



# THINK SOUTH ASIA14

A NEW  
MODUS OPERANDI  
UNDER MODI?

## EDITORIAL



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Dear Think South Asia Readers,

In our 14th edition our talented and renowned contributors will provide you with an overview of the landslide victory of Narendra Modi's BJP and its impact on India and its foreign relations. Will India and Pakistan after 50 years of persistent mistrust and enmity finally be able to bury the hatchet? Will the two nation states of former British India find a path towards peace, which is a prerequisite for improved relations of the entire region? What are the current hurdles for more harmonious relations between the Asian giant and Sri Lanka and Bangladesh and what has to be done to deal with stumbling blocks that are in the way of forging closer ties such as fundamentalism, border disputes and minority rights? Which role will India have Washington's often-mentioned pivot to Asia? Will New Delhi, after decades of ambiguity, develop a coherent foreign policy which

will put its ambiguous strategic past ad acta? How will India react to a Russia, the bear that has sharpened its claws once again to carve out strategic space in its neighbourhood? Furthermore, what does India have to do to combat jihadism and fundamentalism, one of the core threats to its internal security? And last but not least, what needs to be done regarding energy security, in this case revolving around the Central Asian States, if Modi's promise of economic growth and integration is to come into fruition?

There is much hope within India and the international community that the largest democracy in the world, now equipped with a stable and highly motivated government, is capable of tackling issues such as regional integration, infrastructure, poverty reduction, extremism and economic reforms which are paramount to political and societal development.

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The invitations sent out to South Asian heads of states for Modi's inauguration session is a first sign of good will, and underlines the new government's ambition of wanting to reanimate amicable relationships in its neighbourhood.

India will also have to find a new modus operandi under Modi with regards to the complicated and fragile situation in Afghanistan as well as to its ambivalent relationship with China, which is marked by border disputes and an arms race, especially in the naval realm. A recent survey by the Pew Research Centre highlighted that old threat perceptions die hard, but also, that new ones are on the rise. While 62 per cent of Indians believe that Pakistan still remains the largest threat to India, followed by China with 30 per cent, Indians are also realizing that the threat potential from Al Qaeda (28 per cent) is increasingly becoming a reality. The most conflict-prone issue that was singled out by the study, where 72 per cent of Indians stated that this could lead to war, is the protracted border standoff between Beijing and New Delhi.

Only the future can tell if Modi's India can live up to its expectations. But I am confident that our contributions can help you all distinguish signal from noise and support you in making sense of the region's complexity and the role India plays in it.

I hope you all enjoy Think South Asia 14 and that it enriches your day in some way or form. Please feel free to contact me at [djan@sadf.eu](mailto:djan@sadf.eu) if you wish to comment on our published articles or would like to publish an article\* with "Think South Asia" yourself.

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# Election in India: The Fallout\*



## Shreya Das

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*“However, his election also reflects a cultural shift within India – a backlash against the morally superior liberalism cynically espoused by the Nehru-Gandhi family.”*

After the staggering task of polling the Indian nation, the outcome has surprised no one, except perhaps the scale of the defeat dealt by BJP and Narendra Modi on the incumbent Congress party. This marks the first time in the history of the Indian republic that a non-Congress party has won a simple majority, and is undoubtedly a turning point for the country. The weight of the nation’s hopes now essentially rest on one man’s shoulders, and there is no doubt that he faces an uphill struggle.

### The Modi Factor

The turnout in these elections was higher than any since 1984, with an incredible 551 million Indians registering their vote. BJP achieved landslide victories in several states such as Rajasthan, managed to retain states such as Madhya Pradesh and Chhattisgarh, and landed surprise victories in Karnataka and Assam, which has historically been a Congress stronghold. Nobody predicted the margin of their victory, which begs the question; how did they do it?

Undoubtedly Modi himself played a key role, portraying a Nixonian image of a man of the people representing the silent majority; infinitely more identifiable and accessible than the Crown Prince Gandhi. However, his election also reflects a cultural shift within India – a backlash against the morally superior liberalism cynically

espoused by the Nehru-Gandhi family, which has served to alienate vast swathes of the Indian population. Although Modi’s proactive, pro-development message is appealing, his resounding victory reflects, more than anything, a deep fatigue with an apathetic, barely functional political class. In short, these elections results are as much an indication of support for Modi, as they are a wholesale rejection of Congress; a vote against the endless cycle of corruption, political paralysis and failure. His premiership comes as the result of a radically changed country, where jobs and development are more likely to swing votes than religion and caste, and where a complete and utter lack of leadership has enabled the ambitious Chief Minister to fill the vacuum.

### The Road Ahead

In the domestic sphere, leadership will be crucial in his first 100 days of office, and so far things have gone according to plan. On May 29th Modi outlined the top ten priorities for his government, which included building confidence in the bureaucracy, prioritising education, health and infrastructure, and improving transparency in government. The finance ministry is reportedly drawing up a liberal foreign investment framework, which will enable at least 49 percent investment in all sectors, excluding certain strategic ones, and

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*“The finance ministry is reportedly drawing up a liberal foreign investment framework, which will enable at least 49 percent investment in all sectors.”*



allows a minimum of 49 percent automatic investment, bypassing the lengthy process of government approval. Railways, e-commerce and media are among the sectors expected to benefit from this new round of liberalisation. Encouragingly, first steps have also been taken addressing the rampant nepotism in the system – a memo was circulated amongst ministers laying out rules regarding the employment of staff, which included indications that appointment of relatives would not be looked upon favourably.

However, despite his overwhelming mandate, Modi does face a few problems. For one, most BJP members are not experienced enough to be appointed as ministers, and perhaps more importantly, BJP does not have many seats in the upper house of parliament (Rajya Sabha). This means he needs to endear himself to other parties, not to mention state governments, by handing out ministerial jobs.[viii]

The result is a bulging cabinet of 45 ministers, and although this is still slim when compared with the unwieldy 79 ministers favoured by Congress, there have been some questionable decisions.

For a start, Arun Jaitley has been appointed Minister for Finance as well as Defence (although it is claimed that Defence will soon be taken over by someone else) and in the midst of soaring current account deficits, Commerce & Industry has been demoted to a junior ministry. To add to the confusion, many ministers have overlapping portfolios, which will make reform extremely difficult; Commerce & Industry, and Corporate Affairs could have been grouped in order to streamline the government, as could Power & Energy, and Petroleum & Natural Gas. Moreover, it beggars belief that a country like India does not even have a devoted Ministry of Education, instead of the rather clumsy Ministry of Human Resources Development. A >>

*“A rapprochement could be crucial not just for bilateral ties, particularly over the issue of Kashmir, but also for regional stability.”*

dedicated education ministry would go a long way, as well as greater focus on employment and skills development.

The new Prime Minister has managed a better start on the foreign policy front. His unprecedented invitation to South Asian leaders for his swearing-in ceremony demonstrated a flair for theatricality, and the attendance of Pakistani Prime Minister Nawaz Sharif was an important development, signalling that he is serious about normalising relations. A rapprochement could be crucial not just for bilateral ties, particularly over the issue of Kashmir, but also for regional stability, as a convergent Indo-Pakistan policy towards Kabul could help mitigate the effects of the NATO withdrawal. Although he has set the right tone, India faces a vast array of geopolitical challenges – perhaps most notably how to make its borders defensible against threats from its eastern and western neighbours – and in a world where US hegemony is no longer uncontested, Modi may find himself making difficult foreign policy decisions.

### The Bottom Line

Although the mandate from the electorate is clear, many observers fear that a BJP government will have no qualms about encroaching on civil liberties. This is potentially worrying because development at the expense of democratic values tends to be unsustainable. That being said, problems of democracy are already endemic to the Indian political system. While widely acclaimed as the world's largest democracy, India falls far short of the ideal when you look beyond free and

fair elections. Politicians are essentially a law unto themselves, and transparency and accountability are sorely lacking in the Indian system. At the heart of India's democratic deficit are deeply entrenched cronyism and corruption which exist at all levels of society, and citizens have no choice but to resort to bribes in order to receive services which should be provided efficiently and effectively by the government, without the need for money to change hands. India desperately needs independent, effective institutions, a strong judiciary and greater investment in education and health, as well as building strong professional and epistemic communities.

Modi has convinced the nation that he is the right man for the job. Despite some of the doomsday messages echoing throughout Indian intelligentsia, Modi's victory, above all, is not a mandate for Hindu nationalism. It is important to note that early analysis indicates that large numbers of Muslims voted for BJP as well – over 30 percent of Muslims in Rajasthan for example. Many Indians remain wary of his tainted past, and flawed though the system may be, institutions, opposition parties, and civil society will keep BJP from straying too far into nationalist territory. Most importantly, this deafening blow to the Nehru-Gandhi dynasty has, and will continue, to reinvigorate Indian politics by introducing fresh vibrancy and dynamism into a stagnant, stalling democracy. ■

\*This article was first published with the International Security Observer (ISO, [securityobserver.org](http://securityobserver.org))

***“The Military and the Intelligence Agencies (the most famous is ISI, but there are several others) are the ones truly ruling the country, and governments are almost meaningless. The Islamic extremism is transversal to all these institutions.”***

***“India desperately needs independent, effective institutions, a strong judiciary and greater investment in education and health, as well as building strong professional and epistemic communities.”***

## Indo-Pakistan Relations under Modi



**Joe Frederick**

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India held its 16th Lok Sabha (lower house of the parliament of India) polls that culminated in the victory of the Bharatiya Janata Party (BJP) and its leader, Narendra Modi, propelled into the premiership. The vote served as a platform of firsts: Modi is the first Indian prime minister to be born in post-independence India; he is the first prime minister from a lower caste (Ghanchi, which is officially of the Other Backwards Class); and the elections were the first to use social media on a mass scale and in a decisive manner.

Modi, himself, courted a significant amount of controversy even before he declared his candidacy. There was a mixture of issues that portrayed him in a shining light, including the torchbearer of Hindu nationalism and driver of Gujarat's economic success. Then there is the shadow of the Gujarat pogroms of 2002, when more than 2,000 Muslims were killed during nearly three months of communal violence spearheaded by extremist groups like the Rashtriya Swayamsevak Sangh (RSS). Modi has not shied away from his RSS membership, but electoral pragmatism has dictated that he distances himself from the ideological moorings of the movement.

Modi is also portrayed in the media as a doyen on economic development, especially as he oversaw more than a

decade of prosperity in his home state of Gujarat. His direct involvement has been a subject of long-standing debate, but his business-friendly (or company-friendly) attitude is largely what drove his electoral success in a country whose citizens strongly believed that leadership change was necessary in order to reinvigorate India's economic drive and dominance.

Trade is the vehicle with which to push the economy in the right direction, and Modi's earliest overtures on this subject was with neighbouring Pakistan. President Nawaz Sharif was one of the first to congratulate and welcome Modi, indicating positive signs that Indo-Pakistan relations are on the path of normalisation. Sharif even attended Modi's inauguration ceremony in New Delhi, which was significant since it was the first time a Pakistani leader had done so and the first time a Pakistan head of state visited India since 2005. Indeed, there have been limited bilateral diplomatic visits since the 2008 Mumbai terror attacks by Pakistan-based Lashkar-e-Taiba (LeT), which had been testament to their frosty relations.

Security is the other perennial issue that Delhi and Islamabad need to contend with. Two nations borne out of conflict still largely define their relationship in security terms. Trans-border terrorism and the Kashmir issue dominate their respective agendas.

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There are also security issues revolving around the Indus Water Treaty and another border delimitation disputes including Sir Creek as well as Siachen Glacier.

Every Indian and Pakistani leader has had to deal with the Kashmir issue, and it has served as a major focal point in foreign policy for both countries since Partition. One of Modi's first official visits as prime minister was to Jammu and Kashmir state, where he inaugurated a new section of railway to the Hindu pilgrimage town of Katra, christened a hydroelectric dam and met with the security forces to applaud them for their efforts on counter-insurgency.

He met with numerous military and security officials as well as senior

government personnel. Notable non-attendees were those that represented pro-Kashmir independence and Muslim movements, including the Kashmir arm of the Pakistan-based Jamaat ud-Dawa. Separatist groups boycotted Modi's visit and enforced a general strike ("bandh"). In the run-up to the prime minister's visit, there was an acute surge in clashes between Kashmir militants and the security forces. Demonstrations also took place. On the Pakistan side, protesters set effigies of Modi and Indian flags ablaze.

Understandably, security was elevated to unprecedented levels during his visit, as the hostility among Kashmiris on both sides of the border was palpable. Despite this, Modi remained buoyant on the prospects of Kashmir.

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*“India desperately needs independent, effective institutions, a strong judiciary and greater investment in education and health, as well as building strong professional and epistemic communities.”*

While in Katra, Modi said: “My objective is to win the hearts of the people of Jammu and Kashmir through development,” according to the Indian daily, Hindustan Times. Even within the nascent stages of Modi’s governance, he has already underlined his government’s position on Kashmir and that is an unlikely relinquishing of sovereign control.

Infrastructure development is indeed a pressing requirement to boost the state’s economy, which is perpetually vulnerable to insecurity. Indeed, another layer in India’s complex relationship with Pakistan is trade. Both governments are keen on improving bilateral trade ties and economic integration, and recent activity strongly suggests positive work in this area. In 2013-2014, India and Pakistan conducted USD2.6 billion worth of trade, according

to The Economic Times. Efforts are being made to loosen structural impediments with respect to travel and telecommunications as well as liberalising economic sectors, including pharmaceuticals.

For Pakistan, improving its economy is a first-order priority for Sharif and his government. The Third Review of Pakistan’s economic performance by the International Monetary Fund (IMF) revealed that foreign direct investment and growth opportunities were perpetually stymied by an array of security issues like terrorism, communal violence and criminal activity, according to the Business Recorder.

National stability is also expected to be impacted significantly by the departure of foreign military forces in neighbouring Afghanistan at the end

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of 2014. With one of the lowest taxes bases globally, standing at around 9.1 per cent of GDP, according to The Economist, Islamabad needs to reduce public spending in order to lower a budget deficit that stands at 5.8 per cent of GDP.

This may mean that the government will have to make unpopular economic decisions that may ramp up political and social tensions. This in turn adds another layer of insecurity, manifesting as street demonstrations. Sixty-eight public companies were targeted for a fire sale, including Pakistan International Airlines and Pakistan Steel Mills, to alleviate the government's already strained finances. Foreign investors, however, need to feel comfortable and secure in their investments. Incidents such as the June 9th Taliban assault on Karachi's Jinnah International Airport does very little to instil investor confidence.

Security issues have been and are reducing investor confidence, compelling Islamabad to look towards India for a viable and sustainable economic lifeline, excluding the assistance from major donor nations and the Breton Woods institutions. Improving trade ties with India will be critical, but Sharif will have to rein in any security spoilers to achieve this.

The electorate was drawn to Modi largely because of his economic track record in Gujarat, but it should be noted that the state has always been one of the more entrepreneurial and business-friendly states in India.

Additionally, Gujarat benefitted from the economic liberalisation policies of the Congress government as well as relative economic shortcomings of numerous state governments that drove industry towards Gujarat. Voters are looking to Modi to replicate Gujarat's success on a national scale.

Modi will have to look outwards, especially towards Pakistan to improve trade because ignoring Pakistan risks plunging that country further into economic despair, which will be hugely destabilising for India and the wider region. Sharif knows this and so does Modi. That is one reason why Modi invited Sharif as well as leaders from the other member states of the South Asian Association of Regional Cooperation (SAARC) to his inauguration ceremony. It was an initial platform of détente for and allowed leaders to discuss regional issues, including greater integration on political, economic, social and security affairs.

In the realm of security, Kashmir and trans-border terrorism are at the crux of Modi's foreign policy with respect to Pakistan. He appointed a former Intelligence Bureau chief, Ajit Doval, as his National Security Advisor. Doval has extensive operational experience in counter-terrorism and is viewed as a regional terrorist wonk capable of dealing with Pakistan. He is equally pessimistic about Afghanistan's stability after the NATO-US withdrawal and its implications on Pakistan's security.

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Furthermore, Modi appointed Sushma Swaraj as his External Affairs Minister. She was once tipped to be the BJP prime ministerial candidate. Her appointment, however, is another indicative sign that India may be firmer with its dealings with Pakistan on security issues. She famously threatened the lives of Pakistanis in response to the beheading of an Indian soldier in January 2013 allegedly by the Pakistani army in the Poonch sector of Jammu and Kashmir.

Border incursions are commonplace along the Line of Control, but occurred with increased frequency in 2013 to derail peace talks. Was this a reflection of the weakness of a Congress-led government? That is debatable. More recently, and perhaps very telling about Modi’s ambitions for Kashmir was his government’s recent request for the UN’s Military Observer Group (UNMOGIP) to vacate its rent-free residence in New Delhi.

According to a communiqué sent to the UN, the UNMOGIP was described as “obsolete” and that the Simla Agreement of 1972, which provides a framework to resolve the Kashmir issue bilaterally, had superseded its mandate. The UN has been in Kashmir monitoring ceasefire violations since 1951. They are unlikely to depart anytime soon; however, Modi is reinforcing India’s longstanding position on UNMOGIP in what is arguably its strongest move to date in recent years.

Modi and his BJP-led government are still in the honeymoon stages and have yet to encounter any major challenges in India’s relationship with Pakistan. On the Pakistan side, Sharif has been cordial and acceptable to Modi’s gestures on normalisation but is savvy enough to realise that Islamabad will not wilt on Indian pressure tactics on unsettled security issues.

There will be a bilateral meeting of ministers towards the end of July, when trade liberalisation will be at the top of the agenda, including allowing Pakistan-issued SIM cards to work in Indian Territory. SIM card access has always been a security issue for both security and intelligence establishment, and this proposal, while business-friendly, is another confidence-boosting effort.

Modi and Sharif will meet again on the side-lines of a UN General Assembly meeting in New York in September. What this demonstrates is positive momentum on normalisation. While he and the BJP-led government appear to be adopting a stronger policy stance on security issues with Pakistan, namely Kashmir, as this is one of the core drivers of terrorism activity against the Indian state, he is also balancing it with the “soft power” of economic development. ■

## India-Bangladesh Relations: Torn between religious extremism?



**Dr. Siegfried O. Wolf**

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Aside significant changes in the foreign policies of Bangladesh and India since gaining independence in 1971, two major keystones can be identified: First, Dhaka's concerns regarding India's intention to establish itself as a regional hegemon. Second, New Delhi's worry that Bangladesh is in the midst of turning into a hub for militancy, supporting separatism in India as well as serving as a sanctuary for Islamic fundamentalism which could destabilize the whole region. As such, the bilateral relations between these two South Asian countries have always been strained. Despite the fact that India supported Bangladesh's liberation war, an 'inbuilt distrust' can clearly be identified in their bilateral relations. What follows is a summary of some of the core domestic and systemic hurdles hampering more fruitful cooperation, before focusing on the topic of religious extremism.

First, as already indicated, there is a perceived threat among Dhaka's security circles that New Delhi possesses hegemonic ambitions to turn Bangladesh into a client state. The specific geopolitical location of Bangladesh – being almost completely surrounded by India- is one of the

main drivers of this enhancing threat perception.

Second, India and Bangladesh share more than 4,000 km long common border. The fact that the porous frontier is not fully demarcated, and cross-border movement has always been difficult to monitor, is a source for conflict; illegal migration (including refugees), and smuggling are taking place persistently. In addition, water-sharing disputes are another longstanding source of tension between the two countries.

Third, New Delhi is not only worried about security challenges caused by water and territorial disputes or illegal (im)migration, but also the steadily emerging ties between Dhaka and Beijing. Especially China's growing 'economic development' projects are viewed as a severe security threat, for example the build-up of the Chittagong port which could be used as an important naval base to improve Chinese maritime operational capabilities in the Indian Ocean region. Nevertheless, India's new Prime Minister Narendra Modi's (BJP) worry regarding Chinese presence in South Asia will more likely work as a catalyst

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for bilateral cooperation than a source for conflict. However, in order to be seen as the aforementioned catalyst for cooperation India has to improve its standing in the region and needs to rid itself from the image of a regional bully and develop a coherent and non-ambiguous foreign policy.

Fourth, a specific matter of concern has been the reported increase in activities of Islamic fundamentalist forces within Bangladesh. Besides the fact that post-independence Bangladesh declared quite from the beginning its commitment to secularity and subsequently banned all religious party, today Islamic fundamentalism poses a major threat towards friendly relations with its neighbours. A major reason for the endemic growth of religious extremism in the country is that most of the main actors (military as well as civilians) in Bangladesh not only used Islam to increase their political legitimacy but also instrumentalised Islamist forces in their struggle for political power and other partisan purposes. As a result, religion was established as a crucial and powerful force in Bangladesh’s political arena. It is extremely worrying that today it is rather extremist forces and not moderate voices that shape the contours of the country’s political discourses. This has dramatic consequences. Today, one can find religious extremist elements in all sections of state and society including the country’s leading political-administrative institutions and authorities. This deep entrenchment of Islamic fundamentalist forces granted Bangladesh the unfortunate

reputation that its territory not only serves as a training and recruitment hub but also as a launching platform for international jihadist activities. Taking the extraordinary anti-Indian sentiments among the Islamists as well as the porous Bangladesh-India border into account, New Delhi is deeply affected. The persistent danger of internationally active Islamic groups carrying out terrorist activities on India’s soil or destabilizing sensitive areas looms largely in New Delhi’s policy circles. It seems increasingly obvious that there is an unholy ‘marriage of convenience’ between Bangladesh Islamists and Indian insurgent groups in the North East and other volatile regions like Jammu and Kashmir. However, in recent years, certain positive trends have found traction: Foremost the establishment of cooperation with India in order to deal with counter-terrorism and cross-border militancy. Several terrorist groups operating in India that are based in Bangladesh (for example the United Liberation Front of Assam or the National Democratic Front of Bodoland) have been weakened by coordinated Indian and Bangladeshi actions. Nevertheless, the enduring growth of Islamic fundamentalism in Bangladesh remains a major regional and international concern.

To sum up, besides all disputes and conflicts it seems that points of cooperation and sustainable frameworks have emerged which could work towards an improvement of Indo-Bangladesh relations. In the past, many diplomatic initiatives have been outmaneuvered by opposition

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members or members of the own (fragmented) coalition. Furthermore, due to the fact that national governments in the recent past were not stable, regional players had much space to undermine the country's foreign policy. Today the rules of the game are in the midst of being redefined. New Delhi is witnessing a remarkably strong and most likely very stable government after a landslide victory of the National Democratic Alliance led by the Bharatiya Janata Party (BJP) in the 2014 parliamentary elections. This not only grants the central government more autonomy more autonomy in foreign policy decision-making but also the opportunity for its implementation, understood as passing an 'agenda' through the parliament. As such, initiatives like the Land Boundary or Teesta Water-Sharing Agreements, which were permanently paralyzed in the past, could be reanimated if New Delhi and Dhaka possess the necessary political will. Nevertheless,

one should not underestimate the veto power of oppositional or anti-systemic forces like the Sangh Parivar in India or the Islamic fundamentalists in Bangladesh. Therefore, in order to achieve sustainable, constructive India-Bangladesh relations it will be essential to have a firm stance against religious extremism and keep them out of the public-societal and political arena. Therefore, one must observe how far Prime Minister Modi is following his BJP predecessor Atal Bihari Vajpayee in trying to establish friendly relations with neighbouring countries and keep the hardliners within the rank and files of the Hindunationalist movement in check. Here, it is most likely that the radical pole of the Sangh Parivar (network of Hindunationalist movement organizations) will understand – like during the Vajpayee government – the 'power of the purse' which can be only ensured through constructive approaches between South Asian states. ■

*“This deep entrenchment of Islamic fundamentalist forces granted Bangladesh the unfortunate reputation that its territory not only serves as a training and recruitment hub but also as a launching platform for international jihadist activities.”*

*“Therefore, in order to achieve sustainable, constructive India-Bangladesh relations it will be essential to have a firm stance against religious extremism and keep them out of the public-societal and political arena.”*



### **Christoph Haas**

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## **India and Sri Lanka: New room for rapprochement?**

The victory of the National Democratic Alliance (NDA) and Narendra Modi May 2014 could lead to new positive dynamics in the relations between India and Sri Lanka. The new prime minister of India has already sent positive signals by inviting Mahinda Rajapaksa alongside all other South Asian heads of government to his inauguration ceremony at the 26th and 27th of May this year. The invitation was seen as a positive signal to all neighbours that the new government of prime minister Modi is interested in good relations with all South Asian countries and a stable environment to secure a positive economical development for India, which was one of the main promises and goals of his election campaign. In order to fulfil its promises the new government will likely continue the good neighbourhood policy course regarding South Asia, first formulated by former Prime Minister Gujral in the early 1990s.

The invitation and participation of Sri Lanka's president Mahinda Rajapaksa could be a starting point for an improvement in the relations between the two countries, which have been burdened by several issues over the last few years. The first conflicting issue is related to the now ended civil war in Sri Lanka: after having officially abandoned the cease fire agreement between the government of Sri Lanka and the LTTE on the 2nd January 2008,

government troops launched a major military campaign which led to the defeat of the Tamil Tigers. On May 16, 2009 President Rajapaksa declared a military victory over the Tamil Tigers and the end of the conflict.

Besides reports of human rights violations on both sides, the Sri Lankan government is currently facing an investigation on human rights violations by the United Nations. India had supported UN resolutions in 2012 and 2013, which demanded a serious investigation of war crimes committed during the civil war, especially in the final phase of the conflict. Because of the unwillingness to cooperate with the United Nations and a perceived lack of efforts by the government of Sri Lanka of addressing the topic, former prime minister Manmohan Singh cancelled his participation at the Commonwealth Summit in Colombo in November 2013. The reason for this decision can also be traced back to pressure by Indian Tamil politicians. While India had supported the resolution in 2012 and 2013, India abstained the last resolution in March this year. There was a serious concern that an investigation by the Office of the High Commissioner for Human Rights could undermine the sovereignty of Sri Lanka. Members of Modi's BJP welcomed this decision of the former government. Indian support would have seriously burdened the Indo- Sri

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Lankan relations and would have been against India's foreign policy interests. Sri Lanka is one of the closest partners within South Asia and India does not want to lose its leverage and stakes, especially against the background of growing ties between Sri Lanka and China. Therefore the new government will likely not support further efforts of the UN in this direction. On the other hand India should further try to influence the Sri Lankan government to investigate the alleged crimes, as well as the reconciliation process between the Sinhalese and Tamils. Even without supporting a UN probe India could still contribute in a positive manner and this would also avoid a negative perception by the international community, undermining India's wish to play a major role at the international level.

The second issue is the dispute over fishing rights and the detention and killing of Indian fishermen by the Sri Lankan Navy. The core of the problem is that fishermen of Tamil Nadu, usually Indian Tamils, are crossing the International Maritime Boundary Line between India and Sri Lanka, especially in the Palk Bay. Tamil fishermen hold the view that fishing in those areas is their traditional right and custom. Fishing is important for Tamil Nadu's economy as well as for the Sri Lankan economy. Mostly Indian Trawlers had exploited the waters between India and Sri Lanka for a long time, because the civil war in Sri Lanka made this area dangerous and unreachable for Sri Lankan fishermen. After the end of the civil war in Sri Lanka these areas could now be exploited by Sri Lanka's

fishing industry too, which leads to a confrontation of economic interests. A second issue related to disputed maritime borders and fishing rights is the status of Katchatheevu island. In 1974 India handed over the sovereignty over the island to Sri Lanka via conditional agreements. A fact strongly opposed by the state-government of Tamil Nadu. This makes the case more a conflict between politicians and interests of Tamil Nadu and that of the central government, than a conflict between India and Sri Lanka per se.

Having won a majority in the lower house, the Lok Sabha, India's new government under Modi could act more independently and pragmatically because none of the major Indian Tamil parties is a member of the National Democratic Alliance coalition. The bilateral relations are thus less prone to inner Indian politics. Nevertheless the Modi government has to act carefully, because it lacks a majority in the Indian upper house, the Rajya Sabha, where Tamil parties hold a significant amount of seats. For the implementation of major economic reforms, the NDA government will have to find a majority in the Rajya Sabha as well. Therefore Modi will have to act carefully in his politics regarding Sri Lanka and has to find a middle ground between his foreign policy and domestic interests.

Although there is an agreement and settlement on the maritime borders and the Katchatheevu Island between the Indian central government and the Sri Lankan government this is still disputed by the state-government of Tamil

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***“In order to fulfil its promises the new government will likely continue the good neighbourhood policy course regarding South Asia, first formulated by former Prime Minister Gujral in the early 1990s.”***

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*“In general one can expect a continuation of India’s foreign policy credo of non-interference in Sri Lankan domestic affairs as well as a focus on further strengthening existing military and economic ties.”*



Nadu. The central government and prime minister Modi should try to find a solution for the fishermen dispute to ensure the release of Indian fishermen and the avoidance of future arrests and killings, which could have a negative impact on the bilateral relations in the long run. One possibility could be a further deepening of security cooperation between the navies and coastguards of both countries.

In general one can expect a continuation of India’s foreign policy credo of non-interference in Sri Lankan domestic affairs as well as a focus on

further strengthening existing military and economic ties. A bilateral free-trade agreement was signed and came into effect in 2000 giving way to fast economic trade growth. At the moment India is Sri Lanka’s largest trade partner at the global level whereas Sri Lanka is India’s largest trade partner within South Asia. Therefore both sides share an interest in cooperation and good relations and the new government under Modi will rely on Sri Lanka in their plan to push forward cooperation and trade in South Asia. ■

## Indo-US Relations after the General Elections 2014



**Kai Fürstenberg**

Research fellow at the South Asia Democratic Forum and Researcher at the South Asia Institute, Heidelberg University

***“Before the elections, India and the US enjoyed an increasingly amiable relationship, which for instance found its expressions in the 2005 nuclear deal.”***

The general elections of 2014 had two remarkable outcomes; first they brought an absolute majority for the BJP in the Lok Sabha (lower house of the Indian parliament), something unheard of in Indian politics for decades. Secondly, they put one of the most controversial politicians of national significance in charge of government: Narendra Modi. There are concerns over increasing communal disharmony in India and there are questions regarding the Indo-Pakistani and Sino-Indian relations, all these issues are related to Modi and the BJP being Hindu-Nationalist, and his alleged involvement in the 2002 Gujarat riots. Then there are the hopes of a young urban middle class in India and investors abroad for new and more inspired economic policies under a Prime Minister Modi. Hopes that stem from his alleged track record of his time as chief minister of Gujarat.

One field that touches upon both issues is the field of Indo-US relations. How are these affected by the change of government? Before the elections, India and the US enjoyed an increasingly amiable relationship, which for instance found its expressions in the 2005 nuclear deal (famously known as the 123 Agreement). However, Modi himself was treated as a persona non-grata in the US and even banned from obtaining a visa for entering the United States for his

role in the 2002 riots. One way or the other the US administration under president Obama has to deal with the Modi-led BJP government in India. In addition, several factors lead to the assumption that Modi's past will not be an issue in future relations. Most importantly, there is the economic factor. India's past administration had become increasingly protectionist and prevented liberalisation in areas such as foreign investment into the retail industry. In addition, it introduced retrospective taxation on foreign capital, a move further deterring foreign investments. Then there is the long-standing issue of patents, especially in the pharmaceutical industry. India has so far refused all calls for the enforcement of pharmaceutical patents and has protected the generic industry. Modi is likely to change India's economic policies in these regards. He will revoke most of the protectionist policies of the former Congress-led administration and introduce a new tax code, something promised in the BJP election manifesto, which will favour businesses in India and investment from abroad. Naturally, the US government and US companies like Wal-Mart or Pfizer will keep a close eye on the legislations during the first year of Modi's administration; and especially the Budget announcement on July 10 that will give an insight into future economic policies. The US certainly can hope for a change in

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***“He will revoke most of the protectionist policies of the former Congress-led administration and introduce a new tax code, something promised in the BJP election manifesto.”***

***“The US needs India as a counterweight to China. India is the only country in Asia, which can rival China in economic and population size and geographical significance.”***

economic policies in their interest, but they should be careful to expect too much. Although often cited to support his role as a successful politician-cum-businessman, Modi's economic track record in Gujarat is overrated. Most of the reforms, which kicked in during his term as chief minister, were initiated much earlier and in other aspects, like the HDI, Gujarat is mediocre at best. Nevertheless, Modi's administration is very likely to improve the business relations between the US and India.

A different issue and a pressing one for the US administration as such, is the role of India in the United States' Asia-Pacific strategy. India plays a double role there. The US needs India as a counterweight to China. India is the only country in Asia, which can rival China in economic and population size and geographical significance. With India, the US hopes to check the expansion of China into the Indian Ocean and a subsequent control of the Indian Ocean sea-lanes by China. A strong and amiable India would also relieve pressure from the US military, which could then concentrate more on the Pacific proper. Further issues of Indo-US relations revolve around Pakistan and Afghanistan. With the withdrawal of US troops from Afghanistan underway, fear of an increasing instability in the region is on the rise. At least to prevent a complete

breakdown of Afghanistan, the United States needs a stable Pakistan that can focus its foreign policy efforts in the region; thus, the US needs stable relations between India and Pakistan. The US will therefore exert some pressure on Modi if he goes too far in his rhetoric; something, which could, happen since Modi has to tend to his right-wing nationalistic constituency.

The US will deal with a Modi-governed India and in areas like the business relations, the ties will improve. In strategic areas, the US will operate business as usual, since the person in power does only play a role if it harms the strategic interest of the US in the Asia-Pacific. The Indo-US relations will be marked by cold, but effective cooperation. ■

# India's energy interests in Central Asia: challenges ahead



### Farkhod Aminjonov

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Central Asia is one of the regions in the world that enjoys abundance of energy resources capable of covering internal as well as to a certain degree external demands. Being surrounded by energy thirsty regional powers there is clearly a demand for these resources. However, none of the major powers interested in the region's energy (Russia, China, the European Union or India) considers Central Asia a priority area in their foreign energy policy and thus, do not engage in a full-scale resource struggle. Still they all use certain leverage to promote their growing interest in the region's energy sector.

India is a net energy importer and like many others, is highly dependent on the volatile Middle East. To diversify its portfolio and reduce dependence on the Middle East and secure energy supplies, India is interested in direct energy trade with Central Asian producers. Central Asian countries' energy policies are oil, gas and electricity focused – commodities that most of the customers, including India are interested in. Regional state-actors also pursue energy policies that are export-oriented. To increase their bargaining power, regional energy producers attempt to diversify their export dependence on existing customers. In this regard, India's large market and financial capability

to invest in regional energy projects provide some prospects for stronger cooperation in energy trade between Central Asia and India.

However, even though connecting Central Asian resources with Indian markets may benefit both sides, there are many factors that determine the success of such diversification: a) geography - the distance between exporting and importing countries/ common borders; b) security/ vulnerability of transport routes; c) political relations between India and Central Asian states; d) availability of sufficient (produced) energy resources to meet external demand; and e) commitment to implement and financial capacities to invest in regional energy projects.

There is no ground for political rivalry between Central Asian states and India. Thus, overall political relations can be characterized as stable with high potential for cooperation in the energy sector. However, India's position on almost all other aspects of energy cooperation is rather weak.

In the gas sector, for a land-locked region such as Central Asia, cross-border gas pipelines are the only cost-efficient way to transport energy. Construction of such infrastructures requires significant investments.

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Taking into account the fact that Central Asian exporters have not significantly invested in any regional level energy projects (they inherited Russian pipelines and China covered 90 percent of the cost of the Central Asian Gas Pipeline project) and other South Asian states (Afghanistan and Pakistan) have limited financial resources, it is India that has to step forward as the major investor. However, the extent to which India is willing to cover the cost of Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline worth 7.6 billion USD remains unclear.

Turkmenistan is the main contributor to the planned TAPI project as well as to almost all major natural gas transporting pipelines. Nonetheless, with all of the existing gas pipelines upgraded, it is highly unlikely that Turkmenistan will be able to meet its near future export obligations, not to mention its additional export load. A former major Turkmen gas importer, Russia has decreased the volume of import (around 15 bcm/y) due to geopolitical turbulence in the Eurasian region which has reduced Moscow's incentives of re-exporting Turkmen gas. However, with stable Russia-EU gas supply relations it is most likely that Russia will try to make full use of its Central Asia Center gas pipeline with the capacity of 45 bcm/y. Turkmenistan is also planning to increase its gas supply to Iran from 6-8 to 20 bcm/y. Leaders

of China and Turkmenistan agreed to increase gas export capacity up to 65 bcm/y via Central Asian Gas Pipeline. Turkmenistan is estimated to possess around 17 trillion cubic meters of gas. However, possessing trillions of cubic meters of gas is worth little until it is extracted and turned into a transportable energy source. Since Turkmenistan's gas export capacity in 2013 accounted for less than 40 bcm/y, the country's ability to increase gas production to the extent required in order to meet external demand has to be questioned. In addition South Asian states cannot count on other Central Asian gas exporters, because Kazakhstan's gas production is limited and Uzbekistan is itself experiencing serious gas shortages.

There is no common border between Central Asian states and India, which means all energy-transporting infrastructures have to transit Afghanistan and Pakistan. TAPI is supposed to benefit all South Asian countries, meaning that India should receive support from these quasi-transit states. However, security issues in Afghanistan and tensions with Pakistan add security risk concerns, affecting all regional projects in the energy sector. Despite many claims by governmental representatives regarding prospects of building this pipeline neither India nor Central Asian gas producers will risk investing in TAPI until they receive guarantees from both Afghanistan and Pakistan

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on their commitment to implement the project. Slowing down the construction of the Iran-Pakistan-India pipeline once again proved the lack of trust and cooperation in South Asian regional energy projects. Iran invested billions of dollars and completed its part of the pipeline, but the whole project has stopped because Pakistan failed to begin building its section. As a result, India is left with no gas.

Besides natural gas, India is also attracted by the Central Asian hydropower potential. There is a framework for cooperation within the Central Asia South Asia Regional Electricity Market (CASAREM)

initiative. As the first phase of this initiative, CASA – 1000 is expected to supply electricity to Afghanistan and Pakistan from the current surplus of energy in Tajikistan and Kyrgyzstan. However, CASA-1000 excludes India as a potential beneficiary. Hypothetically, India might benefit from the Central Asian hydropower potential in case electricity production in upstream Central Asian countries increases (with the construction of Rogun and Kambarata-1 hydropower plants) and electricity transmission lines are extended to India. However, concerns regarding security of electricity supply infrastructure and economic viability of the project as well as problems over

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***“There is no common border between Central Asian states and India, which means all energy-transporting infrastructures have to transit Afghanistan and Pakistan.”***

*“China and India have done business together in the energy sector in some other parts of the world, but in Central Asia they are competitors rather than partners.”*

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the water-energy nexus in Central Asia pose serious challenges for India to pursue its energy interests in the region.

India's involvement in Central Asia's energy sector is not limited to projects designed to move energy resources out of the region. India is trying to take a share of the oil and gas industry in Central Asia. Indian business succeeded in purchasing shares of several oil fields in Kazakhstan (India's Mittal Investments - Karakuduk, North Buzachi, South Zhambay, Satpayev fields and ONGC Videsh Ltd – Satpayev field). A few energy cooperation agreements were signed between Indian and Uzbekistan/Turkmenistan's energy companies. India is among many loan providers

to Central Asian upstream countries' hydropower sector. India is also showing growing interest in the region's uranium sector to acquire nuclear fuel for Indian civilian nuclear programs.

However, India's overall involvement in the region's energy sector, in comparison to China's increasing presence, is still quite insignificant. In fact, China poses a serious threat to Indian energy interests in Central Asia. China and India have done business together in the energy sector in some other parts of the world, but in Central Asia they are competitors rather than partners. China outbid India to acquire Petro-Kazakhstan in 2005. The second major loss for India in Kazakhstan was ONGC Videsh's

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failure to buy ConocoPhillips' 8.4 percent share in the North Caspian Operating Company, the share that was later sold to CNPC. Central Asian producers' commitment to supply significant amount of gas (65 bcm/y from Turkmenistan and 25 bcm/y from Uzbekistan) to China affects availability of natural gas to export to India. Moreover, China's interest in the region's hydropower sector in the near future has the potential of diverting Central Asian electricity flows from South Asia directly to China.

To further promote its interests, the Indian government launched a new "Connect Central Asia" (CCA) policy in 2012. This initiative aims to strengthen political and economic cooperation with Central Asian states. According to the CCA policy India has to take a pro-active approach in relationships with regional actors. Former Prime Minister of India Dr. Manmohan Singh ten years back acknowledged that India was way behind China in planning for energy security and emphasized the need for a more active role in promoting its energy interests. A decade has passed and China has increased the number of oil and gas pipelines connecting Central Asian resources with the Chinese market and the overall trade accounts for almost 46 billion USD compared with 700 million USD India-Central Asia trade balance with no import of energy at all.

India does not enjoy historical ties and inherited pipeline networks to transport energy out of the region like Russia or geographic proximity or the capacities to almost entirely cover the cost of energy projects like China. With its current level of engagement India cannot directly compete with China in the Central Asian energy sector. India can either promote its interests by connecting with Central Asia via membership in the Shanghai Cooperation Organization or through the Central Asian Regional Economic Cooperation program by engaging in multilateral dialogues. In the near future perspective, India should focus on acquiring larger shares in the Central Asian oil and gas as well as hydropower industries, while remaining ready to facilitate direct energy trade between regions. China has only recently increased the volume of energy import from Central Asia and has not yet developed relationships for the sake of which regional exporters would sacrifice their attempts to further diversify dependence on existing customers. In case China does not meet Central Asian countries' expectations on stable and reliable cooperation in the energy sector, India will have to act fast and put in place infrastructure to move energy out in the Southern direction. ■

***"India can either promote its interests by connecting with Central Asia via membership in the Shanghai Cooperation Organization or through the Central Asian Regional Economic Cooperation program by engaging in multilateral dialogues."***



### Rina Soloveitchik

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## India-Russia ties: reappraisal needed?

There is little indication as to how recent elections in India will change relations between India and Russia per se. India's foreign policy course tends to be rather slow in changing direction. While Modi is seen to be more pro-active in foreign policy than preceding Indian presidents, his direction is unknown even among India's elites. However, what is known is the strategic environment in which this new leader is operating and how that might influence the relationship between the countries, given that Modi is seen as a pragmatist with India's national self-interest at the top of his priority list.

One might think that following Russia's most recent self-proclaimed re-orientation to the East in the context of the Ukraine crisis, the relationship between the two countries could even strengthen ties further. However, the lifting of the arms-embargo with Pakistan will make India suspicious about the reliability of current Russia as a partner, leading to threats by India to ease its relationship. At the same time - similarly to Cold War times- co-operating with Russia will be much more polarizing than it used to be and therefore potentially more costly for India in terms of its relations to "the West." Russia and India are seen to have been in close and friendly

relations since the 1950s, based on mutual support or neutrality towards each other's most crucial interest spheres.

Under Stalin, Russian elites were suspicious of India's genuine claim of formal non-alignment. Jawaharlal Nehru's visit to the USSR after Stalin's death in June 1955 and Nikita Khrushchev's visit to India in December 1955 are often seen as the beginning of a closer relationship between India and Russia, which continued throughout the Cold War. Rhetorically, India's foreign policy positioned itself as a speaker of the global poor asking for a restructuring of the IMF and World Bank and critical of a US-dominated capitalist order, a position echoed especially by intellectuals.

The relationship reached its peak when in the 1970s Indian and Soviet leaders were weary of an emerging US-Chinese rapprochement. In 1971, in response Russia and India reacted with an Indo-Soviet Treaty of Peace, Friendship and Co-operation, guaranteeing consultation in case of military action against one party to the treaty. During the India-Pakistan war in 1971, the USSR deployed ships to the Indian Ocean to counter any move by the USA, which had already sent its 7th Fleet into the Bay of

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Bengal. The breakdown of the Soviet Union rendered this treaty void, which meant that India no longer had modern military equipment against China. After a big economic downturn following the Gulf Crisis, India dropped its pro-developing-country rhetoric at international fora.

In the 1990s, relations became uncertain with Russia being preoccupied with domestic issues, and its relations with the USA and Europe. India had to deal with a new Russia, which was eurocentric and economically dependent on the West. When President Boris Yeltsin visited Delhi in 1993 he initiated a new Treaty of Friendship to replace the old India-Soviet 1971 treaty suggesting regular consultations and

co-ordination in a case of a threat to peace. In the late 1990s Russia started shifting from the previous Western oriented foreign policy and decided to strengthen its country's relations with former Eastern allies. Under the leadership of Vladimir Putin it signed the Declaration on Strategic Partnership with India in 2000. The agreement was meant to deepen co-operation in the political, economic, defence and cultural fields. Much of those friendly relations amount to symbolic trust rather than actual interdependence. Thus today the trade relationship is not significant. Although Indo-Russian trade has improved in the last few years, it has hovered around a 1% share during the first decade of the century. The greatest sphere of collaboration is

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*“The lifting of the arms-embargo with Pakistan will make India suspicious about the reliability of current Russia as a partner.”*

***“The relationship reached its peak when in the 1970s Indian and Soviet leaders were wary of an emerging US-Chinese rapprochement.”***

***“The greatest sphere of collaboration is in fact military co-operation and space. 75 per cent of India’s military hardware comes from Russia.”***

in fact military co-operation and space. 75 per cent of India’s military hardware comes from Russia. There are estimates that about 800 Russian defence production facilities are kept in operation by Indian defence contracts.

The general friendliness between Russia and India might now be under threat. Russia recently announced to lift its embargo on the supply of Mi-35 attack helicopters and defence equipment to Pakistan. This decision might be motivated by India’s election of Narendra Modi, who has said he would focus on reducing India’s reliance on imports. Analysts also explain this move as the Kremlin’s intention to create proximity to Pakistan and influence Afghanistan, from where NATO troops are withdrawing. It was also argued that it is a way to keep weapon exports stable in case Syria’s Assad is lost as a client. The calculation seems to be that Indian- Russian relations would not be harmed. Pakistan is the sensitive topic in Indian foreign policy and Russia hit the nerve. Leading Indians politicians already expressed their concern threatening to interrupt “business as usual” with Russia.

Given India’s dependence on Russian military defence equipment, it is unlikely that they can pressure Russia to reverse its decision, but in the long run India might well see the move as a trigger to reorient itself and reduce its dealings with Russia slightly. Nevertheless, Rogozin came to India four months ago, and reportedly mentioned the possibility of a new oil pipeline between Russia and India, which will run parallel to the \$7.6 billion Turkmenistan-Afghanistan-Pakistan-India gas pipeline. Modi is seen as a pragmatist. He also made a historic move in getting his Pakistani counterpart to attend his inauguration, which might indicate a change in relations to the neighbour. Nevertheless, Russia’s move must overshadow India-Russia relations that are to come. Pakistan is too sensitive an issue. ■

## The Global Jihadist Threat to India

### Prem Mahadevan

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There is a tendency on the part of terrorism scholars to analytically divide jihadist groups into global and regional categories. Global jihadists are seen as a problem for the West and for humanity as a whole, whereas regional jihadists are perceived as being only a problem for impoverished, badly governed countries that can be left to manage it as best they can. Although convenient from an academic viewpoint, the distinction is not watertight in practice: certain groups, like Pakistan's Lashkar-e-Taiba (LeT), have it both ways by indirectly supporting attacks on the West while publicly claiming that their interventions are limited to the Indian province of Jammu and Kashmir. In LeT's case, the group also receives massive and sustained support from Pakistani state agencies, through former soldiers and spies who act as 'cut-outs' to allow for plausible deniability. Thus, even as the boundary between global and regional jihadism is blurred, so too is the theoretically clear-cut difference between state-sponsored and stateless terrorism.

India stands at the convergence of all four threat categories: global, regional, state-sponsored and stateless. Most importantly, it has limited ability to alter the scale or intensity of the strategic challenge thus posed. This

is because the drivers of jihadist violence lie across its western border, in Pakistan, where a weak civilian government perennially talks tough on terrorism but lacks political credibility to oppose a power-hungry military that sees jihadist groups as tools of geopolitical influence. Despite tens of thousands of Pakistanis having died in political violence over the last decade, the military leadership persists with a double-game: assisting the Western counterterrorist effort against Al Qaeda, and simultaneously assisting Taliban attacks on Western troops in Afghanistan. That this Janus-faced policy has worked for so long should come as no surprise to Pakistan watchers: it is a repeat of the proxy war that Islamabad fought against the former Soviet Union during 1979-89. Only at the time, the West labeled Pakistan a frontline ally against communism; today it is supposedly a frontline ally against terrorism.

### Pakistan and its 'non-state actors'

Just as India became a collateral casualty of the Soviet-Afghan War, when Pakistan-trained jihadist mercenaries were re-directed to Jammu and Kashmir in 1989, so too shall current developments in Central and West Asia adversely affect Indian domestic security in the coming years. The Syrian civil war is thought to have

***"India stands at the convergence of all four threat categories: global, regional, state-sponsored and stateless."***

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***“There are estimates that around 200 Indian Muslim youth might have travelled to Syria to fight against the Assad regime.”***

provided Pakistan with a welcome battleground for getting rid of surplus manpower from the Lashkar-e-Taiba and Lashkar-e-Jhangvi, manpower that would otherwise prove destabilizing for Pakistan itself. There is also an element of geopolitics at play: It is believed that former Pakistani soldiers working for these groups are being funneled to Syria and Iraq as hired guns in the ongoing proxy war between Saudi Arabia and Iran. If true, this hypothesis would suggest that the recent targeting of Indian nationals in Iraq might be more sinister than is first evident. Further jihadist attacks on Indian nationals in the Middle East and Africa would place severe strain on the newly elected Indian government to ensure their safety, even though it lacks the diplomatic infrastructure to do so in substantial measure.

Furthermore, there are estimates that around 200 Indian Muslim youth might have travelled to Syria to fight against the Assad regime. This potentially creates a double-pronged threat: that of a reverse flow of sectarian militancy from Arab countries to India, and of more Indian youth gravitating towards Al Qaeda’s vision of waging a global jihad. So far, homegrown jihadist groups in India have lacked a large-scale vision, beyond avenging police excesses or rioting by the Hindu majority. They are dependent on Pakistani intelligence for logistics support and training, serving as low-

level intermediaries whose task is to create a smokescreen for groups such as Lashkar-e-Taiba to launch cross-border attacks. However, reports are emerging of an internationalist trend in Indian jihadism that aims to outgrow the constraints hitherto imposed by Pakistani intelligence and begin attacking Western targets. It is far from certain that Islamabad would be wholly opposed to such a development, since Pakistani diplomats could use it to deflect Western attention from their country’s continued patronage of terrorist groups such as LeT.

To enable loose networks of Indian jihadists (nicknamed the ‘Indian Mujahideen’) to carry out independent strikes, Pakistani intelligence is thought to have provided funding to the tune of 800 million rupees. It is also urging Indian jihadists to set up suicide squads and carry out armed assaults on commercial targets, preferably tourist sites. The logic appears to be that if Western visitors to India are killed by locally-recruited jihadists in an attack superficially similar to Mumbai 2008, then Pakistan could quietly collapse the legal proceedings that American pressure compelled it to launch against LeT after Mumbai. Allowing Pakistani jihadists to go scot-free requires first assisting Indian jihadists to emulate the kind of terrorist operations that have long undermined Pakistan’s reputation as a stable country.

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### Difficult policy options facing India

The new government in Delhi has shown boldness and courage by reaching out to Islamabad and signaling a willingness to move forward on trade issues. This is a significant concession to Pakistan, considering that Islamabad has failed to live up to its own commitments to restrict terrorist activities against India. Pakistan seems to hope that the new climate of goodwill can be used as an excuse to pursue a two-track approach of negotiating with India while fighting a proxy war in Afghanistan and elsewhere, using jihadists as deniable assets. Its own losses in this proxy war are high but tolerable, considering that Pakistan's economic heartland, the province of Punjab, has hardly been affected by terrorist violence. The fact that genuinely stateless terrorist groups such as Al Qaeda and the Pakistani Taliban have recently increased their anti-Indian vitriol would strengthen Islamabad's claims that it cannot be a sponsor of terrorism, since it is fighting the very groups that have threatened India. This argument would of course, be a falsehood: Pakistan remains highly selective on which terrorists it fights, and LeT remains untouched.

New Delhi needs to assemble a policy package that reciprocates Pakistani strategic ambiguity: it should be prepared to hit back either overtly or covertly to cross-border terrorist attacks, while keeping the

option of dialogue open. Pakistan has shrewdly used the (largely non-existent) boundaries of global and regional jihadism to neutralize Indian coercive diplomacy: it has rationed out counterterrorist cooperation against global jihadism to the US and UK, on the understanding that these countries will desist from criticizing its sponsorship of regional jihadist attacks on India and Afghanistan. The UK, with its large and restive Pakistani immigrant population, has been a willing partner in this regard. It has pumped aid money into Pakistan both directly and through the European Union, and leveraged its trusted position in the EU to shield Pakistan from overly harsh criticism for having sponsored and protected Lashkar-e-Taiba.

India's new leadership has to create a counterterrorism capability that combines an ability to collect and fuse intelligence in a timely manner, with the ground-level means to act swiftly upon the leads generated. This is going to be an uphill task. The country's premier intelligence agency, the Intelligence Bureau, is short-staffed by 30%. Police density is among the lowest in the world, relative to population size. Besides an acute paucity of Special Weapons and Tactics (SWAT) equipment, Indian counterterrorism capacity has never been optimized for rapid intervention in a crisis, but rather, approaches counterterrorism as merely a secondary facet of counterinsurgency.

*“The new government in Delhi has shown boldness and courage by reaching out to Islamabad and signaling a willingness to move forward on trade issues.”*

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Mumbai 2008, together with growing evidence of Pakistan-supported ‘Indian Mujahideen’ bomb making networks having become active in Indian cities, led to a partial paradigm shift in security doctrine, but this remains incipient owing to resource scarcity. Basically India lacks the cash and the courage to militarize its domestic policing apparatus and aggressively combat terrorism for any length of time. More than intelligence failure, what has really hampered Indian counterterrorism is implementation failure – the inability or unwillingness to complete the process of systemic reform. The new government in Delhi is expected to give a sharp impetus to this process, but it will also have to work in a more challenging geostrategic and geopolitical environment. ■

### Note from the Director: The aftermath of the “Super election year”



**Paulo Casaca**

Founder and Executive Director of  
the South Asia Democratic Forum

With the upcoming completion of the Afghan electoral process, South Asian countries will have accomplished a full electoral year marked by national elections in seven of the eight members of SAARC, and a regional election with national implications in Sri Lanka.

Societies of the most populous region in the world have once again embarked on their journey to ballot boxes, defying several pessimist pundits and thus making a step forward on the path towards People’s rule. Although elections do not insure democracy by themselves, no democracy can exist without them, and we believe this South Asian electoral year to have been a fundamental achievement, moving the region closer to democratic goals. While the electoral process in the Maldives was tainted by successive interferences and postponements; Sri Lanka’s regional elections were still a timid step towards the much needed national reconciliation; Bangladesh’s vote was unfortunately boycotted by the main opposition party and viciously attacked by Genocide perpetrators; Pakistani elections – unfortunately unable to contribute positively to the crisis in Baluchistan or to quell the Taliban insurgency – were nevertheless a democratic shift in the right direction; a major leap was made towards democracy in Bhutan; the Afghan electoral process did not as many expected erupt in turmoil and violence and went far better than predicted by most and will hopefully in the long run lead to a stabilization of the fragile Hindu

Kush State; Nepalese elections were very successful and provided further hope for democratic consolidation. The Indian elections produced a democratic change we think might have a positive impact on a regional and international scale.

A stable government in the heart of the subcontinent is another sign of hope for regional, social, economic and political integration. In order to gain insight from a global perspective on the elections in India, we are organising a conference in Brussels on November 13th with the title “Modi in India, the new modus operandi: a global view” in which renowned international academics will offer their perspectives.

SADF believes that free and fair elections are paramount for regional integrations and the importance of this electoral year should not be underestimated. This is also why we are organising a Roundtable at the 8th annual Asian Political and International Studies Association (APISA) in Chiang Mai, Thailand on the 18th/19th of September 2014 under the title “Super Election Year in Retrospective: The Democratic Process in South Asia.

The South Asia Democratic Forum believes that solutions to even the most protracted situations can be found, that bridges can be crossed and that progress towards peace can be initiated and that South Asia ultimately has a bright future ahead.



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