting in Fatah ruling the West Bank and Hamas ruling the Gaza Strip. In such a situation, any agreement that Abbas may procure may not be truly representative of all Palestinians.

Hamas, which has refused to recognize the current peace process, itself, is not on a very firm footing. The fall of the Muslim Brotherhood-led government in Egypt has temporarily weakened Hamas. Added to it is the severe crackdown by Egyptian Army in Sinai which has virtually blocked off all illegal supply routes into Gaza Strip. Its break up with Assad regime in Syria has negatively affected its relationship with its benefactor, Iran.

US has enjoyed tremendous influence in the region for the past four decades. It has been the virtual security guarantor for the Gulf nations and security of Israel has been one of its national security objectives. However, post the onset of 'Arab Spring', US has experienced diminishing influence in the region. The ouster of the dictators in Egypt, Tunisia, and Libya has not brought in regimes exactly favorable to US interests. Rise of Islamists in political mainstream has added to its concern. Syrian crisis and US reluctance to get directly involved militarily has drawn the ire of the region. In the midst of all this, Iran nuclear issue continues to fester along. In such a situation, MEPP is one issue that can get US dividends and restore some of its influence in the region. It has been one of the personal priorities of President Obama and is a conflict in which the US still has considerable leverage with both parties. Failure to reach a satisfactory resolution till now inhibits its ability to achieve its goals in the region.

If MEPP succeeds, the issue of US rebalancing towards Asia-Pacific can be conducted effectively, with a major issue being sorted out.

It must be seen that in the post-Arab uprising "new middle east", the Palestinian cause has been relegated to the background as new issues have come up: Shia-Sunni divide; Syrian civil war; traditional supporters like Iran, Syria and Egypt- in different ways, have been out of picture essentially.

However, the gaps between the two sides are significant and issues are complex. Declaration by both Israel and Palestine that the peace agreements will be put through public referendums reflects the skepticism of the leaders on the future of peace talks and its acceptability with respective populations. However, the good news is that all sides have agreed for the resumption of process after a gap of three years. Major compromises, bold decisions and domestic public support would be needed if the talks have any chances of moving ahead.

## Sinai

Israel withdrew from the Sinai Peninsula in 1982, which Israel had occupied in the aftermath of the 1967 Six-Day War, as part of the 1979 Egypt-Israel Peace Treaty. Among the treaty's other provisions was an agreement that the peninsula would be left effectively demilitarized.

Rafah is the site of the Rafah Border Crossing, the only crossing between the Gaza Strip and Egypt. Formerly operated by Israeli military forces, control of the crossing was transferred to the Palestinian Authority in 2005 as part of the larger Israeli withdrawal from the Gaza Strip. On the Egyptian side, the responsibility is assumed by Border Guards.



## Tapi

The Trans-Afghanistan Pipeline is a proposed natural gas pipeline being backed by the Asian Development Bank. The pipeline will transport Caspian Sea natural gas from Turkmenistan through Afghanistan into Pakistan and then to India. The Afghan government is expected to receive significant portion- about 8% of the project's revenue. GAIL India may become a part of TAPI project. The 1,735 kilometres (1,078 mi) pipeline will run from the Turkmenistan gas fields to Afghanistan.. The final destination of the pipeline will be the Indian town of Fazilka, near the border between Pakistan and India.

The Tapi project aims to feed energy-deprived South Asian markets and transit fees may benefit Afghanistan.

But details about security, pricing of fuel and funding are not addressed yet.

The pipeline will have to cross Taliban-controlled regions and Pakistan's troubled border region. The US has encouraged the project as an alternative to a proposed Iranian pipeline to India and Pakistan.



The framework intergovernmental agreement was signed in the Turkmen capital Ashgabat by three presidents of Afghanistan, Turkmenistan and Pakistan - and India's energy minister, Murli Deora.

Wahabis → Moderate Fundamentalist  
 Salafis → ~~extreme~~ Radical — but not terrorist

# Current Affairs

## G20 summit

The Group of Twenty Finance Ministers and Central Bank Governors is a group of finance ministers and central bank governors from 20 major economies: 19 countries plus the European Union. The G-20 heads of government or heads of state have also periodically conferred at summits since their initial meeting in 2008. Collectively, the G-20 economies account for approximately 80-percent of the gross world product (GWP), 80 percent of world trade and two-thirds of the world population.

The group was formally inaugurated in September 1999 after the east Asian currency and financial crisis.

The 2013 G-20 Russia summit was the eighth meeting of the G-20 heads of government. It was held in Saint Petersburg, Russia, 5–6 September 2013.

Questions  
asked at  
Summit?  
2013

The summit was dominated by questions regarding the Syrian civil war and any potential international reaction to the Ghouta chemical attacks. The summit came after U.S.-led efforts to obtain a UN Security Council resolution authorising military strikes against the Assad government had failed due to Russian and Chinese opposition. The House of Commons of the United Kingdom had defeated a motion regarding UK involvement in any strike on 30 August and U.S. politicians were debating potential action as the summit was ongoing.

Media billed the summit as a contest between U.S. President Barack Obama, trying to garner support for military action, and Russian president Vladimir Putin in opposition to any such action.

### India and the Russia Summit

Prime Minister Manmohan Singh attended the eighth G20 Summit in St Petersburg, Russia during which he asked the world leaders to show collective commitment for restoring robust growth in emerging markets.

Volatility in market

Dr. Singh declared that India has been affected by currency volatility in the past few weeks due to the unconventional monetary policies of the developed countries like the USA and was taking steps to finance the current account deficit in an environment that is seen to be friendly for stable foreign capital flows.

He also called for extensive consultations within the G-20 grouping to tackle the current currency crisis.

Prime Minister Singh pitched for devising innovative financing schemes to promote infrastructure in developing countries to create jobs.

He also made a strong case for avoiding new measures to restrict international mobility of professionals, arguing it could stifle global growth in the coming years.

Singh also met Japanese Deputy Prime Minister Taro Aso on the sidelines of the Summit and the two



leaders decided to expand bilateral currency swap.

The Brics countries also met on the sidelines and announced the Cra and NDB.

The Prime Minister also opposed any unilateral military action against Syria without UN authorisation and condemned the use of chemical weapons whether in Syria or anywhere in the world.

The G20 did listen to India and other emerging economies facing currency volatility, but suggested these must also put their house in order. India considered it a victory and conceded there were problems at the domestic front being addressed. This was one of the most successful summits for India. The country not only partially managed to get its voice heard in the Leaders' Declaration on the issue of monetary policy, its stand on taxation of multinationals also got backing. The declaration says future changes to monetary policy would be calibrated and communicated. The declaration says monetary policy would continue to be directed towards domestic-price stability and supporting the economic recovery according to the mandates of central banks.

- ① On tax base erosion and profit shifting, India said an OECD (Organisation for Economic Cooperation and Development) project echoed its position on the need to have new standards to keep pace with the larger economic integration across borders and ensure the countries do not lose on tax due to them. The G20 fully endorsed the OECD proposal for a truly global model for multilateral and bilateral automatic exchange of information. India, slammed by multinationals for transfer pricing orders, believes its stand has been recognised globally.
- ② India also raised the issue of international labour mobility in high end skills and urged the leaders to avoid new restrictive measures in this area. It expressed concerns on efforts by some of countries to roll back trade-related agreements with regard to the movement of labour. However, the G20 declaration did not specifically comment on this issue.
- ③ India pressed for promoting investment in infrastructure in emerging markets by the World Bank, International Finance Corporation and Asian Development Bank and expressed hope the G20 could signal that it was willing to provide the capital. There was no such confirmation in the declaration but at a broader level, India's emphasis on long-term infrastructure financing was accepted.

On quota reforms at the International Monetary Fund, the G20 endorsed India's view.

## 28 **Transfer pricing**

Transfer prices are the charges made between controlled (or related) legal entities i.e. within the same group- branches and subsidiaries.

It refers to the setting and adjustment of charges made between related parties for goods, services, or use of property. OECD Transfer Pricing Guidelines state, "Transfer prices are significant for both taxpayers and tax administrations because they determine in large part the income and expenses, and therefore taxable profits, of associated enterprises in different tax jurisdictions."

- 29 Transfer pricing rules in most countries are based on what is referred to as the "arm's length principle" that is to establish transfer prices based on analysis of pricing in comparable transactions between two or more unrelated parties dealing at arm's length.

The rules of nearly all countries permit related parties to set prices in any manner, but permit the tax authorities to adjust those prices where the prices charged are outside an arm's length range. Rules are generally provided for determining what constitutes such arm's length prices, and how any analysis should proceed. Prices actually charged are compared to prices or measures of profitability for unrelated transactions and parties. The rules generally require that market level, functions, risks, and terms of sale of unrelated party transactions or activities be reasonably comparable to such items with respect to the related party transactions or profitability being tested.

Most tax treaties and many tax systems provide mechanisms for resolving disputes among taxpayers and governments in a manner designed to reduce the potential for double taxation. Many systems also permit advance agreement between tax payers governments regarding mechanisms for setting related party prices.

Many systems impose penalties where the tax authority has adjusted related party prices. Some tax systems provide that taxpayers may avoid such penalties by preparing documentation in advance regarding prices charged between the taxpayer and related parties.

#### Arm's length standard

Nearly all systems require that prices be tested using an "arm's length" standard. Under this approach, a price is considered appropriate if it is within a range of prices that would be charged by independent parties dealing at arm's length. This is generally defined as a price that an independent buyer would pay an independent seller for an identical item under identical terms and conditions, where neither is under any compulsion to act.

#### New rules in India on TP

In a move to reduce disputes related to transfer pricing, the Finance Ministry notified safe harbour rules, relaxing norms, which will make it easier for companies to benefit from these regulations for a longer period and in a time-bound manner.

Safe harbour rules, or the circumstances under which the tax department shall accept the transfer price provided by the assessee, will now be applicable for five assessment years rather than two as was proposed in the draft rules recommended by the Rangachary Committee. This will be applicable to six sectors, including IT and ITES, auto ancillary and pharma. Companies can take refuge under the norms for five years to avoid long-drawn out legal tangle with the government. It is in line with the commitment of the government to non-adversarial tax system.

As per the recommendations of the Rangachary Committee, the safe harbour rules were applicable only for two years.

The final norms lay down a set procedure for calculating 'arm's length price'.

- ④ In the draft regulations, only transactions below Rs.100 crore were eligible for getting the safe harbour benefits. The final rules have done away with this ceiling.
- ⑤ The definition of knowledge process outsourcing (KPO) has also been rationalised to provide reasonable distinction from regular business process outsourcing activity.

if follow rules → safe  
if not → have to pay taxes.

Multi-national companies have drawn increased scrutiny by governments around the world over transfer pricing, particularly following revelations that coffee chain Starbucks Corp used the practice to avoid paying taxes in Britain. MNCs are criticized regarding their avoidance of tax payments. Governments are putting increasing pressure on worldwide companies such as Apple, Google, Microsoft, Amazon and Starbucks to alter their transfer pricing arrangements and pay more corporation tax, yet these firms, and others like them are simply working within the confines of existing tax laws.

During a recent briefing with the US Senate, Apple confirmed it paid \$6bn to the Treasury in 2012. Despite having cash assets of \$145bn (£95bn), \$102bn of this was held offshore (mainly in Irish-based subsidiaries) and therefore not subject to tax. Profits held offshore by US multi-national corporations are generally not subject to US tax until they are repatriated.

Transfer pricing, or the value at which related companies trade products, services, shares or assets between units across borders, is a regular part of doing business for a multi-national. Experts say transfer prices are also a way for a company to minimise its tax bill.

In April, India said 27 companies, including the local units of HSBC, Standard Chartered and Vodafone, underpaid taxes in the last fiscal year after they sold shares to their overseas arms too cheaply.

India has targeted several multi-national companies for tax audits on transfer pricing in recent years, but has widened the scope of its investigations since last year, tax officials have said.

*Desai* Welcoming the government's move to notify safe harbour norms, the National Association of Software and Services Companies (Nasscom) said it would help in reducing litigation, besides attracting investment and expansion of delivery centres. It would also reduce the burden of the tax department and the judiciary, where cases have been accumulating, it added.

Combination of Safe Harbour provisions and Advance Pricing Agreement (APA) will help resolve the tax and Transfer Pricing related concerns of global companies who have set up development centres in India. These centres contribute almost one third of the export revenue of the IT ITes sector. It will send a strong message particularly to MNCs which were concerned about the uncertainty on taxation, large demand and ensuing litigation.

## WTO

The World Trade Organization (WTO) is an organization that intends to supervise and liberalize international trade. The organization officially commenced on 1 January 1995 under the Marrakech Agreement, replacing the General Agreement on Tariffs and Trade (GATT), which commenced in 1948. The organization deals with regulation of trade between participating countries; it provides a framework for negotiating and formalizing trade agreements, and a dispute resolution process aimed at enforcing participants' adherence to WTO agreements.

The organization is attempting to complete negotiations on the Doha Development Round, which was launched in 2001 with an explicit focus on addressing the needs of developing countries. As of September 2013, the future of the Doha Round remained uncertain: the work programme lists 21 subjects in which the original deadline of 1 January 2005 was missed, and the round is still

W incomplete. The conflict between free trade on industrial goods and services but retention of protectionism on farm subsidies to domestic agricultural sector (requested by developed countries) and the demand of the developing countries that the developed countries lash their agri subsidies to wto-compatible levels is holding up the Doha round. Countries like India want the implementation of the existing commitment by the developed countries in the field of IPRs and tariff level reduction. India and other emerging countries do not want overloading of the issues and want the existing agenda to be implemented first.

As a result of this impasse, there has been an increasing number of bilateral free trade agreements signed. RCEP, TPP are also coming up.

WTO's current Director-General is Brazilian leader, Roberto Azevêdo. He is appointed for 4 years. It has 159 members- the last one being Tajikistan joining in 2013.

### Bali meet 2013

The Ninth Ministerial Conference will be held in Bali, Indonesia, from 3 to 6 December 2013. The issues at the Bali meet are the trade facilitation agreement from the side of the developed world and food security of the G-33. ①

### G-33

The G33 is a group of developing countries that coordinate on trade and economic issues. It was created in order to help a group of countries that were all facing similar problems.

The G33 has proposed special rules for developing countries at WTO negotiations, like allowing them to continue to restrict access to their agricultural markets.

Today it has 46 developing countries. On the food security issue they are led by India and have proposed changing World Trade Organization rules to lift the limit on subsidised food stockpiling to support poor farmers,

G33 group of countries includes China, Indonesia, Pakistan and Zimbabwe.

Significant progress has already been achieved in the Doha Round negotiations which recognize the serious concerns of food security in developing countries. This has assumed the character of a global concern in the past few years with a need for urgent action.

Each of the 159 members of the WTO has to agree to limits on its trade-distorting agricultural subsidies, known as its "aggregate measure of support" (AMS), when it joins the global trade club.

27 The G33 proposal would amend the WTO's Agreement on Agriculture to permit more exemptions to the limits on such subsidies.

"Acquisition of stocks of foodstuffs by developing country Members with the objective of supporting low-income or resource-poor producers shall not be required to be accounted for in the AMS," said the proposal, which will be debated in Bali.

Under the proposed changes, developing countries could pay farmers subsidised prices to stockpile their food without having to account for the price subsidy as part of the AMS.

Q. Are we compromising on agricultural front in the WTO in order to facilitate the service sector?

Ans. No, we are not compromising

The most favoured area for an agreement is so-called "trade facilitation", an effort to slash red-tape at customs and raise standards to help oil the wheels of global commerce.

But many developing countries have resisted the push for a quick win on trade facilitation, arguing it involves significant costs for them and insisting it must be balanced with other reforms that favour developing countries.

India has strong domestic motivation for pushing the G33 proposal as it had made FSA recently.

## TFA

Trade Facilitation Agreement (TFA), as a part of the Doha Round package, was proposed in an effort to facilitate trade, simplify and harmonise customs rules, and reduce transactions cost.

Although India is not fundamentally opposed to a TFA, as proposed by a group of developed countries, it has insisted that there is a need to ensure that the Bali Ministerial Conference in December 2013 should provide a balanced outcome in favour of both developed and developing countries.

India believes that the most contentious area of debate in TFA negotiations is how the burden of policy change needed to implement this agreement is placed on developing countries.

If the current conditions are not modified, developing countries will have to bear the costs of scaling-up, India says.

India could benefit largely from a TFA. According to the Organisation of Economic Cooperation and Development (OECD), India has the potential to draw considerable benefits in terms of trade volumes and trade costs from significant improvements in the areas of fees and charges and the streamlining of procedures.

Under the TFA, a proposal of developed countries, WTO members are negotiating ways to facilitate trade, simplify and harmonise customs rules and reduce transactions cost.

Challenges

India has raised a few concerns over the proposed agreement as it would entail huge investments in creating infrastructure at ports and airports. TFA would put tremendous burden on developing countries like India in terms of requirement of human resource, finances, infrastructure and more in terms of changing laws and procedures and practices.

Some argue that many developing countries are wary of a trade facilitation agreement because they worry it will expose local firms to increased foreign competition.

Pascal Lamy, the outgoing Director General of the WTO, stated earlier that an agreement on trade facilitation had the potential to boost the global economy by \$1 trillion.

Such growth could have real economic deliverables for India if it finds a way to leverage this growth through means such as further integrating into global value chains that are increasingly beginning to define the contours of the global economy.

Change Req'd.

- 1. new capital requirement
- change in the law
- more financial resources

Success at the Bali Ministerial Conference is vital as it would bring huge benefits, improving people's lives, including for the poorest, and boosting trade at a critical moment for the global economy. As Azevedo said: while the benefits of success would be great, the consequences of failure would be even greater. It would strengthen current negative perceptions, setting us back in all areas of our work. Our ability to respond to the demands of an ever-changing world is under threat. The future of the multilateral trading system is at stake. And if the system is not working, then, in the end, everybody loses. Those who lose most are the smallest and most vulnerable economies. The world will not wait for the WTO indefinitely. It will move on. And it will move on with choices that will not be as inclusive or efficient as the deals negotiated within these walls. G20 Leaders in St. Petersburg in September 2013 gave their strong backing Bali meet.

## GST

### 115 CAB

The Constitution (One Hundred and Fifteenth Amendment) Bill, 2011 seeks to introduce the Goods and Services Tax to give concurrent taxing powers to both the Union and States. The bill suggests the creation of Goods and Services Tax council and a Goods and Services Tax Dispute Settlement Authority. Contents of the Bill

- The Bill seeks to amend the Constitution to provide for the introduction of a Goods and Services Tax (GST).
- The Bill allows both Parliament and state legislatures to frame laws with respect to GST. Parliament will have the exclusive power to levy GST on imports and inter-state trade.
- The Bill creates a Goods and Services Tax Council consisting of state Finance Ministers, the Union Finance Minister, and Union Minister of State for Revenue to make recommendations with respect to GST.
- The Bill provides for a Dispute Settlement Authority to settle disputes between states or between states and the Union with regard to GST. Appeals from the Authority lie with the Supreme Court.
- The Bill exempts certain commodities from GST, including petroleum products and alcoholic beverages for human consumption.

### Debate points

- The GST Council shall make all decisions by "consensus". It is unclear whether this may be interpreted as majority or unanimity.
- The exclusion of certain commodities from GST is contrary to the recommendations of the Thirteenth Finance Commission and Department of Revenue.

### Parliamentary Standing Committee Report

Some states did not accept the CAB. Mr. Yashwant Sinha, head of parliamentary standing committee on finance submitted its report on the constitutional changes proposed to roll out the goods and services tax (GST).

In its report, the panel has suggested a voting mechanism instead of consensus for decisions of the GST Council and recommended that the proposed dispute settlement authority be dropped. It has suggested that country could adopt the European model of a floor rate and a ceiling rate to allow states the freedom to have a high or low rate, but has favoured higher rates on demerit goods.



The committee has sought to address the concerns that the new law would lead to the loss of fiscal autonomy for the states. It has recommended a voting mechanism where the rights of the states are respected in the GST council.

To allay fears of states, the panel has suggested changes to ensure that the centre does not take any unilateral decision on declared goods that will remain outside the purview of GST. (If notified as "declared goods", a good will attract only 4 per cent central sales tax (CST) as per the CST Act, 1956. Declared goods are goods of special importance under Section 14 of the Act. For example, sugar, cereals, etc).

It has favoured subsuming entry tax within the GST itself.

The panel has said threshold limit of turnover to exempt small traders or manufacturers or service providers should be left to the wisdom of the GST Council.

The committee has said proposal to create dispute settlement authority should be omitted and the GST Council be empowered to deal with differences among stake holders.

The panel has also mooted a monitoring cell to oversee the impact on key aspects like growth, inflation, hoarding, compliance cost for tax payers and price of end products. It also suggested amendments in the Bill for a permanent compensation mechanism to address revenue concerns of states.

The committee said that before proceeding to enact the bill, "broad consensus on key issues concerning the implementation of GST should be arrived at between the centre and the state governments."

GST will alter the indirect tax structure by replacing levies with a single tax each for goods and services eliminating a multiplicity of existing indirect taxes and will simplify the tax structure, broaden the tax base, and create a common market across states.

At the same time, GST will lower the average tax burden for goods and services companies that now pay "cascading" taxes on top of taxes through the production process. Reducing production costs will make exporters more competitive.

The government wanted to roll out GST, a comprehensive tax reform that proposes to replace the plethora of indirect taxes levied by states and the centre with one tax, from April 1, 2010. The system is expected to help all stakeholder including governments, business and consumers by preventing leakage, cascading of taxes and lowering the incidence of tax.

However, the centre has been unable to get the reform going because of opposition from largely BJP-ruled states.

Goi provided Rs 12,000 crore as compensation for central sales tax reduction.

### **Xaxa Panel**

GOI constituted a committee to assess the status of Scheduled Tribes (STs) with an aim of ensuring their uplift, particularly in socio-economic, health and education fields.

The seven-member panel, which will be headed by National Advisory Council (NAC) member Virginius Xaxa, will prepare a report on the overall socio-economic, health and educational status of the tribal communities of the country. The report will give an idea about the areas in view and consequently the government can intervene to address issues related to these aspects of the tribal communities. The committee will suggest policy initiatives as well as effective outcome-oriented measures to improve development indicators and strengthen public service delivery to STs and other tribal populations, the sources said. The committee, among other things, will assess whether the safeguards guaranteed under the Constitution are being effectively implemented and if there are adequate safeguards and structures for implementation of protective legislations such as Prevention of Atrocities Act and Forest Rights Act. The committee will assess the asset base and income levels relative to other groups across states and regions and whether there have been changes in the patterns, ownership and productivity of immovable assets of STs. It will also look into the geographical pattern of their economic activity and explore what newer avenues of employment and livelihood are available to them in view of rapid urbanisation and consequent shrinking of their original habitats.

It is the third since independence --to examine various issues of development and welfare of tribals, including the contentious issue of mining in tribal-dominated areas.

The panel, which has six months to give an interim report and a final report in nine months could also look into the addition of a new Schedule in the Constitution to recognise traditional tribal governing institutions as institutions of the state. Currently, administration and control of Scheduled Areas and Scheduled Tribes in all states, except four northeastern ones is governed by the Fifth Schedule of the Constitution.

### **Clinical trials**

**Clinical trials** are sets of tests in medical research and drug development that generate safety and efficacy data (information about adverse drug reactions) for health interventions.

Investigators initially enroll volunteers and/or patients into small pilot studies, and subsequently conduct larger scale studies.

In India when a new drug is discovered, the office of the Drugs Controller General of India (DCGI), the regulatory authority, grants permission to conduct clinical trials in India. An ethics committee, formed by the institution conducting the trial, gives its stamp. The Clinical Trial Registry of India (CTRI) registers it as a drug being tested in India. The trial is conducted by investigation agencies, which could be Contract Research Organisations or non-profit bodies. Data from trial sites is submitted to DCGI after which marketing licence is issued.

Governed by Drugs and Cosmetics Act, 1940, clinical trials must be monitored by the Drugs Controller General of India (DCGI) and ethics committees. No trial can begin without the ethics committee's consent. A body of at least seven members comprising professionals like pharmacologists, lawyers and sociologists, an ethics committee can be institutional or independent. It

is this body's responsibility to safeguard the rights, safety and well-being of a trial subject. It should also check the trial design, ensure insurance cover and review informed consent forms.

The basic ethical guidelines for performing clinical trials is the Declaration of Helsinki issued by the World Medical Association. In India, guidelines have been set by the Indian Council of Medical Research (ICMR). But there is no law that makes the guidelines binding on those involved in conducting trials

The expert committee set up by the government to formulate policy guidelines for approval of new drugs has proposed major changes in the existing guidelines for clinical drug trials in the country. The committee headed by Ranjit Roy Choudhury, advisor to department of health and family welfare, has recommended that clinical drug trials should be held only at centres which are accredited for the purpose.

The expert committee was constituted in February to formulate policy and guidelines for approval of new drugs, clinical trials and banning drugs. The panel was set up soon after the Supreme Court slammed the Union ministry of health and family welfare for the uncontrolled clinical trials going on in the country (January 2013), resulting in deaths of over 2,000 people between 2008 and 2011.

In its report, the committee has recommended that the principal investigator of a drug trial should be an accredited clinical investigator. The ethics committee of the institute where the trials are held must also have accreditation, the committee has said. Only trials conducted at accredited centres and meeting these stipulations should be accepted by the Drugs Controller General of India (DCGI), the panel has recommended.

The panel report has recommended the setting up of a central accreditation council to oversee the accreditation of institutes, clinical investigators and institute ethics committees.

On the process of taking consent of subjects for trials, the committee has said that informed consent from each participant should be made a mandatory prerequisite for a clinical trial. In circumstances where informed consent has to be obtained from special groups of people who have diminished capacity to protect their interests or give consent for themselves, the consent given by the guardian should be witnessed by an independent person who also has to sign the informed consent document.

The panel has also suggested audiovisual recording of the informed consent process, which should be undertaken and the documentation preserved while adhering to the principles of confidentiality.

As per its recommendation, if any adverse effect (AE) or serious adverse effect (SAE) occurs during a clinical trial, the sponsor investigator should be responsible for providing medical treatment and care to the patient at his/their cost till the resolution of AE/SAE. Compensation has to be paid to the victims.

### **Clinical research ethics**

They are the set of relevant ethics considered in the conduct of a clinical trial in the field of clinical research. It borrows from the broader fields of research ethics and medical ethics.

Most directly a local institutional review board oversees the clinical research ethics of any given clinical trial.

Participants in clinical research have rights which they should expect, including the following:

- right to Informed consent
- Shared decision-making

- Privacy for research participants
- Right to withdraw

There is a range of autonomy which study participants may have in deciding their participation in clinical research. Researchers refer to populations which have low autonomy as "vulnerable populations"; these are groups which may not be able to fairly decide for themselves whether to participate in clinical trials. Examples of groups which are vulnerable populations include incarcerated persons, children, persons exhibiting insanity or any other condition which precludes their autonomy, and to a lesser extent, any population for which there is reason to believe that the research study could seem particularly or unfairly persuasive or misleading. There are particular ethical problems using children in clinical trials.

### **Ethics of honour killings**

Honour killing is the murder of a person accused of "bringing shame" upon their family.

Victims have been killed for refusing to enter a marriage, committing adultery or being in a relationship that displeased their relatives.

In many instances, the crimes are committed by family members against a female relative.

In some parts of the world, women who have been raped have also been murdered for the 'dishonour' of being a victim and the 'disgrace' it brings to their family.

Honour killing is believed to have originated from tribal customs where an allegation against a woman can be enough to defile a family's reputation - 'a life without honour is not worth living.'

It is the idea that individuals must sacrifice for the "greater good".

The individual is nothing – the community is all.

The anti dote to honour killings is legal deterrent, moral education; empowerment by skills and assets to women.

## Avoidance rules

whenever a transaction motivated by intention to minimise tax liability even if it is allowed, then catch up by tax dept that though it is legal but have to cope up to pay tax.

Geo

# Current Affairs

## RPA, 1951

**The Representation of People Act, 1951(RPA)** is an act of Parliament of India to provide for the conduct of elections of the Houses of Parliament and to the House or Houses of the Legislature of each State, the qualifications and disqualifications for membership of those Houses, the corrupt practices and other offences at or in connection with such elections and the decision of doubts and disputes arising out of or in connection with such elections. The Act was enacted by the provisional parliament before the first general election. The acts were amended several times, but one of the notable amendments is the Representation of the People (Amendment) Act, 1966, which abolished the election tribunals and transferred the election petitions to the high courts whose orders can be appealed to Supreme Court. However, election disputes regarding the election of President and Vice-President are directly heard by the Supreme Court.

After India became independent on 15 August 1947, an elected constituent assembly was set up to frame the constitution. Most of the articles of the constitution came into force on 26 January 1950, the Republic Day. Part XXI of the constitution contained the transitional provisions. Articles 379 and 394 of Part XXI which contained provisions for provisional parliament and other articles which contained provisions like citizenship, came into force on 26 November 1949, the date in which the constitution was drafted. The provisional parliament enacted laws for the first general election conducted on 25 October 1951.

RPA 1950 is made to provide for the conduct of elections of the Houses of Parliament and to the House or Houses of the Legislature of each State, the qualifications and disqualifications for membership of those Houses, the corrupt practices and other offences at or in connection with such elections and the decision of doubts and disputes arising out of or in connection with such elections.

The act defines political party as an association or a body of individual citizens of India registered with the Election Commission as a political party under section 29A.

### QUALIFICATIONS AND DISQUALIFICATIONS

**Qualification for membership of the Council of States/Legislative Council:** should have his/her name in the electoral roll of a Parliamentary constituency/Assembly constituency at the time of election. For election by nomination to the Legislative council, one has to be ordinarily a resident in that state.

### Qualifications for the membership to House of People/Legislative Assembly:

For an unreserved seat, the person should be listed on the electoral roll of **any** parliamentary constituency in India/Assembly constituency in that state, respectively.

For a seat reserved for SC/ST, s/he should be a member of SC/ST respectively of any state/of that state and is listed in the electoral roll in any Parliamentary constituency in India/Assembly constituency in that state, respectively.



**Disqualifications:**

A person is disqualified if s/he gets convicted for offence of bribery, spreading communal hatred, undue influence or personation at an election, offences relating to rape, cruelty towards a woman by husband or relative of a husband, "untouchability", importing or exporting prohibited goods, being a member or helping financially an unlawful organisation, the Foreign Exchange (Regulation) Act, 1973 (46 of 1973), the Narcotic Drugs and Psychotropic Substances Act, 1985 (61 of 1985), terrorism, electoral offences, insulting the Indian National Flag or the Constitution of India, etc.

In any other offence, if the period of jail sentence exceeds 2 years, s/he shall be similarly disqualified.

The disqualification begins from the date of conviction and stays for a period of six years after that person's release. The person will have 3 months for appeal in the higher courts if the convicted person is a member of Parliament at the time of such conviction. (Read ahead for developments in 2013)

For corrupt practices, there is a separate section which is given below:

**8A. Disqualification on ground of corrupt practices:** The case of every person found guilty will be referred to the President for determination of the question as to whether such person shall be disqualified and if so, for what period, not exceeding 6 years. President decides in consultation with the Election Commission whose advice is conclusive.

A person who has been dismissed from government service due to corrupt practices, will be barred from election for five years by the President after taking the opinion of the Election Commission.

For failure to lodge account of election expenses, the EC can disqualify the person which will be for a period of three years.

The EC is the authority that can reduce the period of disqualification, except under Section 8A.

**Disqualification from voting:**

A person shall be disqualified for six years if convicted under section 171E (offence of bribery) or section 171F (offence of undue influence or personation at an election) of IPC, 1860 etc.

If disqualified under Section 8A by President, then the disqualification will be for the period as decided by the President. The EC is authorised to reduce/remove this disqualification, except those disqualified under Section 8A.

**Notification for election:**

For Council of States/Legislative Council: The notification will be issued by the President/Governor/Administrator not more than three months before the expiry of the term of the 1/3rd members retiring that year.

For House of People/Legislative Assembly: In cases other than dissolution, the notification will be issued by President/Governor/Administrator not more than six months before the expiry of the term of the House/ Assembly.

The dates shall be as suggested by the EC.

### **ADMINISTRATIVE MACHINERY FOR THE CONDUCT OF ELECTIONS**

There is the Chief Electoral Officer at the state level, District Election Officer at the district level for the supervision and conduct of the elections.

**Observers:** the EC nominated Observers can order the Returning Officer to stop counting of votes or to not declare the result if s/he believes there is significant booth capturing and electoral fraud. The Observer has to inform the EC immediately when issuing such orders.

**Returning Officer:** Will be appointed for each constituency/seat (Council of States) in consultation with the State government. She/he shall be an officer of the government or of a local body.

**Assistant Returning Officer:** Appointed by the EC. Can do all functions that RO may delegate, except scrutiny of nominations.

District Election Officer will provide, with prior permission of the EC, sufficient number of polling stations and will also publish the list of polling stations as approved by the EC.

**Presiding Officer:** Shall be appointed by the District Electoral Officer and shall have Polling Officers under him/her. The Presiding and Polling Officers shall not be any person who has been employed by or on behalf of, or has been otherwise working for, a candidate in or about the election.

**General duty of the Presiding Officer:** It shall be the general duty of the Presiding Officer at a polling station to keep order thereat and to see that the poll is fairly taken.

**Duties of a Polling Officer:** It shall be the duty of the Polling Officers at a polling station to assist the Presiding Officer for such station in the performance of his function.

In case of elections to Council of States or Legislative Council, the Returning Officer will also be the Presiding officer.

**Control of EC over the administration related to elections:** The Returning Officer, Assistant Returning Officer, Presiding Officer, Polling Officer and any other Officer and any Police Officer designated for the time being by the State Government, for the conduct of any election shall be deemed to be on deputation to the Election Commission for the period commencing on and from the date of the Notification calling for such election and ending with the date of declaration of the results of such election and accordingly, such officers shall, during that period, be subject to the control, superintendence and discipline of the Election Commission.

## **REGISTRATION OF POLITICAL PARTIES**

Any association or body of individual citizens of India calling itself a political party and intending to avail itself of the provisions of this Act shall make an application to the Election Commission for its registration as a political party for the purposes of this Act. It will have 30 days from its formation to file such an application.

The association's memorandum or rules and regulations shall contain a specific provision that the association or body shall bear true faith and allegiance to the Constitution of India as by law established, and to the principles of socialism, secularism and democracy, and would uphold the sovereignty, unity and integrity of India.

Every political party may accept any amount of contribution voluntarily offered to it by any person or company other than a Government company and cannot accept money from foreign sources as banned under FERA.

The donations above Rs 20000 will have to be reported by the Party to the Election Commission every year to avail tax benefit under IT Act, 1960.

## **NOMINATION OF CANDIDATES**

The last date for nominations will be the seventh day from the date the notification is issued in the official Gazette. The last date for scrutiny of nominations will be the day immediately next to the last day of filing nominations. The last date for withdrawal of nominations will be till two days after the scrutiny of nominations is complete.

The date of poll will be more than 14 days after the last day of withdrawal of nominations.

Valid nomination of a candidate of a registered political party needs at least one proposer who is an elector from the same constituency. For a person who does not belong any political party, there have to be at least ten proposers from the same constituency.

In the case of a local authorities' constituency, graduates' constituency or teachers' constituency, there must be at least ten per cent of the electors of the constituency or ten such electors, whichever is less, as proposers.

Maximum number of nomination papers in a constituency of a candidate are 4.

In one election, a person can be nominated from a maximum of two seats/constituencies.

The candidate will have to furnish information regarding the cases in which he is accused for which the punishment is 2 years or more and/or cases in which s/he has been convicted for more than one year apart from the offences under which s/he can be disqualified under this act. The RO has to put up this information in a conspicuous place for general public.

**Deposits: Lok Sabh:** Rs 25000- General candidate; Rs 12500-SC/ST

**Legislative Assembly:** Rs 10000 general candidate; Rs 5000 SC/ST

**Scrutiny of nominations:** On the date fixed for the scrutiny of nominations, the candidates, their election agents, one proposer of each candidate, and one other person duly authorized in writing by each candidate, but no other person, may attend at such time and place as the returning officer may appoint; and the returning officer shall give them all reasonable facilities for examining the nomination papers of all candidates. The Returning Officer (RO) may then either suo motu or on objections raised by anyone else scrutinising the nominations, may reject any of the nomination along with the reason recorded. The candidate may be allowed to rebut any objection till the next day only.

The RO will publish a list of contesting candidates, categorised under candidates belonging to recognised political parties, candidates belonging to registered parties, and other candidates.

The EC will provide for equitable distribution of time on cable TV network and radio to the recognised political parties based on their past performance.

### **Candidates and their agents**

A candidate may appoint any other person who is not disqualified to be elected or to vote in the elections as his/her election agent. A candidate or his election agent may appoint one or many polling agents and relief agents for manning the polling stations. A candidate or his election agent may nominate as many counting agents as may be prescribed for being present as his counting agent at the counting of votes. The candidate has to inform the RO of any such appointment or change in the appointment immediately. The removal of any election/polling/counting agent is to be done by the candidate under his signature and sent to the RO. At every election where a poll is taken, each contesting candidate at such election and his election agent shall have a right to be present at any such polling station.

### **General procedure at the elections**

If a candidate of a recognised political party dies after making nomination on the last day of nomination but before the commencement of the poll, the returning officer may adjourn the election to a date to be announced later. The EC will then ask the party to nominate another candidate within seven days. A candidate who has earlier withdrawn his nomination may also be nominated again. A poll will be conducted only if the number of candidates is more than the number of vacancies.

### **The Poll**

Minimum 8 hours will be provided on the day of the poll for the poll. The timings are decided by the EC. The Presiding/Returning Officer may adjourn the poll in case of riot, open violence or a natural calamity that might prevent the conduct of the poll. In case of destruction, etc. of ballot boxes or failure of machine, etc. the EC will decide whether the poll needs to be adjourned or continued.

In case of booth capturing, the EC may adjourn or countermand the poll at the booth.

Election for Council of States shall be through open ballot.

Postal/proxy ballot is available to the citizens serving in armed forces, forces to which the Army Act 1960 applies. Their wives are allowed either postal or in person ballot.

Postal ballot is available to those who serve outside India on government duty or are members of armed police of the state and serve outside the state. It is also available to people under preventive detention.

Indelible ink and ID cards are must for voting.

A Person who is not a citizen of India/ not listed in the electoral roll/ is of unsound mind and so declared by a competent court/ is disqualified due to corrupt practices shall not be eligible to vote.(Read ahead about the NRIs and RPA 1951).

If a person, except for those authorised to be proxy for others, votes more than once in a given election, all his/her votes will be cancelled.

### **Counting of votes**

At every election where a poll is taken, votes shall be counted by, or under the supervision and direction of, the returning officer, and each contesting candidate, his election agent and his counting agents, shall have a right to be present at the time of counting.

If the ballots papers are destroyed, lost, etc at any time before the completion of counting, the RO will inform the EC, which will decide whether the re-polling is needed or not.

In case of equality of votes, the RO shall decide by lot the winner.

The RO shall declare the result and also prepare a report and submit the same to the EC and the Secretary of the House to which the election was conducted. The date of election will be the date of declaration of the result by the RO.

### **Multiple elections**

If within ten days a candidate elected to both houses of Parliament does not intimate the EC about his/her preference, his seat in the Council of States shall fall vacant.

If a member is already a member of one house of Parliament, his/her seat in that house will fall vacant the moment s/he is elected to the other house.

In case of election to more than one seat in a house, the person shall need to resign from all but one seat by writing to the Chairman/Speaker, otherwise all the seats shall fall vacant.

The EC publishes in the Official Gazette the names of the persons who are successfully elected in the election.

**Declaration of assets**

Every elected person will have to declare his/her assets within 90 days from the date of taking the oath to the Chairman/Speaker. Any wilful contravention of the above will be treated as breach of privilege of the house.

**Election Expenses**

Only those who contest for House of People or Legislative Assembly are required to maintain such accounts.

Election expenditure is calculated from the date one is nominated to the day the election ends. The expenditure of the leaders of political parties, whose names have been communicated by the party to the EC and Chief Electoral Officer, shall not be included in the expenditure of the candidate. The accounts have to be submitted to the District Election Officer within 30 days of the election by all contesting candidates.

**Free supply of certain material to candidates of recognised political parties**

The EC supplies copies of electoral roll to the recognised parties. It is also authorised to supply any other material as may be decided by the Central government in consultation with the EC. A suitable reduction in the maximum expenditure permissible will be reduced in consultation with the EC.

**DISPUTES REGARDING ELECTIONS**

All election disputes are to be tried by the respective High Court. Election Petition is the only way to challenge any election. Election can be challenged by a candidate or any voter listed in the electoral roll of that constituency within 45 days of declaration of the result. The petition has to contain the material facts on which the election is challenged.

**Trial of the petition**

The trial shall have to be completed within 6 months. No witness or person will be required to state which candidate that person has voted for. The Court can declare the election of any or all candidates as void and also declare any other candidate as duly elected.

The election can be declared null and void in case of the elected candidate not being qualified or being disqualified, or any other candidate's nomination being improperly rejected, or corrupt practices by any other candidate/agent which materially affects the results, improper rejection/acceptance of vote or by non-compliance of the Constitution or this act. However, if the elected candidate and/or his agent did not indulge in any corrupt practices and tried their level best to stop them, then his election will not be void.

A copy of the decision will be sent by the court to the EC and Speaker/Chairman of the House concerned. The acts of the candidate, whose election is declared void, before such decision of the court, shall still be valid. Death of the sole petitioner or the sole respondent may lead to abatement of the trial.



An appeal against the High court order has to be made in the Supreme court within 30 days of the High Court's judgement.

## **CORRUPT PRACTICES AND ELECTORAL OFFENCES**

Under this act, following are corrupt practices:

- **Bribery:** both giving and receiving, monetary or non-monetary, benefits.
- **Undue influences:** like threats, divine grace, etc
- Making race, religion, caste, sex, language, etc as basis to get votes or to dissuade voters from voting for some other candidate
- Promoting hatred amongst Indians
- Making statements on character or motives of other candidates which are false.
- Hiring of vehicle for free conveyance of electors
- Flouting the expenditure norms
- Taking help of government servants of the following categories, gazetted officers, stipendiary judges and magistrates, members of the armed forces of the Union, members of the police forces, excise officers, revenue officers, outside their official duties which shall be punishable with imprisonment for a term which may extend to three months, or with fine, or with both.
- Booth capturing shall be punishable with imprisonment for a term which shall not be less than one year but which may extend to three years and with fine, and where such offence is committed by a person in the service of the Government, he shall be punishable with imprisonment for a term which shall not be less than three years but which may extend to five years and with fine.

### **Electoral offences**

Promoting enmity between classes in connection with election shall be punishable, with imprisonment for a term which may extend to three years, or with fine, or with both.

Penalty for filing false affidavit, etc. shall be punishable with imprisonment for a term which may extend to six months, or with fine, or with both.

Violation of prohibition of public meetings during period of forty—eight hours ending with hour fixed for conclusion of poll shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

Any person who disturbs an election meeting shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to two thousand rupees or with both.

All election pamphlets, etc must have the names and addresses of the publisher and printer. A copy of each pamphlet and the document by the candidate authorising the printer to print it, shall be sent to the Chief Electoral Officer or District Magistrate immediately. Any contravention of these laws

shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to two thousand rupees, or with both.

Violation of secrecy of secret ballot shall be punishable with imprisonment for a term which may extend to three months or with fine or with both.

Violation of prohibition of canvassing 100 meters around the polling booth shall be punishable with fine which may extend to two hundred and fifty rupees.

Penalty for disorderly conduct in or near polling stations like use of megaphone, shall be imprisonment which may extend to three months or with fine or with both.

Any person who misconducts himself or fails to obey the lawful directions of the presiding officer may be removed from the polling station by the presiding officer or by any police officer on duty or by any person authorised in this behalf by such presiding officer. Re-entry to the polling station without the permission of the presiding officer, he shall be punishable with imprisonment for a term which may extend to three months, or with fine, or with both.

Taking the ballot papers out of the polling station shall be punishable with imprisonment for a term which may extend to one year or with fine which may extend to five hundred rupees or with both.

Violation of prohibition of going armed to or near a polling station shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

Violation of prohibition of sale/distribution of liquor on the polling day shall be punishable with imprisonment for a term which may extend to six months, or with fine, which may extend to two thousand rupees, or with both.

#### **Power of EC with regard to disqualifications**

The EC shall have powers of a civil court if it considers an enquiry is necessary to provide an opinion under Article 103, 192 or under this Act. The statements of any person in front of EC will not be taken as evidence in any other court.

#### **BYE-ELECTIONS**

The EC shall call bye-elections to fill causal vacancies in the Parliament or State legislatures within six months. If the remainder of the term is less than an year, the bye-election shall not be held.

#### **MISCELLANEOUS**

It shall be competent for the Election Commission for reasons which it considers sufficient, to extend the time for the completion of any election.

Every local authority, every university established or incorporated by or under a Central, Provincial or State Act, a Government company, any other institution, concern or undertaking which is established by or under a Central, Provincial or State Act or which is controlled, or

financed wholly or substantially by funds provided, directly or indirectly, by the Central Government or a State Government shall provide its manpower for the conduct of elections as asked for by the Chief Electoral Officer/Regional Commissioner appointed by the EC.

The government can requisition any premises and/or vehicle for the use in conduct of election for which the government shall provide compensation.

The Central Government may, after consulting the Election Commission, by notification in the Official Gazette, make rules for carrying out the purposes of this Act. All such rules shall be placed before the Parliament for thirty days. In case there is no objection or modification, the rules shall come into force, otherwise with appropriate modification or will not come into force at all.

### **Recent developments- judicial, quasi-judicial and legislative**

#### **Lily Thomas vs Union of India**

The Supreme Court in July 2013, held that chargesheeted Members of Parliament and MLAs, on conviction for offences, will be immediately disqualified from holding membership of the House without being given three months' time for appeal, as was the case before.

A Bench of Justices A.K. Patnaik and S.J. Mukhopadhaya struck down as unconstitutional Section 8 (4) of the Representation of the People Act that allows convicted lawmakers a three-month period for filing appeal to the higher court and to get a stay of the conviction and sentence. The Bench, however, made it clear that the ruling will be prospective and those who had already filed appeals in various High Courts or the Supreme Court against their convictions would be exempt from it.

Section 8 of the RP Act deals with disqualification on conviction for certain offences: A person convicted of any offence and sentenced to imprisonment for varying terms under Sections 8 (1) (2) and (3) shall be disqualified from the date of conviction and shall continue to be disqualified for a further period of six years since his release. But Section 8 (4) of the RP Act gives protection to MPs and MLAs as they can continue in office even after conviction if an appeal is filed within three months.

The Bench found it unconstitutional that convicted persons could be disqualified from contesting elections but could continue to be Members of Parliament and State Legislatures once elected.

The Supreme Court has given two reasons for its verdict: First, it held Section 8(4) to be in violation of Article 102, and its corresponding provision for the States, Article 191, of the Constitution. Justice (Retd) Markandeya Katju says that a careful perusal of Article 102 shows there is nothing therein which renders it inconsistent with Section 8(4).

Article 102(1) of the Constitution states:

- 1) A person shall be disqualified for being chosen as, and for being, a member of either House of Parliament
  - a) if he holds any office of profit under the Government of India or the Government of any State, other than an office declared by Parliament by law not to disqualify its holder;
  - b) if he is of unsound mind and stands so declared by a competent court;
  - c) if he is an undischarged insolvent;

- d) if he is not a citizen of India, or has voluntarily acquired the citizenship of a foreign State, or is under any acknowledgement of allegiance or adherence to a foreign State;
- e) if he is so disqualified by or under any law made by Parliament

Justice Katju says that none of the five clauses in Article 102(1) are attracted so as to invalidate Section 8(4). Clause (e) is not attracted because Section 8 (4), which is a law made by Parliament, specifically states that a legislator convicted is not disqualified during pendency of his appeal if it is made within three months.

Justice Katju further says that "... the Supreme Court has held that Parliament had no legislative competence to enact Section 8(4). This reasoning, too, is difficult to accept because Entry 72 to List 1 of the 7th Schedule in the Constitution specifically allows Parliament to legislate on elections to Parliament or the State legislatures. It is well-settled that legislative entries in the Constitution are to be widely construed, and in any case Parliament has residual power to legislate under Entry 97 to List 1."

However, it may be opined that the verdict of the honourable court is valid for the following reasons

- a. There are no adequate grounds to create a hierarchy between ordinary persons and legislators
- b. Such inequality violates Art.14
- c. Parliament should set an example by equating its members with ordinary people in matters related to probity
- d. Extra-merit factors like it may destabilise the government , particularly the coalition and minority governments may not be convincing from an ethical and democratic perspective

### **Masood**

In the first conviction after the Supreme Court struck down a law that provided immunity to MPs and MLAs from immediate disqualification, a Special CBI court in September 2013 held Rajya Sabha member Rasheed Masood guilty in a case of corruption and other offences and he is set to lose his seat. Masood's conviction is the first case after the July 10 Supreme Court judgement that struck down sub-section 4 of Section 8 of Representation of the People Act, under which incumbent MPs and MLAs can avoid disqualification till pendency of the appeal against conviction in a higher court.

### **Representation of the People (Second Amendment and Validation) Bill, 2013**

The Representation of the People (Second Amendment and Validation) Bill, 2013, introduced by Law Minister Kapil Sibal also seeks to negate the apex court verdict on immediate disqualification. In the bill, a proviso has been added to sub-section (4) of section 8 of the RP Act which makes it clear that convicted member shall continue to take part in proceedings of Parliament or Legislature of a state but he or she shall neither be entitled to vote nor draw salary and allowances till the appeal or revision is finally decided by the court. The Bill could not be passed in the Parliament.

The government filed a review petition on the verdict and it was rejected.

### **Supreme Court ruling on jailed legislators**

The judgment of the Supreme Court in *Chief Election Commissioner v. Jan Chawkidari* (July 2013) held that if a person is in jail or police custody, he cannot contest an election. The Supreme Court has relied on the definition of "elector," as found in Section 2 (e) of the RPA, and observed that in view of Sections 3, 4, and 5, to be qualified for membership of the legislature, one has to be an elector. Section 2(e) defines an elector as "a person whose name is entered in the electoral roll of that constituency [...] and who is not subject to any of the disqualifications mentioned in section 16 of the RP Act."

The ruling, however, does not apply to those on bail.

A Bench of Justices A.K. Patnaik and S.J. Mukhopadhyaya dismissed appeals filed by the Chief Election Commissioner and others against a Patna High Court judgment that in 2004 had held that when a person in custody is disqualified from voting he or she must be disqualified from contesting in elections too.

Jan Chaukidar (Peoples Watch) and others filed petitions in the Patna High Court contending that a person, who was confined in prison, whether under a sentence of imprisonment, transportation or otherwise, or was in the lawful custody of the police was not entitled to vote by virtue of Section 62 (5) of the RP Act and accordingly was not an "elector" and was, therefore, not qualified to contest elections to the House of People or the Legislative Assembly of a State.

The apex court reasoned that if one can not vote, he can not contest either. The name may be there but he is disqualified from voting once he is in jail unless he is on bail. Thus, a candidate on bail can contest because he can vote as well.

While the reasoning is tenuous, the remedy lies in allowing those in legal custody to be able to vote and not extend the disqualification to vote to those who seek to contest too. Such a remedy is in line with global human rights trend. However, the intent to clean the political system of criminals is welcome.

The criticism is that it can be abused by ruling party members and others.

Lawmakers cutting across party lines passed the Representation of the People (Amendment and Validation) Bill, 2013, in the monsoon session of the Parliament and overcame the verdict.

By amending sub-clause 5 of section 62 of the RP Act, Parliament has cleared the way for those in jail as well as in custody to contest polls.

### **Excerpts from Anup Surendranath's Article in the Hindu on the Right to Vote etc**

The Supreme Court's decision last month in *Chief Election Commissioner v. Jan Chaukidar* has attracted significant attention for its perceived potential to address the criminalisation of politics.

Justices A.K. Patnaik and S.J. Mukhopadhyaya ruled that since one of the conditions to be a candidate under The Representation of the People Act, 1951 was that the candidate should be eligible to vote, even those in lawful custody of the police could not contest elections. They reached this conclusion because it is established law in India that individuals in lawful custody of the police, undertrials and those serving a sentence of imprisonment after conviction cannot vote.

There has been significant debate in our constitutional jurisprudence on the nature of the right to vote. The dominant position, established through judgments of the Supreme Court, is that the right

to vote is not a fundamental right or a constitutional right but is only a statutory right. Being a statutory right, the legislature can determine the terms on which the right to vote is to be enjoyed by the people of India subject to 326 of the Constitution. One such condition is to be found in Section 62 (5) of the RP Act, which explicitly provides that "no person shall vote at any election if he is confined in a prison, whether under a sentence of imprisonment or transportation or otherwise, or is in the lawful custody of the police." And it is this provision that the judges in Jan Chaukidar relied on to come to the conclusion that those in police custody cannot contest elections because they are not eligible to vote. Indian law denies voting rights to not only individuals convicted of a crime and serving a sentence in prison, but also to undertrials and even those in police custody. The constitutionality of Section 62(5) of the RP Act was challenged before the Supreme Court in Anukul Chandra Pradhan v. Union of India (1997) as being violative of the right to equality and the right to life under Articles 14 and 21 of the Constitution. Through a unanimous opinion authored by the late Chief Justice J.S. Verma, the Supreme Court rejected this challenge. Undoubtedly, Article 14 permits the state to make classifications and accord differential treatment according to the same. However, the restriction on the state is that these classifications must be reasonable and must have a rational connection to the objective being sought to be achieved. The Supreme Court took the view that it was reasonable to deny voting rights to convicted prisoners, undertrials and those in police custody because it was being done to curb the criminalisation of politics. Further, it took account of practical considerations and ruled that the additional resources that would be required in terms of infrastructure, security and deployment of extra police forces were legitimate justifications in denying the right to vote to prisoners and those in custody. The court was of the view that a prisoner was "in prison as a result of his own conduct and is, therefore, deprived of his liberty during the period of his imprisonment [and] cannot claim equal freedom of movement, speech and expression with the others who are not in prison."

Clearly, one of the major concerns of the court was the criminalisation of politics but it is difficult to see how the denial of voting rights is important or relevant in this regard. Criminalisation of politics has to be addressed by ensuring that those with a criminal record do not contest elections and it has very little to do with who votes. ..it is rather puzzling that the court did not consider it necessary to distinguish between convicted prisoners, on the one hand, and undertrials and those in custody, on the other. ..Bringing undertrials and those in police custody within the umbrella of "criminalisation of politics" ignores the harsh reality that a vast majority of undertrials languishing in Indian jails are poor and belong to the marginalised sections of society.

### **Gopinath Munde**

BJP leader and Deputy Leader of the Opposition in the Lok Sabha Gopinath Munde was served a show-cause notice by the Election Commission for allegedly claiming that he had spent Rs.8 crore in the 2009 Lok Sabha election (over and above the permissible limit of Rs.25 lakh).

Under Section 77 (1) of the Representation of the People Act, 1951, every candidate at an election is required to keep a separate and correct account of all expenditure in connection with an election incurred or authorized by the candidate or his election agent between the date of filing of nomination paper and the date of declaration of the result of election.

Under section 78 of the Representation of the People Act, 1951 the candidate is required to lodge with the District Election Officer a true copy of the account kept by him under Section 77 within 30 days of the declaration of result of the election.

In its notice, the EC had wanted to know, why Mr. Munde "should not be disqualified under Section 10A of the Representation of the People Act, 1951, for your failure to maintain a true and



correct account of your election expenses as required by law, for not lodging the true account of your election expenditure by suppressing/undervaluing the said.

The total of the expenditure shall not exceed statutory limits set by the GOI in consultation with the EC. Conduct of Elections Rules, 1961 prescribes varying limits of election expenditure for Parliamentary and Assembly Constituencies in each of the States and Union Territories (Read ahead).

The incurring or authorizing of expenditure in excess of the limit prescribed under Section 77(3) of ROP Act, 1951 is a corrupt practice with reference to Section 123(6) of the R.P. Act, 1951.

Election expenditure can be broadly put in two categories. The first type is election expenditure, which is allowed under the law for electioneering, subject to it being within the permissible limit. This would include expenditure connected with campaigning like on public meetings, posters, banners, vehicles, advertisements in print or electronic media etc. The second category of expenditure is on items which are not permitted under law. For example, distribution of money, liquor, or any other item to the electors with intent to influence them comes under the definition of bribery and is an offence under the IPC. The expenditure on such items is illegal. Yet another form of expenditure which is coming to the fore in recent times is on Surrogate Advertisements, Paid News etc. The purpose of election expenditure monitoring is, therefore, twofold. For the first category of expenditure, it must be ensured that all election expenditure on permitted items is truthfully reported and considered while scrutinizing the expenditure account submitted by the candidates. As far as the second category of expenditure including surrogate advertisements, paid news etc., is concerned, it is obvious that it will never be reported by the political parties/candidates. The systems should be robust enough to catch such expenditure as well, and not only include it in the account of election expenditure, but also take action against the wrongdoers under the relevant provisions of the law, including lodging of complaints before the police/ competent magistrate, if required.

The Expenditure Observers from the Indian Revenue Service and Indian Customs and Central Excise service are appointed by the Commission for specified constituencies to observe the election expenses by the candidates. There are at least one Expenditure Observer for each district, but each Expenditure Observer ordinarily shall not have more than five Assembly Constituencies under his observation. They are supported by assistants.

### **Poll expenditure limits**

In an attempt to deal with the use of black money in elections, the maximum poll expenditure for parliamentary constituencies was increased to Rs 40 lakh and to Rs 16 lakh for assembly constituencies by the Government. Expenditure limit varies according to the size of states.

In 2011, Law ministry issued a notification amending the Conduct of Election Rules. Till then, in big states, the upper spending limit in parliamentary constituency is Rs 25 lakh and Rs 10 lakh in assembly constituency.

Electoral candidates in Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal, Chhattisgarh and Jharkhand would be able to spend Rs 40 lakh per constituency in parliamentary election and Rs 16 lakh in assembly election.

In case of Nagaland, Tripura, Uttarakhand and Himachal Pradesh, while the upper limit for expenditure in parliamentary election is Rs 40 lakh, for assembly election there is a variation. In HP and Uttarakhand, a candidate can spend only Rs 11 lakh for assembly constituency while in case of Nagaland and Tripura, it is Rs 8 lakh.

In Jammu & Kashmir, because of its special status, election expenditure for parliamentary election is Rs 40 lakh while for assembly election the maximum limit has been left to the state election commission. In Goa, the upper limit for expenditure in parliamentary constituency is Rs 22 lakh and Rs 8 lakh for assembly constituency.

North-eastern states also have varying structure of election expenditure. In Arunachal Pradesh, the upper limit for parliamentary constituency is Rs 27 lakh and Rs 10 lakh for assembly constituency. In Manipur and Meghalaya, the maximum limit for parliamentary constituency is Rs 35 lakh and Rs 8 lakh for assembly constituency.

In Mizoram, while the upper limit for assembly constituency is Rs 8 lakh, for parliamentary constituency, it is Rs 32 lakh. In Sikkim, the expenditure limit for parliamentary constituency is further less at Rs 27 lakh while for assembly it is Rs 8 lakh.

In case of Union Territories, there is a big variation again. In Delhi, maximum expenditure for parliamentary constituency is Rs 40 lakh, for assembly election it is Rs 14 lakh. In Puducherry, upper limit for parliamentary constituency is Rs 32 lakh and for assembly Rs 8 lakh. In UTs without assemblies — Dadra and Nagar Haveli and Daman and Diu — expenditure for parliamentary constituency is Rs 16 lakh. In Andaman & Nicobar Islands and Chandigarh — also without assembly — it is Rs 27 lakh and Rs 22 lakh respectively.

### **Political parties and the RTI**

Central Information Commission, on June 3, 2013 ordered that six national political parties — the Congress, BJP, NCP, CPI (M), CPI and BSP — be brought under the RTI Act as they were public authorities. The CIC had ruled that the parties received “substantial financing” from the government in the form of subsidies, tax exemptions and benefits, and so it was binding on them to appoint Public Information Officers. The six political parties were given tax exemption to the tune of Rs. 510 crore from 2006 to 2009. The government spent about Rs. 28.56 lakh for free airtime on All India Radio in 2009. Apart from that, all the parties have been given land at very low rates in prime areas. The CIC order on political parties required them to appoint public information officers and respond to RTI.

CIC has passed many orders earlier calling certain bodies public authorities — under the Act. Public Health Foundation of India. In response to an RTI application, the PHFI had argued that as a public-private partnership initiative, it was a completely autonomous institution and not a public authority governed by the RTI Act. The CIC ruled that public servants were on the board of the PHFI and they were obviously representatives of the government. It also ruled that the organisation received substantial financing from the government, a major point the CIC raised in the order pertaining to political parties.

Similarly, the Indian Olympic Association, — though autonomous from the Central government in its affairs and management — was deemed a “public authority” by the Delhi High Court in 2010 as the IOA depended on government funding to assist travel and transportation of sportsmen and sports managers. In the same judgment, the Delhi High Court also held the Sanskriti School to be a public authority as it availed substantial financing from the government. In another decision of January 2011, the Central Information Commission held that the Chandigarh Club was a public authority because the rent on the 3.85 lakh square feet land leased to the Club was not at a par with the market rate.

Section 2(h)(ii) of the RTI Act states that “public authority” includes any non-governmental organisation substantially financed, directly or indirectly, by funds provided by the appropriate government.

In August 2013, the government tabled RTI Amendment Bill 2013 in Lok Sabha to keep political parties out of RTI ambit.

The Right to Information (Amendment) Bill, 2013 seeks to insert an explanation in Section 2 of the Act which states that any association or body of individuals registered or recognised as political party under the Representation of the People Act, 1951 will not be considered a public authority.

Referring to the CIC order of June, the bill also makes it clear that anything contained in any judgement, decree or order of any court or commission will not affect the status of political parties recognised under the RP Act.

Since the CIC order on six major political parties came on June 3, the amended Act will come into force with retrospective effect from June 3.

It points that there are already provisions in the RP Act as well as the Income Tax Act which deal with transparency in the financial aspects of political parties and their candidates.

"Declaring a political party as public authority under the RTI Act would hamper its smooth internal working...further, the political rivals may misuse the provisions of RTI Act, thereby adversely affecting the functioning of the political parties," the bill reads.

It was decided to refer the amendment Bill to parliamentary standing committee “for elaborate study.”

Supporters of the verdict say that in an open democracy like ours, RTI will ensure that there is internal democracy within parties. Further, their adherence to constitutional goals will also be tested. Dynastic and arbitrary politics may give place to value-based decisions. The fact of parties being held accountable in multiple ways is seen to be ineffective and needs to be reinforced with inclusion within RTI. However, there may be graded accountability in which parties may not be as accountable as other public authorities for strategic reasons, if any, subject to judicial acceptance.

An admission that they are public authorities will bring them under compulsion to respond to queries from citizens under the Act regarding their funding and process of decision-making, which so far have remained outside public scrutiny. Information about these aspects in the public domain could pose a serious challenge to these parties, particularly if it is proven that their functioning is characterised by lack of probity and commitment to democratic ideals.

### **Supreme court and freebies**

Freebies and other benefits routinely promised by political parties to woo voters destroy the level playing field in a democracy, the Supreme Court said, but its ruling did not label it as corrupt practice. The court directed the Election Commission to consult political parties and incorporate new clauses into its existing model code of conduct to bring election manifestos of political parties under its ambit. A Supreme Court bench comprising Chief Justice designate P Sathasivam and Justice Ranjan Gogoi said the law as it stands only covers enticements or allurements by individual candidates and not political parties, and refused to declare promises made in manifestos as corrupt. "It will be misleading to construe that all promises in the election manifesto would amount to corrupt practice. Likewise, it is not within the domain of this court to legislate what kind of promises can or cannot be made in the election manifesto," the bench said as it refused to rule such practice as corrupt under Section 123 of the Representation of the People Act:

"It is the promise of a future government. Section 123 contemplates corrupt practice by individual candidate or his agent."

But the court said it was a fact that the distribution of freebies influenced voters. "It shakes the root of free and fair elections to a large degree," it said.

The bench directed the Election Commission to frame guidelines on the subject in consultation with political parties

But the court also said that freebies are part of what the Constitution's Directive Principles of State Policy enjoin the government to do: take care of weaker and vulnerable sections. It further observed that these expenses incurred on freebies or on implementing schemes promised to voters as a quid pro quo if voted back to power are legitimate. These expenses would be construed as an expense for a public purpose, the bench said.

However, it is difficult to differentiate between freebies which are populist and those which are a part of welfare.

The essence is the following:

- Freebies are unfair as they destroy the level playing field
- The same fiscal resource can be better deployed for sustainable livelihoods

## RPA, 1950

It is an Act to provide the allocation of seats in, and the delimitation of constituencies for the purpose of election to, the House of the People and the Legislatures of States, the qualifications of voters at such elections, the preparation of electoral rolls, [the manner of filling seats in the Council of States to be filled by representatives of [Union territories] ], and matters connected therewith.

**Allocation of seats in the House of the People—** The allocation of seats to the States in the House of the People and the number of seats, if any, to be reserved for the Scheduled Castes and for the Scheduled Tribes of each State shall be as shown in the First Schedule.

**Filling of seats in the House of the People and parliamentary constituencies.**

All the seats in the House of the People allotted to the States shall be seats to be filled by persons chosen by direct election from parliamentary constituencies in the States.

Every parliamentary constituency shall be a single-member constituency.

Every State to which only one seat is allotted shall form one parliamentary constituency.

Seats in the Legislative Assembly of each State are to be filled by persons chosen by direct election from Assembly Constituencies. Every assembly constituency shall be a single-member constituency.

**Electoral rolls for parliamentary constituencies.—**(1) The electoral roll for every parliamentary constituency, other than a parliamentary constituency in the State of Jammu and Kashmir or in a Union territory not having a Legislative Assembly, shall consist of the electoral rolls for all the assembly constituencies comprised within that parliamentary constituency; and it shall not be necessary to prepare or revise separately the electoral roll for any such parliamentary constituency:

**Electoral roll for every constituency.—**For every constituency there shall be an electoral roll which shall be prepared in accordance with the provisions of this Act under the superintendence, direction and control of the Election Commission.

**Disqualifications for registration in an electoral roll.—**(1) A person shall be disqualified for registration in an electoral roll if he—

- (a) is not a citizen of India; or
- (b) is of unsound mind and stands so declared by a competent court; or
- (c) is for the time being disqualified from voting under the provisions of any law relating to corrupt practices and other offences in connection with elections.

(2) The name of any person who becomes so disqualified after registration shall forthwith be struck off the electoral roll in which it is included:

**No person to be registered in more than one constituency**

**No Person to be registered more than once in any constituency**

**Conditions of registration.**—Subject to the foregoing provisions of this Part, every person who —

- a) is not less than eighteen years of age on the qualifying date, and
- b) is ordinarily resident in a constituency, shall be entitled to be registered in the electoral roll for that constituency.

**Meaning of "ordinarily resident"** A person shall not be deemed to be ordinarily resident in a constituency on the ground only that he owns, or is in possession of, a dwelling house therein.

A person absenting himself temporarily from his place of ordinary residence shall not by reason thereof cease to be ordinarily resident therein.

A member of Parliament or of the Legislature of a State shall not during the term of his office cease to be ordinarily resident in the constituency in the electoral roll of which he is registered as an elector at the time of his election as such member, by reason of his absence from that constituency in connection with his duties as such member.

A person who is a patient in any establishment maintained wholly or mainly for the reception and treatment of persons suffering from mental illness or mental defectiveness, or who is detained in prison or other legal custody at any place, shall not by reason thereof be deemed to be ordinarily resident therein.

If in any case a question arises as to where a person is ordinarily resident at any relevant time, the question shall be determined with reference to all the facts of the case and to such rules as may be made in this behalf by the Central Government in consultation with the Election Commission.]

**Preparation and revision of electoral rolls.** —The electoral roll for each constituency shall be prepared in the prescribed manner by reference to the qualifying date and shall come into force immediately upon its final publication in accordance with the rules made under this Act.

The said electoral roll—

- (a) shall, unless otherwise directed by the Election Commission for reasons to be recorded in writing, be revised in the prescribed manner by reference to the qualifying date—
  - (i) before each general election to the House of the People or to the Legislative Assembly of a State; and
  - (ii) before each bye-election to fill a casual vacancy in a seat allotted to the constituency; and
- (b) shall be revised in any year in the prescribed manner by reference to the qualifying date if such revision has been directed by the Election Commission:

Provided that if the electoral roll is not revised as aforesaid, the validity or continued operation of the said electoral roll shall not thereby be affected.

(3) Notwithstanding anything contained in sub-section (2), the Election Commission may at any time, for reasons to be recorded, direct a special revision of the electoral roll for any constituency or part of a constituency in such manner as it may think fit:

Provided that subject to the other provisions of this Act, the electoral roll for the constituency, as in force at the time of the issue of any such direction, shall continue to be in force until the completion of the special revision so directed.



**Correction of entries in electoral rolls.**—If the electoral registration officer for a constituency, on application made to him or on his own motion, is satisfied after such inquiry as he thinks fit, that any entry in the electoral roll of the constituency-

(a) is erroneous or defective in any particular,  
(b) should be transposed to another place in the roll on the ground that the person concerned has changed his place of ordinary residence within the constituency, or

(c) should be deleted on the ground that the person concerned is dead or has ceased to be ordinarily resident in the constituency or is otherwise not entitled to be registered in that roll, the electoral registration officer shall, subject to such general or special directions, if any, as may be given by the Election Commission in this behalf, amend, transpose or delete the entry:

Provided that before taking any action on any ground under clause (a) or clause (b) or any action under clause (c) on the ground that the person concerned has ceased to be ordinarily resident in the constituency or that he is otherwise not entitled to be registered in the electoral roll of that constituency, the electoral registration officer shall give the person concerned a reasonable opportunity of being heard in respect of the action proposed to be taken in relation to him.

**Inclusion of names in electoral rolls.**— (1) Any person whose name is not included in the electoral roll of a constituency may apply to the electoral registration officer for the inclusion of his name in that roll.

(2) The electoral registration officer shall, if satisfied that the applicant is entitled to be registered in the electoral roll, direct his name to be included therein:

Provided that if the applicant is registered in the electoral roll of any other constituency, the electoral registration officer shall inform the electoral registration officer of that other constituency and that officer shall, on receipt of the information, strike off the applicant's name from that roll.

(3) No amendment, transposition or deletion of any entry shall be made and no direction for the inclusion of a name in the electoral roll of a constituency shall be given under this section, after the last date for making nominations for an election in that constituency or in the parliamentary constituency within which that constituency is comprised and before the completion of that election.

### **Appeals**

An appeal shall lie within such time and in such manner as may be prescribed— to the chief electoral officer, from any order of the electoral registration officer

**Preparation of electoral roll for Council constituencies.**—(1) In this section, "local authorities' constituency", "graduates' constituency" and "teachers' constituency" mean a constituency for the purpose of elections to a Legislative Council.

For the purpose of elections to the Legislative Council of a State in any local authorities' constituency—

- the electorate shall consist of members of such local authorities exercising jurisdiction in any place or area within the limits of that constituency as are specified in relation to that State in the Fourth Schedule;

- every member of each such local authority within a local authorities' constituency shall be entitled to be registered in the electoral roll for that constituency;

For the purpose of elections to the Legislative Council of a State in the graduates' constituencies and the teachers' constituencies, the State Government concerned may, with the concurrence of the Election Commission, by notification in the Official Gazette, specify—

- the qualifications which shall be deemed to be equivalent to that of a graduate of a university in the territory of India, and
- the educational institutions within the State not lower in standard than that of a secondary school.

Subject to the foregoing provisions of this section, —

- every person who is ordinarily resident in a graduates' constituency and has, for at least three years [before the qualifying date], been either a graduate of a University in the territory of India or in possession of any of the qualifications specified by the State Government concerned, shall be entitled to be registered in the electoral roll for that constituency; and
- every person who is ordinarily resident in a teachers' constituency, and has, within the six years immediately [before the qualifying date] for a total period of at least three years, been engaged in teaching in any of the educational institutions specified by the State Government concerned shall be entitled to be registered in the electoral roll for that constituency.

Qualifying date shall be the 1st day of November of the year in which the preparation or revision of the electoral roll is commenced.

**Constitution of electoral colleges for the filling of seats in the Council of States allotted to Union Territories** —For the purpose of filling any seat or seats in the Council of States allotted to any Union territory, there shall be an electoral college for each such territory

The electoral college for the Union territory of Delhi shall consist of the elected members of the Legislative Assembly constituted for that territory under the Government of National Capital Territory of Delhi Act, 1991

The electoral college for the Union territory of Puducheri shall consist of the elected members of the Legislative Assembly constituted for that territory under the Government of Union Territories Act, 1963

**Termination of membership of electoral college for certain disqualifications.**—If a person who is a member of an electoral college becomes subject to any disqualification for membership of Parliament under the provisions of any law relating to corrupt and illegal practices and other offences in connection with elections to Parliament, he shall thereupon cease to be such member of the electoral college.

**Manner of filling of seats in the Council of States allotted to Union territories.**— The seat or seats in the Council of States allotted to any Union territory in the Fourth Schedule to the Constitution shall be filled by a person or persons elected by the members of the electoral college for that territory in accordance with the system of proportional representation by means of the single transferable vote.

**Powers of electoral colleges to elect notwithstanding vacancies therein.**—No election by the members of an electoral college under this Act shall be called in question on the ground merely of the existence of any vacancy in the membership of such college.

**Power to make rules.**— The Central Government may, after consulting the Election Commission, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

- the determination of ordinary residence under
- the manner in which and the time within which claims and objections as to entries in electoral rolls may be preferred
- the final publication of electoral rolls;
- the revision and correction of electoral roll and inclusion of names therein
- any other matter required to be prescribed by this Act.

Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be.

**Jurisdiction of civil courts barred.**—No civil court shall have jurisdiction—

- (a) to entertain or adjudicate upon any question whether any person is or is not entitled to be registered in an electoral roll for a constituency; or
- (b) to question the legality of any action taken by or under the authority of an electoral registration officer, or of any decision given by any authority appointed under this Act for the revision of any such roll.

**Breach of official duty in connection with the preparation, etc., of electoral rolls.**—(1) If any electoral registration officer, assistant electoral registration officer or other person required by or under this Act to perform any official duty in connection with the preparation, revision or correction of an electoral roll or the inclusion or exclusion of any entry in or from that roll, is without reasonable cause, guilty of any act or omission in breach of such official duty, he shall be punishable with imprisonment for a term which shall not be less than three months but which may extend to two years and with fine.

**Telangana** is a region within the state of Andhra Pradesh in India. It was formerly part of Hyderabad State which was ruled by the Nizams. Telangana is bordered by the states of Maharashtra to the north and north-west, Karnataka to the west, Chhattisgarh to the north-east and Odisha to the east. Andhra Pradesh State has three main cultural regions: Telangana, Coastal Andhra and Rayalaseema.

**The Telangana region comprises 10 districts:** Hyderabad, Adilabad, Khammam, Karimnagar, Mahbubnagar, Medak, Nalgonda, Nizamabad, Rangareddy, and Warangal.

The Musi, Manjira, Krishna and Godavari rivers flow through the region from west to east. Since Telangana was merged with Andhra state to form Andhra Pradesh state in 1956, there have been several agitations in Telangana to de-merge and to form Telangana state.

On 30 July 2013, the ruling Congress party resolved to request the Central government to make steps in accordance with the Constitution to form a separate state of Telangana (the 29th independent state of Republic of India), within a definite time frame. The city of Hyderabad would serve as the joint capital of Telangana and Andhra Pradesh for ten years. The proposal is to be approved by the Parliament of India and The President of India before the formation of new state.

Telangana is the largest of the three regions of Andhra Pradesh state, covering 41.47% of its total area. It is inhabited by 40.54% of the state's population and contributes about 76% of the state's revenues, excluding the contribution of the central government. Proponents of a separate Telangana state cite injustices in the distribution of water, budget allocations, and jobs. Within the state of Andhra Pradesh, 68.5% of the catchment area of the Krishna River and 69% of the catchment area of the Godavari River are in the Telangana region. Telangana supporters state that the benefit of irrigation through the canal system under major irrigation projects is accruing substantially, 74.25%, to the Coastal Andhra region, while the share to Telangana is 18.20%. The remaining 7.55% goes to the Rayalaseema region.

There are allegations that in most years, funds allocated to Telangana were never spent. As per Srikrishna committee on Telangana, Telangana held the position of CM for 10.5 years while Seema-Andhra region held it for 42 years.

### **Challenges: Water**

Telangana region accounts for huge chunk of natural resources of the current Andhra Pradesh. For instance, the 10 districts in this region account for 45 per cent of Andhra's forest cover. The region comprises 68 per cent of the catchment area of the Krishna river and 79 per cent catchment area of Godavari river. Utilising these resources for the development of the region will be a big challenge for the state. Most crucial among these will be making water available to the drought-prone districts of the region.

When Andhra Pradesh is divided, the existing disputes over the Krishna and Godavari waters between Telangana and other regions will become even more serious. The Krishna Waters Dispute Tribunal awarded share in the Krishna waters to three states—Maharashtra, Karnataka and Andhra Pradesh. Within Andhra Pradesh, 68.5 percent of the Krishna's catchment area is lying within the Telangana region, but the water allocated to Telangana was 34.73 per cent while coastal Andhra with 13 per cent of the catchment area got 48.5 per cent and Rayalaseema with 18.3 per cent catchment area received 16.7 per cent of the Krishna waters.

Those who wanted a separate state had persistently pointed out that this was against the international guidelines of sharing waters. Their argument was that had Telangana been a separate state, the claim of Telangana would have been far more. Presently, it has got just half of its rightful share. The advocates of Telangana had pointed out that the region was deprived of even the allotted quantity of water by the state government.

As for the Godavari waters, the Godavari Waters Disputes Tribunal in 1975 awarded 1,480 TMC to Andhra Pradesh. Within the state, 79 per cent of the river catchment area is in Telangana while 21 per cent is in coastal Andhra. According to the advocates of Telangana state, going by the catchment area, Telangana region should get 1,169 TMC of water, when it becomes a separate state.

However, there is a catch. Even if the new state gets the share of water as per its demands, lack of irrigation facilities will become a big constraint in reaping the benefits.

Irrigation is a highly sensitive and political issue in Andhra Pradesh. Except for Sriramsagar project and Sri Arthur Cotton Barrage, there are no other major constructions across the Godavari in Andhra Pradesh. Till 2004, the state utilised only 700 TMC of water. However, In 2005, to address the woes of farmers, mainly in the perennially-parched Telangana and Rayalaseema regions, the then chief minister Y S Rajasekhara Reddy initiated the “Jalayagnam”—a Rs 186,000 crore ambitious irrigation programme comprising 86 irrigation projects.

Among these projects, Indirasagar Polavaram Project is proposed in West Godavari district in coastal Andhra while many other mega projects such as Pranahita-Chevella, Dummugudem, Yellampally, Kanthalapally are in Telangana. But considering the huge cost and quantity of power required, completing these projects will be a huge challenge before the new state.

Since the Godavari is flowing three to four metre below the land level in Telangana, all projects under construction are lift irrigation schemes requiring huge quantity of power. The Pranahita project alone will require 3,466 MW power, almost one-third of the current total installed power generation capacity of Andhra Pradesh—16,300 MW.

The cost of Pranahita project cost is Rs 40,000 crore according to 2011-12 estimates. The project is to be completed in 2018. The Andhra Pradesh government has already spent Rs 3,000 crore on this project. Now the responsibility of completing the project will be the task of the new government.

### **Capital**

While the issue of irrigation can well be a big challenge for the new state once it is formed, the immediate bone of contention between the Coastal Andhra, Rayalseena and Telangana is the division of Hyderabad. “Hyderabad accounts for 70-72 per cent of the state’s revenue. The status of Hyderabad will decide how the revenue is shared between the two states. This is going to be crucial for the development and roadmap for both Andhra and Telangana.

### **Constitutional process to create UTs**

(In the class)

#### **Hyderabad as UT**

Seemandhra agitationists are not in a position to leave Hyderabad for Telangana. There is a proposal that Hyderabad be made a UT. If Hyderabad, designated the common capital of the bifurcated AP, is to be designated a Union Territory, the Centre will have to enact legislation for this purpose or combine it with the States Reorganisation Bill that will have to be passed for

Telangana to become a recognised state. Areas to be brought under the UT will have to be identified and notified in the Bill.

An entry must be made to the first schedule in the Constitution about the new UT. An administrator will then be appointed by the Centre.

In the case of a joint capital, police, administration, municipal governance, assembly and judiciary are matters that need to be settled.

### **Telangana: Ashutosh Varshney in the Indian Express in August 2013**

...To evaluate Telangana's case, we must begin with the original principles of Indian federalism. India's freedom movement had committed itself to language-based federalism in 1920. Gandhi could clearly see that India's linguistic communities were too deep-rooted to be erased into an undifferentiated Indian nation. Unlike Europe, which had a one-language-one-nation formula, India would be a multilingual nation. Indians would have hyphenated identities: Tamil Indians, Bengali Indians, Gujarati Indians etc. In Europe, each of these linguistic communities would have been a separate nation. Gandhi and the Congress party delinked nation from language.

Despite this larger understanding, Nehru was unsure about the idea of linguistic states after Independence. Partition violence had been horrific: Nehru became wary of social identities that might unleash mass passions. He wanted economic interests to form the bedrock of politics. Economically constructed politics would bring modernity; politics based on identities would set the nation back.

In 1952, when intense rioting followed the death of an Andhra leader fasting to separate the Telugu-speaking parts of Madras, a moment of truth arrived. Delhi created a new Andhra state. Nehru explained the rationale thus: "I am quite sure that it is not a good thing for the Telugu-speaking areas to be formed into a separate state. Their state will be backward and financially hard up... However, that is their lookout. If they want the state, they can have it on the conditions we have stated."

Nehru thus conceded the primacy of the democratic principle over personal belief. More importantly, he did not confine himself to an individual decision; recognising the larger implications of an Andhra state, he set up a State Reorganisation Commission (SRC) to advise the government on how to reorganise India's states. A linguistic reorganisation of Indian federalism followed.

Do the original principles of Indian federalism support a Telangana state. Telangana does not have a linguistic foundation distinct from Andhra. Both are Telugu-speaking. It is sometimes said that Telangana Telugu has a lot of Urdu words, whereas coastal Andhra's Telugu is "purer". But this can't be an argument for linguistic distinctiveness. Varanasi's Hindi is heavily Sanskritised, Lucknow's Hindi is Urduised. Both are simply two different varieties of Hindi. A linguistic community is often a large family. ...the linguistic principle has virtually, if not wholly, lost its relevance by now. All of India's major languages already have a territorial home.

The latest round of state-making — yielding Chhattisgarh, Jharkhand and Uttarakhand in 2000 — was not linguistic.

In the 1950s and '60s, along with religion, language was seen as India's greatest faultline. "Language riots" were endemic. In 1960, Selig Harrison predicted India's break-up along linguistic



lines. As it turned out, once linguistic states were born, language riots virtually disappeared. Survey data show that national feeling is very strong in India today; instead of undermining faith in India, linguistic states pre-empted political alienation and facilitated greater mass participation in democratic politics. Political scientists are convinced that the linguistic reorganisation of India was a great success. David Laitin, a leading scholar of language politics, has written that if Europe ever turned into a more integrated political union, India's three-language formula would be a model to follow.

But if language has ceased to be the larger criterion for state-making in India and Telangana does not have a distinctive linguistic identity either, what could be the grounds for Telangana's separation? Three arguments are worthy of consideration: economic, political and cultural.

The economic argument is about Telangana's underdevelopment. Telangana, the heart of the Nizam's Hyderabad state, was part of princely India; coastal Andhra was in the directly administered British India. The Nizams showed no interest in industry or mass education, concentrating instead on aristocratic privileges and palaces. This was tragic, for unlike their Northern counterparts, Southern princely states — Mysore, Travancore, Cochin — were ahead of British India on literacy.

In 1951, Telangana (excluding Hyderabad city, always a special case) had a literacy rate of 5 per cent, when coastal Andhra's literacy rate was three times as high. In 1956-7, only 19 per cent of Telangana's cropped land was irrigated, as opposed to 43 per cent in coastal Andhra. Telangana was also less urbanised and industrialised. By now, Telangana has more or less caught up. Comprising roughly 37 per cent of the state's population, it has 38-39 per cent of the state's primary schools, 46 per cent of high schools, 36 per cent of hospitals, 45 per cent of panchayat roads, 36 per cent of state roads and 44 per cent of power consumption. Excluding Hyderabad, its per capita regional product is roughly 7 per cent lower than coastal Andhra's. Instead of the great historical backwardness, Telangana now has a small lag, and the gap is narrowing.

The political and cultural narratives are more compelling. Since the formation of Andhra Pradesh, chief ministers from Seemandhra — coastal Andhra and Rayalaseema — have ruled the state for 47 years; chief ministers from Telangana, only nine years. Especially since 1983, N.T. Rama Rao, Vijaya Bhaskara Reddy, N. Chandrababu Naidu and Y.S. Rajasekhara Reddy, all from the Seemandhra region, have dominated state politics. The current chief minister is from Rayalaseema. The cultural narrative is also striking. Charles Taylor, an influential political philosopher, has famously argued that "contemptible images" of a cultural community, consistently projected by a dominant group, can be legitimate ground for the politics of cultural assertion by the subordinate group. Telangana fits this description. Andhra's popular culture is dominated by its cinema, which is, in turn, controlled by coastal Andhra. Telangana intellectuals argue that thieves, hoodlums and idiots are the only characters who speak Telangana Telugu in Andhra films. The heroes and heroines are always coastal. Condescension and humiliation are systemic in politics, too. The Telangana movement simply represents the politics of dignity.

In short, Telangana may have caught up economically, but the political and cultural marginalisation is acutely felt. It is a feeling likely to resonate in Gorkhaland and elsewhere.

To resolve these arguments on a systemic basis and to set up the contemporary grounds of state formation, India needed a second SRC.

### **Gandhi, Nehru and Ambedkar on linguistic states**

Establishment of States based on language was in line with a long established policy of Nehru's party. By the end of the First World War, the Congress had committed itself to the creation of linguistic provinces. A separate Andhra circle was formed in the Congress in 1917, a separate Sindh circle the next year. After the Nagpur Congress of 1920, the principle was extended and formalised, with the creation of provincial Congress committees by linguistic zones: the Karnataka P.C.C., the Orissa P.C.C., the Maharashtra P.C.C., etc.

A consistent advocate of States based on language was Mahatma Gandhi. In 1918, when a proposal for the linguistic re-distribution of India was defeated in the Imperial Legislative, Gandhi wrote consolingly to the man who moved the proposal: "Your idea is excellent but there is no possibility of its being carried out in the present atmosphere". Three years later he told the Home Rule League that "to ensure speedy attention to people's needs and development of every component part of the nation", they should "strive to bring about a linguistic division of India".

The creation of Congress committees based on the mother tongue was to give a tremendous fillip to the national movement. Writers and thinkers associated with the Congress began periodicals in their respective languages.

When independence finally came, in August 1947, Gandhi thought it time to redeem his party's old promise. On October 10, 1947, he wrote to Kala Kalelkar: "I do believe that we should hurry up with the reorganisation of linguistic provinces ... There may be an illusion for the time being that different languages stand for different cultures, but there is also the possibility (that with the creation) of linguistic provinces it may disappear. I shall write something (about it) if I get the time ... I am not unaware that a class of people have been saying that linguistic provinces are wrong. In my opinion, this class delights in creating obstacles .... "

Among the class of people who were saying that linguistic provinces were wrong was Jawaharlal Nehru. Nehru pointed out that the country had just been divided on the basis of religion: would not dividing it further on the basis of language merely encourage the break-up of the Union? Why not keep intact the existing administrative units, such as Madras, which had within it communities of Tamil, Malayalam, Telugu, and Konkani speakers, and Bombay, whose peoples spoke Marathi, Gujarati, Urdu, Sindhi, Gondi and other tongues? Would not such multi-lingual and multi-cultural states provide an exemplary training in harmonious living? And, in any case, should not the new nation unite on the secular ideals of peace, stability, and economic development, rather than revive primordial identities of caste and language?

Against the bloody background of Partition, the context had changed. Thus when Gandhi next spoke on the subject, in late November 1947, his previously strong support for linguistic provinces was now somewhat qualified. In an article in his own journal, Harijan, he conceded that "the

reluctance to enforce linguistic redistribution is perhaps justifiable in the present depressing atmosphere. The exclusive spirit is ever uppermost. No one thinks of the whole of India".

Ambedkar consistently argued that the proposed linguistic states would become socially more homogeneous and politically democratic in due course of time. His proposals about the formation of linguistic states emanated from his democratic impulse to accord political and cultural recognition to the term region, otherwise defined predominantly in a geographical spatial sense. He gave importance to the size of the population of a state and had suggested the creation of present-day Uttaranchal, Jharkhand and Chhattisgarh in his writings. He wanted Bombay to be a separate city state, while Maharashtra would remain representative of Gujaratis and Marathis. The idea of one state, one language that he defended over one language, one state was predominantly guided by his quest for development, justice, equality and freedom for the untouchables and dalits who could perhaps learn the language of the new state and participate in its political and administrative affairs.

The observations of B.R. Ambedkar, the principal architect of our Constitution, on the desirability of smaller States are prophetic. He welcomed the recommendation of the States Reorganisation Commission in 1955 for the creation of Hyderabad State consisting of Telangana region and creation of Vidarbha as a separate State. Further, he envisaged the division of Uttar Pradesh into three States (Western, Central and Eastern); Bihar into two (North and South or present Jharkhand); Madhya Pradesh into two (Northern and Southern); and Maharashtra into three (Western, Central and Eastern). He was for linguistic homogeneity of a State in the sense of 'one State-one language' and not 'one language-one State'. He thus envisaged two Telugu speaking States, three Marathi speaking States and a large number of Hindi speaking States. (Ambedkar, 1979)

While arguing for smaller States, Ambedkar was guided basically by two considerations. One, no single State should be large enough to exercise undue influence in the federation. Drawing from the American experience, he thought that smaller States were in the best interests of healthy federalism. On this issue, his views were similar to those of K.M. Panikkar, set out in his note of dissent to the Report of the States Reorganisation Commission. Second, he thought that socially disadvantaged sections are likely to be subjected to greater discrimination in bigger States because of the consolidation of socially privileged or dominant groups.

### **Hyderabad as a UT**

A **Union Territory**, abbreviated to **UT**, is a type of administrative division in the Republic of India. Unlike states, which share federal powers with the Union government and have their own elected governments, union territories are ruled directly by the union government, hence the name 'union territory'. The President of India appoints an administrator or lieutenant-governor for each UT. There are seven union territories, including Delhi, the capital of India, and Chandigarh, the capital of both Haryana and Punjab.

Delhi and Puducherry (Pondicherry) operate somewhat differently from the other five. Delhi and Puducherry were given partial statehood and Delhi was redefined as the National Capital Territory

of Delhi (NCT). Delhi and Puducherry have their own elected legislative assemblies and the executive councils of ministers. The seven current union territories are:

- Andaman and Nicobar Islands
- Chandigarh
- Dadra and Nagar Haveli
- Daman and Diu
- Delhi (National Capital Territory of Delhi)
- Lakshadweep
- Puducherry (Pondicherry)

The status of 'Union Territory' may be assigned to an Indian sub-jurisdiction for reasons such as safeguarding the rights of indigenous cultures, averting political turmoil related to matters of governance, and so on. The UTs may not be fiscally viable and may depend on the centre. There may be strategic considerations as well as in the case of capital of the country. These union territories could be changed to states in the future for more efficient administrative control.

#### **UTs in general**

Art.239. Administration of Union territories: Every Union territory shall be administered by the President acting, to such extent as he thinks fit, through an administrator to be appointed by him with such designation as he may specify.

Notwithstanding anything contained in Part VI, the President may appoint the Governor of a State as the administrator of an adjoining Union territory, and where a Governor is so appointed, he shall exercise his functions as such administrator independently of his Council of Ministers.

Art. 241. High Courts for Union territories—(1) Parliament may by law constitute a High Court for a Union territory or declare any court in any such territory to be a High Court for all or any of the purposes of this Constitution.

# DELIMITATION

## **The Readjustment of Representation of Scheduled Castes and Scheduled Tribes in Parliamentary and Assembly Constituencies Bill, 2013**

Each state had reserved a number of constituencies for Scheduled Castes (SCs) and Scheduled Tribes (STs) based on their proportion of the population of the state. The constituency boundaries were redrawn in 2008 based on the 2001 Census. The constituencies where the SCs/STs have the highest share of the population were reserved for these groups. Between the Census of 2001 and May 31, 2012, several castes and tribes have been included and excluded from the list of SCs and STs, and consequently, the proportions have changed.

In *Virendra Pratap vs. Union of India* (2011), the Supreme Court directed the Election Commission to ensure the representation of certain STs in the Lok Sabha and state Legislative Assembly as they had been included in the SCs and STs list since 2002. In response the Election Commission suggested that a law be passed empowering the Commission to carry out the re-adjustment of seats for SCs and STs.

The government promulgated an Ordinance in January 2013, and this Bill was introduced in the Budget Session of Parliament to ratify the Ordinance. As the Bill was not passed within six weeks of the commencement of the Budget Session, the Ordinance has lapsed.

## **Delimitation Commission of India**

**Delimitation commission** or **Boundary commission** of India is a Commission established by Government of India under the provisions of the Delimitation Commission Act. The main task of the commission is to redraw the boundaries of the various assembly and Lok Sabha constituencies based on a recent census. The representation from each state is not changed during this exercise. However, the number of SC and ST seats in a state are changed in accordance with the census.

The Commission's orders cannot be challenged in a court of law. The orders are laid before the Lok Sabha and the respective State Legislative Assemblies. However, modifications are not permitted. These orders come into force on a date to be specified by the President of India in this behalf.

### **Past Commissions**

Delimitation commissions have been set up four times in the past - In 1952, 1963, 1973 and 2002 under Delimitation Commission acts of 1952, 1962, 1972 and 2002.

The government had suspended delimitation in 1976 until after the 2001 census so that states' family planning programs would affect their political representation in the Lok Sabha. This had led to wide discrepancies in the size of constituencies, with the largest having over three million electors, and the smallest less than 50,000.

### **Commission of 2002**

The recent delimitation commission was set up in 2002 after the 2001 census with Justice Kuldeep Singh, a retired Judge of the Supreme Court of India as its Chairperson. The Commission has submitted its recommendations. In 2007, the Supreme Court of India on a petition issued notice to the central government for non implementation. The recommendation of the delimitation commission was approved by the President, Pratibha Patil in 2008. The present delimitation of

parliamentary constituencies has been done on the basis of 2001 census figures under the provisions of Delimitation Act, 2002. However, the Constitution of India was specifically amended in 2002 not to have delimitation of constituencies till the first census after 2026. Thus, the present Constituencies carved out on the basis of 2001 census shall continue to be in operation till the first census after 2026.

The assembly elections in Karnataka which were conducted in three phases in May 2008 is the first one to use the new boundaries as drawn by the 2002 delimitation commission.[5]

The Constitution (Eighty-fourth Amendment) Act, 2001 and the Constitution (Eighty-seventh Amendment) Act, 2003 have, *inter alia*, amended the Constitution to the following effect

- I. the total number of **existing** seats as allocated to various States in the House of the People on the basis of **1971 census** shall remain **unaltered** till the first census to be taken after the year 2026;
- II. the total number of **existing** seats in the Legislative Assemblies of all States as fixed on the basis of **1971 census** shall also remain **unaltered** till the first census to be taken after the year 2026;
- III. the number of seats to be **reserved** for the **Scheduled Castes (SCs)** and **Scheduled Tribes (STs)** in the House of the People and State Legislative Assemblies shall be **re-worked out** on the basis of **2001 census**;
- IV. **each State** shall be **redelimited** into territorial parliamentary and assembly constituencies on the basis of **2001 census** and the extent of such constituencies as delimited now shall remain frozen till the first census to be taken after the year 2026; and 'State' here does not include the State of Jammu and Kashmir, but includes the National Capital Territory of Delhi and Union Territory of Pondicherry
- V. the constituencies shall be so re-delimited that **population** (on the basis of 2001 census) of each parliamentary and assembly constituency in a State shall, **so far as practicable**, be the **same** throughout the State.

In pursuance of the aforesaid amendments made to the Constitution by the Constitution (Eighty-fourth Amendment) Act 2001 and the Constitution (Eighty-seventh Amendment) Act, 2003, Parliament has enacted the Delimitation Act, 2002 to set up the Delimitation Commission under the chairmanship of Mr. Justice Kuldeep Singh (former Judge of the Supreme Court of India) with Shri B.B. Tandon, Election Commissioner of India, and the State Election Commissioner of the State concerned as *ex-officio* members.

The Commission shall also associate in its work, in respect of each State, five members of Lok Sabha elected from that State (or all such members if their number is less than five) and five members of the State Legislative Assembly. These Associate Members shall be nominated by the Hon'ble Speakers of the Lok Sabha and State Legislative Assemblies concerned. But these Associate Members shall have no voting right.

All constituencies shall, as far as practicable, be geographically compact areas, and in delimiting them regard shall be had to the physical features, existing boundaries of administrative units, facilities of communication and public convenience.

All assembly and parliamentary constituencies are to be delimited on the basis of the 2001 Census. The census figures of 2001 as published by the Census Commissioner are thus alone to be taken into account for this purpose.



Each constituency in a State shall be so delimited that the population of all constituencies shall, so far as practicable, be the same throughout the State. (iii) For this purpose, the total population of the State (2001 Census) shall be divided by the total number of assembly constituencies in the State and the State average per assembly constituency shall thus be obtained. A deviation to the extent of 10 percent *plus* or *minus* from the State/district average would be acceptable to the Commission, if the geographical features, means of communication, public convenience, contiguity of the areas and necessity to avoid breaking of administrative units so demand.

Though the population to be taken into account is the population of 2001 Census, the Commission has decided that constituencies shall be delimited having regard to the administrative units, *i.e.*, district/sub divisions/ tehsils/patwar circles, panchayat samitis/panchayats, *etc.* .

The Delimitation Commission has taken decision that, so far as practicable, all assembly constituencies in a district shall be confined within the territorial limits of that district. In other words, an assembly constituency shall not **ordinarily** extend to more than one district.

In delimiting the assembly constituencies, efforts will be made to ensure that, as far as practicable, sub-divisions/tehsils are kept intact and not unnecessarily broken. Further, in each State, an administrative unit shall need to be identified having regard to the administrative set up of that State which will be adopted as the *lowest administrative unit which should not be broken in any case*. For example, in the State of Madhya Pradesh, the administrative units are districts, tehsils, revenue inspector circles (RICs) and patwari circles (PCs). If a PC (consisting of a few villages) is adopted as the lowest administrative unit for the purpose of delimitation, the whole of that PC will be kept intact and included in one assembly constituency and the villages contained in that PC will not be divided into different assembly constituencies.

While delimiting the assembly constituencies on the basis of the administrative units as mentioned above, the contiguity of such administrative units will be the basic requirement, so that no constituency has an enclave/island within it of certain areas belonging to another constituency and having no contiguity to the other areas of that latter constituency.

Further, apart from contiguity, geographical features, better connectivity, means of communication, public convenience will also be kept in view and areas divided by rivers or hilly ranges or forests or ravines and other such natural barriers will not be put in the same constituency.

Each parliamentary constituency in a State shall be an integral multiple of the assembly constituencies comprised therein. No assembly constituency shall extend to more than one parliamentary constituency.

### **Reservation of Seats for SCs and STs**

Seats have to be reserved for the scheduled castes and scheduled tribes in proportion to their population to the total population of the State. (ii) This allocation of seats for the SCs and STs is to be worked out separately both for the assembly and parliamentary constituencies in each State, on the basis of 2001 Census.

Under section 9(1)(d) of the Delimitation Act 2002, seats for the STs are to be reserved in the constituencies in which the percentage of their population to the total population is the **largest**. Therefore, after all the assembly constituencies in the State have been delimited, the constituencies to be reserved for STs will be those where the percentage of the ST population to the total

population of the constituencies is the **largest**, in descending order equal to the number of constituencies to be reserved for STs.

Under section 9(1)(c) of the said Act, the constituencies for SCs are to be **distributed** in different parts of the State and seats are to be reserved for SCs in those constituencies where the percentage of their population to the total population is **comparatively large**. Therefore, while working out the allocation of total number of seats for each district as mentioned above, the number of seats to be reserved for SCs in those districts will also have to be worked out separately. Subsequently, SC seats will be reserved in those constituencies in the district in which, so far as practicable, the percentage of their population to the total population is the largest, in descending order equal to the number of SC seats in the district concerned.

For Scheduled Castes, 84 seats are reserved in Lok Sabha.

For Scheduled Tribes, 47 seats are reserved in Lok Sabha.



# Current Affairs

## AU at 50

The African Union is a union consisting of 54 African states. The only all-African state not in the AU is Morocco. The AU was established in 2002 to replace the Organisation of African Unity (OAU).

Africa's 54 leaders are celebrating the 50th anniversary of the founding of the Organisation of African Unity. Leaders of African countries discussed various issues. These included the role of the emerging economies of Africa, conflict situations, exploring alternative sources of funding for the AU, the need for a military African Standby Force, reforms in the United Nations Security Council (UNSC), and the relevance of the International Criminal Court (ICC) to Africa.

The OAU, which became the African Union (AU) in 2002, had its origins in the struggle for decolonisation.

It was founded in Addis Ababa in 1963.

But while its successor has adopted a policy of seeking African solutions to internal problems, it has been criticised for failing to respond quickly enough when rebels seized power in Mali in 2012. However, the AU has sent peacekeepers to Burundi and Darfur and has deployed an intervention force in Somalia.

Since it was founded in 2002, the AU's aim has been to push for peace and prosperity.

But its drive to create a middle-income continent free of poverty and conflict is work in progress.

While six out of the world's 10 fastest-growing economies are now in Africa, campaign group Transparency International says nearly half of the 20 most corrupt countries are also African.

The only African country not part of the AU is Morocco, which withdrew because of a dispute over Western Sahara.

The theme for the AU @ 50 celebrations: "Pan Africanism and the African renaissance". The celebrations began with a special summit of AU heads of states and governments in Addis Ababa, Ethiopia.

The organisation has promoted solidarity and economic co-operation across the continent, but has it really served the people of Africa? Below achievements answer the question partly.

AU has helped draw the continent together and consider successful the attempts of the AU in promoting pan-African unity.

**Achievements**

- OAU had 29 countries and AU today has 54 countries
- Most of Africa is decolonised and apartheid regime in South Africa ended
- Growth rates have gone up
- Number of conflicts have gone down
- Less number of coups and more elections
- There is African renaissance: renewal of Africa, repositioning of Africa. Sent peacekeepers to Somalia, Darfur and Burundi; democracy is on the ascendent

Vice President Hamid Ansari addressed the golden jubilee Summit of the African Union in Addis Ababa.

Vice President Ansari, focused on south-south cooperation and the road ahead especially in the fields of peace-keeping and security, cooperation in agriculture, information technology, HRD, education, trade and investment.

India has been among the countries in the forefront of the transformation of African states and considers the 50th anniversary of the Union as a milestone in that endeavor.

India is giving priority to duty-free tariff preference scheme of providing access to exports of least developed countries (LDC) to India, with bulk of them being from Africa.

India's annual trade with Africa is close to over \$70 billion.

The AU, which began in 2002, has been trying to emerge as a force for stability on a continent regularly troubled by violence, conflicts and coups.

At the Summit, African leaders will consider Agenda 2063, a blueprint they feel will bring socio-economic and political transformation of the continent.

**Timeline**

- **1957:** Leaders of Africa's three independent republics - Liberia, Ghana and Guinea - met to discuss liberating the rest of the continent
- **1963:** OAU founded
- Initially concentrated on ending colonial and white minority rule in countries such as Angola, Mozambique (1975), Zimbabwe (1980), Namibia (1990) and South Africa (1994)
- **1984:** Morocco leaves OAU after OAU recognised independence of Western Sahara
- **2002:** OAU became the African Union, designed to work for economic integration
- AU ended policy of non-interference in domestic affairs - it has suspended several countries after coups
- AU has sent peacekeepers to Darfur and Somalia
- **2011:** South Sudan becomes 54th member of AU (Morocco has not rejoined)
- **2012:** Nkosazana Dlamini-Zuma becomes first female head of AU commission

**India- Africa**

The India-Africa historic relationship, which is rooted in the struggle against colonialism and apartheid, has evolved into a multifaceted engagement. India's relations with Africa are at the bilateral, regional and continental levels. This comprehensive paradigm of cooperation is premised on Africa's own aspirations for developing regional and Pan-African institutions and development programmes. India's cooperation and development partnerships with African countries cover, amongst others, the fields of human resources and institutional capacity building and education, science & technology, agricultural productivity and food security, industrial growth including small & medium enterprises and minerals, development in the health sector, development of infrastructure and ICT.

The Second India-Africa Forum Summit 2011 built on the architecture developed for India-Africa cooperation and structured engagement during the First Africa-India Forum Summit hosted by India in April, 2008, in Delhi. It will be recalled that the First Summit adopted two far-reaching documents, the Delhi Declaration and the India-Africa Framework for Cooperation. These serve as the contours for our systematic engagement with Africa.

**Overview**

The Prime Minister Dr. Manmohan Singh visited Ethiopia in May 2011 to attend the Second India Africa Forum Summit and for a bilateral visit to Ethiopia.

India-Africa strategic relations: following are the relevant areas

- Reform of UNSC
- Terrorism
- Piracy
- International crime
- Nuclear energy and hydrocarbons (energy security)

Africa is an emerging priority in India's foreign policy. India has often emphasized that its partnership with Africa rests on the triad of skills transfer, capacity building and trade. The buzzword of India-Africa co-operation is co-development or two-way development. The Prime Minister emphasized the growing importance of Africa, calling it the "new growth pole" in the world.

Indian Vice President Hamid Ansari was in Ethiopia on May 25 to represent India at the 50-year celebrations of the creation of the Organisation of African Unity (OAU).

At this summit, the AU vowed to safeguard the interests of Africa in the ongoing negotiations on reforms in the UNSC. The AU is demanding two permanent seats with full veto powers to represent the continent.

With India also pursuing permanent membership of the UNSC, it can leverage its growing trade relationship with the AU for support at the UNSC.

India's trade exchanges with Africa are expected to touch US\$90-100 billion by 2015, with the balance of trade in favour of Africa. New Delhi is also shifting its investments in procuring energy away from the increasingly unstable West Asia and into Africa. At 17 per cent, Africa is currently the second-biggest source of crude oil imports for India.



Indian companies are increasingly active in such oil-rich regions as Cote d'Ivoire, Libya, Egypt, Angola and Gabon. Indian private companies and public sector units already have oil investments in Mozambique and investments in the gas sector in Kenya and Tanzania.

India is also involved in building critical rail and road infrastructure in Ethiopia, Djibouti and Uganda. And Africa is becoming a key destination for Indian investments in the software, telecom, and financial sectors. China and India are partnering with Malaysia in a joint venture in the Greater Nile Oil Project of Sudan.

Besides trade, India also provides development assistance to Africa, largely on an equal partnership basis. This is distinct from the assistance given by the OECD/ Development Assistance Countries or the Chinese model, which attaches investments to loans. India consolidated its efforts to set up the Development Partnership Agreement (DPA), its own international aid agency. The new agency, under the Ministry of External Affairs, will focus an initial corpus of US\$15 billion to streamline projects in more than 60 countries around the world. At the AU summit, the participants agreed to explore new funding alternatives and move away from the dependence on donor partners. This too can signal a greater role for India in Africa.

India, Brazil, and South Africa have established the IBSA forum, which links democratic development initiatives in Africa, Latin America and South Asia. It works on a model of democratic development as opposed to the authoritarian capitalism brought by Russia and China in the stronger BRICS forum.

### **DPA**

During the past decade, India's global presence has been acknowledged in various multilateral and bilateral global arenas. India is seen as a rapidly rising global power by virtue of being the largest democracy and having younger demographics, and is one of the top five economies of the world today. As a member of the World Bank, International Monetary Fund (IMF) and Asian Development Bank (ADB), India has increased its stakes and influence following the global financial crisis of 2008. In new multi-lateral mechanisms like G-20, IBSA and BRICS, India's influence is increasingly being felt. Indian business enterprises (both public and private) have been making their presence felt around the world. Indian investment abroad in 2012 was higher than foreign investment in India.

India needs to assist the poor countries with its resources.

A new body for governing India's outgoing development assistance, called the Development Partnership Administration (DPA), has been set up under the Economic Relations Division of the Ministry of External Affairs (MEA). DPA is expected to help in the consolidation of outgoing aid and streamline all administrative matters related to this process. It will also help in assessing the effectiveness of credit lines that India is extending to its partners, which has grown in the last few years.

DPA, a division established within the MEA, has the principal responsibility of ensuring speedy and efficient implementation of India's economic assistance programmes in close coordination with the various Ministries, Departments and other agencies.

India's economic assistance has developed consistently over the years and it started during Jawahar Lal Nehru's premiership with the establishment of the Indian Technical and Economic Cooperation

### Programme (ITEC) Programme.

Since 2003, the development assistance given by India has expanded in terms of volume, range and diversity.

India's development programs has three aspect. The first is about capacity building, carried out through programmes like the ITEC. Today, this Programme covers 8,500 people from nearly 161 countries and involves training in 280 courses in a number of disciplines like Accounts, Budgeting, Forestry, Small and Medium Enterprises, IT, Telecommunications, Parliamentary Studies, Environment and Renewable energy. The total budget of ITEC and allied capacity building programmes is about 200 crores Rupees annually and the returns are tremendous in terms of the enormous goodwill that it generates.

The second aspect is Lines of Credit (LoC) given to countries through the EXIM Bank of India. From the year 2003 onwards, these LoC have grown tremendously and are estimated to be over nine billion dollars, 60 percent of which are in Africa. This translates into 486 contracts, ranging across the spectrum- from roads, dams, tractor assembly to hydro – electricity, textiles, pharmaceuticals and parliament buliding. The dertermination criteria of the projects under LoC is that it should be demand driven, development oriented, non prescriptive in nature and technologically feasible. The job of the DPA is to ensure that these projects are better implemented and are protected from cost and schedule overruns.

The third aspect is Grants Assistance Projects, implemented in neighbouring countries, Central Asia and South East Asia. The Grants Projects funded by MEA is estimated at 3,000 – 3,500 crores Rupees, and includes projects like the Salma Dam Project in Afghanistan and also parliament building, power tansmission lines and roads in Afghanistan; establishment of cultural Institutions and hydro – electricity Projects in Nepal; Multi Modal Transport Project, building an institute for Information Technology and Institute for agricultural research in Myanmar; establishment of railways, hospitals and construction of 50,000 houses in the northern region to help in resettlement of Internally Displaced People in Sri Lanka.

All this emphasises the need of having DPA that streamlines assistance programmes and reviews the technological feasibility of such projects.

### **ECOWAS**

The Economic Community of West African States (ECOWAS) is a regional group of fifteen West African countries. Founded in 1975, with the signing of the Treaty of Lagos, its mission is to promote economic integration across the region.

Considered one of the pillars of the African Economic Community, the organization was founded in order to achieve "collective self-sufficiency" for its member states by creating a single large trading bloc through an economic and trading union. It also serves as a peacekeeping force in the region. It is headquartered in Abuja, Nigeria.

### **COMESA**

The Common Market for Eastern and Southern Africa, is a free trade area with nineteen member states stretching from Libya to Zimbabwe. COMESA was formed in 1994. COMESA is one of the pillars of

the African Economic Community. In 2008, COMESA agreed to an expanded free-trade zone including members of two other African trade blocs, the East African Community (EAC) and the Southern Africa Development Community (SADC). It is headquartered in Lusaka, Zambia.

### **SADC**

The Southern African Development Community (SADC) is an inter-governmental organization headquartered in Gaborone, Botswana. Its goal is to further socio-economic cooperation and integration as well as political and security cooperation among 15 southern African states.

### **Mali**

India and Mali have traditionally maintained warm and friendly political relations. Both countries are members of the NAM.

In March, 2012, a military coup brought an abrupt end to democratic rule in Mali. After the coup, currently there is a transitional government in place with the mission to organize elections in the country.

The country is currently facing multiple crises triggered by the capture of almost 70% of the northern arid territories by Islamist rebels who want to impose strict form of Sharia in the entire country. The UN has authorized a military intervention by African troops. Meanwhile, the fighting has resumed in 2013 between the Malian Military and the rebels. France has sent its military forces to stop the advance of the rebels towards South.

Ansar Dine (AD) and other terrorist groups coordinated their strategies and efforts with the aim of imposing their rule in northern Mali.

The Maghreb is usually defined as much or most of the region of Northwest Africa, west of Egypt. It includes the region: Atlas Mountains and the coastal plains of Morocco, Algeria, Tunisia, and (usually) Libya, Mauritania, and of the disputed territory of Western Sahara (mostly controlled by Morocco).

The Sahel is the ecoclimatic and biogeographic zone between the Sahara desert in the North and the Sudanian Savannas in the south. It stretches across the north of the African continent between the Atlantic Ocean and the Red Sea.

### **Tuareg rebellion**

The Tuareg Rebellion of 2012 is a war of independence against the Malian government in the Sahara desert region of the Azawad.

Ansar Dine ("Defenders of Faith") is an Islamist group is accused of having links with Al-Qaeda in the Islamic Maghreb and other Islamist groups. Ansar Dine wants the imposition of strict Sharia law across Mali.

Wahhabism is a conservative branch of Sunni Islam. It is less radical compared to Salafism.

**Timbuktu**

Timbuktu is a town in the West African nation of Mali. Earlier in 2012, Timbuktu was captured from the Malian military by the Tuareg rebels of Ansar Dine.

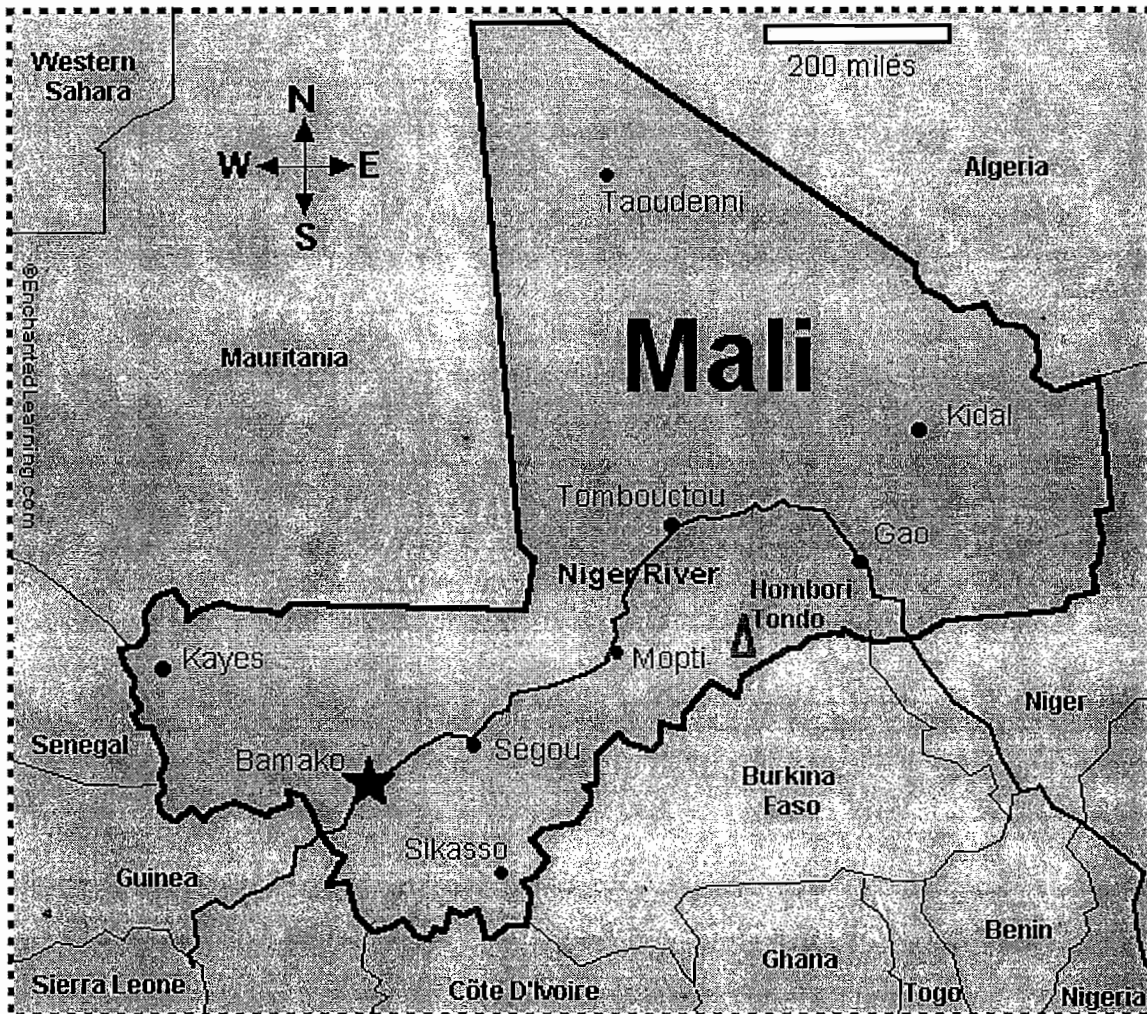
Soon after parts of the World Heritage Site of Timbuktu were destroyed- mosques and mausoleums or cemeteries. Ansar Dine destroyed shrines.

**India and Mali**

Earlier in 2013, India committed itself to stabilizing Mali which is reeling under al-Qaida attacks. It's the first time India will be involving itself in the political process as well as reconstruction of a country so far from its immediate sphere of influence. The move displays a growing confidence within the Indian foreign policy system.

India had promised to be part of the Support and Follow-Up Group (SFG) for Mali .India has committed to giving \$1 million for the upgrade of the Malian army with a pledge to ramp up contribution for reconstruction to \$100 million after the situation stabilizes. The Malian army, which will remain in the frontlines after the French intervention is over, is poorly equipped and trained to fight al-Qaida in Islamic Maghreb (AQIM).

After the meeting in Brussels, India, in a statement, said, "India strongly supports ongoing efforts aimed at restoring constitutional order in Mali and re-establishing a fully sovereign democratic government. We also believe that the fight against the scourge of terrorism must be unrelenting."



### **Boko haram**

It is a jihadist terrorist organization based in the northeast of Nigeria. It is an Islamist movement which strongly opposes man-made laws. It seeks to establish sharia law in the country. The group is also known for attacking Christians and bombing churches.

The movement, whose name in the Hausa language, Boko Haram, translates as "Western education is sinful", is responsible for hundreds of killings in Nigeria.

### **Afisma and Minusma**

The African-led International Support Mission to Mali (AFISMA) is an Economic Community of West African States (ECOWAS) organized military mission sent to support the government of ECOWAS member nation Mali against Islamist rebels in the Northern Mali conflict. The mission was authorized with UN Security Council Resolution in December 2012, which "authorizes the deployment of an African-led International Support Mission in Mali (AFISMA) for an initial period of one year."

African-led International Support Mission in Mali (AFISMA) became the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) in 2013 April and took over



Mali operations in July 2013. The African forces' transition into blue helmets marks the beginning of a new phase for Mali, that of stabilization.

### **North Kivu in DR Congo**

United Nations Stabilization Mission in Congo (MONUSCO) was established in the Democratic Republic of Congo in 1999 in an attempt to bring peace and stability to the war torn country. India is the largest troop contributor to the mission. The UN gave the responsibility of the province of North Kivu, one of the most challenging areas in the country, to the Indian Brigade.

### **Threats to Global Security**

We live in a time when the global and regional balance of power is shifting rapidly, as a consequence of economic shifts and technological change. Non state actors are emerging with unprecedented capacity to damage peace and stability through terrorist actions. In the nuclear era, the danger multiplies. States are propping them up as we are the victims of such state and non-state cooperation. At this juncture, more than ever, global peace and security are public goods that no single state can deliver on its own.

### **New Dimensions of Security**

#### **WMD and terrorists**

Fighting terrorism; The Indian experience of cross-border terrorism shows the complexity of what we are dealing with. The 26/11 attacks on India were planned and organised in one country, where the attackers were trained, the logistics and communications support chain extended over at least seven countries, and the attack was carried out in our country. Terrorist groups are networked to an unprecedented extent and it is no longer possible to segment them by origin or ideology or targets. Located as we are in India beside the epicentre of global terrorism, we are acutely aware of the value of collaborative counter-terrorism efforts and of the need for more to be done.

Energy security and stability: The politics of energy, which is linked to climate change as well, will be a key to global stability. Limited physical availability of hydrocarbon resources and the high energy import dependence of several major powers creates resource nationalism and competition. Technological solutions available today have not prevented this competition for hydrocarbon fuels from becoming sharper.

(**Resource nationalism** is a term used to describe the tendency of people and governments to assert control over natural resources located on their territory. The approach of peak oil has led many governments to take ownership and control of fossil fuel reservoirs, for strategic as well as economic reasons, although the term is also applied to other resources, such as metals. The term is often used in conjunction with the decreased influence this leaves multinational corporations with.)

**Climate security:** Copenhagen meet has brought global awareness about climate change as a global challenge to the very existence of humanity requiring us to transcend inter-state rivalries and narrowly defined economic and trade interests. Some countries can even be under water due to climate threats. Some geopolitical and security effects of climate change are becoming apparent, changing the environments in which we will operate. Migration, water stress and food shortages are likely consequences and will most affect the poor and weak and those least capable of mitigating or adapting to climate change. National plans like India's National Missions provide a robust response within the limits of one state. But there is no escaping the need for a matching and equitable international



response, based on the UNFCCC. For countries like ours many proposed international actions sound like a cap on development or an attempt to perpetuate an unsatisfactory distribution of the limited carbon space. Equity and a cooperative mindset are essential if we are to find cooperative solutions that this problem requires. But climate change is yet not an international security issue.

**Maritime security:** Apart from the 90% of global commerce in goods and 65% of world oil supplies that are carried by sea, today 95% of internet traffic is carried by undersea cables. Over a hundred thousand ships pass through the sea lanes near India each year. We in India had a stark reminder of threats from the sea when Mumbai was attacked by terrorists from Karachi on 26/11/08. There is common interest of littoral and other major powers in keeping these sea lanes open and free.

Efforts to keep vital sea lanes open from Suez and Hormuz to the US west coast are presumably in the common interest of all the littoral and user states of these oceans. India has begun a process of consultation and cooperation among littoral navies in the Indian Ocean Naval Symposium. To be truly effective, this effort needs to encompass the entire Indian-Pacific oceanic domain. India would be happy to work with the other littoral states and naval powers in this domain to see how we can address the threats at sea from terrorists, pirates, proliferators and organized crime. The experience of working together against such transnational threats may encourage the navies concerned to higher transparency and build confidence among them. Such mutual confidence is essential today, when there is such a rapid accretion of strength of several regional navies.

**Managing the security of the global commons:** outer space, the oceans, cyber space, and global transport and communication networks. Today there is hardly any aspect of our lives that is not touched by outer space or by IT. There are major issues regarding the placement of weapons in space and of weapons designed to attack space based assets. Military uses of space based assets for intelligence, reconnaissance and communication are a reality. We are at the point where rules of the road are required as soon as possible.

Cyber security is also a problem that recognizes no boundaries or rules today, at a time when ICTs are critical enablers in communication, development, infrastructure, security and defence. Cyber security requires collective international effort. Cyber attacks are global, occur at the speed of light and skip the battlefield. Conventional deterrence or suasion is therefore relatively ineffective in this battle-space. Cyber security threats have reached the stage of undermining public confidence and of sowing distrust among nations. And yet, dealing with this challenge is largely left to effort by individual nations. If there are arms control approaches available to deal with these threats, they are yet to even be widely discussed in the international community.

In effect we are speaking here of the security of the global commons, "that which no one state may own or control and which is central to life". The very definition of the global commons has been expanded by technology to include outer space and cyber space in what are natural assets beyond national jurisdictions. Cyber security is a good example of national public goods going global.

Only collective effort can meet such common challenges. They require new global partnerships involving those powers with the capacity to address the issues. As new powers emerge they are becoming stakeholders in the global system. For example, India and China in recent years.

Terrorism, energy security, climate security and cyber security are the non-traditional forms of security.

The existing organs of power in the international system should be rebuilt to reflect today's realities. For international peace and security this would require restructuring and expanding the UN Security Council.

We also need to build new structures that can cope with new dimensions of security such as the power of non-state actors. We need to build structures that are inclusive and flexible enough to avoid the inadequacies of existing international organizations.

### **India and global commons**

One of the major emerging security debates is about managing global commons such as the sea, air, space, and cyberspace domains. These are the properties that no nation owns. In recent years, there have been concerns about the commons as U.S. command of the commons cannot be taken for granted any longer due to rise of nations like China. Current concerns include the consequences of relative U.S. decline, the rapid diffusion of technological capabilities, crowding of the global commons, and the challenge of managing the commons in a multipolar world. India is an important player in the management and security of global commons.

India has signed Antarctic Treaty, the Outer Space Treaty, and the UN Convention on the Law of the Sea to contribute to protection of global commons. In all these treaties, India placed a special emphasis on protecting and preserving the "common heritage of mankind." It also emphatically supported the comprehensive ban against deployment of weapons in the global commons like Antarctica, sea beds, and outer space. It insisted on just rules of the road for governing the commons

In all the major areas considered to be global commons sea, air, space, and cyber domains. India's capabilities are significantly rising. The Indian Navy is emerging as one of the largest in the world and is beginning to make an impact on the maritime politics of the Indian Ocean, making forays into the Pacific.

An ambitious space program is positioning India as a strong space power that today launches satellites to near earth and geosynchronous orbits, is at the forefront of space-based remote sensing and communication, and has a lunar exploration program.

India has carved out a niche for itself in the global civilian information technology industry, although it lags well behind China, Russia, and the United States on cyber warfare capabilities.

India and the USA are cooperating in all these areas. Naval cooperation was at the center of an ambitious Indo-U.S. defense cooperation agreement in 2005 and the announcement of a maritime security framework during the visit of President George W. Bush to India in March 2006. Maritime security and promotion of public goods in the ocean spaces has also been part of India's security partnerships with Japan and Australia. The annual Singapore India Maritime Bilateral Exercise (SIMBEX) in the Andaman Sea and the Bay of Bengal is an example. Indian Navy and its Japanese and American counterparts expand their maritime partnerships during Exercise Malabar.

For the Indian Navy, protecting the sea-lines of communication in the Indian Ocean became an important objective. That was also an objective widely shared by other trading nations and the dominant naval power in the Indian Ocean, the United States.

The growing stature and capabilities of India should be used to partner with other countries like the USA in devising a regime for the cyber commons, on which a large and growing part of the Global economy rests.

### **Concerns**

Existing agreements are being challenged by the emergence of new maritime powers who are using their newfound naval capabilities to enforce long-standing claims over disputed waters. China's claims over the South China Sea and the Spratly Islands are the current examples.

China claims that states must first obtain permission from Beijing before transiting its EEZ, in direct contradiction to the law of the sea. The implications of China's interpretation would have drastic consequences for the openness of these strategically vital waterways, and would set a highly problematic precedent for the openness of the maritime commons around the world.

### **SCO**

The Shanghai Cooperation Organisation or SCO is an intergovernmental mutual-security organisation which was founded in 2001 in Shanghai by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan. Except for Uzbekistan, the other countries had been members of the Shanghai Five, founded in 1996; after the inclusion of Uzbekistan in 2001, the members renamed the organisation. India, Pakistan, Mongolia, Afghanistan (since 2012) and Iran are observers.

The SCO is primarily centered on its member nations' Central Asian security-related concerns, often describing the main threats it confronts as being terrorism, separatism and extremism. Over the past few years, the organisation's activities have expanded to include increased military cooperation, intelligence sharing and counterterrorism. There have been a number of SCO joint military exercises. Large-scale war games are held since 2005 called Peace Missions, the last having been held in 2010 in Kazakhstan. The 2013 summit was hosted by Kyrgyzstan in Bishkek.

### **Anti-USA and anti-Nato?**

Although the declaration on the establishment of the Shanghai Cooperation Organisation contained a statement that it "is not an alliance directed against other states and regions and it adheres to the principle of openness", many observers believe that one of the original purposes of the SCO was to serve as a counterbalance to NATO and the United States and in particular to avoid conflicts that would allow the United States to intervene in areas bordering both Russia and China. Adding substance to such perceptions is the fact of the war games these countries hold. And although not a member state, President of the Islamic Republic of Iran Mahmoud Ahmadinejad has used his speeches at the SCO to make verbal attacks against the United States. The United States applied for observer status in the SCO, but was rejected in 2005. However, these countries have good relations with the west and need its markets and technology. Therefore, they cannot antagonise the west. SCO can balance the western power though.

### **Geopolitical aspects of the SCO**

According to experts, control of the Eurasian landmass is the key to global domination and control of Central Asia is the key to control of the Eurasian landmass....Russia and China have been paying attention to this perception since they formed the Shanghai Cooperation Organisation in 2001, ostensibly to curb extremism in the region and enhance border security, but most probably with the

real objective of counterbalancing the activities of the United States and NATO in Central Asia". Also, to have greater say in matters of Afghanistan post-2014 which will open into west Asia too.

### **India and SCO**

India's interests lie in the issues relating to energy, connectivity and anti-terrorism, drug trafficking and instability in Afghanistan.

India had joined the SCO as an observer in 2005. Given its historical links with Central Asia and its secular polity, growing economy and a strong IT sector, India has much to contribute to the economic development of the region. And it has consistently articulated its desire to play a meaningful and constructive role in the SCO. In the past few months, India clearly stated that India is not only willing to play a greater role in Central Asia but is also interested in becoming a full member of the SCO.

India's inclusion as a full member of the SCO is backed by Russia and the Central Asian countries.

As per the statute, any country wanting to join the SCO must be located in the Eurasian region, must have diplomatic relations with all SCO member states and must already be an observer or a dialogue partner. Further, it must maintain active trade, economic and humanitarian ties with SCO members, it should not be under UN sanctions, and it should not be involved in an armed conflict with another state(s).

The decision to accept a new member will need the consent of all existing members. In the current context, India, Pakistan and Mongolia are eligible for full membership, but Iran is not because of existing UN sanctions against it.

The first and foremost advantage of full membership will be greater visibility in the affairs of the Eurasian region. In addition, full membership will also provide a forum where India can constructively engage both China and Pakistan in the regional context. Most importantly, cooperation in the three crucial areas of energy, transportation and counter-terrorism cooperation can be facilitated through full membership in the SCO. India can also contribute to a regional solution to Afghanistan, particularly post-2014.

Foreign minister Salman Khurshid attended the SCO summit in September 2013 in Bishkek, Kyrgyzstan. The government believes that with the international troops' drawdown in Afghanistan next year, SCO will play an increasingly significant role in ensuring security in the region.

India is interested in TAPI pipeline.

At the SCO, India sought full member status of six-nation grouping, saying it was keen to deepen security-related cooperation with it, particularly its anti-terror mechanism.

### **RATS**

The Regional Anti-Terrorist Structure (RATS), headquartered in Tashkent, Uzbekistan, is a permanent organ of the SCO which serves to promote cooperation of member states against the three evils of terrorism, separatism and extremism.

- Similar concern
- Write to shape world acc. to our concern?

### **Global south**

The global north refers to more than 50 countries with high human development as reported in the United Nations Development Programme Report. Most, but not all, of these countries are located in the Northern Hemisphere. Global south refers to the countries of the rest of the world, most of which are located in the Southern Hemisphere. It includes both countries with medium human development and low human development. Most of the Global South is located in South and Central America, Africa, and Asia.

The global south has many fora in which they cooperate and coordinate: Nam, G-77, African Union, Brics, Ibsa, many RTAs etc.

The **North-South divide** is broadly considered a socio-economic and political divide.

How to close the divide? Some economists have argued that international free trade and unhindered capital flows across countries could lead to a contraction in the North-South divide. In this case more equal trade and flow of capital would allow the possibility for developing countries to further develop economically.

While south countries accept globalization broadly, policymakers in the South are often skeptical uncritical embrace of free markets. In the last 2 decades, there has been a concerted effort among the south nations to change the global governance towards more inclusion and equity: through Bretton Woods institutions being changed; WTO battles etc. Brics Bank (NDB) and the Brics CRA are new mechanisms to redefine the global power structure in favour of the south.

The United Nations has also established its role in diminishing the divide between North and South through its Millennium Development Goals. These goals seek to eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability; and develop a global partnership for development all by the year 2015.

### **South- South**

**South-South Cooperation** is a term historically used by policymakers and academics to describe the exchange of resources, technology, and knowledge between developing countries, also known as countries of the global South. One of the key goals of the cooperation is to strengthen and improve economic ties. Another area that some of the leaders intend to see big developments in is in the political arena. This is to say that cooperation will give the continents more political power when it comes to the global arena. Some leaders hope that the cooperation will offer greater freedom in choosing a political system. For example, Hugo Chavez hoped to use South-South cooperation as a stage on which to get his message of what he calls "21st Century Socialism" across. NAM is the original case of south-south efforts for political clout for strategic autonomy and global voice. Brics, Ibsa, AU are some prominent examples.

**How south south cooperation (SSC) is different from north-south:** The essential principles that govern SSC are, respect for national sovereignty, national ownership and independence, equality, non-conditionality, non- interference and mutual benefit.

The modalities for SSC have taken different and evolving forms, which include capacity-building, training, technology transfer and financial assistance. SSC has developed in such a way that the process has become a multifaceted engagement. This signals the importance of ensuring equitable access of countries to trade, investment and technology within a multilateral institutional framework. SSC aims to discover and exploit the principle of 'complementarity' in production, consumption, trade, investment, and technological and development cooperation. These processes are inter-linked and may in turn generate forward and backward linkages, which eventually may produce positive synergies across Southern economies. The sharp expansion in trade and investment linkages among Southern countries underlines this phenomenon. The GSTP is emerging as a new model of partnership in trade among developing countries. The current flow of OFDI from developing countries may be seen as a new source of investment flows and technology transfer to South.

North-south on the other hand is more hierarchical and there is asymmetry as can be seen in the debates in WB/IMF and WTO.

However, for 2 decades, there has been greater mutual dependence between the north and south through global interconnectedness.

**The Global System of Trade Preferences among Developing Countries (GSTP)** is a preferential trade agreement with the aim of increasing trade between developing countries in the framework of the United Nations Conference on Trade and Development. It has been there for more than 25 years.

### **The rise of the global south**

The rise of the South is radically reshaping the world of the 21st century, with developing nations driving economic growth, lifting hundreds of millions of people from poverty, and propelling billions more into a new global middle class. This is the theme of the United Nations Development Programme's (UNDP) 2013 Human Development Report. "The rise of the South is unprecedented in its speed and scale," the 2013 Report says. "Never in history have the living conditions and prospects of so many people changed so dramatically and so fast." This phenomenon goes well beyond the so-called BRICs, middle income countries often represented by Brazil, Russia, India and China, the 2013 Report stresses. The Report shows that more than 40 developing countries have made greater human development gains in recent decades than would have been predicted. These achievements, it says, are largely attributable to sustained investment in education, health care and social programmes, and open engagement with an increasingly interconnected world. This historic progress is creating opportunities for the South and the North to collaborate in new ways to advance human development and confront shared challenges such as climate change, the Report says. Countries across the South are



Q. Austerity & Growth debate?

and

Ans. → L. praise of it? → already ↓, let me money,  
money didn't get return. ∴ more money, only there is cut in

SRIRAM'S IAS

extending trade, technology and policy ties throughout the North, while the North is looking at South for new partnerships that can promote global growth and development.

expenditure. Following measures, after sometime large investment will come

if then there is growth in growth on back growth ↓ austerity is pushed. ∴ privatisation will help to boost up the economy.

**The 2013 Human Development Report — The Rise of the South:** Human Progress in a Diverse World — says: "The South as a whole is driving global economic growth and societal change for the first time in centuries." For example: China and India doubled per capita economic output in less than 20 years—a rate twice as fast as that during the Industrial Revolution in Europe and North America. "The Industrial Revolution was a story of perhaps a hundred million people, but this is a story about billions of people," says Khalid Malik, the 2013 Report's lead author. With living standards rising in much of the South, the proportion of people living in extreme income poverty worldwide plunged from 43 percent in 1990 to 22 percent in 2008, including more than 500 million people lifted from poverty in China alone. As a result, the world has already achieved the main poverty eradication target of the Millennium Development Goals, which called for the share of people living on less than US\$1.25 a day to be cut by half from 1990 to 2015. Developing countries nearly doubled their share of world merchandise trade from 25 percent to 47 percent between 1980 and 2010, the Report notes. Trade within the South was the biggest factor in that expansion, climbing from less than 10 percent to more than 25 percent of all world trade in the past 30 years, while trade between developed countries fell from 46 percent to less than 30 percent. Trade between countries in the South will overtake that between developed nations, the Report projects. Increasing openness to trade correlates with rising human development achievement in most developing countries. The South is increasingly interdependent and interconnected. Mobile phones with Internet links are now found in most households in Asia and Latin America, and in much of Africa— and most of those affordable smart phones are produced by South-based companies. Brazil, China, India, Indonesia and Mexico now have more daily social media traffic than any country except the United States. The South's growing global interconnections are personal as well virtual: migration between developing countries recently surpassed net migration from South to North.

The world is witnessing an epochal "global rebalancing." The rise of the South reverses the huge shift that saw Europe and North America eclipse the rest of the world, beginning with the industrial revolution, through the colonial era to the two World Wars in the 20th century. Now another tectonic shift has put developing countries on an upward curve. The Report predicts that the so-called "Rise of the South" should continue and could even accelerate as the 21st century unfolds.

Global institutions have not yet caught up to this historic change. China, with the world's second largest economy and biggest foreign exchange reserves, has but a 3.3 percent share in the World Bank, less than France's 4.3 percent. India, which will soon surpass China as the world's most populous country, does not have a permanent seat on the UN Security Council. And Africa, with a billion people in 54 sovereign nations, is under-represented in almost all international institutions.

Q. What should be taken care of as it continues to move on & never get stop?

Don't follow the policy of Austerity

**Government Leadership, Global Engagement** The 2013 Report first identifies more than 40 developing countries with human development gains that significantly outpaced global norms in recent decades. It then looks in greater detail at 18 of those countries, ranging from the biggest high-achievers—beginning with China—to many smaller successful countries in the South, such as Chile, Ghana and Thailand. While these countries differed greatly in their histories, political systems, economic profiles and development priorities, they share some key characteristics. Most were proactive “developmental states” that sought to take strategic advantage of opportunities offered by world trade. They also invested heavily in human capital through health and education programs and other essential social services. “More important than getting prices right, a developmental state must get policy priorities right,” the Report says. “They should be people-centred, promoting opportunities while protecting against downside risks.” The Report argues that ambitious, well-conceived policies can sustain this human development progress in coming decades and expand its reach to still more developing countries. But it also warns that short-sighted austerity measures, failures to address persistent inequalities, and a lack of opportunities for meaningful civic participation could threaten this progress unless leaders take bold corrective action. Several leading nations of the South are creating new paradigms for advancing human development and reducing inequalities, through innovative social policies that are increasingly studied and emulated worldwide. Pioneering cash-transfer programmes in Brazil, India and Mexico have helped to narrow income gaps and improve health and education in poor communities, the Report says. Mexico’s Oportunidades programme is globally praised.

**Facing Challenges, Sustaining Momentum** The South faces long-term challenges shared by industrialized countries of the North, including an aging population, environmental pressures, social inequalities, mismatches between educational preparation and job opportunities and the need for meaningful civic engagement, among others. These require both national and global solutions if developing countries are to maintain their human development momentum. Environmental inaction, especially regarding climate change, has the potential to halt or even reverse human development progress in the world’s poorest countries and communities, the Report warns. The number of people in extreme poverty could increase by up to three billion by 2050 unless environmental disasters are averted by coordinated global action, it says. In more advanced developing countries, as in the North, aging populations are increasing the burden on the productive workforce, the Report notes. Some poorer regions, however, could benefit from a “demographic dividend” as the share of their working-age population rises, the Report says, but only if appropriate policy action is taken to reap this dividend. Projections in the Report examine the potential demographic impact of ambitious national education policies similar to those implemented in recent decades by the Republic of Korea. The forecast suggests that faster educational progress also substantially reduces child mortality, the direct result of improvements in girls’ opportunities for continued education and the well-documented benefits for children of having a well-educated mother. In India, for example, accelerated education progress such as that in the Republic of Korea could cut child mortality by as much as half in future generations. Educating women through adulthood is the closest thing to a “silver bullet” formula for accelerating human development, the Report’s research shows. Severe poverty remains a major

2nd/3rd of - Golden dawn ?  
 ex-bornist, racist people of Greece

- inequality has to be addressed.
- sustainability of global south ⇒ civil engagement.
- Environmental damage can't be affordable. ∴ big challenge ahead of us for sustainable env.

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problem throughout much of the developing world, the Report stresses. An estimated 1.57 billion people, or more than 30 percent of the population of the 104 countries studied for the Report, live in what it terms "multidimensional" poverty, including 612 million people in India. The Report warns that nonresponsive political structures can prompt civil unrest, especially if economic opportunity does not keep pace with educational advancement, as in the countries that were part of 2011's uprisings in the Arab States region. These social tensions are also acutely felt currently in many developed countries, the report notes, where austerity policies and declining growth impose hardships on millions. "There is a 'south' in the North and a 'north' in the South," says the Report.

**New Resources, New Opportunities, New Institutions** The South itself has both the expertise and the resources to be a more powerful force in global development, the Report argues. Developing countries now hold two-thirds of the world's total \$10.2 trillion in foreign exchange reserves, including more than \$3 trillion in China alone, and about three-quarters of the \$4.3 trillion in assets controlled by sovereign wealth funds worldwide. Even a small share of these vast sums could have a swift measurable impact on global poverty and human development, the Report says. The 2013 Report argues that the rise of the South is challenging existing global institutions to change and showing new ways that countries and regions can work together to confront shared challenges. As older international institutions fail to adapt, new mechanisms are emerging, such as overlapping networks of national and continent-wide cooperation, including regional trade pacts, security groupings, development banks and bilateral agreements. The South needs greater representation in global governance, which also requires assuming greater responsibility, the Report argues. The global system is overdue for reform, and the Report calls for a more "coherent pluralism" in international governance driven at the national level by "responsible sovereignty," or the recognition that in an interconnected world, national policy decisions affect neighboring countries and, often, the planet as a whole. □□ The Report urges the convening of a new "South Commission" where developing countries can take the lead in suggesting constructive new approaches to effective global governance. □□ The rise of the South and its potential for accelerating progress for future generations should be seen as beneficial for all countries and regions, as living standards improve and the world as whole becomes ever more deeply interdependent, the Report emphasizes.

Q. New SRC to be estb. to look into Art 3 ?  
In the context of creation of Telangana ? Also as the  
integration of the nation security & integrity ?

Q. Austerity (Continue ?

— Market get weaker ⇒ State strengthen ⇒ In this stage  
State get weaker ⇒ market come back & will play its  
role again •  
∴ short term changes/measure in state laws & regulations &  
long term strengthen measures to strengthen market with the

# Current Affairs

## India-China

### India-China water issues

India and China need to sign a bilateral agreement on how to share the water of the Brahmaputra River. Prime Ministers from both countries met in New Delhi in May 2013 to discuss several bilateral issues, however an agreement that sets out how both countries may develop the river and utilise its water was not signed.

For China, as the upper riparian state on the Brahmaputra, this is of little concern. However India cannot allow the issue to continue on as it has, as it puts at risk the country's future water security by not getting an agreement signed.

Originating in China, the Brahmaputra River flows down onto the Indian subcontinent from the Himalayas, crossing the border between China and India. The water from this river has been able to supply both nations for centuries, but the rapid economic and demographic expansion of China and India has put the water supply into jeopardy. By 2030 the demand for water in both India and China is expected to rise by 60%, which would put both countries into a 'water stressed' state according to international standards.

A drop in the amount of water available would reduce annual harvests and feed for livestock. Likewise, industrial processes such as energy, production and sewage management are all systems that utilise vast quantities of water.

In recent years, the issue of water supply has brought both nations to the negotiating table. In 2002 China and India agreed to share data on the flow of the river in order to better manage its resources and mitigate against floods, and this agreement was recently renewed in May 2013 when both countries met. Further to the agreement, two memoranda were also signed, for efficient irrigation. However, hydropolitical cooperation to date has been weak in reality.

The greatest problem lies with the fact that none of the agreements signed go any way toward dealing with the issue of water sharing. The agreements that both signed do not stipulate how the river may be developed by either party or how much water they may extract from the river.

China began the construction of the Zangmu Dam in 2009 without informing India. India protested the construction but China played down their fears by saying that it was a small run-off-the-river project that would not adversely affect the flow of water to India.

This experience serves as a worrying example of how hydropolitics may develop in the future. Further, China is looking to build a North-South water diversion system which would involve the construction of multiple dams; including the construction of a dam three times the size of the Three Gorges Dam. On an individual level, these dams may be too small to affect the flow of water to India, but collectively they could have an impact.

International customary law upholds the principle of 'do no harm', a measure that forbids one riparian

state from damaging a water resource used by other countries. Likewise, in 2010 the UN declared access to water a basic human right, elevating the importance attached to how water is shared between nations.

The trend is worrying and the Indian NGO, Jana Jagriti, raised an important point when they recently argued that India needs to take hydro-political issues with China more seriously. India needs to work harder to ensure that a proper water sharing agreement is signed with China over the Brahmaputra River. India is the downstream state and it is therefore in the country's greatest interests—more so than China's—to sign an agreement on the Brahmaputra. The future security of India's water supply would be better protected, and China and India could focus on sustainable development projects without having to worry about tensions over water arising.

India elicited "less than enthusiastic" response from China on its proposal to have a separate mechanism to deal with water issues amid its continued concerns over Chinese damming activities on Brahmaputra.

During the 5th round of India-China Strategic Dialogue in 2013 the Indian side raised the issue of its proposal pending with China to have either a water commission or an inter-governmental dialogue to deal with water issues.

To this, India received "less than enthusiastic" response from China, which has been maintaining that the existing Expert Level Mechanism (ELM) under which the two countries only share hydrological information (water level, discharge and rainfall) on Yaluzangbu/ Brahmaputra river in flood season was enough.

Earlier, water did not figure in India-China talks. Now water is regularly on the agenda. India told them that being the lower riparian country, share information with us, show us your engineering designs, what impact it may have on downstream flows or on biodiversity and ecology. They say they will but are not regular with it.

India has been protesting Chinese dam constructions on River Brahmaputra (known as Tsangpo in China) and the issue has figured in the bilateral talks between India and China at various levels, including at a meeting between Prime Minister Manmohan Singh and Chinese President Xi Jinping on the sidelines of BRICS (Brazil, Russia, India, China and South Africa) Summit in Durban in March 2013..

### **Mountain Strike Corps**

In 2013 July, the Cabinet Committee on Security (CCS) gave its in-principle approval to the Army's ambitious proposal to raise a mountain strike corps along the China border. The proposed corps would be India's first offensive corps with mountain warfare capabilities and the fourth strike corps. A budget of over Rs 64,000 crore in about seven years is cleared. Its strength is over 45,000.

The plan is to headquarter the corps at Panagarh in West Bengal.

Formations of the corps would likely be based in West Bengal, Assam, Odisha and Jharkhand.

It will also give India the capability to launch offensive action in Tibet Autonomous Region (TAR) in the event of a Chinese offensive.

The proposed strike corps will draw support from IAF fighters operating from renovated bases in the northeast. Sukhoi-30s have been posted at bases in Tezpur and Chhabua. In addition, Jorhat, Bagdogra, Hashimara and Mohanbari bases are also being upgraded.

The Indian Air Force or IAF too will deploy its newly-acquired medium lift C-130 J Hercules Transport Aircraft designed for aiding special operations.

India already has three Strike Corps: 1 Corps is based in Mathura, 2 Corps in Ambala and 21 Corps is in Bhopal. However, all of them are ranged against Pakistan and are equipped for desert and plains warfare.

When raised and fully operational, this strike corps would fill a crucial gap for India vis-a-vis China in the eastern sector.

It will be a very firm signal of intent that will lower the probability of China taking recourse to military superiority to alter the territorial dispute in its favour - or encourage provocative intrusions. The move was a step in bridging the gap with China's military infrastructure along the LAC.

The PLA has held at least 21 exercises in the Tibet region over the past one-and-a-half years. These have been designed for specific scenarios. These exercises also convey to India that they are gearing preparations in high altitude conditions. China wants to convey that it is testing and strengthening its conventional deterrents and enhancing military capability in hostile territory.

### **Defence relation**

Starting from their initial discussions in 2003, the two sides have so far conducted two joint naval and two counter-terrorism exercises. The cooperation intensified in recent months as both face maritime threats to their sea routes of trade and transit.

Chinese Defence Minister Liang's visit to India in September 2012 led to important outcomes: the two defense ministers agreed to

- encourage more high-level military and official exchanges
- strengthen their regular military exercises
- evolve joint naval understanding on their anti-piracy patrols in the Gulf of Aden and off the coast of Somalia
- revive their joint naval search and rescue exercises
- encourage regular mutual portcalls by their ships and
- arrange for their officers' training in each other's military academies.

India and China have decided to hold military exercises from November 4 in Chengdu region in China after a gap of nearly five years.

'Hand-in-Hand' series of exercises - the war games- will involve, counter insurgency and counter terrorism manoeuvres under the UN mandate.

Recently, India and China also decided to ramp up their military exchanges by having joint exercises between their navies and the air forces. The exchange of officers in training institutions is also planned to be enhanced by the two countries.



**India-China dialogue on Central Asia**

India and China held their first ever dialogue on Central Asia, in August 2013

The dialogue reflected the growing engagement between the foreign offices of India and China and comes after similar comprehensive dialogues on Africa, West Asia, Afghanistan and counter-terrorism issues.

The talks covered issues ranging from regional security and counter-terrorism to energy security.

The Central Asia dialogue follows the recent setting up of a dialogue on Afghanistan and consultations on counter-terrorism.

**India-China maritime cooperation**

India and China have decided to open a new chapter in bilateral cooperation by agreeing to undertake joint operations against pirates, sharing technological knowhow on seabed research and and cooperation between navy and coast guard officials.

**Economic relation in the overall context**

India and China relation has been growing from strength to strength in trade for the last one decade. The year 2012 has been designated as the year of friendship. There is cooperation on many fronts like energy, maritime and in international for a like WTO, climate change, G20, Brics, RIC, SCO and so on.

**The approach being followed is one of compartmentalisation:** the two decided on keeping their issues of divergence primarily strategic issues such as boundary disputes and PRC ties with Pakistan, in the background, while focusing on areas of greater potential convergence, such as expanding mutual trade and investment opportunities. This compartmentalisation of issues has yielded results. This approach was pioneered by former Indian Prime Minister Rajiv Gandhi in 1988, when he became the first Indian prime minister in 34 years to visit Beijing.

**Trade and Investment****Trade**

Indian trade with China has been growing and was \$ 68 billion in 2012-13, though the trade imbalance in Beijing's favour has widened dramatically in recent years the multi-billion trade gap is partly caused by the Chinese buying primarily low-value Indian products: low-end commodities and raw materials. Indian IT services are not encouraged and pharma and agricultural products are also not able to penetrate Chinese markets.

When Li Keqiang , Chinese PM visited India in May 2013, India and China signed a series of memorandum of understandings (MoUs) on pharmaceuticals, buffalo meat and fisheries and an agreement on feed and feed ingredients to address the growing trade deficit.

Signing of the MoUs between India and China was a good beginning to address the issues that India was raising with China from time to time.

The export of buffalo meat is not allowed from India to China and this has been a long-pending issue between the two countries. With the resumption of trade, India hopes that it will not only be helpful in reducing trade imbalance but also help China's food security by providing quality and hygiene meat

products.

India has been finding it difficult to expand its trade with China in the pharmaceutical sector. The signing of the MoU is expected to facilitate access to the Chinese market.

India wants China to import more from her and made proposals that include suggestions for simplification of certification and registration norms, lowering of duties and a more liberal visa regime.

With China's economy slowing down and growing global uncertainty making investments in the West risky, the country wants closer economic cooperation with India.

One stumbling block is the stringent certification requirement to bid for government tenders and government-sponsored IT projects.

India suggested that qualified technical engineers and software professionals be given business visas and work permits valid for three years to facilitate movement.

In the area of pharmaceuticals, proposal notes that despite India being the market leader in generics, its exports to China have stagnated due to trade barriers. It says that the drug registration process of the Chinese State Food and Drug Administration, China's drug regulator, should be simplified and registration granted sooner. The regulator should provide a green channel to Indian companies whose facilities have already received necessary approvals and accreditation by drug regulatory authorities in the EU and the US, it adds.

Another suggestion is that China should encourage procurement practices that are non-discriminatory, merit-based and transparent, which would allow Indian firms to compete on an equal footing.

### **SED**

The first ever India-China Strategic Economic Dialogue (SED) took place in Beijing in 2011.

### **China and Sri Lanka**

Two important facts explain the growing closeness between the two countries: Chinese arms were instrumental in the defeat of the Tamil Tigers in 2009 that brought their insurgency to an end after 27 bloody years. China is the largest provider of foreign aid and investment to the island. Defence and economic relations are strengthening.

China has assured Sri Lanka, as a permanent member of the UN Security Council, of its continued support against any international pressure on human rights.

China defended Sri Lanka against the aggressive Western push for war crimes allegations committed by the Sri Lankan military during the final phase of the war. Beijing is recommending the admission of Sri Lanka as a dialogue partner in the Shanghai Cooperation Organization (SCO)".

Apart from the growing political and diplomatic relationship, China is the leading investor in Sri Lanka and involved in building highways, bridges, a new shipping port and airport as well as a high

tech theatre. In the post war period, improvements in infrastructural development and investments from China in Sri Lanka have been seen to increase.

The Hambantota Development Zone was built by China. It includes an International Container port, an oil refinery, an International Airport and other facilities. It is expected to cost about US\$1 billion and China is said to be financing more than 85% of the project. China is the largest trading partner of Sri Lanka within the Asian region.

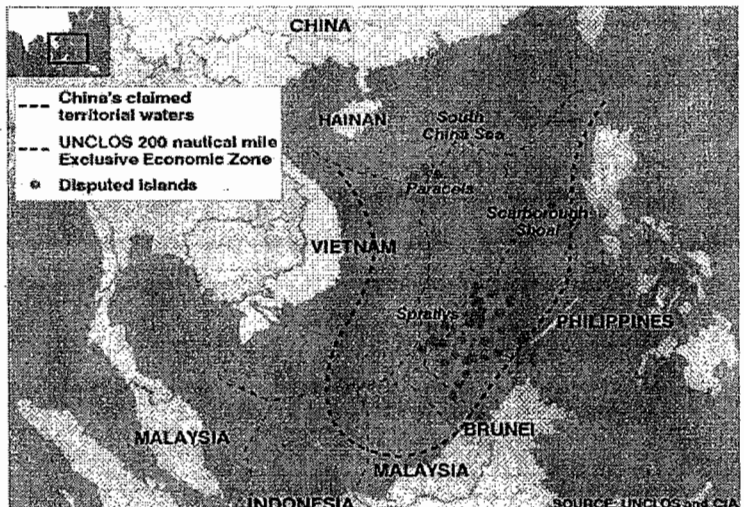
### **Dokdo/Takeshima islands**

The island grouping at the centre of a diplomatic dispute between South Korea and Japan is known by several names.

South Korea calls it Dokdo, which means solitary islands. Japan calls it Takeshima, which means bamboo islands. And it has also been known as the Liancourt Rocks, named by French whalers after their ship in 1849.

Both Japan and South Korea claim the islands, so too does North Korea.

Tensions between South Korea and Japan over the Dokdo/Takeshima islands have been rising since Korean President Lee Myung Bak paid an unexpected visit to the islands on 10 August — the first time a Korean president ever visited the disputed islet. The islands were also an issue at the 2012 London Olympics, where ROK soccer player Park Jong-woo was threatened with withdrawal of a bronze medal after he displayed a banner reading 'Dokdo is our land' following a match with Japan.

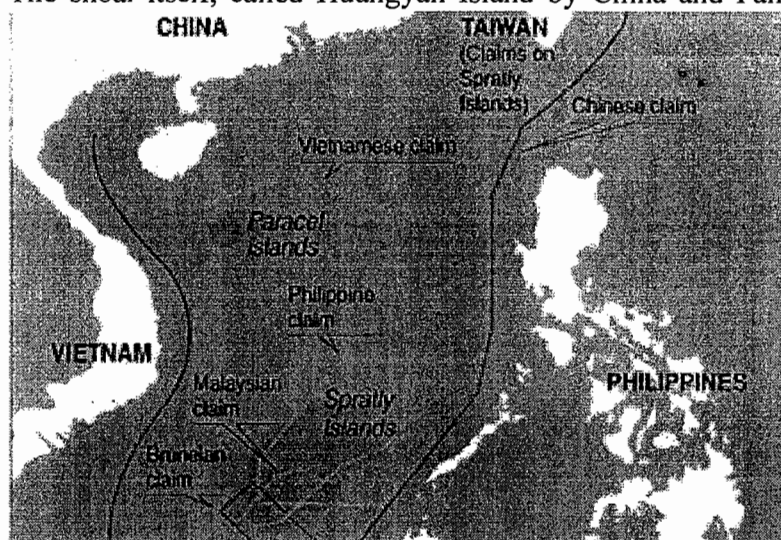


### **Scarborough Shoal**

It is a disputed territory in the South China Sea between Philippines and China. Over Scarborough Shoal, ships from China and the Philippines had confronted each other for more than a month in mid-2012. Both sides accuse the other of intruding into territorial waters.

The row began when the Philippines said its naval ship had found eight Chinese fishing vessels at the shoal, which is claimed by both sides.

The shoal itself, called Huangyan Island by China and Panatag Shoal in Philippines, is a series of rocks and reefs more than 100 miles (160km) from the Philippines and 500 miles from China. The shoal and its surrounding area are rich fishing grounds.



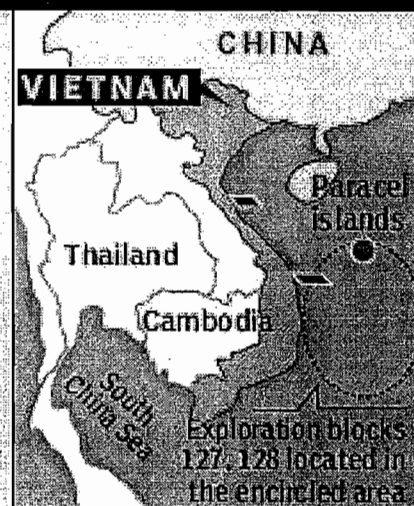
China claims sovereignty over a large U-shaped area of the South China Sea, bringing it into dispute with several neighbouring countries. In recent months, it has grown more assertive over the issue. Manila has asked China to settle the issue at the International Tribunal on the Law of the Sea (ITLOS).

## BATTLE OVER RESOURCES

- China says it has "indisputable sovereignty" over the South China Sea, a depository of huge oil and gas reserves and a key international trade route, and its islands
- China wants such disputes with countries in the region to be solved bilaterally—and Indian presence in Vietnam oil blocks are seen as interference by a third party
- Vietnam claims ownership of a portion of the potentially

hydrocarbon-rich Spratly Islands in the South China Sea, as do China, the Philippines, Malaysia and Taiwan

- Vietnam and several of its neighbours have reached agreements in principle in the past to conduct joint exploration for oil and natural gas resources in the area, though continued territorial disagreements have hindered these efforts



## TURF TUSSE

- ONGC Videsh Ltd has been exploring Blocks 127 and 128 off Vietnamese shores in the South China Sea
- Beijing issued a demarche to New Delhi, asking it to seek permission to

explore the blocks as they belong to China

- India says China's objections have no legal basis as the blocks belong to Vietnam

## Spratlys

The Spratly Islands are a group of more than 750 reefs, islets, atolls, cays, and islands in the South China Sea. The Spratly Islands dispute is a territorial dispute over the ownership of the Spratly Islands, a group of islands located in the South China Sea. States staking claims to various islands are: the China, the Taiwan, Malaysia, the Philippines, Vietnam, and Brunei. All except Brunei occupy some of the islands. The Spratly Islands are important for a number of reasons: the Spratly area holds

significant reserves of oil and natural gas, it is a productive area for world fishing and commercial shipping, and coastal countries would get an extended continental shelf.

**Paracel Islands**

The Paracel Islands consist of over 30 islets, reefs etc in the South China Sea. The archipelago is approximately equidistant from the coastlines of Vietnam and China. The Paracel Islands are claimed by China, Taiwan and Vietnam.

**Senkaku Islands**

The Pinnacle Islands or Senkaku Islands are a group of disputed and uninhabited islands controlled by Japan since 1972, but also claimed by both Taiwan and China. Shinzo Abe has been taking a tough stance on it.



## **India's Development Partnership with Sri Lanka**

It is built on the foundations of political understanding, a historic past, geographic realities and socio-cultural empathy. Being part of the developing world and inspired by experience of South-South cooperation, India has focused on consultative and responsive model of cooperation towards livelihood restoration, capacity building, human resource development as well as infrastructure development. The cooperation between the two nations aims towards promoting trade and investment adopting partnership approach.

Immediately after the end of armed conflict in Sri Lanka in May 2009, India scaled up its development assistance to Sri Lanka substantially. This flowed from the announcement by the Prime Minister of India, Dr. Manmohan Singh, regarding a relief, rehabilitation, and reconstruction package of Rs 500 crore for Sri Lanka. A number of projects are under implementation:

- Construction of 50,000 houses in Northern and Eastern Provinces
- Rehabilitation of Northern Railway and announcement of a soft line of credit of US\$ 800 million
- Rehabilitation of Kankesanthurai Harbour
- Rehabilitation of Palaly Airport
- Construction of five Vocational Training Centres
- Renovation of the Duriappah Stadium in Jaffna
- Construction of a new Cultural Centre in Jaffna
- Construction of a 500 MW coal power plant at Sampur and a soft line of credit of US\$ 200 million to enable Government of Sri Lanka to meet its obligation towards this plant.
- Restoration of the Tiruketheeswaram Temple
- Resumption of Ferry Services between Colombo-Tuticorin and Talaimannar- Rameswaram
- Launch of an India-Sri Lanka Knowledge Initiative to include:
  - ✓ Establishment of Provincial and Regional Sri Lanka-India Centres for English Language Training (SLICELTs)
  - ✓ Expansion of the Scholarship Programme
  - ✓ Establishment of a Centre for Contemporary Indian Studies
  - ✓ Technical assistance for the Sri Lankan project to convert Sri Lanka into a Trilingual Society by 2020
  - ✓ Collaboration to establish an Agricultural Research Institute in Northern Province

These projects are in various stages of implementation.

### **Thirteenth Amendment to the Constitution of Sri Lanka**

It is an amendment to the Constitution of Sri Lanka which created Provincial Councils in Sri Lanka. This also made Sinhala and Tamil as the official language of the country and English as link language.

On 29 July 1987, Indo-Sri Lanka Accord was signed between Indian Prime Minister Rajiv Gandhi and Sri Lankan President J.R. Jayewardene which promised devolution powers to the provinces. As a result, in 1987 the Sri Lankan Parliament passed the 13th Amendment to the 1978 Constitution of Sri Lanka and the Provincial Councils Act No 42 of 1987 to establish provincial councils.



The 13th Amendment and the provincial council system were conceived as a political solution to the ethnic conflict. Under the amendment Northern and Eastern Provinces were amalgamated. The PC system was the crux of the Accord. Nine provincial councils were created in 1988.

Elections for the merged North Eastern Province were held on in 1988 After the Indian Peace Keeping Force left the country the North and East PC was dissolved in 1990. Merger was declared illegal by the Supreme Court of Sri Lanka in 2006. The province was formally demerged into the Northern and Eastern provinces in 2007.

The province was ruled directly from Colombo until May 2008 when elections were held for the demerged Eastern Provincial Council. Northern Province had been under Military (Retd) Governors for 17 years, since 1990.

During and after the war Sri Lanka government and the president Rajapaksha promised to implement the 13<sup>th</sup> Amendment to the constitution as a political solution to the ethnic conflict. The promise that there will be a political solution after the war was used to obtain international support to during the war as well as after the war:

Through the 13<sup>th</sup> Amendment, Sri Lanka was divided into nine provinces each governed by a Council headed by an elected Chief Minister and powers were divided under three lists (Provincial, Reserved and Concurrent). Since Colombo never implemented all the provisions of the 13<sup>th</sup> Amendment, it is referred to as Thirteen-Minus: minus Police and land powers as they were never devolved. The provinces, especially the northeast, struggled without adequate financial powers. Then came the demerger of the north and the east in January 2007, thanks to the Sri Lankan Supreme Court ruling.

Amendments to the Constitution like the 18<sup>th</sup> centralised even more powers in the Executive President, thus eroding the autonomy and integrity of all other institutions, including the Provincial ones.

**Thirteen-Plus** What "13-plus" meant before the defeat of the LTTE differed from what it meant post-Eelam War. During peace talks between the LTTE and the government of Sri Lanka in late 2002, Colombo was not averse to agreeing for a federal settlement that was far beyond the 13<sup>th</sup> Amendment. The LTTE, however, rejected it. Later, President Rajapaksa appointed the All Party Representative Committee (APRC) in April 2006 to work out a solution that "must be seen to be good and reasonable enough to address the concerns for which great suffering has been endured." What Rajapaksa meant by this was very clear: the 13<sup>th</sup> Amendment framework was not enough. During the height of the war, to get India's support, Rajapaksa was talking about "13<sup>th</sup> Amendment Plus One". The "One", he had in mind was the Second Chamber, and "Plus" meant whatever the APRC was going to recommend.

India has been realistically insisting on a two stage process: firstly, implement the 13<sup>th</sup> Amendment in full; and later go beyond it. New Delhi knows that it is practically difficult to hit the "13-plus" without fully realising the 13<sup>th</sup> Amendment.

#### **TNA wins elections in the northern province**

The Tamil National Alliance (TNA) secured two -third majority in the elections to the Northern Province Council in Sri Lanka held in September 2013.

It could be the first step toward wider regional autonomy and a cornerstone to prevent another cycle of violence.

It is expected to give them a limited say in their own affairs — a taste of democracy after decades under rebel or military control.

More than 700,000 voters were registered to elect 36 members to the provincial council. The provincial council, however, will not have much power. A governor appointed by the central government retains almost all of the control.

The central government is against devolving such wide powers and says even existing powers in provincial hands, such as those over land and policing, are a threat to the country. It hopes to win over Tamils by rebuilding roads, schools, hospitals and other infrastructure destroyed in the war. But residents say the army is taking over large swaths of private land to build camps and even businesses such as hotels, and bringing in Sinhalese people to change the province's ethnic breakdown.

## **India-Bangladesh**

### **Constitution (119th) Amendment Bill**

Constitution (119th) Amendment Bill, 2013 could not be introduced in the Parliament as some parties opposed it- like the AGP, TMC etc. It seeks to ratify the land boundary agreement with Bangladesh. This is an agreement which would ensure peace and tranquillity on the border and remove uncertainties.

The Bill has proposed amending the Constitution to give effect to the acquiring of territories by India and transfer of certain territories to Bangladesh in pursuance of the agreement and its protocol entered into between the governments of India and Bangladesh.

Additional protocols for the 1974 Land Boundary Agreement, signed during Dr. Singh's visit to Dhaka in September 2011, require a Constitutional Amendment for ratification as these involve exchange of land in 111 Indian enclaves in Bangladesh and 51 Bangladeshi enclaves on Indian soil. Bangladesh has already ratified the pact. Indian enclaves in Bangladesh are spread over 17,149 acres, while Bangladesh enclaves in India are located in 7,110 acres of land.

Failure to pass has implications not only for foreign relations but also for larger questions of human rights, the right to livelihood etc.

### **The land swap deal has many benefits:**

- end a hurdle in the bilateral side
- India's soft power among the smaller neighbours will go up and they may not turn to China. The land swap deal would go a long way to improving India's local image
- A healthy relationship with Bangladesh would have other economic benefits. India could seek from Bangladesh as a goodwill gesture transit rights to its northeast, bringing development to a struggling region.
- A land swap agreement would also give citizenship rights to close to 52,000 people: 37,000 on the Bangladesh side and close to 15,000 on the Indian side. These stateless people, often victimized, would finally get rights and privileges as citizens, to the benefit of India's human

rights record.

- This deal could particularly benefit the North East and Assam. Resolving the land issues would enable borders in these areas to be secure.
- India would be able to talk officially about the issue of migrating Bangladeshis, a problem for Assam for nearly three decades that will only grow with climate change.

### **Security relation**

There are many issues. There is the problem of cross-border insurgency. Insurgents from India have been given refuge in Bangladesh. This has been a major irritant over the years. The other issue has been India's quest for transit facilities. The issue of illegal movement of people. There are large numbers of illegal immigrants from Bangladesh in the North- East, West Bengal and in far-off places like Mumbai and Delhi.

India has completed around 1357 kilometer fencing of the international border with plans to cover another 2429 kilometer of border in the second phase and also plans to illuminate around 300 kilometer of international border to prevent illegal migration. Cooperative measures like joint patrolling of the border areas, consular access to prisons and signing of an extradition treaty are on the verge of materializing as steps to increase vigil to check drug and arms trafficking, as well as illegal immigration, especially the trafficking women and children.

Bangladesh is increasingly being used as a transit point by drug dealers and the drug mafia, which dispatches heroin and opium from Burma, and other countries of the golden triangle, to different destinations.

The Ministry of Defence, India, expressed its interest in seeking Bangladesh's 'firm cooperation' in fighting anti-India terror and insurgent outfits operating from its soil. The armies of both countries have, in the past, proved their might by fighting the ULFA cadres, by, for example, the handing over of Arabinda Rajkova to the Indian Security agencies.

Bangladeshi attempts to cooperate with India on anti-terror grounds, recognized that some Pakistan based terror outfits had formed a strong nexus with militants in Bangladesh, because of its close proximity to India with its porous border, to carry out attacks in India. India has vital security related concerns vis-à-vis Bangladesh such as sanctuaries enjoyed by indigenous Indian ethnic terrorist organizations like ULFA, activities of trans border Islamic terrorist groups like Muslim Liberation Tigers of Assam (MULTA), the Independent Liberation Army of Assam (ILAA) and the People United Liberation Front (PULF), the activities from Bangladesh territory of pro-AL Qaeda organizations of Pakistani origins supported by the ISI such as the LeT, HuJI, and Harkat-ul-Mujahideen (HuM), gun running in India's northeast from and through Bangladesh, illegal migration into Assam and West Bengal, the flow of funds from Wahabi charity organizations in Saudi Arabia to fundamentalist elements in Bangladesh- India region, money laundering through India-Nepal and India-Bangladesh region, etc.

### **Explanation for recent improvement in the bilateral relation:**

Three very important factors have helped in influencing Bangladesh's relations with India. First, the formidable growth of India in recent years. India is no longer just an emerging economic power. It has, indeed, emerged as a major economic power. So, it makes sense for a country like Bangladesh, as a next door neighbour which shares over 4000 km of border, to benefit from this growth, whether it's

through trade, investment, technical and scientific cooperation or education cooperation. Second, for most thinking Bangladeshis, it's now clear that the geopolitics of the past - Cold War in South Asia, is over. The alignments of the past — China and Pakistan on one side and India and the Soviet Union on the other — no longer apply. Today the Indo-U.S. relationship is a major feature of the changes that have taken place. And equally important are the dramatic developments in the area of Sino- Indian relations, India's relations with East Asia and South East Asia. India's foreign policy has evolved and is a demonstration to countries like Bangladesh that they could benefit enormously from the changes taking place in the South Asian landscape. Third, there is the turnaround in India's thinking in terms of both regional and sub-regional cooperation. The present government has made a very strong and unequivocal reaffirmation of India's commitment to SAARC and regional cooperation.

### **Shahbag protests**

The 2013 Shahbag protests, associated with a central neighbourhood of Dhaka, Bangladesh, began on February 5, 2013 and later spread to other parts of Bangladesh, as people demanded capital punishment for Abdul Quader Mollah, who had been sentenced to life imprisonment, and for others convicted of war crimes by the International Crimes Tribunal. Later demands included banning the Bangladesh Jamaat-e-Islami party from politics and a boycott of institutions supporting (or affiliated with) the party.

Protesters considered Mollah's sentence too lenient, given his crimes. Bloggers and online activists called for additional protests at Shahbag.

### **ICT of Bangladesh**

In 1971 Bangladesh was the eastern region of Pakistan known as East Pakistan. In the 1971 Liberation War of Bangladesh, East Pakistan fought West Pakistan for nine months. Armed conflict ended on December 16, 1971 through surrender of the Pakistani Armed Forces to India, resulting in the formation of The People's Republic of Bangladesh as a free, secular and independent state.

Many atrocities had been committed by the Pakistan Army and its supporter Razakars .

The war criminals, mostly young men, were never brought to trial.

The majority of East Pakistanis supported the call to create a free and independent Bangladesh during the Liberation War. In 2009 the new Parliament unanimously passed a resolution to prosecute war criminals. The government set up International Crimes Tribunal.

### **Comprehensive view of the bilateral relation today**

**India-Bangladesh:** All relevant issues

(By High Commissioner of B'Desh published in the Hindu newspaper)

### **Security issues**

India's main concern had always been its perception that Bangladesh had, wittingly or otherwise, been providing safe haven for or even abetting, elements of various militant groups from the North-east Indian states who were actively pursuing anti-India activities using Bangladesh as a launching pad. However, the 'Mohajote' (Grand Coalition) government led by Prime Minister Sheikh Hasina considered these same elements as also being inimical to Bangladesh's own security concerns and detrimental to its overall societal development.

The new Government in Bangladesh assured India, in clear, categorical and unambiguous terms that Bangladesh would not allow its territory to be used by any one for carrying out activities inimical to India's security concerns, and enunciated policy of zero-tolerance towards any terrorist activity conducted in or launched from Bangladesh.

The sincerity of that commitment, made in the very early days of the government, has since been more than palpably demonstrated. It has been deeply appreciated by one and all in India. Security concerns do not cast any cloud over our growing relations. Notably, within the overall security rubric, the Home Ministers of the two countries signed an Extradition Treaty in Dhaka in January 2013. Earlier, during the landmark game-changing visit of the Bangladesh Prime Minister to India in January 2010, the two countries had signed an Agreement on Mutual Legal Assistance on Criminal Matters, another Agreement on Transfer of Sentenced Persons, and an Agreement on Combating International Terrorism, Organized Crime and Illicit Drug Trafficking.

### **Boundaries**

India's largest boundary is not with Pakistan or with China; it's with Bangladesh – 4096 kilometers, somewhat tortuously (and insensitively) defined by Sir Cyril Radcliffe on the paper map he was given to draw the partition lines across India in 1947.

Along with this line that cut through the heart of communities (and at some places, incongruously, across what had once been homes), the border drawn by Radcliffe also left some strange land-holdings called enclaves (territory notionally belonging to one side but totally surrounded by the territory of the other), with India having 111 such enclaves in Bangladesh, and Bangladesh having 55 in India; and Adversely Possessed Lands (APLs) – land that had been habitually used for cultivation or other agrarian activities by people of a community who suddenly found a fence drawn across it and they being technically in wrongful possession of it by virtue of the Radcliffe "award".

In 2009, there were still 6.5 kilometers of demarcated border. The problem of the enclaves had become more complicated, by virtue of increasing populations since 1947 – some 50,000 people on both sides were virtually "stateless".

Effectively, the question of territory became increasingly irrelevant in the face of the denial of basic human rights and governance benefits to these people – coupled with forced cessation of traditional seasonal economic activities that used to define them prior to the Partition of 1947.

In 1974, the Indira-Mujib accord on land boundaries had sought to resolve the legacy left behind by the Radcliffe Award, but this remained largely unaddressed after the assassination in 1975 of Bangladesh's Father of the Nation, Sheikh Mujibur Rahman. Operationalizing the provisions of the Land boundary Agreement of 1974 became a priority agenda item for me.

In the new atmosphere of trust emanating from having satisfactorily addressed hitherto vexing security-related issues, both sides were also able, together, to resolve all boundary related issues amicably and to their mutual satisfaction, and to this effect signed the Protocol to the LBA of 1974 on September 6, 2011 in Dhaka in the presence of the two Prime Ministers.

However, "straightening" of the border line, that involves each country absorbing de jure the enclaves with their respective populations that they had hitherto held hostage de facto, and accepting the Radcliffe line largely (with minor modifications in the APLs), as well as finally signing off on all strip maps relating to the finally demarcated border, also requires constitutional ratification in Parliament by both sides.

In Bangladesh, it is a relatively simple procedure, and has been done. But it still remains to be ratified by the Indian Parliament. In terms of managing the border, the job of the two forces guarding it from either side is primarily to maintain the inviolability and integrity of the zero-line on the border. Both sides now need their district administrations to manage activities along the border within the parameters of their respective legal systems. This requires that different units of the district administration (dealing with customs, immigration, narcotics, anti-terrorism, trafficking of all types of contraband, etc) should have periodic meetings at regular intervals with their counterparts on the other side of the border. The Home Ministers of both countries, therefore, has so decided to reactivate a practice that had for long been discontinued. With this more holistic approach to border management, our borders henceforth will become a shining and outstandingly commendable border of peace, tranquility and friendship rather than otherwise. Another related but left-over problem from earlier times was the Tin Bigha corridor issue, which involved allowing unfettered access of Bangladeshis in the Dahagram-Angarpota territories of Bangladesh to the Bangladesh mainland around the clock from the previous very restrictive arrangement. Simple traffic management principles were applied to a "problem" that need never have become a problem and 24-hour access by citizens of both sides to their respective territories is now available since it was initiated in 2011.

### **Waters**

In 1995, the sharing of the Ganges water had become the one issue which virtually held hostage forward movement on all other areas. With the election of the Awami League-led coalition to power and forming the government in June, 1996, the two sides were able to very speedily arrive at a 30-year Treaty on Ganges Water sharing within six months, on December 12, 1996. Resolving amicably the festering Ganga issue opened the space for also successfully resolving the cross-border insurgency problem with the signing of the Chittagong Hill Tracts accord in December 1997.

This time, Sheikh Hasina's government took on the task of arriving at an interim accord on the Teesta River (that flows from Sikkim, across West Bengal into Bangladesh).

The two sides did arrive at an agreed draft in early 2011 for an interim sharing agreement for fifteen years that was initialed by the senior officials (Secretaries of the respective Water Resources ministries) of the two sides, but it is still awaiting final signature pending the Union government arriving at a satisfactory understanding on the issue with the government of West Bengal. Bangladesh and India share 54 rivers between them, and so far we have been able to resolve only the sharing of waters of one river (Ganges) and arrive at an agreed draft interim agreement on a second (Teesta). But our approach to addressing our waters issues has graduated from piecemeal and individually addressing questions of sharing of river waters to managing them basin wise. This stems from the realization that while, rhetorically, "sharing" connotes a division of these fluid assets, "managing" connotes common ownership involving optimal management and use of a common resource.



This change of the rhetoric, immediately, impacts the way we look at the issue, psychologically shifting the focus away from contentious division of resources to cooperatively optimizing management and use of available waters, which then bind us together rather than dividing us against each other. With real-time sharing of flood data, fruits have started to be borne already.

The proposed Tipaimukh hydro-electric dam in Manipur on the Barak river that we share was another festering irritant, governed by deep-seated mistrust, India's assurance of no-harm and offer to Bangladesh to become a share-holder in the project notwithstanding.

A sub-committee under the Joint Rivers Commission has been formed to study and look into all aspects of this proposed project. Should the experts come to a consensus conclusion on it, next steps would be contemplated.

### **Trade and connectivity**

The hugely yawning trade gap has been always a rankling matter for Bangladeshis. When I came here, Indian formal exports to Bangladesh amounted to about US\$4 billion (with an additional US\$4 billion of "informal" exports to Bangladesh), while Bangladesh's total exports to India was around US\$350 million. During Prime Minister Manmohan Singh's visit to Bangladesh in September 2011, he announced removal of 46 textile items from India's negative list which was hugely appreciated by Bangladesh. Soon after, at the SAARC summit in Male, India went the extra mile and announced virtually all but 25 items being removed from the SAFTA Sensitive list in respect of the LDC countries. Already Bangladeshi exports to India have crossed the US\$ 500 million mark, and may even reach the magical one billion figure in the foreseeable future. The positive effect of this far-sighted decision on the Bangladeshi psyche is incalculable.

To revive traditional community trading that used to exist prior to the 1947 Partition, Bangladesh and India has also started 'Border Haats', initially on a pilot basis – in the Meghalaya and Tripura sectors. These haats are not only helping to convert former "informal" trade into formal trade now, but more importantly serve the most useful function of expanding the spaces of mutual trust and comfort with each other.

Any expansion of trade would automatically involve operationalization of carriageways to facilitate movement of goods and services across, as well as meaningfully linking, our respective territories. For the first time in recent history, Bangladesh has offered itself as a bridge as well as tele-communication hub, linking the Northeast with mainland India, linking South Asia with Southeast Asia and beyond, and opening up the vast potentials of trade and economic interlocation that still remain untapped. We have offered the use of Chittagong and Mongla ports for use by India and landlocked Nepal and Bhutan to facilitate trade; the construction of Akhaura-Agartala rail linkage is well underway, while the resuscitation of several other dormant but long atrophied rail links are under discussion. The Maitree passenger train service between Dhaka and Kolkata has already been under operation for the last several years, and reviving some other historically popular routes (like Khulna-Kolkata) and opening new ones (between Agartala in Tripura and Ramgarh in Chittagong) is under contemplation.

Bus services have been in operation between Calcutta and Agartala via Dhaka from the time of Sheikh Hasina's first term in office (1996-2001). A similar service between Guwahati-Shillong-Sylhet-Dhaka is currently under discussion.

New ports-of-calls have been added in our Inland Water Transport and Transit agreement, and additional ports are under consideration. A coastal shipping agreement is under discussion, linking ports across our long but contiguously shared coastline on the Bay of Bengal. Work is well underway to putting in place the infrastructure and supporting hardware needed to concretize that shared vision and transform it into reality. Most of the US\$ 1 billion Line of Credit (\$200 million of which was converted into outright grant) is being used towards fulfillment of this grand design.

When completed, one could well envisage a continuation of these connectivities to eventually heralding the revival of the ancient Silk Route that had once connected Asia with Europe. Trade connectivity is inextricably intertwined and linked with increasing people-to-people connectivity. Towards that end, the two countries have, in January 2013, signed the Revised Travel Agreement that vastly eases travel restrictions that had hitherto existed and had virtually held our peoples "boundary-locked". Five years multiple entry business and investors visa, visa on arrival to diplomatic and official passport holders, two-years multiple entry educational visas to students (renewable on annual basis thereafter), long term multiple entry visa for medical treatment with accompanying attendants, and three months multiple entry tourist visas are some of the prominent features of this new RTA.

During the visit of the Prime Minister of India to Bangladesh in September 2011, a comprehensive 'Framework Agreement on Cooperation for Development' that outlines the shared vision for durable and long-term cooperation to achieve mutual peace, prosperity and stability was signed by the two sides. In terms of this remarkable document, the two sides agreed to set up a Joint working Group on Trade and Connectivity to look into all aspects of trade and related connectivity issues with a view to addressing them jointly. During the visit of Indian External Affairs Minister to Dhaka in February 2013, the formation of this JWG was announced. The first meeting of this group is likely to be held in a few weeks time.

A most remarkable development was the resounding reaffirmation of the deep cultural connectivity that had historically existed between the peoples of our two countries through jointly celebrating the Sesquicentennial birth anniversary of Gurudev Rabindranath Tagore, the ninetieth anniversary of Bangladesh's national poet Kazi Nazrul Islam's iconic work "Bidrohi" (the Rebel) and the 150<sup>th</sup> birth anniversary of Swami Vivekananda.

### **Energy and Power**

For the first time, Bangladesh will be purchasing 500 MW of power from India. Purchasing power also requires that both countries need to connect their respective power grids.

This too is underway, and everything should be in place to allow power to flow by middle of this year. We have also set up a Joint Working group on power cooperation to explore avenues for joint production as well as more such power exchanges – bringing to table sources such as Sikkim, Meghalaya and Tripura. In principle, Bangladesh has also agreed to linking our respective grids in our east (with Tripura) and more importantly in our north (with Meghalaya-Assam). The northern grid holds the most exciting possibilities for both sides.

It will finally enable India to concretizing plans to tap into the vast potentials of hydro-power in Arunachal Pradesh (estimated at between 50,000 MW\_90,000 MW) and also evacuate it economically across Bangladesh. In return, Bangladesh has requested to obtain a meaningful portion of the power so produced (whether jointly or otherwise). Almost all or most of all that was narrated above was virtually unthinkable just a few years ago. Sub-Regionalism :

Expanding from bilateral cooperation to sub-regional cooperation on water management and hydro-energy harvesting has been one of the most remarkable outcomes of this new relationship between Bangladesh and India, enunciated in the Framework Agreement of September 2011.

This new paradigm envisages Bangladesh convening two sets of tri-nation meetings (the Ganges basin with Bangladesh-India-Nepal; and the Brahmaputra basin with Bangladesh-India-Bhutan), first at technical/senior officials' level, to be followed at higher political level.

## **IBSA**

The forum of developing countries- among India, Brazil and South Africa (IBSA) - was set up under the 'Brasilia Declaration' in 2003. After the failed Cancún Conference of the World Trade Organisation (WTO), developing countries felt the need to strengthen their cooperation in trade, investment and economic diplomacy. The Declaration called for removing protectionist policies and trade distorting practices by improving the multilateral trade system.

India, Brazil and South Africa, representing three major democracies in three different corners of the globe want to promote greater understanding between three important continents of the developing world – Africa, Asia and Latin America.

Ibsa is an example of South-South cooperation.

The Dialogue Forum plays an increasingly important role in the foreign policies of India, Brazil and South Africa. It has become instrumental for promoting ever closer coordination on global issues between three large multicultural and multiracial democracies of Asia, South America and Africa, and contributed to enhancing trilateral India-Brazil-South Africa cooperation in sectoral areas.

It has strategic purposes for India as they campaign for multipolarity; provide energy security; has plans for cooperation on the nuclear energy front and have a greater voice in global affairs as in UN, WTO and climate talks (Basic countries). Ibsa wants linkages with Mercosur (the South American group comprising Brazil, Paraguay, Uruguay, Venezuela and Argentina) and the Southern African Customs Union(SACU).

The three countries, which have a combined population of 1.3 billion, believe they can best achieve results on issues such as world trade talks and push through UN Security Council reforms by working together. Trade between the IBSA grouping was over \$16.1 billion in 2011.

The fifth India-Brazil-South Africa (IBSA) Summit, which was held in Pretoria in October 2011, has come out with a declaration on major global issues with focus on reforms of multilateral organisations, including the UN Security Council (UNSC), the IMF and the World Bank to give greater voice to emerging countries like India. The Summit came out with the Tshwane Declaration following the discussions between the leaders of India, Prime Minister Manmohan Singh, President Jacob Zuma of South Africa and President Dilma Rousseff of Brazil.

On global governance reform, the three leaders reaffirmed their commitment to increase the participation of developing countries in the decision-making bodies of multilateral institutions.

They underscored the need for urgent reform of the United Nations (UN) to render it more democratic and consistent with the current geopolitical reality. They particularly emphasized that no reform of the United Nations will be complete without a reform of the UNSC, including an expansion in both the permanent and non-permanent categories of its membership, with increased participation of developing countries in both.

IBSA, as like-minded countries, will continue to strive to contribute to a new world order whose political, economic and financial architecture is more inclusive, representative and legitimate, the declaration stated.

It also called for the early implementation of the targets for the reform of the International Monetary Fund (IMF) in order to ensure that the body is democratic, responsive and accountable. The leaders reiterated that the governing structure of the Fund should reflect the changed realities of the global economy in the 21st century, through the increased voice and representation of emerging economies and developing countries.

Manmohan Singh said that there has been steady growth in the three economies despite the global economic slowdown and intra-IBSA trade has almost touched the \$20 billion dollar mark, the Indian prime minister said. The IBSA countries have set a target of \$25 billion by 2015.

India will host the next IBSA summit in 2013. The 2013 May Delhi summit was postponed.

This year marks the 10th anniversary of the grouping which was created with the objective to promoting South-South trade in services, goods, investment and energy. The IBSA Summit was expected to focus on greater enhancement of trade in services among the three emerging power houses.

### **IBSAMAR**

It is the Maritime Component of the India, Brazil and South African (IBSA), initiative for increasing interoperability and enhancing understanding and cooperation among the Navies of the three nations. The Navies of the India, Brazil and South Africa participated in a multilateral exercise, which has been christened "IBSAMAR".

## **Track 1, 2, 3 and 4 diplomacy**

Traditional Diplomacy has, for centuries, involved talks in closed chambers between the rulers of countries, or their designated representatives, to resolve differences, forge alliances and put in place new architecture for cooperation and coexistence, after conflicts. But, in the contemporary world, civil society activists, academics, politicians, corporate business representatives and persons well versed in the conduct of international relations play an increasingly important role in influencing and moulding the foreign and security policies of nations. In the present day, therefore, contacts between designated Government representatives are very often complemented by inputs resulting from meetings between non-official representatives of countries. On many occasions, when Governments wish to avoid publicity, or seek to informally ascertain the positions of others, before entering into the realm of official and formal talks, they utilize informal channels, using trusted and reliable individuals and institutions for planning out their negotiating strategies. Equally, when civil society institutions feel adequately concerned about situations getting out of hand, they take the initiative for contacting counterparts abroad, to ascertain whether they can contribute to easing tensions, or promoting cooperation. Such moves are the basis for what is now popularly known as Track 2 Diplomacy.

Track 2 Diplomacy has an invaluable role to play when traditional instruments of negotiation, mediation and conflict management become ineffective and need to be supplemented. In some cases, the causes of the conflict are so deep rooted that official negotiators do not have negotiating room politically, to seek de-escalation or resolution. This is especially so, when a society may be too divided to permit bold initiatives for de-escalation, or the conflict itself may be intertwined with other global or regional conflicts. Traditional negotiation and mediation may be suited for resolving issues like power sharing, poverty and equitable distribution of resources and wealth. But on issues where the

very identity of nations are involved, as in the case of Jammu and Kashmir, it is necessary to have mechanisms and groups which can seek to change the parameters of existing discourse, by influencing public opinion on the need to look at imaginative alternatives to what is regarded as conventional wisdom. But it is important, here, to emphasize the limitations of such efforts and initiatives, especially when important and influential sections of State machinery develop a vested interest in perpetuating, promoting and prolonging differences, tensions and conflict.

### **Following are the definitions:**

Track one diplomacy is between the governments.

Track II diplomacy is a specific kind of informal diplomacy, in which non-officials (academic scholars, retired civil and military officials, public figures, social activists) engage in dialogue, with the aim of conflict resolution, or confidence-building. Sometimes governments may fund such Track II exchanges. They discuss on lines that governments agree.

Track 1½" intermediation typically involves official actors who interact in their informal capacity. Sometimes the exchanges may have no connection at all with governments, or may even act in defiance of governments; such exchanges are called Track III.

Track 4 is about creating a congenial atmosphere through people-to-people contacts in order to facilitate conflict avoidance or resolution. The objective of track 4 is not to find a solution, but to lessen or remove the tensions and distrust in the atmosphere, in the hope that this would facilitate a search for an accord through any of the other three tracks.

Aman ki Asha(2010), the peace initiative of the Jang Group of Pakistan and the Times of India, is an example of Track 2 diplomacy. Issues of trade and commerce, of investments, of financial infrastructure, of cultural exchanges, of religious and medical tourism, of free movement of ideas, of visa regimes, of sporting ties, of connectivity, of reviving existing routes, of market access, of separated families, of the plight of prisoners, were part of our initial agenda.

## **BCIM**

The **Bangladesh–China–India–Myanmar Forum for Regional Cooperation (BCIM)** is a sub-regional organisation of Asian nations aimed at greater integration of trade and investment between the four countries

### **India-LA**

Geographical distance between India and Latin America explains the low key relation between the two.

Trade between India and Latin America and Caribbean is to double to \$50 b from the 2012 figure of 25 billion dollars. India's total investments in Latin America are estimated to be around 16 billion US dollars, mainly in hydrocarbons, mining, IT and pharmaceuticals. India also set up information technology centres in 12 countries in the region.

Among the Latin American countries, Brazil, the biggest economy of the region and a co-member with India in Brics and Ibsa, has about \$9.1b trade with India.



South-South cooperation and a new international economic order united us in 1970' and 80's. Both India and Latin America have shown resilience to the turmoil in the US and European Union but needs to develop mutual ties for long term growth prospects.

US slow down and Eurozone crisis have crippled their economies and thus India should diversify its relations-political and economic with Latin America which has a market of 580 million people, a GDP of 4.9 trillion dollars. Latin America is a region where China, looking for precious gas, oil and mineral resources, has made entry long before India has done. China's trade with Latin America and Caribbean is ten times higher than that of India.

Latin American and the Caribbean countries are looking forward to India's cost-effective and yet quality technology to harness their natural resources.

Latin America's huge available agricultural land offers India huge opportunity in cooperation for a mutually beneficial partnership in the farming and food processing sectors.

Indian diaspora in the Caribbean countries is another bond.

### **Celac**

Community of Latin American and Caribbean States (CELAC) is a newly formed regional group comprising of 33 Sovereign States of Latin America and the Caribbean region (LAC) region. Chile holds the pro-tempore Presidency of CELAC till January 2013. LAC has a land mass 5 times that of India and is endowed with vast mineral resources and hydrocarbons. It has about 600 million inhabitants.

The First India-CELAC Troika Foreign Ministerial Meeting was held on August 7, 2012 in New Delhi.

India's relations with the Community of Latin American and Caribbean States (CELAC) are on course of improvement. Celac is rich in mineral and hydrocarbons.

Current chair of CELAC is Chile's Foreign Minister Alfredo Charme .CELAC countries share common positions with India on U.N. reforms, the international financial crisis, climate change and international terrorism. And trade with India is just one-tenth that with China, which means both sides need to improve on their existing trade agreements. Formed less than a year ago, the process of grouping 33 countries of Latin America and the Caribbean minus the U.S. and Canada has been a decade-long endeavour aimed at evolving as an alternative to the Washington-headquartered Organisation of American States (OAS), which many of these nations believe is too much in America's shadow. CELAC also keeps out territories controlled by the former colonial powers such as the U.K., France and the Netherlands.

The meeting saw both sides agreeing to set up joint committees in half-a-dozen sectors, including trade, agriculture and energy security. They agreed on eliminating middle men in commodity trade and India's offer to help CELAC members locate and estimate their mineral resources by using remote sensing satellites.

Latin America, and in particular South America, is becoming a significant source of natural resources for India — oil, copper, soya, and iron ore, among others. The demand for food will continue to expand exponentially in India. It is possible for Latin America to move up the value chain in this area, and start to export more sophisticated and elaborate farm products. Food security will emerge as a critical issue in years to come, and India-LAC partnerships in this area could be highly profitable. The Latin American industry also needs to get into the Asian value chains that have become such a critical part of international trade.

Interesting differences between Chinese and Indian outward FDI. These show the special opportunities Indian capital offers to LAC. They are basically three: 1) Indian FDI is largely fuelled by supply and demand and private companies, whereas the Chinese one is mostly led by government 2) India's FDI goes mostly to the developed world and to manufacturing and services, whereas Chinese FDI is mainly geared to developing countries and mining, and 3) India's comparative advantages lie in its corporate governance and management, whereas China's are in government strategy and economic diplomacy.

India's IT and IT-enabled services industry have played a major role in India's outward expansion — and Latin America has benefited. TCS has established a presence in eight of the larger Latin American countries; Wipro and Evalueserve, among others, are also there. This implies significant technology transfer in a cutting-edge economic sector.

India and the Latin American countries are facing similar challenges in sectors like infrastructure, technology and skill development.

25 billion USD trade volume is only 10 per cent of China - Latin America trade and it is less than one per cent of total external trade of Latin America and the Caribbean.

Indian business is convinced that a New Latin America has emerged with stronger macroeconomic fundamentals, less vulnerability to external shocks and is on a sustainable course of growth and prosperity. The Indian companies will target Latin America even more vigorously.

India began 2012 with the visit of the Prime Minister of Trinidad and Tobago and the President of Brazil- Dilma. Prime Minister Manmohan Singh visited Mexico for the G-20 and Rio for Rio Plus Summit.

## **India-Russia Relations**

Bilateral ties with Russia are a key pillar of India's foreign policy. India views Russia as a time-tested, trustworthy and reliable strategic partner. The two countries closely cooperate in diverse spheres, including defence, civil nuclear energy, space, science and technology, hydrocarbons, trade and investment, cultural and humanitarian fields, etc. To consolidate and advance the multifaceted bilateral ties, several dialogue mechanisms, operating both at the political and official levels have been instituted to ensure regular interaction and follow up on our cooperation activities.

### **Annual Summits**

The system of Annual Summit meetings between the Prime Minister of India and the President of the Russian Federation is the highest and most important mechanism for bilateral interaction, with

meetings held alternately in India and Russia. Since the year 2000, eleven Summits have taken place. The 13<sup>th</sup> Annual Summit was held in December 2012 in Delhi.

The thirteenth Indo-Russian Summit came as the stakes in the extended neighbourhood are growing higher – Afghanistan, Iran, and the broader West Asian region are all in a state of flux that has serious implications for both India and Russia. Similar stakes are in play in the East.

There are serious attempts ongoing at all levels to find ways to deepen the engagement, and to find solutions to issues of relevance over the past few years – the Vikramaditya, the nuclear liability, the low levels of trade and investment, etc. So, too, are the benefits of the cooperation, whether it is INS Chakra, or Brahmos, or diplomatic support on key issues like permanent membership of the UN Security Council.

There are also problematic issues that need to be addressed, and were discussed in some detail. Apart from the issues of our defence cooperation, there were the nuclear liability question, and that of the 2G license for the Sistema-majority owned SSTL.

There was welcome progress on the purchase of LNG from Russia.

Another noteworthy outcome of the visit was the reference to the discussions between India and the Eurasian Economic Commission on a possible Comprehensive Economic Cooperation Agreement. Now that Russia has formed the Customs Union with Belarus and Kazakhstan, it is a good time to launch another such examination. This can provide answers to the current slow growth of economic relations between India and Russia.

First issue of importance for bilateral coordination is Afghanistan. The second issue of concern flows from the Iran situation, and the related one of Syria's future. During the Putin visit, the two sides found agreement on Iran's right to peaceful uses of, and research in, nuclear energy, while calling for all issues to be settled by peaceful means only. On Syria, too, there is common ground in terms of the UN Resolutions and a call to all sides to seek a peaceful settlement. The last substantive issue relating to the immediate neighbourhood is that of the so-called New Silk Road strategy for South and Central Asia. The Russians have their own approach to the region, and they are themselves keen to develop ties between the two regions. They call it CASA, and are keen to begin by selling surplus electricity from Tajikistan to Pakistan. They have a quadrilateral of their own – themselves, Afghanistan, Pakistan and Tajikistan – which has been pushing this project for several years now. It was under this rubric that President Putin was to visit Pakistan earlier in October last year. These transport and other linkages have been much in contention ever since the break-up of the Soviet Union, and are invested with heavy geo-strategic significance.

There is also the emerging situation in the Asia-Pacific Region. America and some of the other key members in the region have been promoting the idea of a Concert of Democracies to stabilise future developments in the area. Much of this is driven by concerns over how China will evolve as it grows both economically and militarily.

### **New silk road**

India has backed a multinational initiative to build a multi-billion dollar network of roads, railways and gas pipelines linking the resource-rich Central Asia with the continent's fast-growing economies

in south Asia — a project that its advocates describe as a “New Silk Road,” a modern version of the historic trade routes.

The project would develop the building blocks of the vision for Afghanistan as a hub linking Central and South Asia through pipelines, trade and transit routes for the common good of the people of south Asia and the world.

The new network would allow Afghanistan and other Central Asian states to attract new sources of foreign private sector investment and access markets abroad.

Indian firms are already bidding for the development of the Hajigak iron ore mines in Afghanistan, while Chinese corporations have begun work on a \$3 billion investment to tap the country's copper.

New Delhi has also signed on to an \$7.6 billion project to build a 2,000-kilometre pipeline that will bring some 70 billion cubic metres of gas each year from Turkmenistan's Daulatabad fields to India, via Afghanistan and Pakistan. The construction of the pipeline, which will run through some 700 kilometres of Afghan territory and another 800 kilometres of Pakistan, is dogged by security concerns.

The highways and rail links the “New Silk Route” projects envisage will also give Europe a level of direct access to Central Asia it has not enjoyed since at least the sixteenth century.

### **Joint Fund**

When Putin visited for annual summit in December 2012, Russian sovereign wealth fund Russian Direct Investment Fund (RDIF) signed a pact with State Bank of India (SBI) for setting up a \$2 billion investment consortium for promoting investments between the two nations.

The RDIF and SBI would each invest up to \$1 billion in the consortium. The entities would team up to facilitate access to long-term capital in Russia and India and actively promote mutual investments.

### **Glonass**

Russia has offered India joint participation in development of its GLONASS satellite navigation system on an equal basis. The Global Navigation Satellite System, which was officially launched in 1993, is a Russian counterpart to the U.S. Global Positioning System (GPS). It fixes the location and speed of surface, sea and air objects to within an accuracy of one meter. Russia and India have been cooperating on use of GLONASS for more than four years.

FGFA (Fifth Generation Fighter Aircraft) project, a joint Indo-Russian project will cost \$35 billion to the two sides on 50:50 basis. The ambitious project entails joint production of one thousand aircraft over the next four decades, two hundred each for Russia and India and six hundred for sale to other countries. A Memorandum of Understanding (MoU) has been signed between India's Hindustan Aeronautics Ltd (HAL) and Russia's Rosoboronexport and Sukhoi. A formal agreement on FGFA project may be signed between Putin and Singh during Putin's November 2012 visit for the 13<sup>th</sup> summit.

The commercial relations between India and Russia are strengthening steadily over the past few years, evidently a result of the Indo-Russian Inter-Governmental Commission on Trade, Economic,

Scientific, Technological and Cultural Cooperation (IRIGC-TEC) set up in 2007. The bilateral trade has been growing steadily – from US\$ 7.5 billion in 2009 to cross US\$ 15 billion in 2012.

### **Details**

#### **Defence Cooperation**

India is one of the largest buyers of Russian military equipment and systems. Indo-Russian cooperation in this sphere has transformed from a simple buyer-seller framework to a more elaborate and advanced cooperation involving joint R&D and joint production and marketing of state of the art defence technologies and systems. Two sides are to jointly develop the Fifth-Generation Fighter Aircraft. (Given above)

BrahMos missile system is another shining example of this collaboration. A host of flagship projects testifying to this fundamental transformation are underway, e.g., the Fifth Generation Fighter Aircraft project, the Multi-Role Transport Aircraft project, and projects for the manufacture of Brahmos missiles, T-90 tanks and SU-30MKI fighter aircraft in India.

Delivery of the aircraft carrier INS Vikramaditya (ex Admiral Gorshkov) is due and is undergoing sea trials.

The India-Russia Inter Governmental Commission on Military Technical Cooperation (IRIGC-MTC), co-chaired by Raksha Mantri and the Russian Defence Minister is the main institutional mechanism for interaction in this area.

Advanced fifth generation fighter aircraft (FGFA) is intended to compete with the US F-22 Raptor and the under production F-35 Lightning II. Both aircraft are manufactured by a consortium led by Lockheed Martin.

The Sukhoi PAK FA "Prospective Airborne Complex of Frontline Aviation" is a twin-engine jet fighter being developed by Sukhoi. The current prototype is Sukhoi's T-50. The PAK FA, when fully developed, is intended to be the successor to the MiG-29 and Su-27 and serve as the basis of the Sukhoi/HAL FGFA being developed with India. A fifth generation jet fighter, the T-50 performed its first flight 29 January 2010.

(A fifth-generation jet fighter is a fighter aircraft classification used in the United States encompassing the most advanced generation of fighter aircraft. Fifth-generation aircraft are the most advanced as of 2011, designed to incorporate numerous technological advancements over the class similarly dubbed *fourth generation*, including all-aspect stealth even when armed, Low Probability of Intercept Radar (LPIR), high-performance air frames, advanced avionics features, and highly integrated computer systems capable of networking with other elements within the theater of war in order to achieve an advantage in situational awareness. The only currently combat-ready fifth-generation fighter, the Lockheed Martin F-22 Raptor.

Ever-growing number of Indo-Russian joint projects, including the BrahMos supersonic cruise missile, the Akula-II class "Nerpa" attack nuclear submarine, the multi-role transport aircraft (MTA) and the fifth-generation fighter aircraft (FGFA), Perspective Aviation Complex for Frontline Aviation (PAK-FA), T-50.

In April 2012, Defence Minister formally inducted the 8,000-tonne Russian "K-152 Nerpa" (renamed INS Chakra) nuclear submarine into the Indian Navy, giving its underwater combat capabilities the much-needed muscle, and making it the sixth navy in the world to operate such a vessel. The long-awaited vessel is on a 10-year lease from Russia at a cost of nearly \$1 billion.

The Indian Navy now awaits the delivery of the retrofitted heavy aircraft carrier Admiral Gorshkov. The sea trials of Gorshkov started in 2012 May and the trials of all the carrier's aircraft systems are also launched. Under the sea trials, the checks of the carrier's aircraft systems will include landing tests of the MiG-29K fighters and Ka-31 and Ka-27 naval helicopters on the flight deck.

In September 2013, aircraft carrier INS Vikramaditya completed all its trials in Russia.

Among the trials completed include take off and landing of MiG029K aircraft, and full power test of the carrier.

The Russian side had earlier assured India that they were working towards handing over the warship, which is delayed by almost five years, by the middle of November.

Admiral Gorshkov, now rechristened INS Vikramaditya will be deployed at the strategic Karwar naval base in Karnataka.

Russian-built new frigate Teg (Sabre) was built for the Indian Navy at the Baltic Shipyard Yantar in Kaliningrad and handed over to India in 2012 April. Teg is equipped with BrahMos supersonic cruise missiles.

The \$1.5 billion deal envisages the construction of three warships. Teg, Tarkash (Quiver) and Trikan (Bow). They are to be handed over to India in the autumn of 2012 and the spring of 2013, respectively.

### **Nuclear Cooperation**

Russia has been trusted partner for India in the field of nuclear energy the Kudankulam Nuclear Power Project is a fine example of this cooperation. Units 1&2 of the KKNP (VVER 1000 units) built with Russian collaboration are currently undergoing pre-commissioning testing and are expected to be commissioned in the near future. Units 3&4 at Kudankulam are also being funded by Russia.

Russia recognizes India's status as a country with advanced nuclear technology and vast industrial potential in the nuclear field, and also acknowledges India's clean track record in non-proliferation. Russia supports India's candidature to all export control regimes, including the NSG. In 2011, the two countries signed a MoU on Russian cooperation in India's 'Global Centre for Nuclear Power' initiative. Global Centre for Nuclear Energy Partnership (GCNEP) is under construction at Kheri Jasaur, near Bahadurgarh, Haryana, India. The centre consists of five schools for advance research, study and training of nuclear systems and facilities.

The Kudankulam Nuclear Power Plant (KNPP) Unit-I is set to begin production by October 2013. Unit-I had achieved criticality on July 13. The second unit is expected to go on stream by June 2014. Kudankulam is a 2,000 Mw project comprising Unit-I and II, each of which will generate 1,000 Mw.



power. Unit-I will generate 250 Mw power. Another plan is to set up four more units of 1,000 Mw each. Once those are ready, the Kudankulam plant will have six reactors in all. For commissioning the third and fourth units, talks between the governments of India and Russia are in the advanced stage.

### **Space**

Russia gave India cryogenic engines that are still being used by India. India and Russia have been collaborating in several high-technology based space projects. Russia gave us cryogenic engines to power the GSLVs. Under the aegis of Inter Governmental Agreement signed in 2004, Russia and India cooperated in the Chandrayan-1 project and are 3 currently involved in the joint development of the Chandrayan-2 project that will place an Indian rover-craft and a Russian lander-module on the surface of Moon. Additionally the two countries have been cooperating on the Human Space Flight Project (HSP). On 20 th April 2011, the jointly developed Indian-Russian Student Satellite "Youthsat" was successfully launched by India with its PSLV rocket. The two countries have been cooperating on the civilian applications of GLONASS with programmes for joint development and launch of satellites, and joint manufacture of receiving equipments.

### **Economic Cooperation**

Bilateral trade in the year 2012 is at USD 11 billion – nearly double from 2007. During the year 2010 Russian exports to India amounted to USD 6.392 billion and imports from India to Russia amounted to USD 2.142 billion. Target for 2015 is \$ 20b. The two-way investment between the two countries stood at approximately USD 7.8 billion. However, there is realization on both sides that there is a vast potential for substantial increase in the volumes of trade and investment, given the size of the two economies. The two countries set a target of USD 20 billion worth of bilateral trade by 2015. Both sides also realize that considerable potential exists for cooperation in the fields of modernization, energy, pharmaceuticals, IT, aerospace, agriculture etc.

The Indo-Russian Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC-TEC), co-Chaired by External Affairs Minister on the Indian side and the Deputy Prime Minister of Russia Sergei Ivanov on the Russian side, is the main institutional mechanism supervising cooperation in the area of economic cooperation. The IRIGC-TEC integrates inputs from six working groups on economic and trade cooperation, mines and metallurgy, energy, tourism and culture, science and technology, and IT. Indo-Russian Forum on Trade and Investment and the India-Russia CEO's Council are the two primary mechanisms for promotion of direct business to business contacts between the two countries. In addition, mechanisms such as the India-Russia Business Council etc also exist.

Indian investments in Russia are estimated at US\$ 6.5 billion, predominantly in the energy sector, but also in mining, engineering products, agro-products and pharmaceuticals. There have been encouraging trends in recent Russian investments into India, with about US\$ 1 billion of investment taking place, primarily in telecommunications sector, besides the automobile, energy and mining sectors. Recently, Indian company NMDC Ltd and SEVERSTAL of Russia have agreed to set up a joint venture for an integrated steel plant in Karnataka at an estimated cost US\$ 3 billion.

An important issue has come up as a setback-mild- to the relation: Russian telecom company Sistema, which has made multi-billion dollar investment in India – using the Russian taxpayers' money– is caught in the 2G scam.

India is in talks with Russia to promote free trade and seek Russian participation in the Delhi-Mumbai Industrial Corridor

India is in discussions for comprehensive economic cooperation agreement (CECA) between India and the Customs Union, which comprises Russia, Kazakhstan and Belarus.

India is keen on gaining a foothold in the Russian diamond industry. In recent years, it has emerged as the biggest consumer of Russian rough diamonds.

India also mooted plans to set up a titanium joint venture with Russia in Odisha.

### **Energy sector cooperation**

The energy sector illustrates the strong complementarities between our economies – Russia is a major producer of energy, while India is one of the fastest growing energy consumers. It also provides an excellent vehicle for a quantum increase in bilateral trade, investment and business-to-business ties. While our countries are successfully collaborating in nuclear energy, we have also made a good beginning in hydrocarbons. India's ONGC Videsh Ltd (OVL) has made a large investment in Sakhalin-I and bought Imperial Energy, which operates in the Tomsk region of Western Siberia. OVL also concluded a Framework Agreement on Cooperation in the Hydrocarbon Sector with Russia's JSFC Sistema during the same Annual Summit. During Putin's visit in december 2012, LNG deal was signed. (See above)

The Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project is relevant for India in the context of our quest for enhanced energy security as well as greater regional cooperation. Russia is interested in financing it.

### **Strategic convergence**

India and Russia are closely aligned on the following

- Victims of terrorism whose epicentre is in Pakistan
- Regional solution to Afghanistan
- Supports India on Kashmir
- Supports India's permanent membership of UNSC
- Nuclear, space and defence relation
- Supports India's admission to SCO, NSG, MTCR etc.

