

# India's Neighbourhood Policy: Challenges and Prospects

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## Abstract

*The paper analyzes India's policy towards its immediate neighbourhood and tries to draw relevant inferences from India's recent efforts to build peace in South Asia. In this study, India's immediate neighbourhood refers to SAARC member states and Prime Minister Narendra Modi's foreign policy laid strong emphasis on 'neighbourhood first' policy that prioritizes strengthening India's relations with its immediate neighbours.*

*This paper traces the evolution of India's neighbourhood policies over the years and studies the approaches adopted by different leaders. The renewed impetus towards India's neighbourhood in the region under the Narendra Modi led government has been discussed in detail. It is argued that India's recent neighbourhood practices such as strengthening bilateral ties, diplomatic engagements, sub-regionalism, elements of continuity or change and their applicability to establishing peace in the region has made a great impact in the region. The complex regional dynamics, seen notably in India's relations with Nepal and Pakistan that serve as roadblocks in implementing a coherent neighbourhood policy, are teased out. The paper puts forth newer prospects of integration and offers a set of recommendations for sustained engagement between India and its neighbours in order to build peace in the region.*

**A nation's destiny is linked to its neighbourhood. That is why my government has placed the highest priority on advancing friendship and cooperation with her neighbours.**

*(Narendra Modi's address at the general debate of the 69th session of the United Nations General Assembly)*

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## INTRODUCTION

India as a geographical entity has a unique character. It shares its boundaries with nations greatly varying in their size, resources and strength. These nations include Afghanistan, Bhutan, Bangladesh, Maldives, Pakistan, Nepal and Sri Lanka. India has struggled to maintain stable and strong relations with its neighbours in a region considered to be the least integrated in the world. Atal Bihari Vajpayee had once famously said 'You can change your friends but not neighbours' (Vajpayee 2003). For India to play a vital role in the emerging multi-polar world politics, it is important to develop enduring linkages between its domestic priorities and its foreign policy objectives. Political and socio-economic development of India is largely dependent on a stable, secure and peaceful neighbourhood.

C. Raja Mohan argues that without enduring primacy in one's own neighbourhood, no nation can become a credible power on the global stage (C. R. Mohan, *India's Neighbourhood Policy: Four Dimensions* 2007). Rajamohan and S. D. Muni argue that for India 'achieving the objective of becoming one of the principal powers of Asia will depend entirely on India's ability to manage its own neighbourhood' (S. M. Mohan 2004). This paper traces India's policy towards its immediate neighbourhood and tries to draw relevant inferences from India's recent efforts to build peace in South Asia. In this paper, India's neighbourhood refers to South Asian Association for Regional Cooperation (SAARC) countries.

The 'Kathmandu Declaration' adopted on November 27<sup>th</sup>, 2014 at the culmination of the 18<sup>th</sup> SAARC summit held in Kathmandu, Nepal proclaimed speeding up the process of regional development and cooperation as its aim. It recognized that after three decades of the organizations existence, it was time to 'reinvigorate' SAARC and 'revitalize' the bloc as an effective vehicle to fulfill the developmental aspirations of the people (Modi, Full text of Narendra Modi's speech at the 18th SAARC summit. Press Information Bureau. 2014). This declaration was an outcome of the increasing urge felt by the South Asian countries to unite and develop together as a region. The Heads of State present at the summit expressed their strong determination to deepen regional integration for peace, stability and prosperity in South Asia by enhancing cooperation in trade, energy, security, infrastructure, connectivity and culture; and implementing projects in a prioritized, result-oriented and time-bound manner.

The stage for this this critical outcome was set on the occasion of Narendra Modi's swearing in ceremony as the Prime Minister of India on 26 May, 2014 to which he extended an invitation to heads of the government of all

SAARC countries. It was a clear indication of his desire to strengthen India's ties with its immediate neighbors. The SAARC summit was an extension of the Indian state's emphasis on expanding economic cooperation, explicitly linking the welfare of the neighbourhood to the growth of the Indian economy. In the two years since Modi assumed office, his term has been marked by extensive engagements, deliberations and discussions at the diplomatic level between India and its neighbours. However the formulation and implementation of a coherent 'neighborhood first' policy has had to face its share of hurdles.

## **EVOLUTION OF INDIA'S RELATIONS WITH ITS NEIGHBOURS**

Over the years, India has struggled to forge strong neighbourhood relations despite its geographical proximity and historical, religious, economic, ethnic and cultural linkages with neighbouring states. Even though SAARC has provided India with a platform to interact with its immediate neighborhood and regular visits between head of states are also common, however, there is 'an impression of neglect' (Behuria, Pattanaik and Gupta 2012) in the region. India has focused more on 'managing [its] relationships with [its] neighbours rather than shaping it and giving direction to it with a long term objective and vision in mind' (Behuria, Pattanaik and Gupta 2012).

This section describes the steps taken by India to engage with its immediate neighbours post independence. It reflects on India's failure to engage in proactive diplomacy vis-à-vis its neighbors and to inspire the necessary confidence in its neighbors to deal with India as a friend and not as a power seeking to maximize its influence at the cost of others in the neighborhood.

S.D. Muni identifies five problem areas in India's approach towards the neighborhood: (a) the lack of a balanced political perspective; (b) the power differentials; (c) India's economic clout; (d) extra-regional powers; and (e) mindsets, diplomatic styles and personalities. He argues that undue insistence on (or even encouragement of) bilateralism evokes avoidable fears and suspicions of Indian dominance and allows anti-Indian forces to exploit the situation to their advantage. Bilateral goals can be best achieved through a multilateral route especially because neighbours 'feel more comfortable in a regional design that incorporates bilateral priorities and concerns' (S. Muni 2003).

Post independence, through the 1950s and 1960s India's foreign policy was driven by idealism, the chief architect being Jawaharlal Nehru, the first Prime Minister of India. He focused on meeting the domestic challenge

of consolidating independence and economic revitalization of the nation. Nehru chose the path of non-alignment in the face of a bipolar world order shaped by the politics of the Cold War, arguing that India would have to 'plough a lonely furrow' (Appadorai 1982).

India's defeat in the 1962 Indo-Chinese border war exposed her to the hard realities of international power politics. The subsequent Indo-Pakistan War of 1965 severely challenged India's prevailing foreign policy stance and led to a shift towards adoption policies, which held security as the prime Indian national interest. Muni describes diplomatic styles and personalities as one of the areas that define India's approach towards the neighborhood. Indira Gandhi after coming to power in 1966 asserted that the problems of developing countries needed to be faced 'not merely by idealism, not merely by sentimentalism, but by very clear thinking and hard-headed analysis of the situation' (Appadorai 1982).

For the next few years, establishing sub-continental hegemony in order to secure its own interests became the overriding goal of Indian foreign policy. Though India defended its role in the Bangladesh Liberation War of 1971 on the ground of its national security being threatened by the humanitarian crisis in East Pakistan and after requests to the U.N. to act against Pakistan failed to yield results. However, despite all justifications, the role played by India in the emergence of Bangladesh is viewed even today as an evidence of regional apprehensions. The crisis contributed to inciting fear in the region that India through its power has the ability to alter the geo-political landscape of South Asia. This regional fear psychosis was reinforced with India's militarily involvement in Sri Lanka in 1987. In November 1988 the involvement of Indian military in Maldives to foil an attempted coup on the island reinforced the over-bearing presence of India in the region.

In the initial years, India chose to deal with its neighbourhood by engaging in bilateral talks and treaties and not in a regional framework. This decision of India gave rise to a feeling among the neighbouring countries that India uses bilateralism as an instrument of coercive diplomacy. It is important to implement a regional design that incorporates bilateral priorities and concerns and creates a balance in the power differentials. But the only regional arrangement that existed in South Asia was the SAARC that has struggled to remain relevant.

Following deliberations and negotiations for about five years, the establishment of SAARC was agreed to in 1985 only after two operational constraints were built into it, namely, to take decisions on the basis

of unanimity; and to avoid bilateral and contentious issues from its deliberations. Muni argues even after these constraints, or may be because of them, the evolution of SAARC has been protracted and tardy. It has failed to live up to its promise. Strained bilateral relations and political difference between SAARC members, especially the persistent conflict and tension between India and Pakistan have been responsible for the failure of this regional design to make any substantial contribution to the growth of the region. In the 30 years of its existence, SAARC has missed 12 of its annual summits largely because of bilateral issues between its members. It accounts for only 2 percent of the region's global trade and not more than 10 percent of regional trade. Nearly six hundred million South Asian people continue to live below the poverty line (of US \$1.25 a day) despite two commissions set up by SAARC to devise means for poverty alleviation in the region (S. D. Muni 2015).

In the 1990s, India adopted new economic policies and reforms. Changes in the domestic sphere started being reflected in India's foreign policy objectives of promoting regional cooperation through trade and commerce by creating a new strategic environment. I.K. Gujral became Foreign Minister in June 1996 and then Prime Minister in March 1997. 'At the core of his ideas was the belief that as the largest country in the region, India could afford to be more generous while protecting its fundamental interests' (Dutt 2007). Instead of viewing the security dilemma in South Asia as conflictual in nature and defining their interests in self-help terms, efforts were made to create a social structure in which states trust one another to resolve disputes without war. Hence, with 'The Gujral Doctrine', India made an attempt to assure the region of its support through the policy of providing unilateral concession to neighbours in the sub-continent without seeking reciprocity.

Rajiv Sikri puts forth the view that it is imperative for India to evolve 'a coordinated and coherent strategy vis-à-vis its neighbours' (Sikri 2009). The two governments led by National Democratic Alliance (NDA) (1998-2004) and United Progressive Alliance (UPA) (2004-2014) respectively pursued the Gujral doctrine by paying greater attention to SAARC and expanding economic and security links with neighboring countries. Under the UPA's rule of ten years, India attempted to strengthen economic ties, supported Afghanistan's candidature for full membership of SAARC, opened up to observers in SAARC to broaden the regional organization's strategic framework and carried out projects like the South Asian University to reinforce the cultural and people-to people dimensions of regional cooperation (S. D. Muni 2015). However, these efforts were overshadowed by the looming concern of strained bilateral relations and non-delivery of promised actions

on India's part. India's ties with Sri Lanka and Nepal deteriorated, partly because of domestic compulsions, its ideology and dependence of the government in New Delhi on its regional coalition partners. After the 26/11 terrorist attack on Mumbai, bilateral relations with Pakistan also suffered a great jolt. Not much happened on the promises made on the diplomatic front with Bangladesh. Meanwhile the growing Chinese influence in South Asia, deepened the trust deficit between India and its neighbors.

Despite efforts such as bilateral engagements and diplomatic encounters, India has never been able to develop a well-defined neighborhood policy. Indian interest in the neighborhood has been rather sporadic, driven either by critical internal developments in neighboring countries or the growing influence of some external power (Behuria, Pattanaik and Gupta 2012).

### **MODI'S NEIGHBOURHOOD POLICY: RENEWED IMPETUS IN THE REGION**

Shyam Saran argues that the 'logic of geography is unrelenting' and 'a stable, friendly and peaceful, neighbourhood' would help 'reduce political, economic and military burdens' on India (Saran 2005). In order to build a peaceful, stable and economically inter-linked neighbourhood, India needs to take the initiative of strengthening neighborhood relations and forge a concrete neighborhood policy that will benefit the region as a whole. This section describes the salient features of India's policy towards its neighbors under the present government which assumed office in May 2014.

Narendra Modi is pursuing vigorous regional diplomacy by engaging with neighboring nations and building political connectivity through dialogue. Modi has appreciated the much-neglected fact that foreign policy begins at the nation's borders (C. R. Mohan, Five point someone. The Indian Express 2014). His first initiative in this direction was extending an invitation to all heads of government of SAARC countries for his oath taking ceremony. It was a clear indication of his desire to strengthen India's ties with its immediate neighbors. Somewhere, there has been a realization that unless the reasons for the steady loss of Indian influence in the region over the last many decades is addressed and dealt with, it is difficult for India to emerge as a global power. Thus Rajamohan aptly proclaims: "An India that fails to reclaim its primacy in the subcontinent, Modi can now see, can't really make a lasting impression on the world beyond" (C. R. Mohan, Five point someone. The Indian Express 2014). Under previous governments, many a times New Delhi was unable to make use of strategic opportunities

due to domestic political compulsions and pressure. For instance, under Dr. Manmohan Singh, the coalition government at the centre due to domestic political pressure from the opposition could not make full use of its capacity to transform its relations with South Asian neighbors. With respect to the actions taken by Modi till now, it is evident that he understands the importance of complementing both political relations and economic initiatives. Hence, he has made conscious efforts to build and maintain personal contacts with SAARC leaders.

Through his visits to Bhutan, Nepal and Bangladesh, Modi made efforts to establish routine contacts with these neighbours rather than mere photo-ops that are generally part of regular bilateral or SAARC summits. In fact, according to Modi, he chose Bhutan as his first foreign visit destination because of the ‘unique and special relationship’ that the two countries shared. During the visit, he declared his governments aim of expanding bilateral ties and termed the relationship between two countries as “Bharat to Bhutan” (B2B) relations. He also suggested doubling the scholarships provided to Bhutanese students in India and offered help in setting up a digital library of two million books and periodicals in the Himalayan nation (Jacob 2014). Modi became the first Indian prime minister in seventeen years to visit Nepal in August and thereafter in November 2014. During his first visit to Nepal, Modi stressed on the fact that failed promises of the past should not act as speed-breakers in the future journey of these countries to prosperity together. In Nepal, India is perceived as a neighbour with a big gap between promise and delivery and also one that interferes in Nepal’s internal politics. India announced a soft credit line of \$1 billion for infrastructure, irrigation and energy projects. Modi took up the work of starting the 5,600 MW Pancheshwar project, which remained stalled for 18 years after the agreement. He assured the Nepali side that India will not want Nepal’s electricity or power for free: “We will buy it, and that alone will change the face of Nepal... We will provide power to you now, but 10 years hence, you will remove our darkness,” he said, hinting India will move fast on the implementation of projects now (Y. Ghimire 2014).

Deliberations and discussions are presently being carried out to agree upon the major issues such as the sharing of water and its benefits between Nepal and India and putting a value to the benefits in the project’s Detailed Project Report (DPR). Energy from the project that is to be developed jointly by India and Nepal will be divided equally as per bilateral treaties. However, the sharing of the benefits and water from the reservoir — like irrigation and flood control — are yet to be agreed in terms of price and quantity (Pangeni 2016).

Modi emphasized on the idea of trans-Himalayan regionalism during his visit to Bhutan and Nepal and reiterated its significance of being the keystone for Asian cultural, environmental, political and regional security. The effective articulation of India's policy towards these countries and his instant rapport with the people helped in bridging the communication and confidence gap that had crept in for the past few years in mutual relations between India and these countries (S. D. Muni 2015). This shift in the mindset of people in these neighbouring countries towards India was once again tested when India-Nepal relations hit a rough patch in September 2015 hinting at the unpredictable nature of foreign relations between states.

Modi's visit to Bangladesh with West Bengal Chief Minister Mamata Banerjee by his side was marked by the settlement and ratification of the 41-year-old boundary dispute (Land Boundary Agreement) and announcement of a fresh line of credit of \$2 billion to the neighbouring country. His actions were widely appreciated and helped in bridging the gap and the mistrust that has crept in the Indo-Bangladesh relationship over decades. The government also has made efforts to open new opportunities for the North-Eastern part of the country by strengthening economic ties with Bangladesh. In January 2016, India entered a preliminary agreement to supply 100 MW of electricity daily to Bangladesh from the gas-based ONGC Tripura Power Company (OTPC) at INR 5.50 a unit more or less identical to the weighted average generation tariff (Taka 6.50) in Bangladesh (Businessline 2016). The Bangladeshi government responded by initiating the process to allow access to the Chittagong port. It also has plans to implement the proposed rail connectivity between Agartala and Akhaura junction in Bangladesh. Upon implementation, it will be a major fillip to ensure movement of passengers and goods between the two nations. Bangladesh has granted India road transit facility through its territories to Agartala under the Bhutan-Bangladesh-India-Nepal (BBIN) motor vehicles agreement, which is discussed later in the paper. This will reduce the road travel distance by less than half from the existing over 1,500 km (Businessline 2016).

With his visit to Sri Lanka, Modi became the first prime minister in 28 years after Rajiv Gandhi to take a tour to the nation. He emphasized on the shared strong historic and cultural links that exist between the two nations. It was clear that he was interested in making a fresh start with Sri Lanka as that country emerges from a troubled and turbulent phase. In December 2015, with his declaration that India is in Afghanistan to contribute not to compete, to lay the foundations of future and not light the flame of conflict; to rebuild lives not destroy a nation, Modi assured the war torn



nation of India's support throughout (Modi, *The Hindu* 2015). India and Maldives entered into a defence cooperation action plan in April 2016. Modi stressed that Maldives' stability and security is directly linked to the national interests of India and assured the island of support required to strengthen democratic institutions. The countries also signed other pacts in the field of tourism, taxation, conservation, and SAARC satellite (Roy, India, Maldives sign six pacts, resolve to expand defence cooperation 2016).

The above discussion highlights how the atmosphere in the South Asian region has been lightened by Modi engaging in political discourse and finally making efforts to reach out to its neighbours. It is distinctly evident in these recent foreign policy initiatives undertaken by the Prime Minister that neighborhood is of prime importance to India. In all his statements and actions, Modi has laid strong emphasis on India's responsibility towards its neighbors due to its size and location (Modi, Full text of Narendra Modi's speech at the 18th SAARC summit. Press Information Bureau. 2014).

He put forward suggestions such as setting up a Special Purpose Facility in India to finance infrastructure projects in the region that enhances regional connectivity and trade. Some other proposed amenities were introduction of a SAARC business traveler card that would provide a business visa for 3-5 years to businessmen from SAARC countries and duty free access to Indian goods. To improve access to health facilities in the region, provisions such as setting up SAARC Regional Supra Reference Laboratory for TB and HIV and providing immediate medical visas for the patient and an accompanying attendant to those coming for medical treatment to India from SAARC countries were proposed.

India's offer of a "satellite for the SAARC region in areas like education, telemedicine, disaster response, resource management, weather forecasting and communication" and also "capabilities and expertise in disaster management" for all South Asian citizens was renewed at the summit with the plan to launch the satellite by SAARC day in 2016. However, in March 2016, Pakistan decided to opt out of the ambitious SAARC satellite project. Though the plan to launch the satellite is on track, but it will now be called a South Asia Satellite (*The Indian Express* 2016).

## **ROADBLOCKS**

The applause worthy efforts of Modi and his policies towards India's neighbours hit a roadblock with an unfortunate turn of events in India's relations with arguably its most difficult neighbour Pakistan. Also, India's

reaction to Nepal's constitution and its staunch stance on the issue affected the bilateral relations between the two countries. The following section describes the roadblocks that have emerged and the threat of complex regional dynamics to defining a constructive India's neighbourhood policy.

India-Nepal relations over the years have been characterized by open borders, cooperation on areas like trade, connectivity, energy and people-oriented projects. Modi's initial visits in 2014 to Nepal took India-Nepal relations to a new level as described above. Approximately 3000 scholarships were offered to Nepalese students in 2015 for pursuing studies in Nepal and India, under the 'Bharat Nepal Maitri Shiksha Karyakram', announced during the PM's visit to Nepal in August 2014. The Indian government engaged in rescue efforts and relief operations in the aftermath of a massive earthquake in the country. There was a huge outpouring of support from the Union and State governments as well as NGOs, amounting to nearly Rs. 400 crores (MEA, Annual Report 2015-2016. Ministry of External Affairs 2016).

However, immediately thereafter, Nepal was embroiled in political turmoil, as the Madhesi residing in the south of the country protested against the new constitution adopted by the Constituent Assembly (CA)-II in September 2015. The protesters claimed that the new constitution ignored the rights and interests of the Madhesi community. People residing in the Madhesi region of Nepal have close cultural and family ties with the people of Bihar and Uttar Pradesh and India advocated the need to ensure the interests of these people be reflected in Nepal's new Constitution. India found itself entangled in domestic political unrest in Nepal, as the Madhesi people blocked all major entry points from India to Nepal, bringing the movement of goods to a standstill between the countries. This incident also witnessed India taking a stance on Nepal for the first time at an international forum, the United Nations. In a UN Human Rights Council meeting, India reiterated that it was "concerned" over "lack of political progress" and incidents of "violence, extra-judicial killings and ethnic discrimination" in the Himalayan country (Roy, First time India takes Nepal to the UN. *The Indian Express* 2015). The Deputy Prime Minister of Nepal, Kamal Thapa pointed out in retaliation that under any pretext, disruption of supplies and disruption of transit is not acceptable and that Nepal must have the authority to promulgate constitution. The blockade caused a humanitarian crisis as the general public faced acute shortage of petroleum products, cooking gas, medicines and other essentials due to closure of all border trade points between the two countries. The blockade led to strain in the bilateral ties, with Kathmandu accusing New Delhi of imposing an "unofficial blockade" (Y. Ghimire, Madhesi call off protest,

fuel supply back as Nepal border blockade removed 2016). The Indian government, on the other hand, strongly rejected the allegations, arguing that the blockade was on the Nepalese side, not the Indian side. With supplies running low, youth cadres of major political parties whipped up anti-India sentiments and Indian TV channels were taken off air by cable operators in Nepal.

The passing of two Constitutional Amendments on the issues of proportional inclusion and constituency delimitation, calling off the border blockade and Prime Minister Khadga Prasad Sharma Oli's bilateral visit to India in February 2016 helped in clearing the misunderstanding between the two states. He stated, "Earlier the relations between the two neighbours had soured during the Madhes agitation but my visit has helped improve the relations between the two countries" (PTI 2016). The two sides signed nine agreements, ranging from infrastructure to rail and road transit.

In a piece with many "dos and don'ts", Prem Shankar Jha suggested that India shouldn't be treating Nepal like a "protectorate" (Y. Ghimire, Next door Nepal - China is welcome, India is not. *The Indian Express* 2016). The understanding that "anti-Indianism" in Nepal is the doing of only a small group of "hill elites" confined to Kathmandu may be flawed as many argue anti-Indian-ism is visibly widespread from the hills to plains. The gap between perception and reality needs to be understood more seriously. India does not have much respite when it comes to being involved in the domestic politics of all its neighbours. Raja Mohan argues competing political factions in the smaller countries want Delhi to tilt the internal balance in their favour; and those who see Delhi leaning towards their rivals, denounce India as a regional bully.

Recently, the foundation of Pokhara international airport, Nepal's second, was laid. This airport being built with Chinese assistance and soft loan seen as a manifestation of growing Chinese influence in Nepal and has been a major cause of worry for Indian security. Ghimire argues that the India-Nepal relation is clearly losing the much talked about "special" component. China's investment in Nepal covers many other projects related to infrastructure development, energy cooperation and transportation facilities. Nepal projected China as a possible alternative to India as a source of essential supplies during the border blockade. China is today the world's largest trading nation and has successfully made inroads in South Asia over the last decade. President Xi Jinping has pushed the "One Belt, One Road" proposal with great fervor. China's trade volume with SAARC countries has grown significantly and at a fast pace over the past decade. Bilateral trade volume expanded from \$6.5 billion in 2001 to \$73.9

billion in 2012, registering an average growth rate of 26 percent (Zongyi 2014). In Bangladesh, Maldives and Sri Lanka, China has several large-scale ongoing infrastructure projects. China has always been a close ally of Pakistan and has committed US \$46 billion to build the China-Pakistan Economic Corridor (CPEC) through Gilgit-Baltistan. This will extend to Gwadar Port in Pakistan and give China access to the Indian Ocean and beyond. Hence, as India makes efforts to regain trust and confidence in the region, concerns related to increasing Chinese influence into South Asia will also need to be taken into account.

The single major irritant in preventing India from developing a coherent neighbourhood policy has been the strained Indo-Pak relations. Serious tensions have persisted between India and Pakistan since the partition of 1947. After the 26/11 terrorist attack on Mumbai in 2008, bilateral relations between India and Pakistan suffered a setback. For the next seven years, the composite dialogue process between the two countries was on a halt. Modi after coming to power made efforts to rebuild the relationship with Pakistan and thereby turn the course of history. But within the short span of his tenure as Prime Minister, Indo-Pak relations have taken many twists and turns. At the 2014 SAARC summit, Pakistan objected to the signing of the SAARC Framework Agreement for Energy cooperation and SAARC Regional Railways Agreement citing the lack of internal approvals. In August 2015, India called off the Foreign Secretary level talks in protest against Pakistan's continued engagement with the Kashmir Hurriyat leaders. On December 25, 2015 Modi made an unannounced visit to Prime Minister Nawaz Sharif's residence at Raiwind on his way back from an official trip to Afghanistan. It was touted to be one of his bravest decisions since coming to power. Many considered it to be a transformational moment in South Asian history, which signifies the importance the neighborhood, holds in the new government's foreign policy objectives. Before the visit, both India and Pakistan had agreed to start a comprehensive bilateral dialogue and directed the foreign secretaries to work out the formalities. However, barely a week after the Prime Minister's visit to Pakistan and the announcement of a resumption of bilateral talks, an Indian Air Force base in Pathankot, India was attacked. Jaish-e-Mohammad (JeM), a militant organization based in Pakistan was suspected to have orchestrated the attack. This was a clear attempt to derail the India-Pakistan bilateral dialogue (BBC News 2016). The loss of lives of Indian soldiers in the attack proved to be a test of the government's resolve and credibility of India's deterrence abilities. The Indian government put forth a strong stance and pressed for stern action against the terrorists as a condition for any future comprehensive talks with Pakistan. This attack stalled the resumption of dialogue between the two states.

Indo-Pak relations are a good example of how domestic factors drive the decision-making capacities of the state. Praveen Swami expresses his concerns over the occurrence of any constructive change in the Indo-Pak relationship as long as the structural peculiarities of politics in Pakistan do not change. The Pakistan Army exercises its primacy over state institutions precisely because of a threat from India—and thus has an interest in perpetuating this threat (Swami 2016). Thereby, even if the heads of the state are interested in transforming the hostile relationship between two neighbours, much will depend on the structure of power in Pakistan and the political will to radically transform the same in the country. As India moves forward to implement its ‘neighbourhood first’ policy and demands effective response from its neighbours, it will have to strengthen its own internal security that can serve as a credible deterrent to deal with the challenges that terrorism brings.

### **THE WAY FORWARD FOR SUSTAINED ENGAGEMENT**

In his address at the SAARC summit, Modi declared “the future I dream for India is the future I wish for our entire region” assuring regional contemporaries that India will take the lead in development of the region. Through the address, Modi hinted at the importance of moving beyond the differences created in the past so as to avail opportunities, make optimum use of them and create a bright future. In order to evolve a long-term, forward-looking vision for the region, India will have to adopt a strategy that is inclusive in nature.

What is the way forward for India’s sustained and constructive engagement with its neighbours? Some of the possible methods that India can follow are discussed in this section.

The diplomatic engagements between SAARC members need to be sustained. In cases such as Indo-Pak bilateral relations, where stakes involved are very high, there is a need for uninterrupted dialogue with neighbours (C. R. Mohan, *Stumbling in the neighbourhood. The Indian Express* 2015). The region’s development gap needs to be significantly reduced as this is often cited as the reason for SAARC’s slow progress. This can be done by India taking the lead in providing smaller countries with the required financial assistance. Indian diplomacy at all levels will also have to be more responsive to the smaller neighbour’s expectations and concerns. Any disconnect between India’s neighbourhood policy and its internal socio-political dynamics will be counter-productive (S. D. Muni 2015). This can be achieved through better domestic coordination and greater mutual engagement of the foreign and security ministries in Delhi

to work and implement a strategy unique to each country and the region as a whole. Political and socio-economic developments in any of the neighbouring countries affect India's political and security interests. Hence, RajaMohan argues that the strategic choice before India is not between intervention and non-intervention in domestic affairs of its neighbours. Decisions in such cases must be taken effectively after weighing all potential possibilities and concerns by taking all stakeholders into consideration. Besides the merits of the issue at hand, assessing the prospects for success and the consequences of failure should be important factors in deciding the nature and scope of India's intervention (C. R. Mohan, *Stumbling in the neighbourhood*. The Indian Express 2015).

India will have to strengthen its own security apparatus while taking steps to engage constructively with its neighbors. Towards this, taking effective steps to deliver on the promises made by the government to its neighbors during the Prime Minister's state visits and the SAARC summit is essential. This will help improve the existing delivery deficit – the gap between promise and delivery which has become synonymous with India's perception in the region. India must convince its neighbors of it being an economic and development opportunity and not a threat, as popularly perceived.

Along with building political consensus on development and cooperation at the regional level, it is imperative to build people to people contacts for sustaining peace in the region. With regard to this, newer prospects of integration such as sub-regional cooperation, promoting higher education and culture must be used to tap into the boundless potential that exists in the region.

#### *Sub-regionalism*

As discussed in the above section, strained bilateral relations among some nations in the region have posed severe challenges to implementation of policies at a regional level. India has attempted to revitalize SAARC by engaging its neighbours constructively through sub-regional cooperation initiatives. Modi had hinted at the government's approach to promote cooperation at a sub-regional level among those ready for integration within SAARC. He said "The bonds will grow. Through SAARC or outside it. Among us all or some of us. We can all choose our paths to our destinations. But, when we join our hands and walk in step, the path becomes easier, the journey quicker and the destination closer" (Modi, Full text of Narendra Modi's speech at the 18th SAARC summit. Press Information Bureau. 2014).

Out of the three agreements on cross-border energy cooperation, motor-vehicle movement and railway cooperation presented in the last SAARC summit, only one was signed on energy cooperation as Pakistan refused to sign the other two agreements citing the lack of “internal processes being in place”. About six months later, the transport ministers of Bangladesh, Bhutan, India and Nepal (BBIN) signed a Motor Vehicle Agreement on June 15, 2015 in Bhutan. C. Raja Mohan argues that India’s eastern neighbours are no longer willing to let South Asian regionalism remain hostage to the strained Indo-Pak bilateral ties. They are ready to negotiate practical sub-regional cooperation with India. And Delhi has been willing to respond positively (C. R. Mohan, Two speed regionalism. *The Indian Express* 2015).

BBIN initiative, a sub-regional architecture in South Asia operates through Joint Working Groups, an official representation of four countries Bangladesh, Bhutan, India and Nepal. The member states formulate, implement and review quadrilateral agreements across areas such as water resources management, connectivity of power, transport, and infrastructure. The signing of the MVM agreement hints at the evolution of South Asian regionalism. This landmark agreement aims at enhancing regional connectivity and seamless movement of people and goods across the BBIN countries borders. The Indian government is keen to couple this with the strategic India-Myanmar-Thailand trilateral highway which entails enhancing regional cooperation between South Asia and South-East Asia. Officials in the Ministry of Road, Transport & Highways (MoRTH) say a push for the commissioning of the BBIN pact and the 3,200-km trilateral highway (which could drastically enhance the connectivity between the Mekong sub-region and India) will prove to be a game-changer for India’s North-East region and is an important component in the government’s plans to ramp up its “Look East” policy to the newly coined “Act East” policy (Mukherjee 2015).

Hence, through the signing of this agreement, India and its neighbours are now looking at moving beyond the baggage of irreconcilable differences between some of the SAARC countries. The idea of cooperating sub-regionally has found considerable appeal in Bangladesh, Nepal and Bhutan, countries that need regional integration to improve their access to the open seas and global markets. Raja Mohan explains ‘two speed regionalism’ is quite common around the world. ‘Delhi, for its part, must lend full support to Dhaka’s leadership of the BBIN forum. After all, it was Dhaka that took the political initiative in the late 1970s to found the SAARC. Bangladesh is well placed to get the BBIN framework to advance the regional agenda that the SAARC could not over the last three decades’ (C. R. Mohan, Two speed regionalism. *The Indian Express* 2015).

Efforts are being made for more alternative regional arrangements that India can engage in with its neighbors. In a Joint Working Group (JWG) meeting on water resources management and power/hydropower and on connectivity and transit held in Dhaka in January 2016, BBIN countries identified and discussed many new initiatives for deepening sub-regional cooperation. The scope for power trade and inter-grid connectivity cooperation in future power projects and water resources management between the four countries were explored. The highlight of this meeting was the decision to constitute an experts group that will exchange best practices in water resource management, power trade and flood forecasting. The possibility of having a BBIN Rail Agreement drawing on the SAARC Regional Rail Agreement template was also explored. The potential of these proposed initiatives is immense if agreed and implemented upon in terms of enhancing regional connectivity and water/power management. The next JWG's meeting is scheduled for the second half of 2016 in India and it will determine the future of the same (MEA, Third Joint Working Group (JWG) Meetings on Sub-Regional Cooperation between Bangladesh, Bhutan, India and Nepal (BBIN) (January 19-20, 2016) 2016).

### *Education*

Shamika Ravi argues "Education is a powerful medium to unleash the potential of the SAARC region by cutting poverty and promoting development. It can also be an instrument of soft power for a nation like India by raising its cultural and political, especially democratic, attractiveness for others." This at the look of it may seem like an absolute win-win venture for the government. Higher education can serve to be an important tool in enhancing understanding and 'cross fertilization of ideas through greater interaction among students, scholars and academics in the SAARC countries, and could contribute to a SAARC community' (Ravi 2014). Indian universities are a choice of many students from Nepal, Sri Lanka and Bhutan. India can provide scholarships and research funding to students from neighbouring countries to study in India. However, there exists a lack of a culture of collaboration among the higher education institutions in South Asia. Initiating collaborations between universities can help in disseminating the knowledge generated in individual SAARC member countries better.

More research institutions and developing cultural exchange programs at the university level will provide a platform for interaction between young people from different countries in the subcontinent. It will enhance research capacities of young scholars. This in turn will help them understand cultural differences and develop a sense of regional consciousness that South Asia lacks. South Asian University, established in New Delhi in 2010 is a clear



example of this. The university attracts students from all SAARC member countries and was indeed a significant step towards promoting regional development in the area of higher education.

At the 18<sup>th</sup> SAARC summit, Modi said “India is prepared to connect our South Asian students through online course and E-libraries. When we set up India’s National Knowledge Network, we will be happy to extend it to the SAARC region. The dream of a South Asian University has become a reality in New Delhi. But, to be truly South Asian, it must also have partnerships with at least one university in each SAARC country” (Modi, Full text of Narendra Modi’s speech at the 18th SAARC summit. Press Information Bureau. 2014). The region will benefit at large if the distances can be bridged by enhancing knowledge through promotion of research and education across the sub-continent. These initiatives may not produce instant visible results; however they do make a deep impact in the long term. It will help to positively resolve differences inherent in the region by paying attention to the future and tapping the potential of the youth.

### *Culture*

Cultural diplomacy as a tool of foreign policy aims at promoting values and portraying the image of a country to foreign audiences. Cultural diplomacy programs like educational exchange initiatives as discussed above can create forums for interaction between people of different countries, thus forging bonds of friendships and strong connections between people of different nationalities. Strong people-to-people contact, essential for building greater trust among members of SAARC, has not yet happened. Visa restrictions have affected intra-regional tourism and trade prospects as suspicion and mistrust prevails regarding the free movement of people and goods within the region. Pakistani cricketers still cannot play in the Indian Premier League and Pakistani artists face stiff opposition while performing in India. This also holds true for the approach of India’s neighbours and their concern over dominance of Indian culture and Hindi films in their respective countries. One of the goals of SAARC is to strengthen socio-cultural ties which can only be actualized with greater exchange of ideas based on the diverse religious, cultural and philosophical traditions of South Asia, leading to a greater sharing of literature, music, films, culture and lifestyles. People-to-people contact can influence political leaders and foster high-level commitment for regional cooperation.

Culture has played a key role in Modi’s foreign policy, particularly in Asia. Kadir Pethiyagoda argues ‘culture has been used as a soft power tool with which to achieve interests and has been one of the areas where Modi has distinguished himself from previous administrations. Under the banner of

India's 'Look East'/'Act East' policy, Modi has used culture to appeal to the peoples of Asia. Much of this has been through Buddhism, which more than any other region or philosophy connects all of Asia' (Pethiyagoda 2015). At the International Buddha Poornima Diwas, hosted by India in a global celebration of Buddha's birth, enlightenment and passing, he said "It is said that the 21st century will be Asia's century. There is no disagreement on that". And then he added, "Without Buddha this century cannot be Asia's century" (Modi, Press Information Bureau. Government of India. 2015).

Modi has projected India as a 'soft power', to this end he has used the "Buddha" connect in both political and economic diplomacy. Cultural diplomacy has been used ardently in India's own neighbourhood, especially in Bhutan and Nepal. In Kathmandu one of the four 'Cs' of Modi's Nepal visit was culture (a country which also received a Bodhi sapling from the PM). Modi's efforts perhaps yielded most significant results in Sri Lanka where he took recourse to underlining ancient Indo-Lankan Buddhist ties, dating back to the Mauryan Empire, under Ashoka (Pethiyagoda 2015).

The SAARC Agenda for Culture needs to be effectively implemented. The year 2016 has been declared as the SAARC Year of Cultural Heritage. There are plans to develop a cultural trail linking major Buddhist historical sites in the region. By engaging in opening of cultural centres in different countries, signing of cultural agreements and exchange programmes with neighbouring countries, India can move in a direction that will help build its image as a tolerant and inclusive nation.

## **CONCLUSION**

The above discussion in this paper leads to the conclusion that India is focusing on its neighbourhood like never before. This paper highlighted how the progression of cooperation in the neighbourhood has been initiated by Prime Minister Narendra Modi. India is making efforts to engage its neighbours more meaningfully and to resurrect her credibility, image and influence in the region. The delivery of promises and sustenance of India's relations with its neighbours will depend on India's ability to overcome the hurdles owing to the domestic and regional pressures. By making use of its soft power, alternative regional arrangements and newer prospects of integration such as education and culture, India can win the trust of its neighbours. The current emphasis on rebuilding the neighbourhood coupled with swift action in the same direction can lead India to construct a strong neighbourhood policy that is mutually beneficial for the region as a whole.

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