
India's Foreign Policy: Focus in Asia

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Introduction

India's foreign policy is more pragmatically moving through a long continuum which originated in the ethos of the nation's struggle for freedom responding to changes in the country as well as outside. Soon after independence it captured the ethos of struggle for independence by opting to maintain peace and non violence, keeping away from the big power diplomacy and partner with the newly independent countries of Asia and Africa which were facing oppression of long alien rule. However, the frame work created for interaction could not be sustained for long in the overarching strategic realities of a world divided into two ideological camps. Treading an independent path became less relevant in an ideologically divided but interdependent world with insuperable demographic, economic and security problems. Amelioration of these problems mandated changes

in its foreign policy. Subsequently it was drawn closer to the former USSR. Even so, this period ensured self sufficiency in food and incremental development in industry. Changes in the international sphere compelled it to opt for market economy, regional cooperation, and tie up with developed economies of the west and US, the only super power after the Gulf war. Foreign policy was reformulated in consonance with changes in the international sphere retaining some of the core interests. India witnessed tremendous changes to emerge as a powerful economy in the region but neo liberal economic imperatives being the determinant, its strength depended on market forces. The growth ensured at the beginning of the twenty first century had a downward spiral which was largely due to the policies of the coalition government. At the moment emergence of a single party at the national level in India had raised hopes for evolving and implementing policies to fast track growth. But in view of scores of

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challenges foreign policy needed to be well calibrated in keeping with our national interest with committed implementation and tangible result. The paper attempts to focus on the important areas of our foreign policy in the neighbourhood and the Asian continent specifically China and Japan drawing on past experiences and the present approach with possible ramifications.

South Asia

For a considerable time India defined its relation with its South Asian neighbours following the famed "Gujral doctrine". Two important points included in the principle are, not to leverage India's position as a dominant South Asian country and making the border issue irrelevant in bilateral relationship. Following economic reforms trade is an important determinant in fast forwarding bilateral relationship with each one of these countries. But it did not create an environment of trust banking upon which long standing geographical problems could have been solved.

India's engagement with Pakistan has been criticized as one sided affair. The series of events following A. B. Vajpay's (then Prime minister of India) Lahore bus journey in February, 1999 indicates that their relationship is on a sticky terrain¹.

There are multiple power centres in Pakistan with overlapping influence which deter bilateral negotiations for peace. Terror is still believed to keep India under pressure not only in its territory but also in Afghanistan as is evident from the attack on Indian Consulate in Afghanistan soon after India sent invitation to Pakistan premier to attend the swearing in ceremony.

In view of the events following the Lahore bus trip in 1999, the presence of Pakistan President in the swearing in ceremony of the Indian Prime Minister was considered as a paradigm shift in the relationship between both the countries. But the hopes raised during Pakistan Prime Minister, Nawaz Sharif's visit to India were razed to ground after cancellation of foreign secretary level talks between both the countries scheduled on August 25, 2014 making it amply clear that civilian administration in Pakistan has less control in its policy towards India. Unfortunately the perceived dominance of India in the region is interpreted as dictating to its less potential neighbours in South Asia². Apparently the two countries have resisted pressure from the home turf and "dialogue and destruction went hand in hand and leaders of both the countries were comfortable in meeting each other in foreign

territory". But even that could not happen now as leaders of the two countries abstained from meeting during the 69th United Nations General Assembly (UNGA) meeting, in September 2014.

It may be recalled that Simla agreement drew both the countries closer to agree on specifying an international border but later Pakistan held up progress on this issue. For some time border issue was subsumed under "open borders" for the South Asian Free Trade Area. But Pakistan Presidents' four point formula again raised problems though later Pakistani intellectuals stressed the need for better relationship with India. However, sporadic terrorist activities further strained their relationship. The present government made an effort to reinvigorate the process, but the hopes were belied when India had to cancel the foreign ministerial level talks as per schedule. The disturbances on the Line of Control in late September 2014, has once again established that smooth political relationship between both the countries is still a dream. But the glum is not reflected in trade as both the countries concluded agreement on the gas pricing formula for the sale of gas to Pakistan by India following negotiations for about two years. As per the agreement Gas Authority of

India Ltd will supply LNG to Pakistan and five million metric standard cubic meters would be supplied daily for five years through a 110 km pipeline from Jalandhar to Amritsar -Attari border. With the implementation of this deal it is hoped that the Turkmenistan- Afghanistan-Pakistan - India (TAPI) gas pipeline project will materialize soon. The pipeline will be a major source of revenue for Pakistan and Afghanistan linking Central Asia with South Asia. Asian Development Bank is facilitating the project and US is interested as it will lay the foundation for the "New Silk Road" initiative announced by Secretary of State, Hillary Clinton in July, 2011³. The deal between GAIL and Inter State Gas Systems (ISGS) will help Pakistan to overcome its energy crisis, facilitate interdependence between both the countries in energy sector, serve as a tangible confidence building measure and serve as a foundation for a transit agreement for movement of goods across countries⁴. Thus connecting Asia will be easier through Pakistan dawning a new era of prosperity in Asia which may seem to be far cry under the present circumstances but not impossible.

The importance attached to neighbours is evident from Indian Prime Minister's visit to Bhutan on June 15, 2014. It played an important

role in flushing out the Kamtapur Liberation Organisation and North - Eastern insurgent groups operating from Southern Bhutan. India and Bhutan share a 699 km border. The Sashastra Sima Bal (SSB) of India guard the Indian side of the border while the Royal Bhutanese Army (RBA) guards the Bhutanese side of the border. Indian army has a training mission in Bhutan. The RBA is trained by an Indian Military Training Team which played a critical role in dismantling the insurgent organization. Besides, India has been playing an important role in building infrastructure in Bhutan. The joint statement signed at the end of Prime Minister's visit to Bhutan stated that both the countries will "continue to cooperate on issues relating to their national interests and not allow each other's territory to be used for interests inimical to the other." It may be recalled that Bhutan had conducted "Operation All Clear" against India specific insurgents in 2003. Its active participation to drive out the insurgents is needed in future to keep the groups away from the Bhutanese territory. India has assured Bhutan to waive restrictions on export of certain items. The cooperation on the hydropower sector will benefit both the countries⁵. A shareholders pact was signed on 01 October 2014 between Kholongchu Hydro Electrical Project

of Bhutan and SJVN Ltd. of India to generate 2,568 million units of energy at an estimated cost 3,868.87 crore to be shared equally between India and Bhutan. The project will be implemented in Bhutan under the build, own, operate and transfer (BOOT) model.

Despite internal pressure, the Indian government has walked an extra mile in befriending Sri Lanka. The approach served a larger national interest as imprisoned fishermen were released though the recent verdict on imprisoned fishermen in Sri Lanka has created problem in Tamil Nadu. However, government as well as private sector play a significant role in developing its infrastructure⁶. Recent Buddhist - Muslim spar in Sri Lanka forebode "fundamentalist activities with Pakistan's support, might target major infrastructure in India's southern states."⁷ In the meantime, it may be mentioned that China has displaced Japan as the principal donor to Sri Lanka. Its investments in Sri Lanka were more than the US and India's investments in 2012. It has given Sri Lanka \$4761 billion during 2005 -2012 and committed \$2.18 billion loan during 2012-14. China is favoured despite its unsatisfactory performance of some of the projects constructed in Sri Lanka. Reportedly Sri Lanka has

permitted China to dock a nuclear sub marine at the Colombo port⁸.

As with other neighbours, the visit to Nepal by the Indian Prime minister has a security dimension. The stalled railway projects may begin following the visit. The railway link from India to Nepal can be subsequently extended near the China- Nepal border. Three agreements were signed during the visit of India Prime minister to Nepal, the first since the last seventeen years. A SAARC Development Bank may be possible as Nepal and Bhutan have welcomed the idea. India's relations with Nepal were delicate for the last several years even though the India had offered credit line to Nepal in 2007, to the tune of US\$100 million and which was raised in 2011 to US\$ 250 million. The Prime minister announced concessional loan of 1 billion US\$ during the visit to Nepal. The credit will be used for execution of infrastructural development and energy projects in Nepal. Apart from benefitting Nepal and India's big infrastructure companies, it has a security dimension. Though India is the biggest investor in Nepal, China is a formidable competitor. India's assistance for linking Lumbini with the Buddhist circuit of India is also aimed at countering China's interest to develop the project. The government of Nepal has issued 28

survey licenses for hydro power projects having generation capacity of 8,249Mw. But power trading agreement and a long pending pipeline proposal have not been given due attention. The two countries did not sign power trade agreement (PTA) which the Nepalese government consider as a critical part of any plan to expand the trading of hydro power between India and Nepal. Following the signing of PTA the government of Nepal will sign individual power development agreements with each developer which will mark off obligations and rights of the government and the developer. The problem is that each developer has proposed a different amount of power sharing. The lack of uniform policy and doubts about meeting the commitments have deterred signing of the power trade agreement. Prime Minister Modi's stress on the completion of the Nepalese Constitution reiterated India's support for a democratic Nepal. To "review, adjust and update" the Indo-Nepalese Friendship Treaty has raised hopes that the long standing grievance of Nepal will be considered at the highest level of political decision making in India. In fact, the treaty has benefitted Nepal in several ways particularly by free movement of citizens across the border thereby contributing to its

GDP. The Nepalese resentment about the treaty centres round cooperation in water resources development, the ending recruitment of Gorkhas in the Indian army and border problem etc. But major political parties in Nepal view the treaty as an unequal agreement which gives India more leverage in its working at the cost of a sovereign country though actually Nepal has been rewarded with “a disproportionate share of benefits” from the treaty.⁹ The cultural and demographic homogeneity notwithstanding, Nepal is apprehensive about natural and acquired potential of India as harmful to its identity as a sovereign nation. Its closeness to China now bears the stamp of this fear. China's interests in Nepal are mostly identical with India as it needs assurances from Nepal not to allow Tibetan rebels to operate from its territory. India also desires that Nepalese territory should not be a platform for the forces detrimental to India. The radicalized Madrassahas across the Nepalese border have increased India's security concern. India has yet to complete the strip map. Nepal is worried about the reinstallation of monarchy in that country as the pro monarchy groups, it fears, might be encouraged by the government of India.

Maldives and Myanmar too are important as friendly neighbours that will thwart the infiltration of

insurgents in the border states and stimulate our growth. On 3rd October, 2014 the India-Myanmar container shipping service was launched with the joint effort of ministries of Shipping, External Affairs and Commerce in view of the strategic partnership between both the countries with a bilateral trade of nearly Rs.1000 crore.¹⁰

It may be noted that Bangladesh government is trying to keep balanced relationship with two Asian economies namely China and Japan. But it is maintaining distance from India. A Chinese firm is given the contract to build 6.15 km Railroad Bridge on Padma. It has taken a bold step in withdrawing from financial support from the World Bank after protracted negotiations for about three years. Such a step has not only elevated its reputation but a stimulus for other nations of South Asia to be self dependent¹¹. But the protracted row over maritime boundary between both the countries seems to have been settled in the international court. A five member international tribunal in the Hague fixed the maritime boundary of Bangladesh and India on equitable principles rejecting India's equidistance method which is favourable for Bangladesh. The award concluded the arbitration that Bangladesh filed under United Nations Convention on the Law of

Seas(UNCLOS) after failing in negotiations for a decade. It cannot be appealed and is binding on both the states. This follows a similar judgement in a case filed by Bangladesh against Myanmar. According to the foreign minister of Bangladesh both the awards entitle it to a large exclusive economic zone extending to 200 miles across, a sizeable area with undeniable sovereign rights in the sea bed extending nearly 300 miles from its coast¹². The Land Boundary too, has remained undecided fueling discontent among people on both the sides of the border.

Basing on India's relation with SAARC nations some postulates can be made. One, India is considered as more dominating in view of its geography and economy. Therefore, some of them are suspicious of its intentions underlying commercial relationship which is heavily lopsided against its neighbours. One group including Pakistan, Sri Lanka, Nepal, Maldives and Bangladesh have wooed China as a counter balance against India. While Pakistan has never failed to raise the Kashmir issue in international forums, Bangladesh has approached international forums for arbitration to solve the border problem with India. It has improved its economic profile to compete with India in international

trade. The reported terrorist activities targeted against India are increasingly disturbing while the border dispute awaits solution. Lately some progress in this behalf has been made. The ethnic issues flutter Indo-Sri Lanka relationship exacerbated by the feud between important ethnic groups who are residing in its territory added with turmoil created by religious groups recently. Even so they desire commercial relationship with India to improve their economies. So far Bhutan has exhibited steady friendly relationship. Among all SAARC nations India's relation with Pakistan is most unpredictable. The commercial relationship with all of them is moving up but border and ethnic issues remain unresolved. These issues are brought into play by competing political parties and leaders for an advantage in their domestic politics.

China: Scanning through the geo-economic space after integration with market economy, India's relation with China presents a spectacular change. The economic perspective of the present government has enthused China to "work with India" through a broader objective¹³. Enhancing the share of Gross Domestic Product(GDP) from 15 percent to 20 percent in the manufacturing sector and inviting

investments in 100 cities has enthused almost all developed countries to invest in India. China was the first to respond. Strengthening its ties with India is evident from visit of the Chinese foreign minister Wang Yi to India immediately after the new government assumed office and discussion on various "perennial" issues was held¹⁴.

During the visit of Indian Vice President to China on the eve of 60th anniversary of Panchsheel, accord was signed for Chinese investment in industrial parks which are expected to include special economic zones and manufacturing zones. It is a paradigm shift in Sino-Indian economic diplomacy. China follows Japan and Korea in the investment trail in India. The proposal was mooted by the previous government and discussed with the Chinese premier during his visit to India in May, 2013. The parks will avail facilities given to special economic zones, national investment and manufacturing zones. Besides facilitating manufacture of Chinese goods in the parks until now exported to India it will boost employment opportunities. So far some Chinese companies operating in India have faced difficulty due to security reasons. But future investment prospects are bright as China is

interested to invest in some infrastructure projects though the quantum of investment is yet to be decided. Another welcome step is advancing the period to a fortnight more for providing flood data on Brahmaputra though with enhanced payment¹⁵. Allowing hydrological experts of both countries to "conduct study on principle of reciprocity," if materializes, will help Indian experts to visit Tibet to observe the flow of Brahmaputra on the upper reaches in Chinese territory and enable them to come up with tangible measures to deal with the problem of damming by China, affecting the flow of water in the river. The Important "perennial issues" however, were left out of the purview to be looked after by expert groups in due course. But the display of controversial maps during his visit was an attempt to caution India about the limits of partnership.

The year 2005 was the best in the history of India China political relationship when the Chinese premier Wen Jiabao visited India and the status of Sikkim was settled. India's economic growth was spectacular which drew the great powers including US closer to India. China was apprehensive of India-US cooperation as well as India's growing foot print in the ASEAN. But the subsequent decline in India's economic growth hampered its

relation with great powers including China. India's democratic credentials shored up when a new party assumed power at the centre in May 2014 and its economic policies drew attention of several countries. The spate of visits of high ranking dignitaries to and from India exhibited the seriousness on the part of India as well as other big powers to recalibrate bilateral relationship. No sooner than the new government assumed office China expressed its desire to firm up its economic relationship with India. President Xi Jinping's visit to India is primarily to spruce up economic engagement with India as vast opportunities are available for investment in several infrastructure and other projects. China and India are driven by their "domestic economic imperatives" and stabilization of bilateral relationship is an important input in this endeavour. The summit level meetings focused on business but in the past some Chinese companies withdrew from India as the business climate was not conducive for them. Even business presence of China in India is not commensurate with its economic potential.¹⁶ During the visit of Chinese President Xi Jinping in September 17-19, 2014 twelve agreements were signed including a five year pact on trade and commerce. China committed to invest \$20 billion in the next five years. This is

impressive forward movement from the ticklish relation a decade ago when Chinese investment was not welcomed for security reasons. China will invest in the railways and provide training in heavy haul transportation. But military incursion in the Chumar area of Jammu and Kashmir coincided with the visit. The Line of Actual Control (LoAC) issue dampened the environment of trust being created through trade and investment. Even trade is lopsided as India's exports to China are far less compared to imports.¹⁷ However, the gesture of Dalai Lama and call to build Sino-Indian relationship on mutual trust opened a new page in his approach to China and overall China -India relationship. This opportunity could not be availed by India to settle most of the border problems and stapled visa though China' ensured support to India's inclusion in the Shanghai Cooperation Organisation, the Asia Pacific Economic Cooperation and inclusion in the P5 of UN Security Council. It is serious in restoring the old silk road into a maritime sea route connecting South East Asia, South Asia, West Asia and Africa through a network of port cities linking to its economic hinterland. China has invited India to join in this effort so that it can make further advances in its maritime infrastructure. India is the founder member of Asian

Infrastructural Investment Bank.¹⁸ It has twenty one members which can compete with Asian Development Bank (ADB). The bank will have an initial capital of \$50 billion. It is to be subscribed by member nations in proportion to their GDP. This formula positions India next to China. India-China cooperation moved further with the establishment of the Bank after the BRICS Development Bank was launched in July 2014. These banks are funded exclusively by emerging economies with an objective for development. The success of the newly created institutions will depend if they can provide an alternative to these financial institutions. The Bank will make Asian countries free from the World Bank and International Monetary Fund "which exacerbate their influence through lending on non economic issues". China views India as a potential partner in an interlocking politico-economic network of neighbouring countries." The China, Russia, Libya, Syria and Ukraine might sign a gas pipeline deal worth \$400 billion and India could be a part of the deal. The Russian Deputy Prime minister Dimitri Rogozin hinted about India's partnership which according to him will be "one of the largest infrastructure projects that could be conceived."¹⁹ Camouflaged in all these proposals is fierce competition

between both the countries.²⁰ Soon after India's "Make In India" call China put forth its proposal for "Made in China". It is a competitor of India for natural resources across the globe. The border dispute awaits resolution. Again, there is huge trade gap favouring China. India's territorial and cyber security is a matter of concern. Reportedly Chinese mobile signals are pervasive in North East while Indian facilities are unusable²¹. India has showcased South Asian regional forum as a platform of solidarity among the member countries. It also signals India's aspiration for regional leadership and key security provider in the India Ocean region. But in 2013, China has restructured its State Oceanic Administration to be an umbrella organization for all maritime law enforcement bodies. Its navy is expanding at Yalong Bay in Hynan Island close to the Paracel islands to support naval and air activities. It is building artificial islands in the Spartley area to manage the distance for operation and control²². It is developing an equivalent to F.35 which might be a game changer in East Asia. It is also designed to counterbalance India's emergence as a maritime power in the continent. China's 'Look West' policy has yielded tangible result as it has penetrated almost all the countries of SAARC.

China has been penetrating almost all South Asian countries through the economic route but cautions some of them about the difficulties which might accrue from long standing unresolved problems. This was manifest when the Chinese President visited India. While the deliberations were going on, tension sprang up in the border. This was a continuation of the same tactics which began last year during the Chinese Prime Minister's visit to India. The maritime silk route diplomacy is intended to "neutralize India's geographical advantage" in the India Ocean Region. Proposed road link between Kunming and Bangladesh also has the same rationale. Sri Lanka is over enthusiastic about China's investments in its key infrastructure particularly in the construction of ports which might provide it a larger role in the region²³.

India-Vietnam defence cooperation and India's investment in its hydrocarbon exploration is a real challenge for both the countries though China has stated that it has no objection if it is carried out in the non disputed waters of South China Sea. It asserts a major portion of maritime boundary as disputed much to the chagrin of Philippines, Brunei, Taiwan, Malaysia apart from Vietnam - almost all being the allies of the US.

Relationship with China is ambiguous. Chinese Presidents' reference to the ancient maritime route to connectivity among "three billion people of South Asia", increasing presence in Sri Lanka in addition to Pakistan, Nepal and Bangladesh, unresolved border issue all have not created an environment of trust for elevating their political relationship from the level of management to a strong partnership. India has sounded about the "Project Mausum" as a countervailing measure to the maritime route. With \$20 billion investment proposal, India should not hope that China would encourage Indian manufacturing. The "China's contemporary diplomacy is based on nationalistic zero sum game logic, where in it is all set to overtake the US preventing rivals in Asia from rising up to its level²⁴ "

Japan

Japan has already invested in India in the infrastructure sector. At the moment it is the 4th biggest foreign investor in India contributing about 8% of FDI²⁵. About 60 percent of Japanese presence is in the manufacturing sector²⁶. India's economy can revive with Japanese support to big infra projects²⁷. It is eager to have firm defence relationship particularly in the naval

sector and interested to import rare earth materials from India. Japan will play a significant role in developing "Diamond Quadrilateral."

The relationship between both the countries is not hamstrung by any problem, historical, territorial or cultural.²⁸ Japan expanded its currency swap from 15 billion US\$ in 2013 to 50 billion US\$ in 2014. The joint statement signed between India and Japan in 2006 upgraded their relationship to global and strategic partnership with summit level meetings to be held every year alternating between Delhi and Tokyo. Comprehensive Economic Partnership Agreement (CEPA) has boosted cooperation further. Cyber security is another area in which both the countries are collaborating. It is closer to India to counter an assertive China in its neighbourhood with whom it has unresolved territorial dispute. Besides, the China's economic clout is deepening in South East Asia. India has adverse trade balance with both the countries but Japan is contributing about 8 percent of total FDI inflows particularly in automobiles, electrical equipment, telecom, chemicals and pharmaceuticals. Since the small car Maruti project, Japanese investment in India has moved to other sectors as well. Delhi metro built with Japanese support added one more feather to economic cooperation

between both the countries. Its support to Rail freight corridor and Delhi Mumbai industrial corridor are on the anvil. It occupies a strategic position in India's Look East Policy.

Indo-Japanese relationship was upgraded to "Special Strategic and Global Partnership" during the visit of Indian prime minister to Japan during 31 August – September 03, 2014. It pledged to invest 33.8 Billion US\$ in infrastructure projects including the bullet train from Mumbai to Delhi. Deletion of six Indian companies from the foreign End Users List by Japan will help defence technology cooperation between both the countries. However, India and Japan could not finalise the terms of amphibious aircraft deal - ShinMaywa US-2, nor did civil nuclear deal between the two countries materialize. Transfer of bullet train technology could not be agreed upon and high level strategic consultations via a "two-plus-two" dialogue involving the foreign and defence ministries has not taken shape²⁹. The promised investment from Japan is not without riders. It shall be made available if the investors are satisfied with India's business environment. The investments of 3.5 trillion yen will be mix of private and public funds channeled through Japan Bank for International Cooperation, Japan

International Cooperation Agency and Japan External trade Organisation. The government of India has to create a special mechanism for Japanese investors. The improvement of business environment embodies tax and administration improvements. According to the declaration made during the Indian Prime Minister's visit to Japan, the latter will invest in next generation infrastructure, connectivity, transport systems, smart cities, rejuvenation of the Ganga and other rivers, manufacturing, clean energy, skill development, water security, food processing and agro industry, agricultural cold chain and rural development³⁰.

Geopolitical considerations and business is supreme in striking a nuclear deal with India. But it did not materialize as Japan had certain technical as well as concern for popular sentiment in nuclear business with a non NPT and Non CTBT country though India assured to maintain moratorium on testing. It has not agreed to India's right to reprocess spent fuel and insists on inspections over and above the agreement between India and International Atomic Energy Agency (IAEA) on this issue. India should gain the trust of Japan which so far has not recovered from the devastating Hiroshima and

Nagasaki experience. A step in this regard can be taken by expediting the process for membership in several nuclear control groups so that an atmosphere of trust can be created and its commitment to peaceful uses of nuclear power will gain credibility.

Japan has reinterpreted its post war constitution thereby changing the role of its military named as the Self Defence Force which will engage in combat in a foreign country³¹. The expansion of the role of military has a collective self defence motive but more important is to partner with the United States in countering China's claim on territories in the South China and East Asia seas³². Its military orientation follows declining investment in China over a period of two years. The Japan's cooperation with India which was mostly economic, is expanding to security and strategic relationship though at the moment India- Japan -US trilateral dialogue has been rescheduled. India is a member of East Asia Summit, a forum of eighteen countries including US and China. In future it might function as the Organisation of Security and Cooperation of Europe (OSCE) in order to check Chinese assertions in the Far East. India might be inducted in to the proposed Trans-Pacific Partnership (TPP), a trade arrangement envisaged to link US

with Asia –Pacific. Both these institutions are aimed to check China. But in view of the nature of India's relation with China, a cautious management of strategy with big powers vis-a-vis China is essential. Weak Indian currency against Chinese currency is favourable for India. As labour costs are rising in China, India might emerge as a manufacturing hub. India should maintain balanced relation with China and Japan for its economic growth.

Both Japan and India are bracing up to counter China's enhanced strategic, military and economic influence and expansionist motive. India's increased engagement in Japan, Vietnam and Myanmar will not be appreciated by China but India does not intend to arouse China's displeasure. After embracing market economy India has tried hard to have friendly relationship with as many countries as possible. Therefore, it will not follow a policy which will be detrimental to Indo-Sino relationship.

Two Approaches

Enhancement of defence capabilities:

International relations are intertwined with domestic policies. More important is India's policy for

economic prosperity and reduced dependence on imports. Our security is under threat due to continued tension for unresolved territorial dispute with China, disturbances in the Middle East after the withdrawal of US from Iraq and shortly from Afghanistan. The strengthening and modernizing India's military is necessary to meet challenges effectively. The enhancement of its capabilities as a maritime power entails its own strategic interests as well as to reassure South East Asian nations that it is a credible security provider. Its commitment to modernize Vietnam's military is a step in that direction though OVL's license extension in Block 128 by Vietnam will not be appreciated by China which claims the area³³.

In keeping with this objective, government approved quite a few defence projects which include a radar station in Andaman and Nicobar. The radar on Narcondam island runs north to south along Andamans. India will also fast track road building along the disputed border with China. China has infrastructure in Coco Islands controlled by Myanmar lying north to the Andamans. Radars and telecommunications projects within 100 kms along the 4000 km border with China will also be installed for security and safety of the border.

These projects were delayed because of fear of corruption scandals. Two divisions namely the mountain strike corps and its ancillary formations should be fortified with infrastructure for communication. The ministry of defence also cleared the second phase of a naval base in Karwar on the west coast which was stalled for non availability of environment clearance. The FDI in defence has been enhanced to 49 percent in the budget. In 2014-15 budget estimated defence spending was higher by 12 percent compared to the earlier budget though this is less than the demand projected by the military to replace the aging equipment with advanced ones. The financial allocation has been made for building submarines indigenously. Since 2011 India has stressed on indigenous production to restrain outflow of foreign exchange. The FDI hike is intended to cut imports by indigenizing defence production. The government has cleared 19 defence proposals of various companies following its "Make in India" drive and reduced the items requiring industrial licenses by about 60 percent. The dual use items having both military and civilian application will not require industrial license. The defence projects worth Rs.80,000 crore have been cleared and 24 percent of portfolio investment through the

automatic route has been allowed. The FDI proposals within 49 percent limit will be given by Comprehensive Economic Cooperation Agreement (CECA) in case of foreign investments exceeding Rs 1200 crore. In order to make the country self reliant in defence sector, several defence products can be manufactured without industrial licensing. To enhance border security, the defence ministry has approved road building along the disputed border with China, establishment of 50 posts in strategic locations of Indo-China border, radars and telecommunication projects within 100 kms of the 4000km border with China.

But so far FDI from 2000-2014 was the lowest in defence industries,³⁴ thereby compelling import of more equipment. In 2009-2013 India had 14 percent share of International arms imports while China had five percent. The US remained the biggest arms exporter followed by Russia. The China has also started exporting arms since 2007. Raising the cap on defence might attract increased investment from the developed countries mainly Russia, US, Germany, Japan, Britain, France, Israel and Japan. It is larger than the existing 26 percent but experts are apprehensive of FDI inflow with technology transfer with the present

limit and without greater management control even though government has assured to raise the limit to 100 percent if investment will be linked to technology transfer.

The self dependence in defence will not only solve our chronic problems but India will gain in stature. Indian defence personnel have been sent to Vietnam, Namibia, Ethiopia and Laos to train their military personnel. Moreover, military personnel of Afghanistan, Myanmar, Bangladesh, ASEAN, African and Latin American countries are trained in India. India is trying to play a strategic role in Southeast Asia and broadening its geopolitical framework. The military cooperation with African countries is aimed at safeguarding the sea lanes through anti piracy operations. It can also be viewed from the perspective of south-south cooperation as Ethiopia is an economic and key political partner of India. The Namibia, apart from being long standing ally, has signed a uranium supply deal with India. The expansion of military cooperation will enhance India's credibility across the continent and outside.

Managing Relationships

India's aspirations are intertwined with the interests of several countries

in the region particularly China. Both Japan and India are bracing up to counter China's enhanced strategic, military and economic influence and expansionist motive. India's increased engagement in Japan, Vietnam and Myanmar will not be appreciated by China but India does not intend to arouse China's displeasure. After embracing market economy India has tried hard to have friendly relationship with as many countries as possible. Therefore, it will not follow a policy which will be detrimental to Indo-Sino relationship

The contention between Japan and India on nuclear issue relates to Japan's view that India should sign the Comprehensive Test Ban Treaty (CTBT) but India has assured to maintain moratorium on testing. The Japan has not agreed to India's right to reprocess spent fuel and insists on inspections over and above the agreement between India and International Atomic Energy Agency (IAEA) on this issue. India should gain the trust of Japan which so far has not recovered from the devastating Hiroshima and Nagasaki experience. A step in this regard can be hastening of the process for membership in several nuclear control groups so that an atmosphere of trust can be created and its commitment to peaceful uses of nuclear power will gain credibility.

India is not ready at the moment for the two plus two mechanism keeping in view its relationship with China and its focus on peaceful coexistence with enhancement of capability through cooperation. The geopolitical considerations and business are supreme in striking a nuclear deal with India. But it did not materialize as Japan had certain technical issues as well as concern for popular sentiment in nuclear business with a non NPT and Non CTBT country. Presently South Korea, U.S, France, Russia and Australia are interested to supply reactors to India. Even China is willing for nuclear material supply. It may be recalled that China made Tarapur plant functional in 1993 when US and France stopped supply of nuclear fuel to India. At the moment it may not materialize in view of China's commitments to Pakistan. But India should not be more enthusiastic in view of the nuclear liability law that has overridden the Nuclear Supply Group waiver.

Withdrawal of US forces from Afghanistan has created security problem for India due to the fact that India does not have a direct access route to Afghanistan. Therefore, the proposed construction of Chabahar port in Iran is strategically important as it will provide India the access to Afghanistan, Central Asia, Russia

and beyond. It will serve as a link to Delaram-Zaranj road built by India in Afghanistan via Milak. The Chabahar-Milak-Delaram highway will facilitate entry of Afghanistan's farm products to Indian markets. The proposed MoU with Iran for expansion of the port if executed, will enable India to monitor Pakistan and China's activities in India Ocean region. China is building the Gwadar port in Pakistan thereby positioning itself closer to the Gulf countries and Indian Ocean. The port is located just about 72 kms away from the Gwadar. Initially an Indian joint venture company will lease two berths in the port's Phase-1 for 10 years which could be renewed by "Mutual Pact"³⁵. China has mastered maritime capabilities to match that of the US and followed the economic route to penetrate in almost all countries of Asia.

India is losing out to China in Maldives. Coupled with Hambanthota in Sri Lanka, its presence in the Indian Ocean is almost unchallenged. Its economic diplomacy will play a positive role when it needs the support of the developing countries in the region. India does not have as much geographic advantage as China though its navy is capable to meet any challenge except for the submarines and deployment of naval

forces. This deficiency will be plugged with the recent government initiative to build submarines. Its "Act East" policy is a well calculated strategic policy to enlist the support of China's neighbours perturbed by its territorial claims.

Conclusion

India has to make its presence credible in Asia managing its relationship with big powers and relatively small powers. The defence and security cooperation in South East Asia should be top priority but economic partnership is essential for improving our economy. The region is more important for India to emerge as an economic power while the west

and US are needed to play a larger role in the region and outside³⁶. India should follow the "global trend towards economic and security alliances" and "should not be over-zealous for strategic autonomy."³⁷ Reaching out to as many countries as possible should be the motto to tackle some of the problems collectively faced by almost all countries in the continent including the two dimensions of security; human and territorial. The resumption of talks with Pakistan is a better option through which a good number of people in Pakistan can realize that peaceful coexistence is preferable to belligerency for comprehensive development of their country. ■

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Mechanism(JATM).After six months, in March 2007 ,the JATM held its first meeting .In March, fourth round of the composite dialogue was held but soon there was a blast in Hyderabad killing 42 people and injuring many. In October, the second meeting of JATM was held in Delhi. But in May 2008, again there was a terrorist attack in Jaipur killing at least 50 people. Soon the foreign minister of Pakistan visited India but again there was attack on Indian Embassy in Kabul, terror attacks in Bengaluru and Ahmedabad. Indian Prime Minister and his Pakistani counterpart met in Colombo and he responded with an amiable gesture to probe the Kabul embassy attack. Soon there was terror strike in Delhi and the Indian Prime Minister met the Pakistani President in New York to discuss the matter. Joint working groups met in New Delhi. Foreign secretaries of the two countries met in Thimpu, the Bhutanese capital, Zardari travelled to Ajmer and in 2013 the Indian Prime Minister met the President of Pakistan in New York .

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