



# Vivek

*Issues & Options*

March - 2012

Issue: I No: III



Reinforce State Power

Safeguard National Interests

Political Alienation of Gilgit-Baltistan

Repression of Tibetans

*and many more ....*

**Published By : Vivekananda International Foundation**

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# India Must Hold its Ground on Iran

- *Kanwal Sibal*

**M**ounting Iran-West tensions have implications for India's energy security, transit to Afghanistan, the India-US "strategic relationship", India's ties with the Gulf countries as well as its international role as a rising power.

Iran is India's second largest oil supplier after Saudi Arabia, providing about 12% of its annual requirements worth about \$12 billion. India can potentially obtain pipeline gas or LNG from Iran if security and sanctions issues can be overcome. Iran's geographical proximity makes it a logical source of hydrocarbons for energy deficient India which today imports 70% of its needs and will import 90% in the years ahead.

## Interests

Competition with China in the Gulf region makes the task of

securing our energy requirements even more daunting. China's Security Council membership and financial clout give it more leverage than we have with Iran as well as the US. It can more easily enter into barter arrangements as it exports much more than us to Iran. Looking ahead, India must not lose ground in Iran irretrievably to China.

India is unable to gain access to Afghanistan through Pakistan and Iran, therefore, is a logical alternative. India built the Zaranj-Delaram road segment in Afghanistan to complete a road link between Chabahar port in Iran to Kabul. Iran, unfortunately, has not given sufficient priority to this strategic project. Now, with tightened sanctions, external investments have become more problematic. The Chabahar route has become even more important for India in view of its planned investments in the Hajigak iron ore project in Afghanistan.

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\* *Kanwal Sibal – Member Advisory Board, VIF*

India's strategic interest in maintaining productive ties with Iran conflicts with US's strategic interest in toppling its clerical regime. India's political and economic interests in Iran are transparent, whether in terms of energy security, access to Afghanistan, countering a Taliban take over of Afghanistan backed by Pakistan, leveraging contradictions in Iran-Pakistan relations, maintaining a balanced posture on the Iran-Saudi Arabia and Shia-Sunni divide wracking West Asia etc. India has no hidden Indian agenda of encouraging Iran to defy the West or bolstering its capacity to do so.

India is against Iran going nuclear. While recognizing its right to peaceful uses of nuclear energy, India has asked Iran to clarify IAEA queries about its nuclear activities. India is mindful of the consequences of Iran going nuclear for the Gulf region where it has vast energy, trade, manpower and remittance interests, but the US should not

expect India to share its apocalyptic view of Iran's nuclear ambitions. India, which has itself long suffered US nuclear sanctions, lives with a much more direct threat to its security from Pakistan's nuclear capability developed with Chinese support and US indulgence. Even now Pakistan's conduct in nurturing and supporting jihadi groups against India and Afghanistan under cover of its nuclear capability escapes sanctions. Instead, engaging Pakistan is advocated, but with Iran the approach is coercive.

A strategic partnership has to be two-way. If India is to take cognizance of US strategic concerns, the US should accommodate India's concerns too. If Pakistan is not a black and white case for the US and its policy towards the former has to take into account its larger regional interests, Iran is not a black and white case for India either and its Iranian policy too has to be adapted to its broader regional interests.

## US

A strategic partnership has to be two-way. If India is to take cognizance of US strategic concerns, the US should accommodate India's concerns too. If Pakistan is not a black and white case for the US and its policy towards the former has to take into account its larger regional interests, Iran is not a black and white case for India either and its Iranian policy too

has to be adapted to its broader regional interests.

The US should therefore take cognizance of India's legitimate equities in Iran that transcend the current US-Iran tensions that are in part Israel-spurred and domestically driven. Building congruence in policies on complex issues such as Iran has to begin at both ends and not with one side expected to align itself with the policy prescriptions of the other. The US should not put serious constraints on India's oil purchases from Iran. The answer to Iran's nuclear defiance does not lie in undermining India's energy security and its broader regional interests.

That India can obtain additional oil supplies from Saudi Arabia to compensate for loss of Iranian supplies is no reason to politically endorse contestable policies. India has very productive relations with Saudi Arabia and other Gulf monarchies which it should preserve, but with its own large Muslim population composed of Sunnis and Shias, it should maintain a balance between its equities in the Arab world and Iran and avoid getting caught in the sectarian politics of West Asia.

India is often faulted by foreign and domestic critics for unwillingness to accept global responsibilities that come with an enhanced international status. These jibes are made when India resists siding with the US/West on Iran, Libya, Syria and, until now, on Myanmar. India's rising global role should not require it to give up independence of judgment or always endorse western policies. Assuming responsibility at the global level should mean supporting or opposing policies in the interest of an equitable functioning of the international system.

It is not Iran earnings from sale of oil to India that will determine its nuclear decisions. Iran's political judgment on the advantages and disadvantages of going nuclear would be the key factor. On the face of it Iran is being pushed to the limit by western policies of economic warfare and military intimidation to go nuclear. When will it look for nuclear protection against regime change?

The government has shown political grit in resisting US pressure on Iran. The Finance Minister has expressed India's inability to drastically reduce its oil supplies from Iran. The

government has reached an understanding with Iran on making 45% of the oil payments in rupees to be used for goods and project exports from India. This could impart more economic substance to the India-Iran relationship. India is playing its difficult hand as well as it can.

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# India's Defence Production - Need for Transformational Up-Gradation

- *Ajit Doval*

**E**arly January 2012, the US Defence Department came out with its Strategic Guidance Document, nineteen years after the last was brought out in 1993. Spelling out American “Priorities for 21st Century Defence,” this document delineates the future arc of competition and conflict extending from Asian Pacific to West Asia. Geographically, the median point of this strategically important region passes through India. This positions India in a setting that accentuates its strategic vulnerability as also provides openings for playing a more dominant and pro-active role in the region. To ward off impending dangers and play a power role commensurate to its size and potential, India needs continuing reinforcement of several elements of its state power –economic, military, technological, international leverages etc. In this

pecking order, acquiring credible military deterrence and

capabilities to inflict unaffordable losses on the adversaries will be critical.

India having the world's fourth largest fighting force does not automatically translates into its having capabilities adequate to deter, defeat and degrade external enemies or tackle externally primed violent groups threatening internal security. Defence capability of a nation requires host of other ingredients like qualitative and quantitative superiority in weapons and equipment, leadership and high moral of the fighting forces, intelligence capabilities, a reliable defence industrial infrastructure etc.

It is indeed a sad commentary that 64 years after independence the

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*\*Ajit Doval – Director, VIF*

world's second fastest growing economy, one of the highest end user of defence equipment, a country having the world's third largest pool of technical manpower and scientific talent and with a track record of indigenously excelling in high end technologies of space, nuclear, information technology etc., is still dependent on foreign sources to meet 70% of its defence requirements. Notably, being one of the major consumers of defence equipments, it not only has a readily available huge market and concomitant advantage of scale in production but even if a fraction of the large import bill is diverted towards indigenous production, the defence sector will be capable of generating large scale employment opportunities. As strategic analyst Brahma Chellaney rightly observes, India "invests bulk of its defence modernisation resources not on strengthening its own armament base or deterrent capabilities but on subsidizing the military industry complex of others." Relying on large scale imports to equip the defence forces militates against our larger national interests as many of the imported items are not suitable for operation under Indian climate and environmental conditions, their costs are prohibitive,

continuity of supply and replenishment of spares is susceptible to political vagaries and the deals often trigger corruption and bribes in this vital area of national security. Besides, they often entail high costs and time overruns and the possibilities of sanctions, technology denial and vexatious conditionalities make them unreliable.

### **Historical Perspective:**

India inherited a rudimentary defence production infrastructure from the British at the time of gaining independence. Notwithstanding the fact that Indian army was fighting only the wars of the British - either within or outside the country - it was made to bear the costs of British imported weapons from India-generated revenue. It thus sustained the defence industry of UK. The indigenous industrial activity was confined to the lowest spectrum of defence production mainly comprising of repair and overhaul facilities of the imported weapon system. Notable pre - independence defence industries included; (a) Walchand Aircraft Factory in Bangalore which was engaged in repair and maintenance of the aircrafts.

During the Second World War it was also employed by the US Air Force for servicing American Air Crafts. (b) Mazagaon Docks in Bombay that undertook repair of warships, (c) Garden Reach Shipyards in Calcutta which engaged in maintenance, repair and overhauling of Naval ships, (d) Gun and Shell Factory at Cossipore, Calcutta, established in 1801, (e) Ammunition Factory in Kirkee in Maharashtra established in 1889, (f) Rifle Factory at Ishapore established in 1901 (g) Gun Carriage Factory at Jabalpur established in 1904. In all, there were 16 ordnance factories, the cumulative value of whose production in 1947-48 stood at \$ 8 million.

The first ten years after independence were the wasted years in the area of defence production and developing R&D facilities. No new ordnance factory was established or R&D

The first ten years after independence were the wasted years in the area of defence production and developing R&D facilities. No new ordnance factory was established or R&D capabilities developed leading to stagnation. During the Nehruvian era, India had no concept of forward strategic planning while expenditure on strengthening national security was seen as non-productive drain on scarce resources.

capabilities developed leading to stagnation. During the Nehruvian era, India had no concept of forward strategic planning while expenditure on strengthening national security was seen as non-productive drain on scarce resources. Nehru thought that overall industrialisation of the country and establishing basic industries – the new temples of modern India - will automatically meet the defence requirements, a low priority item in his national agenda. While self sufficiency was the credo of those times, the basic approach was to develop self sufficiency in core industries completely neglecting either indigenous defence production or importing arms and equipment to keep the army in high state of defence preparedness. What was lost sight of was the fact that defence production was a highly specialised sector requiring heavy investments, a strong R&D back up and actual production, from design to production and eventual

integration, had a long gestation period. With the impending threat from China, though Defence Research and Development Organisation (DRDO) was created in 1958, it was but a half hearted exercise and the DRDO was starved of resources, quality technical manpower and lacked high level strategic direction. Reluctance of western countries to transfer defence technologies or agree to industrial collaboration clubbed with bureaucratic controls - bereft both of expertise and security sensitivity – compounded the problem.

Following the 1962 Chinese debacle, the wisdom of expanding our defence production sector was realised, albeit at a heavy cost. New ideas were conceived and in course of time a number of new establishments and expansion of some existing units were undertaken. These corporations, commonly known as Defence Public Sector Unit (DPSU), gave a quantum jump to India's defence industry. Working under the Ministry of Defence Production, eight DPSUs namely Hindustan Aeronautics Limited (HAL), Bharat Electronics Limited (BEL), Bharat Earth Movers Limited (BEML), Mazagaon Dockyard Limited (MDL), Garden Reach

Shipbuilders and Engineers Limited, Goa Shipyard, Bharat Dynamics Limited (BDL), and Mishra Dhatu Nigam Limited (MDNL) became the mainstay of India's indigenisation programme. During 2009-10, Hindustan Shipyard Limited was transferred from the Ministry of Shipping to the Ministry of Defence. Though they substantially contributed, and continue to do so, their overall range of activities and up-gradation capabilities leave large areas uncovered. These DPSUs have developed some useful research and development capabilities.

In the post 1962 scenario, India's doctrine of self sufficiency in defence items, besides indigenous production, practically meant having reliable foreign sources for acquisition of weapons systems, access to technologies and uninterrupted supply of spares and components. India's first preference was to develop defence production relationship with the best European manufacturers - particularly Britain, France and Sweden. However, most of the western countries, as also the United States refused to come forward and increasingly, a view started gaining ground in India for justifiable reasons, that the west

for political reasons could not be a trusted and dependable long term partner. This led to the entry of the Soviet Union as a major supplier of defence equipment to India and, till today their share is estimated to be over 70%. USSR decided not only to supply the MIG-21 and other weapons but also agreed to licensed production. This ushered India into an era of licensed production. This arrangement, though it served India well for two decades; after the breakup of the USSR and the changed profile of India's defence requirements, does not adequately address India's needs any longer. This licensing system also tied India to production stereotypes, thwarting India's indigenous growth and innovativeness to develop high-end weapon systems from design to production stage.

In the history of India's defence production and R&D development acquisition of the Bofor's guns is an important landmark. The

irregularities and briberies, whose trail reached right up to then Prime Minister Rajiv Gandhi's doors, rocked the nation. The nation has not yet been able to

recover from its after effects. It continues to haunt India's defence acquisition programme seriously undermining India's combat readiness. Since the infamous deal

Since the infamous deal in 1984, the Indian army has not been able to acquire any new artillery guns for more than quarter of a century leaving a big gap in our defence preparedness. The post 1998 Pokhran experience also had its adverse consequences on India's defence industry and R&D effort. The technology embargo slapped on India, hit number of Indian defence programmes, development plans and scientific research.

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A month after the Chinese aggression, in November 1962 the Government of India established a Department of Defence Production for indigenous development of a

comprehensive defence production infrastructure. As a consequence, besides nine Defence Public Sector undertakings mentioned above, a large number of ordnance factories were commissioned. From 16 in 1947 their number increased to 39, with a total workforce of 1,75,000. Considering India's overall defence needs, their contribution is, however, still modest as will be evident from the production and turnover figures for last three years:

Year	Total sales ordnance factories	Total sales public sector undertakings	Grand total (Rs. In Cr.)
2007-2008	6937.82	16740.25	23678.06
2008-2009	7229.31	20403.64	27632.95
2009-2010	8715.26	25899.64	34614.90
2010-2011	11208.00	27407.00	38615.00

Besides their overall share in meeting defence requirements, it needs to be maintained that they still, by and large, produce relatively low to medium technology items. Ordnance Factories are mainly producing (i) Ammunitions and explosives, (ii) Weapons, vehicles and equipments, (iii) Materials and components, (iv) Armoured vehicles and (v) Clothings.

One major policy shift was brought about in May 2001 when

the GOI allowed participation of private sector in defence production. Under the guidelines issued by the government 100% investment by private sector is allowed in designated fields and 26% through foreign direct investment. Though the Department of Industrial Policy and Promotion has so far issued 155 Letters of Intent to Indian

The post-Pokhran technology denial came as a blessing in disguise. During the years that followed India increasingly focussed on indigenisation programmes as also diversification of sources of import. The phase of modernising and upgrading that started in 1999 led to widening of product range as also accessing technology from new sources.

companies no major breakthrough has been achieved in real production during the last 10 years. Bureaucratic delays and complicated procedures are reckoned to be major bottle necks.

Another major policy shift came about in 2006 when the MOD brought about a change in procedures of defence procurement. Under the new

policy 30% offsets have been provided in respect of all contracts above Rs. 300 crore. Specified goods or services to the tune of 30% of the value of such contracts have to be procured from indigenous Indian industry.

### **Current Setting:**

The post-Pokhran technology denial came as a blessing in disguise. During the years that followed India increasingly focussed on indigenisation programmes as also diversification of sources of import. The phase of modernising and upgrading that started in 1999 led to widening of product range as also accessing technology from new sources. Induction of the private sector was another welcome change. Outsourcing of many of their requirements by the Defence PSUs and ordnance factories has developed a wide vendor base - that includes not only some of the big enterprises but also a large number of medium and small scale enterprises.

In 2010, government brought out a Defence Production Policy which had many positive features. It emphasized achieving self reliance in the design, development and production of weapon systems / platforms and equipment. With

the objective of achieving greater synergy in production of high-end products it was decided to encourage formation of consortia, joint ventures and public-private partnership. Greater integration between technical and scientific research and production was also envisaged. However, while the laid down policy objectives are laudable, at the execution level nothing much has changed and most of the ideas have remained confined to the paper. The overall indecisiveness, lack of senior direction, gaps in planning of resources and poor executive skills of the UPA-II government have been quite visible in the field of defence production and R&D. The quality management also leaves much to be desired.

Setting up of 12 Development Centres with state of the art CAD/CAM facilities to boost R&D efforts in the ordnance factories is a positive initiative. In real battle conditions more than esoteric high end technologies the day to day usable technology and product up-gradation helps the fighting forces more. The DPSUs have also embarked on intensification of their R&D effort – the initiatives taken by HAL (10 R&D Centres), BEL and BDL are particularly encouraging.

In a transformed setting the country enjoys advantages like availability of investible capital, accessibility to earlier denied dual technologies, willingness for cooperation and collaboration by defence production giants - particularly from the West in the wake of the economic downturn. India today has a scientific community that is globally competitive and a pool of skilled manpower with long years of experience and knowledge relating to Defence industries. Politically, there is a bi-partisan consensus that India should reduce its dependability on imported weapon systems to the extent possible.

It is a pity that some of our finest scientists in our DRDO establishments have been handicapped in contributing their best due to a bureaucratic work culture, lack of incentives, poor leadership and coordination at the top, resource crunch etc. Whenever given better opportunities, freedom, and incentives they have produced most outstanding results.

The changing strategic landscape and China's aggressive posturing with heavy investments on Defence (estimated to be over \$132 billion a year) and fast expansion of its defence production and R&D leaves India with no option but to bring about both a qualitative and quantitative transformation. However, infirmities ranging from decision to shy governance, vested

interests of the corrupt, external pressures and security insensitivity of the bureaucracy often nullify these advantages. Unless the entire gamut of higher strategic policy guidance, integrated system of identifying long term defence needs, initiating focussed and relevant research making right resources are available in real time the country

may not be able to achieve its full potential. It is also important that right from the initial stage of conceptualisation, the end users are associated in decision making process - from design to production stage. While highest standards of integrity and

probity need to be ensured by bringing about systemic and procedural improvements it should not be allowed to become an alibi for indecision, procrastination and bureaucratic indifference. It is a pity that some of our finest scientists in our DRDO establishments have been handicapped in contributing their best due to a bureaucratic work

culture, lack of incentives, poor leadership and coordination at the top, resource crunch etc. Whenever given better opportunities, freedom, and incentives they have produced most outstanding results.

There is a powerful lobby in the country supported by a still more powerful and cash rich network of arms manufacturers and their front men who have a vested interest in stemming India's indigenous defence production programme. Spurious arguments and distorted facts are advanced in a systematic manner to create doubts and suspicions that, at times, influences even the leadership of our armed forces. Denigrating the capabilities of our scientists, DRDO and DPSUs is a part of this campaign. With India's estimated expenditure of \$100 billion on defence acquisitions during the next ten years, they see a great commercial opportunity in the offing. Often, their governments advance their cause and exert political pressures to support their cause. It is also true that India cannot and should not completely insulate itself from the international arms market as it will both be bad economics and bad security planning. India cannot insist on developing

technologies or systems that can be internationally accessed at much more competitive prices, without undermining our independence and decisional autonomy in critical sectors. The world is moving towards partnership - interdependence and India stands to gain from it if it positions itself in a commanding position by excelling in some high-end technologies and becoming globally competitive, in terms of quality and costs, for selected products.

India urgently needs to strengthen and streamline the complex regimen of defence production and research comprising of 39 Ordnance Factories, eight Defence Public Sector Undertakings (DPSUs), 50 laboratories under the Defence Research and Development Organisation (DRDO), host of research units working in ordnance factories/DPSUs and widely dispersed private sector players. Some of the bigger private sector outfits like Larsen and Toubro, Mahindra Defence Systems, Pipavav Shipyard, Tata Advanced Systems Limited etc. have displayed willingness to get integrated with this eco-system and contribute their share to augment India's defence

preparedness. They are also willing to upgrade their manufacturing facilities and undertake research and development work provided they are assured of sustained orders and provided R&D costs are shared and international marketing opportunities are allowed to be created. There is also a new enthusiasm in India's public sector enterprises. For acquiring self reliance – cutting across the barriers of public and private sectors, the Indian Defence Ministry can perhaps take a leaf from the experience of ISRO which outsources components, hardware

and sub-systems for its launch vehicles and satellites from the Indian industrial units, both in the private and public sectors.

Vision, convergence, speed and de-bureaucratisation of defence production and technology development should be the guiding Mantra of India in the coming decades.

Vision, convergence, speed and de-bureaucratisation of defence production and technology development should be the guiding Mantra of

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# The Iran-Israel Confrontation and India

- P. P. Shukla

Events in the West Asian region have been going through major shifts in the last year or so. These may portend the final end of the system crafted principally by the British a hundred years ago at the end of the First World War. This, of course, requires a more rigorous and detailed analysis. However, the developing situation affects India's interests directly, and perhaps none more so than the emerging clash between Iran and Israel. We have, so far, followed a policy that essentially avoids making a choice between two important vectors of our external strategy. The recent bombing of the Israeli diplomat's car has given a fresh salience to this issue.

Much of the debate on the recent bombing in New Delhi has been couched in terms of a forced choice between Iran on the one side and America and Israel on the other. Some also suggest that India will be surrendering its sovereignty and sacrificing its interests if it

joins the western approach on Iran. This has come from persons of unimpeachable nationalist credentials and knowledge, so there is no question about their motivation. In the process, however, two important considerations have got neglected: the facts of Iranian involvement, or non-involvement, and our broader national interests.

The first is important – most of the commentaries have side-stepped the issue of whether Iran is responsible for the bombing. However, while there is as yet, no smoking-gun evidence that this is indeed so, the circumstantial evidence, from Georgia and Thailand, in particular, suggests that it would be a safe presumption that Iran was behind the attack. It should be clear that if indeed Iran is guilty, then there must be consequences. A development of this kind is fraught with long-term consequences, depending on the exact module that was employed in the bombing – was it a home-

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\* P. P. Shukla – Joint Director, VIF

grown group, or was it a foreign group? Either way, there are serious implications that will stay with us for the long haul, or we shall need to take vigorous action to address the emerging challenges. And knowing our governance standards, it is going to be the former. Of course, there is a covert war on-going between Iran and Israel, but we cannot allow it be fought on Indian soil, and that goes for both countries.

The second issue, our broader national interests, is equally important – it is absolutely unquestionable that Iran is an important strategic partner. Both in the context of our energy needs and over the emerging end-game in Afghanistan, the importance of the country requires no emphasis. But it should also be borne in mind that Iran has never backed us against Pakistan, with a few stray exceptions in the early 1990's, which was more a case of benevolent neutrality. Otherwise,

it is absolutely unquestionable that Iran is an important strategic partner. Both in the context of our energy needs and over the emerging end-game in Afghanistan, the importance of the country requires no emphasis. But it should also be borne in mind that Iran has never backed us against Pakistan, with a few stray exceptions in the early 1990's, which was more a case of benevolent neutrality. Otherwise, even since the days of the Shah, Iran has clearly tilted towards Pakistan.

even since the days of the Shah, Iran has clearly tilted towards Pakistan. In fact, of late, there have been statements by responsible leaders equating Kashmir with other Islamic issues such as Palestine and Jerusalem. What is more, Iran has been extremely active in forcing India to accept the Iran-Pakistan-India gas pipeline, thus seeking to put Pakistan astride our energy lifeline. There are also credible reports of Iranian links with elements of the Taliban. These are matters that are deeply hurtful of our national security and integrity.

Israel, on the other hand, has been a more dependable partner, supplying us military equipment in times of need off the shelf even when we did not have diplomatic relations with the country. In recent years, the relationship has grown to cover many other areas as well, but Defence and R&D remain the most important. Furthermore, there is a

similarity of interests between the two that few other countries can match. Of course, Israel must understand equally clearly that no retaliation for the bombing against its diplomat on Indian soil would be acceptable.

The main point is that we should not have to choose. We have well-defined, if limited, interests in Iran, and these need to be protected, even as Iran drives itself into ever-deeper isolation. It is also worth bearing in mind that the Iranian government is quite unpopular at home, and while it is not going anywhere soon, the winds of change are sweeping across the region. And we have very important interests in Israel too, and it would be well to keep these in mind.

Behind it all is the American relationship. It is correct and praiseworthy to argue that our foreign policy will be made by us, in the light of our interests. But we should also bear in mind that the security threats we face are

such that we need America on our side. The threat from a combination of China and Pakistan is clear and present, and we need to have our lines of communication functioning at full efficiency with our western partners, as well as with Russia and Israel. What is most important, after decades, India and America are united in their assessment of Pakistan – both as a failing state, and a terrorist sponsor. We need to be clear that this is our primary short-term threat. If we can work with America on neutralising this threat, it would be a major diplomatic and security breakthrough.

What is most important, after decades, India and America are united in their assessment of Pakistan – both as a failing state, and a terrorist sponsor. We need to be clear that this is our primary short-term threat. If we can work with America on neutralising this threat, it would be a major diplomatic and security breakthrough.

Much has been made of the averment that we are walking a tight-rope on this issue. Listening to the media, one would get the impression that this has never been done before. However, the hard reality is that diplomacy does frequently require a country to balance its interests in just such a manner. For decades, America walked a fine line between India and Pakistan; Russia still does the same between India and China.

Of course, one cannot emphasise enough that these pressures are the normal stock-in-trade of all diplomacy. In the final analysis, we need to recognise that we will have to defend our interests – military, strategic, economic – on our own, and external ties can only help so far. This is the most important lesson of our independent history, and one that does not seem to be reflected in our functioning in adequate measure. When we are able to take care of ourselves, we are also an attractive strategic partner.

Also very important, this will enable us to play a role in due course in stabilising the situation, for there is a witches' brew being concocted there. The current situation is riddled with contradictions: opposing the Assad government is a combination that includes America, al-Qaeda, and now, Hamas. This, in turn, is a matter of concern for Iran. On the other hand, Assad has the backing of all denominations of Christians in Syria – where Paul began his Ministry two thousand years ago – who are concerned that they will

face the same fate as their co-religionists in Egypt and Iraq. Russia and China, along with the Hezbollah are also backing Assad, unlikely long-term partners again. Watching warily is an Israel that has had peaceful borders with Syria under Assad [after 1973], and is concerned at the overall direction the “Arab Spring” is taking.

To sum up, we have undoubted interests in Iran, some real, some

We should not have to choose, but should be clear that the real security challenge before the country requires good understanding between India and the West, including Russia. But, in the end, we shall have to fight our own battles, and need to prepare, psychologically and materially, for this.

anticipated, and these must be upheld; but we have also have a lot, and arguably more, at stake in our relations with Israel, and the West more generally. We should not have to

choose, but should be clear that the real security challenge before the country requires good understanding between India and the West, including Russia. But, in the end, we shall have to fight our own battles, and need to prepare, psychologically and materially, for this.

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# An Indian Cyber Security: Need of the Hour

- *Radha Krishna Rao*

**A**long with outer space, cyber space is slowly but surely emerging as a new frontier of the war. While in a space war, the adversary's movement can be, to a large extent predicted, with a fairly good degree of certainty and counter measures deployed well in advance. In the cyber battlefield, the enemy not only remains invisible but also enjoys the advantage of deciding upon the timing and nature of the attack designed to inflict "maximum damage" on the adversary. Indeed, in a cyber war, stealth and anonymity stand out as the trump card of the enemy. A large section of strategic analysts continue to hold the view that the next world war could very begin and end in cyberspace without a single shot being fired. Indeed, by targeting public utilities, transport infrastructure, banking networks, nuclear installations and industrial units, paralysing the

entire country in one quick sweep is by no means constitutes a challenging task. Even the mighty Pentagon has found it difficult to ward off cyber attacks.

The notorious Stuxnet worm, which in 2010 had temporarily paralysed an Iranian nuclear facility, has become a major weapon in the hands of cyber hackers bent upon putting out of commission a wide spectrum of systems and services including satellites parked in earth orbit. In fact, a couple of years back, there were reports to suggest that one of the satellites in India's INSAT domestic spacecraft constellation being operated by the Indian Space Research Organisation (ISRO) was paralysed by Stuxnet. However, this was quickly discounted by ISRO which said that the problem faced by the satellite INSAT-4B had nothing to do with this notorious worm. About Stuxnet, Gulshan Rai,

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\*Radhakrishna Rao - Research Fellow, VIF

Director General of India's Computer Emergency Response Team(CERT-In) has this to say, "Stuxnet, the first computer worm to impact critical infrastructure such as nuclear power plants, water treatment facilities and other factories reaffirms that cyber attacks have evolved into extremely sophisticated activities capable of compromising utilities, government and private infrastructure and corporate intellectual property."

Described as a tactical cyber weapon, Stuxnet was originally developed in Israel. James Lewis of the Centre for Strategic and International Studies in Washington is of view that the cyber war is around the corner. "Cyber war is already here. We are in the same place as we are after the invention of the aeroplane. It was inevitable some one would work out how to use planes to drop bombs. Militaries will now have a cyber war capability in their arsenal." Not surprisingly then sometime back, Keith Alexander, chief of US Cyber Command functioning under Pentagon had observed that it is only a matter of time before America is attacked by something like Stuxnet worm. Pointing out to the rapid evolution of cyber warfare strategies over

the last three years, Alexander has favoured agreements similar to nuclear weapons treaties. But then a major problem is the ground reality that cyber spies have no physical boundaries to negotiate while giving a practical shape to their "evil designs". Indeed, identifying who is behind the attack will be the tough nut to crack. For a treaty to be in force identities of those involved in the entire exercise of cyber attack need to be established without any ambiguity.

Against this backdrop, experts are worried that the invisible cyber war could ultimately prove to be far more damaging than a conventional war. There is a lurking fear that the gun totting terrorists will be replaced by cyber warriors who can easily be exploited by certain transnational criminal gangs and terror groups besides states wedded to radical ideologies to further their "deadly and dangerous objectives". There is certainly no denying the fact that with cyber attack capabilities on its finger tips, a terrorist group could easily mount a devastating attack on a country like USA. Already there is a concern in USA that China and Russia are using cyber espionage to steal the US trade and technology secrets. Dave

Clemente, an expert on conflict and technology at the Royal United Services Institute of London projects the view that the hype of cyber warfare is now fast becoming a reality. “The US and the UK are now putting large amounts of resources into cyber warfare, in particular, defence against it,” said Clemente. “What I think you can say about Stuxnet is that cyber war is now very real. This appears to be the first instance of a destructive use of a cyber war weapon,” noted Clemente.

Against this backdrop, there is little surprise that India has become a sitting duck for cyber attacks. As things stand now, India happens to be the eleventh most affected country by cyber hacking. According to Rear Admiral Rahul Sharawat, Director General of Weapons, Electronics and Systems Engineering establishment of the Indian Navy, India lost Rs.34, 110-crore as a result of cyber crimes and there were close to 30- million victims in 2010-11. India boasts of more than 110-million internet

users, the third largest in the world after USA and China.

The very fact that over 15,000 Indian websites were hacked during 2011 has underscored the need for India to put in place a robust cyber security mechanism supported by a well meaning national cyber policy, a well trained human resources base and a network of advanced testing facilities. Of course, the

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Department of Information Technology is in the process of circulating computer security guidelines along with a draft of cyber security policy to all the ministries to give a final shape to a national cyber security bill. This

policy framework focuses inter alia on hacking, website defacement, identify thefts, stealing and internet fraud. “An implementable cyber policy is still not in place and we are not sure of our readiness levels to face cyber crimes. Defacement is happening frequently and that too of government websites most notably of the CBI (Central Bureau of Investigation) website that was

defaced and could not be corrected for a week,” says Pavan Duggal, a Supreme Court advocate. A study by the cyber security firm Symantec reveals that during 2010, online scams accounted for 20% in India against 11% globally while phishing accounted for 19% in India against 10% globally.

US intelligence agencies are of view that Russia and China are the two leading actors in the dangerous game of cyber espionage. “Chinese actors are the world’s most active and persistent perpetrators of economic espionage,” says a US Intelligence official. Not surprisingly then Chinese hands are suspected behind most of the high profile cyber hacking incidents reported in India. China based gangs of cyber thieves are known to have broken into the networks of not only of the United Nations (UN) and US defence companies but also the Indian government networks. According to a study by McAfee, even states can directly indulge in capacity building to

destroy the adversary’s economic life in times of conflict like situation without actually going to the war. As such experts have been reiterating the view point that the time has come to treat cyber attack as military incursion. Since India and US are common victims of the cyber attacks launched by criminal gangs based in mainland China, it is but appropriate that both the countries come together under the umbrella of a joint cooperation agreement. Both the countries should stress on exploiting their software prowess to engineer effective defensive firewalls to defend themselves from any cyber attacks.

Evidently, Indian defence establishment has been one of the most conspicuous victims of the China based “cyber attacks”. Not long back, networks of Indian diplomatic missions around the world, many Indian companies, think tanks and media groups had felt the heat of the well planned and neatly executed cyber crimes originating from China.

Evidently, Indian defence establishment has been one of the most conspicuous victims of the China based “cyber attacks”. Not long back, networks of Indian diplomatic missions around the world, many Indian companies, think tanks and media groups had

felt the heat of the well planned and neatly executed cyber crimes originating from China. Whether these Chinese cyber spies enjoy the patronage of Beijing, no one is sure as yet. But given the sophistication of the attack, one could suspect the possibility of some sort of state support to these “cyber warriors”. As it is, the US State Government in June 2011 had stated that it had asked Beijing to investigate Google’s allegation of a major hacking attempt that the internet giant had said originated in China. But the standard response from China is that it is being unfairly accused by countries unhappy with its economic rise and that it has always been a victim of cyber attacks.

That Chia was behind the discrete stealing of information from the supposedly secure networks from across the world including India came into open after the release of a painstakingly researched and well documented study “Shadows in the Cloud”. This fact filled report was an outcome of the systematic research carried out by a team of experts from Information Warfare Monitor and the Shadow server Foundation. While Information Warfare Monitor is a joint enterprise of the

Citizens Lab, Munk School of Global Affairs, University of Canada and SecDev Group, an operational consultancy group based in Ottawa, the Shadow server Foundation launched in 2004 is composed of volunteer security professionals with a keen and well informed interest in monitoring malware and malicious attacks on computer networks.

Significantly, the “Shadows in the Cloud” report had thoroughly exposed the devious doings and evil machinations of the China based hackers in siphoning off of classified documents from governments agencies and private organisations in more than one hundred countries not excluding the Tibetan Government in Exile presided over by His Holiness the Dalai Lama. In this instance, the Chinese hackers based in Hainan Island are known to have exploited a system called Ghostnet to steal the files from the information networks of the Tibetan Government in Exile.

Of late, there has been a mounting concern in India’s security set up and defence establishment over the cyber threat originating from China. As revealed in a report carried by the New York Times, “the intruders pilfered classified

and restricted information from the highest levels of the Indian Defence Ministry”. The defence set ups targeted by the Chinese cyber criminals included National Security Council Secretariat, 21 Mountain Artillery Brigade based in North eastern region of the country and Air Force Station in New Delhi.

On another front, the information networks operated by the Indian military training schools were also attacked by China based hackers. It has now come to light that some of the that vital data base pilfered by the Chinese hackers included the secret assessment of the security situation in the north eastern region covering states such as Assam, Manipur, Nagaland and Tripura. In addition, a part of the classified data on the state of Maoist insurgency in various Indian states was also stolen by Chinese cyber spies. Not long back, the Indian Defence Ministry had stated that “of late extraordinary and unprecedented cyber crimes have taken place across the globe, exposing the gaping holes in cyber security systems. Although defence services at all levels have taken steps to counter cyber threat through the stringent implementation of cyber security

policies, there is still a requirement to ensure that all the loopholes in this regard are suitably plugged”.

The moral of the story is that a well equipped and technically robust tri-service cyber command, to prepare India for a cyber war, should be put in place without any lose of time. Such a cyber command supported by a team of well trained and highly motivated cyber commandos will ensure the safety and integrity of all the defence information and communications networks. Before giving a practical shape to a full fledged cyber command, Indian defence ministry should study the architecture, function and objectives of cyber commands existing in other countries. Indian defence ministry should rope in academic and research institutions as well as scientific organisations and software and IT firms in the country to put in place a fool proof cyber security command to ensure the safety of networks being operated by all the three wings of the services.

Meanwhile, the Defence Research and Development Organisation (DRDO) has pointed out that algorithms are being worked out to ensure cyber security. Further,

it has also stressed on the need to put in place trusted hardware and exclusive operating software for the Indian defence forces that will help them develop immunity to cyber intrusion.

According to V.K.Saraswat, the DRDO chief, if one has a dedicated communications system to operate a network centric architecture, one is safer than using internet for link up. “So we are building research areas on how to provide solutions to armed forces on cyber security , how to build a robust communications systems, how to build software that will not have any weakness, how to make servers, switches and routers that will have no parallel parts that can easily be targeted by outside agencies”.

It is an open secret that the terrorist groups that mounted attacks in various Indian locations over the last one decade invariably made use of cyber space to give a practical shape to their evil

design. As such, the Indian cyber command should also develop expertise to intercept internet messages and radio communications linking up various terrorist groups across the world. As it is, detection of a threat or a potential threat plays a key role in ensuring cyber security in all its manifestations. For as of

now, no formal rules of engagement in cyber warfare exist at both the international as well as multi lateral levels.

On a larger canvas, the need for a high powered national security mechanism supported by a firm legal framework has become critical to take care of

cyber attacks aimed at the instruments of national development including banks and financial institutions, industrial enterprises, public utilities, transport network, space and nuclear facilities, research and development institutions and health care networks. For across the world, cyber spies are active in

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industrial espionage and collection of economic data as part of the move to paralyse the adversary by hitting where it hurts most. And India should take care of this aspect of cyber attack with utmost diligence and a high level of

shrewdness. Otherwise, the country could easily end up as a “pathetic victim” of a cyber war launched by an invisible enemy.

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# China and Tibet

- *LT Gen R.K. Sawhney*

1. Those of us who have had the good fortune to serve and live in Arunachal Pradesh cannot help but be charmed, fascinated, bewitched and overawed by this amazing state - its scenic beauty, snow-clad mountains, fast flowing rivers/streams, wild life along with the different tribes with their colourful customs and traditions. If properly and sensitively exploited, it can become one of the most sought-after tourist spot in the country. To put it in a very theatrical cliché, it is an area worth dying for. My first contact with Arunachal Pradesh (then called NEFA) came in less glorious times. It was in early 1963, when as a young subaltern, my unit was hastily moved to Assam. Indian Army had just suffered a humiliating reverse from the Chinese in an ill-planned, ill-directed and less than ably led operations. A naive political

leadership with no understanding of strategic reality had led itself to ignore the clear signs of a supposedly friendly neighbour turning fast into an adversary and ordered an ill-prepared army to confront it in a most formidable terrain with no infrastructure worth the name, inadequate logistics and no offensive air support. The result was inevitable. My unit reached the area when the damage had already been done. Chinese after exhibiting their superiority and getting much more success than they had anticipated, had wisely withdrawn so as not to face an inevitable counter-offensive by us. We had been tasked to carryout patrolling in a given sector and collect any stranglers from the unit which had borne the brunt of conflict. It was in those depressing times that it struck all of us in the Indian

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\* *LT Gen R.K. Sawhney - Distinguished Fellow, VIF*

Army (irrespective of rank) that we did not deserve that humiliation, both the country as well as its army which had proud traditions going back to more than two centuries. It is a scar we still carry along with the resolve that there would never be a repeat of 1962. This resolve is hopefully being passed on the successive generations in the army. Not being either politicians inclined towards a particular philosophy, diplomats or the editor of a certain media group, we in the Armed Forces continue to be wary of our Northern neighbours.

2. I am not implying that we should not engage Chinese or not have commercial/financial dealings with them. In the present global environment, doing this would be stupid and tantamount to a self-inflicted grave harm to our own national interests. Such relations, however, must be on terms of equality and concern for each other's sensitivity despite unresolved disputes. We have done more than what is required from one side but

same cannot be said from China. If one looks back India, has been bending backwards to appease Chinese whereas Chinese cunningly devised diplomacy targets India on multiple fronts like their claim on Arunachal Pradesh, Aksai Chin, Sikkim and new J and K. Cleverly each issue is never resolved but left open ended to be exploited to its advantage whenever required. In sharp contrast, we may question our mandarins as to why we have no important leverages in our kitty to discomfort China. Why are we so sensitive to China's sensitivities?

3. China claims Arunachal Pradesh to be part of Tibet and hence China. This is historically and legally untenable argument. In any case China's claim on Tibet itself continues to be under scrutiny, although it is considered politically incorrect to say so by our establishment. Chinese official statements and propaganda in English invariably refer to Tibet as

"China's Tibet". This expression identifies Tibet as a thing, an entity or a polity possessed by China. This entity has an identity China wants to eradicate but the possessiveness serves to emphasize that identity rather obscure it. The fundamental theme of Chinese propaganda is that there is no national issue of Tibet since Tibet was never a nation or a country independent of China. Such an assertion requires to be examined in India, if for nothing else other than historic reasons. A significant amount of study has already been done on this aspect specially by Western and US researchers. I have based my article on the remarkable work done on this aspect by noted American scholar - Warren W. Smith Jr and others.

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4. Chinese and Tibetans come from two distinctly different ethnic groups from a relatively early time. This difference may date from the period when early pastoralists (Tibetans) separated from agriculturists (Chinese) at the end of third or the beginning of second millennium BC. Tibet became a state between 600 and 630 AD when small independent states of central Tibet were unified under the being of Yarlung. Once the consideration of tribes of Tibetan Plateau was accomplished, Tibetan state almost immediately came into conflict with Tang Dynasty of China. This conflict was to continue throughout Tibetan empire period (630 - 840 AD). Tibetan armies penetrated far into Chinese territory and at once even briefly placed a Tibetan choice upon the Chinese throne at Changan (Xian). Buddhism which later would become a defining feature of Tibetan culture, was

## Tibetan Origins

introduced during this time. Tibet became a centre of Buddhist culture and Buddhist monks came here from India, Nepal, East Turkistan as well as China. Tibetan relations with China during this period offer ample evidence of Tibetan independence. Tibetan national identity was substantially defined by conflict with China. Sino-Tibetan military conflicts finally ended in 822 with a treaty that clearly defined Tibet and China as separate countries and delimited the border between them. In the treaty, China and Tibet agreed to "unite their kingdoms" but this was clearly in the sense of union only in agreement. The treaty speaks of China and Tibet each guarding the borders of their separate territories and notes "All to the East of the boundary is the domain of Greater China. All to the West is surely the

Tibetan national identity was substantially defined by conflict with China. Sino-Tibetan military conflicts finally ended in 822 with a treaty that clearly defined Tibet and China as separate countries and delimited the border between them.

domain of Great Tibet". A script for the Tibetan language was acquired from India primarily for purposes of administrating an empire, not, as was later claimed by Buddhist historians, for translating Buddhist texts. The Tibetan written languages was standardized and became the national language.

### **Emergence of Tibetan Buddhist State**

5. The Tibet Empire collapsed in 842 and for next four hundred years, Tibet knew no central authority.

By 1234, the Mongols emerged as a paramount power and conquered all of Western China. In, 1247, the head of Sakya sect of Tibetan Buddhism, Sakya Pandita submitted to Mongols on behalf of all of Tibet in order to avoid a Mongol conquest. His submission to Mongols averted Mongol invasion but established a religious rule,

with its fatal reliance on foreign political patronage. The Mongol Yuan Dynasty fell in 1368 and was succeeded by the Ming Dynasty (1368-1644). They continued to patronize Tibetan Lamas and awarded new honours and titles to them but had no real interest in Tibet beyond Tibet's role in Ming dynasty's relations with Mongols who still remained a powerful threat outside the borders of China. It was in 1720, that Chinese under Manchu Qing dynasty invaded Tibet to expel Mongols who had involved Tibet from area North of what is now Xinjiang. This event marks the beginning of actual Chinese control over Tibet when they reorganized the administration of Tibet under Tibetan secular nobility supervised by a

It was in 1720, that Chinese under Manchu Qing dynasty invaded Tibet to expel Mongols who had involved Tibet from area North of what is now Xinjiang. This event marks the beginning of actual Chinese control over Tibet when they reorganized the administration of Tibet under Tibetan secular nobility supervised by a Chinese representative or 'Amban' who was always a Chinese or Mongol.

Chinese representative or 'Amban' who was always a Chinese or Mongol. The Manchu dynasty also followed the older example of administratively separating the Eastern Tibetan provinces of Kham and Amdo from Central Tibet. During the long rein of Manchu Qing dynasty, the nature of Tibet was one between states, or between an empire and a semi-autonomous state, not a relation between a Central Government and an outlying province.

### **British Involvement**

6. At the turn of the twentieth century, the British government of India, suspicious of Russian influence in Tibet, attempted to gain trade privileges in Tibet through negotiations with Chinese. However, the Chinese, despite their claim to authority over Tibet, were proven powerless to make

the Tibetans respect the agreement made between China and the British. In 1904, the British invaded Tibet. Before British reached Lhasa, the Dalai Lama fled to Mongolia. In Lhasa, the British included a treaty that granted Great Britain trade privileges in Tibet.

7. British support for Tibet was helpful to the Tibetans, subsequently in maintaining their autonomy but Britain's continued recognition of China's suzerainty over Tibet allowed the Chinese to maintain their claims even when their actual authority was non-existent. In 1914, Britain attempted to secure Chinese recognition of Tibetan autonomy in tripartite negotiations at Simla between Great Britain, China and Tibet. The Tibetan position was essentially a claim to self-

Coincident with Indian independence in 1947, the British government gave up their interest in involvement in Tibetan affairs. Independent India neither displayed foresight acumen nor will to secure its strategic interests and the possible implication of ignoring such an important issue.

determination for all areas of Tibet inhabitation, although the term self-determination was not used. A border between 'Inner Tibet' under Chinese control and an autonomous 'outer Tibet' at divide between Mehong and Yantze rivers was ultimately agreed upon. Britain and Tibet agreed to the final Simla convention, but the Chinese government refused to ratify it. In 1921 the British presented the Chinese with an ultimatum, if Chinese refused to renegotiate the Simla convention, the British would treat Tibet as an autonomous state under Chinese suzerainty. However, with the lack of Chinese response, the British found themselves effectively recognizing Chinese suzerainty over Tibet without any Chinese acceptance of Tibet's right to autonomy. British compounded this error during following years by continuing to acknowledge Chinese suzerainty without

securing any Chinese recognition of Tibetan autonomy. Coincident with Indian independence in 1947, the British government gave up their interest in involvement in Tibetan affairs. Independent India neither displayed foresight acumen nor will to secure its strategic interests and the possible implication of ignoring such an important issue.

### **Tibet Under Communist China**

8. The People's Republic of China promised a greater degree of autonomy to Tibet in 1951 Seventeen - Point Agreement then to any of the PRC's other "national minorities", none of whom required a similar treaty of incorporation. Tibetans were assured of the political role of Dalai Lama, no change in monastic system, even though in Chinese perception it was based upon "the feudal serf system". However, the Seventeen Point Agreement was contradictory in that it promised the preservation of Tibetan political and

religious systems but also their replacement by an entirely different system. The Chinese communist promises, to put it bluntly, were either duplicitous or calculated to secure Tibet's "peaceful liberation".

9. The PRC's nationalities policy began to go wrong in Tibet and other national minority areas in 1956, when eastern Tibetans were subjected to the so called Democratic Reforms Campaign. PRC launched its first purge of "local nationalists" in 1957 after Tibetans had the effrontery to demand the autonomy they had been promised. After the revolt, all the undertakings and Seventeen-Point Agreement were abandoned. Tibetans were granted an illusory status of national regional autonomy in 1965 with the establishment of the TAR but even this pretense of autonomy was abandoned a year later when cultural revolution began.

10. When Mao died in 1976 and Cultural Revolution finally ended, it was another four years before Tibetans saw any relief. The

subsequent period of the 1980s saw a revival and resurgence of Tibetan Culture and relief along with a rebirth Tibetan nationalism. This came as a shock to Chinese Communists who imagined that Tibetan separatism was a dead issue. Since 1989, the PRC has instituted a policy of repression of any and all aspects of Tibetan culture associated with nationalism, combined with economic development and colonization as a final solution to Tibet problem.

Since 1989, the PRC has instituted a policy of repression of any and all aspects of Tibetan culture associated with nationalism, combined with economic development and colonization as a final solution to Tibet problem. Tibetans have been subjected to relentless and repeated 'patriotic education' campaigns, and Dalai Lama has been denounced in uncompromising terms.

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11. For China, there is no political solution that preserves Tibetan culture

and especially Tibetan national identity. Despite the Dalai Lama's\* belief that the issue is not cultural, the nature of Sino-Tibetan issue is as much cultural as it is political. The fundamental issue of Tibet is about the conflict between two nations and two cultures over territory, much as it was during the Tibetan empire, and Tang dynasty period. Now, however, China has the intention and the clout to finally force the resolution of the issue by political /economic integration and the cultural absorption of Tibet within China, with methods that include the colonization of

Tibet by flooding it by Hans from across mainland, the repression of Tibetan national identity and the assimilation of Tibetan culture. Having originally promised autonomy, under the assumption that Tibetans would voluntarily give up their own culture but

having been surprised by the persistence of Tibetan culture and national identity, the Chinese have now reverted to Mao's more honest offer to Tibetans that Tibet should fulfill China's need for natural resources while China would fulfill Tibet's need for people. This, they are doing with vengeance. Infrastructure in Tibet has improved, there is also recognizable economic progress. Unfortunately the benefits are not being derived by Tibetans whose numbers are fast dwindling and they are fast becoming a minority in their own land. Another serious casualty is the assault on Tibetan culture, religion and the way of life.

### **Tibetan Hopes and Chinese Reality**

12. Dalai Lama propagates Middle Way Approach that has many similarities to Tibet's former relations with China. Tibetan government in exile is hoping for a solution to Tibet issue via autonomy and have given

up demands for independence. Western governments supportive of Tibet are comfortable with a policy of Sino-Tibetan dialogue and a vague autonomy. They applaud the Dalai Lama's constant statements that he "does not want Tibetan independence" because this allows them to respond to popular support for Tibet without confronting China about the real issue of Tibetan self-determination. Some Tibetans continue to hope for a shift in Chinese politics that would bring a more liberal faction to power or perhaps a greater Chinese respect for Tibetan Buddhism. However, there is no evidence of existence of any liberal faction or any implication that Chinese interest in Tibetan Buddhism will translate into political support for Tibet.

13. The predominant phenomenon in Chinese politics at this time is the rise of China's "comprehensive national power", accompanied by growing nationalism, which is promoted by CCP in order to compensate for its lack of

any other ideological legitimacy. China's new confidence and its foreign influence does not put it any mood to compromise over Tibet or any other territorial dispute. China assumes a more aggressive and assertive role in the world which cannot be ignored. Its slogans about "peaceful rise" later altered to "harmonious world"- both of which were formulated to counter the "China threat theory"- illustrate the reality that China's economic, political and military power is threatening to many in the world particularly to US and in Asia to India.

There is a definite need to create "political Thrust" with China and resolve long-standing border issue. But in the meanwhile India need to be vigilant, concentrate on improving infrastructure in border area and ensure that forces get "military superiority and technological edge".

forces get "military superiority and technological edge". PM continues to emphasized these aspects. Hopefully, he will ensure that his government follow-ups on his words. Previous such promises, unfortunately remained just promises. Finally, one would like to inform the Chinese establishment that inhabitants of Arunachal Pradesh are proud of being Indians and India where constitution guarantees them freedom to follow their tradition, customs, language and religion, where they have the democratic right to elect their representative not from one but many. They also have no fear of facing assimilation by a horde of Indians from other states.

14. There is a definite need to create "political Thrust" with China and resolve long-standing border issue. But in the meanwhile India need to be vigilant, concentrate on improving infrastructure in border area and ensure that

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# The Game in Gilgit - Baltistan

- Maj. Gen (retd) Umong Sethi

According to some observers, “The significance of the Gilgit-Baltistan region of Pakistan-occupied Kashmir (PoK) in terms of geo-strategy only seems to be rising given the fluidity of strategic equations in South Asia”.<sup>1</sup> The Chinese ‘strategic patience’, Indian ‘reticence’, Pakistani ‘opportunism’, political ‘activism’ of the indigenous people of the area and economic ‘imperatives’ abetted by ‘relative decline and dysfunctional politics’ of the ‘super powers of yesteryears’ define the current geo-political scenario in the area. A strategic design is unfolding that has great implications for the region and indeed the world.

Situated between the mountain ranges of Hindu Kush, Karakoram and Western Himalayas, Gilgit-Baltistan lies at the confluence of Central Asia, China and South Asia. It borders Wakhan Corridor of Afghanistan; Xinjiang Province of China, Pakistan's Khyber

Pakhtunkhwa Province, Pakistan occupied Kashmir and Indian State of Jammu and Kashmir. Its

geography offers the advantage of being the vital hub for trans-region exchanges. Predictably, Pakistan and China, have exploited the importance of this region to further their geo-strategic and economic objectives while India has watched from the side-lines assessing the magnitude and impact.

The 1949 ceasefire line resulted in the division of J&K with Pakistan gaining control over approximately 85,793 sq km of area. The government of Pakistan illegally ceded a large part of territory of the Shaksgam Valley measuring 5,180 sq km to China in 1963. Pakistan administered region of J&K was subsequently divided in 1970 into two administrative zones: Azad Jammu and Kashmir (AJK) and Federally Administered Northern Regions.

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\* Maj. Gen (retd) Umong Sethi

Covering a total area of 74,600 sq km, the Gilgit-Baltistan Region is administratively divided in two divisions of Gilgit and Baltistan. The Gilgit Division is divided into five districts, namely, Gilgit, Ghizer, Diamer, Astore, and Hunza Nagar; and the Baltistan Division has two districts of Skardu and Ghanchi under its administrative control.

Gilgit-Baltistan is home to more than one million people who belong to Balti, Shin, Burushu, Khowar and Wakhi ethnicity. They consider themselves different from predominant Pakistani groups and share strong cultural links with the Tibetans, Kashmiris, Tajiks, Uighurs and Mongols. Ethnically and linguistically, the people of Baltistan are related to the Ladakhis while the people of Gilgit, Chitral and Kashmir are Dardic, who speak related languages.

Gilgit-Baltistan is a resource rich region where uranium, copper, gems and gold are found in abundance; and glaciated water bodies cover a catchment area equal to the size of South Carolina.<sup>2</sup>

The long-standing and continuing political alienation of Gilgit-

Baltistan has been the prime cause for discontent among the local populace of Northern Areas. In a bid to resolve the politico-constitutional gridlock, Pakistan's federal government unanimously approved and passed the Gilgit-Baltistan Empowerment and Self-Governance Ordinance in 2009 as a replacement of the Northern Areas' Legal Framework Order 1994. It was a façade to grant autonomy to the Northern Areas through a Presidential decree. The move has under-addressed the anxiety of the people of the Northern Areas. The move will impact Pakistan's stand on the wider Jammu and Kashmir dispute with India. Pakistan has always emphasized on 'resolving the J&K dispute according to the wishes of the people of J&K', making unilateral transformation of the politico-legal status of the Northern Areas amounts to implicit change in oft proclaimed stand. Complete silence on the part of the international community and India on the issue *gives the impression that the LOC has been accepted as fait accompli and Pakistan sovereign right over Azad Kashmir and Northern Areas is implicitly accepted.*<sup>3</sup>

This development acted as a precursor to much increase in ongoing Chinese involvement in Gilgit-Baltistan. The Chinese investments and involvement in infrastructure development project have seen a steady increase over the last few years. It is interesting that both the countries have remained evasive and non-committal while explaining ever-increasing Chinese presence in GB and POK. It is believed in some quarters that Chinese are following an aggressive expansionist approach to step forward and secure their interests of protecting vulnerable Muslim minorities against 'Jihadi' influence, promoting economic interests and jockeying to be the major power in the region.

Investing billions of dollars in various infrastructure and other projects in the Gilgit-Baltistan region of PoK involving several thousand Chinese personnel belonging the People's Liberation Army (PLA) have caused much suspicion and uneasiness both among the indigenous people and the strategic community. There have been reports of protests and clashes in Hunza and other places between locals protesting against the 'stealing of jobs' by the Chinese. <sup>4</sup>

Viewed from the stand point of Pakistan in the strategic context, both Kashmir and Afghanistan remain the pieces of the same puzzle. The Chinese recent forays both in Afghanistan and Gilgit-Baltistan may be explained as

endeavours to fill in the vacuum likely to be caused by the projected US-NATO withdrawal, to seek a broad spectrum protection from the consequences of a beleaguered Pakistan and to challenge India's influence in the region.

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China's Western Highway, also known as the Lhasa-Kashgar Highway connects Xinjiang to Tibet. From Quilanaldi, the road branches off to the Khunjerab Pass and, subsequently, becomes

the Karakoram Highway right up to Gilgit. The 1,300 km long Karakoram Highway remains the only all-weather road linking Gilgit-Baltistan with the rest of Pakistan. Upgrading the Karakoram Highway is of critical significance to China, since this region offers Beijing a window to the Arabian Sea and the Indian Ocean.

It has been reported that as per a Memorandum of Understanding (MoU) signed in June 2006 between China and Pakistan, the Karakoram Highway is being widened from 10 metres to 30 metres — resulting in its operational capacity going up threefold catering for heavy vehicular movement. In July 2010, during the visit of Pakistan's President Zardari to China, MoUs with China were signed for Karakoram Highway Project Phase-2 that includes widening the Jaglot-Skardu road to be completed by end of 2012.

The infrastructure investment announced by Beijing includes construction of a railway link with Pakistan. The proposed railroad will connect the town of Havelian in Abbottabad district in Pakistan's Khyber Pakhtunkhwa to the Khunjerab Pass. Chinese

are thus involved in a huge infrastructure development exercise in Gilgit-Baltistan and PPOK involving construction of expressway, tunnels, railways, several dams, telecommunication facilities, industrial zones in Gilgit and Muzaffarabad, bridges, developing mines etc. China possibly shares the responsibility with Pakistan to manage the telecommunication system of GB. So by implication the Chinese control over the telecommunication and transportation network in an indirect manner may be complete already.<sup>4</sup>

With the reported considerable presence of PLA in POK and Gilgit-Baltistan, the garb of undertaking developmental activities and protection duties, has serious implications for India. Not only the capability of Pakistan Army to create mischief in J & K stands considerably enhanced, in case of a crisis or a conflict situation, it allows the Chinese to exploit the Western flank in conjunction with its military operations from East against Ladakh and J&K.

From the strategic perspective, the Chinese "development projects" in Gilgit-Baltistan are a reflection of

pursuance of an aggressive engagement of the Afghanistan, Pakistan, PoK and Gilgit-Baltistan region to alter the geo-strategic equations and to expand her sphere of influence in South Asia and Afghanistan. This should be seen as a part of a design to marginalise India taking advantage of her focus on internal consolidation and growth as well as hesitation to step out and assume a leadership role in the strategic milieu.

A major consequence of China extending its reach into Gilgit-Baltistan and POK is that the J & K dispute has become more complex which is likely to complicate any potential long-term resolution of Jammu and Kashmir.

According to Mumtaz Khan, director for the International Centre of Peace and Democracy in Toronto, “Many Western analysts who view China's stance merely as a bargaining chip against India will unfortunately soon realize that China is redefining its priorities and interests in South Asia and beyond. The current involvement of China in Gilgit-

A major consequence of China extending its reach into Gilgit-Baltistan and POK is that the J & K dispute has become more complex which is likely to complicate any potential long-term resolution of Jammu and Kashmir.

Baltistan and Pakistan administered Kashmir consists of more than just providing military and diplomatic support to Pakistan. Soon, Pakistan will swap its role to take the backseat as China exerts itself as a major player in the Kashmir issue.”<sup>5</sup>

While addressing a Seminar held in House of Commons, Dr Shabir Choudhry said, “It is unfortunate that this time government of Pakistan is very keen to provide helping hand to the Chinese to

have a foothold in this region; which could be extremely disastrous to Gilgit Baltistan and South Asia. Pakistani government is playing this dangerous game, as they face instability and a bleak future. Pakistani government wants to ensure that if they go down, then these areas are taken over by China, and India or another power doesn't step in.”<sup>6</sup>

Chinese expansionist moves to ‘economically engage the periphery’ and guard her core interest need to be viewed by India as attempts to reduce her influence in the neighbourhood.

Indian polity needs to take matured and measured steps to secure her future ambitions. While taking appropriate steps to protect herself, India needs to ensure that the boundary question with China does not get enlarged and attempts at making her become a party to the Kashmir dispute is not allowed. The good will and the

advantage of being 'a step away' India enjoys in Afghanistan, Gilgit-Baltistan, Central and South East Asia should be leveraged to counter any attempts to limit her to the sub-continent.

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# Political Crisis in Maldives and Options for India

- *Dr. N. Manoharan*

**I**n a surprising turn of events, even for many of Maldivians, Mohamad Nasheed, the first democratically-elected head of the state of Maldives, resigned on 07 February 2012 in the wake of anti-government protests and police mutiny. Although Mohamad Waheed Hassan Manik, who has been elevated as President (from Vice Presidentship), insists that it was “not a coup”, Nasheed claims that he was threatened with a “bloodbath” if he refused to step down. In his address to the nation soon after his resignation, Nasheed stated, “I don't want to hurt any Maldivian. I feel my staying on in power will only increase the problems, and it will hurt our citizens. So the best option available to me is to step down.” A military showdown has indeed been averted, but the political crisis is far from over, anytime ready to take violent form.

The arrest of Criminal Court Chief

Justice Abdulla Mohamed on charges of “misconduct and favouring opposition figures”

might have acted as a final spark for Mohamad Nasheed's downfall, but the anti-Nasheed storm has been gathering for nearly a year. Nasheed began well in October 2008 after ending the three-decade long Maumoon Abdul Gayoom's rule in the country's first free elections that was hailed as “heralding a new era of democracy and progressive politics”. At the global level, Nasheed intensely campaigned against climate change and even held a cabinet meeting under water to highlight the dangers of rising sea levels. To coordinate environmental policy among a group of about 30 countries most affected by climate change, he established the Climate Vulnerable Forum. Domestically, he

pushed aggressively for reforms in political, social and economic

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arenas.

In the political field he concentrated on freedom, independence of judiciary and anti-corruption to make Maldives as “the most promising young democracy in the region.” But the *Majlis* – Maldives’ parliament – dominated by the opposition Dhivehi

Rayyithunge Party (DRP) (party of Nasheed’s predecessor Abdul Gayoom) and its allies did not offer requisite cooperation resulting in frequent political and constitutional deadlocks. The well-entrenched conservative bureaucracy could not move fast enough with Nasheed’s pace and

expectations. Resentments started brewing. In the economic front, when Nasheed took over, public expenditure was at a peak of 64 percent of Maldivian GDP and about 70 percent of Government revenue was being spent on public sector wages. The global economic recession at around the same time

had a severe impact on Maldives, whose economy is heavily depended on tourism. The president was left with no option but to embark on major fiscal and economic reforms overseen by the International Monetary Fund (IMF). The structural reforms involved curtailing of state spending, while freeing the private

sector to be the engine of growth, in addition to devaluation of rufiyaa. This did not go well with the public sector employees, who constitute 10 percent of the population.

Unemployment and high inflation damaged Nasheed’s popular standing as well. Yet, he determinedly pushed forward the reforms “to liberate

the economy”. In the social arena, some of the measures taken by President Nasheed like making Islamic and Divehi as optional subjects in school (instead of compulsory), mandatory registration of all madrasas, and allowing Israeli tourists in the country received the ire of

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religious conservatives. They attacked and stamped his regime as “un-Islamic”.

Instead of going on full throttle from the day one, Nasheed could have adopted a gradual approach appreciating the true nature of the system. Apparently, he has not been very skilful in handling the internal power politics. Moreover, Gayoom’s loyalists have been entrenched in key institutions, especially in the judiciary. Instead of winning them over, Nasheed went on in confrontational mode that backfired. He also ignored building support constituencies among the common man even while he was able to cultivate some friends in the international community. Despite good intentions, political and diplomatic naivety of the “Obama of the East” brought him to the level of having only two choices: order a bloody military crackdown on the opposition protestors and police dissidents or step down. He chose the latter, perhaps because even military switched sides.

The new President Waheed Hassan has appealed to all political parties, including Islamic radicals, to come together to consolidate democracy and form a “multi-party national unity

government”. It will be called the National Government of Maldives. He has limited options but to do so to have a decent majority in the Majlis to run the government smoothly for the remaining period of about 20 months. Except Nasheed’s Maldives Democratic Party (MDP), all other parties of the country have agreed to be part of the government. Of the total 77 seats in the Maldivan Majlis Nasheed’s MDP has 32 members (26 are its own, 6 are either independents or from minor parties), while the opposition Dhivehi Rayyithunge Party (DRP) has 34 seats and backing of some independents. Even if the MDP does not come on board, Waheed should be in a position to run the government. But the new coalition will have problems if Nasheed rallies his supporters to get back “justice” through protest politics. The former president has decided to do just that.

India has so far remained neutral by maintaining that it “is an internal matter of the Maldives, to be resolved by the Maldivians.” But in 1988, New Delhi promptly dispatched its forces (‘Operation Cactus’) to foil a coup attempt that was aimed at deposing the then President Gayoom. Since the nature of present crisis is

considered more of political than a security one, India politely refused Nasheed's invitation for intervention. Prime Minister Manmohan Singh, in fact, has sent a note to the new President Waheed mentioning, as a "close and friendly neighbour", India will, "as always, continue to support the Maldivian people's efforts to build a stable, peaceful and prosperous country." At the same time, New Delhi has to keep a close watch on the situation in the island.

Given the strategic location of the Maldives, its peace and stability is crucial not only for India, but also for the entire region. India needs to ensure that Maldives does not become a haven either for Islamic militant groups or for sea pirates. There are already concerns about Lashkar-e-Toiba's foothold in the southern parts of the archipelago through its charitable front organisation, Idara Khidmat-e-Khalq ever since 2004 tsunami. Making use of the

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volatile situation, forces inimical to Indian interests may try to gain foothold in the archipelago. Keeping these into consideration, India should exert enough economic, diplomatic and political leverage behind the scenes to bring all contending parties of the country to negotiating table to thrash out a consensus political formula. Peace and stability in Maldives remains the core concern. India has already conveyed to the new regime that no harm should come to the former president or to any member of his government. The deposed president and his party should be allowed to contest in the next elections scheduled in 2013

and leave it to the people of the country to decide. Retribution will hinder reconciliation, which is a need of the hour. India, along with like-minded countries and groupings like UK, US, EU, UN and SAARC, should consolidate democracy in the atoll state so that it remains a permanent feature of Maldivian political life.

It is, especially, in India's interests if democracy and peace thrives in its neighbourhood.

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# Analysing Attempted Coup in Bangladesh

- Neha Mehta

The civil-military relations in Bangladesh have always been unstable, in a country that has been marred by numerous military coups in the past. The Bangladeshi army has been known for factionalism and politicization of its forces. The recent revelations made by the Bangladesh army, about the attempted coup in late December 2011 by a set of 14-16 mid ranking army officers and their retired colleagues, termed as a band of 'religious fanatics' who wanted to establish Islamic law in the country, has again brought to the fore the internal dissensions in the army underscored by extremism within its ranks. The immediate provocation to the coup can be traced to the policy agenda set by the Awami League government when it came to power in January 2009, with the aim of restoring the secular credentials in the country, begin the trial of the War Crimes of 1971 as well as to improve relations with India.

Historically, since its

independence in 1971, Bangladesh has been marked by frequent attempts at military takeovers from the civilian government. This political instability can be attributed to the composition of its army that was reorganised, after Bangladesh attained independence. Therefore, in addition to the Mukti Bahini that was the part of the Indian-backed armed guerilla forces they included the Bengali rank-and-file that were in the Pakistani army at the time of the war for independence in 1971. This union of two different factions was never complete leading to divisions within the army which resulted in a very tumultuous time in Bangladesh, with both the factions wanting to dominate the political domain resulting in numerous military coups. The first military coup in Bangladesh was in August 1975 in which Sheikh Mujib ur Rahman, the father of Shaikh Hasina and the founding Father of Bangladesh was assassinated, along with his entire family

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(except for Sheikh Hasina and her sister Sheikh Rehana who were in Germany at that time). The same year witnessed two more coups in November. Ultimately Major General Ziaur Rahman, the husband of former Prime Minister Khaleda Zia, usurped power in the third and final coup that year. He ruled the country from 1975 till 1981. During his entire regime there were about 20 coup attempts in order to grab power. He was finally killed in 1981 in the 21st coup attempt. Meanwhile the officers who assassinated him were killed and a civilian government took over for a short time. Thereafter General Hussain Mohammad Ershad took over in March 1982 and overthrew President Sattar in a bloodless coup. In 1990, the last military ruler of Bangladesh, General Ershad was ousted through a pro-democracy movement jointly led by Sheikh Hasina and Khaleda Zia.

This particular failed military coup was the second time such an attempt was made during the tenure of the present Awami League government. The first being a bloody mutiny by the paramilitary border guards just two months after Sheikh Hasina was sworn in as the Prime

Minister in 2009 that left around 57 army officers and many civilians dead. The Bangladesh Army for the first time convened a press conference to declare the coup attempt, which goes to show that although there are extremist elements in the army, on the whole its loyalties remain with the present government. In connection with the coup, the army arrested two retired army officers and accused a serving officer considered to be the mastermind, Major Mohammad Ziaul Haq who has turned fugitive. These officers are said to have links with the banned terrorist organisation Hizb-ut-Tahrir, whose role in the entire conspiracy was also highlighted. The aim of the conspirators according to the army was to 'disrupt democracy by creating anarchy in the army, cashing in on the fanaticism of the others'. Bangladeshi nationals residing outside the country were also involved, with speculation being rife about the involvement of the sons of the Khaleda Zia.

The army identified the activities of Amar Desh, Hizb ut Tahrir and the BNP as being involved in spreading false and misleading propaganda against the army, in order to create confusion about the security force within the army as

well as in the public sphere. The newspaper Amar Desh was accused of publishing a fabricated story based on the Major Zia's facebook write up on "Mid Level officers bringing about changes soon". Provocative leaflets were spread by Hizb ut Tahrir based on the same write up by Major Zia. The BNP was also blamed for spreading "fabricated, misleading and instigating reports" alleging the disappearance of army officers. This highlights the vast network of extremist elements in Bangladesh that can get together to overthrow the government through undemocratic means.

Islamic fundamentalists have been a threat to the secular forces in Bangladesh, opposing secular policies vehemently and who consider Sheikh Hasina's government as an impediment to convert Bangladesh into an Islamic state. The recent steps taken by the Sheikh Hasina government against the fundamentalists irked them who found themselves cornered and

isolated. The government was prompt in keeping with its election promises and amended its constitution to make it more secular although it retained Islam as the state religion. Additionally, the latest war crimes trial against the atrocities committed by the leaders of JEI and BNP during the Liberation War in 1971, in which they sided with the occupying Pakistani forces, has been a sore

Bangladesh addressed India's security concerns and took a firm stand against its northeast insurgents as well as not letting Bangladeshi soil be used for any anti India activities. The recent warming up of relations between India and Bangladesh has been perceived as a threat by the political opponents of the Awami League government as well as the fundamentalists who favour closer relations with Pakistan and not India.

point with the opposition which led to the arrest of some leaders of the JEI including Ghulam Azam and BNP. Therefore the coup can be seen as an attempt to thwart the war crimes trial with the aim of changing the government.

It also underlines the hand of anti India forces. Since the change of government in Bangladesh in 2009 there has been an earnest effort from both the sides to address each other's concerns intended to improve its relationship. Bangladesh addressed India's security concerns and took a firm stand against its northeast insurgents as well as not letting Bangladeshi

soil be used for any anti India activities. The recent warming up of relations between India and Bangladesh has been perceived as a threat by the political opponents of the Awami League government as well as the fundamentalists who favour closer relations with Pakistan and not India.

In the context of India's economic, political and security concerns, an India-friendly government in Bangladesh is extremely important as it secures its interests in the area of trade, connectivity with the North East, and most importantly its security concerns. Although in relation to India, the policies of Sheikh Hasina government have been positive but her popularity ratings in Bangladesh have gone down. According to the opinion Survey of the Daily Star that brought out the Governments three year performance ratings in 2011 in comparison to the previous year the popularity ratings of Sheikh Hasina plummeted, with only 39.4

percent saying they were satisfied with her performance in comparison to 53 percent ratings in 2010. According to the opinion poll the reason for the dip point towards certain policies pursued by the government that does not have the full support of the public especially in the caretaker issue.

The Awami League government also drew severe criticism from the opposition parties and other Islamists during Prime Minister Manmohan Singhs visit to Dhaka that it had sold out to India especially as the much anticipated Teesta Agreement did not come through due to the mishandling on the part of the Indian government.

Although a number of agreements including the demarcation of land boundary and the issue of enclaves were signed, the view that Bangladesh gave more concessions to India than it received led to increased discontentment and disillusionment in the general public which has been used to its advantage by the opposition parties having an anti India

stance. This is reflective in the opinion poll which shows that 44.7 percent people in Bangladesh, think Bangladesh cannot trust India because of the non-signing of the Teesta treaty. Again, 53 percent feel that it was a breach of trust by India to go ahead with the Tipai Mukh dam. Hence efforts to overcome such obstacles should be made to develop better relations with Bangladesh, so that fundamentalists cannot use such issues to form a negative image of India amongst the Bangladeshi people and use it to their advantage.

The relations between the two countries are at a crucial stage, thus stability in Bangladesh

becomes extremely important. A democratic and secular Awami League government in Bangladesh is in India's interests as it would address India's concern and work in its favour. The rise of extremists would be neither in the interest of India nor Bangladesh, which would be turned into a Islamist state if they came to power. Therefore there's an urgent need for the Awami League government to keep a close watch on the religious fundamentalists in the country and curb their influence in army as well as in the public sphere.

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# Development, the Wealth of the Nation and Equity

- *Dr. M.N. Buch*

**T**here are certain stark realities of India which must form the background against which this paper is written. The first is that in the year 2010-11 as against a GDP growth rate of about 8 percent the growth of employment was 0.3 percent, that is, less than one-third of one percent. GDP growth showed a very healthy rate of increase, but this did not lead to an equivalent rate of growth of employment. Where has the extra money gone? It has not gone into investment which could lead to growth of employment and, therefore, one must assume that the extra money has gone into individuals' pockets.

The second stark reality is that 46 percent of India's children are suffering from malnutrition. This is perhaps an understatement based on what government itself admits, but certainly if half the children of the country are undernourished then the country

must hang its head in shame. When we add to this our high infant mortality rate, which is only partially attributable to disease and is very much a function of the health of the mother, the nutrition available to the child and the level of affordability of the family, we have a situation in which we are breeding whole generations of people who are physically weak because of malnutrition. How can any country accept such a situation? There is a third, equally stark factor, which is that even today more than 85 percent of all employment is in the informal, unorganised sector. If from the total labour force we deduct this figure and add another 5 to 6 percent for unemployment, we would find that the organised sector is employing only between 8 and 10 percent of the entire work force. Much of the growth is in the organised sector, which means that productivity per capita of the work force is much higher than

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that of work in the unorganised sector. One straightaway opens a chasm between the organised sector which is relatively prosperous and the unorganised sector, where there is poverty and economic stagnation. We have created two economic worlds in the country, a tiny part of which is prosperous and the major part of which lives in penury.

How should we be governed and how should our economy be organised? The answers are given in the Constitution of India, the Preamble of which states that this Republic will secure to all its citizens Justice, social, economic and political and Equality of status and opportunity. This is not a pious statement of intention but it reflects the will of the people about the nature of the Republic which they have created. The Constitution goes further. Under Article 14 there is equality before law, which automatically cuts out most favoured treatment to anyone in the matter of law. Article 38 calls upon the State to

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secure a social order for the promotion of welfare of the people. The Article 38(1) reads: “The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life. (2) The State shall in particular, strive to minimise the inequalities in income and

endeavour to eliminate inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people residing in different areas or engaged in different vocations”. Article 39 prescribes that

there are certain principles of policy which must be followed by the State. To quote, “The State shall, in particular, direct its policy towards securing – (b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good, (c) that the operation of the economic system does not result in the concentration of wealth and

means of production to the common detriment". Articles 14, 38 and 39, as also the Preamble of the Constitution, without going into the dialectics of socialism or communism, still make equity the pivot around which our economic system must revolve. Growth with equity, therefore, is not a matter of economics and charity and philanthropy alone – it is mandated by the Constitution and, therefore, no policy of government which ignores equity can be acceptable in India.

The planned economy which Nehru initiated did not come out of any ideological commitment to the Soviet model of total State control. In 1947 only about five thousand towns and villages of a total of two thousand five hundred towns and five and a half lakh villages were electrified. The capital goods industry consisted of a solitary steel plant run by the Tata Group at Jamshedpur. The road infrastructure was rudimentary and mainly dominated by the highways which had been constructed for military purposes. We did not manufacture motorcars, aircraft, tanks, warships or merchant ships; we had no Indian Institutes of Technology or Indian Institutes of Management and certainly no All

India Institute of Medical Science. The British did not restrict investment of private capital, but those who had any money preferred to invest in trading rather than manufacture. A strong, modern State cannot be built on the foundations of a poor and nonexistent infrastructure and a rudimentary social infrastructure. It is only the State which had the capacity for both capital formation and capital investment at the time of Independence and it is this which brought the State into the economic scenario as the lead player which occupied the commanding heights of the economy. It is this decision of Nehru which gave us our huge dams and irrigation systems, steel plants, our power projects, our defence industry, our capital goods industry and a whole stream of downstream industry which converted the products of capital goods industries into items of daily use. It is Nehruvian planning and socialism which gave us great hospitals and institutions of higher learning and in fact created the basic foundations of a modern State. The role of the public sector was virtually that of the creator of modern India, which gave India an environment in which the private sector could begin to operate and

ultimately strike out on its own. In creation of jobs, in building of infrastructure the public sector functioned with equity and regional balance in mind and certainly it promoted the just social order mandated by the Constitution. So far as the private sector is concerned, social justice is not its primary objective. The guiding factor for the private sector is profit and this is but natural.

The public sector came under immense criticism because somewhere down the line it lost its goal of creating wealth for the nation, building national infrastructure and promoting economic and social justice. Instead, the public sector came under increasing political pressure to function as a handmaiden of politicians and bureaucrats, as a means of providing jobs; nepotism ruled the roost and siphoning off public funds for personal profit became common. This made the public sector highly inefficient and it became a burden on the State.

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Instead of reviewing performance and taking necessary steps to bring the public sector back on the rails, the neo liberalism of Rajiv Gandhi and Narsimha Rao, with Manmohan Singh acting as the main agent, denigrated and downgraded the public sector and promoted private enterprise as the future saviour of India. In such a scenario it is but natural that equity, social justice and national prosperity aimed at welfare of the people became a casualty, whereas wealth creation for individuals and corporate houses became the ruling mantra. China, the only major surviving communist country in the world, also chose the capitalist path to development, but in certain matters of equity and social justice China stood firm. Children do not starve in China and the majority of children go to school. Everyone in China has access at least to primary health care. The State has not given up its responsibility for ensuring at least minimum housing for its

citizens. Making money is now not only legitimate but is encouraged in China, but destitution is not permitted to happen because the State steps in through social welfare. In India making money is legitimate, but social welfare is virtually nonexistent. Therefore, we have the phenomenon of a growth rate in excess of eight percent per annum coupled with half our children being malnourished.

Grain is allowed to rot but we will not release it to the poor so that they can eat, if necessary free of cost.

There are certain sectors in which the State is a key player even in countries which are economically

developed and which no longer adhere even to Fabian socialism. Education, health care and basic physical infrastructure continue to be the responsibility of State. That is why the initiative taken by the Eisenhower Administration to build forty thousand miles of Inter State Highways kick-started the

American economy after the rigours of the Second World War. In the United States about ninety-five percent of all school education is state-funded, about half by the federal government and the balance evenly divided between the state governments and local government.

Agriculture is regulated through a system of subsidies and taxes which encourage or discourage the cultivation of designated crops so that agriculture remains market friendly and the market itself gives adequate remuneration to the cultivators. Almost every form of commercial activity is overseen by regulatory authorities which protect the

consumer. The so-called free market economy of the United States is regulated adequately to ensure some sort of level playing field for both industry and ordinary citizen and this is one face of equity. And let us remember that when the need arises government can be

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interventionist even in the United States. The 'New Deal' of President Roosevelt in the thirties of the last century was a huge programme of public spending for public works to counter unemployment during the Great Depression. When the economies melt down took place in the first decade of the twenty-first century President Obama virtually nationalised the banking system in order to prevent it from collapsing. The conservatism of the Republicans notwithstanding, the United States has responded to economic emergencies with direct and meaningful State intervention. Therefore, one must conclude that even in a capitalist economy equity is not lost sight of.

Let us take the case of India. It is shameful that the State is withdrawing rapidly from the field of education and health care. Government hospitals are being allowed to run into the ground through neglect, inadequate funding and non-recruitment of doctors. Private hospitals which charge high fees are allowed to, in fact encouraged to, flourish. Because we do not have a system of universal health insurance these facilities are accessible only to the rich. With government hospitals on the decline we are

denying quality health care to the poor and this runs contrary to every principle of social justice.

The education scenario is no better. PPP -- Public Private Participation is the mantra of Montek Singh Ahluwalia which has been extended to school education also. I had proposed to the Prime Minister that we should set up at least ten thousand new Navodaya Schools. After three years of examination it was decided to set up six thousand such schools. The Planning Commission, so help us Lord, sat in judgement on the Prime Minister on and decreed that even this would be done in the PPP mode. Ultimately all that could be rescued was that three thousand five hundred schools would be set up by the State. Whether these ever see the light of day will depend upon how many more obstructions the Planning Commission raises. Who suffers? It is the deprived children of rural areas to whom the Navodaya Schools have given a glimpse of a world achievable by them, because if the schools are not set up they will be condemned for ever to the poor quality education provided by State schools. These children will never be able to compete with those whose parents can afford to

educate them in elite schools and, therefore, the equity gap will widen. Despite the fact that certain demographers and our dear Planning Commission urge us to believe that India is fast urbanising, this is simply not true. Seventy-two percent of the population is still rural and if we take into account the people of small town India who live in semi rural conditions, this figure will go up to more than eighty percent. About half the urban population lives in metropolitan cities, but the other half lives in towns which are urban but have strong rural connectivity. We have deliberately and, in my opinion, very correctly, launched an ambitious rural employment guarantee programme aimed at providing employment in the rural sector and reducing migration to urban areas. This is a programme aimed at equity, but the way it is being operated it seems to be aimed at promoting corruption. The programme should have been one of creating rural assets which would improve the performance of

the rural economy on a permanent basis. The manner in which Gujarat has separated the agricultural power feeder from the normal feeder and extended both to every village has resulted in a great deal of small industry migrating to rural Gujarat, thus upgrading the rural economy. This is growth with equity.

If we want equitable growth in which there is social justice and equality of opportunity for all we need more effective and efficient government intervention and not less. In infrastructure development, whether it is physical or social, the State has to be the primary player, especially in the field of education and health care.

the State has to be the primary player, especially in the field of education and health care. Evacuating these areas and handing them over to the private sector is tantamount to killing education for the poor and health care for the needy. The State has to ensure that the employment programmes are aimed at increasing the income of the poor, and there is greater affordability

of grain and food stuffs so that the family itself can take care of nourishment. The job of the State is to ensure that essential commodities are uniformly available at affordable prices and for this purpose the State should not be afraid of giving a subsidy either directly to the consumer or indirectly through subsidising the producer and retailer so that the prices can be kept under control. Within this broad frame work private sector should be allowed to operate, with proper regulation but almost zero intervention. Wealth creation would naturally occur and, over time, would generate enough employment for the State to gradually withdraw from many sectors of economic activity. A credible, permanent institutional arrangement must be made by which the role of the State and the private sector is constantly reviewed and correctives applied where necessary.

Sitaram Yechury has been writing very sensible articles on the subject of growth with equity. Why did he not advise his own party's government when it proposed the senseless acquisition of land in Nandigram? In fact Narendra Modi's policy of not acquiring fertile land for industry is much

more socially correct than that of the Left Front government in West Bengal, which thought that it could emulate China, which displaced thirty lakh people for construction of the Three Gorges Dam whilst ruthlessly suppressing any public protest. The policies of the Left Front in both Wet Bengal and Kerala discouraged growth while simultaneously failing to promote social justice and equity. Our growth model has to promote growth, but with social justice and equity. The definition of a level playing field under these circumstances is that there will be no monopoly in any sector, there will be healthy competition with minimum State intervention, but that the State will ensure through regulation, through policy directives and, where necessary, by direct intervention that growth and prosperity are equally shared by all. This means that if Mukesh Ambani wants to spend several hundred crores on building a residence for himself in Mumbai, which he does not even occupy, he will either not be permitted to do so by order of government or he will have to pay a very heavy tax, which amount would be used for creating social infrastructure, including housing for the poor. If the Swaminarayan sect of Gujarat, undoubtedly one of the richest

religious groups in the world, wants to spend Rupees three thousand five hundred crores on an Akshardham temple in London or Rupees one thousand five hundred crores on a temple in Delhi it will be allowed to spend only a tenth of this amount for the temples, whilst ninety percent of the amount will have to be invested for employment generation or in creation of social assets. In a country where there is a resource crunch the wretched

Planning Commission should not be involved in promoting the PPP mode. Instead it should help to evolve a regulatory regime and a tax structure which encourages investment in infrastructure and job creation rather than in conspicuous consumption whose vulgarity can only be equalled by the oil rich Arab Sheikhs or by Asif Zardari of Pakistan.

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# Electronic Voting – Election Commission

## Must Do a Re-Think

- A. Surya Prakash

The Election Commission may have won the legal battle vis-à-vis the efficacy of electronic voting machines (EVMs) in view of the recent judgement of the Delhi High Court<sup>1</sup>, but it has a lot of work to do if it wishes to remove the prevailing scepticism about the efficacy of these machines. Though Justice A.K.Sikri and Justice Rajiv Sahai Endlaw, who heard Dr.Subramanian Swamy's petition, said they could not issue a mandamus directing the Election Commission to introduce the system of paper trail, they have advised the Commission to take note of the fears that EVMs may be vulnerable to frauds and that there may be security issues.

The issue of vulnerability of EVMs to fraud, gained prominence two years ago when several international experts who had campaigned against EVMs in Europe and the U.S visited India and shared their experiences with

Indian activists. Among these experts was Mr. Rop Gonggrijp, a computer hacker from the Netherlands who successfully campaigned against use of EVMs in his country and Mr. Till Jaeger, the attorney who succeeded in getting the German Federal Constitutional Court to prohibit the use of EVMs. Thereafter, this campaign gained ground when Mr. Hari Prasad, an Indian activist demonstrated how EVMs could be hacked. Dr. Subramanian Swamy petitioned the Delhi High Court, following these developments.

The central argument of Mr. Gonggrijp, Mr. Hari Prasad and others is that transparency is hit when the vote count happens inside a machine and there is no way in which the result can be cross-checked. This view found acceptance in the German Federal Constitutional Court which emphasized that all essential steps in an election should be open to public scrutiny. Dr.Swamy's petition also stressed on the issue

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\* A. Surya Prakash - Senior Fellow, VIF

of lack of transparency when EVMs are deployed. He therefore argued that the Election Commission device a paper trail that provides proof to the voter that the vote has been registered as per his wish.

In their judgement, Justice A.K.Sikri and Justice Rajiv Sahai Endlaw opined that the Election Commission had a huge responsibility of conducting elections in the country with 73 crore voters. In such a situation, use of paper ballots is cumbersome whereas use of an electronic system instead of paper ballots is a welcome change “provided it is not fraught with frailties and other possible dangers or shortcomings thereof are duly taken care of”. The court said that for an election to be free and fair, the following international standards have to be met: (i) Individuals have to be accurately identified as eligible voters who have not already voted; (ii) Voters are allowed only one anonymous ballot each, which they can mark in privacy; (iii) The ballot box is secure, observed and, during election, only able to have votes added to it by voters: votes cannot be removed; (iv) When the election ends, the ballot box is opened and counted in the presence of

observers from all competing parties. The counting process cannot reveal how individual voters cast their ballots; (v) If the results are in doubt, the ballots can be checked and counted again by a different set of people/machines; (vi) As far as the individual voter is concerned, he must be assured that the candidate he casts his vote for, actually gets that vote.

Those who oppose electronic voting machines have serious doubts as to whether the EVMs meet these standards. For example, the skeptics argue that a credible and fool-proof method to count the votes polled by each candidate does not exist. Nor is it possible, in case of doubt, to check and count the ballots yet again because with EVMs, there is no mechanism to do a fresh count. Finally, the sixth requirement is that the individual voter “must be assured that the candidate he casts his vote for, actually gets the vote”. This is possible when paper ballots are used. But when EVMs are deployed, the voter is not sure whether his vote has been correctly registered. Therefore the sixth principle that ensures free and fair elections – namely that the voter feels assured that the candidate of his choice has indeed

got his vote – is not guaranteed. That is why the anti-EVM brigade has been insisting on a paper trail which gives the voter the satisfaction of knowing that the machine has registered his vote correctly.

Dr. Subramanian Swamy argued before the court that only a paper trail would give voters the necessary guarantee that the election is free and fair. He told the court that the paper trail, in the form of a receipt, would provide satisfaction to the voter that the machine has correctly recorded the vote. In the absence of such a paper trail, “the system cannot be treated as amounting to conducting free and fair elections, more so, when there is a possibility of the machine being skewed or it is vulnerable to fraud”. The Delhi High Court accepted the contention that “transparency is essential in an election process”. Unless every stake holder can see that the process is being conducted correctly and the results are being accurately aggregated, “it is difficult to have confidence in the results and the outcome”. On its

The court said there was need for “wide consultation” and “ample and meaningful opportunity” should be given to all stake holders in order to achieve sufficient understanding of both the issues and the technology, it said.

part the Election Commission told the court that that if a paper trail is introduced and a receipt is given, confidentiality is lost. That would negate the very essence of free and fair elections. Given these competing ideas, the court observed that the challenge before it was “to reconcile the competing requirements of transparency of the process and the secrecy of the vote”. However, in its final analysis, the court said it could not issue a mandamus directing the Election Commission to introduce the system of paper trail. But, it felt that some of the averments of Dr. Swamy – like when he says that EVMs may be vulnerable to frauds – deserve attention, as also the contention that there may be security issues as well when EVMs are deployed. One only hopes the Election Commission will pay heed to the court’s opinion in this regard and look for options which will inject greater transparency into the system of electronic voting, which ensuring confidentiality of the vote.

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# Interaction on Taiwan - Post Election

## Scenario

**H**.E. Mr. Wenchy Ong, Representative, Taipei Economic and Cultural Centre, New Delhi, held an informal interaction on Feb 07, 2012 with a panel of eminent strategic experts at VIF. The interaction was primarily focused on the post election scenario in Taiwan, but a number of related subjects such as cross-strait relations, nuances of the 'one China policy', defence preparedness of Taiwan, and the bilateral

relationship between India and Taiwan also came up for discussion. H.E. Mr. Wenchy Ong held that the re-election of President Ma Ying-jeou last month was expected to usher in an era of peace and stability between China and Taiwan over the next four years. He further asserted that for the majority Taiwanese independence was no longer a preferred course of action. He also felt that Taiwanese developments would have some

effect on developments in Mainland China as well.

As part of reduction of tension between China and Taiwan a more robust engagement between the two countries could be expected.

However, this also opens up more strategic space for the international players especially the US and India, vis-à-vis China as well as Taiwan. H.E Mr. Ong also alluded that given India's deepening engagements with China, it is imperative that

more and more people in India study the Mandarin language. He noted rather regrettably that part of the reason for the Indian media going overboard on petty issues vis-à-vis China could be attributed to their ignorance of the Mandarin language. He also offered his country's support to the Indian intelligentsia in picking up the language. From India's point of view, Taiwan gains more strategic



salience against the backdrop of India's 'Look East Policy'. *Report prepared by Sanjay Kumar*

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With Ambassador TCA Rangachari in the chair, the interaction was moderated by Ambassador PP Shukla, Joint Director VIF.

# Interaction with Mr. Ribal Al - Asad on 'Syria and the Arab Spring'

**A**t an interaction with eminent strategic experts held at VIF on Feb 08, 2011, Mr. Ribal al Assad, Chairman of the Organization for Democracy and Freedom in Syria, based in London, and son of the former Syrian leader Rifat al Assad, presently campaigning for democratic freedom in Syria, provided a rich insight into his country's current internal dynamics in the larger Arab context. While remaining highly critical of the role played by outside powers in further vitiating the already muddled situation in Syria, Mr. Ribal Assad said that Russia and China, the two countries which vetoed a recent UN resolution on Syria for reasons of their strategic interests, remained opposed to the US' growing engagements in the region. He urged strongly that a



neutral country like India should adopt a pro-active approach in brokering a dialogue for peace between various warring factions in Syria. India, the world's largest democracy, not only has economic stakes in the region but is also widely respected in the Arab world for her secular and democratic credentials. Besides, allowing Syria to get further radicalized could not only pose grave threats to humanity, it would also be not in India's interests. Mr. Ribal Al-Assad also went on to add that the international media, including the regional media, has so far, remained largely bipartisan in covering incidents of violence in Syria. Underlining the need for bringing in a neutral media, he urged the Indian media to bring Syria more extensively under their lenses.

The talk by Mr Ribal Al-Assad was followed by an active and detailed question and answer session. *Report prepared by Sanjay Kumar*

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# Interaction with a US Delegation on US and Indian Roles in Afghanistan

Representatives from Monitor 360, a US-based consultancy firm executing a project for the US Department of Defence visited VIF on Feb 14, 2012. Their visit ostensibly aimed at exploring perceptions among India's strategic elite regarding the US and Indian Roles in Afghanistan as a result of the US drawdown. The Monitor 360 team held an exhaustive interaction with Mr. Ajit Doval KC, Director and other eminent security experts and scholars at VIF on a wide array of subjects including Afghanistan's uncertain future, India's fears and aspirations from Afghanistan, and how do these fears and aspirations shape India's engagement with that country.



It was fairly evident from the interaction that the US drawdown could significantly impact India's interests in three vital areas: (a) domestic security (b) energy and economy, and (c) the regional dynamics. In so far as India's domestic security is concerned, there is a real possibility of India witnessing a relative upsurge in terrorist violence; there could be

instability in Kashmir, and a further rise in radicalization of the immediate neighbourhood. Such a situation would also give a major fillip to domestic radicalization in India. On the economic front, while India's energy and other commercial interests in Central Asia could be undermined, she will be hard-pressed to protect her

investments and economic opportunities in Afghanistan. With Taliban's prospective return to power in Afghanistan - a scenario extensively discussed during the interaction, there would be a significant increase in Pakistan's influence in the region. India at the same time will need to protect her status as a regional power. However, with Pakistan's stability in question, there will be a big question mark over the safety of her nuclear arsenal.

India however is more worried about Pakistan falling into the hands radical groups than she is about Afghanistan. Pakistan's vulnerabilities, especially the growing radicalization within her military, were examined in the broader Afghan context. The VIF Director opined that the new leadership of Pakistan's military will be far more radicalized than the existing or the previous ones. The Indian discussants also underscored the need to review Taliban's capacity and capabilities to regroup themselves. The

secretive talks which are being held in Qatar in not a very transparent manner for the rehabilitation of the Taliban are fraught with serious risks. It is regrettable that Afghanistan's sensibilities are being overlooked while those of Pakistan are being taken into account.

The interaction also focused on different scenarios which could emerge in Afghanistan as a result of the drawdown. The Director underlined that the real test of diplomacy will be that drawdown should not lead to a civil war in Afghanistan. However, trends so far, in Afghanistan do not indicate a positive outcome in the short term. The developments in Afghanistan however could also impact the US larger Asia-Pacific strategy.

***Report prepared by Sanjay Kumar***

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