

Transitions and Interdependence

India and its Neighbours



Asian Relations Conference – V

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&

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Asian Relations Conference V

The fifth ICWA-IPCS Asian Relations Conference focuses on the theme, 'Transitions and Interdependence: India and its Neighbours'. The years 2013 and 2014 appear to be 'years of hope' for South Asia, as many countries in the region have held successful elections in 2013, while others will go to polls in 2014.

India, as an important stakeholder in the region, is keenly observing the ongoing transitions in its neighbourhood. In this context, this conference aimed to facilitate a debate on the issue of transitions in India and the neighbourhood, and its implications for regional security, stability, and development.

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Contents

Welcome Remarks:

Ambassador Rajiv K. Bhatia

Professor S. D. Muni

Ambassador Sheel Kant Sharma

Keynote Address:

Ambassador Kanwal Sibal

Session I:

Transitions and Interdependence: A
Macro View

Session II:

Foreign Policy Challenges

Session III:

Civil-Military Dynamics

Session IV:

Socio-Political Outlook

Session V:

Economic Landscape

Session VI:

Enablers: Governance and Institutions

Session VII:

Regional Cooperation: A Panel Discussion



Indian Council of World Affairs

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New Delhi

Asian Relations Conference-V trained the spotlight on the current transitions in South Asia, reflected in a series of elections that took place in various countries. The last in the series will be held in India shortly. The focus of deliberations was not merely on elections but also on the socio-economic, institutional, governance and foreign policy challenges that test the region's capabilities and impinge on its prospects for stability, integration and prosperity. While interdependence was accepted as a given, the broad consensus among participants emerged that South Asia's nation-states would need to strive harder in order to achieve their shared goals and to fulfil their linked destiny. This short report, we hope, will be of interest, both to participants and others who could not attend the conference. We shall follow it up with a full-length volume comprising the Papers presented and the rich dialogue that followed. May I also record our deep appreciation for the valuable support of our partner institution, IPCS.

Rajiv K. Bhatia
Director General, ICWA
1 April 2014



IPCS

INSTITUTE OF PEACE AND CONFLICT STUDIES

It has been a great privilege and honour for the Institute of Peace and Conflict Studies (IPCS) to collaborate with the Indian Council of World Affairs (ICWA) in organising the Asian Relations Conference -V. The workshop witnessed healthy discussion and debate between scholars from far and within India and South Asia. Some scholars put technology to good use and partook in the discussions via Skype as well. The workshop focussed on larger regional trends and growing interdependence. Given the multiple transitions taking place within the region, and in the extended neighbourhood, developments, whether in one country or the region as a whole, are likely to affect everyone; and the scope is so wide as to include issues involving environmental concerns to democratisation, and inclusive politics. The primary objective of this report is to provide the highlights of the discussion, even as IPCS and ICWA work towards producing a larger volume based on initial remarks and subsequent discussions.

D Suba Chandran
Director, IPCS
1 April 2014

Transitions and Interdependence: India and its Neighbours



Transitions and Interdependence
Ambassador Rajiv K. Bhatia
Director General, Indian Council of World Affairs, New Delhi

We all are aware that international politics is in a flux; that a monumental power shift from “the West to the Rest” is in the process of unfolding today. In this context, the transitions in South Asia at present are particularly noteworthy, deserving of collective reflection. The year 2014 has rightly been described as “The Year of the Voter” in South Asia.

Between mid-2013 and mid-2014, most countries of the region namely Bhutan, Maldives, Nepal, Pakistan, Bangladesh, Afghanistan and India would have completed their national elections. Afghanistan would not only go through elections but also cope with a new reality, the drawdown or withdrawal of international troops after over a decade. Sri Lanka held important provincial election in September 2013 and would start preparing for national elections in 2015. Myanmar, traversing on the reform path, too will face national elections in 2015. As an academic put it aptly: “.....in 2014, very little in South Asia can be taken for granted.”



Domestic political changes are important per se. What is or will be their impact on the concerned country’s external relations, and, therefore, on the region’s peace, security, stability, cooperation and integration are the issues of immense interest of scholars. What this conference aims to do is to adopt a holistic approach transcending the foreign policy domain, and examine the larger social, economic, political and governance environment in order to determine where South Asia is heading.

You would agree that our timing could not have been better. This conference coincides with the meeting of SAARC Foreign Ministers, which is being held currently in Maldives after a gap of about two and a half years. It is expected that the next SAARC Summit will be held later in 2014. There is some disappointment about SAARC, but it is accompanied by a rising realization about the powerful imperatives for the renewal.





Transitions and Interdependence

Professor SD Muni,

Distinguished Fellow, Institute for Defence Studies and Analyses, India

PN Haksar used to say “India and its neighbours are lost in each other’s intestines.” The people of the South Asian region have, in several ways, not been barred by political borders. Approximately 100,000 people cross the India-Pakistan border every year. The Interdependence between India and her neighbours are highly Indo-centric. No two neighbours share such bonds, and that, is also the cause for turbulence, as the contiguities are tilted in India’s favour. The ongoing transitions in South Asia have economic, political and strategic dimensions. The whole of Asia is being stirred by China’s rise and the US rebalances towards the continent. Additionally, the upcoming US withdrawal from Afghanistan has increased the levels of anxiety in the region.

“This transition looks peaceful, but has the ingredients that can make it unmanageable if not controlled in time.”

The principal drivers of transition in the region are an internal quest for modernisation and change, and the race for power. This has pushed us into turbulence of unprecedented natures. The numbers of rich people in the region are increasing without any significant reduction in the numbers of poor people. The rise of the Aam Aadmi party in India is a manifestation of the struggle for reform in India. Dominant personalities are now shattering the set-ups to create democratic structures.

There are several ethnic conflicts plaguing the region at the moment, starting from the Baloch issue, to the Kachin issue to the Rohingya issue. There is a surge in insurgencies based on ideological motivations, across the subcontinent. In Afghanistan, Pakistan, and even Bangladesh, there are efforts to change the economic, social and political systems. India is the transformational power in the South Asian neighbourhood. India’s engagement with its neighbourhood has always been decisive. The liberation of Bangladesh, the annexation of Sikkim, the toning down of the Tamil insurgency in Sri Lanka, and the ushering in of democracy in the Maldives, stand testimony to this argument.

Furthermore, although India’s 1996 Gujral Doctrine was debunked by the successive government, it has been reinstated since. Today, India’s neighbours have been asked to participate in India’s growth; and New Delhi’s economic assistance programs too, have been harmonised. What South Asia needs is for the nations comprising the region to shed their outdated political stigmas vis-à-vis each other, and come together to cooperate and collaborate. South Asia is the most integrated region in the world. However, any breakthroughs that are achieved are quickly undone. There is a need to explore the socio-political roots of anti-Indianism in the neighbourhood.

Bureaucrats have often been unsympathetic to the aspirations of the people. Furthermore, often, India doesn’t know what it wants in the neighbourhood, resulting in the ad hoc nature of policy-making. Policy-makers at the highest levels barely have time for foreign policy, and especially of those directed towards our neighbours. India needs to put its house in order, by way of introspection.

These changes may lead to the neighbourhood going through tumultuous times, but India must deal with it. Most of all, there is a pressing need for discipline and careful identification of socio-political elements in the region that are forward looking and constructive, and nurture them.



Transitions and Interdependence

Ambassador Sheel Kant Sharma
Former Secretary General, SAARC



The conjuncture in the year 2014 is extraordinary. Even with the best of circumstances, the outcome of the transitions due in the region will be far-reaching. Apart from domestic changes post elections, what will happen in Afghanistan post elections and the withdrawal of the foreign forces, will have implications for and outside the region.



Can the regional countries contribute to making these trying times result in a better future?

This is the fourth decade of South Asian regionalism. Although none of the parties fulfil the criterion of inclusiveness, the answer to the fundamental question of 'Why SAARC?' is that the concept is still acceptable to all.



India, being the largest country in the bloc, shouldn't have a doubt regarding where its interests must lie. Over the past decade, when India displayed an action-oriented resolve to enhance cooperation, the responses to the overtures remained way below par.

The level of regional cooperation is extremely low. Additionally, at present, the growth card shows bleak prospects.



In the past few years, there has been a lull in meetings between the high leadership in the region. Hopefully, when Pakistan assumes the SAARC chair position in 2015, there will be some movement. Often, the dealings between India and Pakistan overwhelm everything else in the region. For example, in 2009, Pakistani interest in the SAARC diminished due to its deteriorating relations with India.

Also, despite direct trade between New Delhi and Islamabad crossing a \$2 billion mark, the Most Favoured Nation status issue still hangs mid-air.



However, recently, the India-Bangladesh bilateral trade increased by 35% and the India-Sri Lanka bilateral trade increased by 25%. Afghanistan, seeks unfettered two-way trade with all nations.

There is a need for genuine effort so that South Asian regionalism can make way for increased cooperation. All nations in the region agree to the need for increasing cooperation in trade, people-to-people exchanges etc.



Nobody formally holds objections to these ideas.

There is the phenomenon of the existence of a subliminal South Asian identity among those from the region. The South Asian diaspora is close-knit abroad, where they are administered by other, but are divided when they are in their home countries in the region. In most cases, conversations are tied down by identity issues.

Consequently, even if a meeting resulted in concrete solutions, progress on those lines



is stalled *ex post facto* due to impediments of such natures. This was precisely the reason for the establishment of the South Asian University: to instil a sense of oneness among those from the region.

Afghanistan has frequently pressed for SAARC assistance for the country. The SAARC charter allows for two member-nations to come together to assist a third nation.

The region must take advantage of this, and the SAARC development fund must be utilised, for the better of the region, starting with Afghanistan – and eventually, to build linkages and cooperation.

“Over the past decade, when India displayed an action-oriented resolve to enhance cooperation, the responses to the overtures remained way below par.”

Keynote Address



Transitions and Interdependence
Ambassador Kanwal Sibal
Former Foreign Secretary, Government of India

Transitions, eventually lead to interdependence. Transition usually means moving from one state to another. In this context, what does one have in mind when they speak about the South Asian region?

In India, people might think about the change in the party in power, and how it would affect our relations with our neighbouring countries.

Nepal saw a shift from a monarchy to a Hindu state, and eventually, to a secular state. At present, there is yet another effort at constitution-making, in the process. If Nepal becomes more stable, New Delhi and Kathmandu can cooperate over a wide range of issues.

The upcoming elections in Afghanistan are extremely important for political, military, and economic reasons. Meanwhile, the general elections in Pakistan raised hopes that there would be a stronger civilian government, exerting more control over the military. Now, we must wait and watch whether the change would be towards Islamic polity, or towards something that is preferred.

Bangladesh is going through turmoil, where the incumbent government is trying to hold the Islamic forces back, in the struggle between secular and fundamentalist groups. The Bangladeshi citizens will have to decide if they want to live in an Islamic country or a secular one. However, the struggle is still on, and although held back, we must wait and watch if the fundamentalist Islamist groups revolt.

In Myanmar, although it still remains to be seen if the elections will in fact take place in 2015, and if Aung San Suu Kyi can become the President, there has been progress in efforts towards democratisation and the greater integration of the country in the world order.

Sri Lanka witnessed Sinhala triumphalism following the defeat of the Liberation Tigers of the Tamil



Eelam, and for the first time, faced international pressure. One hopes that there is some balance now, and that the aspirations of the Sri Lankan Tamils are granted recognition.



Maldives, moved towards democracy, and despite the upheaval of 2012, and the election fiasco of 2013, is relatively stable now.



Bhutan underwent a basic transition following the introduction of democratic governance by the then ruling monarchy. What needs to be done is to follow it up with the consolidation of the system and institutions.

In the extended neighbourhood, China saw the change in leadership, but it is unclear if the new leadership is considering a change in thinking vis-à-vis political and economic issues; however, the new leaders have in fact expressed their disapproval of Western values.

What does all this mean in terms of interdependence?



In short, whether interdependence will spread or not is still unclear. In India, if a third front party comes to power, there may be instability, but if current established governments come to power, there might be some stability.

Today, India needs a more firm and better governance. If the Indian economy grows around 8%, it will have a beneficial influence. India's democracy could be seen as increasingly dysfunctional, and that is not a good indication to send out.



In Pakistan, the election of Prime Minister Nawaz Sharif brought hopes of democratic change in the government, relations vis-à-vis the military, India etc. with it. However, in reality, all hopes on these fronts have been belied. Pakistan is still being ravaged, and Sharif's links with the jihadists is rather well-known. Sharif is raising the political ante regarding Kashmir. His outreach to the Taliban and the focus on Kashmir only implied that he might take an approach to Afghanistan that may be problematic for India. Additionally, Islamabad is continuing with its policy of destabilising, by manufacturing tactical nuclear weapons.

Given the nature of the unravelling that's taking place in Pakistan, the prospects of striking a deal over outstanding issues such as the Iran Pakistan India energy pipelines; the Turkmenistan Afghanistan Pakistan India gas pipelines; the sale of power and diesel to Pakistan; transit facilities to Afghanistan and Central Asia; water issues and such, seem bleak.



In Bangladesh, Prime Minister Sheikh Hasina's initiatives towards bringing war criminals to justice are a good sign. Hasina has stood her ground bravely, and is going against the current to retain the secular nature of the country at a time when it is the other way round in the rest of the world. However, despite her efforts to tackle with cross-border terrorism etc., India failed to provide her with support when she most needed it. Interdependence, is hence, not completely guaranteed in this case. The exclusion of the Maoists in Nepal's political process is not good news. However, today, the Nepalis have a more realistic view of federalism, which is encouraging.



In Sri Lanka, although there were elections in the Northern Province in 2013, the government has failed to meet all the clauses of the 13th amendment.

Decentralisation is the need of the hour. Although the politics of Tamil Nadu and its leaders has become an irritant for India-Sri Lanka relations, the bilateral trade volume has increased. Expect greater Indian investment in Sri Lanka in the coming years. New Delhi must also push Colombo to come to a consensus on the Comprehensive Economic Partnership Agreement that they are resisting.

Afghanistan is going through an uncertain time. While there is hope for free and fair elections in the upcoming presidential polls in the country, India will face the issue of figuring out ways to protect our interests in the Afghanistan. Given that India has signed a Strategic Partnership Agreement (SPA) with Afghanistan – its only SPA with a South Asian nation – interdependence is possible. However, interdependence in its true meaning can take place only if Pakistan agrees to provide transit corridors to India to reach Afghanistan. If it doesn't, our only choice is through Iran's Chabahar port.

Although Myanmar's transition to complete democracy remains unclear given the uncertainty shrouding the prospects of general elections actually taking place in 2015, Naypyidaw's manoeuvres to distance itself from China should be followed by India and other countries, such as Japan. New Delhi must cooperate more with Naypyidaw via land and sea, for Myanmar is the vital bridge that connects India with Southeast Asia.

Bhutan is the only country in the whole bloc with whom India has problem-free relations. All that needs to happen in Bhutan is the maturing of democracy.

Although China has transitioned to new leaders, they haven't transitioned to a new ideology. China's assertive moves in the South China Sea have a bearing on India-China relations. Furthermore, we cannot rule out China at India's northern border, given that 17 rounds of border talks have resulted in no good outcome.

The Bangladesh China India Myanmar forum is very relevant. China has territorial claims on India's north-eastern areas. Allowing the region to fall into a Chinese sphere of economic influence will result in a security threat for India. Trade volumes between New Delhi and Beijing have to be balanced.

There is a need for increased intra-regional trade, people-to-people contacts, education, tourism etc. and improved India-Pakistan relations are extremely essential for the growth of the South Asian region. The exclusion of the Maoists in Nepal's political process is not good news. However, today, the Nepalis have a more realistic view of federalism, which is encouraging.

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“Will all these factors foster more interdependence? Will we have more understanding and cooperation with regards to terrorism, extremist religious forces and such elements? Can we look forward to security cooperation and



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SESSION I

Transition and Interdependence: A Macro View



(L-R: Sugeeswara Senadhira, Professor Siddharth Mallavarappu, Ambassador IP Khosla, and Mr. Tika Jung Thapa)



Theorising Transitions in South Asia
Dr Siddharth Mallavarappu, India

International Relations theorists depending on the vantage point they are coming from are likely to pose different questions and offer different re-



sponses to where South Asia is headed. In order to think theoretically about the South Asian transition, it is important to look at a good theoretical stance; realist, liberal and constructivist set of arguments can predict the future of South Asia.

Realists tend to privilege material capabilities and are likely to argue that much of the South Asian future depends on where does South Asia as a region position itself in the larger world. The liberal school of thought focuses on institutions and economic interdependence within the region. Constructivists in contrast probe more fundamental questions relating to the larger identity of South Asia as a region and how this identity in effect is likely to transform collective regional interests.

At one level, the notion of South Asian-ness is not understood by everybody; but there is a notion of aspirational South Asian-ness. Therefore one asks the question, what comprises South Asian-ness? The institutions tend to be weak and questions of security and development tend to hold them down. South Asia as a region remains one of the least integrated regions of the world.

There is a lot of unfinished business; institution building and consolidation remains weak. Examples like the Asian Development Bank stand testimony to this argument. Civil society remains the most important driver of regional cooperation. Therefore if one were to build a theoretical foundation on which the region can be formulated today and tomorrow, the realists would argue that looking at the material asymmetries and geopolitics of South Asia, power still matters within the region.

The liberal institutionalists would argue that trade could transcend bilateral relations, and the constructivists would share the concerns of human wellbeing and emancipation within the region.



Transitions and Interdependence in South Asia: Trends and Challenges Ahead

Sugeeswara Senadhira, Sri Lanka

South Asia is going through a period of transition. The political, economic and social transformations in South Asia are likely to cast their shadow on the interdependence among nation-states within the region. Politics within South Asia has undergone significant changes, the reasons being many and diverse. As a result of these changes, in the past few decades, a major reconfiguration of the relations between India and its neighbours has taken place. India has reworked its relations with almost all South Asian states. The emergence of China as a global power coupled with India's declining capacity to emerge as a regional power is an important dimension which defines this change. This to a great extent also redefines South Asia's relations with the major powers like the US and EU.

The new challenges that the policy-makers in India currently face, are those of re-examining what India means to South Asia. Extra-regional interdependence seems to emerge in parallel with intra-regional interdependence.

When talking about interdependence of South Asian countries, the major issues which come up are re-

Questions/Inputs

Where can one place Afghanistan in the theoretical construct presented by Dr. Mal-lavarapu?

Will it be wise to invite China to join the SAARC? Is the present-day China mature and benign enough to lead the SAARC?

At a time when India is micro-sizing the country to only one aspect of Hinduism and neglecting the heterogeneity of the nation's ethos, how can India use its cultural ties in South Asia to strengthen relation-



lated to energy, water, connectivity, migration and disaster management. The region needs to work together to be better prepared for dealing with natural disasters. An interdependent region like this would benefit greatly from the establishment of effective energy utilisation techniques.



Interdependence in South Asia

Tika Jung Thapa, Nepal

The South Asian region is growing fast, and in the words of Frank G. Wesner, “has become volatile and the west has projected it as the most dangerous place on earth.” South Asia might reach a flash point if the factors responsible for its volatile nature are not addressed in time. Hence, it is important for South Asian nations to come together and cooperate in order to come up with effective solutions to address common problems.

However, cooperation amongst South Asian nations becomes very difficult with bilateral tensions and internal conflicts that prevent them from cooperating. The countries like India and Pakistan traditionally remain suspicious of each other and a meaningful cooperation is difficult to attain. In addition, this region is beset with nuclear phobia.

A step-by-step approach has to be initiated to end the confrontation among the nation states. Important issues of common public interest such as trade, economic cooperation, culture, tourism, sports, academic exchanges and cross border terrorism should be touched upon in intra-regional dialogues.

The potential of the SAARC’s might be undermined by the regional challenges, but it still provides a roadmap for regional cooperation. However there is a dire need to strengthen this forum and not limit it to a platform for merely holding discussions. With the changing dynamics of the region, it is difficult to exclude China from the picture. Hence SAARC should open its doors to China as it has high politico-economic stakes in South Asia which cannot be ignored.

SESSION II

Foreign Policy Challenges



(L-R- Professor Imtiaz Ahmed, Dr. D Suba Chandran, and Professor Shibashis Chatterjee)





Bangladesh-India Relations: Post Election Scenarios

Professor Imtiaz Ahmed, Bangladesh

The State in South Asia is too complicated to be categorised under one type. In the South Asian region, the element of civilisation and culture has become an integral and fundamental part of the understanding of the State. In such a situation, how real credible is the post-realist argument that globalisation has changed the way things work in election processes?

The nature of democracy in both Bangladesh and India is complicated. Both states only have electoral democracy – or electoral authoritarianism. Both nations have a weak civil society, and dissent in the ranks of political parties isn't addressed as they ought to be. Both States have entrenched familiocracy – which isn't a good sign, because, at the national level, it involves the politics of sympathy. Ideally, one shouldn't carry the politics of sympathy beyond a generation.

When it comes to bilateral relations, Bangladesh and India have shared deep and diverse relations. However, despite the entwined histories, cultures and geography of the two States, issues such as the Teesta water agreement, the Land Boundary Agreement, insurgency and many more have often put a damper on ties.

The challenges to foreign policy faced by these two countries are, hence, numerous, and complicated. To overcome these obstacles, India and Bangladesh must first invest in the human element that connects the two nations. People-to-people connections and increased connectivity between the two nations, in as many ways as possible, is central to improving the relations between the two. Both countries share several mutual problems in areas of environment, society and security. Hence, regardless of the outcome of the upcoming Lok Sabha elections in India, New Delhi and Dhaka must invest in the human potential, if one has to take the relationship to make it mutually beneficial.



Imagining Asia: India's Foreign Policy Challenges in Contemporary Asia

Professor Shibashis Chatterjee, India

The idea of Asia is a series of dichotomies based on various factors. The factors are important, because they matter to India. India needs to understand that its foreign policy isn't just about taking us places, but also about making us who we are. In this context, there are four identifiable dichotomies. Firstly, there is a deep-rooted clash between nationalism and other larger and narrower identities.

While most South Asian States are extremely nationalistic, globalisation has provided alternate cartographies to the region that was otherwise politically divided by colonisers. Today, borders are increasingly irrelevant, and simultaneously, identities below that of national ones, are becoming stronger. The trend of federalisation that has been the norm in the region for most part is here to stay – and it is likely to have disturbing implications in the foreign policy universe.

Secondly, there is a question of whether a state can have security-based relationships with its perceived

Questions/Inputs

What have been the major trends in foreign policy? Have the institutions that make foreign policy and issues that involve foreign policy decisions remained the same? Has our foreign policy picked up some characteristics along the course of time? Where are we heading? Are the federalist manoeuvres of Mamata Banerjee and J. Jayalalitha interrupting policy-making or are they demanding more inclusiveness?

India must make a distinction between exporting democracy and assisting the establishment of democracy. What is Bangladesh's view on the changes taking place in the region, and where does it see us going?



adversaries as well. Most Asian States will still prioritise security against an adversary, than with one. Thirdly, the economic resurgence of Asia resulted in some economies to boom, but that shouldn't necessarily deem or render alternative types of growth/markets meaningless. The final dichotomy involves the notion of connectivity. Is connectivity global? If yes, then how is the SAARC grouping redundant?



Foreign Policy Challenges for Pakistan

Dr. Salma Malik, Pakistan

Today, Pakistan is at an important geostrategic crossroad that is likely to result in defining its future course of action in the coming future. What has been unravelling in the recent past is far from what the country's founding fathers envisioned. What was created to be an inclusive society is divided by various factors. The once marginalised clergy has now become the custodian of the country. However, despite the high number of hardliners in the State, the country has a considerable number of moderates. At present, Pakistan faces a complex situation. Although it has always been marred by both external and internal threats, the State has always defined external threat through the Indian context; but that perception is steadily changing.



Pakistan is set to become one of the nine pivotal States in the world. Its internal security problems have strong linkages with security issues arising from external factors. While the government's dialogue with the Tehreek-e-Taliban Pakistan, the prominent terrorist group in the country, has so far been futile, there would have been uproar in the country had there been no dialogue at all. Secondly, the issue of Balochistan, despite being an internal problem, has had an effect on New Delhi-Islamabad relations – given the complications that have arisen owing to India's role in the issue.



Two other major issues that plague the country today are of energy stress and the slumping economy. 'Energy, Extremism and Economics', as Prime Minister Nawaz Sharif said, need to be addressed immediately. However, one must not forget that all these three issues are interlinked.



The future prospects hinge on the direction in which the country moves. There has been a continuation of democracy, as made evident in the general elections of 2013, but the military will still have a stronghold on the country as long as there is a presence of extremism. As for foreign challenges to foreign policy, the primary issue is that any dialogue between India and Pakistan is based on conditionalities.



At present, Pakistan feels that India has de-linked itself from the former, and that prospect worries Islamabad. Additionally, Pakistan's relationship with Iran – one of its major neighbours – has the potential to be ruined by the Shia-Sunni issue.



As for the prospects for the region post-2014, Pakistan does not have strategic depth in Afghanistan. In fact, it is the other way round. A lot depends on what the US does in the region. Several factors depend on the signing (or not) of the US-Afghanistan Bilateral Security Agreement. If there is a crushing military action that needs to be undertaken in Pakistan, it cannot be carried out without US support. Furthermore, India's role in Af-

ghanistan does not pose a threat to Pakistan.

SESSION II

Civil-Military Dynamics



Civil-Military Dynamics

U Khin Maung Lynn, Myanmar

Following 50 years of military rule and/or under military-dominated successive governments, Myanmar has again begun to inch ahead on its difficult path towards the creation of a democratic nation with a sensible and a purely civilian government. Having initiated a reform process merely three years ago, Myanmar's democracy is still in its infancy. The only institution that remains strong and powerful is the military. During the dark *Junta* years, other crucial state institutions such as education, health, finance, agriculture, trade and commerce, and others were either neglected, or were poorly managed by the military personnel.

However, President Thein Sein of the new quasi-civilian government has made dramatic reforms and necessary changes that have brought some respite to the country. Although President Thein Sein had served as one of the top generals during the years of military rule, he has been leading Myanmar's reform process with considerable success.

Questions/Inputs

A very optimistic picture of Myanmar has been presented in this session. If Myanmar were to be heading towards becoming a truly democratic country, what kind of a time frame must we give for its successful and complete transition?



(L-R– Rana Banerji, Dr. Gurmeet Kanwal, and U. Khin Maung Lynn)

The 2008 constitution must hence be amended before the 2015 elections as it holds serious consequences for the future of civil-military relations in Myanmar.



Civil Military Dynamics in Pakistan

Rana Banerji, India

Civil-military relations in Pakistan have historically been characterised by the domination of civilians by the military; sometimes direct and brutal and sometimes, indirect. Pakistan can be best described as a 'Praetorian State' with the three A's: Allah, America and the



Army. Historically speaking, the army and the civil services emerged as the only organised institutions in Pakistan. Several elections were held in Pakistan over the years but none of the elected governments lasted a full term due to military interventions.



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However, the recent elections held in May 2013, where after a landslide victory by the Pakistan Muslim League (PML-N) marked a watershed moment, bringing about the first ever democratic transition from one civilian government to another without a military intervention. This indicates a change in the civil society, which favours democratic consolidation, and that lets the army take a back seat to allow adequate space for the democratic process to grow.



Today, dealing with the Tehrik-i-Taliban Pakistan (TTP) is the most important issue that Pakistan faces. Furthermore, the spreading ethnic and sectarian strife in the nation's economic capital, Karachi, is rising by the day, and poses a great threat to the country. The trial of the former President of Pakistan, Pervez Musharraf, will have implications for the army as an institution. Will judicial supremacy / activism survive?



The country's powerful military has vested corporate interests. The defence budget is sacrosanct. However, the allocations for the Fauji, Shaheen, and the Bahria Foundations have become commercial profit-making ventures of the retired army officials.



The army is most likely to remain powerful and control levers of strategic powers – policy towards India and Afghanistan, relations with the US, and decisions on nuclear issues. The civilians will not have much say on these important issues. There is a high probability of the army making a comeback. Furthermore, nuclear terrorism poses a great threat to Pakistan's future. In case there is a Jihadi-led militant coup, the entire nuclear arsenal will fall into the hands of the Jihadists, which will be nothing short of a nightmare.



SESSION IV

Socio-Political Outlook



Polarisation of Society in Nepal and its Impact

Dr Shreedhar Gautam, Nepal

In November 2013, Nepal formed its second Constituent Assembly (CA) after the demise of the first CA which failed to deliver a new constitution to the nation. The divergent views of the main political parties on the issue of federalization were the main reasons for the demise of the first CA. The major political parties fuelled the desires of people by declaring that Nepal would be a secular, federal, democratic republic. The issue of ethnic federalism was raised but the divergent views of the main political parties were not ready to accept federalism on ethnic lines, which ultimately proved to be the main cause of the demise of the first CA



without delivering new constitution to the nation.

In Nepal polarization of society in the name of ethnic identity is posing danger to the very integrity of the nation. Ethnic grievances are major sources of political conflict in other countries with multi-ethnic social structure. While countries like India, Brazil and Mexico have managed their federalism successfully, same cannot be guaranteed in the case of Nepal where no ethnic group is in majority in any district of the country.

Management of the ethnic question in Nepal has become problematic. Carving out federal states in Nepal has become a difficult task, delaying the completion of constitution drafting processes. Nepal must develop a constitutional mechanism to accommodate ethnic differences through a geographically and economically viable form of federalism .

Already, the nation has seen the failure of first CA to deliver constitution due to the wrangling over the question of ethnic federalism. Now the same mistake should not be repeated by taking up the divisive demand of ethnic federalism that will further polarize the nation on sectarian lines. Without a fundamental restructuring of the society, the long-term challenge of development in Nepal cannot be tackled.

Questions/Inputs

What kind of a policy is India likely to adopt with respect to Afghanistan post the 2014 withdrawal of the US troops from Afghanistan?

On Afghanistan Pakistan trade agreement, does Afghanistan want to extend Af-Pak to Central Asia or India?



(L-R: Dr. Mathew Joseph, Dr Sreedhar Gautam, Ashok Kumar, D Suba Chandran, Professor K Warikoo)



Political Change in Bhutan and its Impact on Regional Stability in South Asia
Dr Mathew Joseph, India

The transition of Bhutan from an absolute monarchy to a constitutional monarchy has transformed the nature of the domestic politics of the country. The changes in Bhutan’s domestic politics and foreign policy would have a direct bearing on the regional stability in South Asia.

The Bhutanese establishment has succeeded in portraying this transformation as a smooth process of an enlightened monarch voluntarily surrendering his power to an elected parliament and transforming his



country into a democracy. The international community to a great extent accepted this official narrative and hailed Bhutan for bringing democracy into the country without a violent political struggle as witnessed in Nepal.



Socio-Political Scenario in Afghanistan
Dr Faramarz Tamanna, Afghanistan

Different ethnicities and tribes in a country can be considered as the opportunity for the dynamism of the foreign policy. However the case in Afghanistan is quite different in this regard. The ethnic conflicts have prevented cultural and political development in this country .



Political power in Afghanistan has been transferred from one person to another through ethnic and traditional beliefs, internal confrontations, force and dominance rather than legal ways and democratic processes.



Another relevant factor contributing to Afghanistan is religion. The religious segregation has caused conflicts inside Afghanistan in some periods of contemporary history. The issue of religion gets further importance when it is tied with politics.



The policy of the ruling elites, who dreamt of modernization led to confrontations between the traditionalists and modernists, because the only thing the traditionalists sought from the West, was Western technology, while rejecting Western values.



The ideological and political approach also assists in understanding of the relation between fundamentalism and security in Afghanistan. Some of the disputes in Afghanistan are the consequences of confrontation between tradition and modernity.



SESSION V

Economic Landscape



(L-R: Ambassador Eric Gonsalves, Professor Amita Batra, Professor Delwar Hussain, and Ambassador Sheel Kant Sharma)





Professor Inder Nath Mukherjee, India

The global recession that began in 2008 with the US as its epicenter, traversed via financial linkages to the EU and then spread to the rest of the world. South Asian countries were not spared either.

In order to cope with the recession, many countries adopted countercyclical measures to minimise the effects of the economic downfall. In the South Asian region, until 2011, the countries seemed to have managed the recession quite well; growth was not affected, export to overseas markets remained stable, capital outflow was moderate and FDI was not as badly affected as in foreign markets. Foreign direct investment flows proved more resilient than in other parts of the world. Inflow of portfolio capital also helped in the revival of the stock market.

However the South Asian economies could not be shielded for long. Due to their excessive dependence on the industrial countries' markets for their exports, technology and capital requirements, the growth rate started to taper off.

Aftermath of the crisis:

Opportunities 1) India has to take advantage of the depreciating rupee by encouraging exports. The same holds for other South Asian countries 2) The region has to develop import substitution strategies to develop indigenously 3) The region should look for increased South-South cooperation and export diversification.

Challenges 1) Domestic political imbalances faced by the region have to be restored 2) Fiscal deficits remain high, reflecting subsidy expenditures and weak revenue mobilisation 3) Reserve buffers in the region have been depleted in recent years but external debt ratios are relatively moderate.



Globalisation and Trade Cooperation in South Asia: Towards a new Regionalism?

Professor Delwar Hussain, Bangladesh

South Asia can be called as the least cooperative region of the world. It lacked the required provision for trade cooperation when the SAARC was established and hence took almost a decade for the South Asian countries to come up with an agreement on trade cooperation with the establishment of the SAARC Preferential Trading Arrangement (SAPTA).

SAPTA was the first effort to include a mechanism to liberalise trade regimes on a preferential basis. Despite the poor record of SAPTA, member states agreed to establish the South Asian Free Trade Area and subsequently, the South Asian Free Trade Agreement (SAFTA) was signed. With SAFTA, regional trade cooperation was expected to get a new momentum which did not happen in reality.

How can trade cooperation be broadened and deepened in South Asia? There is a need to redefine and reinvent the spirit of regionalism. Concrete measures should be taken by re-

Questions/Inputs

Why has SAARC not been a success story in South Asia?

Is it not time to look beyond the formal process of regional collaboration? Perhaps, now we should think in terms of borders, new technology, bilateral processes and adopt an alternate view to collaborate with neighbors.

Regional trade is affected by tariff cuts is a common argument by economists but before also tariff cuts happened in Europe but trade remained the same.

Supply chain model has proved to be a huge disaster for ASEAN, then why should we adopt that model?

South Asian countries refuse to trade with each other and take advantage. SAFTA is not successful as it has design



gional political actors; trade policies should refocus on balancing multilevel process of trade cooperation; emphasis should be laid on regional connectivity; improvements in bilateral relations and increased regional interdependence; more trade cooperation through bilateral process should be encouraged.



Economic Interdependence and Inclusive Regional Development in South Asia
Professor Amita Batra, India

The transition and the economic dynamism seen in the recent decades with respect to South Asia shows the level of interdependence among the nations and the potential to reap the benefits of such dynamism. Though the nations have churned a transition in varying paths, the liberalisation program has accrued more than 5% growth for the region as a whole. However, when it comes to exploiting this potential in regional cooperation there is an evident contradiction that is visible in the form of intra-regional trade, which is meager. India corners the maximum amount of this trade, but as a proportion of India's overall trade, it is a very small number.

The smaller economies in the region have looked outwards towards the US and the EU and depend on them for higher trade volumes. This extra-regional trade has to be substituted for greater trade and interdependence in the region. The geographical proximity and the shared cultural ethos make these nations natural trading allies. The smaller economies' fear that the lion's share goes to the larger economies like India and China, while they face a deficit in trade reduces the lustre in economic integration.

The external force, which now gives shape to the integration, is the global financial crisis, leading to the countries to look inwards and to form their own supply chains. This global rebalancing opportunity that is being engineered by China and India, as far as Asia is concerned, can be utilised by the ASEAN and other regional blocs to re-engage and deepen the economic interdependence, and reap the benefits of this transitioning dynamism.

SESSION VI

Enablers: Governance and Institutions



(L-R: Ambassador Rajiv Bhatia , Saifullah Ahmadzai, and Professor Anjoo Sharan Upadhyay)





Enablers of Governance and Institutions in Afghanistan

Saifullah Ahmadzai, Afghanistan

At present, Afghanistan is passing through a phase which stands to bring both opportunities as well as risks. Across the globe, people are debating as to whether the post-2014 period will usher in a new era of stability or a repeat of the 1990s destabilisation.

Given that Afghanistan has historically been a victim of mis-governance, creating and strengthening the good governance structures should be the prime focus right now.

There needs to be a proper study and understanding of the typical characteristics of good governance, and *that* must be implemented in the governing structures. A failure to understand the basic features of good governance will place Afghanistan's future into jeopardy. At present, tapping the vast natural and human resources of the country is a challenging task, given the absence of strong good governance structures. As a result, most citizens have lost faith in the government.

Furthermore, the rate of corruption and social conflicts are on a rise, and there is an increasing divide between the government and the citizens. The high levels of lack of accountability and impartiality of the implementation of laws is only worsening the situation.

As the military withdrawal inches closer, it is Afghanistan's interest that strong institutions and structures are put into place, thereby smoothing the transition and paving a way for better and stable years ahead.



Foreign Policy Challenges in the Changed Context

Dr. Rajan Bhattarai, Nepal

The internal political, economic and social situation of countries does have an effect on the evolution of that country's foreign policy. Nepal, in the recent, past, has witnessed several changes in its internal social, political and economic arenas. With the ushering in of democracy, it is in Kathmandu's interest to examine the conduct of its foreign policy towards its neighbours and the rest of the world.

Historically, Nepal's foreign policy has either been reactive, or passive. Even today, the leadership grapples with several issues when it attempts to redirect its foreign policy vis-à-vis the regional and global developments of any form – and trade, aid, and developmental issues have a direct bearing on policy-making.

However, following the successful completion of the second democratic movement that resulted in elections, the situation has changed, and has made way for new, good and effective governance practices and structures to be put in place.

Questions/Inputs

Why is there no cooperation between India and Nepal, despite it being in the mutual interest of both nations?

Do you think there is a shift in Nepal vis-à-vis collaborating with India on the generation and sale of electricity?

How would devolution lead to confusion in Afghanistan?

Nepal bounced back from a period of full blown militancy to a democratic form of governance. However, although a slow process, the fact that they have bounced back, isn't appreciated. Why so?





Although Nepal, a landlocked country, has several cultural, historical, geographical, political and social linkages and similarities to India, key issues such as border security, water-sharing, trade, infrastructure issues, *inter alia*, still plague relations.



There is a need to review and review previously signed treaties, and enhance linkages between state and non-state actors in the region, if Nepal's foreign policy has to be relevant in the present age.



Professor Anjoo Sharan Upadhyaya, India

Today, South Asia is the most integrated interconnected region, but also the least integrated. India and Nepal have strong linkages, and are among each other's closest neighbours. Nepal, like India, had a *panchayat* system, but that system was lost somewhere down the road.



What Kathmandu needs to adopt for the country is a more federalised system of governance. Nepal is divided by factors such as ethnicities, regions, and social statuses. Additionally, the role of women in the governance structures too, needs to be improved. Furthermore, a greater understanding of the Paralegal Committees and the Local Peace Committees established during the conflict to handle emerging issues is needed to better trace and strategise to deal with emerging socio-political developments, as well as the political culture of the nation.



SESSION VII *Panel Discussion* Regional Cooperation



Ambassador Eric Gonsalves, India

Today, there is a need to expand the idea of cooperation beyond the ambit of economic cooperation. One of the problems of the SAARC was that the nations believed economic cooperation to be the answer to the problems of the region. That, however, wasn't completely true because regional cooperation is not possible without political will. An example of this is the cooperation and integration of the European nations. Economic cooperation may have its own momentum. There has to be a certain element of popular participation.

It appears that the region is slowly coming to a full circle to the time before colonialisation. We must now try to be more inclusive. The rhetoric shouldn't be about one nation trying to become better than the other; it isn't a zero sum game either. The gains will be enormous if regional connectivities get a boost. The US and the West aren't sinking ships; instead, they are laidback ships. We cannot be petty-minded while bringing about positive developments. There is a need to look beyond national interest and towards to larger interest/cause, i.e. the greater integration and prosperity of the region.





Nagesh Kumar, India

The global economic crisis of the late 2000s made public the economic imbalances in the world. While Asia had by then become the factory of the world, the indebtedness meant that that the regions reduce consumption, and increase savings and exports. This meant much lesser demand for Asian goods, resulting in a slowdown in the growth of the South Asian region.

The emerging trend of mega-Free Trade Agreements (FTA) among regions such as the Trans-Pacific Partnership agreement and the Transatlantic Trade and Investment Partnership agreement combined with the North American Free Trade Agreement has implications for South Asia. These FTAs mean that all trade between the advanced economies will take place among themselves, and on a preferential basis. Hence, there is a need to focus on domestic and intra-SAARC trade to boost the economy. This will also help bring some amount of respite in terms of food security, energy security and such issues.

Regional cooperation can finally be viable because of popular demand, especially given the demographic changes. The accumulation of huge financial, foreign exchange and human resource reserves in this part of the world makes it more viable.

Although there is much scope for integration, the absence of inadequacy of the land transport routes is what is holding intra-regional trade back. It is also the cause for domestic manufacturing sectors from growing.

Regional economic co-operation and integration is going to be a crucial strategy in the coming years.



Ambassador Sheel Kant Sharma, India

Does the examination of transitions and interdependence lead us to complacency or disquiet? There is a lot to learn from China, especially the drive towards modernisation in the 1980s, where Chinese Paramount Leader Deng Xiaoping told his citizens to keep the head low and develop. The Chinese people followed that adage and did not stand up until they achieved that.

In South Asia, one must look at the positives, and the areas where there is scope for cooperation, and build on that to begin with. There is a host of negativities, but we must put the positives in the forefront, and move ahead.



(L-R: Dr. D Suba Chandran, Ambassador Eric Gonsalves, and Ambassador Rajiv Bhatia)

Interdependence is key because the fears of the several upcoming menaces such as climate change that are not bound to political boundaries can only be tackled as group. Geography ties us together, and given the scale of human life that exists within this region, there is no choice but to cooperate, in the interest of the larger good. Unless we think big and take giant strides, we will not be true to our people. Although politically we are different states, the technological advances have brought all of us together, and the people demand action. To achieve prosperity and good living conditions for the diverse heterogeneous populace that inhabits the



region, there is a dire need for institution-building. Everything cannot run on political ambits alone. The capitals in the region are hopelessly inadequate to carry out any form of activity.



The SAARC nations must learn to set aside smaller issues in the interest of resolving larger issues. It is time we move on. South Asia has lessons to learn from the European Union, and the ASEAN, where, despite differences, member countries work together to support and look out for their fellow countries.



Professor Imtiaz Ahmed, *Bangladesh*

Turkish Poet Nazim Hikmet once said that as long as there is honey in the pot, the bees will come to it. Similarly, when it comes to connectivity in South Asia, must make sure they make the honey, and continue making it. South Asia is a continental region, unlike China, which is a continental country. China could undertake its efforts in its own way. We owing to political boundaries cannot work in the exact same fashion. We will have to find innovative ways to do so. We must take the fractures in South Asia and heal them. But it has to be done prudently.



For instance, the SAARC should have assigned deadlines for its initiatives. It is imperative that the South Asia nations revise the SAARC charter and make it more relevant in the contemporary period. Several clauses that were included in the old charter were not allotted time frames for, which resulted in several loop-holes. Earlier, larger elements were the ones that mattered. However, today, seemingly smaller elements are the ones that matter.



It is also time we start initiatives such as SAARC + 1/2/3 to include other nations that are major trading partners for the SAARC nations. If China, Japan and South Korea can keep their differences aside and simultaneously move ahead in terms of economic cooperation, the SAARC nations should also try and emulate the same. Furthermore, there needs to be investment in the intellectual realm. We must first get rid of the hate literature from the academic curricula of the SAARC nations. Only when there is human engagement and interaction can there be hope for a more integrated future.



Dr. D Suba Chandran, *India*

Where is Pakistan moving towards, in terms of regional cooperation, or what does it see as 'region'? If Pakistan is not looking towards our region, how do we overcome that? There has been a common understanding that Pakistan is the bridge between four regions civilisations: Central Asia, West Asia and South Asia. Most of Pakistan's trade is with Saudi Arabia, US, UK, EU and China. It doesn't have much to do with South Asia, because it doesn't need to. The elites more or less want to move to the West, and not in South Asia or China.



Today, we have two sets of people in Pakistan: one that looks towards the West, and the other that looks towards the Gulf. Furthermore, Pakistan's remittances mostly flow from the western direction of their country. Ideologically too, they are increasingly shifting from Sufi Islam to Saudi Arabian Wahhabism. Resultantly, there isn't much



interest vis-à-vis South Asia among the Pakistani citizens. People in Pakistan do not look towards South Asia for higher education or employment opportunities. Where does China figure in all this? Although the future of the Karakoram highway and the Gwadar-Kashgar link is yet to be substantially proven, the Turkmenistan-Afghanistan-Pakistan India gas pipeline has a massive potential to improve the relations among the countries in South Asia.

Energy linkages have the potential to do for South Asia what coal and steel did for Europe. If that is achieved, South Asia can also be connected to South East Asia in a similar form. To make that into reality, however, there needs to be investment in the intellectual and academic capacity.

Sugeeswara Senadhira, Sri Lanka



Sri Lanka is well-placed in terms of connectivity. Although the country is not geographically linked to the sub-continent, it has become the most important naval centre for the region. The Colombo port alone gets around 2 million containers every year. 95% of the containers received are for the sub-continent, and not just for Sri Lanka. Colombo looks towards the SAARC to have safer routes and implement anti-piracy laws for the region. Sri Lanka is the first country in the region to have introduced an on-arrival visa system. India, which recently revised its visa regime and exempted 186 countries from visa restrictions, kept Sri Lanka out of the exemption list. This is despite the fact that there is a substantial exchange of tourists between the two nations.

Economic cooperation within the region is important to move forward. Institutions are essential to take regional cooperation forward. There is hence a dire need to strengthen the SAARC. Instead of jerking away from political issues, the SAARC should be made into a platform for discussion of major political issues. Perhaps the SAARC could undertake special efforts to keep the South Asian identity alive.

Dr. Faramarz Tamanna, Afghanistan



Afghanistan is at the centre of all vital future energy projects, as well as the land link to West Asia. It is also the Gateway between Central Asia and South Asia, via Pakistan. Hence, Afghanistan must resolve outstanding issues with Pakistan, if any linkage that will be profitable for all the players in the region were to be institutionalised.

Afghanistan is trying to build strong ties with the regional blocs such as the Economic Cooperation Organisation, Gulf Cooperation Council and the Organisation of Petroleum Exporting Countries. As a link between South Asia and Central Asia, it can play three important roles: **a)** At the governmental level **b)** At the bilateral level and **c)** At the social level.

Projects such as the TAPI and CASA 1000 are important for Afghanistan. Based on economic cooperation, security problems can be addressed especially in the context of Afghanistan's relationship with Pakistan. Hence an economy-based security community can be established in South Asia.

Coal and steel helped the realisation of the European Union, and South Asia can achieve something similar by trading and initiating interdependence amongst each other over gas, oil and electricity.

Efforts need to be defined by timelines, for without a pre-decided time-frame, the undertaken initiatives run the risk of not generating the desired level of outcomes.



Concluding Remarks

“The nature of special linkages that India has with South Asia cannot be replicated in our relations with any other grouping. We need to ensure that the SAARC as a concept is implemented optimally, and then we may look towards new endeavours to strengthen it in future. South Asian nations should first improve their understanding of each other’s opinions, concerns and aspirations; then their mutual relations will be enhanced in a natural manner.”

Ambassador Rajiv K. Bhatia, *Director General, ICWA*

“Today, we have come together from various countries. This is a beginning we have made. Given the available technology, we could meet and/or discuss issues every day without having to even be physically present. I hope we can continue the discourse in substantial contributions such as written work. I hope we can move ahead and interact more, apart from meeting at conferences. We would also look forward to greater contribution to this discourse from the younger generation. Finally, it has been a great honour and a learning experience for the IPCS to work with the ICWA, and hope to continue the engagement in the future.”

D Suba Chandran, *Director, IPCS*





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Transitions and Interdependence

India and its Neighbours



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