INDIA'S PEACE-BUILDING ROLE IN AFGHANISTAN, NEPAL AND SRI LANKA: A COMPARATIVE STUDY

Thesis submitted to Jawaharlal Nehru University for award of the degree of

DOCTOR OF PHILOSOPHY

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DECLARATION

I declare that the thesis entitled "**India's Peace-building Role in Afghanistan, Nepal and Sri Lanka: A Comparative Study**" submitted by me for the award of the degree of **Doctor of Philosophy** of Jawaharlal Nehru University is my own work. The thesis has not been submitted for any other degree of this University or any other university.

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CERTIFICATE

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Dedicated to

Vijaya & Samit

Two Pillars of my life

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Acronyms

ACHR	: Asian Centre for Human Rights
AIADMK	: All India Anna Dravida Munnetra Kazhagam
AICC	: Afghan International Chamber of Commerce
AICCI	: Afghanistan-India Chamber of Commerce and Industry
AISA	: Afghanistan Investment Support Agency
ANDS	: Afghanistan National Development Strategy
ANSF	: Afghanistan National Security Forces
ARTF	: Afghanistan Reconstruction Trust Fund
ATTF	: All Tripura Tiger Force
bcm	: billion cubic meters
BIPPA	: Bilateral Investment Promotion and Protection Agreement
BRO	: Border Roads Organisation
CDM	: Clean Development Mechanism
CEMAC	: Central African Economic and Monetary Community
CII	: Confederation of Indian Industry
CIS	: Commonwealth of Independent States
CPA	: Comprehensive Peace Accord
CPN(UML)	: Communist Party of Nepal (Unified Marxist Leninist)
CPN-M	: Communist Party of Nepal—Maoist
CSF	: Coalition Support Fund
CSO	: Central Statistics Organisation
DAB	: Da Afghanistan Bank
DCBs	: desk-cum-benches
DfID	: Department for International Development
DMK	: Dravida Munnetra Kazhagam
ECOWAS	: Economic Community of West African States
EU	: European Union
FICCI	: Federation of Indian Chambers of Commerce and Industry
HIES	: Household Income and Expenditure survey
HRD	: Human Rights Defenders
HVDC	: High-Voltage Direct Current
IABF	: Indo-Afghan Business Forum
IDMC	: Internal Displacement Monitoring Center
IDP	: Internally Displaced Persons
IFRC	: International Federation of Red Cross & Red Crescent Societies

ILO	: International Labour Organization
IMF	: International Monetary Fund
INR	: Indian Rupees
INSEC	: Informal Sector Service Center
IPKF	: Indian Peace Keeping Force
ISAF	: International Security Assistance Forces
ISI	: Inter-Services Intelligence
ITBP	: Indo-Tibetan Border Police
ITEC	: Indian Technical and Economic Cooperation
JHU	: *Jathika Hela Urumaya*
JI	: *Jamaat-e-Islami*
JVP	: *Janatha Vimukthi Peramuna*
KLO	: Kantapuri Liberation Organisation
LeT	: *Lashkar-e-Taiba*
LOC	: Line of Control
LTTE	: Liberation Tigers of Tamil Eelam
MCC	: Maoist Communist Centre
MCN	: Ministry of Counter-Narcotics
MEA	: Ministry of External Affairs
MICS	: Multiple Indicator Cluster Survey
MJF	: Madhesi Janadhikar Forum
MPI	: Multidimensional Poverty Index
NATO	: North Atlantic Treaty Organization
NC	: Nepali Congress
NDFB	: National Democratic Front of Bodoland
NGO	: non-governmental organization
NRs	: Nepali Rupees
NRVA	: National Risk and Vulnerability Assessment
NSCN	: Council of Nagaland
OAS	: Organization of American States
OAU	: Organisation of African Unity
OSCE	: Organisation for Security and Cooperation in Europe
PBC	: Peace Building Commission
PGDP	: Provincial Gross Domestic Product
PLA	: People's Liberation Army
PSC	: Parliamentary Select Committee
PTA	: Preferential Trading Agreement

PWG : People’s War Group
RAW : Research and Analysis Wing
RNA : Royal Nepalese Army
SADC : Southern African Development Community
SATP : South Asia Terrorism Portal
SEWA : Self Employed Women’s Association
SLFP : Sri Lanka Freedom Party
SLMC : Sri Lanka Muslim Congress
SLR : Sri Lankan Rupee
SP : Sadbhavana Party
SPA : Seven Party Alliance
TAPI : Turkmenistan-Afghanistan-Pakistan-India Gas Pipeline Project
TMLP : Terai Madhesh Loktantrik Party
TNA : Tamil National Alliance
TTP : *Tehrik-e-Taliban Pakistan*
UDMF : United Democratic Madhesi Front
UFPA : United People’s Freedom Alliance
ULFA : United Liberation Front
UN : United Nations
UNDP : United Nations Development Programme
UNHCR : United Nations High Commissioner for Refugees
UNICEF : United Nations Children's Fund
UNODC : United Nations Office on Drugs and Crime
UNP : United National Party
UPFA : United People’s Freedom Alliance
VDC : Village Development Committee
WDI : World Development Indicator
WFP : World Food Programme

INTRODUCTION

This thesis seeks to analyse India's peace-building role in post-9/11 Afghanistan, post-Comprehensive Peace Agreement (2006) Nepal, and post-Liberation Tigers of Tamil Eelam (LTTE) Sri Lanka. South Asia is a conflict-ridden region. Many conflicts have attained a civil war dimension to cause large-scale death and destruction. The international community has responded in varied ways, aimed at ending violence and building peace. In this context, India's response to the conflicts in its neighbourhood merits a serious analysis. This study focuses on a less studied aspect of India's diplomacy and regional engagement viz., peace-building role in strife-torn societies. The study has selected three cases– conflicts in Afghanistan, Nepal, and Sri Lanka– to assess India's objectives and strategies of building peace.

A cardinal principle of India's foreign policy has been promotion of world peace. It has consistently advocated this noble idea through its various engagements. India has participated in international activities aimed at promoting world peace. It has remained an active member of the United Nations and willingly offered its role to ease tensions and promote goodwill. A testimony of India's interest in peace promotion has been its significant role in international peace-keeping. It is among the top five providers of military personnel and civilian police to the United Nations peace-keeping missions and is a member of the United Nations Peace Building Commission ever since it was established in 2005.

At the regional level India's agenda for peace is unclear. Though it stands for regional peace, it has experienced tremendous challenges in this regard. This is more due to the complex relations between India and its neighbours than its unwillingness to set an agenda for regional peace. It must be noted that India has remained a party to various conflicts with its neighbours and the internal political forces in neighbouring countries have always sought to limit its role in their national affairs. Yet, in the recent years, India has shown strong interest in post-conflict reconstruction work in its neighbourhood. In the process, it has added peace-building as a new dimension to its regional policy. Though India's newly assumed role holds significance for regional peace and order, challenges to

its peace policy have been serious. They are posed by not only some of the internal forces in states where India is engaged but also by regional rivals such as Pakistan and China, who seek to limit its influence in the region. Extra-regional powers such as the United States have also imposed constrains on India's dominant role in the region. China has challenged India's influence in Sri Lanka and Nepal. The United States has given primacy to Pakistan's role in Afghanistan even though India's contribution to reconstruction is significant.

In South Asia, except the Maldives, all countries have experienced internal conflicts of different intensity. The conflict has particularly been intense in Afghanistan, Nepal and Sri Lanka. In these countries, civil strife has disrupted the growth and has caused heavy destruction. In Afghanistan, more than twenty years of fighting has resulted in nearly 1.5 million deaths, and has caused massive displacement of people, and destruction of institutions. Similarly, in Nepal, the conflict involving the Maoists and the State has led to loss of life of more than 12000 people and about 200,000 have been displaced. Further, the loss of physical infrastructure is estimated at 10 per cent of the national GDP (about Rs. 20 billion per year). In Sri Lanka, the civil war has led to diversion of national resources for defence, destruction of infrastructure in the North-East and displacement of about eight lakh people since 1983. During Eelam War IV (2006-2009), the country experienced one of the worst humanitarian emergencies since the conflict began in 1983.

India is engaged in peace-building activities in all three countries. As peace-building includes a broad array of activities, which range from economic revival, infrastructure development, humanitarian assistance, rebuilding of institutions, political reconciliation, etc., the study evaluates the thrust areas of India's peace-building efforts.

In all three countries India has maintained strong economic presence and has followed a policy of engagement through economic and non-contentious humanitarian assistance, infrastructure development, and rebuilding of institutions. However, as compared to its strong role in economic rebuilding, India's political engagement remains marginal in all three countries. In Afghanistan, after the conclusion of the Bonn agreement, India tried hard to win the confidence of the Karzai government in Kabul and the people at large. However, it has not found any significant role in the political arena. The West focuses

largely on gathering the support of the Islamic states including Pakistan for its politico-military strategies. Similarly, in post-war Sri Lanka, India's role in ensuring a political solution has been limited. Except expressing its desire for a permanent political solution that will go beyond the framework of the 13th Amendment, India is unable to exert pressure on the Sri Lankan government in this regard. The internal political forces want to treat India as an irrelevant factor in political negotiations. In Nepal, India's role was crucial in facilitating the 2006 peace accord which paved the way for initiation of steps to consolidate the democratic political process. However, after the electoral victory of the Maoists, the political context of India's engagement changed. India remained a contested factor in the post-conflict political exercise aimed at drafting a new constitution. It is often criticised as an interventionist force in the internal affairs of Nepal. Even after the promulgation of new constitution, following Madheshi protests, India was accused of causing unrest. Even the political space for its direct role has also shrunken in the post-conflict period.

This narrow focus on areas for peace-building raises questions about India's aims, strategies and capacity. In this context, the peace-building dimensions of India's neighbourhood policy need a thorough examination.

The study has done a comprehensive literature survey of distinct but interrelated themes- regionalisation of peace-building, conflicts in Afghanistan, Sri Lanka and Nepal, and India's response.

After end of the Cold War, civil war has replaced the wars between the sovereign nations. The international community is faced with challenges to make and build peace in nations previously affected by civil war. It has paid greater attention to post-conflict peace-building. The study traces the genealogy of the concept of peace-building to the writings of Galtung (2002) and Bouldings (1995) who defined peace-building as addressing underlying structural causes of conflict and emphasised the bottom up approach and radical transformation of society from structures of coercion and violence to an embedded culture of peace. However, the concept remains controversial because of its propensity to infringe the boundaries of sovereign state. There are various propositions put forth by liberal peace-building theorists highlighting the virtues of such intervention. For example, (Bush 2004) appreciates it as an endeavour to encourage creation of political, economic and social space

within which indigenous actors can identify, develop and employ the resources necessary to build a peaceful society. Mason and Meernik (2006) identify what does work and what doesn't in the enterprise of building peace. Mullenbach (2006) finds a positive correlation between multidimensional peace-building missions and peace. Mason and Quinn (2006) assess the patterns of conflict during the last five decades and find that once a state experiences a civil war, it is likely to experience another (Mason and Quinn 2006). Based on the finding they make a strong case for peace-building intervention.

Notwithstanding the literature highlighting virtues of liberal peace-building, more cautious propositions suggest that institutionalisation of peace requires mainstreaming of reconstruction efforts along with people's participation (Mac Ginty 2003). Paris (2004) questions the conceptual foundations of peace-building and suggests that the basic strategy of liberal peace-building (immediate democratisation and marketisation at the end of civil war) is flawed. He proposes a new peace-building strategy called "institutionalisation before liberalisation". Similarly Daudelin (2004) argues that present criterion and mechanisms for humanitarian interventions is dubious and grossly inadequate. Ghani and Lockhart (2008) identify several problems inherent in current international peace-building endeavours. To cope up with the issues arising out of peace-building intervention, Chopra and Hohe (2004) introduce the concept of 'participatory peace-building'.

Analysing the recent phenomenon of regionalisation of peace-building, Lepgold (2003) dwells upon the question of global vs. regional solutions to intra-state conflicts. Starting with the hypothesis that regional level of security has become more autonomous and prominent in international politics after the end of the Cold War, Buzan and Waever (2003) have given the theory of 'regional security complex'. Kupchan (2000) and Pedersen (2002) have applied the theory of "benign unipolarity" or "co-operative hegemony" to regional unipolarities with a desire to provide alternative security arrangements and to find ways to achieve stable multipolarity in the international system.

The review of literature shows that peace-building remains a widely discussed topic after the end of the Cold War. However, the literature dealing with the role of regional powers in peace-building is scanty. Whatever literature is available on regionalisation of peace-building is related to regional organisations.

In addition to the literature on theoretical premises of peace-building, the study reviews the country-specific texts. It critically analyses the available literature on conflict and peace-building in Afghanistan, Nepal, and Sri Lanka.

There is a huge volume of study analysing various aspects of conflict and peace-building in Afghanistan. Johnson (2004) refutes the prevailing notion that roots of the civil war in Afghanistan lie in the multiethnic nature of the Afghan society. Instead, the author considers the 'imperial chess game' as the sole cause of its misery. Goodson (2001) maintains that the crisis of Afghanistan demonstrates a situation where weak states are failing because of the immense pressure caused by the loss of client-patron relationship with the super powers and manipulation of the power vacuum by regional players for their own interests. Maley (2002) describes Afghanistan as a land of extremes. Misdaq (2006) has tried to enrich the existing literature on Afghan wars by discussing them in the context of tribe, ethnicity, nationalism, state, and Islam. Saikal (2004) tries to find answers to questions including reason behind Afghanistan's turbulent past, the source of problem, and the prospects to recovery.

The literature on ethnic conflict in Sri Lanka has broadly adopted three view-points. First, it has focused on discriminatory policies of the Sri Lankan state towards Tamil minorities, which led to their victimisation and the consequent violent conflict (Sahadevan and Devotta 2006, Wilson 2000). Another set of literature tries to explain the conflict from an ethno-nationalist perspective and Tamil nationalism (de Silva and Peiris 2000, Bandarage 2009). Yet another category of literature has focused on the crucial economic aspects of the conflict (Moore 1990, Kelegama 2002, Bastian 2007).

The studies on internal conflict in Nepal are mainly concentrated on its causes. Riaz and Basu (2007) examine the roots of the Maoist insurgency and its impact on the society and polity. The book contends that the process of state formation in Nepal, with its tendency of centralisation of power and a disjuncture between the state and society, contributed to the deepening of the crisis. Sapkota (2004) makes an assessment of the costs of the Maoist conflict in Nepal. Following Galtung's multidimensional approach to conflict and its different manifestations, Friedman (2005) explains that the armed uprising is result of structural and socio-cultural violence. Pyakuryal (2004) focuses on the economic

rationale of the conflict. He emphasises Nepal's low human development index as a structural factor in conflict. Karki and Bhattarai (2004) suggest that the top down efforts in peace-making at the national level should be substantiated with bottom up approaches in peace-building at the local level. It emerges out of the survey of literature that plenty of studies explore the conflict in all three countries.

The existing literature on India's peace-building role is critically examined so as to assess the existing gap. Pant (2010) examines the trends in India's ties with Afghanistan and argues India's rise in the global inter-state hierarchy has led to defining its regional foreign policy in more ambitious terms and the success of its Afghan policy will go a long way in determining whether or not India will be able to emerge as a provider of regional security in South Asia. Chandra (2007) gives the sector wise details of India-Afghanistan economic engagement. Kidwai (2005) emphasises the convergence of Indian and Iranian interests in the post-Cold War period. Muni (2007) gives a brief account of challenges faced by Indian policy towards Afghanistan during the past two decades.

Upreti (2001) discusses the nature of bilateral relationship between India and Nepal and describes it as as 'uneasy friends'. Ramakant and Upreti (2001) underline that the apprehensions and misperceptions arising out of India's dominant position have often been overplayed by the smaller states of the region and their ruling elite has exploited this disparity for their personal political interests. The edited volume by Mehta (2004) identifies five areas deserving special attention: the Maoist insurgency and its implications, the 1950 Treaty and management of an open border, trade and economic issues, the SAARC's uncertain future and possibilities of sub-regional cooperation, and water and energy issues including the Mahakali Treaty. Pandey (2005) analyses the regional impact of the Maoist movement from a geopolitical perspective. As compared to China, the author finds a discontinuity in the attitude of New Delhi towards the insurgency in Nepal. Muni (2003) provides an Indian perspective on the causes of the conflict and the response of the key international actors. The book is strongly critical of the role of India for its ambiguous attitude towards the conflicting parties. Mishra (2004) examines India-Nepal relations in context of the Maoist insurgency launched by the CPN (Maoist) in 1996.

Muni (1993) examines India's response to the developments in Sri Lanka in the broad framework of India's policy towards internal problems of its neighbours'. He believes that while undertaking mediation role in Sri Lanka, India was not an un-interested or unaffected party, a condition that many third-party mediators are expected to fulfill. Similarly, in the context of third party mediation in the Sri Lankan conflict, Effendi (2007) compares the roles played by India and Norway. The book underlines that India was never a neutral mediator. The literature dealing exclusively with India's role in the Sri Lankan war and peace process is extremely limited.

The review in this section makes it clear that India's bilateral relations with its neighbours have been widely studied, but the specific aspect of its peace-building role has not received the same attention. Moreover, there is hardly a study to examine India's peace-building role from a regional power perspective. This study is an endeavour to fill the gap in the literature.

The objectives of the study are to:

- Examine the peace-building dimensions of India's South Asia policy.
- Analyse the determinants and objectives of India's peace-building role in Afghanistan, Sri Lanka and Nepal.
- Assess the nature of India's role and contributions to peace in these countries.
- Analyse the challenges posed to India's peace-building role in its neighbourhood.

The study seeks to answer the following research questions:

- Why do regional powers undertakea peace-building role in their neighbourhood?
- What have been India's interests in undertaking such a role in Afghanistan, Sri Lanka and Nepal?
- How has India's involvement in these countries impacted their internal politics?

- What are the compulsions, constraints and limitations experienced by Indian policy towards these countries?
- How far India's peace-building role is limited by the presence of extra-regional powers?
- Why has India adopted differential approach in dealing with conflict in each of these countries?

While answering the above-mentioned research questions, the study tests the following hypotheses**:**

- India's limited peace-building role in its neighbourhood is guided more by its politico-strategic interests than humanitarian considerations.
- Internal and external forces have imposed constraints and limitations on India's peace-building role to challenge its power and influence in South Asia.

The scheme of the thesis is as follows:

Chapter I, ***Regional Powers and Peace-building: An Analytical Framework*****,** defines the key concepts such as regional power and peace-building and examines the relevant theoretical perspectives with a view to developing a conceptual framework to guide the study. The conceptual framework focuses on regionalisation of peace-building, in that the objectives, role and strategies of regional powers are examined in a comprehensive manner. While underlining the importance of regional role in stabilising peace and order, the chapter assesses the challenges to regional powers engaged in peace-building role in their neighbourhood.

Chapter II, ***Conflict and Destruction in Afghanistan, Sri Lanka and Nepal: An Overview*****,** provides a historical overview of the nature and dimensions of conflicts in all three countries and examines the extent of violence exchanged between the states and the militant groups. The purpose is to enumerate how gravely the conflict in each country caused destruction of social, political and economic infrastructure. Further, the chapter examines the state of peace in all three countries. In this context, while identifying the challenges to permanent peace, the chapter assesses how far Afghanistan, Sri Lanka and Nepal can be characterised as post-war or post-conflict societies.

Chapter III, ***Determinants and Objectives of India's Peace-Building Role*****,** is premised on the basic theoretical understanding that in undertaking a peace-building role, each country is influenced by its own foreign policy goals and compulsions. In this context, this chapter examines India's approach to international and regional peace. It analses the factors that have shaped India's responses to conflicts in Afghanistan, Sri Lanka and Nepal, and what are the primary and secondary goals that the country's leadership seeks to achieve through its peace-building engagement in all three countries. The objectives are divided into political, strategic and economic and each one of them is examined in a comprehensive manner.

Chapter IV, ***Nature of India's Role and Strategies*****,** delves on the nature of India's role and the strategies that successive governments have adopted in Afghanistan, Nepal and Sri Lanka. It examines the thrust areas and sectors for India's role. The quantum of assistance given to each country and the rationale and reasons behind giving priority to some sectors over others for India's engagement is also examined.

Chapter V, ***External Challenges to India's Peace-building Role*** identifies that external challenges to India are two-fold: regional and extra-regional. Regional challenges emanate primarily from Pakistan, which seeks to undermine India's role mainly in Afghanistan. Extra-regional challenges are mainly posed by China, particularly in Sri Lanka and Nepal. In addition, role of the US in limiting India's engagement in Afghanistan will also be analysed. The purpose is to determine why countries such as Pakistan and China are interested in undermining India's role in its neighbourhood. In this context, India's strategies to overcome the challenges are also explored.

Chapter VI, ***Internal Responses to India's Peace-Building Role*****,** identifies and assesses challenges posed by internal political and militant forces to India's peace-building role in all three countries. The Maoists in Nepal, the Sinhalese Buddhist nationalists in Sri Lanka and the Taliban in Afghanistan are the major sources of challenge to India. While analysing their objectives and strategies, the chapter also demonstrates how far India's role is acceptable to the peoples of all three countries and why is that India considered as a contested factor in peace-building.

Conclusion

While summarising the major arguments and testing hypotheses, the concluding chapter makes an assessment of India's peace-building role and how far it has been effective to bring about changes in Afghanistan, Sri Lanka and Nepal. Furthermore, this chapter draws some conceptual insights on regionalisation of peace-building in post-civil war or post-conflict societies.

Research Methods

Since the proposed study is exploratory in nature, it has chosen to adopt comparative case studies as a preferred method. This method helps in verifying the hypotheses while being qualitatively rigorous in exploiting the empirical data. The study is based on both primary and secondary sources. Primary sources include government records, policy statements particularly of the Ministry of External Affairs, and reports from various international organisations such as the World Bank, the International Monetary Fund, and United Nations. The secondary sources comprise books, articles, magazines, newspaper reports, and other available literature and data.

CHAPTER I

REGIONAL POWERS AND PEACE-BUILDING: ANALYTICAL FRAMEWORK

Introduction

This chapter delves on key theoretical underpinnings including regional power and peace-building. The relevant theoretical perspectives are examined to formulate a conceptual framework to guide the study. With a focus on regionalisation of peace-building, the objectives, roles and strategies of regional powers are assessed in a comprehensive manner. While underlining the importance of regional endevours in facilitating peace and order, the chapter analyses the challenges to regional powers engaged in peace-building in their neighbourhood.

The nature and dynamics of the contemporary international order are centered on emerging powers and consequent regionalism. While the early post-Cold War period saw a surge of liberal internationalism and the initial years of this century were characterised by the US unilateralism, the current discussion is focused on rise of regional powers and evolving multipolarity (Hurrel 2009: 1). From a realist perspective, the surfacing multipolar system is the result of the emergence of regional unipolarities that build coalitions to counter-balance the super power (Wohlforth 1999: 30). Along with the changing dynamics of the global order, certain new norms and rules of behaviour, like post-conflict peace-building intervention, have gained acceptance. The chapter seeks to establish the linkages between demise of the unipolarity and the surge in peace-building operations. In the context of the new security debate, the conceptual linkages between the peace-building and the emergence of regional powers are analysed. The following section defines two core concepts viz. ‘regional powers’ and ‘peace-building’.

Regional Powers

Notwithstanding the acceptance of the role of regional powers in the emergence of multipolar world order, the theoretical perspective as to what constitutes a regional power remains vague. The literature dealing with emergence, definition, components, and role of the regional powers is scanty. Among the earliest studies to delineate regional powers were the works of Nye (1968) and Thompson (1973). Given the backdrop of the Cold War politics, both the studies identified the regional power as one which is able to establish itself as a key actor while remaining insulated from the dynamics of the super power rivalry. Following the same line of argument William Zimmerman argued that regional powers "pursue policies intended to maintain or increase the barriers which separate the regional system from the outside world" (1972: 21). After the end of the Cold War, new dimensions were added to the definition of a regional power. While the earlier definitions had taken into account both the behavioural and material capabilities, in the post-Cold War period, the constructivist theories came to emphasise the former one in particular. They have underlined that the status of a regional power is more a matter of foreign policy roles rather than merely being the product of the clout and capabilities of a country.

In the post-Cold War period, one of the earliest attempts to develop a concept of regional power in international relations was made by Osterud, who used the notion 'regional great power'. He defined it as a state which is geographically part of the delineated region, able to stand up against any coalition of other states in the region, and is highly influential in the regional affairs. Additionally, contrary to a middle power, it might also be a great power in addition to its regional standing (Osterud 1992: 12).

Chase, Hill and Kennedy link the role of regional powers to the notion of 'pivotal states' (1996: 35). These states are so important regionally that their economic progress and stability bolsters the region's economic viability and political soundness and their collapse causes trans-boundary unrest. Regional powers are expected to take up the role of regional peace-makers and of a moral authority. They are expected to support and promote acceptable rules and norms in the conduct of regional politics and relations. Flemes identifies regional powers by four key criteria in order to design a comparative framework:

the formulation of the claim to leadership; the possession of the necessary material and ideational power resources; employment of material, institutional and discursive foreign policy instruments; and the acceptance of the leadership role by other states. Each of these criteria is applied at two systemic levels regional and global for two policies, economy and security (2007: 12-18).

Nolte has developed one of the most comprehensive approaches dealing with regional powers' behavior and strategies. He defines regional power as a state that

1. is part of a region, which is geographically, economically and political-ideationally delimited;
2. articulates the pretension of a leading position in the region;
3. influences the geopolitical delimitation and the political-ideational construction of the region;
4. displays the material, organizational and ideological resources for regional power projection;
5. is economically, politically and culturally interconnected within the region;
6. truly has great influence in regional affairs;
7. exerts this influence by means of regional governance structures;
8. defines the regional security agenda in a significant way;
9. is recognized as a leading state or at least respected by other states inside and outside of the region;
10. is integrated in inter-regional and global forums and institutions where it acts, at least rudimentary, as a representative of regional interests. (2007: 15)

Thus, Nolte has conceptualised regional powers as 'regional leading powers'. In addition to the criteria of being part of the region, possessing superior power capabilities, and exercising effective influence in the region, regional leading powers must be able to induce other states and actors inside and outside the region to accept their leadership. Moreover, they are expected to act as advocates of regional interests at inter-regional and

global fora and to exercise a 'cooperative hegemony' in the regional context (Nolte, 2009: 28). In another study, Flemes and Nolte highlight that regional powers usually combine leadership and power over resources and "they have to bear a special responsibility for the maintenance of regional security and regional order" (Flemes and Nolte, 2010: 6).

Schoeman (2003), Schirm (2005), Gratious (2004), and Burges (2008) have adopted similar approach in their respective studies of regional powers. In her study about South Africa, Schoeman argues that the essential features of regional powers are the assumption of a stabilising and leading role in the region and the acceptance of this role by the neighbouring states. Their role is that of "taking responsibility for those in need of assistance" and "being an example to other countries in a number of ways" (Schoeman, 2003: 352-53). With reference to Brazil, Schirm argues that because of their greater control over material and organisational resources, regional powers not only influence the rule making at regional fora but also carry out leading activities which are accepted by the neighbouring states. Owing to this leadership role, regional powers are considered as role models and leaders in their respective regions. Schoeman and Schirm argue that in order to assume leadership, regional powers should possess three attributes-firstly, they need to own the necessary capacities; secondly, they should show willingness to use these capabilities appropriately; and finally, their role should be acceptable to their potential followers. Schoeman adds the internal dynamics of the state, in particular, its political system and economy as an important factor in assuming regional powerhood (Schoeman 2003: 353). Schirm proposes that in order to assess whether a state has actually assumed a regional leadership role or not, it is also necessary to look at both the activities and the actual influence that a regional power exerts (Schirm 2005: 110-111).

Gratius has observed that by exclusively using soft power Brazil has renounced the hegemonic role in South America and has emerged as a 'cooperative regional leading power' (Gratius, 2004: 54). Similarly, Burges has termed the post-Cold War Brazil's foreign policy as 'consensual hegemony' which implies, "an exercise of influence through the dissemination of ideas or through the creation of disincentives for other states to deviate from the course proposed by the regional power" (Burges, 2008: 73). The significance of this particular form of hegemony lies in the fact that the regional power leads a system of

states in a desired direction with the objective of reaching a shared goal, not imposing a particular order corresponding to its interests.

Based on these definitions, a regional power can be defined as a state which

1. is embedded in a clearly identified region;
2. possesses the necessary capabilities, i.e. power;
3. has got will-power to assert itself in regional affairs, i.e. claim to leadership;
4. is integral to economic viability and stability of the region;
5. employs the foreign policy instruments to assert its leadership; and
6. its leadership role is acceptable to its neighbours as well as to other global players.

In the context of the above discussion, the following section identifies various strategies that regional powers do pursue.

Regional Powers and their Strategies

All the approaches discussed previously conceive regional powers as pursuing exclusively benevolent, integrating, and leading strategies. These definitions assume that leadership automatically arises from the materially preponderant position and accordingly, expect regional powers to undertake some form of 'hegemonic behaviour' and thereby, to provide public goods to their neighbouring countries (Prys, 2012: 2). These studies also consider the leadership to be the most typical form of strategy adopted by the regional powers. However, this notion does not correspond to empirical realities. Rather, regional powers pursue a much broader range of strategies vis-à-vis their neighbours. Some of the recent studies by Destradi (2010), Pedersen, Frazier and Ingersoll (2010), Prys (2012), and Hurrell have focused on the multipronged strategies of regional powers.

Destradi (2010) has placed the regional powers' strategies on a continuum- ranging from a unilateral, coercive, and highly aggressive strategy, which she calls 'imperial', to an extremely cooperative one aimed at developing shared goals which she calls 'leading'. In the middle of this continuum, she places different types of hegemonic strategies. Thus,

she broadly catagorises the possible strategies adopted by regional powers into three - empire, hegemony, and leadership (Destradi 2010: 904).

Ingersoll and Frazier identify regional powers in three different capabilities - leadership, custodianship, and protection. Leadership involves initiating agreements on policy, shifting courses of other states, and leading the region towards preferences more conducive to those of their own. The leadership role depends on two factors: firstly, on the mutual recognition of leadership based on amicable interactions, and secondly, on the overwhelming material capacity and the will-power to influence other members (Ingersoll & Frazier 2009: 11). The custodian role lies in addressing significant security issues of the region in order to maintain the security architecture so that it does not transform to the disadvantage of the regional power. It involves activities like conflict management and post-conflict peace-building. It is different from the leadership role in that, the regional power custodians are active in maintaining the existing security order rather than altering the same. To act as a custodian, a country requires the traditional power capabilities along with a certain degree of acceptance so that its involvement is not perceived as an infringement of sovereignty (Ingersoll and Frazier 2010: 14-15). The role of regional protector implies that a regional power assumes the burden of defending the area from the external security threats. This defensive role may include activities such as deflecting a power away from a region in an active capacity or traditional deterrence that is focused on prevention. (Ingersoll and Frazier 2010: 57-61).

Based on the execution of these roles, Frazier and Ingersoll term the nature of regional power's role as 'regional power orientation' and argue that it may vary along three axes: Firstly, it may be protective or revisionist regarding status quo. Status quo refers to an order created by a dominant state that imposes rules of conduct, regularises patterns of interactions, and determines how goods are distributed at the international level. States that have achieved parity with the dominant state and are dissatisfied with the status quo create conditions to change it.

The second orientation is its tendency toward unilateralism or multilateralism. At the regional level, a multilateral orientation implies that the regional power views security issues of members of a 'regional security complex' as interconnected. As such, it seeks to develop rules and patterns of interaction among member states expecting long-term cooperation, rather than immediate reciprocation. This is distinct from a unilateralist orientation, which is demonstrated through actions reflecting an individualist sense of security, concerns with relative gains, proclivity towards issue and state-specific bilateral agreements, and cooperation only when it is in short-term national interest.

The third orientation axis evaluates whether a regional power approaches the regional security order in pro-active or reactive terms. If the actions of a regional power are directed at forcing changes in the security order of a 'regional security complex' and are long-term oriented, the regional power is pro-active. On the other hand, if its actions are in responses to specific and immediate actions or events, then the regional power is reactive one. Long-term planning for prevention and management of regional security threats demands a different type of leadership than policies addressing security threats as they arise (Ingersoll and Frazier 2010: 744-746).

As it is clear from the discussion, there are multiple options available to regional powers contingent on various external and internal limitations. Thus, the choice of the most appropriate strategy for a regional power depends on a wide range of factors like the influence of extra-regional powers, the behavior of neighbouring countries, and domestic pressures (Destradi 2010: 909). It implies that 'regional powerhood' comes in different forms and with different features and as such regional powers cannot be treated as categories that behave in a uniform manner (Prys, 2012: 2). Using 'regional power' as an umbrella term, Prys identifies three ideal types: 'regional detached powers', 'regional hegemons', and 'regional dominators'. She identifies these three categories as the potential values that the variable 'regional power' can assume (Prys, 2012: 7).

Along with definitional clarity, it is also necessary to theoretically segregate regional powers from other categories of power. This section builds on the classification

of Buzan and Waever who, drawing on neo-classical realism and globalism, have proposed a three-tiered scheme of the international security structure in the post-Cold War order: super-powers and great powers at the system level, and regional powers at the regional level.

They put the super powers at the one end of power spectrum and regional powers at the other extreme. In between lies a range of great powers whose capabilities surpass the regional powers but are inferior to that of the super powers (Buzan & Waever 2003: 34). The requirements for a super-power are broad spectrum capabilities exercised across the international system. They must possess first-class military and political capabilities and the economic competence to sustain the same. They must not only possess these capabilities, but also exercise global military and political outreach. They should regard themselves as super powers and must be accepted by others. To quote Buzan, "Superpowers must be active players in processes of securitisation and desecuritisation in all, or nearly all, of the regions in the system, whether as threats, guarantors, allies, or interveners…Superpowers will also be fountainheads of 'universal' values of the type necessary to underpin international society" (Buzan & Waever 2003l: 34-35). Buzan classifies the United States as the only power to hold such position in the post-Cold War period.

The great power status, on the other hand, is less demanding both in terms of capabilities and behavior. Neither do they need overwhelming capabilities in all sectors nor are they expected to be present in the securitisation processes of all areas of international system. In the words of Buzan and Waever,

> Great power status rests mainly on a single key: what distinguishes great powers from merely regional ones is that they are responded to by others on the basis of system level calculations about the present and near-future distribution of power. Usually, this implies that a great power is treated in the calculations of other major powers as if it has the clear economic, military, and political potential to bid for superpower status in the short or medium term. (Buzan & Waever 2003: 35)

It means that in case of great powers, actual possession of legal and material capabilities is less crucial, rather they require sufficient level of capabilities. These powers generally estimate themselves as more than regional powers and kind of prospective superpowers. They usually continue to rise in the hierarchy of international power but it also includes category of countries declining from the superpower status. In the post-Cold war period the status of great power is being held by Britain, France, Germany, Japan, China, and Russia (Buzan & Waever 2003: 36).

Contrary to the superpowers and great powers, regional powers mainly operate in their respective regions and do not exert much influence at the system level. Powers in upper hierarchy consider a regional power as merely relevant to the securitisation process of a particular region. Thus, they are not calculated in the higher level scheming of system-polarity irrespective of whether they estimate themselves as deserving a higher ranking (Buzan & Waever 2003: 37).

Peace-building

Similar to the regional powers, the conceptualisation of peace-building is a post-Cold War phenomenon. The idea of peace-building grew out of an acknowledgement of the limitations of traditional peace-keeping measures. It was realised that for peace to be sustained a broader political agenda, which comprised both the civilian as well as military issues, was needed (Liden 2006: 4). Conceptually, origin of peace-building can be traced back to the radical peace-research writings of Johan Galtung (2000) and Kenneth and Elsie Boulding (1995) who perceived peace-building as an exercise aimed at addressing underlying structural causes of conflict. This theorisation called for "bottom up approaches and the decentering of social and economic structures" (Keating and Knight, 2004: xxxv).

However, peace-building could become part of the official discourse only after the UN Secretary General B.B. Ghali used the term in a major policy report titled *An Agenda for Peace* in 1992. The term peace-building was defined by Ghali as "an action to identify

and support structures which will tend to strengthen and solidify peace in order to avoid a relapse into conflict" (Ghali 1992: 32). The report stated that peace-building might entail:

> disarming the previously warring parties and the restoration of order, the custody and possible destruction of weapons, repatriating refugees, advisory and training support for military personnel, monitoring elections, advancing efforts to protect human rights, reforming or strengthening governmental institutions and promoting formal and informal processes of political participation. (Ghali 1992: 32)

It advocated that preventive diplomacy, peace-making and peace-keeping ought to be linked to peace-building so as to provide a comprehensive strategy to deal with violent conflicts.

Thus, peace-building entails the effort to prevent a relapse of violent conflict by strengthening the social, economic, and political foundations necessary for lasting peace. Such an endeavour requires a broad array of complex activities: political reconciliation among the former belligerents, the restoration of order, rule of law and effective governance, disarmament and reintegration of ex-combatants into society, repatriation of refugees and internally displaced persons, monitoring of democratic elections and promotion of political participation, demining, and implementation of a process of transitional justice among others (Uesugi 2011: 38).

Peace-building also includes the implementation of cooperative projects that link the formerly warring parties together, and educational exchanges and curriculum reform programmes designed to reduce the hostile perception of the 'other' (Keating and Knight 2004: xxxv). Thus, peace-building has been articulated as an endeavour to rebuild the political, economic, social, and security environment and can be viewed as a direct counterpart to preventive diplomacy, "which seeks to avoid the breakdown of peaceful conditions" (Keating and Knight 2004: xxxvi). Most of the discussions on peace-building have outlined the need for a multilayered approach to involve participants from multiple sectors (Keating and Knight 2004: xxxvi).

Bush has outlined peace-building as "those initiatives which foster and support sustainable structures and processes, which strengthen the prospects for peaceful coexistence and decrease the likelihood of the outbreak, reoccurrence, or continuation, of violent conflict". Since the process entails both the immediate relief measures and long term goals of sustainable peace, according to Bush, key challenge involved in peace-building is "to encourage the creation of the political, economic, and social space, within which indigenous actors can identify, develop and employ the resources necessary to build a peaceful, prosperous and just society" (Bush 1996: 76).

Though peace-building is often qualified by expression "post-conflict" to refer the non-military or civilian dimensions of international efforts to support the countries emerging from conflict, it may not be necessarily a post-conflict activity (Tschirgi 2004: 1). Over recent years there has been discussion on repositioning peace-building from being a post-conflict response to a preventive strategy employed well before the eruption of conflict. Though Ghali conceived peace-building as a post-conflict activity, conceptually, it can be practiced even before the outbreak of the crisis in order to forestall it. Advocates of positive peace theory support the deployment of peace-building measures well before the eruption of conflict. The *Carnegie Commission on the Prevention of Deadly Conflict* has categorised peace-building as either "structural prevention" (strategies designed to address the root causes) or "operational prevention" (those strategies and tactics taken in the midst of a crisis or immediately thereafter to restore peace and thereby prevent a recurrence) (Keating and Knight 2004: 37). In fact, post-conflict reconstruction and structural and institutional prevention of conflict are continuation of the same process at different junctures. Tim Murithi (2009), looks upon peace-building as an ethical process and suggests that even in pre-conflict phase, communities are constantly in the process of peace-building. He writes:

> Pre-conflict peacebuilding in this context refers to efforts to maintain harmonious societies in which norms of coexistence and political and economic accommodation are adhered to and sustained. The processes and institutions that are put in place to ensure democratic governance, the rule of law, access to social and economic justice, gender mainstreaming,

> environmental sustainability and reconciliation all contribute towards pre-conflict peacebuilding. (Tim Murithi, 2009: 7)

Thus, pre-conflict peace-building, involves the activation and mobilisation of the necessary processes and institutions. This viewpoint brings peace-building closer to preventive diplomacy and Chapter VI in the UN Charter that aims to address the underlying economic, social, cultural and humanitarian obstacles to sustainable peace. Peace-building is, therefore, concerned not just with post-conflict situations, but also with the broad spectrum of conflict and its main aim is "to generate and sustain conditions of peace while managing differences without recourse to violence" (Keating and Knight 2004: xxxvii). Notwithstanding the emphasis on non-military aspects, peace-building does not exclude the military intervention. This preventive aspect of peace-building has been highlighted by Smith:

> Peacebuilding attempts to encourage the development of the structural conditions, attitudes and modes of political behaviour that may permit peaceful, stable and ultimately prosperous social and economic development. Peacebuilding activities are designed to contribute to ending or avoiding armed conflict and may be carried out during armed conflict, in its wake, or as an attempt to prevent an anticipated armed conflict from starting. [P]eacebuilding activities fall under four main headings: to provide security, to establish the socio-economic foundations of long-term peace, likewise to establish the political framework of long-term peace, and to generate reconciliation, a healing of the wounds of war, and justice'. (Smith, 2004: 20)

Ramsbotham (2007) identifies three major deficits in the post-conflict scenario: political/institutional incapacity, economic/social breakdown, and psycho/social trauma. He provides a conceptual framework of peace-building based on the suitable time frame. Table 1.1 presents the framework.

Table 1.1

A Conceptual Framework for post-conflict Peace-building

(i)	Interim short term measures (up to first election).
(ii)	Medium-term measures (to the second election or the next election when there is peaceful change of government).
(iii)	Long-term measures (beyond II).
The military/security dimension	
(I)	Disarmament/demobilisation of factions, separation of army/police.
(II)	Consolidation of new national army under civilian control, steps towards creation of integrated non-politicised national police, progress in protecting civilians from organised crime,
(III)	Demilitarised politics, societal security, and transformation of cultures of violence.
The political/constitutional dimension	
(I)	Manage problems of transitional government/constitutional reform.
(II)	Overcome the challenge of the second election/peaceful transition of power.
(III)	Establish tradition of good governance including respect for democracy, human rights, and rule of law; development of civil society with genuine political community.
The economic/social dimension	
(i)	Humanitarian relief, essential services/communications.
(ii)	Rehabilitation of resettled populations/ demobilized soldiers, progress in rebuilding infrastructure, reviving agriculture, and demining.
(iii)	Stable long-term macro-economic policies and economic management, locally sustainable community development/distributional justice.
The psycho/social dimension	
(i)	Overcoming initial mistrust
(ii)	Managing conflicting priorities of peace and justice.
(iii)	Healing psychological wounds/long-term reconciliation
The international dimension	
(i)	Direct, culturally sensitive support for the peace process.
(ii)	Transference to local control avoiding undue interference/neglect.
(iii)	Integration into cooperative and equitable regional and global structure.

Source: Ramsbotham (2002) p. 182

The World Bank identifies four key peace-building interventions for establishing peace and post-conflict reconstruction in war-torn countries:

1. Emergency or humanitarian aid: includes provisions for basic necessities of civilians. Donor countries and organisations provide aid mainly through agencies like UNHCR, UNICEF, WFP and through a large number of NGOs.
2. Military intervention: it is mainly through peacekeeping operations to prevent violent confrontation and provide security for relief and rehabilitation. Peacekeeping forces are usually supplied by individual governments under the aegis of the UN, NATO or some other arrangement.
3. Political-diplomatic interventions: conflict resolutions, peace negotiations and reconciliation. It also includes transporting democratic institutions in war-torn countries. The key actors are governments acting bilaterally or multilaterally through influential alliances and multilateral forums such as the United Nations, NATO, EU etc.
4. Reconstruction and development, including aid, trade and investment: they include rebuilding physical and economic infrastructure and strengthening institutional capacity. Key actors involved in post-conflict reconstruction are international financial institutions, donor states, EU, UN agencies and NGOs etc. (Keen, 1998: 55) & (World Bank, 1998: 20).

Notwithstanding the increase in the frequency of peace-building endeavours in the post-Cold War period, the political character of these interventions remains a highly contested issue. Often the term ‘liberal’ is added before ‘peace-building’ to specify the political nature of intervention. ‘Liberal Peace-building’ denotes the idea of building peace through liberalisation (Liden, 2005: 4). Deriving its conceptual genealogy from the theory of liberal internationalism, the implementation of peace-building operations in post-civil war countries has relied on the assumption that the “surest foundation for peace, both

within and between states, is market democracy, that is, a liberal democratic polity and a market-oriented economy" (Paris, 1997: 56).

The problem with such an assumption is that it does not account for the indigenous forces of change in the target countries and "peacebuilding in effect [becomes] an enormous experiment in social engineering - an experiment that involves transplanting Western models of social, political, and economic organization into war-shattered states in order to control civil conflict: in other words, pacification through political and economic liberalization" (Paris, 1997: 56).

Given this narrow conceptualisation, peace-building turns out to be a disguise to impose particular solutions on other societies while ignoring more viable alternatives (Keating and Knight 2004: 39). It raises the question of 'whose peace?', since peace-building is seen as premised on "international liberal actors rather than of the citizens of the host country" (Linden 2006: 5). According to Richmond, "The question of what peace might be expected to look like from the inside is given less credence than the way the international community and its organizers and actors desire to see it from the outside, and moderates searching for peace from within the conflict environment tend to expropriate Western models in their search for a solution" (Richmond, 2004: 91).

Since, in most of the post-conflict transitional societies, institutional and procedural devices for addressing societal acrimony are absent, the fundamental question regarding peace-building is about how to reconstruct so as not to aid to the recreation of institutions and structures that originally contributed to the eruption of conflict.

To ameliorate the contradictions inherent in contemporary peace-building, authors like Jarat Chopra (2002) have suggested for 'participatory interventions'. The idea is to ensure the active participation of local populations from the very beginning of peace intervention. Instead of mere dependence on foreign bureaucratic-military set up and the government structure in place, grass root participation ensures that peace-building is reflective of the social reality (Chopra 2002: 999).

Others have suggested that the scope and scale of peace-building be widened so as to involve the neighbouring states and regional agencies. The next section theoretically explains the linkages between the emergence of regional powers and surge in peace-building activities.

Regional Powers and Peace-building: Human Security Debate

The argument, favouring the role of regional powers in peace-building, relies on the human security debate. The concept of regionalism has gained currency largely due to the emergence of a multi-polar world order with regional power-centres (Hettne 2005: 549). The concept of regionalism has undergone a qualitative shift in the post-Cold War phase; so has changed its agenda of security. Since early regionalism was articulated in the context of bipolar and militarised international system, it perceived the issue of security in the light of military security. Moreover, the notion of region itself was not voluntary. It was created 'from above'. The current debate on regionalism, on the other hand, is taking shape in a multipolar and globalised world and is more of an autonomous kind. All these characteristics of present regionalism are proportional to the relative decline of American hegemony (Paupp 2009: 3).

What makes the new regionalism distinct from the old one is that it has incorporated the traditional security concerns along with the non-traditional ones. This overlap has transformed and modified the entire concept of security. The traditional security debate was preoccupied with the "category of hegemony and all of its associated theoretical constructs including such as the struggle for a "balance of power", the enduring quest for "spheres of influence", and a seemingly endless cycle of "great power competition" for global advantage over other potential rivals and hegemons" (Paupp 2009: 2). Contrarily, the concept of human security is more concerned with issues arising out of repressive regimes, state failure, violation of human rights, and aftermaths of civil war. The 'new critical security studies' provides a context to link regionalism with post-conflict peace-building (Maclean 1999: 943). In contrast to the realist overview, it aims "to develop an

approach to the theory and practice of security that is dedicated to the promotion of emancipatory politics" (Williams, 2005: 136). Accordingly, its proponents analyse the non-traditional forms of domination and insecurity.

The next section answers the query as to why the involvement of regional powers holds more promise for peace.

Actors Involved in Peace-building

Since peace-building is quite an expansive and multilayered process, the actors involved are also wide-ranging and diverse. Tobi Dress notes, "No single organisation, institution, sector, group, gender or UN department, regardless of its stature, can be expected to singularly shoulder the enormous burden of creating sustainable peace in any given community, let alone worldwide" (Tobi Dress in Murithi 2009: 7). Although the prime responsibility for maintenance of international peace and security rests with the United Nations, a host of actors are involved in peace-building endeavours such as national governments, non-governmental organisations, regional and international inter-governmental institutions. Despite their contribution to the peace-process, NGOs and international inter-governmental institutions are not recognised as independent categories as they often work in coordination with either of the actors discussed. Taking cue from the classification by Bellamy and Williams (2005), the ensuing paragraphs compare the viability of regional powers with other institutional arrangements.

Of late, the debate on maintenance of international peace and security has been centered on regionalisation and proper relationship between regional arrangements and the UN. On the one hand, scholars view regional solutions as better alternatives to perennially resource-crunch hit 'corrupt', 'wasteful', 'politicised', and 'over-bureaucratised' UN operations. On the other hand, former and current UN officials question the viability of regional peace-building. Former UN Secretary-General Boutros Boutros-Ghali condemned regionalisation as a 'dangerous' idea that threatened to weaken the internationalist basis of the UN. Similarly, the former head of the UN Department of Peacekeeping Operations,

Jean-Marie Guehenno, warned that regionalisation encourages "only in my backyard" approach which may spell trouble for regions that lack the necessary capacities (Bellamy and Williams, 2005: 159-160).

The regional arrangements can be further classified in two categories - regional organisations and individual regional powers. In post-Cold War scenario, regional organisations have been more active participants in peace-building. A panoply of regional institutions including the OAS, Organisation of African Unity, Economic and Monetary Community of Central Africa (CEMAC), Commonwealth of Independent States, EU, Economic Community of West African States (ECOWAS), NATO, the Organisation for Security and Cooperation in Europe, and Southern African Development Community have been at the fore front of peace interventions. Similar to individual states and coalitions, the legitimacy and effectiveness of regional arrangements is contested. They may be regarded as more legitimate and accountable than unilateral operations and their permanent bureaucracies may be more suited to coordinate action in response to a crisis. However, critics point out that regional organisations do suffer from the same bureaucratic and decision making problems as the UN. Over-dependence on regional organisations strengthens the idea that peoples should receive only the level of peace-building assistance that their own region is able to provide (Bellamy and Williams, 2005: 170-171).

Another category of actors involved in peace-building is ‘coalitions of the willing’. It is a concert of actors who cooperate with a pivotal state to undertake joint missions in response to a crisis with or without authorisation from a regional or international organisation. Example is the ISAF mission in Afghanistan. Such coalitions serve two purposes: sharing of material cost and providing legitimacy. Coalitions offer flexibility and operational efficiency of individual actors along with greater collective legitimacy. However, these coalitions have their own problems. They may exert undue pressure to gain host-state’s consent and also may not represent the will of international society (Bellamy and Williams, 2005: 170).

Regional powers form a separate analytical category as compared to the United Nations, regional organisations, and the coalition of willing. Their involvement hinges highly on the desire to maintain peace, security and status quo or change in their sphere of influence as per their national interest. The next section explores the viability of regional powers for regional peace-building.

Why Regional Powers?

Regional powers's role in peace-building cannot be explained by their emergence only. There are multiple reasons for a general de-emphasis on the 'global'. The most important of these is the end of the Cold War. The Cold War ensured that most of the regional conflicts were dealt with in terms of super power interests. Within their respective spheres of influence, the United States and the Soviet Union were able to suppress most violent conflicts either through direct military intervention or by mere threat of it. Regional efforts were rendered largely subordinate to the interests and directions of the super powers. The end of the Cold War created a vacuum with new opportunities for regional efforts to fill the gap (Diehl 2003: 1-2).

The end of the Cold War changed the security environment and also the interests of the super powers. With loosening of the super power rivalry, there was a dramatic proliferation in the occurrence of ethnic strifes. Most of the wars in the post-Cold War period have been internal in nature rather than being inter-state. Out of 108 violent conflicts between 1989 and 1998, 92 are considered to be internal (Colletta and Cullen 2000: 3). These civil wars owe their origin "not so much to the strength and military power but to the weakness: weak states, weak governmental institutions, weak economies etc." (Hurrell and Fawcett 1995: 312). The causes of instability are "more contingent on country and regional dynamics" (Modanu 2008: 2).

With few exceptions, such as Iraq's invasion of Kuwait or the post-9/11 intervention in Afghanistan, regional conflicts no longer directly affect the economic and

security interests of the Western powers. Consequently, there has been a decline in desire of the super powers to resolve the conflicts not vital to their strategic goals. Further, the domestic political support for intervention in regional conflicts has also declined among these countries. Therefore, the erstwhile leading states are in search of alternative security management mechanisms (Diehl 2003: 2). The net effect of all these developments has been the 'regionalization of international security' (Modanu 2008: 2). This trend was recognised by the UN in the early 1990s when Secretary-General Javier Pérez de Cuéllar stated, "For dealing with new kinds of security challenges, regional arrangements … can render assistance of great value" (Cuéllar in Modanu 2008: 3).

However, the trend towards regional conflict management is not solely the result of the closure of Cold War. Failure of some of the global efforts, especially of the UN, has also contributed significantly to the acceleration of regional peace-building endeavours. In the 1990s, a series of failed peace-building initiatives in Somalia, Rwanda, and Bosnia exposed the limitations of the global efforts and the new world order. By the middle of the 1990s, the faded optimism about the global peace-building efforts gave way to the acceptability of regional alternatives (Diehl 2003: 2).

The debate on the role of regional powers in regional peace-building is not just limited to the question of acceptability and recognition, equally important is the issue of viability of such role. The questions such as 'why regional solution' and 'should peace-building activity be organised globally or regionally' are equally important. The debate on regional solutions versus global solutions is very much case-specific as both hold merits and demerits of their own.

Though backed by a diverse group of states, global mechanisms such as the UN may provide broad legitimacy for the action, what they often lack is the sensitivity to the regional context at hand. The global efforts led by major powers may also give an impression of imperialist intent (Lepgold 2003: 10). If peace-building roles are undertaken by respective regional powers, the colonial overtones surrounding intervention get significantly reduced (Keating and Knight, 2004: XLI). Another important shortcoming of

the multilateral peace-building efforts under the aegis of the UN has been the problem of coordination among the participating countries. In collective efforts, fear of possible defection from the agreed norms always looms large. The cost-sharing of collective peace-building arrangements has been another cause of infighting (Collier et. al. 2003: 164).

Civil wars not only cost the country where they are fought, but also affect the entire region. Neighbouring countries are typically affected by the contagion effects of the civil war. In addition to direct burden of refugees and regional economic spillover, a neighbouring country endures the burden of indirect effects of conflict such as increased military budget, disruption of trade and transit, increase in the cost of transportation, deterioration of investment climate, break-up of inter-ethnic harmony, etc. (Collier et al 2003: 33-34). A study by Clionadh Raleigh has calculated that war in a neighbourhood increases the risk of internal conflict by 39 per cent (Raleigh 2007: 19).

The most immediate repercussion of civil war in the neighbourhood is arrival of refugees and its impact on the populations of the asylum giving countries. As victims of war usually lack the resources to travel farther away from their home state, their most preferred refuge is a bordering country. By the end of 2009, 75 per cent of the global refugees were hosted in neighboring countries (Gomez and Christensen 2010:19). Refugees generally tend to stay in the asylum country for long even after the end of the war; the social and economic effects of civil war on host countries are enormous and persistent. The citizens of the host country may find themselves competing with the refugee population for scarce resources such as water, food, housing, and medical services. The presence of refugees also increases the pressure on basic public services such as education, health services, water supply, sanitation, and transportation, and also in some cases, on natural resources such as grazing and firewood (Gomez and Christensen, 2010: 7). In some situations, refugees pose security and political threat and also vitiate the bilateral relations between the neighbouring countries. The involvement of a few Sri Lankan Tamil refugees in the assassination of former Indian Prime Minister Rajiv Gandhi in 1991 is an example in the hand (Gomez and Christensen 2010 : 14).

One of the indirect effects of the long term stay of the refugees is increase in death through infectious diseases, especially malaria. Since large scale refugee influx puts people in crowded conditions without access to clean water and food, the refugee camps become a perfect breeding ground for the spread of infectious diseases (Collier et al 2003: 35-36). Using annual data for 135 countries between 1960 and 1999, a study by Montalvo and Reynal Querol (2002) establishes that for each 1,000 refugees, the asylum countries report 1,406 new cases of malaria in a tropical region (Montalvo and Reynal-Querol in Collier et al 2003: 39). Since refugees are at an increased risk of contracting HIV/AIDS during and after displacement due to poverty, disruption of family and social structure and health services, increased sexual violence, and exposure to socio-economic vulnerabilities, the host country also gets exposed to such diseases (Collier et al 2003: 39). A study by Miguel Carreras (2012) has found substantial linkages between the arrival of refugees and rise in criminal activities and homicide rates. As per the study a 100 per cent increase in the number of refugee arrival leads to a 2.8 per cent increase in robberies and 3 per cent increase in homicide rates in the receiving country (Carreras 2012 : 487).

Civil wars also precipitate regional arms race. A country tends to increase its military expenditure sharply- typically by about two percentage of the GDP - both in premonition of the outbreak of a civil war and after its eruption. Since one of the strongest determinants of the military expenditure by a country is the developments in the neighbourhood, the adjoining countries of a civil-war affected state tend to increase their defense budget. A study by Collier et al shows, "if civil war leads a government with two neighbours to increase its military expenditure by 2.0 percentage points of GDP, by the time the arms race is back to equilibrium, the neighbouring countries will each have increased their spending by around 0.7 percentage points" (Collier et al., 2003: 34). In certain situations, civil war in one country directly increases the risk of war in the adjoining country. Having a neighbor at war tends to reduce the annual growth rate of a country by around 0.5 percentage points. For example, the civil war in Mozambique caused Malawi's international transport cost to almost double, thereby triggering an economic slowdown (Collier et al., 2003: 35). If the country at war is the key export destination of a neighbouring state, it may lose a large share of its export revenues (Carreras 2012: 841).

Due to spillover effects of the conflict, a neighbouring country tends to develop stakes in peace. It must be noted that regional solutions hold some merits. Geographical proximity significantly reduces the costs of post-conflict peace-building. Logistically, it is easier and less expensive to sustain peace-keeping, humanitarian, or enforcement operations nearby rather than from a distant place. As regional states are familiar with regional practices, their involvement is given more legitimacy than what the extra-regional powers receive. Moreover, they have greater leverage with the conflicting parties due to their economic or political links.

However, regional powers may find themselves in a disadvantageous position since they closely identify with the regional problems. The intervening state may be a party to a conflict or determined to impose a solution (Lepgold 2003: 10). It is also possible that regional powers use peace-building as an effective tool to consolidate their position in the region.

Notwithstanding the acceptability and desirability of regional powers in regional peace-building, the motivation and incentive for these actors to get caught up in regional quagmires is the most important factor for any such initiative. Though interventions in support of peace-building seem to strengthen the norms of human rights and security, this assumption is only partially true. National interest remains the most crucial incentive to the whole process of intervention and peace-building. Such interests are necessary for securing the attention of governments and mobilisation of resources (Keating and Knight, 2004: XLI). A unilateral regional intervention in civil war situations is possible only in cases where security concerns of the intervening power outweigh the economic costs involved (Collier et al 2003: 164). Applying the strategic choice perspective, Lepgold concludes that actors must have incentives to involve in peace-building. These might include traditional security concerns like deterrence, prevention of the spread of conflict, and balance of power or non-traditional security concerns such as humanitarian, refugees, democracy promotion, etc. (Lepgold 2003: 10).

Conclusion

As the above discussion suggests the role of regional powers in influencing the regional interactions is likely to increase in the context of changed international security environment and global order. In other words, they are assumed to significantly determine the degree of cooperation or conflict in their respective regions. However, involvement by a regional power in peace-building in its backyard is constrained by several factors. In contrast to global powers, regional powers have to operate within an international system determined by the global distribution of power. Regional powers involved in peace-building are faced with the dual challenges of the management of internal regional order as well as accommodation within the international environment (Prys, 2012: 3).

Against the backdrop of this theoretical discussion, the study evaluates the peace-building dimension of India's neighbourhood policy. The consecutive chapters assess the post-civil war situations in Afghanistan, Nepal, and Sri Lanka and India's involvement therein. From a regional perspective, the study analyses the implications of India's involvement for peace and stability of the respective countries and also its repercussions for the region as a whole. While enquiring in to the challenges faced by India in its regional peace-building endeavours, the study develops a general conceptual understanding of the constraints faced by regional powers engaged in regional conflicts.

CHAPTER II

CONFLICT AND DESTRUCTION IN AFGHANISTAN, SRI LANKA AND NEPAL: AN OVERVIEW

Introduction

This chapter provides a historical overview of the nature and dimensions of conflicts in Afghanistan, Sri Lanka, and Nepal and examines the extent of violence exchanged between the state and the militant groups. The purpose is to enumerate how gravely the conflict in each country caused destruction of social, political and economic infrastructure. Further, the chapter analyses the state of peace in all three countries. While identifying the challenges to peace, the chapter assesses how far Afghanistan, Sri Lanka, and Nepal can be characterised as post- civil war or post-conflict societies. All three countries chosen for the study have experienced civil wars of different intensity.[1] They have suffered enormous damage during the prolonged years of civil war, though the nature of conflict is different in each country. In Afghanistan, the civil war has been a case of third party intervention. In Nepal, it is more ideological and is about class struggle, and in Sri Lanka, it has a clear ethnic dimension.

Civil War in Afghanistan

Of the three countries, Afghanistan remains the most severely devastated. Right from the Soviet invasion in 1979, Afghanistan has been in the grip of internal conflict. War in Afghanistan can be categorised in three distinct phases — first from 1979 to 1989, second from 1989 to 2001, and third since 2001. Roots of the present unrest in Afghanistan can be traced back to the popular resistance that ensued after the Soviet invasion in December 1979. The resistance in Afghanistan soon changed its indigenous character as it got

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[1] According to the definition given by the World Bank, civil war breaks out when "an identifiable rebel organisation challenges the government militarily and the resulting violence results in more than one thousand combat-related deaths with at least five per cent on each side" (World Bank, 2003: 11)

transformed into a battlefield of the Cold War. The US, China, and Arab States strongly backed the Soviet-resistance forces by supplying arms, ammunitions and money. The Soviet occupation forces, about 120,000 in number, fought for almost 10 years against the US supported *mujahedin* militia. According to the US State Department, from 1980 until the departure of the Soviet forces in 1989, the US provided a total of about $ 3 billion in economic and covert military assistance to Afghan *mujahedin* (Katzman, 2012). Bulk of the US assistance was channeled through the Central Intelligence Agency (CIA) in cooperation with Pakistan's Inter-Service Intelligence (ISI). The ISI adopted the policy of delivering aid directly to rural areas via local commanders. This aid delivery mechanism militarised the rural Afghanistan in a massive way and reinforced fragmentation of the country (Katzman, 2012).

After the Soviet pullout in 1989, a new phase of Afghan civil war unfolded. This war was transnational in character (Maley, 2002: 1). Once the Soviet forces withdrew, the US also lost its interest in Afghanistan. As both of the superpowers deserted the country, regional powers competed with each other in their bid to gain strategic depth in Afghanistan through their clients. Four main groups, the forces of Dostum, an Uzbek; Rabanni/Massoud, representing the Tajiks; Hekmatyar, a Pashtun; and Mazari of Hizb-I-Wahdat fought for control of Kabul with foreign support. Fighting was intensified by the summer of 1992 as the Iran backed Shia militia fought against the forces of Sayyaf and other Arab-backed Sunnies. By the end of 1992, Kabul was devastated (Johnson 2004: 13).

The *Islamabad Accord* of March 1993, which declared sworn enemies Rabbani and Hakmatyar as President and Prime Minister respectively, failed to solve the problem (Johnson 2004: 14). At this point of time, the Taliban emerged on the political scene. As the Taliban fought with the warring factions to capture strategic cities, civil casualties grew in numbers. Initially, the Taliban were welcomed as a stabilising force but their harsh and narrow interpretation of Islam did not match Afghan traditions. During their seven years of rule, the Taliban imposed restrictions on women, held public executions for the perceived violation of Islam, and banned music, sports and other forms of recreation as un-Islamic.

Despite their ruthless policies, which evoked worldwide criticism, Pakistan and Saudi Arabia provided funding, diplomatic support, and military advice and training to the Taliban. The response of the US was surprisingly moderate to the brutal Taliban regime and it found prudent to leave the country to the vagaries of the fighting warlords. Instead, the US was ready to accept the fundamentalist regime of the Taliban to pursue its geo-political ambitions in the region. As the Taliban were pro-Pakistan and therefore, anti-Russian and anti-Iran, they naturally fitted in the strategic calculations of the United States. In the wake of Rabbani government's rapprochement with Iran, the Sunni regime of the Taliban was viewed as counterweight to Iranian influence in the region. The geo-economics of oil and natural gas was another motivation behind this policy of benign neglect. Afghanistan's position as a transport-junction between the land-locked countries of the Central Asia and the littoral countries of the Indian Ocean led to competition between Iran and Pakistan over the control of transit routes from Central Asia to Arabian Sea. Taliban's ability to provide security to oil and gas pipeline was considered strategically advantageous to both Islamabad and Washington.

Meanwhile, Iran, India, Russia and Central Asian Republics gave support to the anti-Taliban forces. By 2000, though Taliban controlled ninety per cent of Afghanistan, they were not recognised by the international community barring Saudi Arabia, Pakistan and the United Arab Emirates. After the 9/11, their harbouring of Osama bin Laden and *Al Qaeda* invited the US wrath leading to *Operation Enduring Freedom*. The fighting between the Taliban and the US supported Northern Alliance further added to the miseries (Goodson 2001: 5). Before signing of the Bonn Agreement at the Inter-Afghan Conference in December 2001, some 12,000 bombs had been dropped in the country, including Cluster bombs, each capable of scattering 200 bomblets over a wide area (Johnson 2004: 30). The United States dropped about 1,228 cluster bombs containing 248,056 bomblets between October 2001 and March 2002. The Human Rights Watch report estimated that cluster bombs left more than 12,400 unexploded bomblets which posed new challenge to the landmines-clearance programme (Human Rights Watch, 2002).

As Afghanistan tries to recover, destiny of the nation is still shaped by the legacy of conflict. Imprint of war is there on each and every aspect of the Afghan life. After the

fall of Taliban in late 2001, the Afghan economy was reeling under severe drought and conflict; grain production was reduced by half, livestock herds ruined, and orchards and vineyards destroyed. Economic activities flourished in informal and illicit sector owing to prevailing insecurity and the lack of structural and institutional support (World Bank 2005: xvi). However, drawing a clear picture of the impact of conflict in different sectors is quite difficult as there is an acute shortage of reliable data. The country has never had a detailed census and after the late 1970s, whatever data was compiled by the Central Statistics Office was rendered non-reliable as most of Afghanistan was beyond the reach of the state and official statistics was often manipulated to paint a better picture during the pro-Communist regime (Maley 2006: 78).

During the Taliban years, though formal state structure existed, in terms of policy making and service delivery, it was virtually non-functional. Society was permeated by the warlord and commander culture. Impact of war can be summarised as follows.

Impact of War on Polity and Society

The state system in Afghanistan had started to wither away around the time of communist coup and Soviet invasion at the end of 1970s. During the communist puppet regimes (December 1979-December 1991), the state system encountered the crisis of legitimacy and capability. The governments of Babrak Karmal (1979-86) and Dr. Najibullah (1986-91) were able to sustain only because of the Soviet support. During the Soviet occupation, despite the existence of a formal state structure, bulk of the countryside and population was beyond control of the government. As the consequence of the deficit in 'empirical sovereignty', at the turn of the 21st century, the majority of population was relatively unknown to the phenomenon of functional state system and several of the groups had developed stakes in the non-existence of state power (Maley 2006: 17). Other support structures such as tribal loyalties and community bonds filled the gap. It also transformed the patterns of [mis]trust in society, leading to weaponisation and prevalence of nepotism and clientelism.

Death and Disability

Soviet invasion and subsequent resistance wrecked a tremendous humanitarian catastrophe. In the ensuing infighting, at least one million Afghans were killed and a similar number of people were disabled. As per the 1979 Census, the country's pre-war population was approximately 13.05 million, some other reports pegged it around 15-17 million, including the nomadic population (Khan 2012: 212). Noor Ahmed Khalidi has calculated that 876,825 Afghans, constituting 7 per cent of the total population, perished in the war between 1978 and 1987 (Khalidi 1991: 106). Martin Ewan and Marek Sliwinski put the figures higher at 1.25 million war deaths, or nine per cent of the pre-war population (1989: 151). The war related injuries made two million people permanently disabled. According to Rasul Baksh, in 1994, the proportion of those disabled by the war was 31 per thousand of the entire population (Baksh, 1994: 20).

As per various reports, the war during 1980-90 brought about significant demographic changes. About 6.2 million people fled to Pakistan, Iran, and other countries and more than 1.5 million were killed. Thus, conflict affected a total of 7.7 million people or well over 40 per cent of the total projected population in 1990. Table 2.1 shows the demographic damage during 1980-90 period.

Table: 2.1

Demographic Damage during the period of Soviet Invasion

(in millions)

	1977 Population actual	**1990 Projected population**	**Total killed**	**Total migration**	**Internal migration**
Total	14.2	19.1	1.5	6.2	2.2
Urban	2.2	2.9	0.15	0.6	0
Rural	10.5	14.4	1.27	3.9	2.2
Nomads	1.5	1.8	0.08	1.72	N/A

Source: Khan (2012), p 213

The trend did not reverse even after the withdrawal of the Soviet forces in 1989. Taliban resorted to a policy of ethnic cleansing of the minority communities. In August 1998, when Taliban took control of Mazar-i-Sharif and Bamiyan, they massacred over 2000 civilians from the minority Hazara community within three days. During the entire period of their rule, they continued with brutal killings. Even in the post-Taliban period, the presence of mines was a major cause of disability across the county. In 2003, Afghanistan was one of the most mine-affected countries in the world with an estimated 10 million land mines scattered throughout the country. As per the 2003 estimates, approximately 150 to 300 people were getting killed or maimed by landmines every month. The International Committee of the Red Cross calculated that between 1998 and 2003, 7,097 Afghans were killed in the landmine blasts (Afghanistan National Human Development Report 2004: 86).

Displacement

Afghans constitute the second largest number of refugees and IDPs in the world. Immediately after the ouster of Taliban, it was estimated that one in every three Afghan was either a refugee or an IDP, prompting the United Nations to declare Afghanistan as the "major site of human displacement in the world". At the beginning of 2002, the refugee population in Afghanistan numbered approximately six million, of whom, nearly 3.5 million were staying in Pakistan and 2.5 million were residing in Iran. During the same period, the number of IDPs was approximately one million. Though, by 2003, some 70000 IDPs had returned to their places of origin in Northern and Western provinces, the Southern and Western parts of the country — Kandahar, Helmand, Nimruz, Uruzgan and Zabul — were still hosting approximately 200,000 IDPs. Bulk of these people were nomadic Kuchi and Pashtuns (Afghanistan National Human Development Report 2004: 42). In 2015, data from International Organisation for Migration showed that 12.96 per cent of all citizens of Afghanistan lived outside their country of origin. According to UNHCR reports, 2.6 million registered Afghan refugees are dispersed across 70 countries, majority of them hosted by only two — Iran and Pakistan (The Diplomat, August 26, 2016).

Impact on Women and Children

Children were most vulnerable victims of the two and half decade long violence. Of the 1.5 million deaths attributed to conflict, the number of child victims was 300,000.War also caused immense physical and emotional scars. A 1998 UNICEF study, based on more than 300 children (aged 8 to 18), found that between 1992 and 1996, 72 per cent had experienced death of a family member and almost all had witnessed acts of violence. Afghan children were also victims of abduction and trafficking. In 2003, police rescued nearly 200 abducted children – both boys and girls – from different parts of the country and some 750 children were trafficked to Saudi Arabia alone (Afghanistan National Human Development Report 2004: 38-40). Trafficking could be attributed to many factors, including conflict, lack of internal security, poverty and poor socio-economic opportunities.

The orthodox policies of Taliban left women with the legacy of some of the worst social indicators. Under the Taliban rule, women had to cope up with burden of poverty, malnutrition, exclusion from public life, gender-based violence, lack of basic health services, illiteracy, and denial of justice. As a result, in 2003, only 14 per cent of women were literate and every half an hour a woman died of pregnancy related complications. Of those affected by tuberculosis, seventy per cent were women (Afghanistan National Human Development Report 2004: 41).

Increase in the Incidence of Poverty

To analyse the incidence of poverty the following sections investigate three key areas — deprivation in health, education, and standard of living — selected according to the new multidimensional poverty index (MPI) of the UNDP. As per this index, 84 per cent of Afghan households were multi-dimensionally poor, in contrast to the income-based approach, which calculates only 36 per cent as poor (Afghanistan Human Development Report 2011: 3)[2].

[2] MPI is calculated on the basis of 10 weighted indicators corresponding to three dimensions of the HDI: education, health and standard of living.

Health

The health-care scenario in Afghanistan remains quite dismal. In 1990, the World Bank had recorded a life expectancy of 42.5 years. In 2000, the UN Population Division recorded it at 43.5 years for women and 43 years for men, indicating a negligible gain.

In 2003, infant and maternal mortality rates in Afghanistan were among the highest in the world. According to the 2003 sample survey, infant mortality at 115 per thousand live births and under-five mortality at 172 per thousand live births were among the highest. In the rural areas, one out of five children died before reaching five years of age. Particularly miserable was the maternal mortality rate of 1600 per 100,000 live births. Nine out of 10 births took place without health facilities and family planning was almost non-existent (World Bank 2005:16). Less than 15 per cent of deliveries were attended by the trained health workers (Afghanistan National Human Development Report 2004: 27).

Morbidity rates were also extremely high. About half of children under five years of age were stunted due to chronic malnutrition, and up to 10 per cent were suffering from acute malnutrition. Thirty per cent of children under five years of age were reported to have diarrhoea during the two-week period that preceded the survey and 90 per cent had suffered from severe respiratory disease over the same period. Seventy per cent of children were not receiving timely complementary feeding and 85 per cent of the households were consuming non-iodized salt (Afghanistan National Human Development Report 2004: 27). *National Risk and Vulnerability Assessment* (NRVA) data indicates that on average 30 per cent of households ate below their daily dietary requirement in 2007 (NRVA 2007: 68). However, problem may be more acute as caloric intake is likely to underestimate nutritional requirements. Table 2.2 provides an overview of poor health conditions.

Table: 2.2

Indicators of Health (as per 2003)

Mother and Child Health	
Infant mortality rate per 1,000 live births	115
Under-five mortality per 1,000 live births	172
Maternal mortality ratio per 100,000 live births	1600
Provinces with obstetric care	11 out of 31
Low birth weight	20%
Children under five with malnutrition	10% acute, 50% chronic
Under-five deaths from diarrhea	85,000 per year
Immunisation coverage	Less than 40%
Disease burden	
Death from tuberculosis	15,000 per year (12-13,000 were women)
Cases of measles	35,000 a year
Polio	11 in 2001 (120 cases in 2000)
Malaria	2 to 3 million per year
Mental Health	Over 2 million Afghans were estimated to suffer from mental health problems
Water and Sanitation	
Access to safe water	23% (18% rural, 43% urban)
Access to adequate sanitation	12% (28% rural, 6% urban)

Source: Afghanistan National Human Development Report, 2004, p 27

However, by 2014, health system had improved significantly. In 2014, life expectancy at birth was 60.4 years and infant mortality rate and under-five mortality had come down to 70.2 and 97.3 per thousand live births respectively. Maternal mortality ratio had also improved to 400[3], indicating significant gains on the health front. (UNDP, Human Development Repot 2015).

[3] Maternal mortality ratio is calculated at per 100,000 live births.

Education

Even before the onset of war, Afghanistan's achievements in education sector were limited. The war worsened the situation as schools were either destroyed or neglected and teachers received little or no training. Those who were qualified were also forced out of the country. As a result, an entire generation of Afghan children remained deprived of the educational opportunities. Taliban imposed strict restrictions on women attending schools. By the end of 1990s, only five per cent of girls were going to schools. In 2000, net enrolment figures in Afghanistan were below 30 per cent. In 2003, Literacy rate in Afghanistan was one of the lowest among the developing countries. According to UNICEF/CSO MICS 2003 report, only 28.7 per cent of Afghans over the age of 15 were able to read and write. The primary enrolment ratio was estimated to be about 54.4 per cent, and girls' primary school enrolment was only 40.5 per cent of the total (Afghanistan National Human Development Report 2004: 28). Over the decade there has been only negligible gain in the education sector. In 2013, the percentage of people (aged 15 and above) who were able to read and write was only 31.7 per cent.

Standard of Living

MPI calculates the deprivation in standard of living in key areas of sanitation, access to safe water, access to cooking fuel, electricity, floor area, and assets. The *Afghanistan Human Development Report 2011* calculated that an extremely high level of deprivation was connected with living standards. Particularly, access to safe drinking and sanitation were key drivers of poverty. The level of deprivation linked to the living standards indicators was above 70 per cent and the level of deprivation linked with sanitation was close to 100 per cent (2011: 36).

Impact of War on Economy

Due to the internal coup, external invasion, and persistent civil conflict, economic growth was virtually zero during the 1980s and 1990s. Instead, the country accumulated the negative capital stocks like landmines and arms and ammunitions. Resources were diverted from productive activities to war economy; and payment system, infrastructural

development, and trade suffered badly (World Bank 2005: 2). Factors of production, i.e. manpower, skilled labour, and physical capital were depleted as people joined the conflict or fled away to escape the atrocities. Education system virtually came to a halt, basic infrastructure such as irrigation system and road network was damaged, and the assets were either looted or taken away. Additionally, weakening of the governance and resulting lawlessness provided a safe haven for illegal economic activities (World Bank 2005: 2). The economic dislocation is assessed under the following heads.

Damage to Infrastructure and Loss of Personal Assets

During the conflict years, the direct targeting and the neglect of maintenance took heavy toll on an already not so well developed infrastructure. In almost all critical areas of infrastructure including transport, power, communication, water, and sanitation, Afghanistan ranks even below the Sub-Saharan Africa. In 2003, only 6 per cent of the population had access to power and the electricity consumption per capita at 12 kWh per year was among the lowest in the world. Only 234,000 customers were connected to the public grid, of whom, approximately 30 per cent were in Kabul only. Road infrastructure was also in a bad shape with only 16 per cent of the country's 21,000 km. national road network paved (*Securing Afghanistan's Future,* 2004: 39-49).

Infrastructural deficiencies resulted in increased costs of business. An investment climate survey done by the World Bank in 2005, showed that the firms lost about 18 per cent of their merchandise value because of the power disruptions (*The Investment Climate in Afghanistan* 2005: 17).

Loss of personal assets badly hit the poor population. Examples are the depletion of livestock and agricultural land. The loss of livestock eroded the sole income source for some poor groups. Livestock population declined in the 1980s but had recovered to pre-war levels by the mid-1990s. The drought from 1999-2003 had a deleterious impact. According to a census by the Food and Agricultural Organization (FAO), by 2003, the number of cattle and poultry per family declined to one-third that of the 1995 figure, with number of sheep and goats per family suffering an ever steeper decline as shown in Table 2.3.

Table 2.3

Livestock Population per Family

	1995	**1998**	**2003**
Cattle	3.7	2.5	1.2
Sheep	21.9	14.2	2.9
Goats	9.4	5.8	2.4
Donkeys	1.1	0.7	0.5
Camels	0.4	0.2	0.1
Poultry	11.6	6.8	4.0

Source: World Bank *Afghanistan Poverty, Vulnerability and Social Protection: An Initial Assessment*, 2005

Loss of the Years of Development

Loss of the years of development was equally costly. Afghanistan lost the opportunity to participate in twenty-five years of global development. Pre-war economic performance of the 1970s could not be paralleled until 2003. Drop in horticulture exports (Afghanistan accounted for 60 per cent of international trade in raisins) and grain production are examples of such loss. During the 1970s, fruits and nuts were a major cash crop and accounted for over 40 per cent of the export earnings (McKechnie 2007: 113). However, in 2004, its share was only 30 per cent (Mellor and Usman 2006: 5). Growth in non-opium poppy agricultural output (including all crop and livestock product) slowed down dramatically from 2.2 per cent per annum during the pre-conflict period of 1961-78 to 0.2 per cent per annum during 1978-2001. Cereal production declined at a rate of 2 per cent per annum between 1978 and 2001, as shown in Table 2.4.

Table 2.4

Agricultural Growth Rates (Per cent per annum)

	1961-1978	1978-2001
Agricultural Production Index	2.2	0.2
Cereal production	1.3	-2.0

Source: World Bank Country Study: *Afghanistan-State Building, Sustaining Growth and Reducing Poverty 2005*, p.92

Decline in GDP Growth Rate

In 1976, a year before the war began, Afghanistan's GDP was estimated to be about $ 3.7 billion. Within a period of ten years, it dropped by 20 per cent and was recorded at $ 3.1 billion in 1987. During the early 1990s it remained stagnant, and by 2000, GDP had further declined to a new low of $ 2.7 billion. However, in the post-Taliban period, the economy picked up and by 2002, the GDP rose to approximately $ 4 billion, recording a growth of 25 to 30 per cent.

Sectoral composition of the GDP also got transformed. The contribution of industry to aggregate GDP rapidly declined over the conflict years. Industries were badly damaged and their structure also underwent a transformation. For instance, before the war, the share of food production in aggregate industrial output was only 17 per cent, while that of textiles was 53 per cent. In 1985, the former increased to 53 per cent and the latter fell to 21 per cent (Afghanistan National Human Development Report 2004: 29-32).

Afghan economy also developed some specific characteristics such as informality, dominance of opium economy, and a large subsistence sector.

Dominance of Informal Sector

Though informal transaction was nothing new to the Afghan economy, development of a self-sustaining equilibrium of informality was the construct of conflict. Even in the pre-1978 period, the economy was dominated by informal sector. As compared to large rural

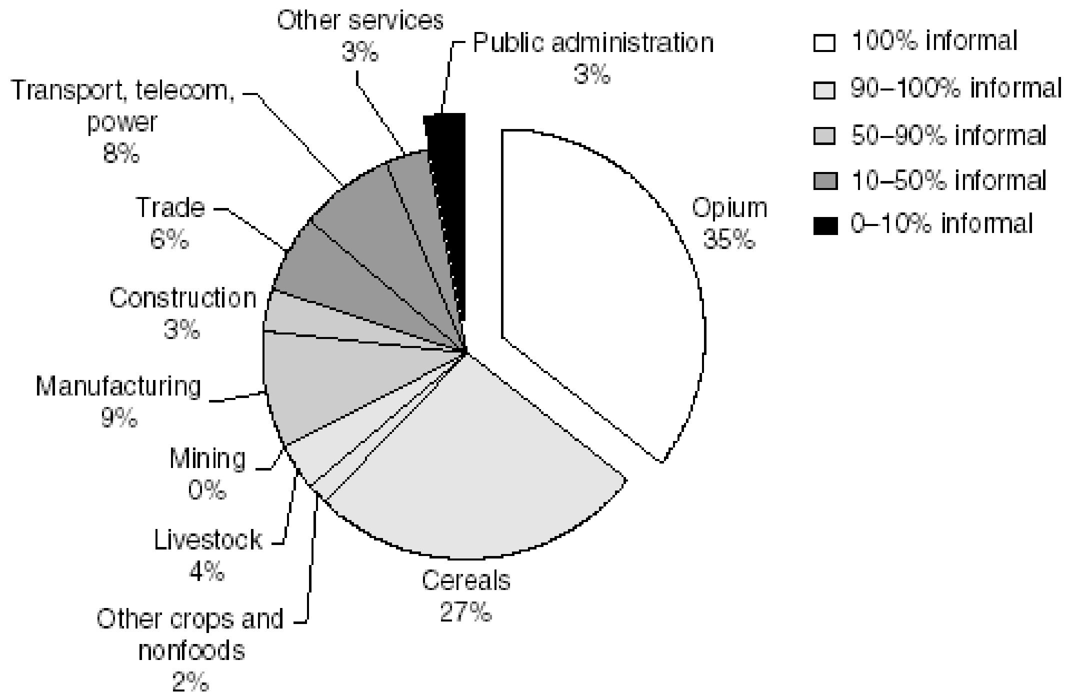
economy (which was informal but linked to the world markets through exports), the formal urban economy was small and yet developing. Since the government largely depended on external resources to fund its development budget, incentive for major domestic taxation was less. After the Soviet occupation, this duality between an externally-supported state-owned formal economy and an informal economy outside government control, increased (World Bank 2005: 10). With the escalation of civil war in the early 1990s, insecurities became all pervasive and the autonomy of local powers increased significantly. As macroeconomic instability increased, role of the state and formal economy diminished and the informal one became the main source of livelihood for Afghans. Local warlords had little incentive to develop the formal economic structure. Instead, they supported and relied on war economy as their military spending had nominal external support.

Even in the post-Taliban period, the government's inability to ensure security prompted the local power-holders to take over this role, resulting in lower government revenues and thereby further impairing the state capacity. The sole concern of the local power-holders remained to ensure their stronghold by strengthening their local militia. Therefore, they lacked any incentive to develop infrastructure and positive investment climate. They rather opted to promote illegal profitable activities like drug industry to finance their armed forces. Armed forces were being used to monopolise the market and thus, a "vicious cycle" was formed (World Bank 2005: 10). As informal activities are not protected by property rights and enforcement of contracts, entrepreneurs tended to diversify their activities to manage risks and channeled their savings towards small and low risk investments or transferred it outside Afghanistan. Such risk management tactics prevented them from exploiting the economies of scale (World Bank 2005: 11). In 2005, some 80 to 90 per cent of economic activities were occurring in informal sector. Only 3 per cent of the GDP and around 350,000 employees were by definition in 'formal' sector.[4] The formal sector also included NGOs which were registered under law but were exempted from taxation (World Bank 2005: 6-7). The percentage of informal economy in different sectors is shown in Figure 2.1.

[4] Being registered or paying taxes to state is supposed to be a sign of formality.

Figure 2.1

The Informal Economy in Different Sectors[5]



Source: *Afghanistan-State Building, Sustaining Growth, and Reducing Poverty* 2005 p. 7

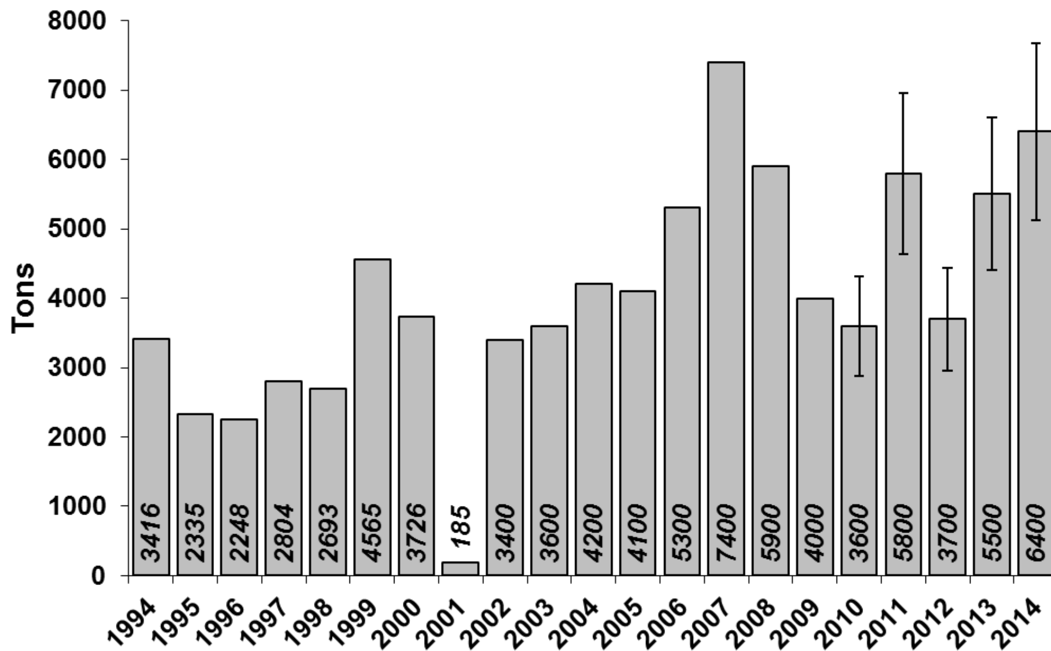
Dominance of Opium Economy

Since the early 1980s, the opium production in Afghanistan has been on rise due to collapse of governance, nexus between drugs and arms suppliers, rural poverty, and comparative advantage of the opium crop. From a mere 200 tons in 1980, its production rose to 1600 tons by 1990. In 1994, the harvest again doubled and reached 3400 tons, and in 1999, under the Taliban regime, it hit an all-time high of 4600 tons. This trend in opium production was reversed in 2000-01 when, in order to woo the international community, Taliban imposed a ban on the poppy-opium cultivation. In 2001, the cultivation was mere 185 tons. But with the ouster of Taliban, cultivation resumed and touched the level of 4100 tons by 2005. Figure 2.2 gives an overview of the trend in poppy opium cultivation.

[5] Note: % figures refer to share of sector in total GDP, shading to very rough estimates of the percentage of informal economy in the sector.

Figure 2.2

Opium Production in Afghanistan 1997-2014 (Tons)



Source: UNODC and UNODC/MCN opium surveys, 1994-2014

As the graph shows, the cultivation has been on rise. Opium continues to be a key contributor to national economy, amounting a third or about 35 to 40 per cent and, is completely in informal sector. The sheer size of opium economy has profound adverse implications for security, politics and state building. It has led to a "vicious cycle" whereby the drug industry financially supports warlords and their militias who in turn undermine the legitimacy of the government. Also the drug industry has caused corruption among the government officials who get benefited from illicit drug production and trade (World Bank 2005: 119).

Trade-deficit

Afghanistan experienced a negative turnaround in international trade during conflict years as its share of import continued to surge as compared to its exports. In 1977, imports

constituted mere 52 per cent of total trade volume, by 1985, it had increased to 72 per cent, and in 2002, it stood at over 94 per cent (Maley, 2006: 33). Even afterwards, the economy continued to face a burgeoning trade deficit. Its imports in 2004/05 accounted for US$ 3.8 billion or 64 per cent of the non-drug GDP; non-drug exports amounted to 1.65 billion, representing a trade deficit of $ 2.68 billion or 45 per cent of the GDP (I-ANDS 2006:45). However, trade deficit declined below 40 per cent of GDP in 2011 (AISA 2012: 6). This deficit is covered by donor assistance, the operational expenditures of foreign entities in Afghanistan, remittances, and narcotics export. In the long run, the overvalued economy and limited opportunities for import substitution are likely to hinder the prospects of bridging this gap.

Notwithstanding these challenges, Afghan economy grew impressively since 2003. The average growth rate over the period 2003-2011 was 11.2 per cent. Another achievement has been the macroeconomic stability. A currency reform was undertaken successfully between October 2002 and January 2003. Despite tight monetary policy, inflation has been in double digit for most of the post-Taliban period. For the period 2003-2011, inflation rate was 11.3 per cent (AISA 2012: 2). On the positive side, inflation dropped from 10.2 per cent in 2011 to 6.4 per cent in 2012 and has been declining further (AISA, *Afghanistan: Key Economic Indicators*: 2013). Under the no-overdraft policy, the government has been refraining from printing currency to finance its deficit. Successive governments have been able to mobilise domestic revenues. Although, domestic revenue doubled as percentage of the GDP between 2003 and 2011, the fiscal position remains fragile and domestic revenues cover merely half of the total expenditures. In 2011-12 merely 48 per cent of total budget was covered by domestic revenues. The remaining deficit is being pooled by donors in the form of budget support (AISA 2012: 7). Table 2.5 gives an overview of key economic indicators in the immediate post-conflict phase and Table 2.5.1 indicates the economic performance from 2003 onwards.

Table 2.5

Key Economic Indicators

	1975	**2002**	**2003**
Official GDP ($ billion)	2.4	4.0	4.6
Opium GDP (US$ billion)	_	2.5	2.3
Total GDP ($ billion)	2.4	6.5	6.9
Official annual Growth (%)	3.0	29	16
Total annual growth (%)	3.0	102	5
Population (million)	14.0	21.8	22.2
Official GDP per capita ($)	169	186	207
Total GDP per capita ($)	169	300	310
Inflation (%) (+)	6.6	52.3	10.5
Exchange rate (% increase) (+)	..	52.2	(3.6)
Domestic currency in circulation (growth %)	..	20.1	40.9
Gross foreign exchange reserves (US$ million)	..	426	730.6
Current account (% GDP) (*)	(2.7)	(2.1)	(0.9)
Domestic revenues (% official GDP)	11.2	3.3	4.3
Ordinary expenditures (% official GDP)	9.1	8.6	9.7
Development exp. (% official GDP) (-)	6.1	13.4	31.6

(+) March to March
(*) Excludes opiate exports; 1978 instead of 1975
(-) Estimate for 2003/2004
2002 refers to Afghanistan's solar year 1381, from March to March

Source: *Afghanistan-State Building, Sustaining Growth and Reducing Poverty,* 2005

Table 2.5.1 Economic indicators (2003-2011)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Output	*(in percent, unless otherwise indicated)*								
Real GDP growth	15.1	9.4	16.4	8.2	14.2	3.4	20.4	8.4	*5.7*
Nominal GDP (million US$) [b]	4,766	5,704	6,815	7,722	9,777	11,940	14,214	17,243	*20,054*
GDP per capita (current US$) [b]	169	196	228	251	307	367	425	501	*542*
Prices	*(in percent)*								
CPI Inflation (period average) [a]	24.1	12.9	12.3	5.2	12.9	26.8	-12.2	8.9	*10.6*
CPI Inflation (end of period) [a]	10.3	14.9	9.5	4.8	20.7	3.2	-5.1	15.9	*9.1*
Core inflation (excl. cereals & energy) [a]			11.8	6.7	5.1	10.2	3.1	8.8	*12.1*
Fiscal sector	*(in percent of GDP)*								
Domestic revenues	4.7	5.0	6.4	7.5	7.7	7.8	10.3	11.0	*11.5*
Foreign grants	6.7	9.0	11.2	10.2	12.3	9.8	10.2	11.0	*12.2*
Expenditures	14.5	15.3	16.6	19.6	22.0	21.7	22.1	21.1	*23.8*
Overall balance (incl. grants)	-3.1	-1.4	1.0	-2.9	-2.0	-4.1	-1.6	0.9	*0*
Overall balance (excl. grants)	-9.8	-10.4	-10.2	-13.1	-14.3	-13.9	-11.8	-10.1	*-12.2*
External sector	*(in percent of GDP)*								
Exports of goods	39.7	28.8	26.3	23.5	18.8	20.6	17.7	16.4	*14.5*
Imports of goods	91.9	89.2	90.0	87.3	80.2	74.9	62.4	53.0	*45.7*
Trade balance	-52.2	-60.4	-63.6	-63.9	-61.4	-54.3	-44.7	-36.6	*-31.2*
Current account balance	-10.0	-4.4	-2.8	-5.6	1.3	0.9	-2.8	1.7	*0.1*
FDI	1.3	3.1	4.2	3.1	2.8	2.9	2.4	2.1	*2.1*
External debt			184.2	169.6	23.0	19.7	9.2	8.0	*7.9*
	(in percent, unless otherwise indicated)								
Commercial lending interest rate [a]				18.0	15.0	15.0	15.0	15.0	*15.0*
Exchange rate (Af. per USD) [a]	49.0	47.8	49.6	49.9	49.8	51.0	49.3	45.8	*47.9*
REER (percentage change) [e]	-11.3	10.1	3.2	-0.2	5.5	21.6	-12.0	9.3	
Unemployment [c]					7.0				
Employment rate (% of working-age pop.) [c]					61.9				
Poverty headcount rate [c]					36.0				
Poverty gap ratio [c]					7.9				
GINI Index [c]					29.0				
Ratio R/P 20% [c]					4.3				
Human Development Index [d]			0.340	0.354	0.363	0.370	0.387	0.394	0.398

Sources: AISA, *Essential Facts on Economic Performance and Investment in Afghanistan*, p.4

Notes: Values in italics indicate estimates by their respective sources; Underlined values indicate estimates by AISA; Exports are non-drug figures; Trade statistics include both official records of and smuggled trade; R/P 20% refers to the ratio of average income of the richest 20% to the poorest 20% (calculation based on NRVA data); REER (Real effective exchange rate) is calculated using Afghani's exchange rate vis-à-vis the most widely exchanged currencies in Kabul's money bazaar (i.e. US Dollar, Pakistani Rupee, Indian Rupee, Euro and Iranian Ryal). The weights used for these currencies are based on the average share of their respective countries' trade (based on UNCTAD statistics) with Afghanistan over the period 2002-2009: US$ (49%), Pak Rs. (24.5%), Indian Rs. (12.6%), Euro (11.7%) and Iranian Ryal (2.2%). The weight for US$ is obtained as a residual after deducting the trade share of the four latter countries -- it is the average share of the Rest of the World; financial year starts on March 21

However, this recovery remains inherently fragile and is based on international assistance. In the immediate post-Taliban years, some specific factors, including the end of a three year drought, boom in reconstruction sector, high rates of foreign assistance, and overflow from the illegal drug economy to legal economy, were responsible for the high growth rate (McKechnie 2007: 101). However, after the withdrawal of the US and the ISAF forces in 2014, the economic growth has slowed down significantly as the country is no longer receiving the money from jobs and contracts connected to foreign troop presence. In 2014, economic growth plunged to 1.3 per cent from a robust average of 6.9 per cent during 2007 to 2012. Simultaneously, the unemployment rate soared to 40 per cent in 2014, a staggering five-fold increase from an average of 8.4 per cent during 2006-2013 (The Diplomat, August 26, 2016). The long-term sustainability of economic growth is highly dependent on the level of foreign assistance.

As the above discussion indicates, the economic and social fabric in Afghanistan remains devastated due to the civil war and the US assault after the 9/11. The donor assistance helped little to overcome the economic and institutional breakdown of more than 30 years. Further, the withdrawal of bulk of international troops by 2014 has adversely affected economic progress and development.

Maoist Insurgency in Nepal

Nepal has experienced almost ten years of internal conflict. Conflict in Nepal started in 1996, (only six years after the introduction of multi-party democracy) when the Communist Party of Nepal (Maoist) launched 'People's War' in hill districts of Rolpa and Rukum in

the western region of the country. It started as a movement of relatively small groups of young people from the middle and lower middle classes against failure of successive governments to bring genuine democracy and broad-based development (Shakya 2009: 7).

Contrary to Afghanistan, the conflict in Nepal was not an outcome of the intervention and desertion by the super-powers. Nor had it any ethnic dimension like Sri Lanka. It is largely a byproduct of the process of state formation itself characterised by centralisation of power and disconnect between the state and society. The unrepresentative nature of the state gradually alienated the citizens. Notwithstanding this disconnect, the state could retain its sway over a long period of time through a constructed Hindu identity designed to subsume regional and ethnic differences. It had a complex connection with cultural legitimacy of the existing social order. This imposed Hindu identity could not survive in face of the mass movement in 1990 and the absolute Hindu Monarchical system had to give way to democratic institutions. However, the democratic experiment in Nepal has been quite shaky and fragmented. Over the next fourteen years, the country witnessed three parliamentary elections and thirteen governments. Thus, the constitutional alternative could not fill in the ideological vacuum created by the demise of Hindu monarchy, leading to insurgency and rebellion (Riaz and Basu 2007: 2-4).

Conflict in Nepal has been more of a left-leaning political movement born out of socio-economic disparities. The very first leaflet by the Communist Party of Nepal in April 1949 declared that Nepal should establish 'a new democracy' as in China, if necessary through armed struggle, so as to create a People's Republic (Karki and Seddon, 2003: 6). Right after the failure of Jhapa uprising in 1971, the Nepal Communist Party (Marxist-Leninist) had started an underground programme to educate and organise the village masses and students around the idea of a distinctive 'Nepali Road to socialism'. During the late 1980s, all communist parties were involved in mass mobilisation against political status quo and party-less Panchayat system (Karki and Seddon, 2003: 13-14). In 1995, at the 3rd plenum of its Central Committee, the radical left fraction, Communist Party of Nepal (Maoists), adopted the 'strategy and tactics of armed struggle in Nepal'. The document stated that the conscious peasant class struggle developed in the western hill districts, particularly in Rolpa and Rukum, represented the high level of anti-feudal and anti-

imperialist revolutionary struggle. It reiterated its eternal commitment to Mao's theory of 'People's War' as the 'universal and invincible theory' (Karki and Seddon, 2003: 18).

Launching of the People's War from mid-western hills also amply confirms the proletarian character of the conflict. The economy and society of the region was disconnected from the urban centers and was entirely dependent on small scale pre-dominantly rain-fed farming. Local inequalities and class divisions were sharp and discrimination was intense among Brahmin-Chetris-Dalit caste communities (against untouchables/Dalits and women) and also among Brahmin-Chetris and the distinctive ethnic Magars of the region. Resentments also brew over the long-term involvement of the US 'development aid', particularly over Rapti project which despite considerable hope for development of the region, completely failed to transform the lives of the ordinary people (Karki and Seddon 2003: 19).

Particularly during 1994-95, following their rejection of parliamentary politics, Maoists' supporters were subjected to severe harassment and ruthless repression under operation *Romeo*. It strengthened their commitment to 'People's War' (Karki and Seddon 2003: 20-21). Disillusioned with the Nepali Congress government of Sher Bahadur Deuba, finally, on February 13th 1996, the Communist Party of Nepal (Maoists) formally declared a People's War. The CPN (Maoists) exhorted the people of Nepal to "march along the path of the People's War to smash the reactionary state and establish a new democratic state". The stated objectives of revolutionary war were to overthrow the bureaucratic-capitalist class and state system, to uproot semi-feudalism, and to drive out imperialism so as to establish a new democratic republic and a socialist society. The CPN adopted the strategy and tactics of a 'protracted people's war', to establish base in rural and remote areas, so as to eventually surround urban areas and seize state power (Karki and Seddon, 2003: 22). Started by a group of less than a dozen people, within a few years, it grew to an army of four thousand fighters engulfing two-thirds of the rural areas (Riaz and Basu 2004: 4).

The conflict escalated to a new high following declaration of the state of emergency by the Government of Nepal in November 2001. After extensive deployment of the Royal Nepal Army (RNA) and larger scale Maoist reprisals, unrest spread to almost 75 districts

causing widespread dislocations (Parwez 2006: 1). Violence was used as a means of intimidation by both the Maoists and the Royal Nepal Army.

Since 1996, the conflict claimed more than 13000 lives and thousands of families were displaced (Shakya 2009: 7). Infrastructure worth billions of rupees was destroyed and an environment of fear and mistrust prevailed (Upreti 2002: 8). Impact of conflict is assessed under the following heads:

Economic Reversals during War Years

During 1990-2001, Nepal's aggregate GDP grew at the rate of 5.3 per cent per annum and per capita income increased by more than 2.5 per cent as economy responded to macro-economic stability, liberalisation, and decline in population growth rate (Pradhan, 2009: 116). With the escalation of conflict, economy suffered badly due to direct damage of physical infrastructure, business losses due to strike, sanctions and regulations in rebel-controlled areas, reduction in tourist arrival, displacement of productive workforce, centralisation of projects, decline in foreign investment, and closure of the industries. In 2002, negative growth was recorded for the first time in nineteen years. Slowdown in revenue generation and a sharp increase in security expenditure caused an unprecedented budget crisis. The shortfall in revenue along with difficulties in implementation of development programmes in conflict-hit areas caused reduction in development spending by about 20 per cent. As budget crisis deepened in 2003, development spending, in real terms, touched a ten year low (Pradhan, 2009: 116). According to one estimate, the economic costs of the conflict vary from 8 to 10 per cent of the GDP (Karki & Bhattarai, 2004: 133).

Macroeconomic Effects

At the beginning of insurgency in 1996, security spending was about 0.9 per cent of the GDP. In 2006, it had soared to 2.5 per cent. As security expenses grew by over 300 per cent between 2000 and 2006, corresponding percentage of defense expenditure as a share of GDP also increased. In 2002, spending on security increased 32 per cent. In a budget of US$ 788 million, defense sector had a share of US$ 170 million. In 2006, security spending

increased by 10 per cent to about US $ 280 million (Pradhan, 2009: 119). For a poor country like Nepal where one-third of the total budget outlay is funded by the donors, such disproportionate high security spending left fewer funds for development activities. Table 2.6 presents this scenario.

Table 2.6

Comparative Expenditure in Nepal during 1996-2004

(Million Rupees[6]/Year)

Fiscal Year	Total	Royal Nepal Army	Police	Palace	General	Development
1996-97	57566 (100)	2425 (4.21)	2235 (3.88)	70 (0.12)	24984 (43.40)	32581 (56.60)
1997-98	62022 (100)	2629 (4.24)	2521 (4.06)	73 (0.12)	27983 (45.12)	34039 (54.88)
1998-99	69693 (100)	3028 (4.34)	2922 (4.19)	83 (0.12)	31952 (45.85)	37741 (54.15)
1999-00	77238 (100)	3511 (4.55)	3324 (4.30)	88 (0.11)	35686 (45.81)	41852 (54.19)
2000-01	91621 (100)	3897 (4.25)	5271 (5.75)	93 (0.10)	43513 (47.50)	48108 (52.50)
2001-02	99792 (100)	4521 (4.53)	5795 (5.81)	116 (0.12)	49322 (49.42)	50470 (50.58)
2002-03	96125 (100)	7228 (7.52)	6304 (6.56)	388 (0.40)	57445 (59.76)	38680 (40.24)
2003-04	102400 (100)	7179 (7.02)	6279 (6.13)	329 (0.32)	60555 (59.14)	41845 (40.86)

Source: Pokharel (2004) as cited in Upreti (2006) p.5

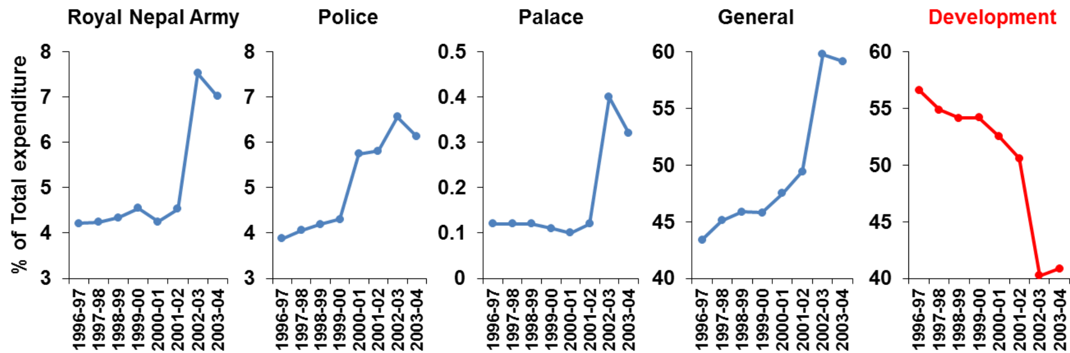
(Numbers in parenthesis are percentage of total budget)

The table demonstrates that administrative expenditure increased from 43.40 per cent in 1996-97 to 59.14 per cent in 2003-2004. Similarly, the development spending decreased drastically from 56.60 per cent to 40.86 per cent for the same period (Upreti, 2006: 5). Figure 2.3 shows this trend.

[6] Rupee in the context of Nepal means Nepali Rs.

Figure 2.3

Comparative Expenditure in Nepal during 1996-2004



Source: Analysed from data provided by Pokharel (2004) cited in Upreti (2006) p.5

Such higher defense spending was to be offset by adjustments in private saving, investment, balance of payments, taxes, or non-security expenditure. From 1990 to 1996, defense spending increased by about 67 per cent and over a period of 1996-2006, it increased by 215 per cent. While investment increased by 50 per cent from 1990 to 1996, it declined by more than 8 per cent between 1996 and 1999 and increased by 7 per cent between 1996 and 2006. Trade volume increased by 84 per cent from 1990 to 1996, but fell by 16 per cent during 1996-2006. Thus, there was significant increase in defense budget and a corresponding decline in real investment (Pradhan, 2009: 120).

The opportunity cost of soaring defense budget was huge as the government diverted the lion's share of its budget to security at the cost of development allocations. A study has calculated the opportunity cost of conflict in terms of lost output during 1996-2006 at about 22 billion rupees or $ 315 million, constituting 3 per cent of 2007 GDP (Pradhan, 2009: 122).

Insurgency also affected the decisions of aid community at large. As the conflict progressed, key bilateral and multilateral donors who were earlier focused on development, diverted their funds towards the issues arising out of conflict. Thus, attention got shifted

from structural causes and long term solutions of poverty, social inequality, and political corruption (Seddon, 2002, in Thapa and Sijapati, 2003: 148).

Destruction of Infrastructure

To derail the economy, the Maoists targeted the infrastructure of major industries. Especially foreign investment and joint venture companies in manufacturing sector such as Coca Cola bottling plant, Colgate-Palmolive, Nepal Lever, and Surya Tobacco were targeted as symbols of capitalism and imperialism (Thapa & Sijapati, 2003: 142). According to some unofficial estimates, the total toll on infrastructure after the first six months of the break-down of the cease fire (November 2001-May 2002) might have surpassed Rs 2 billion (Yogi, 2002). As early as in May 2002, the state-owned insurance company *Rastriya Beema Sansthan* alone had received claims amounting to almost Rs. 380 million. The asset loss to major claimants is shown in Table 2.7.

Table 2.7

Loss of Assets to Major Claimants

(Nepali Rs.)

Claimant	**Claim**
Nepal Rastra Bank	80 million
Agriculture Development bank	20 million
Nepal Bank Ltd.	70 million
Nepal Telecommunication Corporation	80 million
Jhimruk Hydropower Plant	100 million
Shah Distillery	30 million
Total	**380 million**

Source: New Business Age, May 2002

The Asian Development bank estimated that physical infrastructure worth US $ 129.6 million was damaged during the entire conflict period (ADB 2009: 31).

Even more significant and largely un-assessed impact of insurgency was the cost of delay in completion of infrastructural projects due to Maoist attacks. For example, because of prevailing insecurities, the UK Department for International Development (DFID) withdrew its *Rural Access Programme*. Similarly, requisitioning of food stocks by Maoists disrupted the World Food Programme's food for work schemes. These schemes were tied to a wide range of infrastructural development projects such as road construction, repair and maintenance, and irrigation (Thapa & Sijapati, 2003: 143).

Maoists also targeted the rural branches of the government-owned Agricultural Development Bank and destroyed its loan records in name of liberating the poor villagers from their loan commitments. They also destroyed more than a third of the country's 3913 Village Development Committee (VDC) offices as a symbol of attack on gross root democracy. In monetary terms, this loss has been estimated at Rs. 240 million and, according to the Ministry of Local Development, a minimum of about Rs. 400 million was required to rebuild the demolished VCD offices (Thapa & Sijapati, 2003: 143). In many parts of the country, police stations were torched, telephone towers were destroyed, drinking water-pipes were cut, and many bridges and roads were bombed and blown off. Maoist rebels also damaged the suspension bridge across the rivers to obstruct supplies and hinder the search operations by the security forces (Shakya 2009: 41).

During the entire period of insurgency, spending in agriculture sector stagnated. It declined by 58 per cent in real terms as a share of total government expenditure. Expenditures on electricity, gas and water contracted by 32 per cent and declined by 58 per cent as a share of total development expenditure. Only transport and communications sector had an increase in funding. Due to reduced Government funding, private foreign investment requirements in key infrastructure segments rose significantly. However, due to prevailing insecurity, private foreign investment as a share of GDP grew only by 0.3 per cent in aggregate between 1990 and 2003 (ADB 2009: 32).

Impact on Tourism

Tourism industry, one of the key contributors to Nepal economy, was badly affected by the Maoist insurgency. Table 2.8 shows the impact of People's War on tourism.

Table 2.8

Tourism Statistics Reflecting Impact of Armed Conflict

Year	Number of international tourist arrivals	% Change from previous year	Average length of stay	% Change from previous year	Revenue generated from tourism (in US$ million)	% Change from previous year
1995	363,395	-	11.27		116.8	
1996	393,613	8.3	13.50	1.98	116.6	**-1.71**
1997	421 ,857	7.2	10.49	**-2.23**	115.9	**-6.00**
1998	463,684	9.9	10.76	2.57	152.5	31.58
1999	491,504	6.0	12.28	1.41	168.1	10.23
2000	463,646	**-5.7**	11.88	**-3.26**	166.8	**-7.73**
2001	361,237	**-22.1**	11.93	4.20	140.3	**- 1.59**
2002	275,468	**-23.7**	7.92	**-3.36**	106.8	**-2.39**
2003	338.132	22.7	9.60	2.12	192.8	8.0
2004	385297	13.9	13.51	4.07	179.9	**-6.7**
2005	375.398	**-2.6**	9.09	**- 3.27**	148.4	**-1.7**
2006	383.926	2.3	10.20	**- 1.22**	162.8	9.7
2007	526,705	37.3	11.96	1.72	230.6	**-4.2**
2008	500,277	**-5.0**	11.78	-0.02	351.9	52.60
2009	509,956	1.89	1 1.32	**-3.90**	372.30	5.48

Source: Ministry of Tourism and Civil Aviation, Nepal 2009, in Upadhayaya (2011), p. 28-29

As shown in Table, the first four years of insurgency did not affect the tourism sector much. Decline in tourist arrivals was mainly recorded in 2000, 2001, 2002, and 2005. Following the royal massacre of 2001 and takeover of power by king Gyanendra, there was a sharp decline in tourist arrival. Instead of initiating dialogue with the rebels, King Gyanendra relied on military solutions. The Maoists retaliated by targeting the government security apparatus. At the same time, Bush administration's policy of 'war on terror' 'created a

paradigm shift in global security environment. US perceived the Maoist-led revolution to be an integral part of the global web of terror and accordingly, supported Nepal with a US $ 20 million military aid. In response, Maoists targeted the US tourists. As a result, tourist arrival from the US and other Western countries got drastically reduced (Upadhayaya et al 2011: 26).

Although the rebels did not target the nationals other than those from the US, they made a number of selective attacks on hotels and other facilities owned or patronised by Shah and Rana royal dynasties. Despite such reprisals, Nepal remained a relatively safe destination for tourists during the whole decade of insurgency and there was not even a single tourist fatality. But negative travel advisories issued by embassies and diplomatic missions in Nepal and abroad led to a drastic deterioration in the image of Nepal (Upadhayaya et al 2011: 30-31).

Ever since the hijack of the *Indian Airlines* plane in December 1999, tourism sector was in bad shape but it was the renewal of fighting in November 2001 which had the most crushing impact. Tourist arrivals were down by 17 per cent in 2001 and decreased further by 28 per cent in 2002. This was a substantial loss given the fact that even as late as in 2000, tourism fetched more than $ 160 million a year and provided employment to more than 200,000 people. To further aggravate the situation, the downturn in tourism put pressure on banking sector as loans to hotels and other tourist facilities could not be redeemed. The decline in tourism was reflected in negative growth rate of about -7 per cent for the fiscal year 2001-02 in trade, restaurants, and hotels (ADB Annual report *Nepal 2001, 2002* and Economic Intelligence Unit, *Country Report: Nepal 2003*, in Thapa & Sijapati, 2003: 143).

The drop in tourist arrival caused stiff competition among the service providers and hotel rates had to be lowered. Five hotels in Kathmandu, ten in Pokhara, and twenty one in Chitwan were closed due to shrinking number of tourists. None of the Kathmandu hotels could be reopened and three of them were ultimately converted to departmental stores. The ceasefire between the rebels and the government for a period of seven months in 2003-2004, spurred growth in tourist arrival. However, the year 2005 witnessed a sharp decline

in the same due to declaration of the state of emergency and curfews enforced by king Gyanendra. The other mainstream political parties like the Nepali Congress, the Communist Party of Nepal (UML), and Nepal Sadbhabana Party also resorted to strategies of closure, strikes, and street vandalism. The intense media coverage of such events contributed to unattractiveness of Nepal as a tourist destination (Upadhayaya et al. 2011: 29).

The civil war also led to deterioration in other key economic indicators such as domestic savings, total national savings, and investment rates. By 2006, domestic savings rate had dropped to about 52 per cent of the 2000 level. The sharp decline was experienced as people in general lost confidence in the economy. The wealthy shifted their savings to the banks in neighbouring Indian states. Conflict induced instability had also negatively affected the inflow of foreign direct investment. Prior to the onset of the conflict, FDI was on rise and had nearly tripled between 1995 and 1997. However, it started to decline thereafter. The aggregate FDI flow during 2000-2007 amounted to only about $ 12 million, which was roughly half of the FDI inflows of $ 23 million in 1997 alone (ADB 2009: 47). Table 2.9 provides a general estimate of economic cost of the insurgency.

Table 2.9

Economic Cost of the Conflict (1996-2004)

Expenditures/Loss	**Cost (NRS)**
Direct Cost	
Direct expenditure on security (Govt.)	39.63 billon (10 %of GDP at factor cost)
Maoist Army's Expense	1.94-2.13 billon
Damage on physical infrastructure and banks	25 billion
Sub total	66.63 billion
Indirect Cost	
Loss in Business due to strike and banda (closure)	1 billion
Loss due to decrease in number of tourist inflow	11.05 billion
Impact on the income due to damage in human resources	14.04 billion
Loss in income due to displacement	8 billion
Loss due to diverting of development expenditure for defence	12.30 billion
Impact on the direct foreign investment	6.05 billion
Sub total	52.44 billion
Total	**119.07 billion**

Source: Rana and Sharma (2004), in Upreti 2006 p. 6

The combined effect of all the above mentioned economic setbacks was experienced in terms of slowdown in annual average growth rate of the real GDP. During 2001-2006, it grew at a rate of just 2.9 per cent (ADB 2009: 6). However, after the signing of Comprehensive Peace Agreement in 2006, the economy improved with the GDP registering an impressive 5.6 per cent growth in Fiscal Year 200-/08 as compared to 3.0 per cent in the previous year ((ADB 2009: 6). However, the recovery remained fragile due to grim achievement on political front.

Impact of Conflict on Food Security

Nepal, which was categorised by the FAO as a low food-secure country i.e. even at best of the times livelihood of the majority of the rural population is at risk, the intensification of conflict worsened the situation. Farm production declined due to insecurity, diminished access to land and other farm inputs (labour, fertilizer, manure etc.), internal displacement, and involuntary migration. It compromised livelihoods of rural producers, consumers and middlemen. Even the government distribution of food through public and parastatal organisations was adversely affected. The net effect was a general decline in food availability.

Human Costs of Conflict

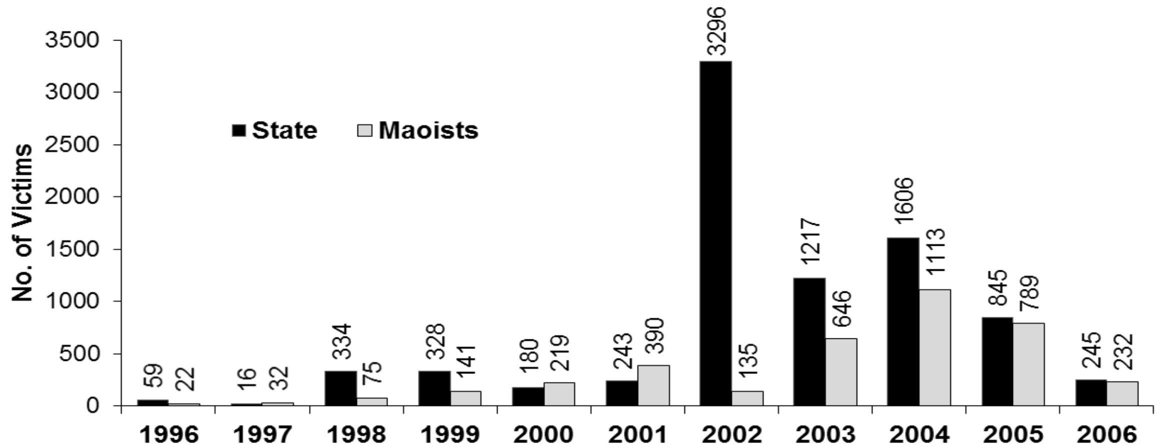
Deaths

Since 1996, approximately 13000 people lost their lives (INSEC, 2006). As shown in figure 2.4, with the shift in the nature of conflict from low intensity (1996-97) to one of medium intensity (1998-2001) and then, to one of high intensity (2002-2004), the number of those killed also soared. Even in 2003, when cease-fire was in place, death toll of 1,981 was recorded (Seddon, 2005:20). Most shockingly, the number of those killed at the hands of state security forces almost doubled to those killed by Maoists. Out of total 13347 deaths recorded between February 1996 and December 2006, the number of those killed by Maoists stood at 4970, while 8377 people were killed by state security forces (INSEC).

Figure 2.4

Number of Victims Killed by the State and the Maoists

(13 February 1996 - 8 October 2006)



Source: HRD data, INSEC, www.inseconline.org

In early phase of conflict, there was widespread perception that Dalits and certain other ethnic minorities were largely targeted by the security forces. However, later it became clear that those killed, came from all ethnic groups and castes. The majority of those killed were adults but as many as 260 children (those below 18 years) were also the victims.

Table 2.10

No. of Children Killed by the State and Maoists

(Fab. 13, 1996-Oct 8, 2006)

Age	By State			By Maoists		
	Male	Female	Total	Male	Female	Total
-15 years	59	24	83	125	38	163
16-17 years	59	33	92	6	3	9
Total	118	57	175	131	41	172

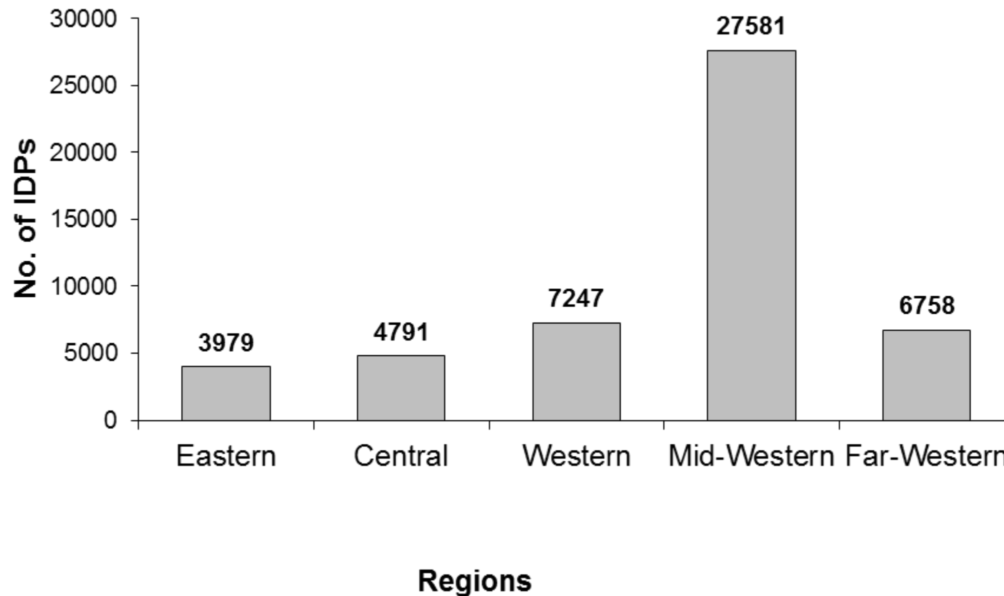
Source: INSEC, various years.

Internal Displacement and Involuntary Migration

According to data provided by INSEC's Human Rights Documentation and Dissemination Centre (DDC), by the end of 2004, 50,367 persons were internally displaced across 70 districts. Global IDP Project of Norwegian Refugee Council estimated the numbers at approximately 100,000 to 200,000 for the same period (INSEC, 2005). Though in the case of Nepal it is difficult to distinguish the seasonal labour migrants from those fleeing their homes, the forced migration of the landed people due to Maoist threat led to shrinkage of employment opportunities for the labour. It induced mass exodus. According to reports of the INSEC Human Rights Yearbook (2003), in 2002, some 17,564 people were compelled to leave their homes across the country. Since many of those displaced were substantial landowners, their absence induced the movement of local labour, leading to secondary migration (Seddon & Adhikari, 2003: 4). A substantial number of the IDPs migrated to India. According to the estimates of Indian Embassy, roughly 120,000 displaced Nepalis crossed to India in January 2003 alone (ICG, 2003).

Figure 2.5

Conflict-induced Displacement in Nepal (till 2004)



Source: Human Rights Yearbook, 2005, INSEC

Human Rights Violations

After the breakdown of the cease-fire in November 2001, Nepal experienced an unprecedented level of political violence and human rights violations. Under the state of emergency, the state authorities were engaged in arbitrary arrest and detention, torture and other inhumane and degrading treatment, abductions and "disappearances" as well as extra-judicial killings. Likewise, the Maoists also resorted to kidnapping and detention, torture, use of people as human shields, forced recruitment of children, killings etc. Table 2.11 shows that while the state was responsible for abduction of a total of 264 people, the Maoists held 934 persons. But alarmingly, 84 people disappeared in custody of the Maoists, while the state was responsible for the disappearance of 170 people. Whereas the Maoists released 850 people they had in custody, the state released only ninety four.

Table 2.11

Number of Abductions/Arrests Connected with Insurgency (1996-2003)

	By State			By Maoists		
	Male	Female	Total	Male	Female	Total
Number of Abductions/Arrests:	221	43	264	893	41	934
Released:	76	18	94	818	32	850
Disappearances:	145	25	170	75	9	84

Source: INSEC 2003

On the pretext of counter-insurgency operations, state authorities resorted to large-scale illegal detention and abduction. The use of 'disappearances' as an instrument of counter-insurgency operation first emerged during the large scale police operations in 1998 and 1999, during which the Amnesty International recorded 56 'disappearances'. Following the declaration of the state of emergency and deployment of the RNA in November 2001, reports of 'disappearances' increased significantly. During the state of emergency (26 November 2001 to 28 August 2002), the Amnesty International recorded over 100 cases of 'disappearance'. It was after the collapse of cease-fire in August 2003 that the most dramatic increase in the cases of disappearances was recorded. Of the total 622 cases of "disappearances" recorded by the Amnesty International since 1998, 378 of

these occurred after 27 August 2003 while the NHRC received reports of 707 cases of ‘disappearance’ in the same period (Amnesty International, 2004: 4). The Amnesty International recorded 622 cases of disappearances since 1998, while INSEC recorded 1264 “disappearance” since the conflict began in 1996 (Amnesty International, 2004: 3). Of the total disappearances documented by the Amnesty International, over half occurred after breakdown of the ceasefire in August 2003.

Both the Maoists and security forces recruited child soldiers. Throughout the period of conflict, some 213 children were arrested and 15,521 children were abducted (ILO, 2006: 8). Over 1200 children were direct victims of the conflict. Among those victimised, 361 (256 boys and 105 girls) died while around 314 (208 boys, 99 girls with 7 unknown) children were injured. In 2004 alone, a total of 88 children (67 boys and 21 girls) were killed and 169 children (118 boys, 43 girls and 7 unknown) were injured; around 14,920 children were abducted and 120 children were arrested (ILO, 2006: 8).

Effects on Household, Families and Local Communities

The climate of extreme fear and uncertainty led to the disruption of effective functioning of the households, family ties and community bonds. The kin networks and neighbourhood relationships that bound communities disintegrated due to fear, mistrust, and loss of self-confidence. There was widespread fear that the helping hand would be suspected of having links with those already targeted. In such a climate, victims of violence were often neglected (Seddon 2005: 23). Conflict also caused a significant surge in the number of female-headed households across the country due to increased rural male emigration. This resulted in female-dominated agriculture and household. Though it empowered women folk, often single women were subjected to physical abuse and torture by the Maoists and security forces.

Though the conflict in Nepal is over, political instability remains a threat to the resumption of investment and growth. An indication of persisting instability is the frequent occurrence of strikes. Between November 2007 and January 2009, Nepal experienced 274 strikes and road blocks. Nepal’s percentile rank in the Worldwide Governance Indicators in 2007 remained unchanged from the 2006 level at 2.9, slight improvement from its rank

of 1.4 in 2005 (ADB, 2009: 48). With dissolution of the Constituent Assembly in 2012, Nepal's political crisis further worsened. However, the political parties were successful in promulgating a new constitution in September 2015.

Even after the adoption of a new constitution, recovery remains highly contingent upon political stability. Solution to Madhesi demands, demarcation of federal boundaries, and constitutional amendment to secure the rights of ethnic minorities are some of the issues which, if unresolved, will remain a challenge to post-conflict rebuilding.

Ethnic Conflict in Sri Lanka

Sri Lanka has been wrecked by conflict for more than 25 years and was once termed the "killing field of Asia" owing to the degree of violence and casualties. Sri Lanka is a multi-ethnic country with almost 73.9 per cent of the Sinhalese population and 17.8 per cent of Tamil minority. Though the ethnic tensions in Sri Lanka surfaced soon after independence in 1948, it further intensified as the two major political parties, the United National Party (UNP) and the Sri Lanka Freedom Party (SLFP), competed for 'ethnic outbidding' as each claimed to be the true representative of the majority. Nissan and Stirrat (1990: 19-44) argue that Sinhala-Tamil conflict is a product of modern politics. In the colonial period, the conflict between different ethnic groups was markedly different from the post-colonial conflict as it was largely aligned along religious lines. The first modern evidence of ethnic conflict along the linguistic lines surfaced when the discriminatory *Sinhala Only Act* of 1956 was enacted. The SLFP government replaced English as the official language with Sinhala (Spencer 1990: 5). It effectively excluded Tamils and Tamil speaking Muslim minorities as well as English-speaking Burgher communities from the public sector jobs and services, who had until then enjoyed a disproportionate share of government and professional jobs due to their superior education (Fernando 1999: 81). Subsequently, the country experienced the first inter-ethnic riots since independence. The attempt as such to roll back the dominant position of Tamils in state employment and education created a pool of educated Tamil youth with few job opportunities. The move towards state socialisation by successive governments, which led to the nationalisation of major industries, further

exacerbated the ethnic tensions. The opportunities for Tamils to fulfill their professional aspirations became limited even in private sector (Fernando 1999: 81).

Successive governments embarked on the policy of sheltering Sinhalese interests and culture. The 1972 and 1978 constitutions further marginalised the Tamil minority by granting Buddhism the “foremost” status and centralising the state apparatus (Ponnambalam 1983: 5). The expansion of welfare policies under the regime of Sirimavo Bandaranaike during 1970-77 relied heavily on exclusivist Sinhala nationalism and led to increasing Sinhalisation of the state services. Under the guise of welfare reforms, designed to assist the poor and landless peasants, massive resettlement of the Sinhalese population from the south in Tamil and Muslim populated eastern parts was undertaken. She also restructured the university admission policies to favour the students who took their exams in Sinhala (Winslow and Woost 2004: 6). Such discriminatory policies led to the demand by Tamil minority for a federal system of government with greater autonomy for the north and east.

In 1976, the Liberation Tigers of Tamil Eelam (LTTE) was formed with a pledge to establish an independent Tamil state. The Tamil Tigers intensified armed struggle in 1983. In July 1983, in reaction to the killing of 13 Sinhalese soldiers by the LTTE, major ethnic riots broke out in Colombo which left as many as two thousand people killed and at least ten thousand Tamils displaced (Lunn & Taylor et al, 2009: 9). The ensuing crisis forced over half a million Tamils to leave the country and seek refuge in India and other countries. The 1983 riot was the watershed that tipped the conflict into civil war (Bose, 2007: 29). The Sinhalese-dominated government did little to resolve the crisis and the failure on part of successive governments to accommodate the genuine Tamil grievances fostered support for the LTTE among the Tamil population and diasporas. Armed conflict, which started as a guerilla war, had intensified to a guerilla-cum-semi-conventional type of conflict by 1998 and the LTTE came to control a large areas of the north and the east (Kelegama et al, 2001: 1484).

The ethnic conflict, that followed, had four phases: Eelam War I (1983-88), Eelam War II (1990-94), Eelam war III (1995-2002) and Eelam War IV (2006-2009). Each phase

of the war caused immense economic dislocation and large-scale humanitarian crisis. Conflict led to the erosion of democratic institutions and massive violation of human rights. Severe economic dislocation was caused due to battle-field losses of both personnel and equipment, widespread destruction of capital assets and property, and damage to infrastructure and loss of cultivable land. Further, due to mass exodus from conflicting areas, a severe refugee crisis ensued (Arunatilake et al, 2001: 1484). The following section evaluates the impact of conflict in different sectors.

Impact of War on National Economy

Armed conflict in Sri Lanka erupted within five years of the economic reforms introduced in 1977. Economic liberalisation had created conducive environment for investment and foreign aid inflow. It was for the first time since independence that Sri Lanka's average growth rate for a five year period during 1977-82 exceeded six per cent. The growth rate decelerated after 1983 and in the next five years (1983-89) economy grew at a rate of just 3.7 per cent (Arunatilake et al, 2001: 1485). Owing to the escalation of conflict and ensuing political crisis liberalisation process had to be stalled. However, economy recovered after 1990 as the government was able to embark on "second wave of liberalisation" after a cease-fire agreement with the LTTE. Though the country was able to achieve a modest growth rate of five per cent during 1977-97, the period between 1985 and 1996 witnessed a budget deficit that averaged 10 per cent of the GDP, largely due to escalating defense expenditure (Kelegama 2006: 58). Conflict had deleterious implications as the uncertainty created by the war deterred the much needed foreign investment.

National economy suffered directly due to conflict-induced destruction and damage. Conflict escalation brought a sharp increase in the defence budget of the government. Prior to the outbreak of the armed conflict, Sri Lanka had a very low level of defense expenditure, which accounted for less than half per cent of GDP until the early 1970s. Even in the early 1980s the share of defence was just above one per cent of GDP. By 1985 it accounted for 3.5 per cent of GDP and in 1996 it rose steeply to six per cent of GDP (Arunatilake et al, 2001: 1485). The total strength of armed forces, which was just 12,000 in 1981 had increased to an estimated 210,000 in 1997. Kelegama has estimated

that without the occurrence of conflict, the military expenditure would have been similar to that of the average military expenditure in 1982 and 1883, which was 1.28 per cent of the GDP. War-related military expenditure is the amount of extra cost that the government spent above the otherwise normal expenditure of 1.28 per cent. During 1984-86 (at five per cent interest rate), the compounded value of government military expenditure was Rs.[7] 287,543 million that is equivalent to 41.3 per cent of Sri Lanka's 1996 GDP (Arunatilake et al, 2001: 1489). Though the figures for the military expenditure of the LTTE are largely unavailable, Kelegama has estimated the military expenditure of the LTTE was about 10 per cent of the military spending by the government. This is equivalent to Rs. 28,754 million that is 4.1 per cent of the 1996 GDP (Arunatilake et al., 2001: 1489).

Due to the unavailability of precise data on actual cost of damage to physical and social infrastructure, Kelegama has used the expenditure incurred by the government in providing reconstruction and rehabilitation services to affected areas as proxy for the costs of damage. As per calculation, during 1987-96, the Government of Sri Lanka spent (in 1996 prices) close to Rs. 21 billion on providing dry rations, food, and compensation to the displaced civilians. This amounts to almost 3 per cent of Sri Lanka's GDP in 1996. The damage to infrastructure in the North and the East (in 1996 prices) accounted for Rs. 90 billion and the damage to property in the Central Colombo region was about Rs. 4.5 billion for the same period. Together, the total cost of the lost infrastructure was almost 13.5 per cent of Sri Lanka's 1996 GDP. The total direct cost of the conflict till 1996 has been calculated by Kelegama as equivalent to 61.9 per cent of 1996 GDP or over $ 6 billion at the then prevailing exchange rate (Arunatilake et al, 2001: 1490).

The opportunity cost of war was equally enormous. Sri Lanka attained the status of a low-middle-income country in 1996 when its average per capita income rose to US$ 753. The Central Bank calculated that in absence of the conflict, Sri Lanka's annual investment would have been 2-3 per cent higher, leading to higher level of growth. It would have raised Sri Lanka from a low-middle-income country to a middle-income country by 2004, with a per-capita income touching $ 800 in 1994 and $1,200 in 1999, instead of $ 829 in 1999. In

[7] Rs. in this section refers to Sri Lankan Rupee.

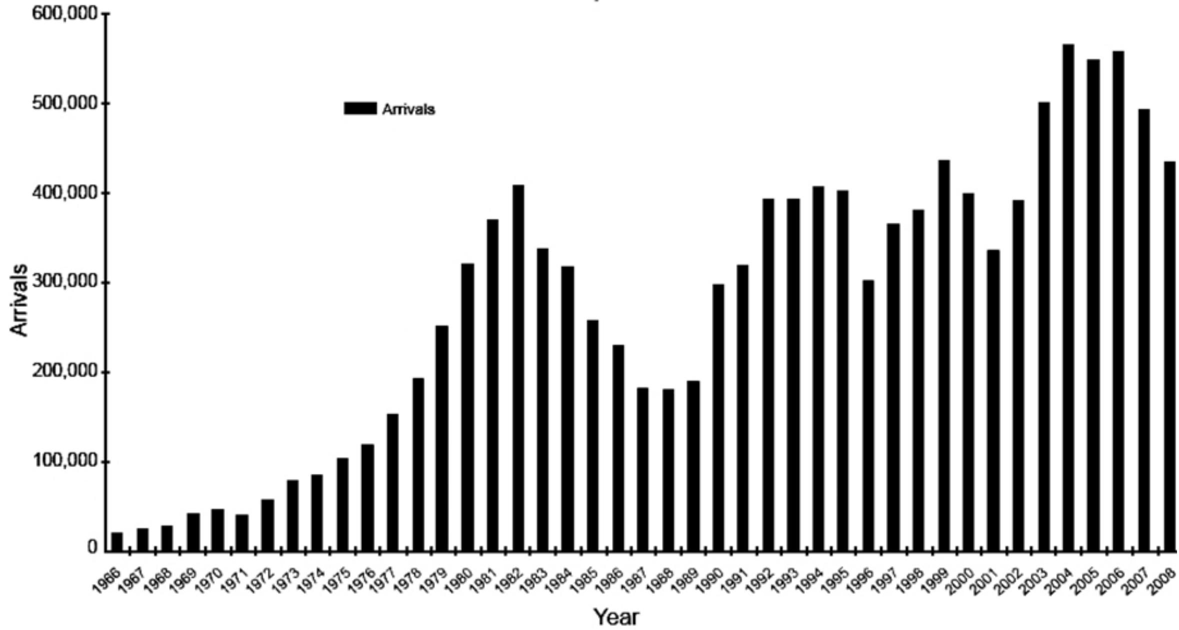
real terms it meant that the monthly average income of Sri Lankans in 1999 would have been SL Rs. 7,040 rather than the sum of SL Rs. 4,875 that it attained (Shastri 2004: 87).

After liberalization, in 1977, foreign direct investment flow to Sri Lanka increased rapidly. In 1978, the Greater Colombo Economic Commission was set up to promote foreign investment in the country. However, after 1983 the investment climate deteriorated beyond redemption. Major multinational giants like Motorola and Harris Corporation which had already finalised the plan to set up plants in the country, withdrew after the escalation of conflict. Besides these two, other multinational corporations like Marubeni, Sony, Sanyo, Bank of Tokyo, and Chase Manhattan Bank which showed interest in investing in Sri Lanka in the early 1980s also decided to shift to other countries after outbreak of the war (Kelegama 2006: 57). During 1979-82, average FDI flow in the country had remained at 1.23 per cent of GDP and in a no conflict scenario during 1984-91, it would have been the same. Similarly, it would have been at the 1993 level of 2.5 per cent of GDP during 1993-96. For 1992, it has been calculated that the level of investment would have been 1.87 per cent of GDP (the average of 1.23 per cent and 2.5 per cent) (Arunatilake et al, 2001: 1493). As most of the investment during this period was made in import-intensive garment and textile industries (import-intensiveness in these industries was as high as 85 per cent of the value of exports), the actual loss was just 15 per cent of the value of the gross exports. Since income from an investment occurs throughout the expected life period of that investment, the cost of foregone investment is accumulated over the expected lifetime of that investment. Therefore, by multiplying the accumulated value of lost investments by income per unit of FDI, Kelegama has calculated the lost income due to foregone FDI to be 50 per cent (Arunatilake et al, 2001: 1493).

The tourism sector in Sri Lanka was also badly hit due to climate of insecurity created by conflict. Figure 2.6 displays the impact of conflict on tourism.

Figure 2.6

Impact of Conflict on Tourism



Source: *Annual Statistical Report 2008,* Sri Lanka Tourism Development Authority in Fernando and Meedeniya (2009), p.13

As shown in the graph, the foreign tourist arrivals were on rise until 1983. During 1975- 1982 it was growing at a rate of 22 per cent per annum. However, after the July riots of 1983 and ensuing civil unrest in Colombo, tourist arrivals to the country started to dwindle. It declined from 407,000 visitors in 1982 to 183,000 in 1988 (Fernando and Meedeniya 2009: 5). When the tourist arrival trend is matched with the conflict time line, it clearly shows a positive correlation between the fluctuations and major civil war events. For example, the dip in 1989 was a clear repercussion of civil war in the North and JVP insurrections in the South. Similarly in 1996, the bombing of the Central Bank in January, followed by a train bombing in May, prevented the industry from recovery and it touched an all-time low (Fernando and Meedeniya 2009: 13).

As each phase of conflict involved large scale death and impairment, economic activities slowed down not just because of the loss of labour force but also due to reduced productivity of those of the family members and friends. Since actual economic cost due

to the loss of life accumulates over a period, Kelegama has assumed that each dead person would have participated in the labour force for 25 more years. The economic loss due to displacement during 1983-94 period has been calculated at Rs. 30 billion. Kelegama has calculated the accumulated total cost of war up to 1996 to be at least Rs 1,135 billion at 1996 prices which stands at 168.5 per cent of the 1996 GDP (Arunatilake et al, 2001: 1494-95).

Notwithstanding the deleterious implications of conflict, Sri Lanka's overall economy continued to grow at rate exceeding four per cent for most of the war years. Moreover, contrary to many war-ridden countries, in Sri Lanka, indicators of social wellbeing such as life expectancy, infant mortality rate, school enrolment ratio also continued to improve outside the major war zones (Winslow and Woost 2004: 9-10). It implies that the war did not affect everyone in the country equally. Opportunities and costs varied significantly in the LTTE-controlled and contested north-east region. The following section evaluates the fallout of conflict in Northern and Eastern provinces.

Impact of Conflict on Northern and Eastern Provinces

Implications for Economy

Economy of the north-east region suffered serious reversals after 1990. After the failed peace-keeping effort by India's IPKF between 1987 and 1989, the region relapsed to the civil war. Immediately before the resumption of conflict, the LTTE had gained control of Jaffna. With Vanni, Jaffna, and Mannar under its control, the LTTE de facto controlled the entire Northern Province with exception of Vavunia. Following rebel control, economy of the north-east was under severe economic embargo by successive national governments until the *Cease Fire Agreement* (CFA) of 2002. Even during CFA, when the government had largely lifted the restrictions, repression by the LTTE, stopped the economy to regain. During the conflict years, economy of the north-east experienced a steady decline due to factors such as government embargo, illegal taxation and extortion by the LTTE, violence against individuals, demarcation of high security zones, restrictions on fishing, closure of roads and highways, lack of electricity, laying of land mines in agricultural land, and massive displacement of population. Among Sri Lanka's nine provinces, Northern

Province had the smallest economy during fifteen years period between 1991 and 2005. Eastern Province was the lowest contributor to the national economy in 1990 and the second lowest during 1991-1995 (Sarvananthan, 2007: x).

Not only entry of military related items in the Northern Province was totally restricted, quantitative restrictions were imposed even on civilian consumer goods such as diesel fuel, petrol, fertilizers, pesticides, medical products, biscuits, soft drinks, bicycles and parts, and AA size batteries The economic embargo remained in force from 1990 to 1996 in the Jaffna peninsula and until January 2002 in the Vanni. Moreover, there was no electricity supply to Jaffna and the mainland Vanni region from 1990 until 2002. The only highway (A9 highway) connecting Jaffna to the mainland was closed for civilian use during 1990-April 2002 (Sarvananthan, 2007: 44-45).

The economic embargo also gave an excuse to the LTTE to take indirect control of the administrative, economic and social affairs of Jaffna and Vanni. In order to finance their parallel administration, the LTTE levied taxes on the civilian population and businesses in the North. Taking advantage of the reopening of the A9 highway after a gap of 12 years in April 2002, the LTTE widened its tax collection efforts. The LTTE started systematically levying tolls on passenger vehicles plying A9 highway. All commercial goods and personal items entering the LTTE-controlled areas in north-east and the government controlled Jaffna peninsula (Government security forces had regained the control of Jaffna in late 1995) were subjected to “custom duties” at the access points in the North and all exit points in the East. The “custom duties” ranged from 10 to 25 per cent, but the bulk of the goods were taxed at the upper end of the range. As over 55 per cent of the population of the Northern Province lives in Jaffna, the taxing of commercial goods and passenger traffic using the A9 highway fetched a daily tax collection of almost Rs. 10 million (USD 100,000) per day.

The LTTE also monopolised the wholesale trade of many commodities such as wheat flour, fuel, cement etc. in Vanni, Jaffna and in areas under its control in Eastern Province. Under the terms of the CFA, ban on the LTTE, that had been in force since early 1998, was lifted in mid-2002 and its cadres were allowed free access to the government

controlled areas of the north-east, the facility they utilised in killing of political opponents and extortion of illegal taxation. In the Eastern Province also the economic embargo and the LTTE taxation were there in place but not on a very large scale. The LTTE's control in the East was restricted to remote jungle areas and did not include any urban areas. Therefore, in the Eastern region, the LTTE adopted the tactics of compensating the non-appropriation of revenue money by forcibly taking over the fertile agricultural land of Muslim community in Ampara and Batticaloa districts and had its supporters cultivate rice and other crops on its behalf and make profits (Sarvananthan, 2007: 47-49).

During the ceasefire period, proclamation of High Security Zones (HSZs) by the security forces in Northern Provinces proved to be another impediment to economic recovery. Almost one-fifth of the total land area of the Jaffna Peninsula was proclaimed as HSZs and civilians from these areas were forcibly evicted. Some of these areas were most fertile agricultural lands. Further, because of the closure of the A9 highway at night and multiple security checkpoints, the transportation of goods to the Jaffna suffered badly and thereby increasing the transaction cost for the businesses (O'Sullivan 2001: 201).

Over prolonged years of conflict, the economy of north-east provinces also developed certain characteristics of its own. These can be discussed under the following heads:

Change in the Sectoral Composition of the Economy

The regional economy of the Northern and Eastern Provinces underwent a structural transformation during conflict years. It changed from a pre-dominantly agriculture economy to a service sector oriented economy.

By 2001, more than 70 per cent of the provincial gross domestic product (PGDP) of the Northern Province was coming from the service sector. Though during ceasefire, in Northern Province, the share of agriculture in Provincial Gross Domestic Product (PGDP) initially increased (from 21 per cent in 2001 to 28 per cent in 2003 and 2004) but then dropped to 24.5 per cent in 2005. During the same period the share of industry in the PGDP remained constant at around 7 per cent. Though, the share of services dropped consistently

during the first three years of ceasefire (from 72 per cent in 2001 to 65 per cent in 2003 and 2004), they regained to 68 per cent in 2005.

In the Eastern Province, share of the agriculture sector in PGDP increased marginally during the early years of ceasefire (from 35 per cent in 2001 to about 37 per cent in 2002 and 2003) but declined considerably to 33 per cent in 2004 and 28 per cent in 2005. Similarly, the industrial sector increased from 26 per cent in 2001 to around 30 per cent in 2003 but declined to 28 per cent in 2004 and 25 per cent in 2005. The service sector component dropped significantly from 40 per cent in 2001 to 34 per cent in 2003 but increased to 39 per cent in 2004 and 47 per cent in 2005 (Sarvananthan, 2007: x).

Apparently this transformation seems to be in tune with the trends in national economy as during the same phase, the Sri Lankan economy itself underwent structural transformation, from a "predominantly agriculture economy to a predominantly service economy". The share of agriculture in the national economy declined from around 30 per cent in the late 1970s to just 18 per cent in 2005. Though the share of industrial sector remained almost constant at 25-30 per cent during the same period, the share of the service sector leaped from about 43 per cent in late 1970s to 55 per cent in 2005 (O'Sullivan 2001: 201).

However, this similarity is superfluous as vast differences did exist in the composition of service sector in the north-east provinces and the national economy. In the service sector, the economies of Eastern and Northern Provinces experienced lower contributions from the transportation, storage, and communication subsector (just below 9 per cent in each province); wholesale and retail trade (9 and 10 per cent respectively); and the banking, insurance and real estate subsector (1.3 and 1.0 per cent, respectively) as compared to other provinces. Rather, these two provinces experienced very high contribution from public administration and defence (38 per cent in Northern Province and 11 per cent in Eastern province). In 2003, in the Northern Province, at 38 per cent, defence and public administration were the single highest contributor to the PGDP as their collective share was larger than that of agriculture and industrial sector combined, which together contributed just 35 per cent. During the same period in Eastern Province,

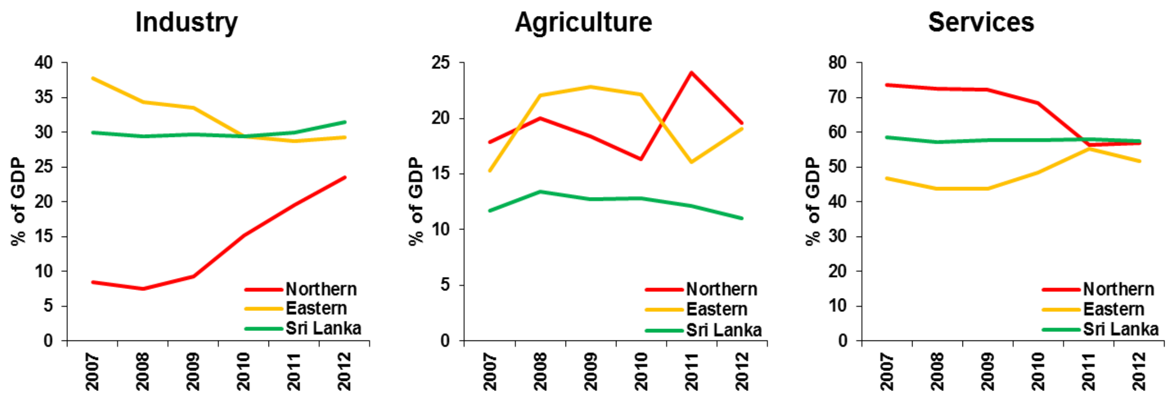
contribution to the economy from the defence and public administration subsectors combined, was equivalent to that of fishing subsector.

These trends are striking, given the fact that, despite rapid increase in the share of defense and an overall increase in the public sector, the public administration and defense subsectors contributed only 5 per cent to the national GDP in 2005 (Sarvananthan, 2007: 10-11).

These trends did not reverse after 2005. In 2007, in Northern Province, the contribution of service sector in PGDP was 74 per cent while for Sri Lanka as a whole it was mere 58 per cent. In 2012, it was again the highest contributor to PGDP at 57 per cent, equal to service sector's contribution to the national GDP. Figure 2.7 shows the trend in composition of PGDP in Northern and Eastern Provinces.

Figure 2.7

Composition of PGDP in Northern and Eastern Provinces (2007-2012)



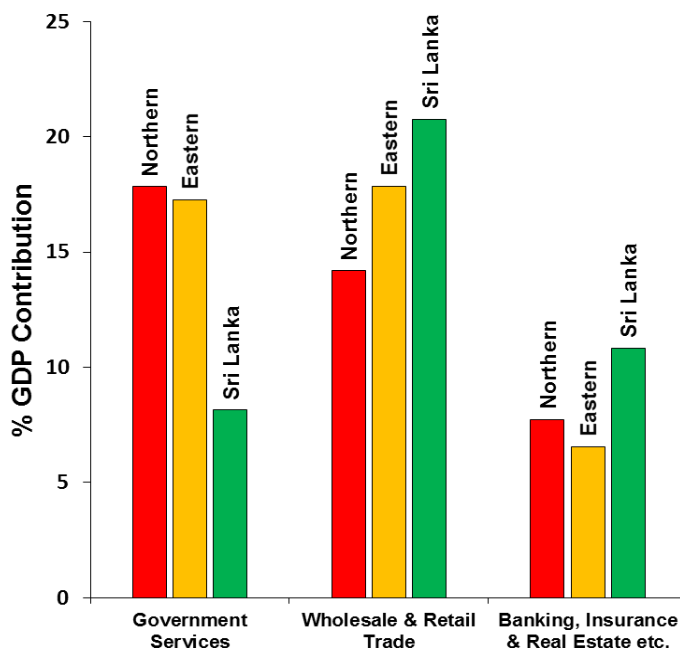
Source: Calculated from Central Bank of Sri Lanka, *Economic and Social Statistics of Sri Lanka, 2014,* p. 36-37

The disintegration of service sector data indicates that in 2011, while for Sri Lanka as a whole the share of public administration in service sector was only 8 per cent, for

Northern and Eastern Provinces, this figure was 18 and 17 per cent respectively. Figure 2.8 shows the composition of service sector in Northern and Eastern Provinces.

Figure 2.8

Composition of Service Sector in Northern and Eastern Provinces, 2011



Source: Calculated from Central Bank of Sri Lanka, *Economic and Social Statistics of Sri Lanka*, 2014, p. 36-37

Economic Dislocation

Since independence, north-east Sri Lanka has been a significant producer of food and cash crops, livestock and fisheries. As the production of these items far exceeded the requirements of the local population, these provinces emerged as net exporters of agricultural products to the rest of the country. Thus, during the pre-conflict years a vibrant commercial agriculture sector developed in the region. However, during long years of conflict, these advantages were offset due to extensive mining of agricultural land, restrictions on fertilizers, fuel, and pesticide supplies, restrictions on fishing, closure of transportation routes, and stringent security measures. The following sectors were severely affected by conflict-induced constrains.

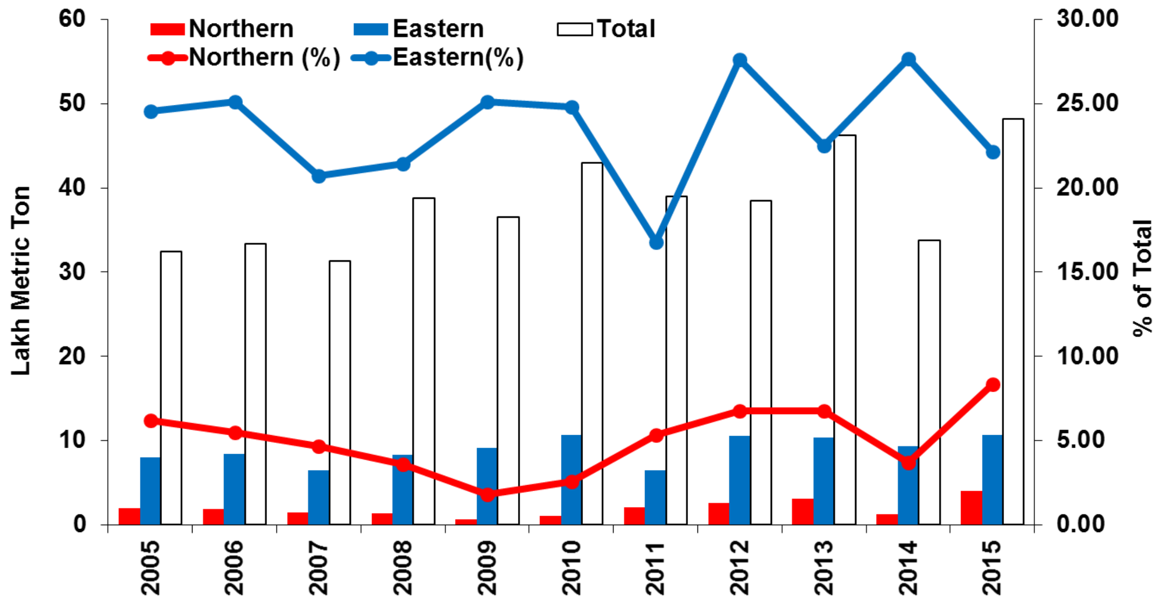
Agriculture

Traditionally, Northern and Eastern provinces were major producers of rice, onions, green chili, potatoes, and tobacco. Before outbreak of the civil war, rice production in the north-east accounted for almost one-third of the national rice output, yet only 15 per cent of country's total population lived in these two provinces. Therefore, these provinces emerged as major exporters and a robust commercial mode of agriculture developed. Decline in the production of fish and rise is example of the dislocation of agriculture in these provinces.

In 1980, the combined rice production of these two provinces accounted for nearly one-third of the total rice crop in the country as the Eastern Province produced almost 21 per cent and the Northern Province contributed almost 12 per cent. In 1990 and 2000, their share in the total national rice output dropped to a mere 24 per cent. However, during the ceasefire, rice production increased to slightly less than 30 per cent of the national output during 2001-03 and in 2005. In 2004, the combined rice output of these two provinces touched a record 36 per cent; still except in 2004, in none of the years during ceasefire period it could return to the 1980 levels (Department of Census and Statistics, various years). Even after 2005, in Northern Province there was a continuous decline in production due to worsening of conflict. In 2009, it touched an all-time low of mere 1.79 per cent of the national output. However, it remained stable in Eastern Province. Figure 2.9 gives an overview of trend in paddy production.

Figure 2.9

Paddy Production in Northern and Eastern Province and their Share in National Output 2005-2015*



*the graph is prepared by combining the Maha and Yala season outputs together. Production of Maha season of previous year is combined with Yala season of next year.

Source: Analysis based on the data from Department of Census and Statistics, Government of Sri Lanka, various years.

As shown in the figure, though rice production in Northern Province gradually picked up after 2009, however, its share in the total output at 8.36 per cent in 2015 was still lower than its 12 percent share in 1980.

Fisheries

Prior to the civil war, two-third of the total fish catch in the country came from the north-east provinces in which Northern Province had a dominant contribution. During the conflict years, the government imposed a ban on fishing at night and also put limits on the distance that boats could travel. These restrictions led to a dramatic decline in the fish catch. However, it remained steady in Eastern Province. Table 2.12 gives an overview of the damage to fishing sector.

Table 2.12

Fish Production Trend in Northern and Eastern Province (1980 – 2013)

(Thousand Metric Ton)

	Northern	**Eastern**	**Total**	**Northern (%)**	**Eastern (%)**
1980	91.6	28.0	187.7	48.8	14.9
1990	78.9	30.7	184.0	42.9	16.7
2000	31.9	28.4	296.4	10.8	9.6
2001	43.9	28.0	284.8	15.4	9.8
2002	41.6	36.2	302.9	13.7	12
2003	51.7	44.3	285.0	18.1	15.5
2004	56.6	58.4	286.4	19.7	20.4
2005	24.3	28.0	153.2	15.9	18.2
2009	21.9	77.3	339.7	6.4	22.8
2010	34.4	101.9	384.7	8.9	26.5
2011	48.5	99.0	444.8	10.9	22.3
2012	62.2	104.8	486.2	12.8	21.6
2013(a)	59.2	95.8	512.8	11.5	18.7

(a) Provisional.
(b) Data not available for 2006, 2007 and 2008

Source: Central Bank of Sri Lanka, various years

As clear from Table 2.12, in 1980, Northern and Eastern Provinces together contributed 64 per cent of the total fish catch in the country which declined marginally to 60 per cent in 1990. However, the region's contribution to total national production dropped dramatically to just 21.4 per cent in 2000). The fish catch picked up after 2000 and production soared to 40 per cent in 2004.), However, the output dropped to 34 per cent in 2005. The removal of security restrictions during the ceasefire period was responsible for the revival of fisheries in Northern Province (Sarvananthan, 2007: 20). Despite

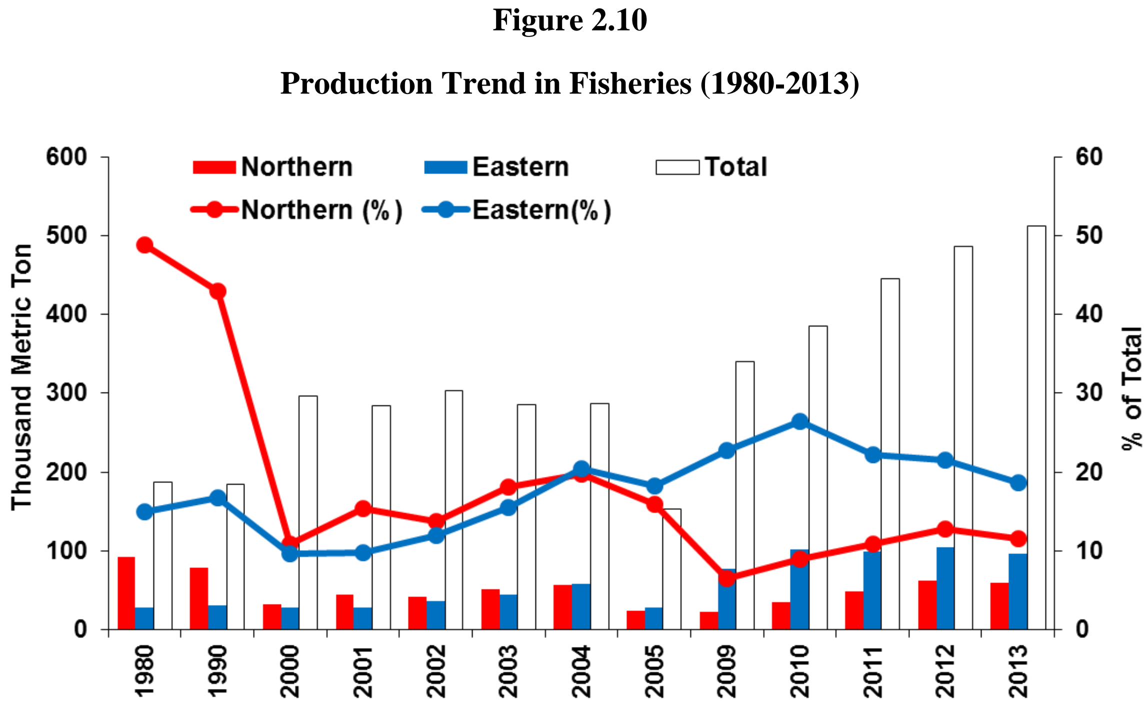
significant rebound during the ceasefire period the fish catch in Northern Province could not reach the levels of 1980 or 1990.

However, Eastern Province recorded a steady increase in fish catch even during intense conflict. With the exception of 2000, 2001, and 2005 the Eastern province experienced a constant rise in fisheries since 1980 in absolute terms. The constant increase was made possible due to the migration of experienced employees in the industry from Mannar and Mullaitivu Districts in Northern Province to Trincomalee District in the East. Even after the war ended in 2009, the fish catch has been on continuous decline in Northern Province. Eastern Province on the other hand has experienced an impressive increase.

Figure 2.10 shows the trend decline in fish production.

Figure 2.10

Production Trend in Fisheries (1980-2013)



(a) data for 2013 is provisional

(b) data not available for 2006, 2007 and 2008

Source: Calculation based on data from Central Bank of Sri Lanka, 2014, p. 51

As shown in the graph even after the war ended in 2009, the fish catch has been on continuous decline in Northern Province. The Eastern Province, on the other hand, has experienced an impressive increase.

Manufacturing Sector

Ever since independence north-east provinces were one of the least industrialised. According to the available data, the total number of enterprises in the north-east increased between 1983 and 2003. In 1983, there were 9,671 manufacturing units in the two provinces. By 2003, their number had increased by 26 per cent to 12,227. Of the two provinces, the Eastern Province experienced a greater increase. Thus, though the total number of enterprises in Eastern Province increased by almost 30 per cent to 7,400 in 2003 from about 5,700 in 1983, in Northern Province it increased by 22 per cent, from about 4,000 in 1983 to around 4,800 in 2003 (Department of Census and Statistics, Sri Lanka 2003-04).

Although the total number of enterprises in both Northern and Eastern Provinces increased since 1983, their share in Sri Lanka's total industrial employment (including mining, manufacturing, construction, and utilities) declined dramatically. Nationally, during 1983-2003 the total number of industrial employments increased by a staggering 65 per cent (from just over 627,000 in 1983 to more than one million in 2003), while in north-eastern provinces it declined from 8 per cent of total industrial workers of the country in 1983 to just 4.4 per cent in 2003. While the Eastern Province experienced only marginal decline of 3 per cent (from 28,400 in 1983 to 27,700 in 2003), Northern Province experienced a more dramatic decline as industrial employment dropped by 22 per cent (from around 22,000 in 1983 to almost 17,000 in 2003) (Department of Census and Statistics, Sri Lanka 2003-04).

The countrywide 65 per cent increase in industrial employment from 1983 to 2003 was accompanied by a mere 28 per cent increase in the total number of enterprises over the same period, indicating that most of the new enterprises were medium or large-sized. On the contrary, during 1983-2003, while the total number of enterprises in the north-east

region increased by 26 per cent, employment in industry decreased by 11 per cent, indicating that most of the new enterprises were very small (Sarvananthan, 2007: 25). In 2003, over 95 per cent of enterprises in the north-east employed less than 10 employees (Department of Census and Statistics, Sri Lanka, 2004).

Table 2.13

No. of Establishments and Persons Engaged by District, Sri Lanka - 2003

		Small Industries Persons engaged less than 10		Medium and Large Industries Persons engaged more than 10	
	District	No of Establishments	Persons Engaged	No of Establishments	Persons Engaged
Northern Province	Jaffna	2684	6933	113	2,224
	Kilinochchi	441	1188	25	732
	Mannar	413	1083	20	336
	Mullaitivu	492	1456	36	630
	Vavunia	567	1417	37	1,177
Eastern Province	Ampara	3682	8627	174	5,297
	Batticaloa	1898	4764	120	2,752
	Trincomalee	1487	3254	38	2,998

Source: Department of Census and Statistics, Sri Lanka, *Census of Industries – 2003-04*

Basic Infrastructure

Northern and Eastern provinces always lagged behind the rest of the country as far as availability of basic infrastructure facilities like water, electricity, roads, and telecommunications are concerned. As per *Consumer Finances and Socio - Economic Survey 2003-04* in Northern Province only 11.4 percent of households had access to piped water and in Eastern Province the percentage was 19.6, while for Sri Lanka, number of

households having piped water was 38.9 per cent. In Northern Province, 36.1 percent of households met the lighting needs by Kerosene and for Eastern provinces figure was 34.2 percent, while for Sri Lanka, only 25 percent of the households were using kerosene as a light fuel. For the county as a whole 73.3 percent of households had electricity supply from grid connection, in Northern and Eastern Provinces the figures were 63.3 and 64.1 percent respectively (cited in *Sri Lanka Socio Economic Data* 2012: 30).

As far as the road density (length of roads per square kilometer) is concerned, in 1982, North Central Province at 0.21 km of road per square kilometer and Eastern Province at 0.22 km had the lowest ranking as national average was 0.37 km. Also in 2005, Eastern province at 0.28 km and Northern Province at 0.29 km of road per square km of area had the lowest road density in the country. Similarly, in 2005, Northern Province had the lowest telephone density in the country, with just 2 land-line phones per 100 persons, followed by Eastern Province with just under 3 phones per 100 persons whereas the national average was almost 7 per 100 persons (CFS 2003-4).

Impact of Conflict on Human Development in the North-East

Sri Lanka has the distinction of maintaining one of the highest human and social development indicators in the developing world. But this achievement is not evenly distributed among all the provinces and the north-east provinces are lagging far behind. This is evident from the analysis below.

Health

The north-east region experienced an outbreak of the typical conflict-induced health problems such as increase in the incidence of virulent form of malaria and acute respiratory infections and diarrhoeal diseases owing to the interruption of vector control programme; inadequate shelter; damage and disruption to water and sanitation systems; and insanitary and crowded conditions in the IDP camps. The condition of maternal and child health, especially nutritional status, worsened owing to food shortages; deterioration of public health services; and non-functioning of maternal and child welfare programmes. Majority

of the people suffered from psychological trauma associated with violence, death, disability and displacement (WHO, 2002 in Vije & Ratneswaren, 2009: 58).

Infant and Child Mortality

Infant mortality rate[8] in Sri Lanka as a whole was 11 per 1,000 live births in 2003 but it was 15 in the north-east region in 2000. There were variations within the region also: in Ampara (10), Trincomalee (5), and Vavuniya (9), the infant mortality rates were lower than the provincial and national average whereas in districts of Batticaloa (16), Jaffna (22), Kilinochchi (28), Mannar (22) and Mullaitivu (20), the rates were alarmingly high (WHO, 2002: 13-14).

Maternal Mortality

Whereas maternal mortality rate was declining in the rest of the country, in Northern and Eastern provinces it was on rise. In the 1980s, the maternal mortality rate for both Jaffna and Sri Lanka was 51 per 100,000 live births but, by 1996, it was 80 and 23 respectively. It rose to an average 81 in the north-east by 2000, reaching 158 in Kilinochchi, whereas for Sri Lanka as a whole it fell to 14 in 2002 (Vije & Ratneswaren, 2009:59). Again, there were district wise variations within the northeast region itself as in Ampara (24), Trincomalee (57), Jaffna (62), and Vavunia (76), it was lower than the regional average and very high in Batticaloa (117), Kilinochchi (158), Mannar (97), and Mullaitivu districts (WHO, 2002: 13-14).

One of the push reasons for high infant and maternal mortality rates in the northeast region was the lack of facilities for institutionalised deliveries. In 2001, nationally, only 4 per cent of births took place at home. However, in the northeast provinces more than 19 per cent of births took place at home. Further, in Batticaloa (31 per cent) and Mannar (39 per cent) districts home births were almost double as compared to the regional average and 8 and 10 times higher than the national average respectively (WHO, 2002: 13-14).

Nutritional Status

[8] It is calculated as the number of infants that die aged under one year, expressed as the number of deaths per thousand live births

Nationally, almost 17 per cent of newborn babies in 2001 were underweight, but in the north-east the figure stood at 26 per cent and was largely associated with maternal under-nutrition. In Vavunia almost 39 per cent of newborn babies were underweight while in Trincomalee and Jaffna the rates were 31 per cent. In 2001, for overall Sri Lanka, 29 per cent of children under five were underweight (low weight for age) whereas in the northeast the figure was 46 per cent. Figures were especially high in Batticaloa (53%), Trincomalee (45%), Jaffna (43%), and Vavunia (51 %) (Vije & Ratneswaren, 2009: 61).

The prevalence of underweight, wasting (acute malnutrition) and stunting (chronic malnutrition) among children under five in Sri Lanka were 31%, 13% and 16% respectively in 1995-96, while a survey carried out by the Integrated Food Security Programme in the north-east in 1999 reported the respective figures to be at 51%, 27%, and 28% . The programme found that the highest prevalence of low birth weight at 38% was among Tamil children in the LTTE controlled areas where one in four children had a low birth weight (IFSP, 2000 as cited in Vije & Ratneswaren, 2009: 61).

In Northern Province, malnutrition level has been alarmingly high and remains unaccounted. The official 2006-7 Demographic and Health Survey did not include the Northern region, though it included the Eastern Province. According to the results of the survey, nationally in 2006-07, 18 per cent of children were stunted (stunting is an outcome of the failure to receive adequate nutrition over an extended period) and 4 per cent were severely stunted. As regarding Eastern Province, in Batticaloa 24 per cent of children were stunted and 8 per cent were severely stunted and in Trincomalee figures were 31 per cent and 11 per cent respectively (Vije & Ratneswaren, 2009: 62). For the same period, nationally, 15 per cent of Sri Lankan children were wasted[9] and 3 per cent were severely wasted. Contrary to the national figures, in Trincomalee 28 per cent of the children were wasted and 10 per cent were severely wasted. Similarly, in overall Sri Lanka 22 per cent of children were underweight and 4 per cent were severely underweight whereas in

[9] It represents the failure to receive adequate nutrition in the period immediately before the survey and typically results from recent illness, especially diarrhoea, or a rapid deterioration in food supplies and it is measured as the ratio of weight for height.

Trincomalee the figures were 27.8 per cent and 6.4 per cent respectively (Vije & Ratneswaren, 2009: 62).

Poverty

As compared to rest of the country, the north-east region had high incidence of poverty. According to the data compiled by the Central Bank, in terms of per capita income derived from provincial GDP, Northern Province ranked the lowest in 2003, followed by Sabargamuwa, Eastern, and Uva Provinces. In 2003, Northern Province had a per capita income of Rs. 3,207 per month and that of Eastern Province's was Rs. 4,712 per month, while the national per capita income was Rs. 6,764 per month. Thus, Northern Province had less than half of the national per capita income and Eastern Province had 30 per cent less than the national average. However, these figures may not be very representative of the level of poverty in the north-east, given the fact that the prices of commodities in the LTTE-controlled areas were significantly higher because of the arbitrary and illegitimate taxation of goods and services. Accordingly, the purchasing power of rupee was much lower as the same basket of goods in the North, particularly in the Jaffna and Vanni region, would cost more than in adjoining districts or in other parts of the country (Sarvananthan, 2007: 37-38).

The data derived from *Consumer Finances and Socioeconomic Survey (CFS)* undertaken by the Central Bank in 2003 is also supportive of the acute poverty in the north-east. Firstly, borrowing as a proportion of total household income was highest in Eastern Province, followed by Northern Province. Almost 44 per cent of total household income in Eastern Province and 39 per cent in Northern Province came from borrowed money while in the country as a whole the share of borrowing as a proportion of total household income was 22 per cent.

Again, the share of transfer income (income from remittances within the country as well as abroad and welfare payments from the government) as a proportion of total household income was highest in the Northern Province followed by the Eastern Province at 37 percent and 24 per cent respectively while in the country as a whole it was 17.5 per

cent. Moreover, most of the transfer income in the north-east was in the form of remittances rather than welfare payment, which accounted for only a small proportion.

In 2003-04, in Northern and Eastern Province the percentage of households having thatched roof was 15 per cent while for Sri Lanka a whole the ratio was mere 5.6 percent. The percentage of households without toilet facility in Sri Lanka was only 5.6 per cent while in Northern and Eastern provinces figures were as high as 14.4 and 29.2 percent respectively. However, the situation must be much worse in Northern provinces as data does not include Kilinochchi, Mannar and Mullaitivu districts (CFS in *Sri Lanka Socio-Economic Data 2012*: 29).

Household Income and Expenditure Survey (HIES) 2012-13 which covered Mannar, Mullaitivu, and Batticaloa districts for the first time since its inception, enumerateed a poverty head-count ratio (HCR) of 20.1 per cent in Mannar, 19.4 per cent for Batticaloa and an all high 28.8 percent for Mullaitivu while for Sri Lanka as a whole the average is just 6.7 per cent (Department of Census and Statistics, 2014).

Food Insecurity

In 2003, the Vulnerability Analysis and Mapping Unit of the World Food Programme undertook a nationwide vulnerability assessment pertaining to food security in Sri Lanka. Its objective was to classify each Divisional Secretariat (DS) area (Sri Lanka is divided into 25 Districts and 323 Divisional Secretariat areas) according to its vulnerability by analysing secondary data on 'availability', 'access to', and 'utilisation' of food. It classified each Divisional Secretariat Area under either of three categories of vulnerability, namely 'most vulnerable', 'less vulnerable', and 'least/not vulnerable'. Accordingly, 94 DS areas (i.e. 29 per cent of the total number of DS areas) were most vulnerable, 82 (25 per cent) were less vulnerable, and 148 (46 per cent) were least vulnerable. Out of the most vulnerable DS areas, 43 (46 per cent) were in the north-east region and the dry zone. All but 5 DS areas of Northern Province were most vulnerable. Although, the North Central Province (Anuradhapura and Polannaruwa) falls into the dry zone, only a few DS areas

belonged to the most vulnerable category (WFP, 2003). The vulnerability of northeast region to the food insecurity is another indicator of the rampant poverty in the region.

Even in 2011, the *Comprehensive Food Security Assessment* by WFP in Northern and Eastern provinces indicated that almost two thirds of the population was food insecure. The reason for such high incidence of food insecurity is directly associated with the post-conflict coping up. Almost 65 to 73 per cent of the households had taken credit in 2012, of which 20 to 40 percent were using the debt to buy food. Some households were still clearing land, and some depended on unreliable income sources such as gifts and donations and casual wage labour (28 percent), some 15 percent of households were hosted in other families after return. Furthermore, 12 percent of household income was used on debt repayment and only less than five per cent of the income was spent on livelihood inputs (WFP 2012: 3).

Human Costs of the Conflict

Deaths and Disappearances

During 1985-2002, almost 220,000 conflict-related deaths occurred and the majority of the victims were Tamils (Vije & Ratneswaren, 2009: 20). In addition, as per the Sri Lankan Human Rights Commission, there were cases of more than 16,000 disappearances from previous stages of conflict. Though Tamils were the main victim of fighting between the LTTE and the government forces, tens of thousands of Sinhalese also perished during the state crackdown on the nationalist-Marxist *Janatha Vimukthi Peramuna* uprising (ICG Asia Report No. 135, 2007: 1). These figures do not include the deaths and disappearances from the Eelam War IV. The actual number of deaths in the Eelam War IV is a highly controversial issue as the number of persons trapped in the conflict area remains uncertain. Moreover, many of the civilians died amid intense shelling or while fleeing and were buried where they fell without their deaths being registered. Also the lack of transparency in the screening process of the IDPs in the government-held territory and uncertainty on the number of the LTTE combatants further complicated head-count of the dead. As per the government document, *Enumeration of Vital Events,* the total number of war-relates deaths

was 7,934 whereas a number of other independent credible sources put the death figures as high as 40,000 (UN, 2011: 41).

Displacement

Ethnic displacement in Sri Lanka dates back to the riots of 1958 and it also occurred during major ethnic violence in 1977 and 1981. However, after 1983 riots, the intensity of displacement increased manifold. (The Refugee Council, 2003: 17). The violence perpetrated against the Tamil community in July 1983 was only the starting point of large scale displacements. Following violence more than 100,000 Tamils left the southern provinces and sought refuge in India and north-east part of Sri Lanka. As the first phase of conflict was limited to Northern and Eastern provinces, war related displacement occurred mainly from the north-east. The second wave of displacement took place after the resumption of the Eelam War II in June 1990. The fighting between the LTTE and the government forces started in Batticaloa district and spread to the other districts. The intense bombing by the Sri Lankan air-force led to the exodus of a million people (most of them Tamils) over a very short period. Further, in October 1990, approximately 75,000 Muslims of the Northern Province were driven out by the LTTE (The Refugee Council, 2003: 19). April 1995 onwards, the Eelam War III led to further large scale displacement as the army launched a number of operations to capture the LTTE-controlled territories in Vanni area and the LTTE launched counter operation to regain the lost territories. The war displaced more than 500,000 people from the Jaffna peninsula only, and among those displaced, more than 350,000 were forced to move to remote and distant places like Kilinochchi, Mullaitivu, Mannar and Vavunia (The Refugee Council, 2003: 20).

From 1983 to 2002 an estimated two million people belonging to all ethnic communities were displaced (The Refugee Council, 2003: 22). At the time of cease-fire in 2002 some 800,000 IDPs were receiving state assistance (Vije & Ratneswaren, 2009: 45). Table 2.14 shows the trends in displacement in Sri Lanka during 1983-2002.

Table 2.14

Trend in Displacement in Sri Lanka

(1983-2002)

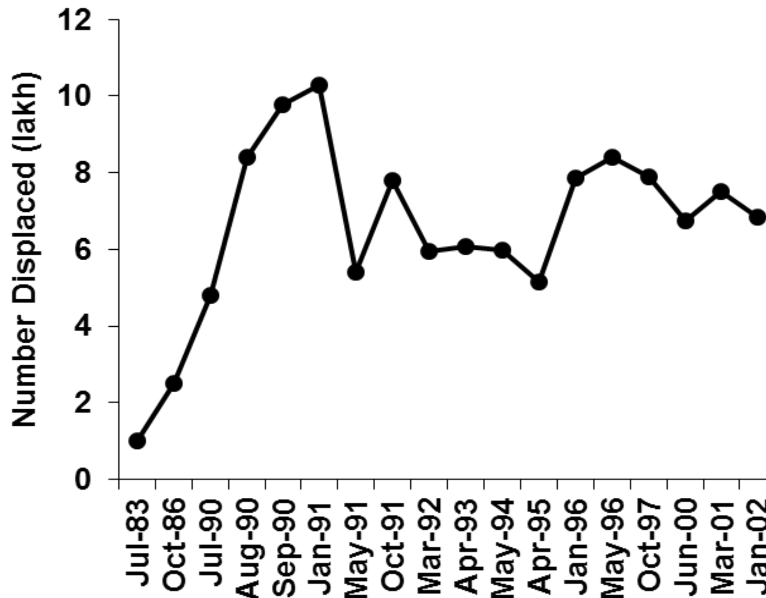
Month and Year	Number of Displaced
July 1983	100,000
October1986	250,000
July 1990	480,000
August 1990	840,000
September 1990	977,000
January1991	1,030,000
May 1991	540,000
October 1991	780,000
March 1992	595,000
April 1993	607,000
May 1994	598,000
April 1995	515,000
January 1996	787,000
May 1996	840,000
October 1997	788,000
June 2000	673,000
March 2001	750,000
January 2002	683,000

Source: Ministry of Rehabilitation, Resettlement and Refugees, Government of Sri Lanka

Figure 2.11 shows this trend in displacement.

Figure 2.11

Trend in Displacement in Sri Lanka (1983-2002)



Source: Analysis based on data of the Ministry of Rehabilitation, Resettlement and Refugees, Government of Sri Lanka

Even after signing the cease-fire agreement (between the government and the LTTE in February 2002), trends in displacement did not reverse. In the Eastern province, tension between Tamil and Muslim communities led to the eruption of violence in mid-April 2003, which caused the displacement of more than 40000 people (majority of them Muslims) from the Trincomalee District (The Refugee Council, 2003:21). As the conflict broke out again in 2006, the number of those displaced increased manifold. The resumption of conflict caused new displacement of more than 300,000 people within Sri Lanka from April 2006 to April 2007 and an estimated 20,000 refugees took shelter in India (IDMC, 2007). The new displacements occurred mainly from the areas of Batticaloa, Vanni, Trincomalee, Ampara, and Jaffna. Approximately 189,000 of these IDPs were still displaced as of November 2007 (Watchlist, 2008: 9).

In September 2006 and March 2007, to demonstrate its ability to tackle the humanitarian crisis and downplay other human rights concerns, the Government of Sri Lanka started major return campaigns and more than 100,000 IDPs were sent back to their homes in Trincomalee and Batticaloa. In some cases, these IDPs were forcibly repatriated as security forces threatened to withhold water and food if they refused to return (Watchlist, 2008: 13). This massive resettlement drive was undertaken without ensuring adequate assistance and shelter for the returnees.

Further, the Eelam War IV led to a large scale displacement of the Tamil population. Based on the number of people who survived the final months of fighting between the Sri Lankan Army and the LTTE and who eventually crossed over to government-held territories and took shelter at Menik Farm and other IDP camps, the final months of war created approximately 290,000 IDPs (UN, 2011: 37). Among these survivors of war tens of thousands of IDPs had conflict-related injuries, with at least 2000 amputees among them and 25 per cent of the children were suffering from acute malnutrition in the IDP camps. When these IDPs emerged from the war zone the Sri Lankan Army strip-searched them for weapons and explosives and whole screening process was marred with the cases of execution, disappearances, rape and sexual violence. These IDPs were kept detained in military-run camps for months. By October 2009, five months after the fighting ended, fewer than 20,000 of the displaced had been released. However, under immense international pressure, by the end of 2009, the government had released most of IDPs, still 80,000 civilians remained in camps as of April 2010 (ICG, 191, 2010: 6). Even the released are plagued with the difficulties such as disability, loss of income and livelihood, loss of capital assets and social status.

Culture of Impunity and Human Rights Violations

Conflict years in Sri Lanka witnessed the degradation of independent institutions and weakening of the rule of law, followed by strengthening of the culture of impunity. In Sri Lanka emergency rules were in place from 1983 until 2001 with a brief exception in 1989, again, to be clamped in 2005 (UN 2011: 10). Besides, the 1979 Prevention of Terrorism Act has been in place which provides extraordinary power to state and limits the power of

judiciary to check abuses of power and human rights violations (Amnesty International, 2011: 4).

Human rights situation in Sri Lanka worsened especially during the regime of President Rajapaksa. As the government prioritised security considerations over the humanitarian needs, the government forces were allowed to exercise the brute military tactics with complete disregard to international humanitarian norms. Human rights workers, journalists, newspaper editors, and humanitarian workers accused of being 'Tiger sympathizers' were also caught in. Between 2006 and May 2009, 66 humanitarian workers were either killed or disappeared (UN 2011: 17). As part of war efforts, a stricter control on media and flow of information was imposed. From 2006 onwards, independent journalists were not allowed to travel to the LTTE-controlled areas and more detailed guidelines on reporting of war were established in 2008. Between 2006 and early 2009, at least 10 journalists were killed by the state (UN, 2011: 17).

On 19 May 2009, with the announcement of victory by the President 26 years of civil war in Sri Lanka came to an end, officially, but victory remained highly controversial amidst allegations of war crimes and massive human rights violations. During the final days of war hundreds of thousands of Tamil civilians got trapped in the war zone. Especially between September 2008 and 19 May 2009, the Sri Lankan army resorted to large scale and widespread shelling in the Vanni, including that of the No Fire Zones, causing large number of civilian casualties. As around 330,000 civilians remained trapped in an ever decreasing area, trying to flee the shelling but kept hostage by the LTTE (United Nations, 2011: ii), according to the ICRC it led to "unimaginable humanitarian catastrophe" (UN, 2011: 36).

Even after the formal closure of the conflict, there was widespread sense of insecurity and vulnerability among the minority community. The Government instituted *Lessons Learnt and Reconciliation Commission* failed to bring the perpetrators of the war crime to justice and the victims of the Eelam War IV remained vulnerable amid extreme military control.

Conclusion

To conclude, all the three countries, remain devastated and are grappling with the post-conflict challenges of rebuilding and reconciliation. Due to differential nature of conflict, in each country, the aspects of peace-building vary. In Afghanistan, the challenge is to restore the state system itself along with putting the economy on a self-sustaining mode. In Nepal, the key requirement is to prevent the break-down of democratic process along with economic recovery. Sri Lanka needs a peace intervention of totally different type. Since the state system in the country is fully functional and county has also recorded a growth rate of 6.4 per cent over the course of 2003-2012, it is nature of state itself that has been cause of problem. The key role of international community lies in convincing the government to genuinely address the issue of ethnic reconciliation and to streamline the reconstruction of the war ravaged North and East. So far, the efforts of international community to bring out normalcy in all three countries have delivered little. Except Nepal, both Afghanistan and Sri Lanka are faced with humanitarian crises. In Sri Lanka, the solution of Tamil question remained far from sight as long as the triumphant Rajapaksa regime was in power. In Afghanistan, after the withdrawal of the international forces, the ability of the government to manage the post-withdrawal scenario is of great concern.

Chapter III

Determinants and Objectives of India's Peace-Building Role

Introduction

While undertaking a peace-building role, each country is influenced by its own foreign policy goals and compulsions. Chapter III is divided into two parts. The first part examines India's approach to international and regional peace. Apart from analysing various foreign policy pronouncements and responses to internal conflicts, this section assesses India's bilateral and multilateral diplomacy for peace, and its contribution to international peace initiatives. Against this backdrop, the second part examines the factors that have shaped India's response to conflicts in Afghanistan, Sri Lanka, and Nepal, and also the primary and secondary goals that the country's leadership seeks to achieve through its peace-building engagement in all three countries. The objectives are divided into political, strategic and economic, and each one of them is examined in a comprehensive manner.

India's Approach to Peace

Ever since independence, India emphasised the cause of non-intervention and peaceful coexistence in its foreign relations. India firmly held the view that "peace can be preserved only by peaceful means" (Pandit, 1956: 432). This idea was concretised in the notion of *Panchsheel* or five principles of peaceful co-existence which was first formulated in preamble to the agreement between India and China in 1954. These principles are: mutual respect for each other's territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and mutual benefit and, peaceful coexistence.

Natural outcome of the idea of *Panchsheel* was the position of non-alignment. Underlining the essence of *Panchsheel*, Nehru stated:

> from this it has naturally followed that we should keep ourselves free from military or like alliances and from the great power groups that dominate the world today. … We welcome association and friendship with all and the flow of thought and ideas of all kind, but we reserve the right to choose our own path. That is the essence of the *Panchsheel*. (Nehru, 1955)

Nehru was of the view that the concept of *Panchsheel* and the position of nonalignment was not an idealistic high-mindedness but had its roots in the realistic needs of the country. In a speech to the Constituent Assembly in December 1947, he laid down the realistic contours of India's foreign policy:

> Whatever policy we may lay down, the art of conducting the foreign affairs of a country lies in finding out what is most advantageous to the country. We may talk about the international goodwill and mean what we say. We may talk about peace and freedom and earnestly mean what we say. But in the ultimate analysis, a government functions for the good of the country it governs (as cited in Edwardes, 1965: 49).

Elaborating the need of non-alignment and peaceful coexistence Vijaya Laxmi Pandit wrote:

> We have problems to face in India that would tax the energies and resources of a nation far better equipped and developed than ours. We need peace not in order to become more powerful or more prosperous, but in order to exist. We need it in order to eat, to be clothed, and housed and made literate. We need it for these basic unadorned reasons and we will not jeopardise their realisation by even a remote word or action that might add to the unhappy tensions that already exist (Pandit, 1956: 435).

Thus, in the initial years of independence India's advocacy for peace had its roots in the socio-economic fragility of the country. Drawing from its own colonial experience, India's

foreign policy focused on decolonisation and employing multilateral constraints over great power domination. Nehru argued that "idealism was, for India a pragmatic and realistic policy" (Cohen, 2001: 39). India termed its approach to peace as "neutrality". Its essence was the application of an "unjaundiced outlook" to all international issues (Pandit, 1956: 432). This approach was positive in the sense that it opted for full participation in all activities that promoted peace and translated in a willingness to assume considerable responsibility in international affairs (Pandit, 1956: 435).

Under the leadership of Prime Minister Nehru, India actively aided the process of state and nation-building in newly decolonised countries including Kenya, Egypt, Tanzania and Zimbabwe. It helped to build administrative and defence institutions in these countries and spearheaded the UN action against apartheid in South Africa (Kumar 2008: 4). It undertook the responsibility of chairing of the *Neutral Nations Repatriation Commission* in Korea and the *Supervisory Commission for Indo-China* (Pandit 1956: 435). Participation in these peace initiatives was aimed at achieving an expanded role in world affairs and was also a way of fulfilling its international responsibility towards global security cooperation (Cacidedo 2010: 25).

In the post-Cold War period too, India continues to be an active contributor to the UN peacekeeping operations. In 2010, India was the third largest provider of military personnel and civilian police to the United Nations peace-keeping missions with 8,711 personnel deployed with nine missions, of which 904 were police personnel, including the first Female Formed Police Unit under the UN (MEA, 2011a). India is a founding member of the United Nations Peace Building Commission since its establishment in 2005 and has made a liberal contribution of $ 2 million to the UN Peace-building Fund. India was appointed thrice to the Organizational Committee of the Peacebuilding Commission (PBC) (MEA, 2011). India looks upon its participation in the UN peace-keeping operations as a contribution that strengthens its claim to a permanent seat at the UN Security Council and imparts it an image of 'legitimate world power' (Cacidedo 2010: 25).

India’s Approach to Peace in Neighbourhood

Notwithstanding its active diplomacy for international peace and multilateralism, in its neighbourhood, India tried to maintain a regional security order insulated from the influence of the external players and adopted a bilateral approach (Rajamohan, 2003: 239). This trend got further strengthened under the leadership of Indira Gandhi who insisted that regional problems should be solved bilaterally and external powers should have no role in the region. These contradictions in neighbourhood policy became more pronounced in the 1980s when India imposed a trade embargo against Nepal and intervened in Sri Lanka and Maldives (Raja Mohan, 2003: 239). However, this attempt on the part of India to prevent Pakistan, China, and the United States gaining grounds in its neighbourhood ‘clashed directly with its objective of promoting regional stability’ (Hagerty 1991: 362).

After 1990, this exclusivist approach underwent a transformation and India became more open to the role of outside powers in resolving political crises in its neighbourhood. India also sought to improve its overall relationship in the region under the rubric of *Gujral Doctrine* with the objective to accelerate the development of each country in the region and thereby eliminate the potential security threats emanating from their territory. This doctrine put forth new priorities before India’s neighbourhood policy. It was now based on the idea to “first establish yourself in your neighbourhood—by privileging the neighbourhood in your foreign policy scheme and strengthening or winning trust and confidence in both areas of strength and areas of problematical, or even bad, relations” (Cherian, 1997).

This view-point also influenced the way India had so far treated the internal crises in its backyard. Instead of dictating the course of internal political developments, India found it more suitable to engage in a multilateral set-up under the broader concept of peace-building. The following specific factors influenced this policy shift.

Determinants of India's Peace-building Policy in its Neighbourhood

In view of India's aspiration to become a global power in the post-Cold War period, it became imperative for New Delhi to revamp the old pattern of engagement with the neighbouring countries. It was felt that as long as India remained occupied with the regional quagmire, its dream to play a global political role would remain under-realised. With this awareness, India 'sought a more stable and legitimate form of regional domination' (Cacidedo 2010: 31). Moreover, despite its efforts to restrict interferences by external powers, during the 1970s and 1980s, influence of the US and China had increased in the region (Raja Mohan, 2003: 242-43).

Internationalisation of Regional Issues in the post-Cold War Period

The end of the Cold War brought forth some of the non-traditional security concerns such as state failure and violation of human rights. Consequently, in the 1990s, internal dynamics of the South Asian countries increasingly came under international scrutiny (Raja Mohan, 2003: 255). At the end of the 20th century, along with globalisation of the economy, the security issues of the region also became globalised. Such developments led to the realisation in India's foreign policy establishment that "its primacy in the subcontinent can no longer be exercised in the old forms nor can New Delhi underwrite the security of the region unilaterally" (Raja Mohan, 2003: 253). India well gauged this change and by the beginning of 1990s, it had started to collaborate with extra-regional powers to solve internal problems among the neighbouring countries, particularly so in the case of Nepal and Sri Lanka. This new willingness to merge the quest of regional powerhood with global concerns of human security, found resonance in the policy of peace-building engagement.

Post-9/11, the US 'war on terror' internationalised the internal conflicts which led to shrinking of strategic space for India in its neighbourhood. For example, since 2001, the continuous presence of the US and NATO made the Afghan theatre truly global. Similarly, prior to the Eelam War IV, Norway and the EU were actively involved in peace process between the Government of Sri Lanka and the LTTE. Nepali peace process also witnessed

the involvement of the United Nations (Shantanu 2012: 414-415). Instead of a unilateral approach, India found it more beneficial to collaborate with the US in resolving regional problems. New Delhi found it suitable to engage the conflict-torn neighbours through post-conflict peace building in a multilateral framework.

Recognition of Linkages between Peace and Development in Post-Economic Liberalisation Phase

Apart from the external developments, economic liberalisation brought a significant shift in New Delhi's foreign policy objectives. Over the past two decades the single most driving force behind all foreign policy decisions has been 'to sustain the economic growth'. Given economic considerations, the foreign policy makers regard the regions of America, Europe, East Asia, Africa, and Central Asia as sources of opportunity whereas the fragile and institutionally weak neighborhood is regarded as impending risk (Pai 2011: 4). This link between peace and development was highlighted by the External Affairs Minister, S. M. Krishna in his statement at the Security Council. He stated

> Our collective experience in dealing with conflict shows that without peace development suffers. At the same time, lack of development and of prospects for economic progress create fertile grounds for violence and instability, which further sets back development. ….Our efforts should therefore focus on promoting development for all by encouraging economic activity and enhancing their livelihood security…. The process of implementing a peace agreement must run along with the provision of humanitarian and emergency assistance, resumption of economic activity, and the creation of political and administrative institutions that improve governance and include all stakeholders. (MEA, February 11, 2011).

As the developmental goals do inform foreign policy decisions, "New Delhi's dominant response to the conflicts in the neighbouring countries has been to shape the outcomes not to construct them" (Pai 2011: 7). This emphasises use of diplomacy and

multi-pronged political engagement so as to ensure that elements inimical to India's interests do not become dominant in its backyard (Pai 2011: 7).

A natural outcome of such a cautious approach is to engage in the non-contentious arena of post-conflict peace-building instead of intervening in the purely internal affairs. India's impressive economic growth has been instrumental in bringing this paradigm shift. Contrary to a series of interventions in the 1970s and 1980s which were aimed at insulating the sub-continent from the influence of external powers, in the post-economic reforms phase, India has found it strategically prudent to invest in post-conflict rebuilding in collaboration with other international actors. Instead of direct interference in the internal affairs, in all three conflict-torn countries — Afghanistan, Sri Lanka, and Nepal — India has maintained strong economic presence and is engaged in non-contentious humanitarian assistance, infrastructure development and, rebuilding of institutions. India views this approach as a means to certain strategic and monetary gains (Cacidedo 2010: 34).

Domestic Compulsions and Internal Security Concerns

Domestic political factors and security spillover of instability in neighbourhood are crucial in India's decision to invest in peace-building. For example, one of the key factors behind India's engagement in Sri Lanka is the sensitivity displayed by Tamil Nadu to the plight of their ethnic brethren in Sri Lanka. This concern for Sri Lankan Tamils is generally conditioned by public opinion and political expediency of the Dravidian leadership. The issue of Tamil minorities in Sri Lanka has been a tool in the hands of the major Dravidian parties— the All India Anna Dravida Munnetra Kazhagam (AIADMK) and the Dravida Munnetra Kazhagam (DMK) — to garner vote (ICG Asia Report No. 206, 2011: 21). Inter-party competition has been a major factor in involvement of Tamil Nadu in Sri Lanka's politics. From the early 1980s until the assassination of Rajiv Gandhi in 1991, both the DMK and AIDMK supported Sri Lankan Tamil militant groups and outpaced each other in sheltering Sri Lankan refugees. It was only after the IPKF doom and Rajiv Gandhi's assassination that Tamil political parties distanced from the LTTE and even the popular support for the cause of Sri Lankan Tamils got dissipated (ICG Asia Report No. 206, 2011: 22-23).

From 1990 onwards, the trend of coalition governments at the center further diluted the stand of the DMK and AIDMK on the Tamil question. As they shared power with the coalitions at the Centre, these parties had to moderate their vocal support for separate Tamil Eelam. Moreover, neither of the parties — the DMK nor AIDMK— took a principled stand on Tamil issue while aligning with the BJP or Congress at the Centre. It further limited the influence of Dravidian parties over their national partners. Therefore, both the BJP and Congress found it easy to switch their regional alliances. Given this fluidity, the DMK and the AIDMK found it inconvenient to take a strong position on Tamil issue as it might have rendered them less attractive to the national parties and could have weakened their bargaining vis-à-vis the Centre (ICG Asia Report No. 206, 2011: 24). However, as these regional parties had to mobilise voters support and to appease the coalition partners in the state government, they couldn't afford to abandon the case of Sri Lankan Tamils altogether. During election campaigns, the Dravidian parties found the plight of Sri Lankan Tamils emotive enough to appeal the electorate. In one of the editorials published in *The Hindu,* such opportunistic behaviour was summarised as follows:

> Tamil 'Eelam' is for Tamil Nadu politicians what the full moon is for hungry wolves. All their howling is indicative, not of any yearning for a distant, dreamy Eelam, but of the baser urges of the politics of the here-and-now. (*The Hindu*, 2012, April 23)

Notwithstanding the questionability of the genuineness of such concerns and sympathy, Dravidian parties may pose credible threat to the Centre depending on the coalition arithmetic. This capability was well demonstrated when under pressure from the DMK and the AIDMK, the Central Government voted against Colombo at the United Nations Human Rights Council in Geneva in March 2012. Later, the DMK disclosed that it was about to pull its ministers out from the Congress-led United Progressive Alliance over this issue (*The Hindu*, March 20, 2012). However, the credibility of such claim at best, remains dubious.

In addition to this domestic pressure, threat to internal security is crucial to India's decision to undertake peace-building role. For example, spillover of left-wing insurgency in Nepal, prompted India to facilitate the peace-process. There were ample evidences of domestic insurgent groups garnering support from the neighbouring insurgency. In the case of Nepal, this nexus was more pronounced. Taking advantage of an open border, Nepali Maoists were able to acquire arms and ammunitions from India. Free movement of Nepali Maoists in Indian territory and their linkages with Indian Maoists and other insurgent groups in the North East posed a serious threat to India's internal security (Dhungana 2006: 6). Of particular concern was the presence of Nepali Maoists in security sensitive 'chicken neck' corridor of Siliguri and North Bengal. Given the fact that five of the seven states in the north-east — Assam, Tripura, Meghalaya, Nagaland and Manipur — have been insurgency-hit for decades, the issue of Nepali Maoists' penetration became even more serious cause for security concern.

Though the North-East constitutes only four per cent of the total Indian land mass, geopolitically it is highly sensitive given its contiguity to China, Myanmar, Nepal, Bangladesh, and Bhutan and its connection to India only through a narrow land strip of Siliguri, called the 'chicken neck'. According to the intelligence reports, Nepali Maoists tried to establish links with the north-eastern insurgent groups such as Kantapuri Liberation Organisation (KLO), All Tripura Tiger Force (ATTF), National Socialist Council of Nagaland (NSCN), United Liberation Front (ULFA) and National Democratic Front of Bodoland (NDFB) of Assam (Shrestha 2006:187).

The nexus between Nepali Maoists and Indian insurgent groups became clear when the former facilitated the mediation between the Maoist Communist Centre (MCC) and the People's War Group (PWG) which fostered cooperation and unity among the ultra-revolutionary insurgent groups of Andhra Pradesh, Karnataka, Chhattisgarh, Jharkhand and Bihar (Roka 2006: 37). Further, the rapid consolidation of organisational base of the CPN-M among millions of Nepali-speaking people scattered across Sikkim, Darjeeling, Siliguri, Shilong, Dehradun, Himachal Pradesh, and Lucknow-Gorakhpur belt of India, rang an alarm bell for New Delhi (Shrestha 2006: 187).

An open border between the two countries facilitated the transit of small arms and light weapons, provided safe sanctuaries to the insurgents and other criminal groups and, encouraged other illegal activities like kidnapping, human and drug trafficking, robbery, and smuggling of Indian forest resources (Dhungana 2006: 7).

Further, political instability in Nepal prompted the Pakistan-based terrorist groups to operate anti-India activities from there. The hijacking of the Indian Airlines *Flight 814* from Kathmandu in December 1999, was a stark reminder to India that being oblivious of the political situation in neighborhood could only exacerbate its proneness to external security threats. In August 2013, Indian security officials captured the founder of the *Indian Mujahideen*, Yasin Bhatkal from the Nepali tourist town of Pokhara, indicating the vulnerability of porous border (Reuters, November 15, 2013).

The conflict also posed some other internal security challenges such as continuous inflow of refugees. India and Nepal share an open and porous border of 1900 kms that runs along the states of Uttar Pradesh, Bihar, West Bengal and Sikkim. Due to geographical contiguity, socio-cultural affinity and kinship, migration from Nepal has been a historical 'social-inter-relationship' accepted by both countries (Baral 2001: 71). Recognising the inevitability of cross-border migration, the *Indo-Nepal Peace and Friendship Treaty of 1950* conferred the reciprocal rights on the nationals of both the countries to freely reside, own property, find employment and, carry on business (Behera 2011: 2). It is believed that there are approximately 10-12 million Nepalis in India which includes both migrant Nepalis and Nepali-speaking Indian citizens. The later, also known as Indian Gorkhas, constitutes a significant proportion of population in Darjeeling, Sikkim, Assam and, Uttarakhand and Himachal Pradesh (Behera 2011: 9).

As there has been no documentation of the actual number of the migrants, these figures are at best presumptive. Moreover, the actual enumeration is difficult due to seasonal nature of migration. Migration across India and Nepal is not often perceived as 'threatening' or 'alien' largely due to floating nature of movement, Hindu bond, and structural arrangements and privileges provided by the governments (Behera 2011: 9, Thieme 2007: 8).

Poverty, unemployment, declining natural resource, and of late, Maoist insurgency have been responsible for labour outmigration from Nepal. According to the *Population Census of 2001*, about 6% of population over the age of 15 was found absent from Nepal. Of these migrants, the better off generally choose to migrate to the Western countries while the poor, illiterate, and unskilled force headed to India, having left with little choices (Thieme 2007: 7). According to a survey carried out in 2000, at least one person from 70 per cent of the households in Nepal went to India for employment (Roka 2006: 39).

Prior to the insurgency, there was hardly any resentment in India against the large number of Nepali migrants as most of them were either seasonal laborers or were those having matrimonial ties in Indian part of bordering areas. However, after the insurgency, due to victimisation by both the rebels and security forces, the rate of migration increased dramatically. Though there is no reliable data on displacement due to armed insurgency, it is estimated that more than one million people were displaced from the villages since anti-Maoist police operation 'The Kilo Sera 2, in 1998. Of those displaced, barring 300,000 internal movement, the rest took refuge in India (Shrestha 2006: 190). These people usurped the jobs from local labourers at a very cheap wage rate. Such dislocation of native labour created uproar among the general public as well as the government authorities (Dhungana 2006: 7-8).

Objectives of India's Peace-building Engagement

Apart from the above mentioned compelling factors, India's peace-building engagement has been shaped by certain very specific foreign policy objectives which are discussed below.

Strategic Objectives

In the post-economic liberalisation phase, India's foreign policy has been occupied with the goal of sustaining the double-digit growth. It perceives two main strategic challenges. First, 'international terrorism and its linkages with the Pakistani military-Jihadi complex; and second, emergence of an unfavorable balance of power in Asia owing to the dynamics

of China's rise as a great power' (Pie 2011: 4). India's engagement in its neighbourhood has been primarily driven by the objective of offsetting these two security challenges.

Eliminating the Threat of Terrorist Networks and Counter-balancing Pakistan

Risk of international terrorism has been a key determinant of India's unprecedented engagement in Afghanistan. Notwithstanding the multiplicity of interests, the new phenomenon of international terrorism with clandestine links to Pakistan and Afghanistan is the most pressing policy considerations behind India's proactive peace-building in Afghanistan. Ever since the ouster of the Soviets, Pakistan used the Afghani soil for anti-India activities and sought to ascertain that India is kept at bay from the Afghani politics. Unstable Afghanistan has been a tool in the hands of successive Pakistani governments to neutralise its perceived national security threat from India (Rubin and Siddique, 2006: 8).

Ever since its creation, Pakistan grappled with the fear of an anti-Pak alliance of Afghanistan and India and the issue of Pashtunistan added another component of insecurity to Pakistani psyche. The *Pashtun* issue offered India the possibility of trapping Pakistan between the two fronts — along the Durand Line and along the India-Pakistan border in the event of a clash (Grare, 2006: 11). Also Pakistani defence establishment has found itself handicapped to absorb an attack by India and then to retaliate owing to the lack of territorial depth. A puppet government in Afghanistan is seen as a solution to this strategic problem (Sethi, 2001).

War on terrorism should have ideally improved Indo-Pak relationship as technically, both countries are on the same side of the strategic fight. However, since 9/11, relations have been tense for the most of the period, including a confrontation in the first half of 2002 which involved mobilisation of more than a million troops along the border. The root cause of tension is the unwillingness of Islamabad to check the movement of Pak-based anti-Indian fighters across the LOC in Kashmir (Andersen, 2005: 241). Pakistan continues to make a distinction between 'terrorists' (a term applied to Al Qaeda members who are mainly of foreign origin as well as members of Pakistan's sectarian militant groups) and 'freedom fighters' (the officially preferred label in Pakistan for Kashmiri militant groups) (Haqqani, 2005: 24).

India expected that the global war on terror would isolate Pakistan at the international level. However, by virtue of its strategic location, Pakistan managed to have a position of key strategic ally of the US while keeping its Kashmir policy intact. Nonetheless Pakistan's official position as frontline ally in the US-led *war on terror*, the cross-border militancy still remains Pakistan's most successful weapon against the perceived threat of India's regional hegemonic design, including its penetration in Afghanistan.

In a statement, soon after the 9/11, President General Parvez Musharraf made it clear that Pakistan extended cooperation to the US in order to ensure economic and political stability of Pakistan and most importantly, to preserve and protect its Kashmir Policy and nuclear assets (Muni, 2004: 262). In his address to the nation on September 18, 2001, pointing to India, he stated:

> Let us look at our neighbours. They have promised the US all cooperation. They want to isolate us, get us declared a terrorist state. They have met in Dushanbe with some other counties and plan to try to install an anti-Pakistan government in Afghanistan. So our neighbour is busy trying to harm us. If you see their television, they are busy with propaganda against us. I want to tell them to "lay off". Our forces are on full alert and ready for a do or die mission…In this situation, if we make the wrong decisions, it can be very bad for us. Our critical concerns are our sovereignty, second our economy, third our strategic assets (nuclear and missile) and fourth our Kashmir cause. All four will be harmed if we make the wrong decision. When we make these decisions, they must be according to Islam[1].

The statement reflects continuity in Pakistan's strategic thinking regarding Kashmir. The fear that the US might use India as a base for launching *Operation Enduring*

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[1] Dawn (International Edition), September 19, 2001 "Highlights of the Gen. Pervez Musharraf's Address to the Nation" as quoted in S. D. Muni (2004), "Post-9/11 World: Implications for the Kashmir Issue" in Ajay Darshan Behera and Mathew Joseph C (eds) *Pakistan in a Changing Strategic Context*, New Delhi: Knowledge World.

Freedom was instrumental in Musharraf's decision to officially end ties with the Taliban (Hodes and Sedra, 2007: 19). In the *war on terror* Pakistan was much more motivated by desire to show loyalty to the US rather than by intention of fighting extremism at its source. Thus, the hurried negotiations between the United States and Pakistan immediately after 9/11 "changed the Pakistani behaviour but not its interests" (Rubin and Siddique, 2006: 11). The ability of the Pak-based groups to destabilise Afghanistan, endows Pakistan with an edge over other regional players. Pakistan has been able to send a clear message to the World Community that Islamabad, not Delhi or Kabul, is key to stability in Afghanistan (Rubin and Siddique, 2006: 11).

Relationship between Pakistan's security services and Taliban leadership continues unabated. This relationship is based on mutual benefit. The Taliban require external sanctuary as well as military and logistical help to sustain the insurgency whereas the ISI and military firmly believe that they need a reliable ally in Afghanistan so as to maintain regional power balance and 'strategic depth' vis-à-vis India (Waldman 2010: 4). After the withdrawal of international forces, Pakistan anticipates that the victory of Taliban would enable it to play a central role in determining the post-transition political order (ICG Asia Report No 221, 2012: 11).

India was also disappointed with Pakistan's status as a 'frontline ally' in the *war on terror* despite the clear evidence of its involvement in promotion of cross-border terrorism. India failed to alienate Pakistan on the issue of terrorism mainly due to its geo-strategic indispensability for the US. As a result of its new frontline status, Pakistan became bolder and stronger in its confrontation with India. According to Kanti Bajpai:

> Ironically, the US war in Afghanistan at one stroke got rid of three strategic liabilities for Pakistan- Al Qaeda, the Taliban, and indeed Afghanistan itself (contrary to some Pakistani claims Afghanistan was never added strategic depth for Pakistan). Overnight Islamabad was free to focus all its attention and resources on the great *satan*, India. (Bajpai, 2002)

Pakistan received significant material aid from the US as reward for its cooperation. The US State Department's *Country Report on Terrorism 2004* characterised Pakistan as one of the most important US partners in war on terrorism. In June 2004, Pakistan was designed as major Non-NATO ally of the United States and was regularly praised by the top US officials for its anti-terrorist efforts. The Foreign Operations FY 2005 Appropriations Bill approved $ 700 million aid request for Pakistan, half of which was to fund the security related programmes (Kronstadt & Vaugn, 2005: 2). Despite deep concerns raised by India, in March 2005, the Bush Administration announced to resume sale of F-16 fighters to Pakistan after a gap of sixteen years[2].

The US provided Pakistan with almost $ 1.6 billion in Foreign Military Financing since 2001 with a 'base programme' of $ 300 million per year beginning in FY 2005. These funds were used for the purchase of US military equipment. In addition, Pakistan was reimbursed billions of dollars in the form of "Coalition Support Fund" (CSF) in lieu of its operational and logistical support to the US-led counter-terrorism operations. These CSF account for the bulk of the US financial transfers to Pakistan since 2001. As per the Pentagon documents Islamabad received some $ 6.7 billion or an average of $ 79 million per month since 2001 which constituted roughly 80 per cent of these funds (Kronstadt & Katzman 2008: 15-16).

Further, the US adopted a narrow outlook that gave primacy to threat from the *Al Qaeda* at the cost of other terrorist organisations active in the pockets of Pakistan and Jammu & Kashmir (Andersen, 2005: 245). The net result of this approach was that Kashmiri extremists became more active rather than being cowed down by the US presence in the region. The increased number of terrorist attacks in the aftermath of the 9/11 amply reflects that the Kashmir-bound terrorists remained almost untouched by the US led war on terror. In October 2002, the Kashmir Assembly was attacked, at a time when the US forces had begun their operations in Afghanistan and two months later Indian Parliament was attacked.

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[2] India's foreign minister Pranab Mukharjee said that " the US arms supply to Pakistan would have a negative impact on the goodwill the United States enjoys with India, particularly as a sister democracy" as quoted in Telegraph (Kolkata), Dec. 12, 2004

Instead of reining in the cross-border infiltration, Pakistan has taken strong reservation of India's reconstruction assistance to Afghanistan branding it anti-Pakistan. Pakistan views Indian presence as a major strategic defeat and loss of the years of investment in establishing an anti-Indian Islamist regime which kept Pakistan's western borders insulated from any kind of Indian influence (Rubin and Siddique, 2006: 14). It particularly opposed the opening of four Indian consulates in Afghanistan. On July 27, 2003, Pakistani government officially expressed its "deep" concerns about India's activities along the Pakistan-Afghanistan border. Pakistan accused the Indian Consulates of having "less to do with humanitarian aid and more to do with India's top-secret intelligence agency, the Research and Analysis Wing (RAW)" (Baldauf, 2003). The allegations made by Pakistani authorities range from charges of printing false Pakistani currency to carrying out acts of sabotage and terrorism. It alleged India of setting up networks of "terrorist training camps" inside Afghanistan, (Grare 2006: 12).

On the other hand, India, accused Pakistan of supporting cross-border infiltration and harbouring the *Al Qaeda* lynchpin Osama Bin Laden, a fact which was confirmed by the killing of Laden by the US forces on Pakistani soil. In such a hostile scenario, India's Afghan policy seeks to keep Pakistani influence at minimal in Afghanistan. The dubious role of Pakistan reinforced India to forge strong ties with the governments in Kabul. As long as Pakistan is hostile to India, Afghanistan will remain strategically significant.

India is also worried about the growing intimacy between Pakistan and Sri Lanka. Pakistan was not only an outspoken supporter of the military action against the LTTE, it has also emerged as one of the largest suppliers of military hardware to Sri Lanka in recent years. In the post-LTTE period, political ties between two countries got further strengthened. In November 2010, Pakistani President Zardari and his Sri Lankan counterpart Rajapaksa agreed to take the relationship to "new heights" and the later praised Islamabad for helping the government to defeat the LTTE. The two leaders agreed to enhance intelligence sharing on terrorism and President Zardari reportedly offered to train Sri Lankan police and other security officials in counter-terrorism. Zardari also extended US $ 200 million in soft credit to facilitate trade. (ICG Asia Report No. 206, 2011:17).

Offsetting the Chinese Influence

The growing presence of China in its neighbourhood has alarmed New Delhi. China has been tactfully increasing its presence in Afghanistan by investing in critical sectors such as mining and communication so as to develop Kabul's stakes in Beijing's presence. (Siddiqa 2012: 4). China's policies in Afghanistan are shaped in reaction to the "marriage of convenience between Russia, Iran and India" (ICG Asia Report No. 221 2012: 16). Since 2002, China has pledged around US $ 1 billion in aid to Afghanistan. In 2008, Afghanistan received the largest single foreign direct investment of US $ 3.5 billion from a state-owned Chinese firm to develop the Ayank copper field in Logar province. China is focused on expanding economic cooperation with Kabul by offering favourable tariffs. It has also extended a range of scholarships to Afghani nationals for technical training programmes in critical areas of commerce, communications, education, health, economics and counter-narcotics (Shantanu 2012: 415-416).

China's economic and strategic foothold in Sri Lanka has been on rise since the last decade. It is best exemplified by sponsoring of Habantota Port Development Project at a huge cost (Sahadevan, 2011: 161). Situated in the Sinhala heartland along the southern coast and just 10 nautical miles from the world's busiest sea lanes, the deep water port is a part of a $ 1.5 billion development zone that also features a fuel bunkering facility and oil refinery. Though both China and Sri Lanka have reiterated that the port is strictly for commercial purposes, India is skeptical of Chinese intentions (ICG Asia Report No. 206, 2011: 18).

During the Eelam War IV, given India's reluctance to provide Sri Lanka with offensive weapons, China came forward to meet bulk of its needs. Though China has long been Colombo's largest arms supplier, its support jumped from a few million dollars in 2005 to US$ one billion in 2008. It also shielded the Rajapaksa regime in the post-war phase. During the final phase of war, the Chinese backing thwarted any discussion of it in the Security Council despite mounting humanitarian crisis in Vanni. It was largely the backing of Beijing, which allowed the Sri Lankan government to win the war while

ignoring India and much of the West in complete disregard of the Geneva Convention (ICG Asia Report No. 206 2011: 18).

In post-war Sri Lanka, Chinese development assistance increased manifold. In terms of commitment, in 2009 China was the largest donor as it was responsible for US$ 1.2 billion out of a total of $ 2.21 billion aid commitments. According to Sri Lanka's Board of Investment China was also its biggest investor in the same year (ICG Asia Report No. 206 2011:18). In 2010 alone, China signed project contracts and labour cooperation contracts worth US $ 5.699 billion (Ministry of Foreign Affairs of the People's Republic of China, 2010). China's other major projects are expansion of the main port in Colombo, construction of a second international airport at Weerawila near Hambantota, the completion of the southern expressway from Colombo to Matara, and the reconstruction of railways. In complete disregard to Indian sensitivities, China has also invested hugely in the Tamil majority North and East. The north-east region of the island is not merely geographically proximate to India; it is in these provinces where "New Delhi feels it has a natural stake given the close ties between the Indian and Sri Lankan Tamil populations" (ICG Asia Report No. 206, 2011: 18).

This closeness among the Rajapaksa regime and Beijing and Islamabad significantly limited India's strategic maneuvering in the country. India has responded to this situation by making itself relevant to the re-building. Aware of the limitations imposed by the unconditional support of China and Pakistan, India tried to maintain some leverage over the settlement of Tamil question through aid and rebuilding of the north-east. The policy of engagement through peace-building has enabled India to get constructively engaged without being overtly confrontational to the external presence in Sri Lanka.

For long, India has considered Nepal as of its exclusive sphere of influence and a buffer zone. India shares a special relationship with Nepal as it is the only country with which India maintains an open border. With Nepal, India shares close economic, socio-cultural, political and military relationship. No other neighbouring country is so tightly bound to India strategically and culturally as Nepal. As relations between India and China

are characterised by 'persistent mutual trust deficit', Nepal holds enormous significance in New Delhi's strategic calculation (Campbell 2012: 13).

Though India's role was crucial in revival of democracy, ever since the signing of the *Comprehensive Peace Agreement* in November 2006, Chinese influence has been on rise in Nepal. During 2006-11, China's trade and investment in Nepal surged. Though historically India has been Nepal's key trading partner (in 2010 India accounted for over half of Nepal's trade), China's share in Nepal's overall trade witnessed a tremendous growth in year 2009-10. In April 2009, an MoU was signed between China and Nepal in order to promote bilateral trade and investment in areas of mutual interest. Trade volume between the two countries has registered tremendous growth with China's share in Nepal's overall foreign trade increasing from 11 per cent in 2009 to 19.4 per cent in 2010. China's aid to Nepal also increased dramatically over recent years. It increased from US$ 128,200 in fiscal year 2005-06 to US$ 32.5 million in 2010-11. The increase in 2011 was particularly notable as China reportedly pledged loans and grants worth US $ 127.4 million (Campbell 2012: 5-6).

China is also involved in strategically sensitive infrastructure building projects in Nepal. In 2008, China signed an agreement to connect the Tibet Autonomous Region with Nepal through a 770 kms rail link between Lhasa and the Nepali border town of Khasa with a project cost of US $ 1.9 billion. The extension of the railway line from Lhasa to Nepali border and beyond may prove a game changer in geo-politics of the region in the future (Campbell 2012: 5-6). When completed, the rail link will reduce Nepal's dependence on India for its regional and international trade while bolstering its economic ties with China. Further, Nepal may potentially become a land gateway to Chinese trade and commerce in South Asian markets.

Keeping in view that such infrastructure projects may be used for military purposes as well, the southern expansion of Chinese rail network poses significant challenges to India's security. Adding to India's woes, in 2011 the Chinese People's Liberation Army and the Nepalese Army established a military assistance programme which included the supply of non-lethal equipment, training, infrastructure development, and exchange of high

level delegations. In March 2011, Chief of General Staff of the PLA General Chen Bingde visited Nepal and announced a military assistance package worth US $ 17 million directly from the PLA to the Nepalese Army. It was the highest level military visit from China to Nepal in a decade (Campbell 2012: 7). Pointing to India, he mentioned that involvement of third party in bilateral aspects of Nepal-China relations was not acceptable. (Shantanu 2012: 416). Such developments have raised India's stakes in the post-CPA Nepal.

Instead of pressurising Kathmandu to keep the external powers at bay, India is focused on maximising its own leverage by facilitating the peace process. With exception of few incidents such as support to the Army Chief in contravention to the decision of popular government in 2009, India has largely avoided interference in the internal matters. It considers a stable government in Nepal as best guarantee against the prospects of political groups in Kathmandu playing China card time and again.

Economic Objectives

Though counter-balancing Pakistan and China has been the foremost objective behind India's policy of peace-building, it is only one of the several interests. Given the rapid economic growth and energy crunch, the economics of oil and natural gas has added a newer component to India's stakes. Objectives such as energy trade with the Central Asian Republics, security of sea lanes, and import of hydro power have been more compelling in recent foreign policy calculation. Following economic objective have informed India's peace-building activism.

Energy Cooperation

India stands to make significant economic gains in terms of energy cooperation if stability and security is achieved in Afghanistan and Nepal. Particularly, peace in Afghanistan holds promise to supplant India's pressing energy needs. The value of Afghanistan as an economic opportunity was well explained in a statement of the MEA:

> Our goal for Afghanistan is that it becomes a hub of trade, transit and energy.
> It we can support that, we will. If elements there become part of the government

> that becomes a threat to our national security, however, then there will be a problem. We can talk about redlines, women's rights, children's rights but to be blunt about it, our redline is that if elements in Afghan government emerge as a threat to us, then we will have serious doubts about the prospects for peace in our neighbourhood (MEA India in ICG Asia Report No. 221, 2012: 13).

In the post-Cold War period, emergence of energy-rich Central Asian Republics of Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, and Turkmenistan have increased the strategic importance of Afghanistan manifold. Given the proximity of the Central Asian Republics to South Asia, India has vital stakes in establishment and consolidation of democratic and secular politics in Central Asia, which is directly linked to the situation in Afghanistan. (Muni 2003: 99).

In addition to being indispensable to security and stability of the South Asia region, the countries of the Central Asia with their rich hydrocarbon potential hold promise of diversifying India's energy supply in near future. Afghanistan links the energy surplus Central Asian Republics and Iran with the energy deficit countries — Pakistan and India. With a population of more than 1.5 billion and as one of the fastest growing regional economies, the question of energy security in the South Asian region is acute (Vucetic et al, 2006: 2).

India is responsible for almost 10 percent of increase in global energy demand since 2000. During this period its energy demand almost doubled. Accordingly, in 2013, the country's share in global demand was 5.7 per cent, still substantially lower given its 18 per cent share in global population. Despite a rapid expansion in electricity coverage in recent years, around 240 million people are still without access to electricity. It indicates the potential for steeper increase in demand in future (*India's Energy Outlook 2015*: 20). Presently, India has 290 gigawatts of power generation capacity, of which coal (60 %) constitutes the largest share, followed by hydropower (15 %) and natural gas (8%). India is looking forward to diversify its energy mix along with reducing its dependence on fossil fuel.

Contrary to the energy deficit India, Central Asian Republics have significant surplus. The region has vast hydrocarbon fields both onshore and offshore in the Caspian Sea. It is home to four per cent of natural gas reserves and approximately three per cent of oil reserves. Kazakhstan is the ninth largest oil power in the world. It is home to some 30 billion barrels of proven crude reserves, much of which is still untapped. Turkmenistan has the world's fourth largest natural gas potential. It is home to the world's second largest natural gas field Galkynysh, which has 26 trillion cubic meters of gas reserves. Uzbekistan too has substantial gas reserves and the country is valuable for transit routes. Tajikistan is important for hydropower potential. In addition, Central Asia has significant reserves of uranium ore which can be tapped for India's civilian nuclear programme. (Campbell, 2013: 3, Mahalingam, 2015).

A significant breakthrough in energy cooperation with the Central Asian Republics was the signing of framework agreement on the Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline Project on 24 April, 2008. (*The Hindu*, April 25, 2008). At a cost of US $ 8 billion, the 1680 km-long pipeline, is estimated to transport 30 billion cubic meters (bcm) of natural gas per year from the fields in Turkmenistan via Afghanistan and Pakistan to India. Starting from Dauletabad gas field in Turkmenistan, it will pass through Herat and Kandahar in Afghanistan, and Multan in Pakistan, ending at Fazilka on the India-Pakistan border. When completed, TAPI could supply a quarter of Pakistan's gas needs and about 15 per cent of India's projected needs (*The Hindu*, December 16, 2015). However, the implementation of this agreement highly depends on political and security situation in Afghanistan as the portion of pipeline that has to pass through the Afghan territory cannot be constructed until the security situation is improved.

With the prospects of 'new great game' intensifying, after the US withdrawal, who will eventually control the Central Asian energy resources and how this energy is supplied to the world is a question which will continue to impact upon the Indian interests (Muni 2003: 98).

Similarly, India's most tangible economic aspiration in Nepal lies in tapping its vast hydropower potential. As India is trying to switch over from being largely a fossil fuel

driven energy economy to one powered by clean and renewable energy sources, Nepal has the potential to facilitate this transition. Nepal has an economically feasible potential of 42,000 MW of hydropower production of which, mere 600 MW or less than 2 per cent has been developed so far. Through harnessing the hydropower potential of Nepal, India will also get benefitted by earning carbon credit under the Clean Development Mechanism (CDM) (NICOH 2006: 2). Further, cooperation with Nepal in hydropower sector will help in balancing the power system in both countries as different pattern of seasonal demand and supply in either country favours cooperation. Notwithstanding the complementarities, the sharing of hydropower resource with India has been politically very sensitive issue in Nepal. The Mahakali Treaty was signed in 1996, but it remains a 'dead letter' adding to the further worsening of India-Nepal relationship (*The Hindu*, September, 17 2008).

Security of Sea Lanes

India has pragmatic security concerns in Sri Lanka given its strategic location in the Indian Ocean. The port of Colombo facilitates the entry and exit of regional freight bound to or incoming from the East or West. Since the Indian Ocean accounts for half of the world's containerised freight, one third of its bulk cargo, and two thirds of its oil shipments, stability in Sri Lanka becomes imperative (Orland 2008: 7).

For India, the security of the sea lanes is even more vital as sea trade dominates its overall transnational trade and nearly 89 per cent of its oil imports arrive by sea. Sri Lanka assumes a particular importance in India's maritime trade as over 70 per cent of the Indian imports arrive through the port of Colombo for bulk breaking before being shipped to Indian ports. India's accelerated economic growth rate demands that security of the Indian Ocean as a maritime trading zone and transit route for oil remains intact. Waters adjacent to Sri Lanka assume special significance owing to such security requirements (Orland 2008: 8).

Promotion of Business Interests

India has focused its attention on promoting its business interests through peace-building policy. This new policy of 'geostrategic neoliberalism' has been a defining factor in Indo-

Sri Lanka relationship in the post-IPKF phase (Gunsekera 2008: 10). In the post-LTTE period, promotion of India's business and economic interest was the determining factor in India's rapprochement with the Rajapaksa government. Conclusion of the civil war in Sri Lanka has offered new opportunities for Indian investors as the new markets of the Northern and Eastern Province are open. India is not only Sri Lanka's largest trade partner but also its largest source of imports. In 2010, bilateral trade between the two countries had reached US$ 3.04 billion as compared to US$ 2.07 billion in 2009. Similarly, in 2010, Indian exports to Sri Lanka stood at US$ 2.57 billion as compared to 1.73 billion in 2009, thus, registering a growth of 32 per cent. Exports from Sri Lanka to India was US$ 471.23 million in 2010 while in 2009 it was worth US$ USD 333.54 million, thereby achieving a growth of about 30 per cent. Further, Indian companies have also established a strong presence in Sri Lanka. In 2010 India was the largest FDI contributor to Sri Lanka as it contributed US$ 110 million out of the total $ 516 million received (Ministry of External Affairs, India, 2011).

Similarly, Nepal can potentially emerge as an attractive FDI destination for Indian investors. Indian firms are attracted to move to Nepal as the country has abundant cheap labour and plenty of raw materials. Therefore, the production cost is much lower in Nepal as compared to India, thereby making the produce more competitive in international market (Sharan 2010: 281). India is the largest investor in Nepal accounting for 50 per cent of the total FDI inflows (Taneja & Chowdhury et al., 2011: 145). However, during conflict years FDI from India to Nepal witnessed a declining trend: during 2000-2007, it was reduced by almost half to that of 1990-99 level. The Table 3.1 shows the trend.

Table 3.1

Outflow of India's FDI to Nepal (US$ million)

Period	FDI Value	No. of Indian Investing Firms
1970-79	4.0	3
1980-89	4.9	14
1990-99	54.8	46
2000-07	25.4	31

Source: Pradhan (2008) as cited in Taneja & Chowdhury et al. (2011) p. 145

India's peace-building measures are aimed at making Nepal a safe destination for its investments and energy cooperation. Afghanistan with its rich mineral resources holds potential for satisfying India's rapidly growing need for copper. Afghanistan has sizeable reserves of copper in Kabul-Loghar province (Afghanistan Investment Support Agency 2006: 16). Thus, a vital objective of India's engagement in all three conflict-ridden neighbours is to achieve tangible strategic and economic gains.

Conclusion

The discussion clears that strategic goals of India's peace-building engagement are to counter China's overarching presence and to eliminate the prospects of terror networks utilising the neighbouring territory for anti-India activities. Dependent on these two primary strategic objectives is the realisation of secondary goals of maintaining internal security and regional stability. Reaping the benefits of close economic cooperation is another objective behind India's rebuilding role. Key economic goals are to enhance energy cooperation, secure the neighbouring markets for Indian investments, and ensure safer trade routes. India has realised that without achievement of these goals, its aspiration to become an emerging power will always remain compromised. However, India's peace-building endeavours are not unopposed. It has faced stiff resistance from both the domestic constituencies in the host countries and the external forces. The next deals with the nature of India's peace-building role.

Chapter IV

Nature of India's Role and Strategies

Introduction

India's emergence as a key contributor to peace-building in its neighbourhood is a new development in its foreign policy. In a regional environment which is replete with apprehensions of India's hegemonic designs and mistrust of its interference, devising an acceptable peace-building strategy is the most daunting policy challenge. Maintaining its presence, without being seen an interventionist, is a key consideration while deciding on the components of peace-building. This concern resonates well in the nature of its engagement. Though the common thread of non-interventionist approach runs across all regional engagements of India, there is a visible policy difference too. India's massive aid flow to Afghanistan is not matched with a similar commitment to rebuilding the civil war-torn areas in Sri Lanka or Nepal. Its engagement across the conflict-ravaged countries of the region ranges from low key back door diplomacy to unobtrusive economic assistance. The following sections analyse the nature of India's peace-building role in Afghanistan, Nepal and Sri Lanka. The chapter also explains the differential treatment of all three conflicts by India while enumerating the commonalities. It examines the thrust areas and sectors (political, military, humanitarian, economic and social) of India's rebuilding role. The quantum of assistance given to each country and the rationale and reasons behind giving priority to some sectors over others for India's engagement are also examined.

India's Peace-building Role in Afghanistan

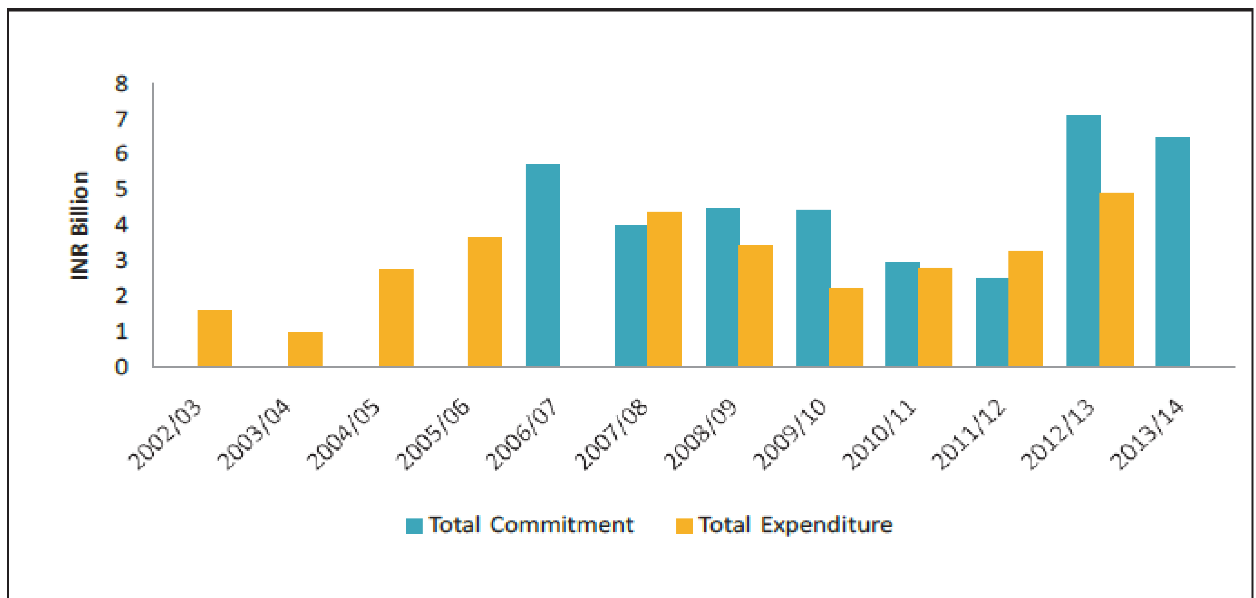
Afghanistan's troubled past has amply demonstrated the repercussions of the state failure over the entire region. Though emergence of the country as a hub of international terrorism is attributed to the fundamentalist Taliban regime, neglect by the international community of the politico-economic conditions is no less responsible for the Afghan quagmire. Investment in the stability and development of Afghanistan amounts to the investment in the regional stability. India anticipates the strategic and economic opportunities that

prosperous Afghanistan offers. Substantial investment in rebuilding of Afghanistan can transform it from a security burden to the land of opportunities.

Ever since the establishment of Interim Authority in December 2002, India has been among the leading donor countries and has supported the consolidation of democratic process and economic rebuilding. The present level of India's assistance stands at more than US$ 2 billion, making India the 5th largest bilateral donor in Afghanistan after the US, the UK, Japan and Germany (Joshi 2010: 22). The graph 4.1 gives year-wise details of India's aid.

Figure 4.1

Commitment and Expenditure of Grants to Afghanistan, 2002-03 to 2013-14



Source: Indian Development Cooperation Research Report (2014), *The state of Indian Development Cooperation*, p. 9

For the purpose of clarity, the Chapter evaluates India's engagement in Afghanistan under two sections — the first section analyses the political and institutional rebuilding while the next section dwells upon the infrastructural and socio-economic reconstruction.

Political and Institutional Rebuilding

Starting from Bonn Conference, India made its presence in the rebuilding endeavour. The Indian special envoy to Afghanistan, S. K. Lambah, played an important behind-the-scene role in facilitating the compromises and decisions taken at the Bonn Conference. Unlike in the past, India adopted a realist approach to Afghan situation. While shedding the ideological baggage of non-alignment and democracy as well as accepting Afghanistan's Islamic identity and the ethnic tribal foundations of Afghan civil society, India supported the democratisation process neutrally without getting entangled in the internal political rivalries and factionalism. To strengthen the democracy India has made the following contributions.

Construction of the Parliament Building and Support to Electoral Process

In 2013, India completed the construction of Afghan Parliament building at a cost of approximately Rs. 700 crore). The foundation stone of the new building in Kabul was laid on August 29, 2005 by king Zahir Shah during Dr. Manmohan Singh's visit to Afghanistan (*The Tribune*, June 10, 2013 & Ministry of External Affairs India 2006: 37).

India provided 65 electronic voting machines to the United Nations Assistance Mission in Afghanistan for election of the Constitutional *Loya Jirga* in December 2003 along with deputing experts for their operation and technical support (Ministry of External Affairs, India 2005: 25). Also, for the Presidential election in October 2004, India contributed 50,000 indelible ink markers (Ministry of External Affairs, India 2005: 25).

Advisory and Training Support

Afghanistan is engulfed in violent conflict since a quarter of century and lacks in democratic experience. Mere commencement of elections is insufficient for the instutionalisation of democracy. For the proper functioning of elected government, a trained bureaucratic support structure is required. India complemented the international efforts of democracy promotion by providing crucial advisory and training support. In August 2005, thirty staff members of the National Assembly Secretariat received three week training in India at the Bureau of Parliamentary Study and Training on various

aspects of parliamentary functions (Ministry of External Affairs, India 2006: 37). In 2012, senior officials from Independent Election Commission of Afghanistan received training at the Election Commission of India's training institute. (Election Commission of India, 17 April 2012).

Judicial system in Afghanistan became defunct during the years of violence and the institutional integrity was destroyed. In the post-Taliban phase the Italian-supported justice sector reform was lagging behind in terms of human resources and infrastructural capacity. India assisted the judicial sector reforms by imparting training to the judicial staff. Eighteen Afghan judges and lawyers were trained at the Indian Law Institute, New Delhi, from February to May 2003 (MEA, India 2006: 39).

India also contributed to the training of Afghani diplomats. Fifteen officials from the Presidential Secretariat of Afghanistan were trained at the Foreign Service Institute in New Delhi from October 2002 to March 2003. Four batches of 20 Afghan diplomats were trained at the Foreign Service Institute, New Delhi, between February 2002 and April 2006. By December 2010, seven courses had been held and 133 Afghan diplomats had been trained (Foreign Service Institute, MEA, India December 2014). In addition, in 2003, six Afghan diplomats attended the Professional Course for Foreign Diplomats at the Foreign Service Institute (Ministry of External Affairs India 2006: 19). Also, an MoU has been signed between the Foreign Service Institute of India and the Institute of Diplomacy of Afghanistan to institutionalise the training programme (MEA, India 2006: 36).

An MoU was also signed between the Government of Afghanistan, Government of India and the United Nations Development Programme titled *Co-operation in the Field of Capacity Development in Public Administration* on 23 January 2007. According to the MoU, the Government of Afghanistan (through its Independent Administrative Reform and Civil Service Commission), the Government of India (through its Ministry of External Affairs), and UNDP (through its country office in Kabul) committed themselves to co-operate in the field of capacity development in public administration. Under the terms of the MoU India agreed to provide 30 coaches and $ 3000 per month for each of the coaches to strengthen the capacity of Afghan Public Service. Further, a South-South Co-operation

Project is being implemented by the Government of Afghanistan to facilitate the job capacity development in Afghan civil service.

In May 2008, in order to strengthen the local governance, an MoU was signed by the Union Panchayati Raj Minister, Mani Shankar Aiyar and Minister for Rural Rehabilitation and Development of Afghanistan, Mohammad Ehsan Zia in Kabul. The focus of the MoU was capacity building of individuals, institutions, and elected representatives of local administration in areas of micro-planning, devolution of powers and funds, and mobilisation of resources (*The Hindu* 2008, May 19).

Counter-terrorism and Security Sector

Security remains the most challenging area even after a decade of the ouster of the Taliban. Ever since *Operation Enduring Freedom*, the security sector reforms were strictly under the control of the US and its NATO allies with Germany having assumed the responsibility of police sector reforms and the US having given the task of development of the Afghanistan National Army (ANA). Keeping in view of the past record of regional players, who have been a part of problem rather than being solution, the US adopted a strategy of keeping the neighbouring countries at bay from security issues. Also, due to its sensitivity to Pakistan's objections, particularly on security related issues, the US was skeptical of a close security cooperation between India and Afghanistan. Therefore, defense is the one sector where there was minimal cooperation between the two countries.

In the initial post-Taliban years, India's support was limited to material, advisory and training support to the security establishment viz. police and army. During 2001-2003, it gifted 285 utility vehicles- field ambulances, troop carriers, transport vehicles- winter clothing (25 tons) and, medicines (277 packages) to the Afghan National Army. India also trained Afghan army officers with a total of 1400 personnel trained during 2003-2013. In 2014, India was providing training to 350 officers annually (Weitz, 2014). In July-September 2002, 250 Afghan police officers/cadets were trained in 12 different courses in India. Another batch of 38 Afghan police officers attended six different training programs in India from January to June 2005. India also supplied communication equipment to Kandahar police (Ministry of External Affairs, India 2006: 39).

However, after the withdrawal of the ISAF in 2014, the security situation in Afghanistan has deteriorated. Afghan national forces are short of military supplies and weapons needed to tackle the insurgency. In recent years, Afghanistan has been more pressing in its demand for greater security cooperation with India. To such demands, India's response has been measured. During President Karzai's visit to India in December 2013, India committed to raise the number of ANSF members it trains each year to 1000 soldiers. For the first time India also agreed to train a group of 60 Afghan Special Forces (*Reuters,* April 30 2014).

In October 2011, India signed a Strategic Partnership Agreement with the Afghan government which among other things envisaged that India might train the units of the Afghan security forces (Ganguly 2012: 2). With its long experience in counter-insurgency operations in Jammu & Kashmir, India can help valuably in dealing with the Taliban insurgency. The demand to impart counter-insurgency training to Afghan forces came as back as in 2008. In 2008, during his visit to India, then Afghan Defense Minister Abdul Rahim Wardak requested the Indian Government to provide Afghan soldiers with counter-insurgency training (Ramchandran, 2008). The request was repeated during the visit of Afghan National Security Advisor, Mohammad Hanif Atmar to Delhi in November 2015. However, India has so far not agreed to provide any such assistance. After much dilly dallying, in December 2015, India agreed to supply four Mi-25 attack helicopters, making it first transfer of lethal equipment by New Delhi after the ouster of Taliban by New Delhi. (*Reuters*, November 6, 2015).

Assistance to Education Sector

One of the major constrains to consolidation of democracy in Afghanistan is wide-spread illiteracy. The majority of the population is illiterate. India has contributed significantly for the rehabilitation of education sector.

India renovated the first ever institute of modern education in Afghanistan, Habibia School (which was founded in 1903) at a cost of over $ 5 million. India took up the task of rebuilding the school in September 2003 and completed the project in less than two years. During his visit to Afghanistan in August 2005, Indian Prime Minister Manmohan Singh

inaugurated the renovated Habibia School. India also provided sports equipment, photocopiers, computers, furniture, and laboratory equipment to the school (Ministry of External Affairs India 2006: 35).

India provided necessary equipment to other schools too. In February 2003, India supplied 1,500 stationary kits for schools in Paktika province. It provided 20,000 desk-cum-benches (DCBs) to the schools in Kabul, Jalalabad, and Mazar-e-Sharif. In 2007, an additional 30,000 DCBs were made available to schools in Nangarhar province. In 2004, India gifted books and laboratory equipment to the Kandahar University and lab equipment and sports goods to the schools in Nimroz (Ministry of External Affairs India 2006: 36).

India extended necessary training and scholarship to Afghan teachers and students. It provided in-service-training to 47 Afghan teachers in leading Indian schools like Delhi Public School and Sanskriti School in New Delhi. During March 2004-February 2005, English language teachers were deputed to Afghanistan for language teaching to Afghan students in Kabul, Kandahar, Mazar-e-Sharif, Herat, and Jalalabad. In-Service training was provided to the principal and English teachers of Habibia School in March 2005 (Ministry of External Affairs 2006: 36).

Thus, Indian assistance had focused on the areas which are crucial for the sustainability of democracy and peace in the long run. In a country where law enforcement agencies are too weak to implement the rule of law and protect human rights and fundamental freedom, India has assisted the crucial sectors like the police and justice. The importance of Indian assistance also lies in its neutral poison. India is the only country among the regional players that has kept itself distanced from the internal politics and has genuinely supported the very cause of democracy.

Infrastructural and Socio-Economic Reconstruction

Since the most worrying aspect of the post-conflict international assistance is the short-term high visibility off-budget disbursements characterised by low impact on local capacity building, Indian assistance has sought to redress this structural problem of reconstruction efforts by adopting a bottom up approach. It has invested in small and low-visibility

development projects with community participation and long-term development projects such as power generation, road construction and telecommunications. The areas assisted by India are also the priority areas of development identified by the Afghan Government. This approach was well reflected in Mr. Nirupam Sen's statement in the UN Security Council on March 12, 2008, where he emphasised the need for the *Afghanisation* of assistance programmes (Sen 2008).[1] Currently, nearly 3500 to 4000 Indians are engaged in infrastructure construction, capacity-building and various development projects in Afghanistan. India has assisted Afghanistan in the following crucial sectors.

Power and Transmission

One of the drivers of economic growth, energy sector, was in bad shape due to extensive damage and fragmentation of power system. In 2006, the Afghan power system operated through four main isolated grids. Officially, merely seven per cent of the population had access to power and that also at 18.50 to 19.25 kWh per capita consumption, which was among the lowest in the world (*Power Sector Strategy for ANDS* 2007: 1).

The *Power Sector Strategy for ANDS* prioritised the rehabilitation of power infrastructure in three major urban centers — Kabul, Kandahar and Herat. In line with the ANDS prioritisation India committed more than 30 per cent of the aid package for power generation and transmission in Herat and Kabul (MEA, India 2006: 10). India's assistance to power sector includes the following projects:

Pul-e-Khumri to Kabul Transmission Line

In 2005, India committed $ 111 million for the construction of the 220 kV D/C Pul-e-Khumri to Kabul transmission line and a 220/110/20 kV Kabul Sub-station involving construction of 600 transmission towers. India's Power Grid Corporation was operationalising this project (D'Souza 2007: 836). Completed in February 2009, this

[1]Statement by Mr. Nirupam Sen, India's Permanent Representative to the UN, at the Open Debate of the UN Security Council on the situation in Afghanistan on March 12, 2008

project supplies electricity to Kabul from the Termez power plant in Uzbekistan and is immensely supporting the North-East Power System (power-technology.com).

Salma Dam Power Project

India reconstructed the *Salma Dam Power Project* in Herat province at a cost of $ 290-million. Announcement in this regard was made as back as in 2004 at the Berlin Conference. The project involved the construction of a 107.5 meter high earth and rock fill dam on the *Harirud* river, a surface power house with three units of 14 MW each and, transmission line from Chiste-Sharif to Herat covering a distance of 143 kilometers; (MEA, India 2006: 10). The work on the project started in March 2006 by the Water and Power Consultancy Services (India) Ltd. and was completed in 2016. In addition to providing electricity, project provides irrigation facility to over 80,000 hectares of land (Ashraf 2007: 4, *The Indian Express*, June 5, 2016).

India also provided equipment for 125 km transmission line from Andhkhoi to Maimana, for three sub-stations at Maimana, Faizabad and Juma Bazar and four pole mounted sub-stations in Faryab province at a cost of around Rs. 39.2 crore (MEA, India 2006: 10).

Road Construction

In order to keep up with increasing traffic volume, accelerate domestic trade and commerce, and promote trade links with neighbouring countries, there was a dire need of rehabilitation of the road network. The Afghan government set an ambitious target of raising the share of total paved roads from 16 per cent to 32 per cent by 2010 and 48 per cent by 2015, or from 0.15 km of paved road per 1000 people to 0.23 km by 2010 and 0.46 km by 2015 (*Securing Afghanistan's Future* 2004: 44). In the first phase of road construction programme, Afghanistan gave primacy to the national primary road network, the 'Garland Highway' that connects Kabul and Mazar-e-Sharif with the road passing through Kandahar and Herat. The government planned to connect the main Garland Highway to neighbouring countries by 2008 in order to realise the vision of developing the country as a land bridge between the Central Asia, South Asia and the West Asia.

India helped substantially to make this vision a reality. India reconstructed the 215 km long highway from Zaranj to Delaram in the southwest of Afghanistan at a cost of INR 600 crore. The road links Delaram, which is situated on the Garland Highway with Zaranj, near to Afghanistan's border with Iran. The highway connects the Garland Highway with Iran through the Milak Bridge and onwards to the port of Chahbahar. It has significantly reduced Afghanistan's dependence on a single entry point via the port of Karachi by providing an additional access to the port of Chahbahar in Iran. This route is shorter, approximately saving 1000 kms to the sea access and facilitates trade with India and the Gulf countries. The project was carried out by the Border Roads Organisations (BRO) of India. It was completed and handed over in January 2009. Since 2003, India is also working with Iran to develop the Chahbahar port complex as it is closer to India than the existing port at *Bandar Abbas* (Ramchandran: 2007).

The Taliban were bitterly opposed to the project and launched frequent attacks on the construction workers as the project is likely to enhance India and Iran's trade and influence in Afghanistan. A total of six Indians, including a Border Roads Organisation (BRO) driver and four Indo-Tibetan Border Police (ITBP) soldiers, and 129 Afghans were killed in the attacks (*The Hindu*, January 23, 2009). Keeping in view of the frequent attacks on BRO personnel, India had to deploy around 300 personnel of the Indo-Tibetan Border Police (ITBP) (*Press Trust of India* 2006).

Telecommunications

In 2003-2004, Afghanistan's telecommunication baseline was one of the worst anywhere with a tele-density of 1.6 telephones per one thousand people (*I-ANDS* 2006: 131). India picked up the telecommunication sector as one of the priority areas of assistance and initiated a project to restore telecommunication infrastructure in all provinces. India set up the CDMA WLL telecom facilities in 11 provincial capitals with a capacity for 35,000 lines at a cost of $ 10.5 million (MEA, India 2006:13). These telephone networks were formally inaugurated on December 10, 2005 and systems were handed over. The project involved installation of a digital telephone exchange with infrastructure facilities like towers, power supply systems, pre-fabricated shelters and air conditioners. Presently, all 11 provincial

capitals of Afghanistan have national and international dialing facilities through satellite due to India's help. Besides providing for telephone calls, it has also facilitated the subscribers with internet access (MEA, India 2006: 13).

Transportation

During the years of conflict most of the buses were destroyed or became unusable due to neglect of maintenance or direct damage. Immediately after the fall of the Taliban in late 2001, there were only 50 buses and many provinces had no public transport system. Anticipating the crisis, India gifted 400 TATA and Ashok Leyland buses and 200 minibuses in 2006, which proved to be of immensely helpful in connecting the outlying villages in the hilly terrain to the cities (MEA, India 2006: 15).

India also assisted the civil aviation sector and made available three Airbus aircrafts to Afghan Ariana Airlines, along with essential spares. The first two aircrafts were handed over in September and December 2002, and the third in March 2003. Essential training was also imparted to 51 Ariana Airlines officials by the Air India (MEA, India 2006:15).

On 24th February 2005, an MoU was also signed between the Ministry of Civil Aviation, India and the Ministry of Transport, Afghanistan regarding co-operation in the field of civil aviation. As per the terms of the MoU, the Government of India committed to provide the required experts and manpower for airport management, air traffic control, air navigational aids, pilot, cabin crew, navigational aid experts training, development of communications system, airport and airline safety, security oversight and maintenance of aircraft. In addition to providing regular maintenance of aircraft by Indian Airlines, the Government of India also agreed to extend necessary support and help to train the expert manpower. In compliance with this MoU, the Government of India deputed highly skilled civil aviation officials for one year period"[2].

[2] Memorandum of Understanding between the Ministry of Civil Aviation, the Government of the Republic of India and the Ministry of Transport, the Government of the Islamic Republic of Afghanistan, on Cooperation in the Field of Civil Aviation, 2005.

Industry and Commerce

India rehabilitated the Industrial Complex at *Pul-e-Charkhi*. The complex was inaugurated three decades ago by the then Prime Minister of India, Mrs. Indira Gandhi. During the years of war, industrial activities at the complex came to a halt. One of its three transformers and substations were also destroyed in a rocket attack. India took up the task of reviving the substations and relaying the electric cables. Two electric sub-stations were reconstructed which are supplying a total of 5 MW power to 250 units in the Industrial Park. India set up the Common Facility and Tool Room Centre in the Industrial Park at a cost of $ 3.10 million, which was inaugurated on November 29, 2005. The centre satisfies the bulk of facilities and tools required in industrial production processes, particularly of automotive, textile, general engineering, consumer industries, power plants, etc. (MEA, India 2006: 26). Eight Afghan technicians were also trained in Bangalore, in operating heavy machinery. A training workshop and programme on Marketing and Enterprise Development was organised for Afghan women entrepreneurs by the Consortium of Women Entrepreneurs of India in November 2003. Training was also imparted to forty officials of Afghanistan's Ministry of Mines and Industries. Indian engineers trained Afghan workers on how to operate the machinery (MEA, India 2006: 27). To enhance the capacity of fruits storage, in Kandahar India constructed a cold storage of 5,000 tons capacity in August 2005 at an estimated cost of $ 1.5 million (MEA, India 2006: 26).

With the improvement in situation, the export basket of Afghanistan is also likely to increase. Preferential access for Afghani goods to regional markets is crucial to reduce the soaring trade deficit and augmenting the national income. During pre-Taliban years, India was the major destination of Afghan dry fruits. To revive the age old trade relationship, India signed the Preferential Trading Agreement (PTA) with Afghanistan on March 6, 2003. Under the terms of the PTA India provided substantial duty concessions ranging from 50 to 100 per cent to certain categories of dry fruits. (*Preferential Trading Agreement* 2003).

In November 2011, India removed basic custom duties for all products of Afghanistan (except alcohol and tobacco) giving them duty free access to Indian Markets

(MEA, India 2014). Again in April 2013, India announced that majority of Agricultural imports from Afghanistan would be exempted of customs duty. At present Afghanistan requires to pay customs duty only on 25 products out of 480 that are exported to India (Wadsam, 6 April 2013).

Though there has been a modest growth in the trade volume between the two countries (till 2005 it was just around US $ 200 million, India's export was about $ 136.75 million and India's import from Afghanistan were about $ 58.58 million), the bilateral trade at $ 683.02 million for 2013-14 (474.25 million export and 208.77 million import by India) is still at a modest level given the vast potential between two countries (MEA, India 2007, MEA India 2014). The top commodities exported by India are man-made staple fibers, cereals, tobacco, electric machinery, dairy produce, egg, honey, rubber products, pharmaceuticals, clothing accessories, boilers and machineries, whereas the imports mainly comprise of fresh fruits, dried fruits/nuts, raisins, vegetables, oil seeds, precious/semi-precious stones, etc. (MEA, India 2014)1. However, a major portion of India's trade with Afghanistan is carried out via the UAE, which does not get reflected in trade statistics of India and Afghanistan.

For Afghanistan, key regional players in terms of cross border trade are Pakistan and Iran with most of Afghanistan's external trade by land passing through these two countries. Afghanistan wants to diversify its regional trading partners in order to be in a better bargaining position. As a matter of fact, almost all consumer food and industrial items in Afghanistan come from Pakistan, China and Iran. It was estimated that the Indian goods would be costlier by about 30 per cent than the Pakistani and Chinese goods but could win in terms of quality. The Confederation of Indian Industry (CII) set up its office in Kabul as early as March 1, 2002. An Indo-Afghan Business Forum (IABF) has also been established to link the business communities of the two countries. Till 2006, more than 60 Indian companies had got registered with the Afghanistan Investment Support Agency (AISA). ASIA has MoU with the Confederation of Indian Industries (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI). The Afghan International Chamber of Commerce (AICC) has also signed an MoU with the CII to promote business links between the two countries (MEA, India 2007). As per the initiative

of the Economic Department of the Embassy of the Islamic Republic of Afghanistan in New Delhi, the Afghan Chamber of Commerce and Industry (ACCI) and the FICCI signed an MoU on 29 April 2015 for establishing a joint chamber, under the name of the Afghanistan-India Chamber of Commerce and Industry (AICCI) (Embassy of Afghanistan, New Delhi, 2015).

India also assisted Afghanistan in its effort of trade diversification by organising events like *Delhi Investment Summit* on Afghanistan in June 2012. India leads the commercial confidence building measures in the region within the purview of the *Heart of Asia* process. As the lead country for the *Heart of Asia* CBM, India hosted Senior Officials Meeting of the member countries in New Delhi in January 2014. Multilaterally, India helped to initiate a dialogue on Afghanistan through various platforms like Afghanistan-India-US Trilateral and Afghanistan-India-Iran trilateral that bring together international partners in pursuit of the common goal of securing Afghanistan's future (MEA, India, December 2014)2.

India has promoted the integration of Afghanistan to regional economy through investment in alternative port facility in Iran. In May 2015, India signed an agreement with Iran for the development of Chabahar port at a cost of $ 85.21 million. The project is a joint venture of Kandla Port Trust and Jawaharlal Nehru Port Trust, India. Located in the southeastern Iran, Chabahar port is about 1000 km closer to Afghanistan than the Karachi port which currently facilitates most of the exports and imports of Afghanistan. When operational, the port will be an alternative to Karachi port where frequent obstruction, and high storage cost hamper the businesses (Wadsam 25 May, 2015).

Notwithstanding these efforts, the lack of transit facilities through Pakistan, security risks, and absence of direct road, rail, and sea routes between the two countries are the key hurdles to a robust trade relation.

Information and Culture

India extended help to revive the infrastructure for information in Afghanistan. India undertook a project to uplink Kabul TV and make downlink facilities available in 10

provinces. The work on establishing TV uplink station was completed at the Radio and Television Afghanistan (RTA) premises in Kabul. In phase II, twenty three remaining provinces were covered to provide a national TV network (MEA, India 2006: 28).

In addition, a 100 Kilowatt Shortwave Transmitter with seven aerials was installed at Yakatoot in Kabul in September 2005 to make the Kabul Radio Programmes available in the South-West Asia, South-East Asia, Africa, and Europe. People living in remote areas of Afghanistan are also able to listen to Kabul Radio programmes broadcasts due to Shortwave Transmitter (MEA, India 2006: 28-29).

In July 2005, a full-fledged TV studio with modern facilities was commissioned in Jalalabad. It enabled Jalalabad TV Center to produce good quality programmes and local news. (MEA, India 2006:29). The low power TV Transmitter in Jalalabad was also replaced by a high power Transmitter of 1000 Watt capacity to improve the coverage and quality. A mobile TV satellite uplink and five TV relay centers were also set up to provide coverage to the entire population of Nangarhar province (MEA, India 2006: 29).

An MoU was also signed between the Government of India and the Government of Afghanistan regarding cooperation in the field of media and information in February 2005. Both the governments have tried to augment the cultural exchanges through various measures including organising special exhibitions showcasing the culture of each other's country, promotion of tourism, etc. During the visit of the Indian Minister of State for Tourism, Smt. Renuka Chaudhary to Kabul on December 6-8, 2005, an agreement was signed regarding cooperation in the field of tourism. As per the terms of MoU, a number of steps have been taken by the Indian government such as organising a special festival on Afghanistan, highlighting its history, culture, customs, and handicrafts. Some of the steps undertaken under this agreement are: the programme of Indian designers to work with the Afghan craftsmen in order to develop and diversify the product range in a contemporary manner, setting up a Hospitality Management Training Center by the Afghan Government with India's assistance, assistance by the Indian Tourism Department to develop a promotional brochure on Afghanistan, visit by Indian experts to Kabul to train travel agents

and tour operators in ticketing, and training of Afghan nationals in hospitality sector (MEA, India 2006: 30).

Urban Development

With the resumption of economic activities and return of refugees the demand for adequate transport services, water, power, and sanitation facilities, soared in major cities. Kabul, with more than 3 million inhabitants, had a mounting demand on civic amenities. India helped Kabul Municipality to deal with the problems of overpopulation. It gifted 105 utility vehicle/equipment including water tankers, rear drop tippers, dump trucks, bulldozers, motor graders and garbage tippers to the Kabul Municipality. In addition, in May 2003, India gifted civil engineering lab equipment and measuring instruments to the Ministry of Urban Development and Housing. India also built five toilet-cum- public sanitation complexes in Kabul at an estimated expenditure of $ 0.9 million (MEA, India 2006: 23).

Humanitarian Assistance and Human Resource Development

Soon after conflict, Indian aid was centered on diffusing humanitarian crisis. In November-December 2001, winter clothing was sent to the Afghan National Army. Two more consignments of around 34 tons of winter clothing were sent in February-December 2003. In February 2002, another consignment of 20,000 blankets was sent to Herat. In the aftermath of earthquake in April 2002, relief materials consisting of tents, blankets and medicines were delivered (MEA, India 2004: 1).

In 2002, in a major initiative to improve the attendance and school performance, especially of girls, the Afghan Government in association with the World Food Programme (WFP) launched the *Back to School* campaign. An essential component of this programme was the *School Feeding Programme*. In June 2002, when WFP fell short of resources, India came forward to assist and announced a donation of one million tons of wheat worth $ 100 million. Due to objections of Pakistan over the transit facility, India had to convert the wheat into high protein biscuits. The first consignment of 9,524 tons of biscuits arrived in Afghanistan in early 2003. So far 452,893 MT of wheat (including wheat used for production, wheat equivalent of production costs, overhead and GOI cash support) have been delivered. India has so far delivered more than 41,000 tons of biscuits to Afghanistan

under this programme in four phases. Over one million Afghan school children receive a packet of 100 gms of biscuits each daily. India's collaboration has helped the Afghan Government to expand the programme to remote and rural areas also (MEA, India 2006: 16-17, Embassy of India, Kabul 2015).

Health and Welfare

Even before the Taliban were ousted, India rushed a team of 13 doctors and paramedics to Kabul in 2001. Since then the Indian Medical Mission has been working in Kabul, Mazar-e-Sharif, Kandahar, Herat and Jalalabad.

India also renovated the Indira Gandhi Institute of Child Health (IGICH), the only hospital for children at a cost of $ 2.7 million. The foundation stone of this hospital was laid by King Zahir Shah and then Vice President of India Dr. Zakir Hussain in 1966. In 1985, it was renamed as Indira Gandhi Institute of Child Health. Construction of Surgical Block and Policlinic Block of the hospital began in 1989, but the work was stopped in 1992 due to war. India resumed renovation work in November 2003. Work on the three-storied new Surgical Block was handed over in February 2005 (MEA India 2006: 33). The Polyclinic Block was completed in 2007. India also donated CT scan and MRI facilities. India assisted in upgrading and modernising the hospital by installing new lifts, HT stabiliser, EPBX system etc. India has also been supplying medicines and medical equipment to the Hospital (MEA, India 2006: 34).

Capacity building of Afghan doctors is a vital component of India's assistance. A batch of forty three Afghan doctors and paramedics of the IGICH were trained at the All India Institute of Medical Sciences in New Delhi in four batches in 2002, 2003, 2005, and 2006. During 2003-2004, 12 paramedics from Mazar-e-Sharif were trained in India (MEA, India 2006:21, *India-Afghanistan: A Development Partnership* 2009: 14).

In January 2002 an artificial limb fitment camp was organised by the Indian Medical Mission in Kabul where more than 1000 artificial limbs were fitted. Such camps were also organised in Mazar-e-Sharif and Maimana where 600 artificial limbs were fitted.

India has also gifted a large number of rehabilitation aids like wheel chairs, crutches, hearing aids, and audiometers (MEA, India 2006: 34).

In order to make the cooperation institutionalised, in August 2005, during the visit of then Indian Foreign Affairs Minister K Natwar Singh to Afghanistan, an agreement was signed between the two countries regarding cooperation in the field of health care and medical sciences. The agreement identified eight areas of mutual cooperation including family welfare, public health and nutrition, communicable diseases, medical research, indigenous systems of medicine, medical equipment and pharmaceutical products, hospital management, and nursing and midwifery. It was also agreed that the expenditure on the visits of the experts from both countries will be met under *India's Assistance Programme to Afghanistan*[3].

Capacity Building

India is substantiating its aid mission with the much needed training to the Afghan nationals under various programs and schemes. These programs are:

- ICCR Special Scholarship for Afghanistan.
- Indian Technical and Economic Cooperation (ITEC).
- Technical Cooperation Scheme of Colombo Plan.
- Training Courses at Foreign Service Institute.
- Special Training programme for Afghan Nationals (MEA India 2006:18).

ICCR Special Scholarship

Starting from March 2006, the Indian Council of Cultural Relations (ICCR) is implementing the award of scholarship to Afghan students for university education in India (MEA, India 2007). During Prime Minister Manmohan Singh's visit to Afghanistan in May

[3] Agreement on Cooperation in the Field of Health Care and Medical Science between the Republic of India and the Islamic Republic of Afghanistan, 2005

2011, number of scholarships was increased from 500 to 1,000 (Embassy of India, Kabul Afghanistan, 2015)1.

ITEC Training

Indian Technical and Economic Cooperation (ITEC) Training Programme is sponsored by Technical Cooperation Division, Ministry of External Affairs, India. From Afghan side the scheme is administered by the Independent Administrative Reforms & Civil Service Commission (IARCSC). Objective of this scheme is to train middle level public officials of the Afghan government. A limited number of seats are also open for private/business organisations. Under the programme around 215 training courses are offered in various fields. In 2005, the number of slots for Afghanistan was increased from 200 to 500 (Embassy of India, Kabul Afghanistan, 2016).

Technical Co-operation Scheme (TCS) of Colombo Plan

The scheme is offered by the Ministry of Finance, India to many developing countries for short term training. Under the scheme, every year twenty slots are allotted to Afghanistan. Objective of this scheme is to train the middle level officials of the Afghan Government ministries/departments/semi-government organisations. Under the scheme comprehensive and integrated training is provided to participants to assist them in augmenting their administrative and technical capabilities.

Special Training Programme for Afghan Nationals

India organises various training programmes in a variety of fields including Geodesy and Cartography, Agriculture, Journalism, Mines and Industries and women entrepreneurship. The entire cost of training under the above mentioned schemes including international airfare, tuition fee, accommodation, emergency medical treatment, stipend, book allowances and study tour, is borne by the Government of India.

Deputation of Indian Experts to Afghanistan

In addition to imparting training to the Afghan nationals in various fields in India, India also deputed experts and trainers to Afghanistan as a part of capacity building move. These

experts have helped in capacity building in the highly specialised areas such as IT and telecommunication, banking sector, and hospitality. Particularly remarkable has been the work of Indian NGO, Self Employed Women's Association (SEWA), which provided technical assistance and implementation support in setting up a Women's Vocational Training Center at *Bagh-e-Zanana*. India also set up a Center for Skill Building Initiative at Kabul to train 3000 Afghan Nationals in various occupational skills including carpentry, tailoring, welding, masonry, and plumbing (MEA, India 2006: 22).

Indian aid outreach is even in insurgency affected backward areas. India announced a grant of over five million dollars to Afghanistan for the construction of 38 schools and other associated uplift projects in the conflict ridden areas of Khost, Nangarhar, Kunar, Badakhshan, Nuristan, Nimroz, Paktia, and Paktika provinces. This project, completed at the end of 2007, enabled the enrolment of more than 40,000 students. India gave another $ 0.3 million for digging up 71 wells in Marwar district of Kunar. India provided $ 20 million out of $ 76 million to Border District Development Programme of the Afghan government to carry out development activities in the backward border districts. million (D'Souza 2007: 839).

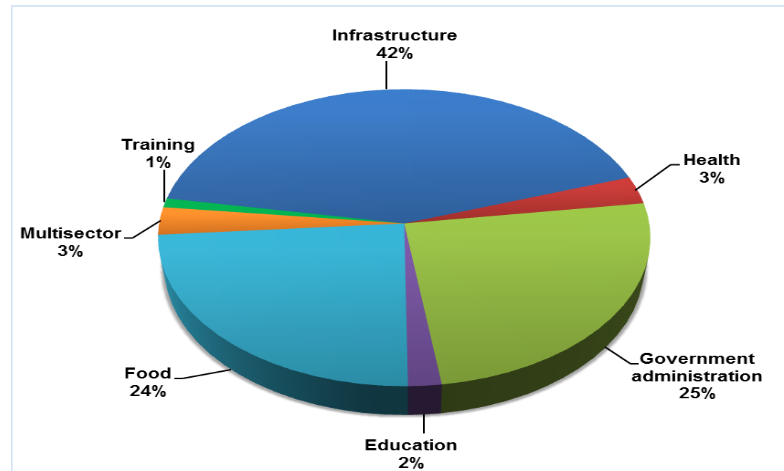
In addition, India contributes $ 0.2 million annually to the World Bank managed multi-donor Afghanistan Reconstruction Trust Fund (ARTF) (D'Souza 2007: 833). India has also funded various small development projects in the fields of agriculture, rural development, education, health care, vocational training, etc. With focus on local ownership and management and short gestation periods, these projects have direct and visible impact on community (MEA, India 2007: 1).

Thus the thrust areas of India's assistance are infrastructure, strengthening administration, and food aid supply, accounting cumulatively for 91 per cent of total assistance followed by health and education. Chart 4.2 gives sector-wise distribution of India's assistance.

Figure 4.2

Sector-wise Distribution of India's Grants to Afghanistan-2009-2011

(Total INR 10.22 billion)



Source: Indian Development Cooperation Research Report (2014), "The state of Indian Development Cooperation" p. 10, (based on MEA outcome budget 2009/10-2013/14, Government of India)

However, in a deteriorating security situation, like other donors India has fallen short on handing out the pledged funds. It was able to disburse only a third of the $ 750 million pledged for 2002-2009 period (Ramachandran 2008). The cumulative disbursement till 2006-07 was mere $ 278.94 million. (MEA, India 2007). Still, as compared to other donors India's disbursement rate is higher.

India avoids giving any impression of interference in internal affairs. In contrast to other countries which have sought to disburse the aid through the local warlords, the bulk of Indian assistance is directed through the central government.

India-Afghanistan relations have become strong over the years. This is evident in the fact that since 2001, Afghan President Hamid Karzai visited India six times followed by the Indian Prime Minister Manmohan Singh's visit to Kabul in 2005. In addition to a full-fledged Embassy in Kabul, India has also established four Consulates one each in Mazar-e-Sharif, Herat, Kandahar, and Jalalabad.

India's Peace-building Role in Sri Lanka

Though a very important factor in the psyche of Sri Lankan people and its political establishment, in post-LTTE Sri Lanka, India has been struggling to reclaim its dwindling political influence. Largely maintaining a non-interventionist position, India has some clear preferences regarding the post-LTTE political development and resolution of Tamil question in Sri Lanka. India wants a political settlement of the Tamil question that encompasses the forms of power devolution, meeting the aspirations of minority community going beyond the ambit of 13th Amendment. India repeatedly urged the Rajapaksa government to "allow the devolution of power and autonomy to Northern and Eastern Provinces, to meet the legitimate aspirations of the ethnic minorities of Sri Lanka" (Ministry of External Affairs, 2009).

Since the defeat of the LTTE in May 2009, India has been pursuing an ambitious package of post-war economic assistance of more than US $ 1.5 billion (ICG *Asia Report No. 206*, 2011: 2). India's overall engagement in post-LTTE Sri Lanka can be broadly categorised in to economic assistance and diplomatic activism.

Economic Assistance

India's post-conflict economic assistance is discussed under two heads- humanitarian assistance and development partnership**.**

Humanitarian Assistance

In Sri Lanka, conclusion of war resulted in a massive humanitarian crisis with nearly 300,000 Tamil civilians displaced and housed in IDP camps. India gave preference to immediate assistance to those displaced over long term economic commitments. The government put in place a robust assistance programme to help these IDPs return to normal life as quickly as possible. Immediately after the conclusion of war in June 2009, Prime Minister Manmohan Singh announced a grant of Indian Rupees (INR) 5 billion (SLR 12 billion) for relief and rehabilitation. Further, as a part of quick relief package, India provided a total of 250,000 family relief packs to the IDPs at a cost of $ 8 million. These packs included clothing, utensils, food items, and personal hygiene items. It also

established an emergency medical unit in the IDP camps, which treated over 50,000 people and carried out over 3000 surgeries from March to September 2009. To meet the shortage of medicines India provided medicines worth Rs. 9.2 crores (SLR 225 million) to the Sri Lankan authorities (MEA, India, 2012: 1).

India consistently urged the government in Colombo to rehabilitate IDPs within the shortest time possible. To assist with the resettlement, India provided 10,400 toes of galvanised iron (GI) sheets (a total of over one million sheets) between August 2009 and May 2011 for construction of temporary housing. In addition, 95,000 starter packs of agricultural implements were supplied to those resettled so that the families could begin livelihood generating activities. India also supplied 400,000 bags of cement to help IDPs rebuild their shelters at the cost of $ 1.75 million. About 50000 families got benefitted, with each family getting eight cement bags to repair their damaged houses. One of the major challenges in resettlement was mine clearance. India fully financed seven Indian demining teams to clear the land (MEA, India, 2012: 1).

Development Cooperation

India has laid emphasis on addressing the long-term needs of the IDPs. In this context, the government has undertaken the following activities.

Housing Project for IDPs

During the visit of President Mahinda Rajapaksa to India in June 2010, India decided to construct 50,000 houses in the north-east. The project involves an overall commitment of over $ 270 million in grants. The first phase of the project was launched in a pilot mode for the construction of 1000 houses with an outlay of over $ 10 million. The pilot phase of the project for one thousand houses covering all the five districts of the Northern Province was started in November 2010 and it was completed in July 2012. The first lot of completed houses was handed over to beneficiaries in January 2012 and second lot of completed houses under pilot phase was handed over in April 2012. The remaining were handed over in August 2012. Houses in the pilot phase were constructed in tough terrains of thick jungle with poor road and electricity connectivity and with land mines interruption.

India launched the second phase of construction of 43000 houses on the birth anniversary of Mahatma Gandhi on 2 October 2012. Unlike the agency driven model of the first phase, in this phase an innovative owner-driven model was adopted, wherein the government of India provides technical support and financial assistance to the beneficiaries directly who in turn undertake the construction/repair work themselves. The Government of India roped in four implementing agencies — UN HABITAT, International Federation of Red Cross & Red Crescent Societies (IFRC) in partnership with Sri Lanka, National Housing Development Agency of the Government of Sri Lanka, and Habitat for Humanity, Sri Lanka — to facilitate the construction in the owner driven model. A financial assistance of SLR 550000 or SLR 250000 in case of repair is transferred directly to the bank accounts of the beneficiaries by the High Commission of India. Till January 2015, a total of 27000 houses had been constructed or repaired under this phase. (MEA, India, 2015: 2). The third phase of the Housing Project, involves construction of 4,000 houses under the agency-driven model for the estate workers of the Central and Uva Provinces, In phase IV, India will construct 2000 houses under the agency driven model for the most vulnerable of IDPs who are not capable of building their houses under the owner driven model. All three phases involve a total grant of $ 260 million (High Commission of India, Colombo, 2015: 16)

Assistance to Agriculture Sector and Fishing

Since agriculture is the primary means of livelihood in the areas affected by conflict, India focused on the revival of the local economy through rehabilitation of agriculture sector. It supplied seeds for the *Maha* and *Yala* seasons crops in 2010-11 and also provided tractors and other machinery to farmer organisations in Northern Province. Farmers were provided with a total amount of 48500 seed packs (5500 kgs of Green gram and 43000 kgs of black gram) worth INR 4,606,000 during 2010-11 farming seasons. In addition to the supply of 95,000 agricultural starter-packs to the IDPs, in November-December 2010, five hundred tractors with four implements each (rotovator, tiller, cage-wheel and disk plough) were also supplied to farmer organisations and agrarian service centers in the Northern Province at a cost of US $ 6 million. The total cost of the project is SLR 600 million (INR 25 crores

approx). India is also committed to set up an Agriculture Faculty at the Kilinochchi Campus of the Jaffna University. It provided vehicles and laboratory equipment worth SLR 70 million under grant to Palmyrah Research Institute in Jaffna. The institute is mandated to help the palm farmers and handicraftsman improve the quality of their produce and make it more market competitive. The project will improve the production of palm products in Northern and Eastern provinces benefitting around 60000 families who directly or indirectly depend on the palm for livelihood.

Fishing was another prime livelihood source that suffered setbacks. India has undertaken numerous projects to revive this sector. India supplied fishing boats, nets, cool rooms, and freezer trucks to Fishermen's Cooperative Societies comprising IDPs in the Vaharai area of the Eastern province at a cost of US $ 1 million. India also supplied 175 fishing boats with outboard motors and nets worth INR 30 million to fishermen in Mannar district. Further, in July 2013, India completed the revival of North Sea Fishnet Factory in Jaffna at the cost of SLR 166 million. The project involved the supply of four fishnet making and stretching machines, besides setting up of a water purifier system, dye plant, etc. The project is likely to increase the production of fishnet by 300 per cent in the Northern Province and reduce costs by 25 per cent, thus directly benefitting 10000 fishermen every year (High Commission of India in Sri Lanka, 2015: 22).

Assistance to Health Sector

Even before the end of armed conflict, Government of India set up an emergency field hospitals at Pulmoddai, and later at Cheddikulam, Menik Farms for a period of six months in 2009. After the hostilities ceased, India focused on the long term revival of health services. India gifted medical equipment worth $ 1 million to Jaffna Teaching Hospital in January 2011 to set up an intensive care unit, Operation Theater, and an eye care unit. Further, in January 2011, India donated critical medical equipment including equipment for the ICU, operation theaters, pediatrics, obstetric and diagnostic units to the District General Hospital in Kilinochchi so as to obviate the need to refer the critical patients to Jaffna or Colombo. Similar equipment was also provided to Mullaitivu District General Hospital. For these two projects, India provided Rs. 5.31 crores (SLR 116.8 million).

Further, India is constructing a 200 bed ward complex at the General Hospital Vavuniya at the cost of SLR 200 million. These projects have upgraded health facilities at four of the five districts of the Northern Province — Jaffna, Mullaitivu, Kilinochchi, and Vavuniya (High Commission of India in Sri Lanka, 2015: 23).

Revival of Education Sector

A number of schools in the Northern Province either became defunct or were destroyed during conflict. India undertook the project to repair 79 damaged schools in the districts of Kilinochchi, Mullaitivu, and Vavuniya with the funding of SLR 188 million. The objective of the project was to restore the educational facilities for the resettled IDPs at the earliest. The project directly benefitted 42,000 students and 2,400 teachers and educational officers (High Commission of India in Sri Lanka, 2015: 24). Further, in order to improve the quality of school education in Eastern province and to bridge the digital divide, the government of India provided 1260 computers and 218 laser printers along with necessary software to 487 schools at the cost of SLR 160 million (approximately $ 1.5 million).

India also provided a financial assistance of SLR 600 million for establishment of Faculty of Engineering and Faculty of Agriculture at the Kilinochchi campus of the University of Jaffna.

Development Aid

India offered a line of credit of $800 million for track laying and supply of rolling stock for the northern railway line. Announcement in this regard was done during the visit of President Rajapaksa to India in June 2010. Of this amount, an agreement for a credit line of US $ 416.39 million was signed in November 2010 to support construction of Medawachchiya to Madhu, Madhu to Talaimannar and Omanthai to Pallai railway lines in the northern Sri Lanka. Another agreement for a credit line of US $ 382.37million for track laying on the Pallai-Kankesanthurai railway line, and setting up of signaling and telecommunications systems for the Northern railway line was signed during the visit of Indian External Affairs Minister, S. M. Krishna in January 2012.

India is also involved in projects including renovation of Palaly Airport, Kankesanthurai Harbour, construction of Cultural Centre in Jaffna, interconnection of electricity grids between the two countries, construction of a 150-bed hospital in Dickoya and setting up a coal power plant in Sampur as a joint venture between National Thermal Power Corporation (NTPC) and Ceylon Electricity Board (CEB). Work on the wreck removalt for rehabilitation of the Kankesanthurai Harbour as the cost of Rs. 85.5 crores/SLR 2.05 billion was completed in January 2012.

India also continues to assist a large number of smaller development projects in areas like education, health, transport connectivity, small and medium enterprise development and training in many parts of the country through its generous funding. The MoU on Cooperation in Small Development Projects was renewed during the visit of President Rajapaksa to India in June 2010, enhancing the financial limit for projects to SLR 300 million (approx. INR 12 crores). Projects for providing fishing equipment to cooperatives in the East, supply of equipment to Jaffna Teaching Hospital, renovation of Duraippah Stadium, construction of Jaffna Cultural Centre, reactivation of Achuvely Industrial Zone, assistance in repair of schools in Northern Province, supply of fishing equipment to old IDPs in Mannar district and supply of equipment to Kilinochchi and Mulaittivu General Hospitals have already been completed (MEA, India, 2012: 3).

Overall, by 2015 India had committed more than 216 billion SLR in Grants and Line of Credits. Following table provides a break-up of India's Development assistance:

Table: 4.1

Break up of India's Development Assistance

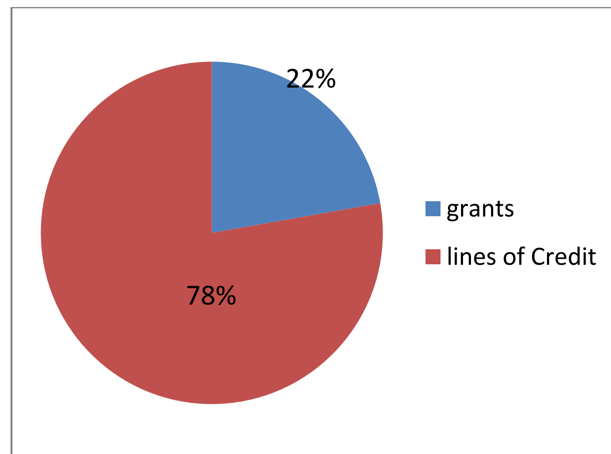
(Indian Rs.)

Type	**Assistance, including Commitments**
Grants	2000 crores
Lines of Credit	7000 crore

Source: High Commission of India, Colombo, Sri Lanka (2015), *India & Sri Lanka: A Partnership that Transcends Time* p. 10

Figure 4.3

Break up of India's Development Assistance



Source: High Commission of India, Colombo, Sri Lanka (2015), *India & Sri Lanka: A Partnership that Transcends Time* p. 10

India's assistance grew from a modest SLR 507.1 million in 2005 to the level of Rs. 2000 crores million in 2015. The table below shows the annual growth of Indian assistance:

Table: 4.2

Annual Growth of India's Assistance

Year	**Rs Crores**
2005	23.05
2006	10.97
2007	9.15
2008	10.98
2009	24.85
2010	69.3
2011	43.57
2012	138.08
2013	417
2014	578.05
2015 commitment	675
Total	**2000**

Source: High Commission of India, Colombo, Sri Lanka (2015), *India & Sri Lanka: A Partnership that Transcends Time* p. 10

Sector wise composition of India's assistance is shown in Table 4.3

Table: 4.3

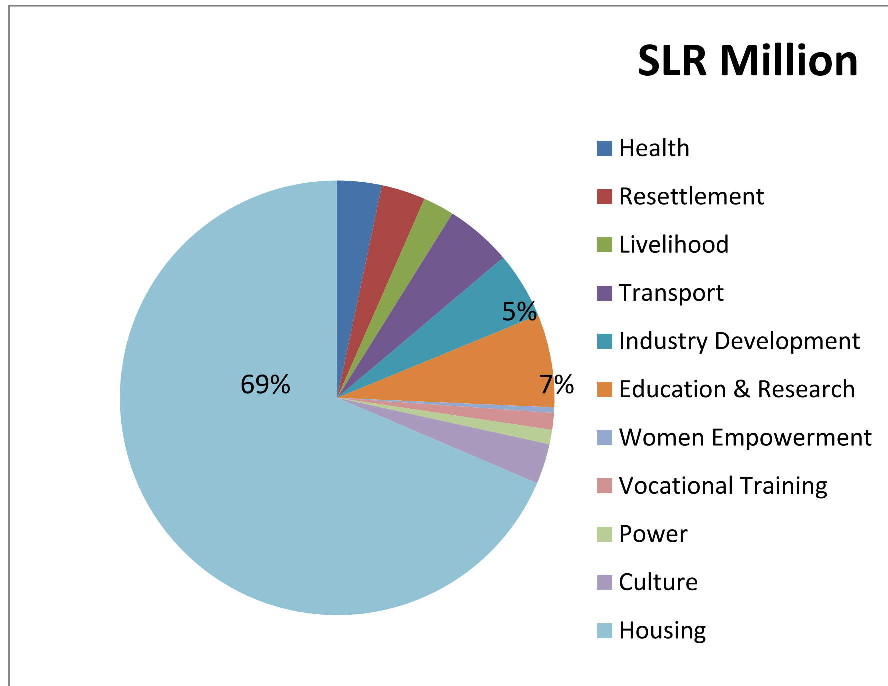
Sector-wise Composition of India's Assistance

Sectors	INR Crore
Health	66.02
Resettlement	65.57
Livelihood	46.63
Transport	99
Industry Development	99
Education & Research	137.76
Women Empowerment	8.34
Vocational Training	24.58
Power	21.1
Culture	60
Housing	1372
Total	**2000**

Source: High Commission of India, Colombo, Sri Lanka (2015), *India & Sri Lanka: A Partnership that Transcends Time* p. 12

Figure 4.4

Sector-wise Composition of India's Assistance



Source: High Commission of India, Colombo, Sri Lanka (2015), *India & Sri Lanka: A Partnership that Transcends Time* p. 12

Diplomatic Efforts for Ethnic Reconciliation

India has persistently emphasised the need for national reconciliation through a political settlement of the ethnic issue. India's consistent position is that it supports a negotiated political settlement, which is acceptable to all communities within the framework of a united Sri Lanka, and which is consistent with democracy, pluralism and respect for human rights (MEA, India, 2012: 4). In line with this stated position Indian officials pressured the Rajapaksa government throughout 2010 to initiate a "structured dialogue" with the TNA (Tamil National Alliance) (ICG Asia Report No. 206, 2011: 11). Immediately after the conclusion of the war a 10-member Indian parliamentary team from Tamil Nadu, visited

the IDP camps in the war-ravaged Tamil majority Northern Province to assess the ground situation (*The Sunday Times*, October 11, 2009). It was the first of its kind visit in decades (Moorthy, 2010). At the invitation of the External Affairs Ministry a seven-member delegation of the TNA, led by Mr. R. Sampanthan, visited India on 10-13 October 2012. Again, during the visit of Indian parliamentary delegation to Sri Lanka in April 2012, leader of the delegation, Sushma Swaraj told President Rajapakse that his government should take steps to 'persuade' the TNA and the main opposition party, the UNP to participate in talks on a political resolution. She also spoke of "phasing out the involvement of the security forces in civilian activities and restoration of civilian administration in the Northern Province. She urged Colombo to "reach a genuine reconciliation" based on "a meaningful devolution of powers which takes into account the legitimate needs of Tamil people for equality, dignity, justice and self-respect" (The Hindu, April 22, 2012).

India's Peace-building Role in Nepal

India's role was crucial in bringing an end to ten years of civil war in Nepal. During 2005-2008, India played a positive role in facilitating an extremely turbulent peace process. India's assistance in the restoration of peace is discussed below.

Facilitation of the Peace Process

Traditionally, India adopted a "twin pillar" approach to Nepal's political settlement, based on coexistence of the constitutional monarchy and multiparty democracy. Therefore, reaction of the Indian government was only moderate to the gradual erosion of democracy between 2002 and 2005 (Destradi 2010:15). It was only after King Gyanendra's seizure of power and imposition of direct royal rule in February 2005 that India shifted its policy in favour of a more overt support of democratic forces. India mounted pressure on the royal regime by resorting to hard verbal persuasion tools and imposing a short-lived embargo on arms supply. However, India did not put enough pressure on the King so as to translate its rhetorical preference for democracy into reality. India's role throughout the reconciliation process was characterised by a kind of duality i.e. at rhetorical level India stood for "twin

pillar" approach while it informally facilitated the initiation of dialogue between the Maoist leaders and the Seven Party Alliance to the detriment of the Monarchy during 2004-2005.

India's role was instrumental in shaping the November 2005 *Twelve Point Agreement* between the Maoists and other mainstream political parties. Though India remained tight-lipped about its role in early negotiations (it helped in bringing the Maoists and other political parties into an alliance against the King), its role as a facilitator and guarantor was crucial in achieving the breakthrough (ICG, Asia Report N°173, 2009: 18). As India has always maintained multiple informal channels of communication with Nepal, these were employed by the Government of India in the initial phase of talks with the Maoists in May-June 2005 (ICG, Asia Report N. 106, 2005: 15). In February 2004, a secret meeting took place between Madhav Nepal of the CPN (UML) and representatives of the CPN (M) in Lucknow (Destradi, 2010: 17).

Further, according to a report in the *Times of India*, the Indian intelligence agencies covertly arranged a meeting between the top Nepali Maoist leader, Baburam Bhattarai, and the CPI (M) General Secretary, Prakash Karat, ahead of the final talks between the Maoists and the Seven Party Alliance. New Delhi utilised the Left's influence over the Maoists to get them join the seven-party pro-democracy alliance (*The Times of India*, May 24, 2005). In June 2005, at the initiative of New Delhi, Girija Prasad Koirala had substantive talks with the various Maoist leaders in India (Whitfield, 2008: 21). The UML's Madhav Nepal spent three weeks in India (23 October-12 November 2005) ahead of the crucial face-to-face talks in November (ICG, Asia Report N. 106, 2005: 15). Thus India provided the Maoists and the SPA a neutral discussion platform far away from the disturbing influence of Nepalese media. Despite the fact that members of the CPN (M) were still being persecuted as terrorists in India, Indian secret services allowed the Maoist leaders to cross the border and facilitated their stay (Destradi 2010:17).

In April 2006, when the mass protests against the king caused destabilization, India put diplomatic pressure on King Gyanendra to release the political prisoners. India resorted to "a mix of hard persuasion efforts (exhortations, expression of concerns), neutral statements (reaffirmation of India's position) and, soft persuasion tools (expression of

hopes, advice)". As a last attempt to persuade the King, on April 21 India deputed Karan Singh as a special envoy to negotiate. However, the efforts to persuade the King to make concessions were widely criticised by the popular movement as pro-monarchy (ibid: 18-19). It exposed the limitations of India's duel approach and ambiguous position. India failed to understand the popular mood when it endorsed King Gyanendras's announcement of the transfer of the executive powers to a government formed by the democratic parties. The protesters on the street regarded this concession as too little and the SPA declined to form the government on King's terms (Destradi, 2010: 19). After April 21, protests escalated to the extent where India was left with no option but to let the Monarchy die. New Delhi realised that in order to keep some leverage over the future course of Nepali politics it must confirm to the popular will (Destradi 2010:17).

On April 22, 2006 the Indian Foreign Secretary Shyam Saran declared the end of the two pillar approach and India's acceptance of the Nepali people deciding on the future course of their country. He stated:

> As I mentioned, it is not really for India to decide what are the kind of political arrangements that the people of Nepal eventually wish to see established in Nepal. We have supported the restoration of democracy in Nepal. We have been saying the twin pillars of constitutional monarchy and multi-party democracy, we have been reflecting only what the people of Nepal and the political parties in Nepal have wanted. If today or tomorrow the people of Nepal wish to see a different future for themselves, different kind of political arrangements for themselves, this is for the people of Nepal to decide, not for India to decide. (MEA, India, *press briefing by Foreign Secretary Shyam Saran on Nepal*, 22 April 2006).

Though criticised by democratic forces for supporting the monarchy as long as sustainable, New Delhi played a very constructive informal role in avoiding the civilian deaths by convincing the Royal Nepal Army's top brass to abstain from using force against the mass protesters during the Jana Andolan II (Cherian 2006).

Following restarting of democracy and formation of the SPA government under Girija Prasad Koirala, India pursued a policy of clear support to democracy. Taking advantage of the announcement of a three-month ceasefire by the Maoists, on April 27, 2006, India, unlike the previous efforts, officially facilitated further negotiations between the CPN-M and other political parties. On April 28, 2006, Sitaram Yechuri, a key member of CPI-M, visited Nepal to convince the Maoists to give-up violence and join the political mainstream.

Again, in 2007, when the peace process faltered owing to the repeated postponement of the Constituent Assembly election, India sent the then Foreign Secretary and Prime Minister's envoy, Shyam Sharan, to Kathmandu to push for an early election (ICG Asia Briefing No. 72, 2007: 13). India played a very tangible role in the early execution of elections by imparting training to the Nepalese election observers and donating computers, 200 electronic voting machines, and 75 vehicles to the Government of Nepal. India also donated containers for the storage of arms under UN supervision (MEA, India, February 5 2009).

However, after April 2008 elections of the Constituent Assembly, India could not maintain its neutral stand. For New Delhi, the tremendous victory of Maoists, was most unexpected development of the whole peace process. However, India's public response to new political reality was quite measured and constructive. Prime Minister's special envoy to Kathmandu, Shyam Saran cleared thegGovernment's position on the electoral result:

> Several people in India have asked whether the government was not caught by surprise by the election results and whether these do not constitute a setback for India's Nepal policy. I am surprised by these comments, not because we were not surprised at the results but because people seem to think that our surprise was an unpleasant one. There seems to be an assumption that the Indian Government had a preferred electoral outcome and put its bets, much like a punter, on different horses. Let me make it clear. Throughout the peace process in Nepal, India has not played favourites with this or that political party. Our stand has been that it is for

> the people of Nepal to deliver, through free and fair elections, their verdict on who should govern them and in what manner. (cited in ICG, 2008, Asia Report No. 156: 13).

Notwithstanding such approval, India could not keep its policies in sync with this stated position. After UCPN (M) leader Prachanda was elected to the power, India got indulged in an 'interventionist micro-management' of the internal affairs of Nepal. This became more pronounced when New Delhi openly supported the Army Chief Rookmangad Katawal over the elected government's decision. Katawal had publicly opposed the integration of Maoist combatants into the Nepalese Army, a key principle of the Comprehensive Peace Agreement. Instead of pressurising the army to implement the orders of a duly constituted civilian government, India urged Prime Minister Prachanda to accommodate the decisions of the Army Chief. The stalemate resulted in the Cabinet't decision to sack Katawal. The coalition partner, the UML, walked out in protest of Prachanda's decision, reducing the government to a minority. At this stage, the President of Nepal, whose role as Commander-in Chief is meant to be exercised strictly in accordance with Cabinet instructions, overstepped his constitutional authority and reinstated the sacked Army Chief. Prime Minister Prachanda considered it as disregard to the elected authority and resigned (Varadarajan, 2009). India defended the actions of President Ram Baran Yadav, citing lack of consensus within the governing coalition as sufficient ground to revoke the dismissal order of the Army Chief.

Notwithstanding such meddling in the internal affairs of Nepal, after the dissolution of the Constituent Assembly, India kept itself away and allowed the Nepali peace process to take its own course. India recognises that a consensus between at least four major political parties — NC, Maoists, UML, and Madhesi Front — is crucial to achieve any substantial breakthrough. (Jha, 2012).

Economic Assistance for Post-conflict Recovery

India continues to assist the post-conflict recovery in Nepal. During the visit of Prime Minister G. P. Koirala to India, one month after the restoration of multi-party democracy in Nepal, India extended a comprehensive package of assistance to help immediate

financial needs and to support peace, democracy, and stability. India also trebled the assistance under '*Aid to Nepal'* to Nepali Rs. (NRs), 1.5 billion annually. India was the first country to offer a direct budgetary support of NRs 1.6 billion in post-CPA phase. A soft credit line of $ 100 million for infrastructure development projects was also extended, and India waved an outstanding debt of NRs. 1.6 billion on defence purchases (MEA, India: 37). After the signing of the CPA in November 2006, India redoubled its assistance to Nepal's peace-process. Its assistance was crucial in augmenting the capability of the agencies of the Government of Nepal and of the United Nations Mission in Nepal. It provided 1200 vehicles and more than 14000 communications equipment sets, containers to store weapons under the terms of CPA, food and tents for internally displaced people, electronic voting machines, ballot printing machines, and technical support to Nepal election commission, costing more than NRs 1.5 billion (MEA, India: 38).

During his visit to Nepal in 2009, Finance Minister Pranab Mukherjee announced Rs 32 billion aid package for various development projects. The grant assistance extended to Nepal during 2009-10 under *'Aid to Nepal'* budget was Rs. 161 crores. The overall quantum of India's assistance to Nepal is approximately 3600 crores, which includes the grass-roots level Small Development Projects (SDPs) scheme. SDPs covers over 370 projects with an outlay of approximately 402 crores. As part of India's efforts to assist with capacity building and development of Human Resources in Nepal, over 1500 scholarships are offered annually to Nepalese students to pursue various courses in India and Nepal. India currently provides an annual grant-aid of about Rs 16 billion to Nepal. The money is directly earmarked for construction of schools, hospitals, roads and other development works (MEA India 2012).

India signed an MoU with Nepal to develop roads in the Terai region. It envisages construction of 20 roads in Phase 1 (640 kilometres) at an estimated cost of NRs 1241.6 crores. India is also involved in developing cross-border railway infrastructure. It has signed an MoU for the construction of five cross-border rail links with an estimated cost of NRs 2123.2 crores. In addition, NRs. 248.79 million is earmarked for embankment construction along the Lalbakeya, Bagmati, Kamla, and Bhakuwa rivers in Nepal (Maitree, 2010). India continues to be Nepal's largest trade partner and source of foreign investment

and tourist arrivals. Bilateral trade between India and Nepal has increased substantially after the revision of the trade treaty in 2009, which provides for greater access to the Indian market. In Nepalese fiscal year 2066 (July 2010), bilateral trade with India stood at 16129.7 crores, which accounted for 58.7 per cent of Nepalese total external trade. India also remains Nepal's largest source of foreign investment. In 2012, Indian investments in Nepal amounted to 1586 crores with 462 FDI projects. India accounts for 44 percent of the total foreign investments in Nepal (MEA, India 2012). India's assistance to Nepal is focused on the following sectors.

Education

India's assistance to education sector is based on two pronged approach — infrastructural and technical support to educational institutions and assistance through scholarships, training and exchange programmes. India's infrastructural assistance is mainly channelled through Small Development Projects programme. More than fifty per cent of Small Development Projects programme funds are spent on education sector. At the end of 2013, the total number of educational school projects running as part of Small Development Projects, was 225 at an estimated cost of Rs. 305 crores (Embassy of India, Kathmandu Nepal, 2014). The focus is to bring education to the people at the grass-root level. The programme supports the renovation and construction of hundreds of schools, libraries, and hostels in remote districts and in the Tarai region. These projects have helped in maintenance of higher attendance of teachers, students, girl students and children from disadvantaged background.

India extends scholarship to Nepali students under five broad schemes — Indian Council for Cultural Relations Scholarship Scheme for studies in visual and performing arts, Scholarship for Undergraduate Studies in Agriculture, UGC fellowship for research, Silver Jubilee Scholarship Scheme for post-graduate studies, Golden Jubilee Scholarship Scheme for under-graduate studies in medicine, engineering, technology and science, and Mahatma Gandhi Scholarship Scheme for plus-2 studies within Nepal. Some other assistance-projects are self-financing schemes for students of undergraduate and post-graduate courses in medicine, science technology, engineering, and arts, faculty support

for institutions, faculty exchange programmes with Indian institutes, distance education, diploma course in journalism, training course for defence personnel, training programme for government of Nepal officials (Embassy of India Kathmandu, 2008: 10).

Health

Health sector constitutes one of the core areas of cooperation between India and Nepal. Though started on a low scale with the supply of medicines and equipment, the cooperation has expanded to the construction of major hospitals and numerous health-posts even in the remote areas of the country. India has extended help to the development, expansion, and maintenance of the B.P Koirala Institute of Health Sciences in Dharan with a total assistance of over NRs. 1.92 billion and the institute receives extensive faculty support from India. India has also built a 200 bed Emergency and Trauma Centre at Bir Hospital in Kathmandu, only the second such centre in South Asia, at the cost of NRs 1.28 billion. In addition, India has constructed several health posts, nursing campuses, maternity centres, and eye hospitals under Small Development Project Scheme. Under this scheme infrastructure of 24 hospitals has been built with an assistance of Rs. 35 crores in 18 districts of the country. In order to facilitate the access of patients from rural and remote areas to health services, India gifted 422 ambulances since 1994 across 72 districts in Nepal (Embassy of India, Nepal, 2014).

Road Construction

India constructed 807 kms out of the total length of 1024 km of the East-West Highway, which is the most important road link in Nepal. Even during Maoist insurgency, India continued its road construction projects. Recently India constructed eight village and urban roads and one bridge with an assistance of Rs 12.83 crores under the SDPs scheme to provide easy access to the people of remote villages and work is going on for the construction of 8 roads and three bridges at a cost of IRs 20.43 crores. India has also assisted the upgradation of road from Dakshanikali (Kathmandu) to Kulekhani (Makwanpur) at a cost of INRs 9.37 crores. During the visit of the External Affairs Minister of India to Nepal in January 2010, an MoU was also signed for the development and construction of road network in the Terai area. In the first phase of project India will

construct 19 link roads with a total length of 605 kms in Terai districts at a cost of INRs 700 crores. This project will not only provide easy access to about ninety lakh people but will also help in promote trade and commerce. In phase II of the project India will construct another 845 Kilometres of road network (Embassy of India, Nepal 2015).

Telecommunications

India brought to Nepal its first information superhighway with the Optical Fibre Cable project in 2004 at the cost of NRs 74 crores. It runs along the East-West Highway for a length of 904 Kms and covers nearly 80 cities and towns. The transmission network has brought down STD and ISD rates across the country, and acts as a base for GSM and CDMA services in Nepal (Embassy of India, Nepal 2015).

Rural Electrification

India supports the rural electrification through the SDP scheme. Under the scheme several solar electrification and rural electrification projects to connect remote villages to the power grid have been undertaken. India provided an assistance of Rs 13.77 crores for the electrification of 28 villages through Nepal Electricity Authority. India has also undertaken the up gradation of Thame Khola Small Hydropower Plant with a grant of INRs 2.76 crores (Embassy of India, Nepal 2015).

Drinking Water Projects

India launched ambitious Drinking Water Projects (DWPs) with the aim of bringing piped drinking water to remote hilly villages. Nearly 1000 DWPs have been executed in Nepal's villages at a cost of NRs 100 million (Embassy of India, Nepal 2015).

Science and Technology

Through various projects India tries to bring the benefits of frontline technologies to Nepal. It set up Manmohan Memorial Polytechnic at Hatimuda near Biratnagar at a cost of Rs 26 crore. Handed over in November 2009, the institute provides technical education in three engineering streams and has a capacity of imparting education to almost 500 students at a

time. India also approved the proposal for the construction of a government polytechnic at Hetauda at the cost of IRs 25 crore, which after completion will impart mid-level technical courses in four engineering fields. More such institutes are being envisaged for the western, mid-western, and far western regions (Embassy of India, Nepal 2015).

India also installed a Super Computing Centre and an INSAT Ground Receiving Centre in Kathmandu. The Nepal Academy of Sciences and Technology and National Council of Science Museums of India collaborated to establish a full-fledged Science Learning Centre in Kathmandu (Embassy of India, Kathmandu 2008).

Capacity Building

In 2007-08 the Government of India launched a training programme for Local Development Officers (LDOs) of Nepal. The scheme covered the LDOs of all 75 districts of Nepal. Designed as two week Management Development Programme under the aegis of Indian Institute of Public Administration, the course provided the participants first-hand knowledge of India's experience in development planning, local self-governance, and public-private partnership in development followed by field visits and interactive sessions with relevant ministries and agencies.

Conclusion

Analysis of India's involvement in peace-building in all three countries makes it clear that its focus is humanitarian, economic and infrastructural assistance, and towards the achievement of capacity-building. India differs significantly from its western counterparts in its conception of peace-building. It does not subscribe to the idea of undertaking 'conflict resolution activities along the lines of peace-making. Instead, it has opted for 'peace-building through peace-keeping and economic assistance' (Cacicedo 2010: 5).

India's peace-building role is based on adherence to the Westphalian principles of state sovereignty and territorial integrity. Notwithstanding the popularisation of the values of good governance, demobilisation, reconstruction, and human rights, which endorse a global governance regime and transcending of nation state boundaries, India remains highly skeptical about official interference in other countries' internal affairs (Cacicedo

2010:13). Accordingly, the principle of *Panchsheel* (Five Principles of Peaceful Co-existence), the core of which is the policy of non-interference, remains the guiding norm in its engagement with its neighbours (Cacicedo 2010: 5).

The nature of India's peace-building in South Asia is focused on 'economic partnership, as opposed to the traditional forms of military hard power or political means of coercive bargaining'. Economic cooperation and aid assistance flows offer the advantage of strengthening relationships while minimising the threat perception. Economic cooperation is viewed by India as new means of achieving regional security assurances (Cacicedo 2010). In a talk at ICWA in 2006 India's then Foreign Secretary Shiv Shankar Menon stated

> Politically, our neighbourhood policy is now based on the recognition that what can best secure India's interests in the region would be building a web of "dense interdependencies" with our neighbours. We must give our neighbours a stake in our own economic prosperity. This would impart a certain stability in our relations[4].

Accordingly, in contrast to multi-party peace mediations that employ peace conditionalities and tied aid to enforce reconciliation, India has presented its foreign aid as 'technical and economic cooperation with other countries' and as a form of south-south cooperation. Such kind of aid also suits India's preference for maintaining personal relationships and its bilateral mode of diplomacy in a multilateral set up (Cacicedo 2010: 17-34).

In fact, while undertaking peace-building activities within the region, India's emphasis has been on nurturing of bilateral ties. Therefore, instead of invoking the principle of 'responsibility to protect', New Delhi has resorted to the principle of shared identity and civilizational linkages while engaging with conflict-ravaged neighbouring countries. Recently, India has also tried to project itself as a power committed to democracy promotion without indulging in military intervention. India has chosen to become engaged

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[4]MEA, India, "Does India have a neighbourhood policy?"—
Talk by Foreign Secretary at ICWA, 9 September 2006 as cited in Destadi 2010 p. 9.

in providing training to bureaucrats and sharing knowledge on constitutional, judicial, and electoral procedures (Cacicedo 2010: 33).

To conclude, across all three countries India's engagement varies in terms of quantity, but it qualitatively remains the same. The difference is only about level of assistance. In Afghanistan and Sri Lanka, India has focused on assistance in non-contentious sectors of economic, infrastructure development, and capacity building; in Nepal too the emphasis has been on a policy of non-interference with minimum political role. The difference in the level of engagement is reflective of the regional power dynamics and, accordingly, the differential strategic value India attaches to each of these countries. India's unprecedented economic assistance to Afghanistan is directly related to the nature of India-Pakistan relationship. Similarly, in Nepal, New Delhi's economic role coupled with facilitation of peace process is the result of unique closeness between the two countries. In Sri Lanka, India's limited presence is reflective of the caution and bitter historical memories of involvement. The differential approach to regional peace-building is also reflective of the limitations India has faced in each of these countries. The next two chapters analyse the challenges faced by India in its peace-building activities.

Chapter V

External Challenges to India’s Peace-building Role

Introduction

India’s effort at peace-building in the region has faced stiff challenges both from the regional and extra-regional powers. The regional challenges emanate primarily from Pakistan, which seeks to undermine India’s role in Afghanistan and is trying to obstruct it also in Nepal and Sri Lanka. The extra-regional challenge is mainly posed by China, which has challenged India particularly in Sri Lanka and Nepal and to a lesser extent in Afghanistan. Occasionally, India’s regional ambitions have also been circumvented by the US. Pakistan has openly accused India of promoting unrest in the guise of peace-building, whereas China’s containment has been more implicit and tactical. The US view of India’s peace-building role is a mix of apprehension as well as appreciation. The limitations imposed by the US arise out of its presence in the region rather than from any deliberate policy objective. The purpose of this chapter is to examine why Pakistan and China are interested in undermining India’s role in its neighbourhood. In this context, India’s strategies to overcome the challenges are also explored.

Challenges to India’s Peace-building Role in Afghanistan

Pakistan is the only regional player in South Asia that has sought parity with India in the international fora and has consistently challenged its supremacy in the region. Pakistan has been sceptical of India’s newly adopted policy of strengthening neighbourhood relations through participation in post-conflict peace-building. It perceives this policy as targeted at undercutting Pakistan’s own influence in the region. This has been particularly true about India’s engagement in Afghanistan, where Pakistan has been critical of India’s massive presence.

India and Pakistan have diametrically contrasting goals in Afghanistan. India is striving to strengthen the government in Kabul and to integrate Afghanistan into the wider regional, political and economic structure so as to eliminate a critical safe haven for terrorists and secure access to Central Asian trade and energy resources. Although minimising Pakistan's influence is central to India's Afghanistan policy, New Delhi is simultaneously pursuing a much broader policy objective independent of its rivalry with Islamabad. In contrast, Islamabad's Afghanistan policy is mainly India-centric (Hanauer and Chalk 2012: 1). In Pakistan's scheme of things, a weak and pliant Taliban-dominated government in Kabul would help Pakistan to gain its "strategic depth" against a possible Indian invasion; guarantee safe haven to anti-India proxies; and frustrate Indian ambitions in the broader South/Central Asia region. In Pakistan's zero-sum view of India's engagement in Afghanistan, every gain made by India is seen as a loss for Pakistan. The following are Pakistan's objectives in Afghanistan.

Pakistan's Objectives in Afghanistan

Prevent India from Gaining Influence in Afghanistan and Maintain Strategic Depth

Pakistan's military establishment sees a pro-Pakistan government in Kabul as necessary to maintain "strategic depth" vis-à-vis India. Pakistan has seen India's increasing strategic aid to Afghanistan as a "strategic loss and as rolling back of decades of efforts to establish an Islamic alliance between Islamabad and Kabul." This assumed alliance had kept India at bay for years from Afghan affairs in the post-Soviet withdrawal period, thereby insulating Pakistan's western borders from Indian presence (Rubin and Siddique 2006: 14). Islamabad's foremost objective in Afghanistan is to prevent India from gaining influence there and thus potentially trapping Pakistan in a two-front situation (Grare 2010: 17; Hanauer and Chalk 2010: 26).

Secure Afghan Territory to Train anti-India Proxies

Since the use of jihadi proxies is a low-cost instrument of Pakistan's ISI and military to execute its national security vis-à-vis New Delhi, a pro-Islamabad government in Kabul would ensure the smooth continuation of this policy. According to a report by Steve Coll

in *The New Yorker* (24 May 2010), Pakistan, in a briefing to the US on its national interests in the Afghan conflict in early 2010, mentioned "one overriding concern India". Again in February 2010, the US Director of National Intelligence confirmed "Islamabad's conviction that militant groups are an important part of its strategic arsenal to counter India's military and economic advantages" (Waldman 2010: 4).

Garner Support of the US and the Coalition against India

Another complementary objective of Pakistan is to garner US and coalition support against India's peace-building role in Afghanistan. Therefore, it has linked the Afghanistan issue with India-Pakistan relations and Kashmir issue and demanded that India should reduce the troop deployment along its western borders so as to enable Pakistan to fully commit itself to tackle the Taliban and al-Qaeda along the Durand Line (Mukhopadhaya 2010: 35).

Manipulation of the Pashtun Question for Anti-India Propaganda

Pakistan has accused India of supporting Pashtun nationalism in Waziristan. It has also alleged that the lack of proper Pashtun representation in the Afghan government as a ploy of New Delhi to maintain anti-Pakistan Panjshiri domination (Grare 2010: 18). Pakistan has been apprehensive of a non-Pashtun government in Kabul, fearing it to be pro-India and resentful of Pakistan. Therefore, since 9/11 it has supported certain Pashtun political figures and has endorsed their claims of being sidelined from the political sphere as well as the economic reconstruction process (Grare 2006).

Since Pakistan assesses its relations with its other neighbours too through the prism of Indo-Pak relations, it has come to regard the Central Asian Republics, particularly Tajikistan and Uzbekistan, as a threat to its own centrality to the Afghan conflict. An alternative transit route provided by these countries is likely to diminish the dependency of the US and coalition forces on Pakistan and thereby indirectly cutting into Islamabad's bargaining power and thus benefit India.

These objectives constitute the basic elements of Pakistan's Afghanistan policy. To achieve these objectives, it has been "wielding its strategic assets", which include the utilisation of extremist elements engaged in Afghanistan and the Indian side of Kashmir. Pakistan has continued its silent backing of the Taliban in the hope of a pro-Islamabad regime to take shape in Kabul. Similarly, though such groups are officially banned, it has come to protect the areas where potential Kashmir/India-oriented jihadis are trained. Pakistan has tried hard to manage the balancing act of fighting the Pakistani Taliban while simultaneously safeguarding its relations with the Afghan Taliban and Kashmir-focused terrorist groups. It has continued its tacit support to the Afghan Taliban as well as certain factions of the *Tehrik-e-Taliban Pakistan* (TTP), such as its *Muqami Tehrik-e-Taliban*.

Owing to tacit support from the Pakistani authorities, senior members of the Afghan Taliban are said to operate from Quetta, from where they manage military operations in the south-central Afghan provinces (Helmand, Kandahar, Oruzgan and Zabol) (Kaplan 2006). The Haqqani network, closely affiliated with the Afghan Taliban, operates out of the North Waziristan tribal agency in Pakistan and runs operations in Kabul, and Afghanistan's eastern regions of Khost, Logar, Paktia, and Paktika. In November 2009, the US accused the ISI of helping Afghan Taliban leader Mullah Omar to evade CIA drone strikes (*Washington Times*, 20 November 2009). A report by General McChrystal in August 2009 directly linked all major Afghan insurgent groups to Pakistan; their senior leadership purportedly resided in Pakistan and was connected to al-Qaeda. Furthermore, elements within the ISI aided these groups (McChrystal 2009).

Pakistan has prudently focused its counterterrorism efforts on fighting anti-government elements or those factions of the *Tehrik-e-Taliban* engaged in waging a jihad against the Pakistani regime, while tactfully keeping the pressure off the groups specifically targeted against the allied forces. Militants with the *Muqami Tehrik-e-Taliban* – namely Hafiz Gul Bahadur of North Waziristan and Maulvi Nasir of South Waziristan and their affiliates such as the Haqqani network – who are supportive of the Pakistani regime and have typically maintained a pro-government stance and

concentrated their jihad against the allied troops in Afghanistan, have approval from the Pakistani establishment to continue their operations (Siddique 2011: 20).

Though Pakistan has banned a number of extremist groups because of US pressure in the post-9/11 period, the support continues. The ISI is widely believed to play a catalytic role in the Afghan and Kashmir insurgencies – both of which are essentially taking place in a corridor along the border of Afghanistan and Indian Kashmir (Siddique 2011: 20). There have been confirmed reports of the links between Kashmir-oriented terror groups and the ISI. The November 2008 terrorist attack in Mumbai was traced to Pakistan-based *Lashkar-e-Taiba* (LeT) and ISI. The interrogation of David Headley, a Pakistani American arrested in 2009 for conspiring with LeT to launch the Mumbai attack, revealed heavy ISI involvement in the operation (Burke 2010). According to some journalists, the ISI's chief, Lt-Gen. Ahmed Shuja Pasha, admitted that at least two retired Pakistan Army officers had been involved in planning the Mumbai attack (Nelson and Crilly 2010).

As per Headley's interrogation, the Mumbai attack offered the ISI an opportunity to restore the jihadi credentials of the LeT. At the same time, the strike in India was also part of a plot by the ISI to discourage further integration between Kashmir-focused extremist groups and FATA-based militants who have waged a jihad against the Pakistani state (Burke 2010). From the information surfacing from the Headley case, the ISI appears to have created a tighter moratorium on similar operations. Yet, the Indian government, as well as some Western countries, continue to voice concerns related to threats emanating from LeT against India. The attacks against Indian consulates and Indian personnel in Afghanistan in recent years are also suspected to have been the handiwork of militant groups connected to the ISI (Burke and Boone 2010).

The bombing of the Indian embassy in Kabul on 7 July 2008 has also been attributed to LeT. American intelligence agencies have claimed to have intercepted communications between the ISI and LeT regarding the planning of the attack (*New York Times*, 1 August 2008). Further, the killing of an Indian engineer on the road construction project has strengthened India's belief of the ISI's complicity in undermining Indian

influence in Afghanistan. After the February 2009 attack on a Kabul guesthouse popular among Indians, S.M. Krishna, the then external affairs minister, said the killings were "the handiwork of those who are desperate to undermine the friendship between India and Afghanistan" (Burke and Boone 2010).

As Pakistan has little faith that the US, after leaving the Af-Pak stage, will be willing to contain India, it has found the continuation of its present course of action to be more prudent. Adding to Islamabad's worry has been the postulation made from various quarters within the US that "India must, indeed, be the power that keeps peace in the subcontinent". This matches well with India's own aspirations to assume the role of a regional pivotal state. Though India has been more interested in realising this goal through the use of soft power rather than by the use of hard military strategy, it has helped little in allaying the Pakistani fears of getting circumvented (McChrystal 2009).

In addition to Afghanistan, where Pakistan has been a key player by virtue of its geographical contiguity, in other countries of the region too, such as Sri Lanka and Nepal, where it does not enjoy such geographical edge, it has tried to counterbalance the Indian presence**.**

Pakistan's Policy of Limiting India's Influence in Sri Lanka

In recent years, Sri Lanka has diversified its economic, military and political relations. Shifts in the dynamics of global economic and political equations have permitted Sri Lanka to play off China and Pakistan against India. As a result, New Delhi and the West have experienced erosion in their collective influence (ICG, Asia Report No. 206, 2011: 14). Pakistan along with China has been the foremost among the countries that Sri Lanka has approached for help in its bid to thwart pressure from the West and India in managing its ethnic relations. Pakistan has long been an open supporter of the Sri Lankan state's campaign against the LTTE. The most upsetting aspect of Pakistan's involvement in Sri Lanka has been the strengthening of military and defence ties between the two countries and subsequent reduction in India's leverage.

During the period 1999-2008 Pakistan emerged as the second-largest (after China) military aid supplier to Sri Lanka (Hargreaves et al. 2012: 11). Soon after the ceasefire agreement between the LTTE and the Sri Lankan government broke down, Sri Lanka turned to Pakistan for military aid. In March 2006, President Mahinda Rajapaksa visited Pakistan primarily to bolster defence cooperation between the two countries (Akhlaque 2006). Again in June 2006, Sri Lanka requested Pakistan to facilitate the purchase of military equipment worth around (US) $60 million urgently. The Sri Lankan Army's shopping list had a combined value of $20 million while the Air Force came up with a list of further $30.1 million (*The News*, June 9 2006). Sensing the prospects of renewed civil war in January 2007, Sri Lanka placed orders worth $100 million with Pakistan for defence equipment like tanks, ammunition, bombs and explosives, fuses, unmanned aerial vehicles, and armoured vehicles (*The News* January 1 2007).

Sri Lanka's turning to Pakistan for military aid came after India had declined to provide it with offensive weapons due to its own domestic political compulsions in 2006. The Congress Party-led UPA government in New Delhi did not want to be seen to be providing arms that would be used against Tamils when the general elections were due and it was dependent upon Tamil Nadu parties for its survival (ICG, Asia Report No. 206, 2011: 15).

Nevertheless, India's National Security Advisor went on record:

> We are the big power in the region. Let us make that very clear. We strongly believe that whatever requirements the Sri Lankan government have, they should come to us and we will give what we think is necessary. We do not favour them going to China or Pakistan or any other country. (Cited in ICG, Asia Report No. 206, 2011: 15)

In response, Pakistan's Foreign Office spokesperson said: "We do not accept hegemonic tendency from any country in the region and believe that respect for sovereign equality of states is essential for peace and harmony" (cited in Ahmar 2011: 222).

By extending its military assistance to Colombo, Pakistan "expected to gain by making the Indian position defensive and embarrassing" (Ahmar 2011: 220). In addition

to providing defence equipment, Pakistan has also stationed about a dozen military personnel in Sri Lanka over the past decade, who extended technical assistance and training to the Sri Lanka Air Force during its campaign against the LTTE in Eelam War IV (ICG, Asia Report No. 206, 2011: 16).

In the post-LTTE phase, Sri Lanka-Pakistan relations have moved beyond arms supplies. In November 2010, President Zardari and his Sri Lankan counterpart Rajapaksa agreed in Colombo to take the relationship to new heights. The two leaders reportedly agreed to enhance intelligence sharing on terrorism. Pakistan also offered to train the Sri Lankan police and other security officials in counterterrorism. Islamabad also extended $200 million in soft credit to Sri Lanka to facilitate trade. The two countries also signed agreements on visa waivers for officials and diplomats, cooperation on customs matters, strengthening cultural exchanges as well as a memorandum of understanding on agricultural cooperation (ICG, Asia Report No. 206, 2011: 17). In February 2012, during President Rajapaksa's visit to Pakistan, an agreement was signed to enhance bilateral trade from $375 million to $2 billion within the next three years, besides expanding cooperation in the field of economy, defence, media and technical education (Ashraf 2012).

Significantly, along with China, Pakistan was among the 15 countries that voted against the US-sponsored resolution in the UN Human Rights Council regarding the investigation of war crimes in Sri Lanka (*International Business Times*, 22 March 2012). These moves of Pakistan emboldened the Rajapaksa government to openly defy India's concerns regarding human rights violations and war crimes.

India perceives these moves as further evidence of Pakistan's determination to counterbalance it in the region. India fears that Pakistan could be used as "China's force-multiplier in the South Asia and Central Asia region. India thinks Pakistan to be a "time-tested tool" and a "low-cost, low-risk way for China to keep India in check" (ICG, Asia Report No. 206, 2011: 17).

In Nepal, where Pakistan does not enjoy much strategic influence, it has often imposed limitations in collaboration with China. For example, after King Gyanendra's seizure of power in February 2005, India imposed an embargo on supply of arms to Nepal so as to pressurise the king to restore democracy. However, the embargo was lifted two months later, when Pakistan decided to offer $5 million in aid to Nepal and provide the Royal Nepal Army with weapons (Destradi 2010: 16). Notwithstanding such occasional limitations, Pakistan's influence on India's peace-building role in Nepal is minimal.

Extra-Regional Challenges to India's Peace-building Role

External challenges to India's peace-building engagement in the region emanate primarily from China. That country has adopted a dual policy regarding the terrorist groups active in Afghanistan and Pakistan. In Sri Lanka and Nepal too, India's strategic space to adopt an effective peace-building strategy has shrunken due to China's extra-regional presence. The governments of these countries have effectively played the 'China card' to limit India's peace-building role.

China's Containment of India in Afghanistan

While India and China share the aspiration of a politically stable and economically self-supporting Afghanistan, their strategies to promote this goal differ fundamentally. The key objectives of China's Afghanistan policy are to ensure the stability and security of Xinjiang, expanding economic cooperation and energy trade with the broader Central Asian region, and maintaining a regional balance of power favourable to itself. But the means China pursues to achieve these objectives starkly threaten the Indian ambitions in Afghanistan.

In recent years China's economic assistance to Afghanistan has increased sharply, from just 1.5 billion yuan or roughly $240 million during 2001-2013 to 500 million yuan ($80 million) in 2014. China also pledged to provide additional 1.5 billion yuan ($240 million) as aid over the next three years (Huasheng 2015). Compared with the economic commitments of the US and India in Afghanistan, the Chinese commitment looks

minuscule. India has invested close to $2 billion in Afghanistan, while the US investment is as high as $56 billion because of the military operations. However, regardless of its relatively small economic presence in the country, China is seriously consolidating its economic base in Afghanistan for a long-term presence. This point is illustrated in Table 5.1.

Table 5.1

China's investments in Central and South Asia (in million $)

Country	2007	2008
Afghanistan	0.10	113.91
India	22.02	101.88
Iran	11.42	-34.53
Pakistan	91.063	265.37
Tajikistan	67.93	26.58
Uzbekistan	13.15	29.37

Source: Ministry of Commerce of the People's Republic of China, 2011, in Paliwal 2011: 4.

China's investments in Afghanistan have witnessed the largest hike compared to any other Central Asian or South Asian country, except Pakistan. It rose from $0.10 million in 2007 to $113.91 million in 2008, making it more than the Chinese investment in India as well, which stood at $101.88 million (Paliwal 2011: 4).

China's involvement in such a massive way is premised on the strategy of placating the non-state actors in the Af-Pak region. Beijing has directly negotiated and secured deals with right-wing extremist groups such as Pakistan-based *Jamaat-e-Islami* and *Jamaat-ud-Dawwa*. China openly protected the jihadi militant groups at the UN Security Council's 1267 committee, blocking efforts to impose a ban on *Jamaat-ud-Dawa* (alias *Lashkar-e-Taiba*) until political pressure on Pakistan escalated after the LeT involvement in the November 2008 Mumbai attack (Small 2010: 89). There is tacit cooperation between Pakistan and China to utilise the militancy in Af-Pak as a buffer against a likely Indian penetration (Siddiqa 2012: 6).

Although China itself has been a target of terrorist groups trained and operating from Af- Pak, it has pursued a strategy of “decoupling” them from other terrorist networks. China has consistently cultivated its channels in the Pakistani military and Islamist parties to dissuade them from targeting China. Through back-channel diplomacy in recent years China has been successful in eliciting disavowal of intent to harm Chinese interests from representatives of the Afghan Taliban, Hezb-e-Islami Gulbuddin, and Muttahida Majils-e-Amal (MMA). Far from persuading Pakistan to cut its ties with extremists, Beijing perceives such affiliation as vital to its own security and strategic interests (Small 2010: 86).

Moreover, various members of these Islamic groups have been occasionally invited by China on public relations visits, with one of the most recent culminating in a memorandum of understanding between the *Jamaat-e-Islami* (JI) and the Communist Party of China’s international department, in which the JI “fully backed China’s stance on Taiwan, Tibet and Xinjiang issues”, and pledged cooperation to promote “justice, development, security and solidarity,” as well as stating that the agreement “makes us accept finally and formally that China’s internal affairs are not our business” (*The News* 2010). This entire strand of China’s thinking has been to maintain a state of “managed tension” in the region that undercuts US efforts to dissuade Pakistan from pursuing an India-centric military strategy in Afghanistan (Small 2010: 89).

China is similarly willing to deal with a broad spectrum of actors to secure its assets on the ground in Afghanistan. At the micro-level, Chinese companies maintain contacts through their security officers with a range of extremist groups, which they are even willing to pay off when necessary. At the macro-level, China has consistently maintained its position that the Taliban should be part of any political solution in Afghanistan and has showed sympathy for a similar approach to the extremist outfits such as TTP. While the Aynak facilities, for instance, are secured by the Afghan National Army, with US forces in close proximity, they are located in territory that could possibly end up being Taliban-controlled in absence of international forces, and China sees no merit in the fact that it should preclude its continued operation. China’s discomfort with Islamist groups is evident, but clear also is its willingness to work with whosoever is in

power. When it comes to deal with the transnational terror groups, such as *al-Qaeda*, where the scope for reconciliation is limited, "China's main concern has been to ensure that it remains a secondary target – a strategy that is, of course, parasitic on Western targets remaining the primary ones" (Small 2010: 87).

Unlike India, China considers the Taliban as a real political force that is going to have a long-term presence on Afghanistan's political arena and believes that political reconciliation between the Afghan government and the Taliban is one of the best ways to achieve a successful political and security transition in Afghanistan. China remains unconvinced about the possibility of a decisive military defeat of the Taliban. Based on this assessment China has mooted a long-term policy premised on avoiding, as much as possible, confrontation with the Taliban (Huasheng 2012: 9, 2015). As per a report published in the *Washington Post* in January 2015, China hosted a Taliban delegation in Beijing in December 2014 as part of an effort by the Chinese government to mediate a dialogue between the Afghan government and the Taliban (Huasheng 2015). However, the mediation does not in any way confirm Beijing's commitment to the preservation of the democratically elected government (Jacob 2014: 27). If dialogue fails, it would not hesitate from supporting the Taliban in case of political uncertainty, which is the most undesirable scenario for India.

These policy priorities of China undercut India's clear preference for a democratic and Taliban-free government in Kabul. Another key policy difference is regarding the future role of Pakistan in Afghanistan. For India, Pakistan is a source of terror and instability, whereas for China, it is a strategic asset. China has no incentive to pressurise Islamabad to give up its traditional zero-sum view of India's presence in Afghanistan (Pant 2014).

This policy of accommodating the jihadi forces is a by-product of China's geo-political calculations regarding the rise of India as an Asian power. With its extensive influence in Pakistan and substantial economic capacity, Beijing can play a positive role in ameliorating the conflicting situation in Afghanistan. China could use its leverage over the Pakistani military to press it to rein in the Afghan-focused groups operating out of

Pakistan, such as the Haqqani network and the Afghan Taliban (Small 2010: 84). However, China has adopted a policy of tacit support for Pakistan's jihadi strategy that helps to keep almost half a million Indian troops preoccupied in Kashmir. Owing to their common strategic rivalry with India, China has preferred to see Pakistan playing a more important role in Afghanistan so as to counter the growing Indian presence in the country. China's constant support to Pakistan bilaterally as well as in Afghanistan has allowed Pakistan to emerge as a regional player with tremendous "strategic depth" for China vis-à-vis India and the US (Paliwal 2011: 5, Ng 2010: 4).

China has also been bothered by certain other factors including the overall strengthening of relationship between the United States and India under the Bush administration, US-India nuclear deal, and the booming of the Indian economy. These developments have resulted in a resumed concern in Beijing to pin India down in South Asia rather than allowing it to develop as a regional rival.

China's Counter-India Policy in Sri Lanka

Relations between Sri Lanka and China witnessed continuous deepening after Rajapaksa became President in 2005. Taking advantage of the refusal of development and military assistance to Sri Lanka by the West after the resumption of Eelam War IV, China stepped in to fill the gap. About 62 per cent of China's global trade and 90 per cent of its imported energy passes through the Indian Ocean sea lanes surrounding Sri Lanka. Added to the concern for the security of sea lanes has been a desire in Beijing to counterbalance India in the Indian Ocean, a policy which has been characterised as part of China's "String of Pearls" strategy. This term contends that China seeks to eventually deploy its navy in the Indian Ocean and so requires a constellation of strategic naval bases in Myanmar, Bangladesh, Pakistan, and Sri Lanka (Wheeler 2012: 15).

Between 2005 and 2009, 18 high-level meetings of Chinese and Sri Lankan officials took place (Samaranayake 2011: 124). During this period, the trade volume between the two countries increased from $ 660 million in 2005 to $1.13 billion in 2009 (Ranasinghe 2011: 60). In 2010, China was Sri Lanka's third-largest trade partner after

the EU and India (Wheeler 2012: 14). In the first six months of 2011, trade between the two rose to $1.28 billion, thereby recording a nearly 39.5 per cent increase over the first half of 2010 (Anees 2011).

China has also emerged as the largest financer of development projects in Sri Lanka in recent years. In 2009 and 2010 it was Sri Lanka's largest lender, contributing $1.2 billion and $821 million respectively and accounting for 54 per cent of the total foreign finance in 2009 and 25 per cent in 2010. Again in 2011, China was set to be the largest financer as it had already committed by July $760 million in loans, ahead of Japan's $413 million, and $105 million from the World Bank. Further, in June 2011 the China Development Bank announced that it would finance infrastructure projects amounting to $1.5 billion over three years. The bulk of this Chinese finance has been directed on infrastructure development, mainly in the centre and south of the country (Wheeler 2012: 12).

The growth of Chinese assistance has fundamentally altered the donor context in Sri Lanka. According to Wheeler, this enormous development assistance has "significantly undercut the conflict sensitivity approach of other donors … Western leverage is at its lowest level ever" (Wheeler 2012: 26). A Wikileaks cable of the US Embassy from 2007, released in 2011, illustrates that such concerns were raised even before the war gained momentum. It noted that

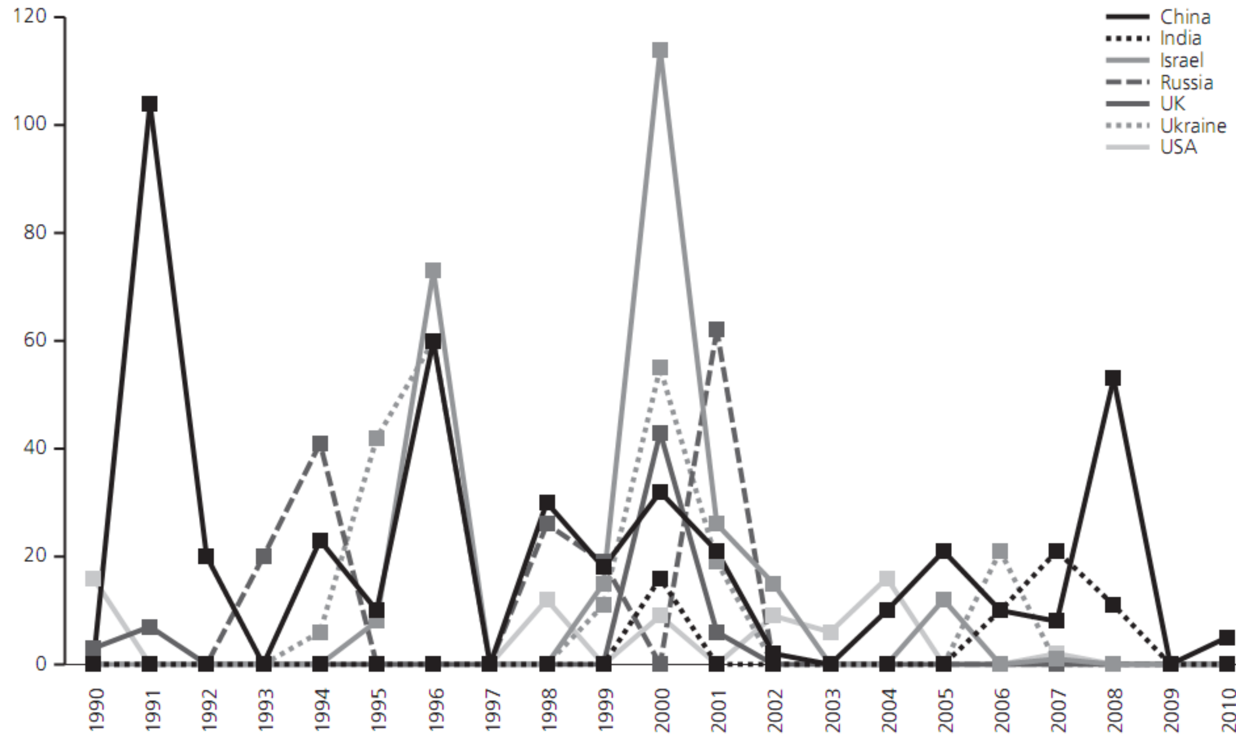
> As Sri Lanka taps into new sources of assistance, [Western donors] are at risk of losing leverage with the Rajapaksa Government, making it harder for us and others to prod the Government toward a peaceful solution to Sri Lanka's ethnic conflict, and address such concerns as human rights and corruption … The new donors' no-string generosity may be convincing President Rajapaksa that he can have both his war and his infrastructure, instead of having to choose between the two. (Wikileaks cable 07COLOMBO250, 2007)

China's arms supply to Sri Lanka has also seen a similar leap. Though Beijing has long been Sri Lanka's largest arms supplier, its support jumped from a few million

dollars in 2005 to roughly $1 billion in 2008 (ICG Asia Report No. 206, 2011: 18). Figure 5.1 illustrates the arms flow to Sri Lanka from its seven most significant suppliers.

Figure 5.1

Arms transfers to Sri Lanka from largest international suppliers, 1990-2010



Source: Stockholm International Peace Research Institute (SIPRI), Arms Transfers Database, 2011, as cited in Wheeler 2012: 17.

It is clear from the graph that after the collapse of peace talks, since 2008, the Western countries ceased their supplies to Sri Lanka owing to concerns for human rights and due to political sensitivities. India also refused to supply lethal arms to Sri Lanka. Since then, China has remained Sri Lanka's largest arms supplier (Wheeler 2012: 18).

After 2005, diplomatic exchanges between Sri Lanka and China also grew considerably. The year 2007 was commemorated as the "China-Sri Lanka Friendship Year" to mark 50 years of full diplomatic ties between the two countries and numerous bilateral deals were signed. In 2011, while highlighting the growing diplomatic ties between the two countries, the Sri Lankan Defence Secretary, Gotabaya Rajapaksa, in an

interview to *Lakbima News* stated: "The President went to China three times. I went five times. We have understood who is important to us" (Ranasinghe 2009).

India has particularly been worried about the approach adopted by China while engaging with Sri Lanka. In the name of its policy of non-interference in the internal affairs of other countries, China has unconditionally supported whichever position the government of Sri Lanka has chosen to take on the crucial issue of conflict and stability. After the conclusion of war in June 2009, Chinese Vice-Premier Zhang Dejiang congratulated Sri Lanka on the "end of the civil war as well as the steady progress in rebuilding and social economic development" (Wheeler 2012: 20).

In his meeting with President Rajapaksa in June 2011, President Hu Jintao pointed out:

> China is glad to see Sri Lanka's political stability, rapid economic growth and positive progress made in the country's post-war resettlement of civilians in recent years. China is delighted with Sri Lanka's achievements and will continue to offer help within its ability for Sri Lanka's economic and social development. (in Wheeler 2012: 20)

Thus, by not criticising the government's role in the conflict, China bestowed legitimacy to its conduct. It was because of the opposition of China that the discussion on the final stages of the war at the UNSC was initially limited to mere informal dialogues. China also objected to the inclusion of the topic in the Council's formal agenda, arguing that "it presented no threat to international peace and security" (Wheeler 2012: 22). It was the political support from China that prevented any meaningful discussion of the war in the Security Council despite the humanitarian crisis unfolding in Vanni (ICG, Asia Report No 206, 2011: 18).

Further, in June 2010, China opposed the UN Secretary-General's appointment of an expert panel to investigate possible war crimes, arguing that the government of Sri Lanka had already set up its own investigation. Chinese officials also argued that the international community should not frustrate the government's own efforts towards reconciliation. When the panel's findings were made public in April 2011, Chinese

officials stated that any further international action would complicate matters and that instead Sri Lanka should be helped to "stabilise the country's internal situation and accelerate economic growth" (Wheeler 2012: 22).

Again in 2012, China opposed the US-backed resolution at the United Nations Human Rights Council (UNHRC) calling on Sri Lanka to address human rights violations, and described it as a move to "impose pressure". Hours ahead of the crucial vote in Geneva, the Chinese government said that Sri Lanka had made "great strides" in promoting human rights and towards achieving national reconciliation. Foreign Ministry spokesperson Hong Lei told reporters: "We oppose using a country-specific human rights resolution to impose pressure. We believe the Sri Lankan government and people are capable of handling their own affairs" (*The Hindu*, March 22, 2012). Chinese Defence Minister Liang Guanglie stressed: "China will continue to support Sri Lanka's efforts in safeguarding state independence, sovereignty, and territorial integrity" (*The Hindu*, March 22, 2012).

China's strong backing allowed the Sri Lankan government not only to win the war while circumventing India, ignoring the West and blatantly violating the Geneva Conventions but even in the post-war phase it continues to shield the government from accountability and international scrutiny (ICG, Asia Report No 206, 2011: 18). Until the coming to power of the new President, Sirisena, Sri Lanka was highly appreciative of Chinese support. Echoing the importance of China, Dr. Dayan Jayatilleka, the then Sri Lankan Ambassador and Permanent Representative of Sri Lanka to the United Nations in Geneva, stated:

> When others imposed cutbacks or conditions on weapons sales to Sri Lanka they did not stop to think that a fellow democracy would be at a grave disadvantage against a terrorist enemy which had no restrictions on smuggling of weapons, including heavy weaponry. China has enabled in practice, not just in words, the defence of Sri Lanka's independence, and sovereignty and restoration of its national unity. (Cited in Ranasinghe 2011: 59-60)

In July 2011, the Sri Lankan President stated, "it will be right to say that relations between China and Sri Lanka are at the highest levels of friendship and understanding" (Wheeler 2012: 10). The strengthening of ties between Sri Lanka and China has generated more room for Sri Lanka to evade India's concerns on the treatment meted out to the minority and the accommodation of genuine Tamil grievances. Therefore, it is not surprising that China is perceived by India as "most formidable constraint to its influence" in the island nation (ICG, Asia Report No. 206 2011: 17).

China's Deepening Strategic Engagement in post-CPA Nepal

Nepal has for long served as a buffer between the two Asian giants, India and China. The political and security situation in Nepal is so closely related to the dynamics of the relationship between India and China that once King Prithavi Narayan Shah described Nepal's position as a "delicate yam between two boulders" (Campbell 2012: 4). After the Chinese accession of Tibet, Nepal became the "principal land barrier" for India against the perceived Chinese aggression. Therefore, India has come to regard Nepal as a part of its exclusive sphere of influence and has linked the developments in the Himalayan kingdom to its own security.

However, since the signing of the Comprehensive Peace Agreement in 2006, China has significantly increased the level of its engagement in the country. This boost in ties has been all-encompassing, covering all aspects of bilateral relations such as economic investment, trade, infrastructure development, military assistance, diplomatic exchanges, as well as cultural and educational initiatives. The primary objective of China's engagement in Nepal is to ensure that Kathmandu suppresses the political activities of Tibetan refugees and collaborates with Beijing in neutralising Tibetan political activism (Castillejo 2013: 7, Lama 2013: 6). Other goals are to increase its strategic influence in South Asia and open up new trade routes through Nepal (Castillejo 2013: 7).

In recent years China has made huge investments in the post-conflict rebuilding and development in Nepal. Though India remains the top investor in Nepal, accounting

for 38 per cent of total foreign investment in the country in 2009, in the past two years a large number of Chinese investors are setting up new joint ventures. In 2009, just behind India and US, China's share in the total foreign direct investment was significant at 11 per cent (Campbell 2012: 5).

The volume of China-Nepal trade has also registered significant growth in recent years. After the signing of a Memorandum of Understanding in 2009 to boost the bilateral trade and investment in the areas of mutual interest, the trade relations have grown faster. China's share in Nepal's trade increased from 11 per cent in 2009 to 19.4 per cent in 2010. In 2011 it grew by 61 per cent to reach $1.2 billion (Krishnan 2012).

China has also dramatically increased its aid to Nepal in recent years. From a mere 10 million NRs (US$128,200) in 2005-06, its aid volume reached NRs 2.55 billion ($32.5 million) in fiscal year 2010-11. The increase in 2011 was particularly surprising as by August only China had reportedly pledged loans and grants worth more than NRs 10 billion ($127.4 million). This included the sanctioning of a concessional loan of NRs 7.28 billion for the construction of the 60 MW Upper Trisuli 3A power plant and a grant of NRs 547 million for the widening of the ring road in February 2011. Again in August, a loan agreement of NRs 1.7 billion for the implementation on the Kathmandu 200 KV transmission line and the 132 KV bay extension work project of the Upper Trisuli 3A hydroelectric project was granted. With this huge surge, China now figures in the list of top five development partners of Nepal (Humagain 2011). Further, during the visit of Premier Wen Jiabao in January 2012, China offered $135 million in aid for "infrastructure and security" (*Global Intelligence*, 3 April 2012).

China has invested heavily in infrastructure development of Nepal. As China has technological know-how to develop high-altitude transport infrastructure (both rail and road) in the Himalayan region, it is a key investor in road building projects in Nepal. In 2008, China announced to develop a 770 km rail link between Lhasa and Nepali town of Khasa in order to connect the Tibet Autonomous Region (TAR) with Nepal at a cost of $1.9 billion (Campbell 2012: 6). Work on this ambitious project started in 2010. When completed, the rail link is likely to strengthen Nepal's economic and strategic ties with

China while reducing its dependence on India (Kumar 2010: 5). In addition, China has agreed to construct a "dry port" at Tatopani near the border with Tibet to serve as a transit facility for the rail line (Krishnan 2012). For India, a worrying aspect of these infrastructural projects is their role in enhancing the PLA's tactical mobility and strategic deployment in the Himalayas. The southern expansion of the Chinese road network has security implications as these networks may well be utilised for military purpose when required.

Another massive infrastructural development project secured by China in Nepal is in the field of hydroelectric power generation. In April 2012, China's Three Gorges International Corp was given the green signal by the Government of Nepal to go ahead with the construction of the 750 MW West Seti dam. Involving a cost of $1.6 billion, the project is set to be completed in 2019. The project is expected to ease the crippling power shortage in Nepal (Sharma 2012). The other significant area where Chinese companies have made significant inroads in Nepal is telecommunications. China's telecommunication giants ZTE and Huawei have secured major contracts from the state-owned Nepal Telecom (Ranade 2010). The grabbing of a deal to develop hydroelectric power by the Chinese company has been unwelcome news for New Delhi, which is a key competitor.

Though traditionally India has been the largest provider of military assistance to Nepal, in the post-CPA phase China has emerged as a key provider of military aid to Nepal. In 2005, after King Gyanendra seized power, India made arms supply to Nepal conditional upon the restoration of democracy. This provided a vantage point for China to strengthen its military ties with Kathmandu. After 2005, Nepal became entirely dependent on China for weapons supply. In 2007, China announced military aid worth $1.3 million to Nepal, which was increased to $2.6 million after the Maoists came to power in 2008 (Lama 2013: 5). In recent years, the PLA has established close linkages with the Nepal army, which include a military assistance programme, supply of non-lethal equipment, training, infrastructure development and exchange of high-level delegations (Campbell 2012:7).

In March 2011, PLA's Chief of General Staff, General Chen Bingde, visited Kathmandu, marking the highest-level military visit from China to Nepal in a decade. After meeting with the Nepali Prime Minister and President as well as Nepal's Chief of Army Staff, General Chen announced a military assistance package worth $19 million from the PLA to the Nepalese Army (Krishnan 2011). This was followed by a reciprocal visit by the Nepali Chief of Army Staff to Beijing in November 2011, when an initial agreement worth $7.7 million was signed between the two army chiefs. It may be noted that instead of being signed between the governments of the two countries, these deals were inked directly between the respective military chiefs (Campbell 2012: 7).

China has substantiated its growing economic and military engagement in Nepal with an up-gradation of diplomatic relations between the two countries. The maturing of their diplomatic ties was symbolised by the appointment in June 2011 of Yang Houlan as Ambassador to Nepal, who is a high-profile regional security expert and former Ambassador to Afghanistan. His appointment was widely viewed as a sign of Nepal's growing strategic importance for China (Campbell 2012: 8). Further, in 2011, a series of delegations of senior Nepali officials from the Ministries of Home Affairs and of Defence, as well as from the Nepal Police and the Army visited China for consultations and training. In August 2011 it was reported that there were three different delegations in China from the Home Ministry alone, numbering a total of 50 officials on a so-called "China junket". In addition to government officials, Beijing has invited delegations from all of Nepal's major political parties to visit China in previous years. In June 2011, a delegation of leaders of the Maoist and CPN-UML parties visited Beijing at the invitation of the Communist Party of China.

In return, there have been an increasing number of visits by senior Chinese officials to Kathmandu. In August 2011, Zhou Yongkang paid a three-day visit to Nepal at the head of a 60-strong delegation from Beijing. Zhou is a high-ranking member of the powerful nine-member Politburo Standing Committee of the CPC and is the most senior Chinese official to visit Nepal since 2006. Zhou put forward a five-point proposal to enhance ties between the two countries, which included: more high-level exchange visits; Chinese investment in a variety of sectors, including business, infrastructure, tourism and

water resources; Chinese support for security in Nepal; people-to-people contacts and cultural exchanges; cooperation between political parties; and joint efforts to tackle food insecurity, climate change and the global economic recession (*Telegraph Nepal* 2012, 19 July).

In January 2012, marking the highest point in diplomatic exchanges, Premier Wen Jiabao visited Nepal at the invitation of Prime Minister Baburam Bhattarai. This was the first high-level visit to Nepal by a Chinese Premier after Premier Zhu Rongji's visit in December 2001 (Krishnan 2012b).

In addition to economic and military assistance, China is also using its soft power in an attempt to counterbalance the deep-rooted Indian cultural influence in Nepal. A number of China Study Centres (CSCs) have been established in Nepal in order to promote cultural and language exchange with the Nepali people. Reportedly, "thirty-three CSCs have been established in southern Nepal adjoining the Indian border". In 2007 a Confucius Institute was established at Kathmandu University, where nearly 1,000 Nepali students now learn Chinese. Beijing also provides scholarships to Nepalis to study in China, where there are a growing number of Nepali students (Campbell 2012: 8). Another area of the cultural cooperation has been in the tourism sector. In 2011 a Chinese foundation unveiled a $3 billion plan to develop infrastructure projects and transform the Nepali town of Lumbini, the Buddha's birthplace, into a sprawling tourism centre (Krishnan 2011).

During Wen Jiabao's visit to Nepal in 2012 it was announced to make 2012 the Year of China-Nepal Exchanges and the two countries agreed to further promote cooperation in the fields of culture and education and between youth and media. As part of cultural exchange, China agreed to invite 100 Nepali youth in 2012 and it was decided that the China Festival would continue to be held in Nepal regularly (Ministry of Foreign Affairs of the People's Republic of China 2012). Beijing's cultural penetration of Nepal is a deliberate policy of diluting deep-rooted Indian soft power influence (Sakhuja 2011).

What is worrying about this deepening of mutual relations is its coincidence with the coming to power of Maoists in Nepal. The Maoists' bilateral ideological tilt to China and their intention of neutralising India's influence have made way to the intensification of anti-India rhetoric in Nepali politics. The fact that after coming to power, while breaking with the tradition, Prachanda paid his first official foreign visit to China is indicative of the pro-China bias of the Maoists (Ranade 2010: 2). This has emboldened China to claim Nepal as its strategic backyard. On 16 February 2009, in a statement, the Chinese Foreign Minister Yang Jiechi said in Beijing that China wanted to secure a strategic partnership with Nepal. Similarly, in February 2009, the Vice Minister of the International Department of the Central Committee of CPC, Liu Hongcai, said in Kathmandu: "We oppose any move to interfere in the internal affairs of Nepal by any force" (Nayak 2009: 2). Such rhetoric by China has challenged New Delhi in what it considers to be its natural sphere of influence.

US Response to India's Peace-building Role

There has been a broad consensus between India and the US regarding the ongoing peace process in Afghanistan, Sri Lanka and Nepal. In Afghanistan, both countries share the common objective of preventing the return of the hardliner Taliban, defeating al-Qaeda and restoring stability and order. The post-9/11 US offensive against al-Qaeda and the Taliban has immensely benefited India in terms of the recognition of cross-border terrorism and its linkages with the military-jihadi complex in Pakistan. India is in favour of long-term US presence in Afghanistan and is apprehensive of its withdrawal from the region.

However, notwithstanding the commonality of interests, the two countries have not been able to translate it into deeper cooperation. In Afghanistan, "US and Indian policies have often worked in parallel rather than in concert" (Rajamohan et al. 2013: 2). India has found many of the US policies at odds with its own. These are mainly related to the assessment of the threat posed by al-Qaeda, the Taliban, and Pakistan itself to their respective security interests. India is suspicious of the so-called convergence of interest between the US and Pakistani military in their fight against the Taliban in the Af-Pak

region and the reliability of the latter as a partner in the so-called war on terror. India has also been critical of the US approval of Pakistan's sensitivities regarding India's engagement in Afghanistan and its linkages with the Kashmir issue. Further, India has pitched for the incorporation of other regional stakeholders such as Russia, Iran and Central Asian Republics in fighting the resurgence of the Taliban in Afghanistan. The US policy of relying too much on the Pakistani military, which has a stake in keeping the insurgency alive, has left the coalition vulnerable to Pakistani manipulations and undue demands. Finally, the issue of negotiations with the Taliban has been the most contentious one, with India being highly suspicious of any such move (Mukhopadhyaya 2010: 29).

Until recently, the US had disapproved of an active Indian military role in Afghanistan. However, during the June 2012 visit to India, US Secretary of Defense Leon Panetta supported India's training of Afghan security forces and requested New Delhi to play a greater role in the security sector. This implies a departure from the past US caution against an expanded security role of India (Katzman, 12 July 2012: 55). As the US is preparing to depart from Afghanistan, it has pressed for a greater Indian role thereafter.

Unlike Afghanistan, where the Pakistan factor has conditioned the US acceptance of India's role, in the case of Sri Lanka and Nepal there has been a broader policy convergence between the two countries. The two key US concerns in Nepal, i.e. the promotion of democracy and regional stability, are equally shared by India. Similar to India, the US has promoted democracy and civil society in Nepal and its development assistance has tried to help Nepal "cement recent gains in peace and security" (Vaughn, April 2011: 12).

Similarly, in Sri Lanka both countries have pushed for the redressal of genuine Tamil grievances while maintaining the sovereignty and territorial integrity of the country. In the post-Eelam War IV period India and the US have collaboratively raised the issue of the human rights abuses committed in the final days of war by the Sri Lankan army and its subsequent impunity. In March 2012, at the 19th meeting of the UN Human

Rights Council, India voted in favour of a US-sponsored resolution on "promoting reconciliation and accountability in Sri Lanka" (Hariharan, 26 March 2012). Again, in March 2013, at the 20th meeting of UNHRC, India voted against Sri Lanka and supported the US-sponsored resolution (*Indian Express* 2013, 21 March).

Conclusion

It is clear from the preceding discussion that India's engagement in its neighbouring countries has primarily been challenged by two of its neighbouring rivals, Pakistan and China. In Afghanistan, India's efforts at post-conflict reconstruction have been repeatedly challenged by the groups having Islamabad's support. As the United States and allies insist on finding a way out of the decade-long war by engaging the Taliban in peace talks and have agreed to allow the latter to open its political office in Qatar, India may lose the strategic gains made in the post-Taliban period (*The Nation*, 25 January 2012). In Sri Lanka, India's fear of ceding its strategic space to its neighbours has been made real by the alliance of China and Pakistan with the erstwhile semi-authoritarian Rajapaksa government. In Nepal too, after the emergence of the Maoist political parties on the political scene, India's leverage to shape the political events there has declined. To sum up, a subtle Sino-Pak understanding to contain Indian influence in South Asia has been the most pressing challenge before New Delhi's peace-building activities in the region.

Chapter VI

Internal Response to India's Peace-building Role

Introduction

In internal political dynamics of the smaller neighbours India is often accused of exhibiting a "viceroy-syndrome".[1] Because of India's sheer size and economic influence, these countries have been hyper sensitive to its involvement in their domestic peace process. Such sensitivity is particularly more aggravated in the countries which share an overlapping ethnic and cultural bond. These countries are apprehensive to engage India constructively in resolving their internal civil conflict. This chapter identifies and assesses the challenges posed by internal political and militant forces to India's peace-building role in all three countries. The Maoists in Nepal, the Sinhalese Buddhist nationalists in Sri Lanka, and the Taliban in Afghanistan are the major challenges to India. While analysing their objectives and strategies, the chapter also demonstrates as to how far India's role is acceptable to these countries and why India is considered as a contentious factor in peace-building.

Internal Response to India's Peace-building Role in Sri Lanka

Response to India's peace-building role in the post-LTTE phase has been of two different sorts. At the one end of spectrum has been Rajapaksa regime with its radical Buddhist allies and on the other extreme is the Tamil National Alliance (TNA) representating the Tamil aspirations within the constitutional limits. The standard response of the United People's Freedom Alliance (UPFA) coalition led by Rajapaksha ranged from mere lip-service and obstructionism to open hostility, while the opposition, the United National Party (UNP), was too weak to assert in crucial foreign policy domains. On the other hand, the TNA felt that India was not doing enough to protect the cause of Tamil minorities.

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[1] A term used by Prakash Chandra Lohani in his article "Nepal's Evolving Relations with India and China: Perspective from Nepal" published in *ORF Discourse* Vol. 5 Issue 7 February 2011, page no. 5.

The majority community in Sri Lanka perceives India as a sympathiser to its minority Tamil population and thus, a threat to its territorial integrity and sovereignty. The occasional demand of *Tamil Eelam* by Tamil Nadu politicians has confirmed to their apprehensions. Memories of India's interference in the ethnic hostility of the country such as training of the LTTE cadres in the 1980s, air-dropping of relief material in Jaffna in June 1987, and finally sending of the Indian Peace-keeping Force (IPKF) to assist in implementation of the *Indo-Sri Lanka Peace Accord* have given credence to such fear and suspicion (Behuria and Sultana 2013: 87). In the post-LTTE phase too, India's demand for implementation of the 13th Amendment to the Constitution is seen as a legacy of the *Indo-Sri Lanka Peace Accord* of 1987 and subsequently, majority Sinhalese community resents New Delhi's role (Thiyagarajah 2013).

India's support to the Eelam War IV was based on a tacit understanding between Colombo and New Delhi that after the conclusion of war, Rajapaksa regime would deliver on its promise of devolution and genuine settlement of the ethnic question. However, the triumphant Rajapaksa regime found ways to sideline India on the crucial issue of post-war justice and accountability (Wigneswaran, 2014)[2].

The Rajapaksa government deliberately tried to halt the progress on India-funded reconstruction projects in the Northern and Eastern provinces. For example, the construction of a 500 MW coal-based power plant in Trincomalee could not start despite persistent Indian pressure. The plant, a joint venture between India's National Thermal Power Corporation and the Ceylon Electricity Board, was under discussion for more than four years, yet construction did not begin. Instead, Sri Lankan authorities accused the Indian High Commissioner to Sri Lanka, Ashok K Kantha, of exerting pressure on Sri Lanka to build a 283 km High Voltage DC (HVDC) transmission line from Trincomalee to Madurai in Tamil Nadu. However, Indian officials refuted such claims. India considered

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[2] Addressing K.G. Kannabiran Memorial Lecture in Chennai, in November 2014 Wigneswaran revealed that New Delhi had agreed to the way the war ended, because of certain promises given to it by Colombo. In his written speech he said: "The military, political and intelligence assistance given by India to Sri Lanka during the final stages of the War, were clearly based on the premise and/or promise that there would be a meaningful political solution." As cited in Tamil Net, Wednesday, 12 November 2014.

this project of massive strategic significance as China has already made inroads into electricity sector, through Norochcholai coal power plant, with its first phase already completed in March 2011 (Tirimanna, 2012).

Due to non-cooperative approach of Rajapaksa government, India's crucial project to construct 50,000 houses, mostly in the Northern Province, got delayed. Since progress on the project was exceptionally slow owing to failure of Sri Lankan government to provide a list of beneficiaries, in November 2010, India had to launch a portion of the project in a pilot mode, targeting most vulnerable of the returning IDPs (ICG, Asia Report No. 220, 2012: 7). However, even on this pilot project, due to be completed by June 2011, construction was quite slow and till February 2012, merely a total of 365 houses were completed (Lok Sabha Debates, March 14, 2012). Such delay occurred largely due to the reluctance of Sri Lankan officials to see India gain the goodwill of the northern population which such a project was likely to generate (ICG, Asia Report No. 220, 2012: 8). Interviewed by the International Crisis Group, a former civil servant in Colombo put down the delay to inertia and lack of cooperation from the government:

> The Indians are doing something in the north that at best the Rajapaksas are indifferent to: Basil is focused elsewhere, while Gotabaya thinks it is a bad idea. The Indian government is generally not used to pushing its way, especially not against another government's bureaucracy. They are used to being welcomed, but they are so disjointed and not used to pushing hard, that it's not difficult … to obstruct Indian efforts. The Indians are reluctant to assume bad faith, so they approach things through the bureaucracy and are easily blocked. (ICG, Asia Report No 206, 2011: 9)

Many in the Rajapaksa government believed that India's push for the implementation of 13th Amendment was a bid to create a client state in the north of Sri Lanka run by Tamil parties. An editorial in a pro-government daily, *The Sunday Times* wrote:

> The Government is hamstrung by India's persistence for the full implementation of 13A, and the call for elections to the Northern

> Provincial Council. We have said this before, and say it again, the reason for this demand is patently clear. India would like an unofficial eighth union territory under the control of its proxy, the TNA. (*The Sunday Times*, August 5 2012)

President Rajapaksa tactfully managed to stall India's demand for implementation of the 13th Amendment. Though on various occasions he reiterated his commitment to its implementation, only to renege later on. In May 2011, a joint statement by the foreign ministers of the two countries reiterated that "a devolution package, building upon the 13th amendment, would contribute towards creating the necessary conditions for reconciliation". Even during the visit of Indian External Affairs Minister, S. M. Krishna to Sri Lanka in January 2012, Rajapaksa assured that "he stands by his commitment to pursuing the 13th Amendment plus approach" (Behuria and Sultana 2013: 93). However, soon thereafter, in a response to media about his views on the same, Rajapaksa stated:

> This is not the first time that I am saying it. In the beginning I said I have no objection. But Tamil parties should come and give their names to the PSC [Parliamentary Select Committee] and decide on it…what they want. So the PSC advises and tells me 'this is what you must do', we have no objection. Parliament should do it. This is not my personal issue…I am ready to accept anything that parliament gives me. Because Parliament consists of all parties…so they have to decide on this…Let all the official parties, the TNA, and all these people get together. (*The Hindu*, 1 February 2012)

Further, in February 2012, in his Independence Day speech in Anurdhapura, President Rajapaksa reiterated the "duty of all parties in the country to solve problems according to the people's wishes by participating in the Parliamentary Select Committee rather than relying on imported solutions and utilising foreign influences" (Behuria and Sultana 2013: 94).

The idea of PSC only stalled the initiation of crucial devolution process. The constitution of the PSC in June 2013 was to study and recommend changes in the 13th

Amendment, while all nineteen members were drawn from the SLFP-led UPFA, the main opposition parties — the UNP, the TNA and the Sri Lanka Muslim Congress (SLMC) — refused to participate. This raised doubts that in the PSC the majoritarian Sinhalese view would prevail (Thiyagarajah 2013). On the composition of the PSC, the TNA expressed its apprehensions: "in the absence of any Opposition member of parliament, this PSC will be nothing but a sub-committee of the Government Parliamentary Group and not Parliamentary Select Committee and will have no credibility whatsoever" (*The Hindu*, July13, 2013).

President Rajapaksa and Defence Secretary Gotabhaya Rajapaksa were in particular critical of the devolution clause of the 13th Amendment which had provisions for the creation of provincial councils having credible powers over land and police. In August 2011, in an interview to the Indian news channel, *Headlines Today*, Gotabaya stated:

> the existing constitution is more than enough for us to live together. I don't think there is any issue on this more than that …. I mean now the LTTE is gone, I don't think there is any requirement.…Devolution wise, I think we have done enough, I don't think there is a necessity to go beyond that. (*Daily Mirror*, August 8, 2011)

Emphasising "a home-grown solution", he further added:

> We should not listen to India on this; this does not mean that we should lose the relationship that we have with India. But if there is a problem it should only be solved by Sri Lankans and not India. (Suryanarayan 2013)

Asked about the external pressure to implement the 13th Amendment, *The Sunday Times* quoted President Rajapaksa as saying "Some things cannot be said openly in diplomatic business between governments. They [India] gave us some of their views, we expressed our views. That is what usually happens" (*The Hindu* July 10, 2013). Again in October 2013, during the visit of Indian External Affairs Minister Salman Khurshid, President

Rajapaksa reiterated, “Parliament is the best forum to address the issue” (*Firstpost*, October 8, 2013).

Such statements reflected the defiant posture of the Rajapaksa government. Though in the face of strong opposition from India, President Rajapaksa shelved the proposed changes to the 13th Amendment aimed at curtailing the powers of provincial councils, it remained a priority in his highly populist agenda (Rupasinghe 2013). Since President Rajapaksa’s popularity at home rested on his image of being strong enough to resist the pressure from India and to secure strategic autonomy for the country, he remained tough on India’s demand for devolution (Sultana and Behuria 2013: 96).

Buddhist nationalist political parties such as the National Freedom Front and the *Jathika Hela Urumaya* (JHU) also challenged India’s involvement. These Sinhalese radical groups were part of the ruling coalition and were engaged in vociferous communal campaign against the *Indo-Sri Lanka Accord* of 1987. The JHU collaborated with the ultra-nationalist *Bodu Bala Sena* (Buddhist Power Force) to form a so-called *national collective* to intensify anti-India campaign. The opposition JVP also joined the chorus demanding repeal of the 13th Amendment and accused the government of “bowing to India” (Rupasinghe 2013). At one of its meetings, General Secretary of the *Bodu Bala Sena*, Ven. Galagoda Aththe Gnanasara Thera, stated:

> Late President J.R. Jayewardene was made to kneel in front of Rajiv Gandhi because of the terrorism in this country. Now that the terrorists are defeated, why do you have to kneel before anyone? Now, after defeating the terrorist you can rise as a lion and defeat the political forces using the help of the national force” (*The Sunday Times*, July 07, 2013).

Similarly, head of the Bodu Bala Sena, Ven. Kirama Wimalajothi Thera stated:

> The provincial council system was forced upon us. Now certain foreign groups and NGOs have started to pry on us and introduce the system to the North where there are Tamil and Muslim nationals. If this power is given to

> these people it will be very dangerous. Even your children and the next generation will be affected badly by this. So we are telling the President, ministers and foreign forces that we are against the 13th Amendment. This is a Sinhala Buddhist country and others can also live here. If in case they go ahead with it, then they will have to introduce these powers to these areas over our dead bodies. (*The Sunday Times*, July 07, 2013)

At the same meeting, Minister of Technology and Research and General Secretary of the *Jathika Hela Urumaya*, Patali Champika Ranawaka, threatened Indian investors:

> India should remember that when Bajaj three wheelers go in this country, when Airtel is sold and oil is sold through IOC, these are done through our compassion. But still if they are threatening our freedom, unity and government, the people in Sri Lanka are ready to answer those with non-violence….. (*The Sunday Times*, July 07, 2013).

After India's vote in favour of the US sponsored resolution *Promoting Reconciliation and Accountability in Sri Lanka* at the 19th session of UN Human Rights Council, Geneva, the Buddhist nationalist parties accused India of infringing the sovereignty of the country. Buddhist monks and Sinhalese nationalist groups protested against what they termed "the selective victimisation of Sri Lanka". A statement issued by the monks drew attention to the "evil forces both local and international" that had "joined hands to deprive Sri Lanka of the present environment of peace" (Ramachandran, 2012). The pro-government English daily, *The Island*, mocked India as a "loser" which had "failed to carry Asia or at least South Asia with it" (other Asian countries either voted against or abstained). It wrote "Sri Lanka has won against India in Asia". *The Island* editorial on March 23rd alleged India of trying to "extricate" itself from the domestic political problems at "Sri Lanka's expense" (Rupasinghe 2012).

In April, a news article published in *The Island* titled, *Tigers Return from India in Destabilization Mission*, claimed that 150 LTTE cadres had arrived and "their target was to sabotage and disrupt the on-going reconciliation process by creating trouble in those

areas [Lanka's north and east]." India's Home Minister P. Chidambaram strongly refuted the report. During parliamentary debate on the UNHRC resolution, Petroleum Minister and Secretary General of the UPFA, Susil Premajayantha suggested retaliation against India and blamed the previous UNP-led government for leasing the Trincomalee oil tank complex to Indian Oil Company.

Buddhist groups also vandalised the statue of Mahatma Gandhi in the eastern town of Batticaloa as a mark of protest to India's vote at the UNHRC (*The Hindu*, April 7, 2012). Echoing the popular Sinhalese narrative, the Defense Secretary Gotabaya Rajapaksa openly accused India of engineering the civil war. Responding to India's former permanent representative to the United Nations, Mr. Hardeep S. Puri's, call to investigate the "specific allegations of war crimes during the last 100 days of military operations", he stated:

> Those demanding accountability on Sri Lanka's part for alleged atrocities committed during the last 100 days of the conflict were silent on the origin of terrorism here. The international community should consider a comprehensive investigation into the issue beginning with the Indian intervention. (*The Hindu*, April 11, 2013)

On the reports of invitation to Indian Prime Minister Manmohan Singh from the Northern Council Chief Minister C.V. Wigneswaran to visit the war affected north, the Sinhala nationalist parties strongly voiced their opposition. The UNP legislator John Amaratunga told the Parliament: "the man who said he cannot come for the Commonwealth Summit is now coming to tour Jaffna. I cannot understand this. We will strongly object to this". He alleged that India was poised to divide Sri Lanka and to give recognition to a separate Tamil state (*The Indian Express*, December 2nd, 2013).

On the other side of political spectrum, Tamil political parties, united under the banner of the TNA, expect India to deepen its role to ensure meaningful devolution. Upon being elected as Chief Minister of the Northern Provincial Council, C. V. Wigneswaran said:

> I am here because of India, it almost had a hand in the polls being held here. When the government was saying it is not going to hold the polls, it is going to scrap the 13th amendment, they decided to have it…that is how I got elected. Not that India brought me in, but India had an indirect role. (*The Indian Express*, October 9, 2013)

In March 2015, after his meeting with Prime Minister Narendra Modi, C. V. Wigneswaran said, "Nothing can be more reassuring than India playing the role of an elder brother, since it is a large country with a vibrant democracy" (*The Indian Express,* March 15, 2015).

However, the new government in Colombo under President Maithripala Sirisena has been more positive towards India. Sirisena not only chose India for his very first foreign visit, he also stressed the "shared values of pluralism and democracy", a deliberately chosen phrase highlighting the importance of democratic India over autocratic China (*The Economic Times*, February 15, 2015).

Internal Response to India's Role in Nepal

India's peace-building role in Nepal has received both accolades and resistance depending on political expediency of various stakeholders. The logic of proximity and indispensability has led to the logic of inescapability. Partly due to its own policies and partly due to the tendency of equating nationalism with anti-Indianism, India's role remains a controversial one in the ongoing peace process. India's peace-building efforts are seen through the prism of varying ideological differences among various domestic constituencies. The ensuing paragraphs analyse the viewpoint of two key stakeholders — political parties and media.

Political Parties

India's role in the peace-process has been at the center of accusations and counter-accusations amongst Nepali political parties. Traditional political parties such as Nepali Congress, and Communist Party of Nepal (Unified Marxist Leninist), Maoists- the Unified

Communist Party of Nepal (UCPN-M) and Communist Party of Nepal-Maoist (CPN-M), and Madhesi Parties have their own views on India.

Traditional Political Parties

The Nepali Congress and the CPN (UML) share historical ties with political elites in India, with an entire generation of their leaders trained and educated in Indian universities. However, their responses to India's peace building role have been shaped by the needs of political expediency. When Prime Minister Narendra Modi endorsed the opposition's "consensus-only" approach over the ruling party's majority voting preference, leaders from both the Nepali Congress (NC) and the CPN (UML) retorted strongly as the ruling parties commanded more than the required two-third majority in the new Constituent Assembly. Former Prime Minister Jhala Nath Khanal stated:

> At present, some of the neighbours are giving us unsolicited advice on Constitution-drafting but China has not tried to dictate terms here, so I too want express special thanks to her. (*The Hindu* January 30, 2015)

He said that "key role should lie with Nepalese actors and political parties." Similarly, Vice-President of the Nepali Congress, Ram Chandra Paudel, criticised foreign powers' recommendation of forging consensus on the Constitution. The NC leader asked, "do the countries, which are advising us, take all their decisions by consensus?" On September 16, 2015, in an article published in *My Republica*, Prime Minster Sushil Koirala's Press Advisor Prateek Pradhan argued that India had ill intentions in criticising Nepal's new constitution. He wrote:

> …the elements that are trying to instigate Nepalis to take up arms against each other are not doing so in the interest of Nepal... They have vested interests in mind: stopping Nepal from standing on its own. They never want Nepal to be a sovereign, peaceful and stable country. (*My Republica*, September 16, 2015)

After promulgation of the new constitution on September 20, 2015, the Madhesi groups demanded a political solution to their set of grievances. To this, the mainstream political parties of Nepal responded by characterising their demands as India-backed, which would create ethnic division in the country. Instead of initiating any constructive dialogue with the agitating groups, K.P Oli's CPN (UML) government came heavily on the agitating Madhesis with forty protesters killed in run-up to promulgation of the constitution. Faced with crackdown, protesters moved to the border areas and blocked the key transit points. Instead of accepting the internal nature of protests, the Nepal government termed the blockade as one imposed by India owing to its displeasure over non-incorporation of Madhesi demands in the constitution. Nepal's industry minister Mahesh Basnet said, "It is an economic blockade of Nepal. India imposed it after some of its suggestions raised internally regarding the new Constitution were not addressed" (*The New York Times*, September 28, 2015).

Even before taking charge as Prime Minister, K. P Sharma Oli stated "India should not impose undeclared blockade in the name of dissatisfaction expressed by a few political parties and some political leaders on the new Constitution" (*Business Standard*, October 3, 2015). Even as Prime Minister, K. P. Sharma Oli accused India of "propping up" the Madhesi political parties to impose blockades at major customs points along the border. While emphasising that it was Nepal's responsibility to address the grievances of various agitating groups, he asked as to why India was rallying behind the four Madhes-based parties. (*Dawn*, November 03, 2015).

Maoists

Ever since the beginning of their movement in mid-1996, Nepali Maoists declared Indian domination of Nepal as one of the main issues they were fighting against. The Maoist ideologue Baburam Bhattarai wrote way back in 2004 that India exported imperialism to Nepal:

> This way world imperialism enters Nepal by riding over Indian horse. This combined intrusion and oppression of imperialism and expansionism has not only stunted the development of Nepal's national industries but it has also created a situation where previously self-reliant industries are beginning to get liquidated one after another. (Bhattarai 2004: 63)

He further blamed India for Nepal's underdevelopment:

> In this overall context there is no doubt that 180 years of uninterrupted semi-colonial relation with Indian expansionism has had very negative and destructive effect on Development of internal class relations and socio-economic structures and in essence in the development of national capitalism in Nepal. That is why it is one of the most important objectives of Maoist people's war to break the chains of semi-colonialism and to usher in a new type of national capitalism (or new Democracy) by mobilizing people of all rank and classes suffering under all forms of semi-colonial exploitation and oppression. (Bhattarai 2004: 64-65)

Such accusations resonate well with the forty-point demand put forward by the Maoists in 1996. The allegations of India's 'micro-management' of Nepali affairs became stronger in the post-CPA phase under the Maoist-led government (Reith, 2011). Especially, after the resignation of Prime Minister Prachanda in May 2009 over the issue of reinstating of the sacked army chief by the President, the anti-India views of Maoists gained a new momentum. Mr. Prachanda repeatedly accused India for the collapse of the Maoist-led government. In 2010, at one of the rallies, Mr. Prachanda declared that it was pointless to talk to other parties like the Nepali Congress or the CPN (UML) as they were all ' puppets' and 'remote-controlled' by India, and that he would rather talk to the 'master' directly. Prachanda also cited Indian Army Chief General Deepak Kapoor's reported opposition to integration of former Maoist combatants in the Nepal Army as proof of the India's 'naked interference' (Jha, 2009). Echoing the same sentiment, then Vice-Chairman of the UCPN (M) Mohan "Kiran" Baidya stated:

> I see there is no possibility of constitution being drafted on time and logical end of the peace process because the Indian establishment and expansionist rulers of India have been interfering in our social, economic, political and cultural lives. (Reith, 2011)

After the resignation of Prachanda in May 2009, India's role was crucial in keeping a twenty-two party alliance loosely united and sustaining the Madhav Kumar Nepal's government. Though it helped avert an imminent constitutional crisis, the UCPN (M) alleged that the government was a puppet in the hands of Indian authorities (*The Hindu*, January 2, 2010). A day after quitting as Prime Minister, Prachanda retorted, "I chose to resign rather than sticking to power by appeasing the external [Indian] lords". In the similar vein, Baburam Bhattarai had expressed the fear that India had ulterior designs to "Sikkimise" Nepal through a process of "Bhutanisation" (Ghimire 2012: 60). India's support to the twenty-two party alliance was translated by the UCPN (M) as a ploy to 'lock the Maoists out'.

For most of the period during 2009-2010, India-UCPN (M) relations remained strained particularly due to perceived Maoist's interest in Beijing. However, despite a hostile anti-India position, for the UCPN (M), the gains of remaining in peace process weighed higher than quitting it. It provided New Delhi ample room to deal with the Maoists without risking their pull out from the peace process (Anderson 2014: 16). Even when the UCPN (M) again came to power in August 2011, the Maoist's anti-India rhetoric continued, though efforts were made by its top leadership to bridge the trust deficit. After his India visit in October 2011, Prime Minister Baburam Bhattarai, was sharply criticised by the opposition as well as his own party (UCPN (M)) for signing the *Bilateral Investment Promotion and Protection Agreement* (BIPPA) with India. Senior radical Maoist leaders led by Mohan Baidya 'Kiran' called for revocation of the treaty or its endorsement by the Parliament. They alleged that the BIPPA served only Indian interests and if allowed to come in force, it would hit Nepali investors and eventually edge them out (*Times of India*, October 24, 2011).

However, India's relationship with the UCPN (M) improved when the Maoist-Madhesi alliance was in power. Even Prachanda underlined India's crucial role in the peace process and stated that New Delhi should change the perception of Maoists as 'distant'. It was reflective of India's pragmatic approach of constructive engagement with the UCPN (M) (Anderson, 2014: 19). This increased trust level was well reflected in UCPN-(M) Vice-Chairman Baburam Bhattarai's visit to India in March, 2015. Addressing a roundtable on *Current Developments in Nepal*, Bhattarai said:

> India as a big neighbour has always played a positive role for the peace process, and should continue to play that role in the interest of the people of both countries, not for its own self- interest. (*Business Standard*, March 2, 2015)

He further added that India's involvement should be positive to

> create a conducive atmosphere so that political parties come together and honour past agreements and draw a constitution agreeable to all, which caters to demands of all sections of the people of Nepal and ensures peace and stability and development in Nepal and contributes to the national interests of India as well…….. India should support Nepal to bring all the political parties at one place. (*Business Standard*, March 2, 2015, *Peoples Review Weekly*, March 4 2015)

However, this bonhomie has not been welcomed by the dogmatic elements in the UCPN (M). Disagreement on relationship with India was one crucial factor in precipitating disintegration of the party in 2012. Chairman of the breakaway faction, Communist Party of Nepal-Maoist (CPN (M)), Mohan Baidya 'Kiran' had for long argued that owing to the conspiracies hatched by the "foreign powers and stooges", the Constituent Assembly would not be able to frame a "pro-people" constitution with radical state restructuring, a claim buttressed by the dissolution of the Assembly without delivering a constitution on May 27 2012. Before the split, Baidya had demanded the scrapping of the deal which held the ruling Maoist-Madhesi alliance together, as it was engineered by India. He also accused

Prime Minister Baburam Bhattarai of being an Indian "stooge" (ICG Asia Report No. 234, 2012: 4). After formal break up with the UCPN (M) in June 2012, Mohan Baidya accused the Chairman Prachanda and Prime Minister Baburam Bhattarai of having "special relations" with India.

'Kiran' reiterated his party's commitment towards scrapping of the hegemonic old agreements with India including the *Treaty of Peace and Friendship* (1950), *Arms Treaty* (1965), *Mahakali Treaty* (1996), and *Bilateral Investment Protection and Promotion Agreement* (2011). Its other demands included stricter control of the India-Nepal border, abrogation of the contracts given to Indian companies such as GMR and others for construction of Karnli and Arun III hydropower projects, restriction on the movement of vehicles with Indian number plates, and ban of Hindi cinema as well as music (Jha 2013).

Throughout the popular resistance, the UCPN (M) had espoused the cause of federalism, Prachanda termed India's reservations about the non-inclusion of federal demands by Madhesis and Janjatis in the Constitution as unwarranted. Speaking at the reception hosted by the CPN-UML to celebrate the promulgation of new Constitution, Maoist chief Prachanda stated:

> Any act from anywhere that amounts to undermining our sovereignty is not acceptable to Nepalese … By promulgating our own constitution we have only asserted our sovereign rights, something that is not directed towards any country. We can't bow down before anyone's pressure or persuasion. It is a matter of our conscience and self-respect" (*Indian Express* September 23, 2015).

While addressing a mass gathering in Kathmandu, referring to continued Indian pressure on content of the new statute, Maoist Chairman asserted: "we were never 'yes men' in the past, nor will we be in the future…Nepal wants to be a good friend of India, not the yes man" (*Republica*, 21 Sep 2015)." (*Indian Express* September 22, 2015).

Madhesi Political Parties

Madhesis are from Nepal’s Tarai region along the southern borders of the country, adjoining India. After signing the peace accord between the Maoists and the Seven Party Alliance in November 2006, which heralded the end of a decade long civil war, a new movement by the Madhesis demanding political inclusion embroiled southern Nepal. These groups argue that ever since its formation in the late 18th century, the Nepali state has been dominated by the upper-caste hill Hindus at the cost of social, economic and, political exclusion of other groups (Hangen: 2).

In 2007, the largest of these groups, the Madhesi Janadhikar Forum (MJF), the Terai Madhesh Loktantrik Party (TMLP) and the Sadbhavana Party (SP) came together to form a coalition called the United Democratic Madhesi Front (UDMF). Jointly, these groups demanded redrawing of entire Tarai region into a single autonomous unit (named *Madhes*) having right to self-determination. In the first nationwide Constituent Assembly elections held in April 2008, the UDMF participated with the slogan *Ek Madhes, Ek Pradesh* and collectively gained 11.3 per cent of the total vote and 81 of the 601 seats. Throughout the Madhesi movement, New Delhi facilitated the brokering of talks between the Government and the UDMF[3]. But India has often been accused by the Maoist leadership of encouraging the Madhes movement so as to weaken the hold of the UCPN (M) in Tarai. In subsequent years, Madhesi parties have also criticised India of diluting their cause. Accusing India of indulging in divisive politics, the Minister of Local Development in the UCPN (M) government, Dev Gurung stated: “By inviting UDMF…leaders in Embassy premises for negotiations, India has shown how it is meddling in Nepal's internal affairs…This kind of interference is unacceptable to us" (PRIO 2009: 10).

These allegations got further credence by the poll result of 2008 Constituent Assembly elections in that the Madhesi forces won 81 seats. Despite securing a substantial

[3] In 2007, the three largest of Madhesi groups, the Madhesi Janadhikar Forum (MJF), Terai Madhesh Loktrantrik Party (TMLP), and Sadbhavana Party (SP), created a coalition called the United Democratic Madhesi Front (UDMF).

vote share, the Maoists lost in the Tarai heartland. In the wake of election results, the consensus among the top three parties (the UCPN (M), the Nepali Congress and, the UML) broke down over the issue of presidency. Subsequently, the Madhesi parties assumed the role of king maker and thus, accusation of India's micro-management of the UDMF became more pronounced.

Upendra Yadav, the chairman of the MJF stuck an alliance with the Maoists and the CPN (UML) to form the government and secured the post of foreign minister. However, in 2009, the MJF got divided over the issue of sacking of the army chief by Prime Minister Prachanda. The faction led by Bijay Gachhedar, a former NC leader who was deeply anti-Maoist and had opposed the abolition of monarchy right before the Constituent Assembly elections, broke away after taking along a large number of MJF MPs, leaving Upendra Yadav with no option but to support the twenty-two party alliance led by Madhav Nepal. Upendra Yadav alleged that India's support was crucial in tilting many of the MJF MPs to the Gachhedar faction.

Since this split, the relationship between the MJF[4] and India soured. Yadav publicly blamed the previous ambassador Shiv Shankar Mukherjee of engineering the defeat of the MJF in the elections. In early 2009, the MJF even invited a Chinese official delegation at its party convention at Birgunj, further deteriorating the relationship (*ACHR*, 2009:13).

After the promulgation of the Constitution, massive Madhesi protests erupted and Madhesis blocked major transit points along the border with India starting since September 23, 2015. In the above context, India's role has been criticised by both Madhesi and non-Madhesi political groups. Cutting across various groups, there is a feeling among the Madhesi parties that India has not adequately supported their cause and has been using them as a bargaining chip with the government in Kathmandu. On the other hand, the hill-origin Nepali people perceive Madhesi's demand for federalism as one orchestrated by India to deepen its influence. Since Madhesis share common culture, language and kinship

[4] Election Commission recognised Upendra Yadav's faction as original party while Gachhedar faction was named MJF (Democratic)

ties across the border, the hill-origin Nepalis view them as "being more Indian than Nepali, with at best divided loyalties" (ICG Asia Report No 276, 2016: 15-16).

The Nepali nationalism, which puts Madhesis in gray zone, also perceives India as posing an existential threat. The extreme version of this narrative brands Madhesis as India's 'fifth column' (ICG Asia Report No 276, 2016: 15-16). Many Nepalese of *Pahade* origin believe that some of the Madheshis' demands are actually framed in terms of India's strategic interests. They point to the demand for the formation of two federal units across the entire Nepal's Tarai by Madhesis. They are skeptical that if accepted, two Madheshi provinces will run across 800 kilometers long along southern border but only 20-30 kilometers wide, forming a long strip on the southern plain of the country to India's benefit and threatening Nepal's integrity in long term (*The Diplomat*, November 27, 2015). In Nepal, as in Sri Lanka, ethnicity overwhelmingly shapes views on India — whether India is looked at positively or is perceived as a bully. People from hill region or the *Pahades* are mostly likely to be critical of India, while those from the southern region usually harbour good feelings (*Republica*, September 28, 2015).

Even among the Nepali civil society there is a negative image of India. In response to India's support to the twenty-two party coalition government led by Madhav Kumar Nepal, Nepali columnist Manjushree Thapa wrote in *Open Democracy*:

> It is unfortunate that India has decided to prop up leaders with so little legitimacy. The Prime-ministers post in the multi-party government has been occupied by the Communist Party of Nepal (UML)'s, Madhav Kumar Nepal who lost the 2008 election in two constituencies, the Deputy Prime Minister's position has been held by Sujata Koirala, the daughter of Nepali Congress Party's late president Girija Prasad Koirala; she too lost in the elections. It has been difficult for even the most avid anti-communist to summon much enthusiasm for their government. (Thapa, 2010)

Nepali Media

Certain segments of the Nepali media have been as ferocious in their attack on India as their compatriot political parties. The Kantipur group, the biggest media house in Nepal, has been particularly hostile. Indian officials have accused the media group of being ‘distinctly anti-Indian' and ‘insensitive to security concerns'. Many of the reports and editorials published in *Kantipur* do confirm India’s concerns.

In May 2012, brewing a political storm, two dailies belonging to the Kantipur group reported in their Friday editions that S.D. Mehta, a Consular, had provoked Tarai politicians across party lines by stating that the division of *Madhes* into several parts had “broken his heart” during a reception. As per news reports, Mr. Mehta had urged Madhesi leaders to “take to the streets before May 27”. Taking a strong stance, the Maoists, the CPN (UML) and the Nepali Congress criticised the diplomat's action as “interference in Nepal's internal affairs” and the UML demanded that Mr. Mehta be declared *persona non-grata*. The UCPN (M) chairman Prachanda met Indian Ambassador Jayant Prasad to raise the issue. Terming the report “factually incorrect and misleading”, the Indian Embassy stated:

> Such attributions seek to distract from the friendly relations between India and Nepal. India remains committed to supporting the Constitution-making process for the establishment of a stable, democratic and prosperous Nepal and will cooperate in the manner determined exclusively by the people and leadership of Nepal. (*The Hindu* May 18, 2012)

Again in November 2014, when Prime Minister Narendra Modi warned Nepali political parties of the risks involved in deciding the statute through numerical strength in the Constituent Assembly (CA), the *Kantipur* wrote in its editorial

> Indian PM breached diplomatic Lakshman rekha (norms)…. He also has not taken into account provisions in our Interim Constitution by asking the parties not to decide on the Constitution on the basis of numerical strength. (*The Hindu,* November 27, 2014)

India’s involvement in the peace process earned negative publicity in other aspects of relationship too. In February 2010, the *Kantipur* attributed the killing of Jamim Shah, a Nepali entrepreneur, reported to have deep links with the underworld and Dawood Ibrahim, to the Indian intelligence agencies. Further, a few months later, with an intention to stoke anti-Indianism, it reported extensively on the localised clashes in Meghalaya which had resulted in death of some Nepali nationals. The *Kantipur* was also at the forefront of opposition to the Government’s decision to award contracts for the supply of machine readable passports to India. To rouse the public opinion, it published a leaked letter by Indian Ambassador Rakesh Sood to Nepali Foreign Minister Sujata Koirala requesting Nepal to cooperate in view of ‘India's security interests' (Jha, 2010). Subsequently, at a Parliamentary Committee, sections of the ruling alliance and the Maoists opposed the move, claiming that the Indian bid was higher and would harm Nepal's security. Ultimately, the domestic backlash forced the Government to revoke the decision. Additionally, while India strongly backed the Madhav Kumar Nepal government after the resignation of Prachanda in May 2009 in a bid to isolate the Maoists, *Kantipur* editorials repeatedly asked for Prime Minister Nepal's resignation for the sake of consensus (Jha, 2010).

India’s response to such deliberate targeting of its ‘core interests’ has been quite reactive and short-sighted. First, it stopped providing embassy advertisements to *Kantipur*. To mount up the pressure, in May 2010, in coordination with the Department of Revenue Investigation and Customs, India stopped the newsprint imported by *Kantipur* from South Korea at the Kolkata port. Simultaneously, Indian officials showed files of *Kantipur's* anti-India reporting to Indian joint ventures in Nepal and asked them not to advertise in *Kantipur* television, the *Kantipur* (daily), and *The Kathmandu Post*. Though later on India resumed the supply of newsprint, the joint venture corporate houses continued with their decision of not giving advertisement to *Kantipur* media house and gradually shifted their advertisements to rival media groups.

Rather than its specific peace-building role, there are certain general issues which have contributed to the negative perception of India. As Yubaraj Ghimire summarises, Nepali media and political parties share three negative perceptions. First, a weak Nepal is

always in India's interest; second, whenever there is political instability in Nepal, India meddles with so as to extract maximum concessions from the outgoing regime and ultimately ends up supporting the new one; and third, it provides sanctuary and assistance to rebel political personalities and organisations so as to use them as leverage (Ghimire 2012: 60).

The lobby behind anti-India propaganda does gather evidences for its claims from the historical anecdotes and narratives. The oft cited examples in case are India's betrayal of fragile Rana regime after signing the *Treaty of Peace and Friendship* and support to democratic movement led by the Nepali Congress. Again, in 1989-90, India's support to King Birendra against the powerful pro-democracy movement in the country was seen as a strategy to extract contracts on hydropower projects. Rebel groups from various quarters took shelter in India from time to time. For example, Subarna Shumsher (1960-68) and B.P. Koirala (1968-76), both Nepali Congress leaders, conducted their movements from India. Ramraja Prasad Singh, the pro-republic leader, also received Indian support during 1978-1992. The Maoist leadership also mostly operated from various locations in Bihar, Uttar Pradesh, Himachal Pradesh, Delhi, and Mumbai (Ghimire 2012: 61). For the most part of the *People's War*, Prachanda was in India (Lohani 2011: 11).

Though such evidences give credence to the allegations of 'micro-management' of Nepali internal affairs, anti-India sentiment is also a product of "small nation syndrome" (Ghimire 2012: 60). In addition, anti-India rhetoric is also used for the purpose of pure political expediency. Both monarchy and political parties in Nepal have used anti-India propaganda to gain popular support in the name of national unity. The Royalists and senior officers in the Nepal Army hold India responsible for the end of Monarchy. Officers of the erstwhile Royal Nepal Army point out India's refusal to provide arms after the Royal coup in 2005, which indirectly helped the Maoists. On the other hand the Maoists have popularised the prevailing sentiment that Indian bureaucrats and the RAW do instigate political instability. They are of the view that India has played all the cards at its disposal and cooperated with them only out of compulsion of their electoral victory (Pandey 2010: 106).

Certain economic factors have also led to the firming up of the prevailing anti-Indianism. Thousands of unskilled labourers from mid-Western Nepal cross the porous Indian border in search of livelihood regularly. In India, they often face a very hostile working environment such as lower wages than their Indian counterparts, harsh treatment by their employers, frisking and extortion by security forces while crossing the border etc. When these labourers return to their native villages their bitter experiences become part of the popular anti-India narrative. The widening trade deficit vis-à-vis India is also projected by Nepali politicians as a ploy to keep Nepal in condition of perpetual poverty. Certain ill-conceived and reactionary decisions by India in the past are also evoked by Nepali political parties. Often recalled is the incident of closure of all the border transit points but four by India in reaction to Nepal's decision to buy arms from China in March 1989 (Nayak 2012: 140-41).

The close cultural proximity along the bordering areas has also been manipulated. For example, the demand of ethnicity based federalism by Madheshi parties has been branded as India-instigated scheme to balkanise the country. Since the Madheshis are mostly the people of Indian-origin, such manipulation has found easy takers among the media and people at large (Nayak 2012: 145).

Certain statements of Indian leadership have also led to the questioning of India's role. For example, at a seminar organised by Nepal-Bharat Shahyog Manch in New Delhi on 14-15 December 2012, Mr. Rajnath Singh, former president of the Bharatiya Janata Party (BJP), expressed his reservation on declaration of Nepal as a secular state (Dhungel 2013). Such expressions of sectarian nature on a purely internal matter of a neighbouring country, raise suspicions about the democratic and secular credential of India (Muni 2003: 190).

To sum up, notwithstanding the above-mentioned generic issues, India's peace facilitation has got more complicated due to what Shyam Sharan said: "there is request to provide support and also maintain a distance"[5] (*Business Standard*, March 2, 2015).

Response to India's Peace-building Role in Afghanistan

Despite India's tremendous contribution to rebuild Afghanistan, the extremist forces have tried to force India out of the country. Indian nationals working in Afghanistan have been repeatedly targeted. Among Afghani people, India's development projects are very popular due to their focus on community development and bottom up approach. India also remains the most sought after destination for Afghani people, a fact testified by Indian embassy and its four other consulates issuing around 350 visas daily. While appreciating India, Shaida Abdali, Afghanistan's Ambassador to India, stated:

> We want Pakistan to play a similar constructive role and secure the hearts and minds of the Afghan people, just as India has done. We don't want a relationship that breeds violence and hatred. Afghanistan will protect its partnership with India at any cost. (*The Hindu*, April 12, 2013).

However, from 2003 to 2013, there were at least twenty one major attacks on Indian mission in Afghanistan. The most lethal of these assaults was the suicide attack on Indian Embassy in Kabul on July 7, 2008 that killed 66 persons including two senior diplomats. Again, in February 2010, a coordinated suicide attack by the Taliban militants at two hotels in Kabul killed nine Indians, including two major-rank army officials (SATP, 2013).

All these attacks are handiwork of Taliban and its allies such as Haqqani network who have fiercely opposed any Indian presence in the country. Taliban in alliance with *Al Qaeda* and Pakistan's ISI were colluding against India well before the post-9/11 offensive. Way back in 1999, the hijackers of Indian Airlines *Flight 814* were given protection by the

[5] Former foreign secretary of India, Shyam Saran, summarised India's dilemma while speaking at a roundtable, "Roundtable Discussion on Current Development in Nepal" organised by the Society for Policy Studies and India International Centre, New Delhi on March 2, 2015.

Taliban in Kandahar. It is believed that the Taliban stood guard to the plane so as to prevent any Indian rescue effort (Price 2013: 3). The Taliban regime in alliance with Pakistan allowed and facilitated the training of the terrorist groups active in Kashmir in Afghanistan (Ganguly 2012: 3).

However, the hostility of the Taliban towards India can't be assessed in isolation from their relationship with Pakistan and ISI. There is a symbiotic relationship between the Taliban and the ISI. Faced with the US offensive, Taliban required an external sanctuary as well as military and logistical support in order to sustain the insurgency and the ISI needed a suitable ally in Afghanistan to maintain regional power balance and 'strategic depth' vis-à-vis India (Waldman 2010: 4).

Therefore, in case of Afghanistan, it becomes difficult to distinguish the external threat from the internal one. In Afghanistan, the both aspects are inseparably merged as the Taliban are not purely a domestic phenomenon in character and have got a strong external dimension in the form of Pakistan and *Al Qaeda*. India's presence is largely limited due to the ISI-Taliban collusion. Despite its insistence on not to retreat under pressure from extremist forces, nearly half of the Indian personnel working on various projects have returned, many of the schemes have been put on hold, and India is not keen on taking any new project. Also the training programmes for Afghan personnel were shifted to India (Pant, 2011: 36). Amidst growing uncertainty in view of Taliban's control near the proposed iron ore reserves and steel mill site at Hajigak, India and Afghanistan had to call off talks on the proposed US $ 11 billion iron-ore mining and steel mill projects (Mining Weekly, 27 November, 2015). After the departure of international forces, India's optimism has faded.

Conclusion

To conclude, India's peace-building role is resisted by the domestic forces in both Nepal and Sri Lanka. In Afghanistan it has received appreciation and acceptance among the wider population and the government, whereas the Taliban remain strongly anti-India. With Nepal and Sri Lanka, India directly shares the border and has an overlapping ethnic bond.

Therefore, the level of proximity is relatively high which, in turn, complicates India's engagement. The nature of conflict in these countries is such as it has compelled India to take political positions, which are seen as far from being impartial. One or other political group has always found itself at the receiving end of these policy positions. In Afghanistan, the political dimension of India's peace-building role is extremely limited and it has to operate along with heavy international presence.

CONCLUSION

The study has analysed India's peace-building role in Afghanistan, Nepal, and Sri Lanka. In other words it is an analysis of India's response to the conflicts in its neighbourhood.

The study has developed a conceptual framework of regionalisation of peace-building. It has used the proposition of Hurrel (2009) that contemporary discourse in international relations is pre-occupied with the emerging regional powers and consequent multipolarity. Along with growing multipolarity there has been a surge in peace-building operations. After conceptually defining the terms — regional powers and peace-building— Chapter I has sought to answer the research question as to why do regional powers undertake peace-building role in their neighborhood? The chapter analysed the recent phenomenon of regionalalisation of security and emphasised the centrality of regional powers as real stakeholders. It has identified spillover effects of conflicts, greater familiarity with the context and acceptance, and cost-effectiveness due to proximity as some of the factors weighing in the favour of greater regional involvement. However, these factors do not automatically translate into a regional power assuming peace-building role in its neighbourhood. There must be motivation or incentive in terms of national interest and power. Involvement by a regional power is constrained by the fact that it has to operate amidst dual pressure- management of regional order as well as accommodation within the global distribution of power. The Chapter concludes that despite these challenges, the tendency towards regional involvement in peace-building is likely to grow.

In Chapter II, a thorough assessment of the implications of conflict in Afghanistan, Nepal and Sri Lanka has been made. It enumerates as to how grievously internal conflict has affected each of these countries and how far they can be characterised as post-war societies. Even in the post-Taliban period, destiny of Afghanistan continues to be shaped by more than a quarter century of conflict and post-war recovery remains fragile amid deteriorating security situation. In Nepal, though there has been an overall improvement on economic and social fronts, the country has missed the opportunities on political front. In Sri Lanka, the study points to the striking fact that

despite economic dislocations caused by war, overall social indicators of wellbeing continued to improve. It implies that the cost of conflict was not borne evenly. Those outside the war zones were minimally affected. Life of those residing in the LTTE-controlled areas of North and East was quite miserable as compared to their compatriots residing in the rest of the country. The cost assessment of conflict makes a strong case for rebuilding in all three countries.

The study points out moral dimensions of India's foreign policy against its willingness to shoulder the responsibility of peace-building in its immediate neighbourhood. Has India actually rewritten the old pattern of bilateral relationship to move towards a multi-country framework of peace-building? Analysis in Chapter III suggests that India's response to internal conflicts in its neighbourhood has been limited to "shape the outcomes rather than to construct them". This approach means to engage only in non-contentious arena of peace-building. However, even this limited peace-building role is premised on certain politico-strategic, economic and security objectives. The Chapter answers the research question as to what are India's interests in undertaking peace-building role. It identifies international terrorism and emergence of an unfavourable balance of power in Asia (owing to China's rise) as the two key motivating factors. Determinants of India's peace-building role in all three countries are: concerns of regional stability, changing nature of regional security architecture owing to the growing role of extra-regional powers, and its own security requirements. The policy of engagement through peace-building is aimed at ensuring a stable and secure neighbourhood, minimising the cross-border security threat, counter balancing the extra-regional presence, and reaping the benefits of economic cooperation. Consolidation of India's position as regional power is premised on the achievement of these objectives.

How has India sought to achieve the above mentioned objectives? Chapter IV explains the nature of India's involvement. The overarching concern underlying India's peace-building role is not to be seen as an intervening power. Accordingly, New Delhi's conception of peace-building differs significantly from its western meaning and practice. India has chosen not to participate in conflict resolution activities involving peace-making. Nor does it endorse of humanitarian intervention and interference in the name of

peace. Rather, it has opted for peace-building through economic assistance and rebuilding. The approach is in consonance with India's adherence to Westphalian state sovereignty and territorial integrity. Emphasis of India's peace-building role is on strengthening of bilateral ties. In all three countries India did not step in when conflict was at its peak; instead, it chose to assist only when the war was formally over and international community had already taken up the rebuilding process. Instead of reacting to humanitarian crises, India's response has been a well planned strategy of assistance and reconstruction. Such policy supports the hypothesis that India's limited peace-building role in its neighbourhood is guided more by its politico-strategic interest rather than humanitarian consideration. Accordingly, in its peace-building engagements, New Delhi has invoked the shared 'cultural and civilization linkages rather than the principle of 'responsibility to protect'.

Notwithstanding the limited nature of India's peace-building role, there has been an attempt by the regional and extra-regional powers to circumvent its presence. Regional challenge emanates primarily from Pakistan which has sought to undermine India's role in Afghanistan. The key extra-regional power limiting India's presence is China. Chapter V has analysed in details as to how the policies of these countries are at cross-purpose with that of India. It also evaluates implications of the growing US involvement in South Asia in the post-9/11 period.

Internal political forces in all three countries have also pressed for the shrinking of India's assistance. Chapter VI examines the underlying reason behind anti-India rhetoric by political parties in Nepal, Sinhalese-Buddhist political forces in Sri Lanka, and Taliban in Afghanistan. In case of Nepal and Sri Lanka, where the level of proximity is high and India shares overlapping ethnic and cultural bonds, it has been compelled to take political positions which are seen as far from being neutral, thereby, invoking the ire of those groups which are at the receiving end of such policy position. In Afghanistan, where the political component of India's engagement is extremely limited, it has received wider appreciation and acceptance except that of Taliban.

The overall analysis suggests that in all three countries India's preferred role has been in the economic arena with a focus on post-conflict reconstruction. Despite repeated

insistence by the Afghan government, India has seen little merit in playing any direct military or political role. Similarly, in Sri Lanka, though India has offered substantial economic and humanitarian aid to the war-ravaged North and East, it does not want to be seen as influencing internal political developments of the country. Notwithstanding its vote at the United Nations Human Rights Council, its stated position on the issue of Tamil grievances remains that it favours a home grown solution. In Nepal, though New Delhi has facilitated reconciliation since the very beginning of the peace-process and has played a political role, it has time and again reiterated that responsibility to draft a constitution agreeable to all citizens lies solely with the Nepali political parties. Nepal is the only country with which India maintains an open border and therefore, has greater security and geo-strategic stakes.

However, India's political engagement remains marginal in all three countries. In Afghanistan, after the conclusion of the Bonn Agreement, India has tried hard to win the confidence of the governments in Kabul and the people at large. However, it has not found any significant role in political arena. The Western coalition relies more on the ISAF partner countries and Islamic states including Pakistan for its politico-military strategies. Similarly, in post-war Sri Lanka, India's role in ensuring a fair political solution has been limited. Its repeated demand for sincere implementation of the 13th Amendment could hardly influence defiant President Rajapaksa. The radical nationalist forces in Sri Lanka want to keep the country insulated from any kind of Indian influence. In Nepal, India's role was crucial in facilitating the peace accord (2006) which paved the way for democratic political process. However, after the electoral victory of the Maoists, the political context of India's engagement got changed. India remains a contentious factor in the post-conflict exercise of drafting a new constitution. It is often criticised as an interventionist force in the internal affairs of Nepal. Political space for its direct role has further shrunken in the post-conflict period. Thus, its peace-building role in all three countries differs in terms of degree, but not in terms of kind.

The level of regional and global acceptance for India's deeper political role has directly impinged on its peace-building engagements. Similarly, the domestic lobby in each of the post-conflict countries has been crucial in keeping India's political influence

at minimal in their respective countries. Thus, when it comes to shaping the post-conflict developments in the neighbouring countries, India has faced stiff challenges. It supports the hypothesis that internal and external forces have imposed constraints and limitations on India's peace-building role to challenge its power and influence in South Asia. Its growing economic clout and global recognition has not translated in terms of wider regional acceptance. Rather, it has added to the threat perception among its smaller neighbours. Despite the regionalisation of security threats, the ability of regional powers to deal with them rests on the regional security architecture. Constrained by both external and internal political forces, regional powers do opt for strategies which do not necessarily equate with leadership.

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