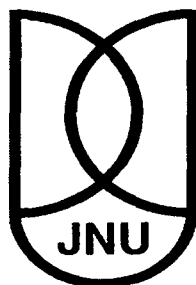


AFGHANISTAN - INDIA RELATIONS, 2001-2011

Dissertation Submitted to Jawaharlal Nehru University in Partial Fulfillment of the Requirement for the Award of the Degree of

Master of Philosophy

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DECLARATION

I declare that the dissertation entitled "AFGHANISTAN- INDIA RELATIONS, 2001-2011" submitted by me for the award of the degree of MASTER OF PHILOSOPHY of Jawaharlal Nehru University is my original work. This dissertation has not been previously published or submitted for any other degree of this University or any other university.

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**CHAPTER I:
INTRODUCTION**

Background

Afghanistan came out from a long period of political instability in 2001. It faced a series of invasions, violence and conflict over a period of several decades. It started with the Soviet invasion in 1978, followed by clashes between the Mujahedin, violence by the Taliban, ethnic conflicts and finally the United States (US) led invasion in the aftermath of September 11 which removed Taliban from power. Afghanistan also had to suffer the consequences of its spatial location in the form of chronic wars and instability. The new regime under Hamid Karzai had a massive responsibility to rebuild the nation and make it as a player in international politics. In this situation, a number of international players to the tune of more than 50 countries came forward to reconstruct a tattered Afghanistan and make it stand on its feet.

India, a long-term friend and ally was an obvious choice for Afghans to look forward too in the construction of the nation. India too was keen to be a part of the reconstruction process in Afghanistan. Three long decades of instability had already dented its relationship with the country badly. It was an emerging global player now looking for more and more friends. Hence, it was clear that after the overthrow of Taliban, Afghanistan and India looked at each other with hope and started building their relationship zealously. In 2011, the resumption of diplomatic relationship between the two countries completed one decade.

Afghanistan and India share close historical, cultural and political relations. In modern times, it has been influenced by different considerations prominent among them being 'geopolitics'. Afghanistan's spatial location has always been important from a geo-strategic point of view for countries of South Asia particularly India, Central Asia and West Asia. Among its various usages Afghanistan's geopolitics has historically been very important for the Indian subcontinent. For example, it has always been the traditional route for invasions to the subcontinent. Afghanistan was a borderland between empires that ruled from India, Iran or Central Asia. It is an arid zone of endemic conflict (Bakshi, 1997: 36). During the modern period, particularly the colonial period, Afghanistan became a buffer state between Russian empire and the British colonies. It became a theatre in the 'Great Game' where both the empires wanted to create a favourable regime. British fought three wars with local Afghan rulers between 1839 and 1919. The rationale of this rivalry was to insure the safety of frontline

of both the empires (Dupree, 2002). The 'Great Game' ended with the fall of Russian Empire in 1917. British saw futility of their mission in Afghanistan and declared the independence of the country.

However, the importance of Afghanistan was realised the new set of super powers after the Second World War. The status of a buffer remained the same during the post-Second World War rivalry between Soviet Union and US. Countries like Pakistan became the base of US activities in the Asian continent. It became the part of the Western block against Soviet Union and became a party of Baghdad Pact signed in 1955. Soviet Union had shared borders with Afghanistan already. In other words, in 1950s Afghanistan again became a border state where frontlines needed to be safeguarded by both the great powers. The rivalry between Soviet Union and US led to the re-enactments of Anglo-Afghan wars in the previous century. Afghanistan saw an invasion from Soviet Union in 1978 lasting for ten long years (Dupree, 2002). This made a permanent dent in the evolution of its foreign policy.

Historical Past

External powers' intervention-whether Soviet Union's (1978-89) or militias' supported by Pakistan, or US' have destabilised the regional balance of power and strategic stability. Successive Afghan regimes have tried to minimise the harm to its political stability caused by imperial rivalry and hence have been advocates of neutrality. However, that has not worked out yet. During the heydays of Non-Aligned Movement (NAM), it was a central point of convergence between India and Afghanistan. Before partition, India had a common and long extending boundary with Afghanistan and there had always been intimate contacts between the two countries from ancient times. Though, the partition of India in 1947 broke Afghanistan's geographical contiguity with India, it could not destabilise the relationship. The nature and extent of Afghanistan-India relationship goes deep and beyond the reach of geopolitics. Both the countries have a long history of cultural and economic relationship from the time of Buddha or even before. This relationship became more mature and firm in the aftermath of the end of colonial occupation of India and as mentioned above, common international political objectives in the form of NAM brought them more closer (Jafri, 1976).

During the period of political stability, Afghanistan has always developed friendly tie with India. Afghanistan's relationship with India during king Zahir Shah's and King Daud reigns was very friendly and profound (Jafri, 1976). During this period and on several other

occasions, Afghanistan has been a hub for Indian products and culture in the region, despite the geographical distance and un-reachability. It has supported India on all crucial national and international issues such as Kashmir. It has been a vocal supporter of India's membership to UN and recently to its campaign for the membership in the Security Council. In fact, on the question of the membership of Pakistan to UN, Afghanistan was the only country to vote against. Afghanistan has consistently refused to accept Pakistan's line on the question of Kashmir. All these can be sighted as great examples of mutual understanding between Afghanistan and India. It cannot be denied that decisions to support India in the international forums was taken by Afghanistan's policy makers which laid the foundations for forging close links quite early on between both the countries (Jafri, 1976). Before the invasion of Afghanistan by Soviet troops and start of a long period of instability there, relations between the two states remained warm and both sides maintained deep cultural and modest economic links under king Daud.

Even India's gradual drift towards Moscow during the Cold War did not hamper the relationship as Afghanistan itself was coming close to the superpower. It was dependent for aid on Soviet Union. The so called 'Saur Revolution' of 1978, when radical elements in the military took over the power from Mohammad Daoud and a new regime was established in Afghanistan, paved the way for a long-term instability in the country. The new Democratic Republic in Afghanistan was established under the leadership of the pre-Soviet People's Democratic Party of Afghanistan's (PDPA). It was a beginning of a troubled phase of Afghanistan-India relationship. It started a long phase of civil war in the country along with the Soviet invasion. New Delhi did not take a stand against USSR which created a positive image among the ruling establishment in Afghanistan. Hence, rule strengthened the bilateral relationship between the governments in both the countries (Dixit, 2000).

However, it made most of the opposition forces hostile to India. Failure of fighting factions in Afghanistan to create a stable regime meant that for the entire period of the civil war Afghanistan was not in a position to carry forward any diplomatic activity. India's recognition of the pro-Soviet regime in Kabul did undermine India's standing within the opposition forces in Afghanistan either in the long run. India supported all Moscow-backed governments in Kabul and extended modest developmental assistance to the Najibullah regime, in spite of Najibullah's increasingly fragile control over the country. Given the extremely limited room for political manoeuvring after the fall of pro-Soviet regime in Afghanistan in 1990, India cast its lot with Burhanudin Rabbani, who was considered as moderate notwithstanding its

apprehensions about his Islamist *Jamat-e-Islami* background (Muni, 2007). However, Rabbani's government did not remain for long as Afghanistan was yet again going through a civil war led by Taliban.

The rise of the Pakistan-backed Taliban to the political centre stage in 1996 was the greatest strategic setback for India. India did not recognise the extremist Taliban regime under which Afghanistan became a hub of world smuggling for narcotics and extremism. It became a hub of international terrorism as well (Rashid, 2008). The coming of Taliban to power led to the complete break up of all kinds of relations between India and Afghanistan. More than that for India, the fallout of the rise of fundamentalism in Afghanistan was ferocious and almost immediate, as it witnessed the rise of what proved to be long and traumatic Islamist insurgency in the Kashmir valley. The participation of Taliban's elite brigade in active combat during the Kargil conflict with Pakistan in 1999 deepened the credibility crisis between the two countries. Taliban's more visible role during the landing of the hijacked Indian airliner IC 814 in Kandahar in December 1999 closed whatever limited possibility might have existed for exploring the idea of accommodation with the Taliban regime despite the fact that it was the first opportunity for both sides to interact (Muni, 2007: 346). Nevertheless, India tried to be sensitive to the plight of the common people in Afghanistan. It did, though indirectly, extend limited humanitarian assistance to the country in the form of medicine, vegetable oil, tea and emergency relief materials through third countries (Muni, 2007: 346).

India's opposition to the extremist Taliban regime brought it closer to Iran and Russia. These countries supported the predominantly Tajik Northern Alliance in the civil war despite the fact that its control over the Afghanistan was once reduced to a mere 10% of the territory in the extreme north (Rashid, 2008). India saw an opportunity in toppling the Taliban regime and started supporting the opposition forces. Its support to the Northern Alliance was routed through its base in Farakhor in Tajikistan (Rashid, 2008). The events that ensued in the aftermath of the terrorist attacks on the USA on 11 September 2001 were principally responsible for tilting the scales in favour of the opposition Northern Alliance and unseating the Taliban from power within a matter of weeks (Rashid, 2008).

Post-Taliban Afghanistan was looking for new partners to rebuild the nation and its economy. India emerged as a natural ally in that. India too was not ready to miss the opportunity and therefore it did everything to reach the Afghan political elite. It managed to effectively claw its way back into Afghanistan's power equations. The India-educated Hamid Karzai, a

Pushtun, was installed in power by the American backed forces in 2001. He became the head of the interim government and has since been re-elected twice as President in 2004 and 2009. Karzai adopted a policy of rekindling Afghanistan's close ties with India. Karzai's India centric foreign policy was very clear from the beginning. This is borne out particularly by two significant symbolic gestures: first, the visit of then foreign minister Abdullah Abdullah in 2002 and defence minister Mohammad Qasim Fahim to India within three month of the installation of the interim government; and second, the choice of New Delhi as the first destination by national carrier Ariana on its inaugural run, overlooking all the other six geographically contiguous neighbours of Afghanistan (Chandra, 2008). India has attempted to give greater emphasis to its efforts to secure its interests in Afghanistan by engaging in diplomatic parleys with Kabul at the highest level (Dutta, 2008). Karzai has visited India seven times since taking charge, while in 2005 Prime Minister Manmohan Singh paid a state visit to Kabul, significantly the first such visit by an Indian head of state in three decades.

Present Situation

Today, India is recognised as a key regional player in efforts to stabilise Afghanistan and for the first time there is a broad congruity of Indian and US interests there. Both the countries want to see a stable, democratic and multi-ethnic political solution to take root in the country (Norfolk, 2011). India has tried to deepen its presence in Afghanistan by reopening its embassy in Kabul. It has opened four other consulates in Jalalabad (Eastern Afghanistan), Herat (Northern Afghanistan), Kandahar (Southern Afghanistan) and Mazar-e-Sharif (Western Afghanistan). These consulates have provided opportunities for Indian business and other interests to be better connected with the country. In addition, India has also agreed to provide aid for US \$1,200 m. This volume of aid has made India the largest regional and fifth largest international donor (Sharma, 2011). Indian has also agreed to provide different social and economic support to Afghanistan. For example, it has promised to provide 500 annual scholarships for Afghan students, vocational training to women for their self reliance and opening of schools and hospitals. Apart from these social sector aid and assistance, India is involved in constructing roads, dams, transmission lines and telecom networks in different parts of the country. It has undertaken the task of constructing a new Afghanistan parliament building in Kabul (Sharma, 2011). In brief, it can be said that Indian aid programme in Afghanistan is designed for the reconstruction of the country. Afghans need Indian monetary and technical expertise and they are ready to provide as much space available to India.

Hence, Indian strategy to win over every section of Afghan society and to get a high profile with Afghans has been successfully implemented in the aftermath of Taliban's fall.

Indian diplomatic circles, however, is facing certain fundamental challenges in Afghanistan. The nature of these challenges is both external and internal. Afghanistan-India relationship is victim of hostility between India and Pakistan. Pakistan for all strategic considerations does not want India to be successful in Afghanistan as it sees rise of India as loss of Pakistan. For Pakistan India-Afghanistan relations have been a classical case of Kautilya's theory, that is an 'enemy's enemy is a friend'. According to Pakistan strategic thinking, India found Afghanistan in a strategically important position to serve her designs in the region. In India's designs, in case of a war with Pakistan over the issue of Kashmir, Afghanistan would be able to open the second front against Pakistan on the North-West Frontier. Thereby, Pakistan could be faced with a two front war. Additionally, such an alliance would also ensure that Pakistan would not be able to use Afghan tribesmen against India. Thus, India might have thought that they would be able to corner Pakistan and embarrass her by pincer-type movement (Ganguly, 2002).

The Pakistani perception of zero-sum game in Afghanistan has created various troubles for India. For example, due to reluctance of Pakistan to provide transit through its lands India has been forced to develop a route through Iran which is longer and costlier. It makes the cheap and fast delivery of Indian commodities to Afghanistan difficult. Again, Pakistan is not willing to see a success of Indian business ventures in Afghanistan and supporting insurgent groups there to destroy Indian investments. Pakistan's consistent support of Afghan Taliban is harmful for not only Afghanistan but for India as well. Pakistan has created trouble for Karzai government as it is considered supportive to the Indian interests (Ganguly, 2002; Dutta, 2008).

Security Threats

Apart from Pakistan, there are other hurdles in the Indian success in Afghanistan. One of the most important worries of Indian investors in the Afghanistan is the lack of physical security to their investments. Taliban and other warring factions in different part of the country target the foreign investments and the men working at projects. In the past years they have killed several of Indian workers and officers in the country. The inability of the Afghan state to protect Indian projects has created apprehensions and fear in the minds of the business classes

in India. Indian government have not only to give incentives to different investors to go and invest in Afghanistan but also to provide them security. This creates extra burden on Indian exchequer. Yet another problem with Indian involvements in Afghanistan is the prevalence of international drug trafficking in the country. This creates a huge problem in India as some of the Indian traders are also involved in the business. There is another problem in Indian engagements in the country. There is no sense of reciprocity as Afghan investors are not in a position to invest in India. Because of the lack of the economic activities in the country Afghanistan has not been able to become an attractive market for Indian producers (A Chandra, 2008).

India has tried to engage all the countries in the region on the matter of Afghanistan's development and reconstruction but it has till now failed to develop a common understanding with the neighbouring countries. The fact that Afghanistan is now a member of South Asian Association for Regional Cooperation (SAARC) and has been involved in the Sanghai Cooperation Organisation (SCO) does not make any substantial difference in its relationship with its neighbours and with India in particular until it is able to have a minimum level of political stability. This study is an attempt to list all the successes and challenges between Afghanistan-India relations.

Afghanistan' Democratic Progress

After two decades of Civil war and political unrest and after six years of torturous Taliban regime Afghanistan was yet again on the road to political stability and democracy in 2001. After the creation of Hamid Karzai led government in Afghanistan in the same year it was hope that with the help of regional and international players the country will soon become a vibrant democracy (Katzman, 2009). There has been two terms of presidential elections (2004 and 2009) in the country so far. Along with Presidential elections country has also gone through two rounds of parliamentary election (2005 and 2010). These elections are not completely free of controversies and deficiencies. In all these elections pro-India elements have registered huge political victories (Dutt, 2011). It is natural as they are happening after a really long gap. Country needs political training and education before it can conduct real free and fair elections on all counts. Nevertheless, it would be inappropriate if we do not count the effects of these elections on Afghanistan-India relationship. Afghanistan wants to adopt the Indian model of democracy and India can really help it to do that. Indian aid and humanitarian support includes the recreation of political institutions as well. In this context,

democratic process in Afghanistan can create a genuine legitimate force with which India will be more comfortable to have diplomatic and other relationship.

Definition, Rationale and Scope of the Study

Afghanistan is a country of chronic instability. It has very rarely seen a relatively long term of peace and political stability and hence there is large gap in the understanding of its foreign policy. In the aftermath of the formation of modern state in the country, its rulers either used to see other countries as prey to their greed of geographical expansion or have remained in isolation. Since the country has also been a victim of super power rivalry and competition in both nineteenth and twentieth centuries, it was never free to pursue an independent foreign policy. It was only after the fall of the Russian and British empires in the first half of the twentieth century that Afghanistan got a short period of independence. However, it was for a very short period. The existence of Afghanistan-India relationship in political and economic spheres in its official capacity was only for these few years between 1947 and 1978. Once there was Soviet invasion and advent of civil war the independence of Afghan foreign policy was lost. It was only in the aftermath of the fall of the Taliban in 2001 that it got a new lease of independence.

Afghanistan-India relation is a crucial subject of study for the students of foreign policy and international relations. It is an important area not only because of its potential to benefit both the countries involved but also for the understanding of the general rules of engagements between two developing countries at the different levels of development. The bilateral relationship is a study of two actors influenced by various independent and dependent variables such as geopolitics, national interests and power rivalry.

The present study is to understand how in its latest phase Afghanistan choose to deal with India in political, economic and strategic spheres. The year 2001 is important as this year marked the end of long absence of a world recognised government in the country. It also marked the beginning of a relatively stable political system in the country. The year 2011 is also important because it marks the end of the first decade of the establishment of Karzai government and India's relationship with it. In the year 2011 Afghanistan and India have signed a strategic agreement giving a logical culmination to a decade long friendship. It's a long enough time to understand the functioning of the Afghanistan's foreign policy. The

present study is an attempt to make an assessment of the growing relationship between Afghanistan and India since 2001.

Review of Literature

American invasion of Afghanistan in 2001 has generated a lot of interest in the world media and academia about international role in ushering in stability in the future of the country. It has created a race among different countries to get an upper hand with the Afghan administration. This interest in Afghanistan has encouraged people to write about the country more in past decade. This study is also an attempt to contribute in that growing volume of literature. For the sake of this study some of the available literature has been reviewed here. Among that available literature, some of the important books and articles have been thematically reviewed in this section. The basic idea is to understand the objectives and methods of the foreign policy making in both the countries and to have a broader understanding of how Afghanistan and India perceive each other. In order to understand the approaches to Afghan and Indian foreign policies, this review has been divided into three broader themes. First theme is about the political relationship and its different approaches. The second theme is about the economic relationship and its various perspectives and the third one is about the strategic relationship.

Political Relations

Indian foreign policy vis-à-vis Afghanistan may be studied under Neo-liberal, Nehruvian-Marxist or hyper realist schools. Neo-liberals, such as Arpita Basu Roy (2011) and A Chandra (2009) in brief, argue the case of greater engagements between the two countries as it will be beneficial for both of them and their development. Nehruvian-Marxist such as S D Munni (2007), M K Bhadrakumar (2011), Prafulla Bidwai (2005) and others would argue for the cautious approach in the pursuance of relationship and defend the non-interference in each others' domestic matters. The hyper realists, such as Raja Mohan (2010; 2012), Bramha Chellany (2010) and Harsh V Pant (2008; 2010; 2011) would argue for the aggressive pursuance of the country's interests at any cost (Bajpai, 2010). Neo-liberals such as Chandra and Daniel Norfolk would argue in favour of business engagement in order to strengthen the political relationship between both countries. They would also argue in favour of cooperation in international forums for building close cooperation at bilateral level. It should be noted here that this categorisation is not foolproof and there are scholars here who can qualify to be

included in all three categories. This categorisation is just to have a broader discussion on the different aspects of Afghanistan-India relationship.

Afghanistan-India relationship is an important topic for both Indian and Afghanistan scholars. Both the countries need each other for their mutual development. Kaushik, (2004) argues on liberal lines while discussing the Indian need of engaging with Afghanistan. He states that India had to adopt a cautious approach by building a close understanding with the regional forces and powers whose interest converge with its own. Hence, he is in favour of regional cooperation on the engagement with Afghanistan. On similar lines, Pant (2011) argues that India has a responsibility to build a vibrant democracy in Afghanistan as that will guarantee its own peace and stability. This theme has been seconded by various other scholars as well (Dutta, 2011; Muni 2007).

India has been proactively involved in the peace building efforts undertaken by the world community after the fall of Taliban. India has been a member of Bonn convention in 2001 and in all its later editions. The main purpose of this policy is to help build Afghanistan a stable political regime which will insure the Indian interests in the region (Ganguly, 2002). Indian attempts to develop a strong relation with the Afghanistan are also guided by its concerns for internal stability and strategic thinking to control the rise of Pakistan (Yadav and Barwa 2011) (Anand, 2007). India provides a great source of political support for Afghanistan in international forums. It gives both moral and political support against any kind of external threats. India had been very assertive in Afghanistan throughout the history of the nation and even during the years of unrest and civil war it has not been absent from the scene as it had engaged the various factions and inculcated a client base in the country (Bhadrakumar, 2011).

The role of India in helping the nascent democratic system in Afghanistan is very crucial and it has a long term role to play both as a model and as a constructor of the system (Khosla, 2003). However, it should not be confined to providing legitimacy to the present regime but should really be concerned about the real grounding of the democratic ethos in the country (Kona, 2007). The Indian intervention in the domestic policy formation in Afghanistan should not be confined as per the definition provided by western powers and it should try to develop its own understanding of various actors involved in the situation (Kona, 2007). The role of India in Afghanistan should be guided by the idea that its success provides a test for its claims to be an emerging power in the world politics and therefore it has to make its presence felt (Basu, 2007). Yet another approach to the study of Afghanistan-India

relationship is the approach adopted by Yadav and Barwa (2011). They argue that the relationship between these two countries is more strategic in nature than political. What they term as 'relational control' is basically a point of argument that Indian manoeuvres in Afghanistan are attempts to control Pakistan.

There are writings on the role of some great powers in shaping the Afghan-India relationship as well. Most of the scholars agree with the point that India and Afghanistan cannot avoid Pakistan in their political relations (Ganguly, 2002; Khosla 2003; Pant 2011). Besides, Pakistan the role of US is also very crucial in deciding the political relationship between both the countries. It is particularly so after 2001 (Khosla, 2003). Afghan engagement with India after 2001 is also influenced by China and other Central Asian actors (Hiro, 2011). Afghanistan-India relationship is also influenced by Iran and other regional players (Ingram, 2010). All factors except US can be managed in some way or other by India in its relationship with Afghanistan. US is the central actor when it comes India's Afghan policy as it is directly related to the role of Pakistan in the region (Chellaney, 2010).

Perspective of India is very clear that it want to create stability in the country so that it can secure itself from the bad influences of the instability in its neighbourhood. The division of writings in three broader categories is also more relevant to Indian approach than to understand the Afghan concerns. The Afghan perspective is totally invisible. What is the objective of Afghanistan is having greater political ties with India? Is it because it wants to develop its own liberal structure and democracy or is it because it does not feel secure with the presence of Pakistan in its neighbourhood? This study is an attempt to look into these questions and try to find out the Afghan perspective on its relationship with India.

Economic Ties

Given the population and prevalent instability in the country, it has been argued by various people that Afghanistan is not that attractive for the big economies in the conventional sense (Marsden, 2003). However, after the invasion in 2001 there are various new avenues created for the big players in the economic field to be interested in the country. Besides exploration of various reserves of natural resources the country also provides a big market for construction of infrastructure projects, weapons and drugs production and sale (Marsden, 2003). The reconstruction of the destroyed economy of Afghanistan provides a great opportunity to Indian companies to invest in the country and build a viable economic relationship (Roy and Mishra 2011). The energy needs of the growing Indian economy is an

incentive for a policy to engage with Iran and Central Asian Republics as it will serve India's strategic interests better (Laishram, 2011). India should be more assertive to fulfil its energy needs through the country. Afghanistan can be a bridge between energy rich Central Asian republic and their markets in India. The problem transit route through Pakistan can be settled through the use of diplomatic and economic pressures (Chellaney, 2010). Since Afghanistan is a link to Central Asian republics it is important for India's economic interests. Accordingly, formulating appropriate policies that can counterbalance impending regime change within the strategic zone will serve India's policy and Afghanistan can provide an important destination for both the future source of the energy and a transit route (Dutta, 2008).

The growing trade and other economic relations between India and Afghanistan have created a favourable situation for the Indian capitalists in the country (A Chandra, 2009). According to Chandra the growth in Indian economic activities in the region will help Afghanistan to rebuild the nation. The reconstruction programs undertaken by the Indian firms in the country provide cheap and better services to Afghan clients and create a positive image of India among them. TAPI (Turkmenistan, Afghanistan, Pakistan and India) project is a great example of the growing Indo-Afghan economic relations (Joshi, 2010). Joshi identifies the importance of Afghanistan in the Indian attempts to get energy security through overseas projects in Central Asia. The geographical location of Afghanistan can be a blessing for the country in the coming days as countries like India cannot source the resources in Central Asia without its help (Joshi, 2007). It can be economically paying for the country. This issue has been identified by the Afghan policy makers as well (Rahmani, 2009).

India has invested heavily in the sectors like infrastructure (road, electricity etc) after 2001 invasion. These Indian investments are both politically and economically important for Afghanistan (Dutta, 2008). It would create a situation of self reliance for it during the crucial phase of nation-building. These investments would reduce the dependency of Afghanistan on other countries in the region such as Pakistan (D'Souza, 2007). D'Souza further argues that though there are certain challenges in the efficient execution of all these aid programs of India still it cannot be ruled out that if implemented properly it would create a very strong goodwill for India in Afghanistan. Indian aid to Afghanistan has a great humanitarian aspect as well. This humanitarian support provided by India in the sectors of hospital and education among several others, would be beneficial for Indian investors in the long run (Bhatt, 2004).

Studies of Afghan-India economic relationship suffer from the same problems as the study of their political relations. There are very few or no representation of the Afghan economic interests in India. The fact that Afghanistan needs heavy investment in the fields of infrastructure and industrialization has been identified by all the scholars. However, no one argues about Afghanistan's plan to create more and more space for foreign investors in order to generate economic integration of the country.

Strategic Relations

Afghanistan existence as a geopolitically important country and as a victim of super power rivalry has been mentioned by several authors (Hiro, 2011; Emadi, 2010; Rashid, 2008). British policy towards Afghanistan (1793- 1907) was largely shaped by the considerations of Indian defence (Bilgrami, 1972). It shows how the British sought to safeguard the sub-continent by providing it with a geographically viable frontier, controlling the mountain passes that link it with the Asian heartland, and surrounding it by a chain of buffer states. The so-called great game in and around Afghanistan during the nineteenth and twentieth centuries and again during the Cold war was a result of the geopolitical and geo-strategic importance of the country for both the empire in the case of Great Game and both the super powers in the case of the Cold war (Hiro, 2011). Today the British experience has a particular relevance for India and the other nations of the sub- continent (Warikoo, 2007). Indian foreign policy makers have failed to use the legacy of the British in the region and it has been one of the main problems of Indian approach to Afghanistan (Raja Mohan, 2012).

Some of the writers on the subject have rightly identified the strategic importance of the Afghanistan for India. Afghan is not only a bridge between Central Asian states and South Asian states in the present context. It is also the source of various historical travels and invasions to South Asia. Afghanistan is also crucial for its strategic location and rich mineral resources along with its holding the key to international drug trade and terrorist groups (D'Souza, 2011). Understanding each others importance in international politics, both the countries have signed a strategic treaty in 2011 (D'Souza, 2011). This treaty is very crucial for both the countries especially for Afghanistan as it provides it the opportunity to guard itself from Pakistani manoeuvres in the country. It can also pave the way for a greater cooperation between both the countries in international forums. They can come close to US as well through this treaty (Kapila, 2011).

It is also true that Afghanistan needs India for its reconstruction. For example, Afghanistan has become overly dependent on the Indian support after 9/11 (Dutta, 2008). Dutta sees it as an advantage for India as it has provided it “the unique opportunity to ‘make hay while the sun shines.’” India has used this opportunity and has made Afghanistan a launching pad for its influence in Central Asian States. She suggests that India should act more proactively in its Afghanistan policy as it has never done before.

However, Dixit, (2000) had previously cautioned the Indian policy makers that the impact of violent uncertainties in Afghanistan could lead to problems. According to him, the presence of fanatical and extremist Islamist militants from Central Asian countries such as Uzbekistan, Tajikistan, Pakistan and even from some Arab countries further a field, were part of the Taliban movement and had found training and sustenance in areas controlled by the Taliban. As has been seen in the past these militants have been indulged in violent acts not only Afghanistan but also in Uzbekistan, Tajikistan and even in India in the Jammu and Kashmir. Afghanistan had been a base for the international terrorism under the overall leadership of Osama bin Laden. His activities, well documented by intelligence agencies of several countries, have proven the point raised by Dixit. It has also guided the subsequent literature on the country. Here the various arguments put forward by various scholars have pointed out the strategic importance of Afghanistan for India.

Dixit identified the fact that the US had twin objectives, namely to effectively counter terrorism directed at the US from Afghanistan, and in long term, to have a positive equation with whichever government is in control in Afghanistan, to enable the US to utilise the oil and natural gas resources of the region stretching from Turkmenistan to Uzbekistan and through Afghanistan. According to him, the Central Asian Republic on the one hand and India on the other, do also have the same strategic objectives in the country. They, he suggests, should be concerned about the situation in Afghanistan and try strategically to interfere there strategically along with through political and diplomatic processes.

The growing strategic importance of Afghanistan, in the wake of US invasion of the country, has increased. It has not only increased for countries like US and China but also for emerging regional players such as India. It has also been identified by Rashid (2008) and Hiro (2011). According to Rashid, Afghanistan has been the playing field for outside interests since its inception in the last century. Drawing similarities and analogy with the Great Game in the last century between Britain and Russia in the region Rashid terms the phrase “New Great Game”. He argues that the various powerful countries including India have been involved in

the game of gaining greater influence in the countries affairs in its latest edition after 2001 American invasion. It is well known that how the earlier version of Great Game in the early twentieth century was a strategic phase in world's history. In that version of the Great Game British and Russian forces vied for power in South and Central Asia and the Middle East. According to Rashid, because of this history Afghanistan has now become adroit at manipulating the powers around it and hence it tries to benefit from this game. The competition among the powers in which they seek whatever leverage they can get to shape policy in Afghanistan helps Afghanistan to bargain and win purses from rival powers.

The end of the Taliban regime in Afghanistan has opened new opportunities for India to restore its presence and credibility in that traditionally friendly country (Muni, 2009). Muni argues that Indian diplomacy has done well to join the international coalition against global terrorism that fought the Taliban regime and their *Al Qaeda* mentors in Afghanistan after September 11, 2001. He is of the view that while India seems to play a constructive role in the post-Taliban Afghanistan, it will have to pursue its interest and initiatives cautiously. India's policies towards Afghanistan have been greatly influenced by its concerns on Pakistan and Jammu and Kashmir. India has tried to balance the threat from Pakistan in its internal affairs through its strong ties in Afghanistan (Yadav and Barwa, 2011).

The lack of cohesion in the regime led by Hamid Karzai and ethnic tensions in the country may harm its reconstruction (Hiro, 2011). It can also indirectly impinge on India's policy since it is seen as being more closely identified to the Northern Alliance comprised mostly the ethnic Uzbek and Tazik leaders (Thottam, 2011). Muni further argues that India should make best use of its cultural diplomacy and fund of goodwill existing at the grass root level in the Afghan Society. It will have to conduct its economic and commercial diplomacy prudently so as to restore and consolidate its image in Afghanistan as a benign external influence and friendly and dependable neighbour. India should keep a close rapport with other like-minded countries, including the US, Russia, France, Germany, Japan, China, and Iran that have deep stakes in the stability and security of Afghanistan in order to avoid the unnecessary confrontation in the region (Warikoo, 2007).

After going through the preliminary review of the available literature on the Afghanistan-India relationship, it can be observed that though there are enough writings from the Indian perspective on the topic, there are very few writings available from the Afghan side. The lack of literature from the Afghanistan's perspective was a major challenge for the researchers working on the region and hence this study is a humble attempt to fill this significant gap.

Objectives of the Study

The objectives of the proposed study are as follows.

- To examine the historical linkages and existing relationship between Afghanistan and India;
- To examine how important is India for Afghanistan;
- To identify the existing, potential and prioritised areas for mutual cooperation which are important for both the countries;
- To examine the bottlenecks and means to strengthen bilateral relations; and
- To explore the future prospects of cooperation between Afghanistan and India.

Research Questions

Some of the important research questions of this study are as follows:

1. What are the determining factors in Afghanistan-India relations after 2001?
2. Why does India become important partner for Afghanistan post 9/11?
3. What are the priority areas and sectors for mutual cooperation between both the countries;
4. What are the challenges and future prospects of cooperation between Afghanistan and India?
5. What are the strategic aspects of the Afghan-India relations in the aftermath of the 2001 attacks?

Hypotheses

The Hypotheses for the study include:

- Close historical and cultural ties have had great influence on Afghanistan-India relations.
- Existing trade and investment potential between two countries has not yet been tapped to its full potential.
- The post-Taliban regime in Afghanistan has intention to use its relations with India for its own legitimacy and survival.

Research Methodology

The present study has been based on analytical review of literature and empirical assessment of data collected largely from secondary sources of information. Apart from the available secondary source materials like books, periodicals, journals, newspapers etc, sources such as various government documents have been used in this research work. Special emphasis has been laid on gathering Afghanistan government documents, pacts or agreements that have been signed with India and SAARC. With the help of some statistical tables, direction and patterns of bilateral trade and investment are also analysed.

The spellings of words, names and places used in the study are based on the sources from which they have been taken. All the names of the places and individuals are spelled according to their original sources. The use of foot notes, until otherwise stated is explanatory in nature. They are not used for references.

Scheme of the Chapters

This study has five chapters including introduction and conclusion.

The first chapter is the **Introduction**. This chapter gives a brief introduction of the study and also provides a historical and cultural overview of the Afghanistan-India relations till 2001. This chapter also tries to establish the socio-economic and cultural structure of the Afghan society as it is important for the understanding of the subject.

The Second chapter of the study is titled as **Afghanistan- India Political Relations**. This chapter gives an introduction of the political aspect of the Afghanistan-India relationship in the aftermath of Afghanistan's 2001 invasion. The chapter discusses various issues related to ethnic and religious problems in Afghanistan which define its foreign policy vis-à-vis India in particular. It also discusses some geo-political factors determining the relations between both countries. It analyses factors such as Pakistan, Iran and Central Asian states which determine the relations of these two countries. Attempt has also been made to look how the Non Aligned Movement has played the role in shaping the relation between both the countries.

Third chapter deals with the examination of **Afghanistan-India Economic Ties**. This chapter provides a brief introduction of the Afghanistan-India economic relations and tries to assess the economic incentives and opportunities for Afghanistan in building a good relationship with India. This chapter primarily focuses on trade, investments, financial aid and assistance between in Afghanistan and India during the 2001-2011 periods. It tries to identify the mutual interest both countries have in each other's economy.

Fourth chapter is a study of **Afghanistan and India's Strategic Relations**. This chapter gives a broader overview of the strategic aspect of the Afghan-India relations in the aftermath of the 2001 attacks and formation of the Karzai regime. The chapter discusses Afghanistan's interest in the region and how its relations with India help it to fulfil these interests. It also includes India's interest in the region and how its relations with Afghanistan help it to fulfil these interests.

Fifth chapter is the conclusion summarising the findings of the study.

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**CHAPTER II:
AFGHANISTAN- INDIA POLITICAL RELATIONS**

The present chapter deals with the Afghanistan-India political relations between 2001 and 2011. In order to have a proper understanding of their relationship, a brief account from the time of India's independence needs to be studied. The chapter investigates the changing objectives of the policy makers in both Afghanistan and India for having political tie-ups on several issues. It has been noticed that neo-realism and liberalism are playing very influential role on Afghan-India relations today in a sense that most of the advisors of the respective countries are guided by these two theories. This is in particular that there is a tendency of keeping the economic relations above the political relationship. Nevertheless, this chapter is trying to understand the Afghanistan-India relationship in the conventional sense first keeping the political relationship prior to the economic relationship.

It is well-known fact that the political relationship between Afghanistan and India has seen various ups and downs in the last six decades. This was particularly due to political instability in Afghanistan. Ever since its establishment in seventeenth century, the country has been witnessing changes in its political leadership mainly through violence and occupation.¹ Afghanistan which was itself a victim of colonial and imperial rivalry and occupation for long periods in its history (Emadi, 2010) saw a potential ally in India in the aftermath of latter's independence (Jafri, 1976). Both the countries established their first diplomatic relations in 1950. As will be discussed in detail below, Afghanistan-India relationship became a victim of political circumstances in Afghanistan. It was despite the fact that both the countries had certain mutual stakes in the world politics.

During the formative years of Indian foreign policy; it was assumed that Afghanistan is a part of extended Indian neighbourhood and therefore needs a special attention. The same feeling was there among the Afghan policy makers. The colonial rivalry in the Central Asian region between Britain and Russia, what is commonly referred as Great Game², had already established the geopolitical importance of Afghanistan. Afghanistan was an immediate neighbour of India and until the creation of Pakistan they both shared border as well. The

¹Afghanistan was established in the eighteenth century under the leadership of Ahmed Shah Abdali. It was a kingdom and had no modern features of a Westphalian state till the late nineteenth century. For a detailed history of the country see Emadi Hafizullah (2010).

²This Great Game was a general terminology for the imperial rivalry between Russia and Britain during the nineteenth and twentieth century in the Central Asia. It was more of a rivalry for the control of Afghanistan and silk route. For a good history of Great Game, see Hopkirk (1990).

Durand line separated both the countries.³ Common cultural traits between bordering provinces of north west frontier and of India and Afghanistan's south east was another major reason of closeness between two countries. Hence, due to all these reasons India wanted to have a friendly atmosphere with Afghan rulers (Jafri, 1976). However, there was no economic and strategic consideration at the time. It was more of a response to have a political understanding on the historical and cultural relations between the two countries. At best the economic relationship between both the countries would have been termed as "modest" (Sharma, 2011). It was a fact that many Afghans used to come and do business in India at the time. There were cultural ties between both the countries which were reflected in popular literature and films in the first half of the twentieth century.⁴

The History of Afghan-India Relationship

Afghanistan and India have historically shared close political ties. India set up its formal diplomatic and political ties with Afghanistan on 4 January 1950, by signing the first 'Friendship Treaty.' This treaty emphasised the need of creating areas of cooperation between two countries. The treaty recognised the historical linkages between the two countries and pointed the need to create greater and deeper linkages in future (Jafri, 1976: 63-64). In India's foreign policy circles Afghanistan was considered as one of the potential partners in its quest for world peace and decolonisation. Similar views were expressed by the Afghan ambassador to India in 1953. According to the ambassador Sardar Najibullah, foreign policy of Afghanistan is guided by the "desire for peace, support to the right to self determination, opposition to colonialism and military pacts and non-alignment" (Jafri, 1976: 44). In the context of Afghanistan's relationship with India he said that, "our relations are based on the community of views which exist in the principles of foreign policy of both the countries. This fact and the historical and traditional relationship are the real reason for our sincere relations" (as quoted in Jafri 1976: 44). Hence, Afghanistan was one of the first few countries with which India established friendly relations immediately after independence on the basis of the principles of mutual coexistence and non-interference which later became the principle of Non-Aligned Movement (NAM).

³The line was created by the British administration in 1893. It was later on recognized by subsequent treaties between Indian administration and Afghan king in 1905. This line, however, remained disputable as Afghan rulers always questioned its artificiality separating Pashtun areas between India and Afghanistan. See, Misdaq Nadi (2006).

⁴Stories and films like *Kabuliwala* by Ravindranath Tagore is one of the best examples of the cultural closeness between both the countries. It is well known fact that Indian movies have a very good market in Afghanistan even today.

During the first decade of the diplomatic relationship between India and Afghanistan it was by and large a low key affair. Both the countries were busy dealing with their internal issues and foreign policy was restricted to maintaining bilateral diplomatic missions. By the time second decade started, India was very active in international politics in the form of NAM. The need to mobilise the entire developing world under one umbrella of neutrality against the big power rivalry in the form of the Cold War led Indian diplomats to hitherto untouched areas of world. Perhaps, the cooperation in international forums was the only political relationship shared by both the countries in the 1970s. Afghanistan, nevertheless, due to its considerations kept on supporting India over Pakistan (Sharma, 2011).

Afghanistan-India relationship owes a great deal to the NAM started in the 1960s against the Cold War rivalry.⁵ Afghanistan pronounced non-alignment as her foreign policy objective under the name of 'impartial judgement' (Ma'arroof, 1987). This policy, it is said, was derived from her geographical position as buffer between Russia and British India, and as a landlocked and underdeveloped country which made her dependent upon her neighbours for trade routes and economic aid. The adoption of neutrality was a necessity for the survival of Afghanistan (Ma'arroof, 1987).

Afghanistan, having a long border with Soviet Union could not afford to pursue a pro-West policy. At the same time, it also could not pursue entirely a pro-Soviet foreign policy for fear of being dubbed as communist. Shift to either side could mean an end of active non-aligned and independent foreign policy of Afghanistan (Ma'arroof, 1987:10).

It had "consistently espoused the principle of peaceful coexistence which has been a predominant feature of Afghan foreign policy" (Ma'arroof, 1987: 11). The country before the 1978 coup which established a pro-Soviet regime was actively pursuing the NAM. Thus, the policy of non alignment has been one of the factors that have brought India and Afghanistan closer to each other after independence particularly under King Daud (Dixit, 2000). Both the countries worked together to bring various resolutions on the need to respect the independence of the NAM countries which was under the threat of the super powers looking for the establishment of a favourable or even satellite regimes in other countries (Jafri,1976).

⁵It has been one of the main determinants of the Indian foreign policy. NAM created a common platform for various Third world countries to come together and create a common foreign policy approach vis-à-vis the world.

The Afghan regime in the 1970s came quite closer to India and re-established its old cultural and political ties severed in the immediate years after the independence. The 1978 coup and subsequent Soviet Invasion to the country brought a severe jolt to this growing relationship as India under Indira Gandhi did not speak against the invasion in order not to make the current regime hostile as well as to win friendship with Soviet Union which was in a bright phase due to the signing of the Indo-USSR friendship treaty in 1971 (Dixit, 2000). India was looking for a strong support in international politics given its hostile relationship with Pakistan and latter's close political ties with the US. The Soviet Union was obvious choice. The Indian tacit support to Soviet invasion, kept its relationship with the regime in Afghanistan intact. However, it made the opponents of the regime hostile towards India. NAM too suffered from the credibility crisis. Afghanistan withdrew from NAM as its new regime declared its open support for the Soviet Union (Ma'arroof, 1987).

Given its geographical location bordering the USSR, Afghanistan was again a crucial player in the world politics. Cold War's extension to Afghanistan was a reintroduction of the Great Game. India was not in a position to intervene in the rivalry of these superpowers in Afghanistan and again kept its relationship with it at very low profile. That is how one can explain India's reluctance to take a clear stand on the Soviet Union's invasion of Afghanistan in 1978. India, despite its stated adherence to NAM went on to sign a 20 year friendship treaty with USSR and established diplomatic relationship with the regime of People's Democratic Party of Afghanistan after it came to power in 1978 displacing King Daud's regime (Dixit, 2000). Since, India had a relatively better term of relationship with Daud's regime it was more expected that it would support him. However, it adopted a more traditional approach and according to Dixit, "India adopted the classical and formerly correct stand that it will deal with whichever government is in effective power in Afghanistan and that India's commitment and involvement is with the people of Afghanistan" (Dixit, 2000 : 20).

The political relationship between India and Afghanistan did not become active throughout the next decade also. The rivalry between the Cold War camps was taking its toll in the Afghanistan's political instability and India was not in a position to do anything owing to its

policy of non-interference in the domestic affairs of any country. The Nehruvian *panchsheet*⁶ was still the guiding principle of the India's foreign policy (Nair and Paul, 2004). When Soviet Union was actively involved in supporting the socialist coup in the country replacing king and establishing a republic, India maintained a calculated silence and also kept its diplomatic ties with the new regime intact. Gradually, it developed an unprecedented friendship with the new regime in Afghanistan. The period of the socialist power in the country was considered as one of the phases of intense friendship between both the countries. It was attributed to the fact that both Morarji Desai and later on Indira Gandhi governments had already tilted towards Soviet Union despite its expressed commitments to the NAM (Dixit, 2000).

Calculated silence maintained by India throughout the Soviet invasion did not go well among the Afghan populace and opposition forces. It was considered by the groups fighting against Soviet invasion as a betrayal. This led most of the *mujahideens* to come close to Pakistan and the West which were apparently supporting them and providing them training and logistics in the struggle against 'infidels' (Rashid, 2008). Nevertheless, it was not all lost for India. Indian support to Najibullah regime did not harm its relations with some of the warring factions. These groups remained the sole contact when the civil war broke out after the end of the Soviet occupation in 1988 (Muni, 2002). By the end of this Civil War in 1996 Taliban came to power which was supported by Pakistan and therefore it was impossible for anyone to imagine as India having any relationship with it. The Kandhar episode⁷ added fuel to the fire and made any kind of political relationship between both the countries out of question (Norfolk, 2011: 6). Throughout the Taliban regime, India-Afghan relationships remained non-existent save on the level of some of the warring factions in the Northern Alliance. India supported these elements as it saw the Taliban as antithetical to the Indian interests. This is despite the fact that India had a policy of non-interference. According to Norfolk,

Indian diplomatic and development initiatives in Afghanistan experienced a hiatus while the Taliban ruled Kabul, during which time Delhi extended support to the non-Pashtun Northern Alliance as a strategic imperative. The Northern Alliance provided the only credible counter balance to a regime in Afghanistan directly threatening India's national security interests. Delhi continued to provide 'quite and limited support' for the groups

⁶The term is used to denote the five broader principles of NAM. These were; Peaceful coexistence, non-aggression, non-interference, mutual cooperation, respect for territorial integrity and sovereignty.

⁷In 1999 Indian Airliner ICJ 804 was hijacked by terrorists. It was landed in Kandhar where negotiations between Indian officials and Terrorists happened and India was forced to release four dreaded terrorist from Indian jails in exchange of passengers of the plane.

fighting the Taliban, but did not use force or overtly support attempts to depose the regime (Norfolk, 2011: 6).

Afghanistan-India Political Relations: Post 9/11

Taliban Regime fell in 2001 when US led forces along with Northern Alliance were able to force it to move out. Taliban regime disintegrated. A new regime supported both by Northern Alliance and US came to power ending the long isolation of country from world politics (Emadi, 2010). The new regime under Hamid Karzai wanted to re-establish its historical ties with countries like India and therefore it welcomed the Indian proposals to help reconstruct the country (Ashraf, 2008). In order to understand the trajectory of the relationship between both the countries from 2001 it can be divided into three broader phases each denoting a further consolidation of the democratic process in Afghanistan.

2001-2004

India revived its diplomatic relations with Afghanistan in December 2001, with minister of External Affairs Jaswant Singh inaugurating the embassy in Kabul (Hussain, 2008: 46). The reopening of the embassy was just not a resumption of a relationship after a long gap. It was an advent of new era with complete new thinking and strategies on both sides (Yadav and Barva, 2011). In the history of more than two decades when there was unrest and civil war in Afghanistan world was witnessing epoch making changes. Throughout the 1990s many things happened which completely changed the idea and nature of international politics and bilateral relationship between countries. When Taliban was ruling Afghanistan, world was becoming a place where neo-liberal economy dominated the essence of international politics. The September 11 attacks, allegedly carried away from the land of Afghanistan, added more speed to the already changing world politics. The so-called War on Terror did not change the dominant discourse in world politics where trade and business dominated it. It also gave birth to a new era of unilateralism, in principle intervention in other's domestic affairs and greater demands of universalism (Rashid, 2008).

Afghanistan-India relationship too changed completely both in its nature and in its extent. The nature changed in the form of changing objectives of the Afghanistan and India vis-à-vis their relations with each other. Unlike in the past where political relations defined the extent of other relations in the aftermath of the 9/11 it was economy and the strategic considerations which defined the extent of the political engagements (Yadav and Barwa 2011). New Afghan

regime was looking for the resources to reconstruct countries' economy. It needed money and other basic resources which would help it to rebuild the infrastructure so that it can re-emerge as a nation. The nation building project would have no use of the political relations until substantiated by the economic ties. Therefore, Afghan-India relationship after 9/11 is more an economic relationship than political (Dutta, 2008). Nevertheless, political relationship between both the countries remains important and therefore need to be studied carefully.

2004-09

In 2004 Afghanistan had its first presidential election according to the new constitution adopted in 2003. Hamid Karzai won the election and became a legitimate head of state to pursue his foreign policy. Next five years were very crucial in deciding the fate of Afghanistan's relationship with India. In this period too Afghanistan was more worried about the fallout of insurgency by remaining forces of Taliban in the remote areas of the country. It was looking for creating more and more employment opportunities so that all those ex-Taliban militants and militias of Northern Alliance would get employment. It was necessary in order to prevent them from joining any other armed group. In this context India was seen as a source of humanitarian aid and a country which can help built basic infrastructure. India had its own interest as it was looking to neutralise the influence of Pakistan and any future threat from youth militias' infiltration to Kashmir (Pant, 2011). Hence, Karzai regularly visited India and asked for greater Indian participation in the reconstruction of the country. It was a period when India extended maximum humanitarian support to Afghanistan. The first election in Afghanistan happened 2004 in which Karzai became the first elected president of the country. It also established a elected legislator (Dutta, 2009). This led to the rise of new aspiration in both the countries.

Post-2009

In 2009 Afghanistan went through a fresh round of elections which re-elected President Karzai and a new parliament. The victory of Karzai in the elections gave him and his administration confidence about their policies followed in the last term. Now Karzai was more worried about long term stability of the country and its new political system. Being a multi-ethnic country Afghanistan sees democracy as the only political system which can create stability in the country. India was already helping Afghanistan in creating a vibrant democratic political system (Dutta, 2009). It had already helped in building a new building for Afghan parliament. It was also providing training to various groups and people to conduct

elections. Hence, Afghanistan saw Indian model of democracy as an ideal (Chandra, V 2005). It can be argued that post-2009 elections Afghanistan-India relationship got a new political aspect of building democratic process in Afghanistan. This made Afghanistan a close partner of India in political field.

Exchange of Visit of Political Executive between both Countries

The trajectory of the Afghan-India relations can also be evaluated with the frequency of visits of officials and political leadership between two countries since 2001. Leaders of both the countries have paid regular visits to each other creating very cordial atmosphere. For example, as chairman of the Afghan Interim Administration, Mr. Hamid Karzai visited India on 26-27 February 2002 accompanied by 13 Ministers. Indian Prime Minister Atal Bihari Vajpayee announced a grant of US\$ 10 million for immediate use by the Afghan Government during this trip. It was one of the first trips of Afghan head of state outside the country. This trip established the fact that Afghanistan still had faith in its old friendship with India and it relies on the Indian capabilities to help it in dire situations. Indian media gave significant coverage to this trip establishing the belief that Indians still see Afghanistan as a trusted ally (<http://meaindia.nic.in/meaxpsite/pressrelease/2011/01/bilateralafghanistan.pdf>).

In 2004 India went through a national election which led to the establishment of new government. In order to establish contact with the new government, Afghanistan National Security Advisor, Dr. Zalmay Rasool visited Delhi on May 30, 2004. He called on Ministry for External Affairs and National Security Advisor. Next high level visit came soon when the then Foreign Minister of Afghanistan Dr. Abdullah paid an official visit to India from August 31 to September 3 2004. Apart from delegation level talks with Minister of External Affairs at the time, Dr. Abdullah called on new Prime Minister Dr. Manmohan Singh and his National Security Adviser. Dr. Abdullah again paid an official visit on 3-4 July 2005. Dr. Rasool visited Delhi again on 14 July 2005 to discuss recent developments in the region with his Indian counterpart. This eagerness of the Afghan government to establish contacts with the new government at centre shows the importance it attaches to its relations with India. The regular visits of the high level Afghan officials were reciprocated by the Indian official's regular visits. The stated position of new Indian government was to have a strong relationship with the future Afghan government. On each occasion India pledged monetary support to the cash striped Afghan government (<http://meaindia.nic.in/meaxpsite/pressrelease/2011/01/bilateralafghanistan.pdf>).

President Karzai came again on a “working” visit to India from 23-25 February 2005. He called on the President of India and had delegation level talks with the P.M. Importance of his visit lies in the fact that he was accompanied by eight Cabinet Ministers, that included Ministers of Commerce, Foreign Affairs, Transport, Information & Culture, Energy, Higher Education, Mines and Industries and National Security Advisor. All of them had bilateral meetings with their Indian counterparts. Two Memorandums of Understandings (MOUs) were signed during the visit. The MOU on Cooperation in the field of Media and Information called for greater interaction between media persons and radio and TV organisations of the two countries. The MOU on Cooperation in the field of Civil Aviation is aimed at building capacity and strengthening institutional structure of Afghan civil aviation sector (<http://meaindia.nic.in/meaxpsite/pressrelease/2011/01/bilateralafghanistan.pdf>).

This visit was very crucial for Afghanistan as the government there had just got constitutional status and wanted to show the world that it can work as normal diplomatic mission. It wanted to shed the tag of the failed state which was synonymous with Afghanistan for so long. President Karzai took the opportunity of Indian visit to show off his skills in creating friendly environment. He proved to be very media savvy and competent to handle the difficult questions put forward by the Indian media on Pakistan factor. His open assertion of India’s role in his own personal development during his student life was taken positively by the Indian media and people. His trip to India was a great personal relations success. As it was mentioned earlier, his ability to balance the Pakistan and Indian interests in his country won praise from diplomatic circles all over the world.

Banking on the successes of the previous visits the Afghan President Hamid Karzai’s visited India again on 4th August 2008. This time the central agenda of the visit was to invite more and more Indian business groups to invest in Afghanistan. Karzai also wanted to emphasise the point that its closeness with Pakistan in last few years has no implications on its relationship with India. Karzai also wanted consistent Indian support in political development of his country. The process of democratisation in Afghanistan requires a lot of political training and institution building. Given its long and successful history of democratic politics India can help Afghanistan in its endeavour. There is one more reason of Afghanistan trusting India rather than western powers in its democratisation process.

India, unlike the west had never been involved in the physical control of the country and has a long history of cultural and economic ties. The 2008 visit was also significant for India in many respects. It provided an opportunity to reassure that India is not losing to Pakistan in Afghanistan. Indian diplomacy had been under tremendous pressure in the last few years due to Pakistan's consistent efforts to win over the new government in Afghanistan. In the Indian diplomatic circles this manoeuvre by Pakistan would undermine Indian interests there. Karzai's visit provided Indian diplomats much needed breather ([.http://meaindia.nic.in/meaxpsite/pressrelease/2011/01/bilateralafganistan.pdf](http://meaindia.nic.in/meaxpsite/pressrelease/2011/01/bilateralafganistan.pdf)).

The Karzai government has strengthened its ties with India. India has been allowed to open its consulates in Jalalabad, Kandahar, Herat, and Mazar-e-Sharif after the new government has come to power in 2001. During Hamid Karzai's visit in 2008 Manmohan Singh conveyed India's "abiding commitment" to Afghanistan's efforts to build a stable, pluralistic and prosperous society". He further emphasised that, "Such an ambition is not only in keeping with our age-old association with Afghanistan but is necessary for regional peace and stability." The Prime Minister also underlined the fact that India will not tolerate any attempt to create further instability in the country and will resist all such moves. It was a great occasion of exchange of mutual assurances between both the countries. This kind of occasional assurances are necessary for the overall development of political relationship.

There have been several reciprocal visits from the Indian side to Afghanistan since 2001. Since the study focuses on the recent happenings between both the countries it would not be wise to mention the visits of Indian diplomats and politicians to the Afghanistan before 2001. Though there had been many. One of the first important meetings by an Indian diplomat to Afghanistan after 2001 had been the Minister for External Affairs' visit from 10-12 August 2002. During his visit he had announced a package of reconstruction assistance, US\$ 4 million each, for Indira Gandhi hospital and Habibia School. Foreign Secretary of India visited Kabul on September 26, 2002. He also inaugurated "The Made in India Show" (26-29 September, 2002) in Kabul, which was organised by the CII. More than 170 Indian companies participated in the exhibition, representing a wide variety of products and technologies, and 400 businessmen were present on the occasion. It was the first time in over 30 years that an exhibition of this nature was organised in Kabul and there was a very good response to the exhibition.

National Security adviser and Principal Secretary to Prime Minister visited Kabul on April 27, 2003. During his visit, he called on President Hamid Karzai and Afghan leadership and discussed the political scenario of the country and progress of the projects undertaken by the Indian government there. He also discussed the role of the India in the building of both political and economic infrastructure of the Afghanistan. Karzai and his team mentioned the need to expedite the process of opening of Indian diplomatic missions and other consulates in the country. He also had extensive discussions with his Afghan counterpart Zalmay Rasool. They discussed the emerging role of Pakistan in the adding political opposition to the regime namely Taliban and partaken to devise a joint mechanism to counter the Taliban menace. The National Security adviser also discussed the fate of the Taliban control regions. The future of projects undertaken by India in the hostile areas of the country such as its south eastern parts was also discussed.

J.N Dixit, former National Security Adviser of India and renowned scholar on Afghanistan paid a visit to Kabul on 19 October 2004. He called on President Karzai, Vice President and Defence Minister Fahim and Foreign Minister Dr. Abdullah. His visit was a goodwill gesture and a reminder of the greater stakes involved. J. N. Dixit has been consistently writing on Afghanistan and has recommended greater Indian involvement in the country. However, it was his case that India should be interfering in Afghanistan's internal affairs. Therefore, Afghans respect the scholars like Dixit. His visit provided a comprehensive background of further areas of cooperation between both the countries.

Minister for External Affairs of India visited Kabul on 15 February 2005. He called on President Karzai, Baba-e- Millat and former king Zahir Shah and a lunch was hosted by Afghan Foreign Minister Dr. Abdullah in his honour. In his meeting with Minister of External Affairs, President Karzai stated he was glad that Afghanistan and India have found each other again, and the relations have been re-established on the "old footing". His use of this phrase can be interpreted as the establishment of the relationship as it was during the pre-civil war era. He was extremely appreciative of India's assistance programme and acknowledged that it was among the most effective assistant programmes undertaken by an external power in the country. The Ministers of Defence and Health were also separately present at the ceremonial events organised in connection with: (i) inauguration of the new surgical block of the Indira Gandhi Hospital, which has been reconstructed with India's assistance and (ii) handing over of 50 vehicles to the Afghan National Army.

The Prime Minister of India Dr Manmohan Singh paid a two day official visit to Afghanistan on 28-29 August 2005 at the invitation of President Karzai. During the visit, the two leaders held talks on a broad range of bilateral issues as well as regional and international issues of common concern. The two leaders underlined that a sovereign, stable, democratic and prosperous Afghanistan is necessary for peace and stability in the region. They condemned “global terrorism” as a threat to democracy and declared that there can be no compromise with those resort to terrorism. The Prime Minister reaffirmed India’s continued commitment for Afghanistan’s reconstruction and pledged an additional financial assistance of \$ 50 million to Afghanistan. as part of the official programme, Baba-e-Millet, his Majesty Mohammad Zahir Shah laid the foundation stone for Afghanistan’s new Parliament building, to be constructed under India’s assistance programme, in presence of Prime Minister and President Karzai. Three MOUs /Agreements were signed during the visit. This included MOU on Small Development Projects, Agreement on Cooperation in the field of Healthcare and Medical Science and MOU on Cooperation in the field of Agricultural Research and Education. A joint Press statement was also issued after the delegation-level talks.

Pakistan Factor

Pakistan is a rival of India its relations with Afghanistan. It is one country which decides the extent and nature of regions politics since the days of Soviet invasion of Afghanistan in 1978. It has been a source of instability in Afghanistan and a strong ally of US in the region. These facts make it one of the most important factors in Afghanistan-India relations. The geographical division of the India at the time of independence created a buffer state between Afghanistan and India in 1947. Before the partition, due to the geographical contiguity Afghans were frequent visitors of Indian land. Creation of Pakistan led to severance of the geographical links between both the countries (Jafri, 1976). Further, the new country had almost similar ethnic and cultural heritage at least in its border areas.

Pakistan has always been a determining factor in Afghanistan- India relations. Ever since the independence of India and Pakistan, Afghanistan’s relations with India have been shaped by the presence of Pakistan. According to Raghav Sharma,

Afghanistan’s stance on the question of the creation of *Pakhtunistan*, its 1948 vote opposing Pakistan’s entry into the UN—making it the only country to do so—and its refusal to toe Pakistan’s line on the question of Kashmir, laid the foundations for forging

close links quite early on with the new Republic of India that took over the reins of power from the British (2011: 107).

It cannot be denied that these decisions from the Afghanistan's policy makers laid the foundations for forging close links quite early on with the new Republic of India after independence (Sharma, 2011). Thus, it is the issue of *Paktunistan* that made Pakistan and Afghanistan against each other. One can apply the theory of Kautilya the famous ancient Indian scholar and diplomat, that enemy of enemy is friend. Following this theory one can argue that India was considered as Afghanistan's natural friend (Jafri, 1976).

However, the hostility between Afghanistan and Pakistan has not remained at the same level. For example, during the early decades of its creation the relationship between them was quite bad. Afghanistan did not recognise the Durand line as it separated its large parts of Pakhtun speaking population (Yadav and Barwa, 2011). Afghanistan was closer to India than to Pakistan (Norfolk, 2011). This changed during the Soviet invasion and during the civil war years. Pakistan was actively supporting anti-Soviet forces in Afghanistan and creating a support base there. It was the home of the largest numbers of the Afghan refugees in its North West frontier province. This helped Pakistan to mobilise political opinion in Afghanistan in its favour (Rashid, 2008). During the Taliban period, it was Pakistan which had full control over their foreign policy and India became a marginal player.

However, India was able to maintain a working contact with the opposition forces within the country (Norfolk, 2011). This helped it to revive its ties when Taliban was gone. During the Taliban period, Afghan militant were operating in Kashmir. India could not help as the regime in Afghanistan was very close to Pakistan (Puri, 2011). As noted earlier, this was a departure from the traditional Afghan approach towards India. This forced India to take certain initiatives against the Taliban regime including its willingness to interfere in the Afghan internal affairs during the 2001 war (Puri, 2011). After the fall of Taliban, Indian zeal to establish strong political ties with Afghanistan is guided by the policy of neutralising threats coming from the country through building democracy and strong state (Pant, 2011).

If seen from Pakistani perspective, it can be found that it sees India as a threat to its territorial integrity. Pakistan perceives that India is encircling it through its influence in Afghanistan (Bidwai, 2005). The most important question was not whether Pakistan was supporting Taliban or not, but why was it doing so? The motive behind its support to Taliban is not very

difficult to understand. It has been widely observed that Pakistan wants political and economic influence in Afghanistan. It sees Afghanistan as its potential ally and market. There is a religious aspect related to Pakistan's foreign policy towards Afghanistan too. Its policy makers think that given the religious affiliation of most of the Afghans it would not be difficult to win over their hearts and minds. This will help Pakistan to have a reliable ally in international politics.

The support of Taliban, which is predominantly a Sunni organisation by a predominantly Sunni Pakistan, has its own logic (Bidwai, 2005). The Afghans like Pakistanis are ethnically divided and have been at loggerhead with each other. Pakistan, though opposed to any separatism in the name of ethnic identity sees Pashtun unrest in Afghanistan as an opportunity to fish in troubled water (Rashid, 2008). Pashtuns are natural allies of Pakistan and hence if they win in the power struggle there they might be fulfilling Pakistani dream of having a good strategic depth in the country (Bidwai, 2005; Rashid 2008). Pakistan's diplomatic circles are also abuzz with the potential of Afghanistan in supplying raw materials to it in future. Being the most developed and powerful country in the region, Pakistan wants to secure its economic future while controlling over the Afghanistan (Ganguly, 2002).

It is the Afghan official perception that Pakistan wants to create pressure on Afghanistan to accept Durand line. The controversy over the border is completely related to the interests defined by Pakistani diplomatic circles within Afghanistan. Pakistan also fears a stable Afghanistan because it would trivialise the *Pashtun* issue and establish a reverse alliance with India. Any stability in Afghanistan is detrimental to the interests of the Pakistan. It earns a lot of revenue from drug trafficking, selling of arms to different war factions (Rahmani, 2009). It also gets a lot of revenue as aid from US in the name of defending its interests in that country and region. Even Pakistani military sees a lot of benefits in keeping the Afghan issue alive. For them, the war in Afghanistan assures a constant milking cow. It provides them opportunity to maintain its influence in the Pakistani politics and garner various funds (Rahmani, 2009). Taliban's existence also threatens Indian interests in the region. Pakistan has every reason to sustain the situation in Afghanistan (Rashid, 2008).

After the soviet withdrawal and in the post-Geneva (1989-96) period, the super-powers along with the regional actors like India, Pakistan and Iran wanted to play a crucial role in Afghan affairs. The then Pakistani president General Zia Ul Haq followed an aggressive anti-India

policy, seeking to deny India any hold in Afghanistan. In an interview to noted American scholar Selig Harrison, General Zia said:

We have earned the right to have a friendly regime there. We took risks as a frontline state, and we won't permit it to be like it was before with India and soviet influence there and claims on our territory. It will be a real Islamic state, part of a pan- Islamic revival that will one day win over the Muslims in the Soviet Union. You will see! (as quoted in Pathak, 2003).

Therefore, Pakistan wanted to establish a pro- Pakistan, anti-India Islamic government in Afghanistan that would serve its larger interest in the region. Denying India any role in Afghan affairs became an important theme in Pakistan's Afghan strategy. Thus, the India's political response to the then Afghan situation was crucially linked to Pakistan. According to Namrata Pathak, to that extent a major implication obtained from this situation was that as long as the traditional hostility between Pakistan and Afghanistan exists, with regard to Durand Line and *Pashtunistan* issues, any government in Afghanistan would be looking to India to counterbalance Pakistan's overbearing attitude (Pathak, 2003).

Afghan-India Relations: Role of Other Regional Powers

Afghanistan is surrounded by Iran on one side and erstwhile republics of the Soviet Union to the other. Its foreign policy is as much influenced by the presence of these countries as it is by the presence of Pakistan. As has already been described, Pakistan is the central factor between Afghanistan and Indian relations. Nevertheless, other neighbouring countries and Iran in particular have influenced Afghan foreign policy vis-à-vis India in their peculiar ways. India, too, considers these countries when it tries to initiate a policy toward Afghanistan (Kidwai, 2005).

Iran, except Pakistan, is the closest among all the neighbouring countries to Afghanistan. It shares not only a long geographical boundary with Afghanistan at its eastern part, but also shares a long history of political and cultural coexistence and exchange. In fact, for a long period in the medieval era, there was no geographical distinction between both the countries (Rasanayagam, 2007). The cultural and ethnic links between both the countries have been a rather bone of contention. The bordering Hazara community is by faith Shia. Since majority of Iranians are Shias it has been considered or rather been accused by the rest of the ethnic groups in Afghanistan that Hazaras are Iranian agents (Mausavi, 1998). This along with the common hatred against minority Shia groups among the Sunnis has led to various instances

of clashes between Afghanistan and Iran (Mausavi, 1998). This cultural and historical clash has been one of the main reasons of the hostile relationship between both the neighbours. This enmity became worse during the Taliban regime which was predominantly Pashtun who are Sunnis (Rashid, 2010).

Afghanistan is a landlocked country and therefore depends heavily on Iran or Pakistan for its access to sea. It had been the one of the central reasons that despite all their differences the economic relationship between Iran and Afghanistan has survived (Kidwai, 2005). India, given its hostile relationship with Pakistan and traditionally a good relationship with Iran depends on the latter when it comes to access Afghanistan through land. India has maintained its economic and political relationship with Afghanistan only because Iran has been providing transit route to Afghanistan through its land (Kidwai, 2005; Dutta 2011). Hence, India-Afghanistan relations are routed through Iran.

India sees a great future in its investments in Afghanistan and wants to maintain the geographical link with at any cost. That is why it is investing substantially in building infrastructure in Iran and Afghanistan. India and Iran have agreed to build a port in Iran solely to have access to Afghanistan through land route (Gleason, et al 2009). Afghanistan, after the fall of Taliban too wants to build a strong link with Iran and Indian investments in both the countries provides a golden opportunity to its policy makers. In fact, Afghanistan wants to attract as many foreign investors as possible and for that it sees countries such as India and Iran important (Abdullah, 2002). Iranian Hazara community is seen as a potential link between Iran and Afghanistan and it helps India to create a harmony across the borders.

Saudi Arab has been one of the central actors in Afghan affairs ever since the soviet invasion. It had not only funded the militias fighting against the Soviet but has supported the establishment of Taliban regime in mid 1990s. Saudi Arabia has been a close ally of Pakistan in the region and has always tried to resolve the conflict between Afghanistan and Pakistan through mediation (Rashid, 2010). It has been one of the most important investors in Afghanistan and therefore a crucial country for Afghan's foreign policy. In the Indian context in the 1990s, Saudi factor was a kind of hindrance for its good relationship with Afghanistan. Saudis were a kind of rival for the regional influence which India wanted to establish (Rubin, 1995). The result was an uneasy relationship.

In fact, Taliban regime was funded and diplomatically sustained by Saudi Arabia. This situation almost put across the two countries. India was supporting the Northern Alliance and it had very good terms with some of its war lords. Nevertheless, when Taliban regime was accused of supporting and harbouring Osama Bin Laden and it was more than clear that US will have a war with it soon, Saudis, too, shifted their stand and kept quiet when Taliban was replaced with Hamid Karzai government in late 2001 (Rashid, 2008). From that time onwards, Saudi Arabia and India are on one side on the question of Afghanistan. This is because both the countries have various common economic and strategic interests in Afghanistan.

For all practical purposes, Afghanistan is a part of the Central Asia. Its cultural, ethnic and historical closeness with the Central Asian Republics is beyond any doubt. Despite this fact, one can still see it as a buffer between Central Asia and South Asia (Hiro, 2010). The number of languages spoken and tribes living in Afghanistan are similar to that of the Central Asian Republics (Hiro, 2010). After the fall of Soviet Union in 1991, India has maintained a very friendly relationship with most of these republics.⁸ The closeness between these republics and India has helped the latter to develop relationship with Afghanistan as well. Unlike Saudi Arabia, Central Asian Republics are economically weak and therefore they are not in a position to dominate the region (Hiro, 2010). Russia and China are two dominating countries in the region. The formation of Shanghai Cooperation Organisation (SCO) in 2000 created yet another opportunity to bring these Central Asian Republics close to Afghanistan (Hiro, 2010). The latter has been given observer status in the SCO and is considered as potential member of the organisation. Afghanistan is central to land access to this resource rich region and here Indian interests merge with that of the Central Asian Republics (Roy, 2001).

Central Asian Republics are rich in natural resources such as oil, gas and other minerals. They can be a future market of the goods produced in India. Hence, India wants to maintain a land route to them (Roy, 2001). This is only possible if Afghanistan and Iran are on board with India. This is because India, for all practical purposes, does not trust Pakistan for the same. This is due to the given historical and political conditions between both the countries as has been discussed above. Afghanistan together with Iran can be a reliable alternative route to

⁸Most of the Central Asian Republics have very close relationship with India since their Soviet times. There are five of them; Tajikistan, Turkmenistan, Uzbekistan, Kyrgyzstan and Kazakhstan. For their history and political structure, see Hiro (2010).

Central Asia. However, given the Iranian nuclear issue⁹ it might be the case that India also looks for another alternative.

India has recently signed an oil pipeline deal with Turkmenistan known as Turkmenistan, Afghanistan, Pakistan and India pipeline or TAPI (Foster, 2010). The pace with which this agreement was finalised was surprising given the fact that similar pipeline proposal with Iran had not worked for more than ten years now¹⁰ apparently under the US pressure. Hence, it can be said that whether through Iran or Pakistan, Afghanistan is the central route to reach Central Asia for India. Afghanistan can earn a lot of revenue from this kind of arrangements and can also have a significant political role to play in the future of the region. It has been estimated that Afghanistan will get a huge sum of money as a transit fee and it will create a huge employment opportunity in the country (Kona, 2007). Therefore it can be said that the region of Central Asia is a real factor in Afghan- India relations.

Beside Pakistan, Iran and Central Asian Republics Russia too have certain role to play when it comes to Afghanistan–India relationship. Russia during the age of Great Game and even later on during the age of Soviet Union had interests in Afghanistan as it was a crucial country which gave access to West and South Asia (Hiro, 2011). It was also important to have control over the famous silk route of trade between China and Europe. Russian and British rivalry during the Great Game period and Russian and US rivalry during the Cold War gave way to the new rivalry among couple of powers in the region. Russian desire to keep it backyard under control gets extended to Afghanistan (Rubin, 1995). However, unlike growing Chinese engagements in the region Russia does not see Indian activities as a potential threat and it would like to encourage it for its own sake (Withington, 2002).

During Cold War U.S.-Russia relation in the Central Asia and Afghanistan was a zero-sum rivalry. The same cannot be said today as both countries are cooperating with each other in the fight against the “global terrorism” and drug trafficking (Rashid, 2008; Emadi 2010). The relation between China and Russia too had been instable in nature. In this situation, India can seek greater role for itself in Afghanistan as it is not a party to these rivalries (Withington,

⁹Iran is going through a phase of UN sanctions due to world communities’ apprehensions about its nuclear program. Most of the countries such as US and European Union want India to maintain a distance from Iran.

¹⁰A gas pipeline from Iran to India via Pakistan was first proposed in 1999 by Iranins. This project was considered one of the essential policy decisions for the future energy needs of India. However, till date this pipeline is still at discussion level. It has been argued that this is because of the US pressure.

2002). Russia wants to develop a friendly relationship with Afghanistan and seek Indian cooperation in such mission (Mehrotra, 1998). Traditional leverage which India enjoys with Afghanistan motivates Russia to keep the good sense between two countries on. Hence, Russia is not a rival or competitor of India in the Afghanistan's context. Afghan rulers also do not see any need to put Russia against India in their relationship with both the countries.

China is one of most significant regional power. It is world's second largest economy and largest country in demographic sense. It has widespread interest in Afghanistan. Afghanistan provides direct land route to West Asian states and Pakistan. It is a potential supplier of oil and other energy resources. In this context China is trying to influence Afghan political class. It has already offered Afghanistan an observer status in Shanghai Cooperation Organisation (SCO). It is one of the largest donors of the country and one of the most important investors there. India and China are competitors for the energy resources of the country. Besides the economic considerations China has other interests in Afghanistan. Illegal drug and arms trafficking, threats of terrorism are some of the most important concerns of China for which Afghanistan is important. Though there can be cooperation between India and China in the field of control of illegal drug and arms trafficking there is no common ground between both the countries on the issue of investment (Mukarji, 2011). Nevertheless, Afghanistan and India relations in the political field are very less influenced by the Chinese presence there.

Afghanistan was included as the eighth member of South Asian Association of Regional Cooperation in 2010. This inclusion of Afghanistan in a predominantly South Asian forum was a deliberate diplomatic move by India which was later joined by Pakistan as well (Sarkar, 2007). India wanted Afghanistan to become a party to the deliberations of the SAARC as India saw it as a potential ally and a counter to Pakistan. It also wanted to establish its interest in Afghanistan in a multilateral forum. SAARC provides opportunity for India to engage with Afghanistan. Afghanistan too sees its inclusion in the SAARC as a future investment. It can now have a formal understanding with other SAARC countries and can counter the moves from Pakistan and any other country. It would have a wider platform to engage with countries other than India and Pakistan and together with its membership in SCO it would be able to protect its interest more effectively.

Given their common interest and their hostility against Pakistan on various issues, Afghanistan and India can use the SAARC forum for their mutual advantage. Afghanistan

sees it a guarantee against any Pakistani move to help insurgents and separatists in its territories. The SAARC provides opportunity for Afghanistan to use India political and economic power to influence other countries to come together and help Afghanistan to develop. It can also be a platform for both the countries to come closer and establish a greater cooperation on various issues (Pandey, 2011).

U.S factor

Afghanistan was a centre of superpower rivalry both during the colonial and Cold War periods. On the latter occasion India had one principled position of non-interference in any country's internal affairs as discussed above. It was in constant opposition to both the super powers. The rivalry over Afghanistan between both the superpowers was obviously motivated to create a satellite state there. Afghanistan's strategic location in the region was crucial for the advantage for both the powers (Mamdani, 2005). According to Mamdani, "Afghanistan, more than any other location, was the high point of the Cold War" (Mamdani, 2005: 120). It was obvious that countries like India had no say in determining the fate of this rivalry. Till the end of the Cold war, India, therefore, maintained diplomatic silence on the fate of Afghanistan and its relations with it.

However, the importance of Afghanistan for India increased when it started projecting itself as emerging superpower in the world politics (Pant, 2008). One can argue that India, even when it had no claim to be a superpower, had strategic interests in Afghanistan as it was located in the Central Asia. It is the only land route to this region which is full of oil and other natural resources and a crucial route of drug trafficking (Roy, 2001; Joshi, 2010). It was also important because of the rise of "global terrorism" in the last decade (Roy, 2001). Notwithstanding these facts, India was never in position to assert its claim in the region for long. It was only after the high economic growth in the 1990s that it emerged as an important player in international politics (Pant, 2008). Here, for the first time in its history, it had convergence of interest with U.S in Afghanistan (Pant, 2008).

After the attacks of 9/11, it was obvious that US would be in direct confrontation with the Taliban regime in Afghanistan as it was considered as the hub of international terrorism and a centre for activities of global terrorism (Mamdani, 2005). Indian government, at the time led by the right wing National Democratic Alliance, tried to become a party to the war in Afghanistan. The motive was to become an ally of US and get recognition as a great power in

world politics. There was also a strong motive of outdoing Pakistan in its closeness with US (Ganguly, 2002; Yadav and Barwa 2011). US support was seen crucial for fighting India's own problems in Kashmir which had been seen more as a problem of Muslim fundamentalism and communalism than a freedom movement. In this situation,

In the wake of September 11 attacks on the United States, there has been a concerted effort to align US policy with Indian interests in the region by portraying both countries as victims of extremist, Islamic fundamentalist international terrorism and sharing a common interest in targeting states that sponsor them such as the Taliban regime in Afghanistan and Pakistan (Yadav and Barwa, 2011: 95).

Strong Indian presence in Afghanistan would have been a counter to Pakistan's attempts to become the sole reliable ally of US (Ganguly, 2002). Indian government at the time was also motivated to have a presence in Pakistan's backyard and reach Central Asia directly despite the Pakistani reluctance to give India access to the region. During the war in Afghanistan, India-though could not become a direct party as US was reluctant to choose it over Pakistan due to various strategic reasons- provided material and political support to the Northern Alliance (Fair, 2010). It maintained a live contact with the war lords and made sure that after the war, it would have a strong presence there (Rashid, 2008).

As rise of Taliban would jeopardise U.S national security, it does not want Taliban to come back in power in Afghanistan. Taliban is opposed to the US as it sees it as one of the main reasons of spread of moral corruption in the world. They along with other 'jihadi' groups such as Al-Qeida aspire to destroy the US (Rashid, 2010). India is one of the major targets of these 'jihadi' groups as they consider India to have illegal occupation over 'Muslim land of Kashmir'. 'Liberation of Kashmir' is, therefore, one of the main tasks of 'global jihad' and foreign militants have been fighting the Indian state. According to Cooley, these "guest militants" were considered by Kashmiri Muslims as fighting a "holy war" (Cooley, 2000: 234). They also see India as one of countries in the world which propagate and adhere to the infidel ideology (Cooley, 2000:234).

Hence, India had a common interest in combating these forces and that's the reason it tried to join the Global War on Terror. What also brings India closer to US in Afghanistan in the post-war reconstruction of the country is the fact that unlike Pakistan, India shares its concern and has as many stakes in the success of democracy there (Pant, 2008). In order to do that it had not only recognised the new Afghan government but has also giving financial and

logistical support to the government. It is also providing training to some of the legislatures in its country and has opened its educational institutions for the Afghan students. It is also building institutions there in the country in the post-Taliban phase. There is no doubt that in all these activities it got active support of US (Alexander, 2012). It is, hence, clear that India and US have a convergence of their interest in Afghanistan in the post-Taliban phase. Both of them do not want Taliban or any such pro-Pakistan force to come back to power again there. Any rise of Taliban like group to power would be in favour of Pakistan as the latter would share not only its ideology of creating an Islamic state where all kinds of non-Muslims, whether domestic or outsiders would have no significant stakes in the country. It would also destabilise the country for ever as Taliban or any such organisation is based on the sectarian identity (Rashid, 2008).

Taliban's strong sense of sectarian identity has led Afghanistan to virtual division. It was by all means a Pashtun organisation very hostile to Hazaras and other ethnic minorities. The Pashtuns in Pakistan's North-West Frontier Province¹¹ want to create a separate state of their own dividing both Afghanistan and Pakistan. Nevertheless, Pakistan supports the Pashtuns in Afghanistan as it sees long term interest in creating a Pashtun dominated state there (Rashid, 2010). This agenda is opposed by both India and the US as they see it as an attempt which can create further unrest in the region leading to the ever lasting instability there. This instability is seen harmful for the US and India for their own specific reasons.

India is concerned about the future of its instable province of Kashmir where Afghans had already been as mercenaries riding on 'ideological commitments' of 'global jihad' as mentioned above (Cooley, 2000). For all obvious reasons India does not want the repetition of what happened in Kashmir in 1990s. It is also worried about drug trafficking originating from Afghanistan in the absence of a strong central authority as it helps "jihadi" movements financially and is a source of funding for other insurgencies (Hiro, 2011). It wants to help create a strong central authority in Afghanistan so that these problems of terrorism and drug trafficking should be controlled (Bidwai, 2005).

¹¹This province has been a source of trouble for Pakistan since the time of its independence and one of first areas where separatist emerged. It was due to the insincere division of the Pashtun dominated areas between Afghanistan and Pakistan by the British. In 2010 Pakistani government has changed its official name to Khyber Pakhtunkhwa.

Instability is also antithetical to business and India, as the US, is also worried about its business opportunities getting lost due to the continuous Civil War in Afghanistan. As an emerging global power India has stakes everywhere (Pant, 2008). Afghanistan has a huge potential both as market and as a source of raw materials in the form of minerals and energy resources (D'Souza, 2007). More on this will be in chapter 3. Suffice here to say that Indian political relationship with Afghanistan is more about economics than politics. It is obvious that as an emerging economic power it is looking for new markets for its manufactured industries and a reliable source of raw materials for its high rate of industrialisation. In other words, what world had already witnessed during the last two centuries when Europe was going through a phase of economic growth and was occupying colonies as a potential markets and providers of raw materials. This gave way to the neo-colonialism which was not based on the direct control of markets and resources in the developing world. Instead here developed countries choose to gain greater access to the natural wealth of the developing countries through developing cooperation and close political relationship. India-Afghanistan relationship is considered as the latest example of this kind of neo-colonialism (Bhadra Kumar, 2011).

Problems with Afghanistan-India Relations

The geographical distance between Afghanistan and India is one of the major hindrances in their political relationship. The advantage which Pakistan has with Afghanistan is not available with India. This also adds to the difficulty in establishing any direct economic link. Afghanistan is a landlocked country which is dependent on Pakistan or Iran for the access of sea. It creates a situation where any relationship between both the countries has to be rooted through Iran or Pakistan. Given the hostile relationship between India and Pakistan, Afghanistan's relationship with India becomes a victim. Afghanistan cannot afford to make enemies at this time of its history and therefore it has to make a balance between its relationship with India and Pakistan. This creates a hurdle in realisation of the full potential of the Afghanistan-India relationship (Sharma, 2011).

Yet another problem with the Afghanistan-India relationship is political instability in the Afghanistan. The instable political relationship due to political instability and ethnic unrest throughout the decades of 1980s and 1990s has been described above. This problem is yet not resolved as Indian diplomatic and economic interests in Afghanistan is threatened by the presence of Taliban and other opposition groups which are still fighting to capture the power.

Violence and war scares diplomats and business community and harms the relationship (Rashid, 2008). According to the ministry of foreign affairs around 17 Indian citizens have been killed in different attacks so far since 2007 in Afghanistan (<http://www.idsa.in/system/files/Attacks%20on%20Indian%20in%20Afghanistan.pdf>). On 25 February 2010 at least 9 Indian citizens were killed in one such attack (<http://www.thehindu.com/news/national/article114082.ece>). These kinds of killings discourage Indians to go and work or invest in the country.

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**CHAPTER III:
AFGHANISTAN-INDIA ECONOMIC TIES**

Afghanistan-India trade relationship is as old as their political and cultural relations. It has a history going back to ancient ages. The trade between two countries have been continuous throughout the centuries. India, known for its handicraft and agricultural products have been an exporter of these things to Afghanistan. It has been a huge market for Afghanistan's woollen and other such products. It was only during the civil war period that the trade relationship between both the countries was disrupted. After the end of the civil war and establishment of a relatively stable regime in Afghanistan trade relations between both the countries have been resumed. This chapter tries to establish the historic links between the two countries in the matters of trade. It will also talk about the present state of this relationship in detail.

The Afghan economy is in tatters after more than three decades of civil war. Afghanistan needs a lot of investment as it lacks domestic capital (see below). In this scenario, Afghan officials are not in a position to choose investors. Hence, they "argue [that] the choice of investor has nothing to do with geopolitics but is an attempt to lift one of the world's poorest nations out of misery through investment" (Bhattacharya, 2012). According to Afghan mining minister Wahidullah Shahrani, "our strategic benefit is, first, to get the investment and, second, to create more jobs" (Bhattacharya, 2012).

Afghanistan is a resource rich nation. It has huge untapped deposits of various mineral resources including oil and gas. Hence, this resource-rich country has been scouring the globe for investors. For example, China was the first country which "made the first big-ticket bet on Afghan mines" (Bhattacharya, 2012). It had won a \$3 billion concession to develop the Mes Aynak copper mine southeast of Kabul in 2007 where production will start in 2014. There are several problems with the economic recovery of Afghanistan. One of the most important one of these problems is security. It has been argued that it might take years before any of the projects signed and sold to foreign investors including Indians become operational due to the war in Afghanistan. The war with Taliban has "delayed efforts to build infrastructure such as roads and rails needed to sustain a sizable mining industry" (Bhattacharya, 2012). Security is not a problem only with the existing investments and ongoing projects. There are safety concerns expressed by companies planning to operate in Afghanistan as well. For example, in 2009, the Taliban bombed India's embassy in Kabul, putting off some potential Indian investors, and fears are that things could deteriorate after the bulk of foreign troops pull out from 2014 (Bhattacharya, 2012).

Afghanistan needs investment for its economic development and it is not being choosy in attracting those investors. However, given their historical linkages and shared world view Afghanistan and India are natural allies in the economic field. India is one of the emerging economies of the world and it is also looking for new destinations for its investment. In this context Afghanistan is an important country. Before going into the present state of Afghan-India economic relation lets us discuss the history of their relations in brief.

A History of Trade and Economic Relations between Afghanistan and India

Afghanistan was a centre for world trade in ancient era as the Hindu Kush mountain range was only open through cities like Kandhar. Indian traders used this land route to reach Iran and other West Asian countries. The traditional silk route of trade in the medieval era also passed through Afghanistan making Indian traders frequent visitors to Afghanistan. Kabul was one of the important trade hubs of Indian products in the region (Chandra, A 2007). During the rise of Buddhism in India in the early medieval period Kabul and nearby areas came under its direct influence. The exchange of people and goods became very frequent and Afghanistan was considered as an Indian province. However, the cultural exchange between these two countries was mutual and it gave birth to several arts and crafts having the traces of both the cultures. According to Amiya Chandra,

Trade fostered close political and people to people contacts [between Afghanistan and India]. Ghandhari, mother of the *Kauravas*, came from this region. The *Kushan* Empire had its summer capital in Afghanistan at the wine centre; kapisi...Afghanistan lay on the famous and ancient Silk Route, India's major path way of international trade. Spread of Buddhism gave further impetus to close economic interaction. Throughout the medieval period, during and after the British rule in India, Afghanistan remained a major supplier of dry fruits, fresh fruits, raisins, and species to India. The 2600 KMS long Grand Trunk Road stretching from Kolkatta to Khyber Pass in Afghanistan built in the 16th century.....has been the hub of transport and trade of the Indian sub-continent (sic) (2007: 164).

Afghanistan was the place where Greek and Indian arts forms mixed and became commonly known as Indo-Afghan Art form or Gandhara Art.¹ By the tenth and eleventh centuries, rulers from Afghanistan and nearby areas started making armed incursions and by the thirteenth century they were able to establish their political and military control over India. This again gave birth to massive mutual trade and exchange in several related areas. The next six

¹Several Buddhist arts were created according to the Gandhara art form. It has been most obvious in the status of Buddha at the time found in different parts of North-West India.

hundred years Afghanistan remained a part of India under the direct control of rulers ruling from Delhi or Agra (Chandra, S 1997).²

During the Colonial occupation of India by the British, Afghanistan became an independent state as discussed in the last chapter. This created a virtual halt in mutual trade between Afghanistan and India. Next couple of centuries saw the destruction of domestic industries in both the countries under different circumstances. Indian handicraft industries were systematically destroyed by the British. Still after the independence of India both the countries established a formal economic relationship. They first exchanged letters for the development of trade in 1957. In this letter, both the countries agreed to give each other special transit facilities for trade. Another major trade agreement between both the countries was signed in 1978 after the establishment of a socialist regime in Afghanistan. This agreement remained the base of official trade relationship between both the countries till the advent of Taliban. According to the agreement, both the countries granted each other the Most Favoured Nations status and established a joint committee on trade which was to facilitate free and faire trade (Chandra, A 2007: 176).

Afghanistan was going through a phase of civil war and instability during the 19th century caused by the imperial rivalry between Russia and Britain. The stoppage of supply of raw material and destruction of market in India added to the ruin of the Afghan domestic industry as well. The establishment of a regime in Afghanistan which believed in loot and destruction made it permanent no-go area for most of the traders making it a poor country gradually shifting towards drug trade and lawlessness (Dupree, 2002). This situation was controlled a bit during the revival of monarchy in Afghanistan in the first half of the twentieth century. However, this did not last long as Afghanistan again was gripped by a civil war in the 1970s (Saikal, 2006).

Afghanistan as a Destination for Investment

Post-Taliban Afghanistan saw a re-emergence of its economic life. The fall of economy during the civil War years and also during the Taliban regime had made Afghanistan one of the poorest countries in the world. According to World Bank, it's still one of the least developed countries with very low income. Its per capita income was just \$ 92 in 2001. In

² During the early Muslim rulers the ruling elite maintained a close link with their Afghan origins. During the reign of Akbar (1542-1605) some of the southern parts of the country came under his direct control

2010 it has gone up to \$ 501 mainly due to the external aid. Though Afghanistan had a population of more than 25 million in 2009, it lacks basic infrastructure to provide a decent live to its people. For example, in 2009 more than 75 percent of its population was living in the rural areas. Life expectancy at birth was 48 years for both male and female which is lower than the most underdeveloped countries in the world. Only 15 percent of its population was able to get access to electricity and its primary school enrolment was just above 90. Afghanistan had one of the highest death rates in the world at 16 in 2009 whereas India had it around 8. It had less than 4 percent of its population using internet in 2009 whereas even in Pakistan the percentage is as high as 16. Its total mobile subscriber population is less than 40 percent in 2009.³ According to Amiya Chandra,

Afghanistan is one of the world's least developed and poorest countries with 90 percent of the population living in rural areas at subsistence level. Only about 12 percent of the country's total land is arable, 3 percent under forest cover, about 46 percent under permanent pastures, and the rest (39 percent) are mountains. Prior to the conflict in the late 1970s the Afghan economy was characterised by food self-sufficiency, pre-dominance of agricultural exports, macro-economic stability, free floating exchange rates and low debt burden. Afghanistan's economy has witnessed widespread destruction over the past two and half decades of war. Most of the major social, administrative and economic institutions of the country have fallen apart due to the Soviet Occupation, population displacement and heavy fighting among various *Mujahideen* factions. Transportation and communication systems, heavy and small scale industries, education and agricultural; infrastructure are among the most seriously damaged sectors. This economic decline has exacerbated the level of poverty and economic hardship throughout the country. Largely dependent on subsistence agriculture, the country has witnessed diminishing economic level, declining food security, reduced excess to urgently needed services and an increased population. A wide range of disparities exists between different regions and within each region. Gross domestic product has fallen substantially over the last two decades because of the loss of labour and capital and the disruption of trade and insufficient food, clothing, housing and health care (2007: 165-66).

All these show that Afghanistan has a huge potential for investment in infrastructure and human development. Countries such as India can play a very crucial role and draw mutual advantages.

Besides the need of infrastructure development there are other incentives for countries like India to come and invest in Afghanistan. It is a market which still does not have much competition. Since there is a lack of domestic consumer production units Indian producers can draw tremendous benefits from the exploitation of the market. There is a great incentive to be economically active in Afghanistan today. It has several tapped and untapped deposits

³ Until otherwise stated all these data are taken from <http://data.worldbank.org>

of various minerals and raw materials (Fick and Lockhart 2010). Countries such as India are in a better position to have a preferred access to these resources. It is because of the good political relationship between both the countries (Bhat, 2009) and Afghanistan's apprehensions regarding other countries particularly Pakistan.

It has been argued that Afghanistan is seen as a potential provider of minerals to the world economy and therefore every major country including US and China are in race for its resources. India will have a tough competition from these countries. For example, its Amu Darya basin and Afghan-Tajik basin have an estimated reserve of around 2b barrels of oil. Afghan government is looking to open these oil fields in order to generate employment and reduce the dependence on foreign oil (Economist Country Survey 2011: 18). Other countries are already investing in these products through their local partners. India can have the similar arrangements. Similarly, the Afghan government is interested in opening the exploration of its iron ore deposits in Hajigak and Indian companies can use the opportunity.

Afghanistan is looking for foreign investment as it does not have enough domestic capital to rebuild its infrastructure and economy. It had a negative current account balance in 2008 and had a deficit of 67 percent in the capital needs and its formation in domestic markets (Economist Country Report 2011: 6). Despite all these negatives Afghan economy is growing very fast. It had a growth rate of more than 20 percent in 2009. Hence, one can say that Afghanistan can be a very lucrative destination for foreign investment. Indian companies in infrastructure and construction and government agencies working in social sector have incentive to go and invest in Afghanistan. The fact that India is preferred by Afghan diplomats and also that it already enjoys a status of second largest trading partner (India is Afghanistan's third largest exporter and second largest importer according to Economist Country Report, 2011) makes the task easier. In order to exploit the possibilities in Afghanistan India is leaving no stone unturned. It has established four different consulates in Afghanistan in its four different regions namely: Herat, Jalalabad, Kandhar and Mazar-e-Sharif. Beside this India is also pitching for Afghanistan's overall development while mobilising world's engagement in the country.

According to Indian Foreign Minister, S M Krishna, India sees the need of Marshall Plan⁴ to rebuilt Afghanistan. India pitched for this because it identifies that “Afghanistan faces at least four deficits -- a security deficit, a governance deficit, a development deficit, and an investment deficit”. All these deficits cannot be addressed properly if world does not adopt a comprehensive plan to rebuild not only the country’s economy but also its political and military systems. According to Krishna, "Afghanistan needs time, development assistance, preferential access to world markets, foreign investment and a clear end-state and strategy to make sure that it does not once again plunge into lawlessness, civil war, and externally sponsored extremism and terrorism" hence, "conceptually there is need for something like a 'Marshall Plan' for Afghanistan, involving all the major stakeholders" (As quoted in http://www.dnaindia.com/india/report_indian-industry-plans-10-billion-investment-in-afghan-sm-krishna_1621879)

India-Afghanistan Business Forum

It was established immediately after the fall of Taliban regime and establishment of Karzai government in 2001. Its main purpose is to establish a link between the business communities of the two countries. It is lauded as a “unique attempt by any foreign country inside Afghanistan” (Hussain, 2008: 48). This forum works as the coordination centre for business chambers of both the countries and facilitates mutual understanding. This forum organises occasional trade fairs and *melas* showing products of both the countries in each others’ major cities. It also organises special meetings of businessmen and industrialists’ from both the countries. This forum has been the central arena of business activities between both the countries. Under the Afghanistan-India economic relations, one can study the mutual cooperation between both the countries under several headings. Some of them are discussed below.

The Volume and Nature of Trade between Afghanistan and India in Post- Taliban

The trade and economic ties between Afghanistan and India on official level was almost nil during the Taliban regime. In the aftermath of its removal, the new regime has gradually established a vibrant trade and economic tie with India. As has been mentioned above, India is Afghanistan’s second largest trading partner. According to Asian Development Bank (ADB), the principle market for Afghanistan’s exports was India. It purchased an estimated

⁴ Marshall Plan was a full package of economic assistance adopted in 1948 by the US in order to rebuilt the Second World war ravaged countries of the Europe.

21 per cent of the total exports (Europa, 2010: 518). It is still not the preferred destination for imports though. Pakistan is its largest import destination and India does not figure into top five also (Europa, 2010: 518). In this context, Indian business community and government of India have started various initiatives to increase both the volume of trade with Afghanistan and diversify goods in trade as till date only some agricultural products have been the main trade items. In 2001-02 India was exporting rubber, cotton products, tobacco and its products, sugar, apparel and clothing accessories to Afghanistan. It was importing edible fruits and nuts, cotton, lac, gums, resins, oil seeds and related products, miscellaneous chemical products (Chandra, A 2007: 180).

In the last ten years, the trade between both the countries has improved and grown tremendously. For example, according to Ministry of Commerce and Industry of India, in 2001-02 the total Afghan export to India was \$ 17.52 million. Its total import from India was \$ 24.37 million. Hence, the total trade between both the countries stood at \$ 41.89 million in 2001. By the year, 2010, the volume of trade between both the countries reached \$ 588 million (see the table).

Table 1: Afghan-India Trade 2008-09 and 2009-10 (in Million US \$)

Afghanistan's total exports to India	2008-09	126
	2009-10	125
Afghanistan's total imports from India	2008-09	394
	2009-10	463

Source: <http://commerce.nic.in/eidb/default.asp>

As seen in the table the trade balance is heavily in favour of India. One more thing should be mentioned before going further. If compared with the previous years' data, the import from India has increased more than 17 per cent while exports have dipped around 1. This might be a sign of long term revival of Afghanistan's economy. The main competitor of India in terms of trade with Afghanistan is Pakistan as it is the largest source of Afghan imports. In 2004-06 import from Pakistan was \$ 511 million while from India it was just \$ 170 million (Gleason,

et al 2009: 277). In 2008 India had just 6.9 per cent share in Afghanistan's total imports while Pakistan had a share of 36 (http://www.economywatch.com/world_economy/afghanistan/export-import.html). There are some very important hurdles in trade between India and Afghanistan;

1. The greatest problem in trade with India is the accessibility as Afghanistan has to rely on third country for connecting with India. Iran provides the most important transit route as Afghanistan is a land locked country and Pakistan does not allow India to trade through its territory.
2. Another major hurdle is the over reliance on agricultural products. Afghanistan's lack of manufacturing industry and bad economic conditions has made it over dependent on agricultural products as a source of foreign currency. Out of total exports from Afghanistan in 2007 half was made of different commodities related to agriculture (Europa, 2010: 522). This makes it a provider of raw material.
3. Another major problem with international trade in Afghanistan is lack of intra-state transport in the form of roads and ports.
4. Law and order is another major hurdle in the International trade in Afghanistan.
5. The last but not the least, the balance of trade is in favour of India and the gap is increasing fast. Soon it will be very difficult for Afghanistan to maintain a healthy balance of trade with India. India, being the bigger economy should give more concessions to Afghan exporters. Though India had taken some steps in this direction, for example, in 2003 during Karzai's second visit to India a trade agreement was signed between both the countries which gave up to one hundred per cent tariff concessions on 38 Afghan export goods to India (Kidwai, 2005: 218). There is a need of doing this on more and more goods.

Result of all these problems is the very slow growth of trade between both Afghanistan and India. Still there is optimism among the policy makers of both the countries about the future of the mutual trade. According to Afghan commerce minister Mustafa Kazemi, "India is the best market for exporting Afghan goods. Afghanistan has major plans to trade with India. We will be able to oust other competitors out of the Indian markets very soon" (Kidwai, 2005: 216).

Preferential Trade Agreement

Afghanistan and India signed a Preferential Trade Agreement (PTA) on 6 March 2003. This treaty provides for harmonious development of the economic relations between both the countries and free movement of goods through reduction of tariffs between them. This agreement is a way to grant Afghan business groups preferences and concessions (Chandra, A 2007: 178). Till date the balance of trade has remained heavily in favour of India. This situation is not seen as healthy for long term trade relations. Hence, both the countries are trying their best to make it more balanced and it means that Afghanistan would have to increase and diversify its exports to India. Under the PTA, it was considered that long term Afghan demand for concessions in duties on some of its essential products such as dry fruits etc. India is granting concessions to Afghan products such as Dry Fruits, fresh fruits, precious stones etc and getting some concessions on products like black tea and pharmaceuticals products (Chandra, A 20007).

South Asian Free Trade Agreement

All the member countries of SAARC became a member of South Asian Free Trade Agreement (SAFTA) in 2004. Afghanistan was not a member of SAARC at that time. It joined SAARC in 2010 and ratified SAFTA in May 2011. Being identified as one of Least Developed Countries of SAARC, it has several concessions in the agreement. Unlike countries such as India and Pakistan Afghanistan have more time and greater concessions (<http://www.saarc-sec.org/userfiles/saftaagreement.pdf>). This agreement was signed in order to increase regional trade among all the members of SAARC. Hence, it will help increase the trade between Afghanistan and India too. The best hope of Afghanistan is the concessions provided in the agreement would help it to overcome the hostile balance of trade with India.

Despite all these concessions and agreements, the volume of trade between India and Afghanistan remains low. Though both the countries are trying to improve the situation on this front through, different programmes and mutual exchanges such as *melas* and trade fairs as mentioned above. In this context, the Confederation of Indian Industries had organised a “Made-in-India” show in September 2002 to attract Afghan consumers to Indian products. The show was a great success as it attracted more than 8000 Afghan businessmen and 25000 thousand common Afghans (Hussain, 2008: 47). The bilateral trade between Afghanistan and India needs more such attempts.

Turkmenistan Afghanistan Pakistan India (TAPI) Pipeline

In December 2010, representatives of Turkmenistan, Afghanistan, Pakistan, and India signed an agreement to build a gas pipeline originating in Turkmenistan and terminating in India passing through Afghanistan and Pakistan. By August 2011, the issues of pricing, transit fees and gas specification were finalised (Akiner, 2011). This pipeline will be 1,700 km long and will cost around \$ 7.6 billion (<http://www.bbc.co.uk/news/world-asia-18622573>). This project is funded originally by the Asian Development Bank (ADB).⁵ Afghanistan is estimated to earn \$ 1.4 billion annually from the project as transit fee (<http://www.pmpipeliners.safan.com/mag/pp10411/r06.pdf>). Besides, transit fee, there are other economic benefits of this pipeline for Afghanistan. It will be major source of employment generation both during and after the completion of the program. It will create several subsidiary industries and services as permanent sources of employment. It will also provide much needed energy for the growing economy of the country (Palau 2012). According to Akiner, “when completed, the pipeline will deliver 90 million cubic meters of gas a day; most of this will be divided equally between India and Pakistan, but Afghanistan will have a share of approximately ten percent” (2011: 18). Hence, Afghanistan sees it a great success of its economic ties with India.

⁵ In fact the project is not new. It was first conceived by ADB in early 1990s. It took long time to materialise as a project due to several reasons primary was the unrest in Afghanistan. India has joined the project rather late after 2008. See for details https://www.cimicweb.org/Documents/CFC%20AFG%20Social%20Well-being%20Archive/CFC_Afghanistan_TAPI_Feb12.pdf

Map 2: TAPI Pipeline



Source: https://www.cimicweb.org/Documents/CFC%20AFG%20Social%20Well-being%20Archive/CFC_Afghanistan_TAPI_Feb12.pdf

India's state owned gas company (ONGC) is one of the leaders of a consortium trying to persuade global investors to stump up the amount necessary for this project. Despite all this enthusiasm from all the parties, it has been assessed that the problem of difficult geographical terrain and instability in the region may play the role of hurdles in the project (Akiner, 2011).

AID

Since 2001, India has offered \$ 2 billion aid for Afghanistan's reconstruction, making it one of the largest regional donors to the country (Roche, 2012). In order to have a complete understanding of the nature and purpose of the aid provided by India to Afghanistan it has been divided into two parts.

Aid in Social and Humanitarian Sector

India is investing heavily in building the social sector infrastructure in Afghanistan. It has built several schools and hospitals in the country and is involved in building several others. For example, India rebuilt the Habibia School in Kabul in 2007 and provided kits to 8646 students in different school besides providing other essential equipments to several other schools (Dutta, 2011). Indian government has gifted 20000 desks cum benches for different schools in Afghanistan. It is also providing teaching staff to different schools besides training the existing Afghan teachers. India is also providing different kinds of scholarships for the higher studies to Afghani students (Bhut, 2009). Different Indians higher educational institutions offer over 800 scholarships in different disciplines to Afghan citizens (Laishram, 2011). India is also providing a grant of over \$ 5 million to Afghanistan for the construction of 38 schools and other associated uplift projects primarily in the conflict ridden areas estimated to benefit around 40000 students (D'Souza, 2007: 839).

In other educational and institutional development projects, India is providing 675 short-term India Technical and Educational Cooperation (ITEC) training scholarships. Indian Civil Servants served as coaches and mentors under Capacity for Afghan Public Administration programme supported by UNDP and the Governments of Afghanistan and India. Confederation of Indian Industries (CII) built an India-Afghanistan Vocational Training Centre for training Afghan youth in carpentry, plumbing, welding, masonry and tailoring. Another innovative programme was executed by the well-known Indian NGO SEWA (Self-Employed Women's Association), which built a Women's Vocational Training Centre in *Bagh-e-Zanana* in Kabul for training of Afghan women (War-widows and orphans) in garment making, nursery plantation, and food processing and marketing. India is also providing training for various Afghan professions such as journalists, bureaucratic, doctors, nurses, Judges, lawyers and pilots and other technical staff of Ariana airlines besides (Bhut, 2009).

Capacity Building Programmes are also underway in the fields of diplomacy, media and information, civil aviation, agriculture research and education, health care and medicinal science, tourism, education, standardisation, rural development, public administration, electoral management and administration and local governance (Dutta, 2011).

Agriculture being the key to the development of Afghanistan, India announced at the London Conference in January 2010, a 100 fellowships for Masters and Ph.D programmes for existing faculty members and another 200 for fresh graduates each year for the next five years to assist in faculty and student development in the agricultural sector. To build indigenous Afghan capacity and institutions, India also announced its strong support to the proposed Afghan National Institution Building Project of the UNDP (Bhut, 2009).

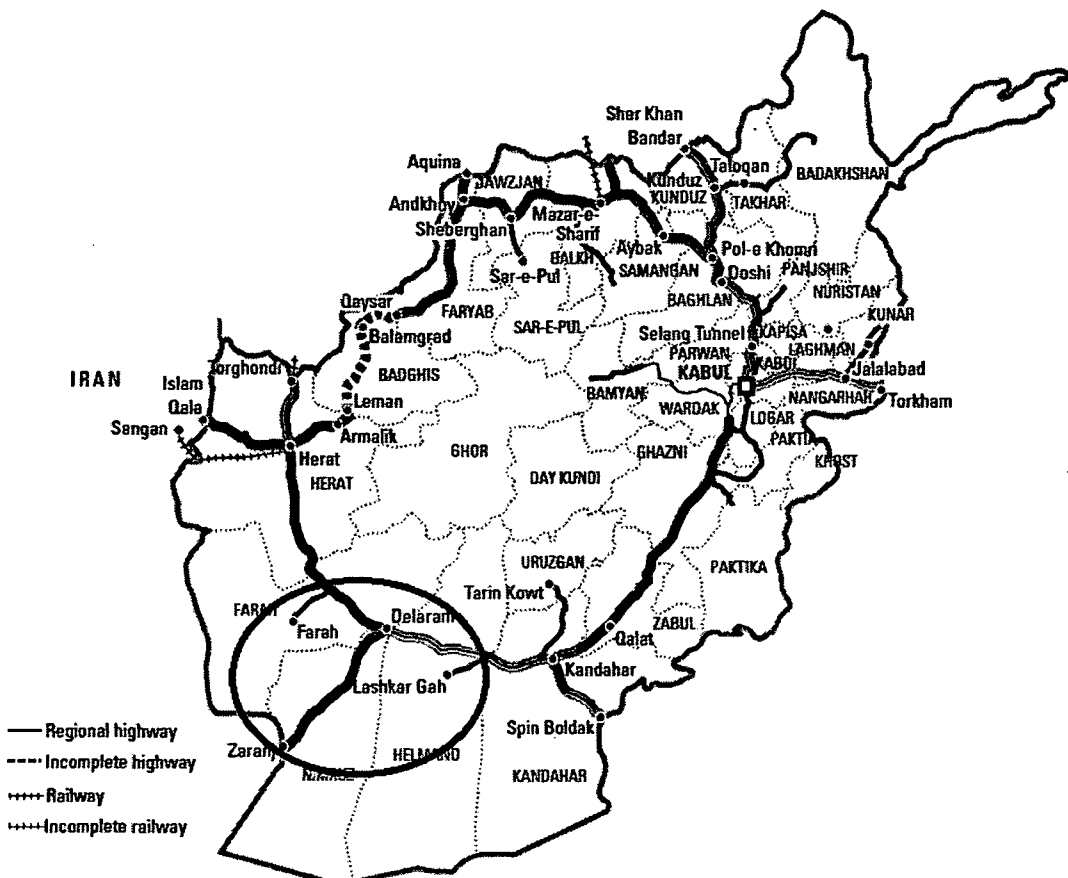
In humanitarian assistance, India supplies 100 gms of fortified, high-protein biscuits to nearly two million school children in 33 of the 34 provinces of Afghanistan every day under a School Feeding Programme administered through the World Food Programme. During the visit of President Karzai to India in January 2009, India announced the gift of 250,000 metric tonnes of wheat to assist Afghanistan tied over its food shortage. The Indian Medical Missions in cities such as Kabul, Herat, Mazar-e-Shariff, Kandhar and Jalalabad are providing free medical consultations and medicines to over 30,000 Afghans every month (Chandra, A 2007; Dutta, 2008). India also provides new ambulances to Afghanistan from time to time. For example, it provided 10 new ambulances to Afghanistan in 2007 (Dutta, 2008).

India is involved in reconstruction of Indira Gandhi Institute of Child Health. The project was finished in 2007 with the total cost of \$ 2.7 million funded by India alone (Chandra, A 2007: 189). India has assisted in expansion of Afghan National TV network by providing an uplink from Kabul and downlinks in all 34 provincial capitals for promoting greater connectivity. It has also gifted around 1,000 vehicles including buses, utility vehicles and ambulances to Afghanistan. India is also trying to implement various community based, small development projects of around \$ 20 million in the fields of rural development, agriculture, education, health and vocational training (Dutta, 2011: 163). Along with these social and humanitarian aids India is also busy building basic infrastructure in Afghanistan. Given the level of social and economic development of the country Indian aid is essential for the rebuilding of Afghanistan and therefore even small projects undertaken by the Indian government and other agencies are significant. Following are some of the basic infrastructure projects undertaken by India under its aid programme to Afghanistan.

Infrastructure

The then Prime Minister of India Atal Bihari Bajpayee in 2003 announced \$70 million's grant for the construction of Zaranj-Dilram road link between the Iranian port of Chahbahar and Afghanistan in order to create an alternative land route to the land locked Afghanistan as Pakistan could not be trusted. The Border Road Organisation was assigned to complete the 250 KM road between Chahbahar and Afghanistan (Hussain, 2008: 48). India is very keen to get a bigger share in the reconstruction of Afghanistan. In order to win back the Afghan government's and people's favours it promised in 2002 to invest around \$4.5 billion in the reconstruction of the country in five years. Indian Chamber of Commerce and industry had prepared a list of 30 Indian companies which will have greater role in this process (Hussain, 2008: 47).

Map 1: Delaram-Zaranj Highway



Source: Civil-Military Fusion Centre: Afghanistan in Transition

India is spending more than 40 percent of its total aid in creating a viable power generation and supply base in Afghanistan (Chandra, A 2007: 183). It has undertaken the task to reconstruct or build several small and medium size power generations units in the electricity deficit country. For example, by the end of year 2003 there was a survey undertaken by the

Indian companies to built Bamyán micro hydro project (Chandra, A 2007). India also undertook the construction of 202 kilo meters long 220 kV DC transmission line from Pul-e-Khumri to Kabul and a 220/110/20 kV substation at Chimtala bringing Uzbek electricity to the power hungry Kabul city. It will facilitate the lighting of the city throughout the year. This project was completed in collaboration with the Afghan Government, ADP and the World Bank, with inputs from USAID and International Energy Firms, and was an outstanding example of regional and international cooperation in Afghanistan. The other two major infrastructure projects, the construction of the Afghan Parliament in Kabul and the construction of Salma Dam power project in Herat province is in progress and would be completed by 2011-12 (<http://meaindia.nic.in/meaxpsite/pressrelease/2011/01/bilateralafghanistan.pdf>).

India wanted to change the political economy of the landlocked country, so that it would no longer be dependent on Pakistan for resources or access to major ports. As a demonstration Indian Prime Minister during his Afghan visit in 2011 announced a new assistance of US\$ 450 million (approx Rs 2,000 crore) to meet the requirement of ongoing and forthcoming projects. This aid package is in addition to US\$750 million already committed by India in Afghanistan to implement projects in various sectors including infrastructure development, education, healthcare and social development. The Indian Prime Minister also offered to consider extending a US\$50 million Line of Credit facility to Afghanistan in order to promote bilateral trade and investment. Manmohan Singh described the crucial Zaranj-Delaram highway, being constructed by India in western Afghanistan as a "symbol of cooperation", which has been completed and would be handed over soon to the Afghan government. India is involved in rebuilding industrial sector in Afghanistan as well (Bhut, 2009).

India is also building Afghanistan's irrigation system. It is trying to revive several of dams in order to rebuild Afghanistan's agriculture. It is also building mining areas of the country along with several power plants. India's Afghanistan aid programmes are a combination of business activity and humanitarian support. There are certain problems faced by India in Afghanistan. Most of it is related to security as certain groups have targeted Indian investment and aid programmes as intervention. Apparently, according to some data, for the construction of every 1.5 kilometres of road one person was killed (Mukarji, 2011: 33). Most of those who were killed in this violence are Indians. The Indian embassy in Kabul was hit by two bomb attacks in 2008 and 2009, killing 75 people and wounding hundreds. Indian

engineers working on projects in Afghanistan have been kidnapped and hostels for Indian workers have been attacked. The Taliban have claimed many of these attacks, but India blames Pakistan's military spy agency, the ISI, saying it is trying to undermine New Delhi's influence. Hence,

Making India less visible in Afghanistan, without reducing its influence, has become a priority maker in Delhi. While its larger infrastructure projects wind down, India has expanded its delivery of what one observer has called 'Phantom aid', thereby money is channelled through the Afghan government to local communities. These small development projects (SDPs) insure greater local ownership and participation and, according to the Ministry of External Affairs, none have been targeted by militants (Norfolk, 2011: 14).

Military and Internal Security

India is one of leading forces in Afghanistan which has cooperation in the military and internal security. Most of this is in accordance with Indian commitment to rebuild the state. However, the nature of Indian military intervention in Afghanistan is quite different from International Security Assistance Force (ISAF). India is more worried about the stability and peace in Afghanistan once NATO forces are withdrawn in 2014. Nevertheless, Indian military engagement in Afghanistan is primarily focused on the safeguarding of its current investments from attacks of militants and other hostile sections. According to Indian officials, there are currently about four thousand Indian workers and security personnel working on different relief and reconstruction projects in Afghanistan. Since 2006, following increased incidents of kidnappings and attacks, India has sent the country's mountain-trained paramilitary force, tasked with guarding its border with China, to guard its workers; there are about five hundred police deployed in Afghanistan currently. India is also providing police training to 250 Afghan police officers and cadets in India in 2002 itself (Bhut, 2009: 380-81).

India is providing trucks, cars and other important vehicles to Afghan military. These vehicles are used for civil purposes too. On cooperation in the security sector, Afghan Defence Minister General Abdul Rahim Wardak, said in June 2011 that "we will welcome any cooperation in the field of training and helping our national security forces to be able to defend their country". Military equipment supplies were also under discussion between India and Afghanistan. India also committed to built capabilities of Afghan security forces (Norfolk, 2011: 16). India provides training to around hundred Afghan army men every year (Norfolk, 2011: 16). India is also looking Afghanistan as potential market for its armament

industry. It has already offered its light helicopter for the Afghan army in 2011 (Norfolk, 2011).

Mining

Afghanistan has a large deposit of various minerals including oil, gas, gold, copper and coal (Economist Country Report, 2011). India among several other countries is vying for a role in extraction of some of these minerals in different parts of the country. Most of the mines are located in very remote areas where it is difficult to operate without any substantial infrastructure and security. Still, it is Afghan government's policy to increase foreign investment in the mining sector as it's the main source of government revenue. Indian companies have to compete with companies from China and Russia along with the US in getting contracts for mining. In a latest development, a consortium led by state-run Steel Authority of India (SAIL) had to invest up to \$6 billion in the mine, railroads and a steel plant in Afghanistan in order to outdo its Chinese competitor. It shows how India and China are both looking for greater supply of raw materials. The bid also signals India's intention to remain engaged in Afghanistan long after 2014, when U.S.-led forces complete a pullout. The contract for the Hajigak mines in Bamiyan province is also with Indian companies. It is considered to be the single biggest foreign investment project in war-ravaged Afghanistan. Exploration at Hajigak is due to start next year (2013) and development of the mine will take four to five years.

Besides China and other competitor in Afghanistan, India is also facing the challenge from Pakistan. It is more of a political challenge than economic as Pakistan is using every trick to disrupt Indian economic investment in the country as per the Indian sources. Pakistan fears to be sandwiched between India and Afghanistan and fears closer cooperation between the two will harm its strategic interests in the region. There are some fears that an Indian-run mining concession could be a large and tempting target of Pakistan supported groups and its intelligence agency ISI. Nevertheless, Afghanistan is more worried about its economic development. According to one Afghan official, "we will be guided by Afghanistan's national interests in arriving at a decision," on whom to give and not give a contract. "If it is an Indian company which wins it then so be it," the official said, dismissing concerns that deeper Indian involvement will stoke new tensions with Pakistan (<http://dawn.com/2011/09/15/indian-firms-eye-huge-mining-investment-in-afghanistan/>).

India is Afghanistan's biggest regional aid donor and sixth largest overall. It has pledged \$2 billion in projects, from constructing a new parliament building to laying a highway to Iran, to project Indian "soft power". Pakistan publicly derides those attempts to secure influence in what it sees as its backyard, but Islamabad has been concerned by governments in Kabul, that, it feels are too cosy with New Delhi. For Hajigak, bids to mine four blocks of an estimated reserve of 2 billion tonnes were received from the consortium led SAIL, U.S.-based ACATCO LLC, Iran's Behin-Sanate Diba and Gol-e-Gohar Iron Ore, Canada's Kilo Goldmines and Corporate Ispat Alloys, another Indian firm.

Afghan officials took time to evaluate the process and the SAIL-led consortium was seen as having the best chance. "India is a strong contender without doubt," in various mining bids in the country. The government official said it is not only because of the bidder's experience in mining, financial capacity and the royalty offered. It is also because of the Indian engagements in Afghanistan. Its various aid projects have won it the reputation of being a friend of Afghanistan. President Hamid Karzai proclaimed that countries which had helped Afghanistan in the past must be given priority in developing its resources. While the United States is still seen as an occupying force despite pouring billions of dollars of aid into Afghanistan, India's lower-profile efforts, focused on key issues like roads, electricity and education, have won it goodwill. But Indian interests have been frequent targets of attacks in the last decade (<http://dawn.com/2011/09/15/indian-firms-eye-huge-mining-investment-in-afghanistan/>).

Afghanistan imports its energy needs from Iran and some Central Asian republics till now. Investment in mining sector is seen a potential source of self sufficiency by Afghan officials. In 2010, it was estimated that Afghanistan had between \$ 1 trillion to \$3 trillion worth of mineral resources (Mukarji, 2011: 33). According to Afghan Minister of Mines, Wahidullah Shahrani, "Afghanistan's rich mineral resources have the potential to transform the nation's economy and provide early investors with substantial upside. The global interest shown in the current mineral tender processes confirms the widespread confidence in this potential" (<http://www.mineweb.com/mineweb/view/mineweb/en/page674?oid=147220&sn=Detail&pid=102055>).

Given the security concerns expressed by different bidders in Afghanistan, it has become important for the Afghanistan to provide security to foreign investments in mining in particular. In this context, Jawad Omar, a spokesman in the mines ministry, said a 7,000-

strong mine protection force is being raised to protect mine sites, including Hajigak. So far, mainly Chinese and Indian companies have shown interest in mining Afghanistan's resources. China's National Petroleum was chosen as a preferred bidder for an oil field in northern Afghanistan, taking the country a step closer to a second major deal after winning a \$4 billion copper project in Logar province in 2007. Global miners such as Rio Tinto and BHP Billiton have stayed away from Afghanistan because of security concerns but also because of high production costs especially in transporting deposits from the landlocked, mountainous country with few roads and little other infrastructure.

For India, a direct land route from Hajigak is out because it would involve travel through Pakistan. Other options include transporting the ore westward to the Iranian port of Chabahar which is connected by roads that Indian engineers have built. The ore can also be moved by slurry pipelines after turning it into slush, but that may involve Pakistan as well. New Delhi seems to be banking on the fact that the overall security situation will improve in coming years. A lot of things can change from now till the time Indian mining bids reach production stage which will take years. This time will be crucial for the test of India-Afghan relations. (<http://online.wsj.com/article/SB10001424052702304811304577367160335316288.html>).

Financial and Other Sector Cooperation

Besides its trade and investment India is also involved in Afghanistan in various other sectors which are not considered as directly helping its economic interest in the country. One of the most important sectors is financial support to Afghan government. Government of India provides occasional financial support to Afghan government. For example, in 2003-04 government provided \$ 100 million to government of Afghanistan (Bhut, 2009: 376).

India is supporting the rebuilding of Afghan banking system also. For example, in 2002 India sent experts from Reserve Bank of India to Afghanistan to assist the Da Afghanistan Bank. Several Indian banks have opened their branches in Afghanistan in last several years. Indian government is also helping to recreate urban development in Afghanistan while helping it technically and financially. Afghanistan needs a great help from India in building a viable information-technology sector. Indian firms such as Infosys and TCS are helping in training the software professions from Afghanistan who will work in the development of e-governance in the country (Bhut, 2009).

After going through all the details of economic engagements between Afghanistan and India, it can be said that there is a great potential for the further development of trade and economic ties between both the countries. However, there are several hurdles in the way of a healthy and vibrant economic relationship between both the countries. Some of them are identified above. One of the most important hurdles is the lack of infrastructure. This hurdle can be overcome through greater and faster investment. However, the next major problem in the development of greater economic ties between Afghanistan and India is security issues. This cannot be addressed until Afghan government takes certain long term and firm steps in this direction. It has to build a strong military and police force as well as it has to address some of the basic concerns of the rebel forces in order to win them back. One thing is sure, with an economy ravaged by more than three decades of war, Afghanistan's government is under tremendous pressure to ensure projects involving foreign investment flourish. For this it has to take some drastic measures and without any delay.

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**CHAPTER IV:
AFGHANISTAN- INDIA STRATEGIC RELATIONS**

Afghanistan and the Central Asian region are not new areas for Indian engagement. India and Afghanistan are not just neighbours, joined together by history and civilisational contacts stretching over millennia, but we are also strategic partners. Our close relations based on cultural affinities, the shared values of multi-ethnicity and pluralism and the common quest of our peoples for peace and development have ensured that the relationship between our two peoples remains warm and friendly (Mathai, 2011).

This chapter deals with broader overview of the strategic aspect of Afghanistan-India relationship. Afghanistan has been a crucial link in the strategic thinking on India since Independence. Afghanistan, due to its domestic instability, has never been able to articulate its strategic interest in India. It has seen India as a counter to Pakistan's hegemony. However, in the aftermath of September 11 2001 attacks, the formation of the Hamid Karzai regime Afghanistan has expressed its interest in India more clearly. It sees India as a reliable ally in the international politics. India's strategic interests in Afghanistan are very well known. Still, in order to have a better understanding the chapter will reiterate some of the Indian concerns in Afghanistan. Hence, in this chapter, new strategic thinking of Afghanistan and India is discussed in detail.

The geo-strategic location of Afghanistan has been crucial in international politics since the days of imperial rivalry between Russia and Britain. It has been playing strategically very important role from Indian perspective as well. As pointed out by historians, it was used as a corridor by invaders for centuries and it has left historically significant impact on India. The Greeks, the Aryans, the Turks and the Afghans all made their way to India through Afghanistan. After Independence of India in 1947 Afghanistan become important to India, first as counter to Pakistan and later on as a trade route to central Asia. Much later, in the 1990s when foreign militants infiltrated Kashmir Valley, Afghanistan became a major source of supply of those militants. In Indian strategic thinking all this history looms large. As Vishal Chandra argues, "the geo-strategic significance of Afghanistan, as a land bridge between South and Central Asia and much beyond, has since times immemorial ensured that regional and extra-regional powers have politico-military and economic stakes in Afghanistan" (2006: 70). Hence, history of Afghanistan's strategic location is one of the most important sources of Afghanistan-India relationship and therefore one should try to understand this first.

Great Game and New Great Game

Russian empire during nineteenth century was looking for further extension to south as to have an alternative land route to South Asia and also to have access to warm sea shores. British Empire was already strong in South Asia at that time and it was looking for its northward expansion and control over the land route of trade between Europe and China. Russian Empire saw these as antithetical to its own interests in the region. Afghanistan was located at the centre of these rival ambitious plans. It was almost impossible to fulfil their projects until they had control over Afghanistan and thus the race for Afghanistan began which was coined by Rudyard Kipling as “the Great Game” (Hiro, 2010: 25).

The first Great Game ended with an informal agreement in 1895 between Russia and Britain recognising Afghanistan as a buffer state. However, British ambitions in Afghanistan were resurfaced after the 1917 revolution in Russia. The third Anglo-Afghan war (1919) ended with the formal recognition of Afghanistan as an independent nation on 8 August 1919.¹ After the independence the strategic importance of country increased soon when Cold War started following the Second World War. During the Cold War Afghanistan was once again a centre of great power rivalry as the Soviet Union and the US were competing to increase their influence. The location of Afghanistan on the southern border of Soviet Union and as a northern neighbour of Pakistan, which was an US ally, reinvented the old role of it as a buffer between two super powers. This time again there was a repetition of war as in 1978 Soviet Union invaded the country which led to over a decade of Civil War (Saikal, 2006). The invasion of Afghanistan was a reaction not only to support a communist regime to power but also to prevent the rise of pro-US forces in the country. Apparently King Daoud was gradually shifting towards the US and its western allies and the Soviet Union did not like it (Emadi, 2010: 96-98).

During the first Great Game period, India was not an independent country to have any significant say on the happenings. During the Cold War period, India was leading the non-aligned movement and hence was opposed to any strategic calculation regarding a member of the movement. India hoped for a better coordination between both the countries during the

¹ The other two Anglo-Afghan wars book out during the Great Game period itself. The first Anglo-Afghan war took place 1839 where the Britishers were able to establish their puppet regime in Afghanistan for three years. However, British could not keep the control of the territory for long and in 1842 Afghans were able to restore their independence. The second Anglo-Afghan war happened in 1878. It established a long term control of British over the country which ended only in 1919. For a more detailed history of Anglo-Afghan wars Saikal *et al* (2006).

Cold War. It, though not explicitly, was opposed to the Soviet invasion of the country. Despite all this when a communist regime was established in Afghanistan, India established a relationship with the regime. It was more of a strategic move than political. India was close to Soviet Union at the time and it did not want to make it hostile (Raja Mohan, 2008). Afghanistan was not in a position anyways to have a strategic relationship with India at the time. It was more focused to the Soviet Union. This was not liked by the US and other western powers as it was considered as eminent threat to the west. According to Eamdi,

The United States regarded South Asia and the Persian Gulf as its spheres of Influence. It regarded the Soviet occupation of Afghanistan as a calculated strategy intended to acquire control over a major portion of the world's oil resources, posing a direct threat to security of the region and the United States (Emadi, 2010: 164).

Hence, it started supporting anti-Soviet forces of Islamic militias (*Mujahidin*). These militias were able to put formidable challenge to pro-Soviet forces and ultimately in 1988 Soviet Union withdrew from the country leading to the fall of communist regime there (Saikal 2006). In the aftermath of Soviet Union's withdrawal the country, Afghanistan, was entrapped in the Civil War. The end of the Civil War saw the rise of Taliban into power which was radical anti-West force made of ex *Mujahidins* (Cooley 2000). Taliban was a kind of isolationist in its foreign policy and it had no relationship with any country in the world except Saudi Arabia and Pakistan. Nevertheless, US was not opposed to Taliban regime despite the fact that it was considered as reactionary and known for its inhuman treatment of women and religious minorities. The strategic interests of US in the fields of oil exploration and Taliban's anti-Iran and Russia policies encouraged it to support the regime indirectly through Saudi Arabia and Pakistan for a very brief period. According to Ahmed Rashid,

Between 1994 and 1996 the USA supported the Taliban politically through its allies Pakistan and Saudi Arabia, essentially because Washington viewed the Taliban as anti-Iranian, anti-Shia and pro-Western. The USA conveniently ignored the Taliban's own Islamic fundamentalist agenda, its suppression of women and the consternation they created in Central Asia largely because Washington was not interested in the larger picture (2010: 176).

The USA was primarily guided by its narrow and short term interests. The persistent pursuance of their interests by the superpowers led to re-emergence of Great Game in the 1990s. This was termed by Ahmed Rashid (2010) as the New Great Game. This time again Russian empire was replaced by the Russian federation and other countries in the region such as China and Britain were replaced by the USA. The scope and players in this latest version was much bigger than the previous one. Unlike in the past where having control over land

was the central concern (Hopkirk, 1990) this time the race for resources of the region became more important. However, according to Rashid, just like in the past,

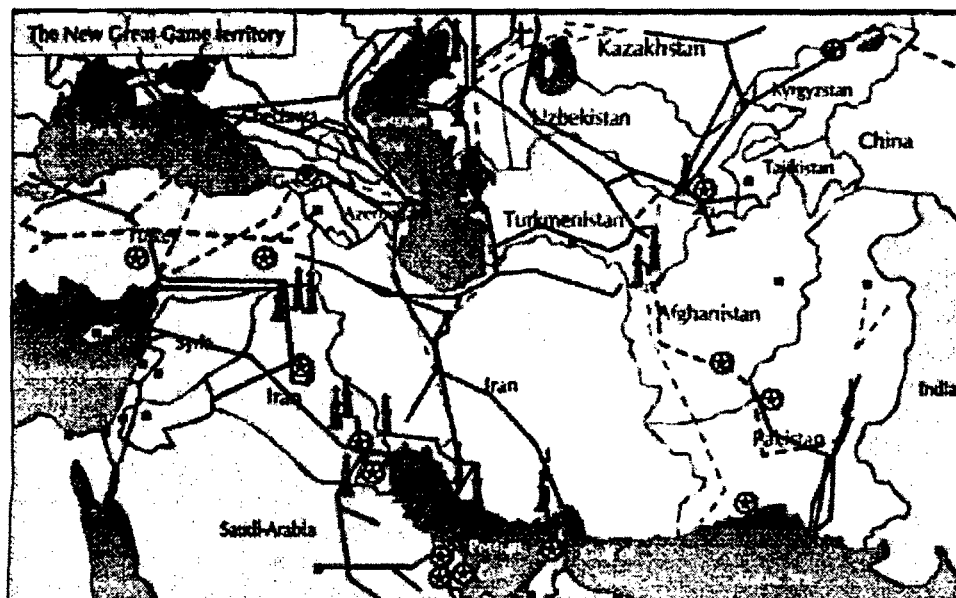
Today's Great Game is also between expanding and contracting empires. As a weakened and bankrupt Russia attempts to keep a grip on what it still views as its frontiers in Central Asia and control the flow of Caspian oil through pipelines that traverse Russia, the USA is thrusting itself into the region on the back of proposed oil pipelines which would bypass Russia. Iran, Turkey and Pakistan are building their own communication links with the region and want to be the preferred route of choice for future pipelines heading east, west or south. China wants to secure stability for its restive Xinjiang region populated by the same Muslim ethnic groups that inhabit Central Asia, secure the necessary energy to fuel its rapid economic growth and expand its political influence in a critical border region. The Central Asian states have their own rivalries, preferences and strategic imperatives. Looming above this is the fierce competition between American, European and Asian oil companies (2010: 146).

According to Rashid, the role of Afghanistan remains central to this version of the Great Game too, despite the fact that it is no more the central concern of the main players as in the past.

But as in the nineteenth century, Afghanistan's instability and advancing Taliban were creating a new dimension to this global rivalry and becoming a significant fulcrum for the new Great Game. The states and the companies had to decide whether to confront or woo the Taliban and whether the Taliban would impede or help pipelines from Central Asia to new markets in South Asia (Rashid, 2010: 146).

In the new Great Game, Afghanistan becomes a central actor not only because it is a land route to Central Asia. It is also a source of global drug traffic. It was a centre of global terrorism till very recently. There are natural resources untapped in the country and above all of this, Afghanistan is bordering world's most unstable regions. It borders Iran, China, Central Asian states and Pakistan. This makes Afghanistan as one of the hottest location in today's world politics.

Map 1: The New Great Game



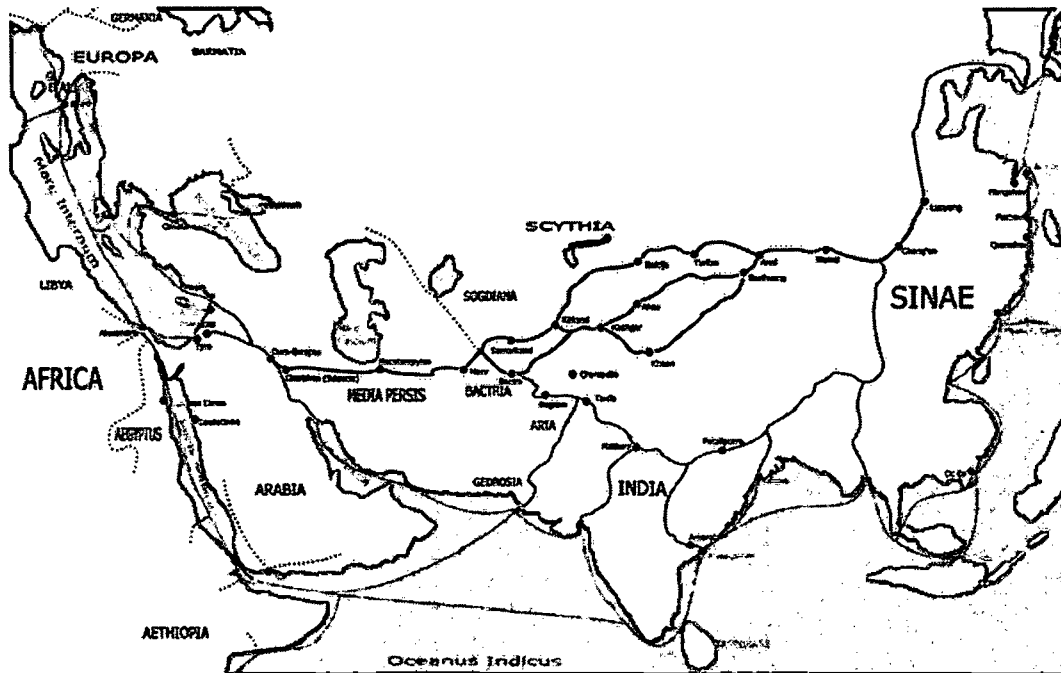
Source: <http://www.chowrangi.com/the-%E2%80%9Cgreat-game-for-pakistan%E2%80%9D-and-the-clash-of-intrests.html>

In the aftermath of the fall of Taliban regime in 2001, Afghanistan was slowly trying to use its central location in the New Great Game in its own advantage while offering all the stakeholders some kind of benefit if they agreed to respect the sovereignty of the country and was ready to invest their money for its development. According to Afghan President Hamid Karzai Afghans do not mind the presence of western competition over Afghanistan until they meddle in the domestic affairs and mind their own business (Lebedev, 2011).

Silk Route

In the neo-liberal phase of world politics where economy dominates the strategic concerns, Afghanistan's location is very important factor. India and other countries of the world see Afghanistan as a gateway to Central Asia and other parts of the land-locked West Asian regions (Nides, 2011). Afghanistan is well aware that it can develop a trade route and therefore it is willing to use it as a source of much needed revenue. It is signing treaties and memorandums of understanding regarding the arrangements in this sphere. The "New Silk Route" is the crucial strategic bargaining chip for Afghanistan in its relationship with India as well. Recently both the countries have signed TAPI pipeline deal and they are already developing a port in Iran and links roads throughout the country.

Map 2: Silk Route and India



TAPI is multi-player and multi-purpose project. It is creating opportunities for countries like India and Pakistan to come together and is seen as a project which can bring greater cooperation in the region. Countries such as China are also trying to find a role for themselves in the project as per its geo-strategic importance. The greater beneficiary; both in economic and political senses, would be Afghanistan (Foster, 2010). All the countries, including India, consider security as one major concern in the implementation of the project. However, Afghanistan is not able to provide it. Given the shape in which its security forces are today, it is possible for it to provide it in future also. Nevertheless, it is a thinking of Afghan officials that once the countries involved in the project, they will help Afghanistan to build a vibrant security structure (Foster, 2010). Hence, one can say that Afghanistan is using its geopolitics for the project of nation-building and economic development and its relationship with India is seen in that context.

Afghanistan is also offering transit routes to China and Iran along with other countries in the region. This is under the broader programme of recreating the old silk route. It has been argued that this New Silk Route is an American initiative undertaken to exploit the natural resources of Afghanistan (Innocent and Maini, 2012). However, one cannot disagree with the point that,

Central Asia is an energy-rich, multi-ethnic region with impressive rates of growth. The US's New Silk Road initiative hopes to improve the economic and political connectivity of

countries across south Asia, central Asia, Eurasia, and the Middle East through the liberalization of trade barriers, the removal of bureaucratic customs procedures and the development of transit and energy infrastructure (Innocent and Maini 2012).

Hence, new silk route is seen with hope in the countries like India. China and Russia are worried about the US taking the lead but none of these countries disagree with the point that Afghanistan is key in the regional trade. India wants to reach countries of Central Asia and therefore is building land routes through Iran and Afghanistan. It has already invested heavily in building roads and other economic infrastructure in Afghanistan in order to pursue its long term strategic interests in the region. According to Mathai,

Whether you call it a New Silk Route or simply connectively through links of trade, transport and energy, the potential of the routes and networks that can emerge from regional cooperation through Afghanistan would not just be economically beneficial but confidence building measures. In the run up to 2014 and beyond, there will be scope for expanding the networks to link with other arrangements that we could consider after India's full participation in the SCO (sic) (2011).

India's strategic deal with Afghanistan on October 4, 2011 provides ample references to the idea of Afghanistan being a transit route to Central Asia and a major player in the regional cooperation. According to D'Souza, "the trade and economic agreements in the pact are a reiteration of India's commitment to Afghanistan's economic growth, and its role as a "bridge" between South Asia and Central Asia. The emphasis on "regional economic cooperation" in the ASP indicates India's vision of binding the countries in the region through a mutually beneficial cooperative framework" (2011). Hence, it can be seen from above description that Afghanistan's geopolitical location provides it ample opportunity to play a greater role in the politics of the region. It has used this potential and has established a partnership with India in order to rebuild the nation. India too sees benefits in engaging in give and take with Afghanistan with an eye on Central Asia.

Drug Trafficking

One of the major strategic concerns of the world community in Afghanistan is the illegal drug trafficking.² This is a major source of funding to all kinds of organised crimes including

² Cultivation of Opium has historical roots. It has been a major source of income for the rulers of the country. During the Cold War the production and trade of opium and its products was a major area of interests for both the superpowers. During the 1990s drug trafficking in Afghanistan was a major source of the revenue and political stability of Taliban regime. International community and particularly Central Asian countries and China have been a major victim of illegal drug trafficking in Afghanistan. Their opposition forces are involved in the drug trafficking for income to sustain their rebellion. For details see Rashid (2008) and Cooley (2000).

international terrorism. According to World Bank, there is a strong linkage between drugs production, trade and war lords and insecurity in Afghanistan and in the region. According to World Bank, drug trade “adds up to vicious circle of mutually reinforcing problems...It presents a greater to the country’s entire state-building and reconstruction agenda” (as quoted in Rashid, 2008: 324). Afghan president Hamid Karzai, “on December 9, 2004, two days after his inauguration as an elected President, he declared jihad against drugs during a national counter-narcotics conference in Kabul, calling it a national disgrace” (2006: 65).

Nevertheless, Afghan government is apparently in a difficult situation on the issue as due to lack of alternative sources of income farmers in the country choose to grow products like Opium. This creates a great challenge to the administration in Afghanistan as it cannot bring stability in the country until drug production is stopped. But, farmers need alternative source of income before they can be asked to stop the production. The government in Afghanistan is not able to do that immediately and therefore Taliban and other opposition factions use the opium production for getting much needed finance. According Rashid Ahmed “The Taliban resurgence, al Quida’s reorganisation, and the restarting of its training camps for international terrorist groups after the US invasion would have been impossible without the explosion in heroine production” (2008: 317).

Afghanistan is apparently supplying 90 percent of world’s heroine (Schweich, 2008). It has been argued that it is not only the opposition forces which use cultivation of opium as the source of income. There are strong supporters of the government of Afghanistan who are also indulged in the illegal opium cultivation (Schweich, 2008). This prevents the government from taking any action against the production of drugs in the country. This situation creates a strategic challenge for the Afghanistan as it has questioned its credibility. Afghan government is trying to make strategic calculations in bringing foreign forces to help it come out from the situation and India has been considered as one major player in this context. India has its own interests in controlling the drug trade in Afghanistan.

India’s concerns are that money coming from drug trade in Afghanistan is used to support the militants in its restive province of Kashmir and other terrorist groups in the country.

According to Rashid, “ISI [Inter Services Intelligence]³ used money from drug trade to fund some of its covered operations” (2008: 319). In this situation, India wants to control the flow of drug trade in the region in order to deprive the terrorist groups and its supporters a strong source of funding. Hence, there is a convergence of interests between both the countries on the issue. India is training the Afghan security forces to deal with the internal security challenges and helping in building infrastructure there for the development of economic activities. These economic activities are seen as future alternative to drug production and trade. In this context, the entry number 4 under the heading of Political and Security Cooperation of India-Afghanistan strategic partnership agreement talks about cooperation to prevent “illegal trafficking in narcotics” (<http://www.mea.gov.in/mystart.php?id=530518343>). Besides this, the strategic agreement talks about cooperation in rebuilding the economic structure on Afghanistan in detail.

Global War on Terror

Terrorism is an old problem in the South Asian region and countries such as Afghanistan and India are suffering from this. However, it was only after September 11, 2001 that certain countries such as US have identified it as a global problem and has waged a ‘global war on terrorism’. The start of global war of terrorism led to the fall of Taliban regime in the country. It was due to the fact that Taliban regime was supporting al-Qaeda and its leadership which was responsible for the September 11 attacks. Though the regime was removed and al-Qaeda was forced to defend itself, global terrorism did not end. Since then it has become more aggressive. Afghanistan is still considered as one of the major hubs of international terrorism. Due to inability of the Afghan government to control its remote parts and due to persistence of Taliban, these terrorist groups find easy shelter in the country. Illegal drug trafficking provides it necessary sources of funding (Rashid, 2008).

The greatest challenge in national building in Afghanistan is the presence of Taliban and some international terrorist organisations in the country. They create problems for the government and foreign investments in the country. Afghanistan has also become shelter of terrorist groups operating in the Central and South Asian regions. Rebel groups move to restive provinces of Afghanistan when they are challenged in their respective countries. China too is suffering from similar problems in its eastern Xinjiang province. The US and

³ It is Pakistan’s intelligence agency. There has been a history of its officers getting involved in illegal drug trafficking originating in Afghanistan. See Rashid (2010).

NATO forces in Afghanistan are struggling to keep these groups under check. However, these forces are going to pull out of the country after 2014 and then it will be more difficult to control the situation there. In this particular context, Afghanistan's strategic relationship with India becomes very crucial (Griffiths, 2011).

India is also a victim of terrorist activities emanating from Afghanistan. During 1990s, there were foreign terrorist organisations operating in Kashmir and it was presumed that majority of them were Afghans supported and funded by Pakistan (Cooley, 2000). It was because of this that when US waged a global war on terrorism and attacked Afghanistan in 2001; India was willing to support the war efforts there. Indian government's thinking aligning with US will provide it opportunity to weed out support base of terrorists in Kashmir (Norfolk, 2011). This objective was countered by the opposition in India which did not agree with the argument of global war on terror. It was also scuttled due to US's reluctance to choose India over Pakistan (<http://www.cpdsindia.org/waronterror.htm>). In this scenario, India choose to play a more subtle role and it started supporting Northern Alliance in its war against the Taliban rule state (Rashid 2008: 70). Soon Taliban regime was removed from power and Northern Alliance came to power with American help. Now, India was in a better position to pursue its interests.

Once Hamid Karzai government came into power India started pursuing its strategic policy of controlling the support coming from Afghan warlords to Kashmiri militants. It has used its diplomatic channels in Afghanistan to pressurise the government and international forces there to block the sources of funding and other support to Indian militants. Nevertheless, central government in Kabul was weak and opposition forces such as Taliban and others are still strong in some of the pockets of Afghanistan. As Vishal Chanra argues for long time after the establishment of Karzai regime in 2001,

Kabul's authority was limited in much of the northern, western and central provinces by the factions of the NA [Northern Alliance] who have also been part of the government, and in southern and south-eastern provinces by the guerrilla offensive of the Taliban and their allies. In the absence of an effective national army and the police force, Karzai's authority stood in stark contrast to that of the *mujahideen* leaders who commanded enormous resources and controlled much of Afghanistan. There were instances where factional or regional *mujahideen* commanders openly challenged the central authority and the appointees from Kabul in the provinces (Karzai, 2006: 73).

Hence, India was not able to control the global links of terrorism emanating from Afghanistan, as effectively as was required. This failure led to shift in the policy of India government on the issue of terrorism and it started arguing for greater global collaboration in the development of Afghanistan as a long term strategy to control the rise of terrorism in the region.

As will be discussed later, the problem of global terrorism cannot be solved on bilateral relations. It is particularly because Afghanistan is not in a situation to deal with the problem alone. It needs military and diplomatic help with other influential players in the region. India has realised that and in the aftermath of 2009 elections in Afghanistan it has agreed to cooperate with the US and other forces to counter the threat of terrorism in Afghanistan. The method to deal with Taliban is very crucial here. India was of the opinion that there should be no negotiations with Taliban as it is a force which is under huge influence of Pakistan. The only way of dealing with it is to eliminate it through eradicating its influence from the masses in the country. That was the rationale of the spending on the social reconstruction of the country (Jha, 2009). Opposition to Taliban by Indian government was not because it was pro-Pakistan. It was also because it was antithetical to the norms of democracy which India cherishes a lot. According to one source,

One of the main policy aims of India in post 9/11 is to prevent the return of Taliban regime in Afghanistan. This is because of the following reason. The ideology of Taliban was fundamental in nature which India found ideologically loathsome. India had no official representation in Afghanistan during the Taliban rule (1997-2001). The minorities, Hindus and Sikhs suffered harsh discrimination. An order issued by the Taliban regime in April 2001, new restrictions were imposed on the minorities whereby Hindu males were debarred from wearing *salwar kamiz* or white turban and directed instead to wear black caps and put a red *tilak* on the forehead when they went out as a mark of identification. Similarly, Hindu Women, while going out, were instructed to cover themselves full in a yellow cloth and wear an iron necklace. Moreover, all Hindus were required to display yellow flags on their houses while Hindus and Muslims were debarred from residing in same houses (<http://indiandiaspora.nic.in/diasporapdf/chapter2.pdf>).

Nevertheless, the position not to engage with Taliban has been a subject of wide scrutiny among scholars. According to Ahmed Rashid, when in 2010 first time it was proposed to have negotiations with Taliban by the US India showed reluctance. However, in 2011 India “finally accepted the need for talks with Taliban” (Rashid, 2012: 194). The division between good Taliban and bad Taliban was created by the US in order to create a wedge among Taliban and India saw sense in supporting the mission. As it has been mentioned earlier, existence of Taliban is antithetical to the interests of India in the country. India is also trying to engage

with some other militant factions in the country along with providing training to Afghan military and police to deal with threats from militants in the country. India fears that if Taliban comes to power Pakistan will have upper hand in Afghanistan and it will not India to set foot in the country. The efforts of talking with Taliban has also to avoid such clear cut hostility in the militant group against the country. According to some news reports, Taliban has apparently 'praised' India for resisting US pressures to interfere in Afghan affairs (Miglani, 2012).

Pakistan

Afghanistan and Pakistan are neighbours with various ethnic and geographical similarities. They have various mutual problems as well. Pakistan, ever since its establishment has considered Afghanistan its strategic depth vis-à-vis India and therefore had tried to maintain an influence in the country. In the past it was a training ground of opposition forces to the Soviet Union's invasion and its supported regime in Afghanistan (Griffiths, 2011). Pakistan does not want to stability in Afghanistan as it considers a stable Afghanistan as harmful to its interests. Pakistan has always tried to create ethnic divisions in the country so that it has say in its domestic affairs. This strategy is devised in order to prevent the ethnic groups within Pakistan from demanding their greater states (Rashid, 2012). Pakistan is not only opposed to Indian presence in Afghanistan. It sees any attempt to build a strong and stable Afghanistan as antithetical to its own interests. According to Rashid,

Even as the Pakistani military fears a destabilised Afghanistan, it equally fears an overall strong Afghanistan: a powerful Afghan army could cement national unity and turn the country against Pakistan. It wants the Afghan Pashtuns to be in power, but not to be so strong as to revive the idea of a greater Pashutunistan, which could include parts of Pakistan. [it] has vigorously opposed the US build up of a large Afghan Army.. (2012: 191).

In this context, it is no wonder that an Afghanistan-India relation is seen as a dangerous development in Pakistan. Pakistan tries to curtail and create problems in Afghanistan-India relations in various ways;

1. It does not provide transit route to India for Afghanistan. Given the fact that it is the country which has borders with both the countries, if it opens its territory for passage of Indian and Afghan trade the bilateral relations between both the countries will improve. Pakistan does not want that as that will strengthen Afghanistan and take it away from Pakistan's influence (Dutta, 2008).

2. Pakistan is opposed to India playing greater strategic role in Afghan affairs. It claims it to be dangerous to its security. Pakistan argues that India is trying to encircle it while creating allies in Afghanistan (Healey and Rubin, 2011).
3. Pakistan targets Indian investments in the country and help all the anti-India elements there through monetary and other means. Pakistan's intelligence agency has been found involved in various attacks on Indians in Afghanistan (Healey and Rubin, 2011).
4. Pakistan opposes Indian aid to Afghanistan in international forums and tries to argue that Indian help to Afghanistan is Pakistan centric.

Hence, it is very clear that Pakistan does not want to see a flourishing relationship between Afghanistan and India and therefore, it is trying to create hurdles in it. Nevertheless, Pakistan is central of any meaningful strategic relationship between Afghanistan and India. Pakistan is central also to the stability of Afghanistan. Even the American agree to this and when they formulated the policy of Afghanistan they included Pakistan into it. The well known policy of Af-Pak, therefore becomes essential to understand the Pakistan and Afghanistan's dynamics and India's role into it.

Af-Pak

After the fall of Taliban in 2001 there was a concern among the world powers involved in the reconstruction of Afghanistan. US was the leading member of this group. Its policy makers have identified the importance of Pakistan in bringing peace and stability in Afghanistan. Hence, in 2009 American special representative for the region Richard Holbrooke devised the policy of Af-Pak. It was based on the understanding provided by the essay published in 2008 by the American scholar Barnett Rubin and Ahmed Rashid. In the essay titled "From Great Game to Grand Bargain: Ending Chaos in Afghanistan and Pakistan", they argue that, the Obama administration should constitute a regional diplomatic initiative that could bring all the neighbours to the table to discuss a 'peace process' and non-interference guarantees for Afghanistan (Rashid, 2012: 193).

India was opposed to this initiative for two reasons; first it considered Pakistan as a source of international terrorism and until it take strong action against its own terrorist groups it should not be invited in any international forums. Second, it was considered among Indian policy makers that the policy of AfPak would provide opportunity for international interference in

Kashmir (Rashid, 2012). Indian reluctance to join AfPak provided Pakistan an opportunity to increase its influence in the Afghanistan. It also resulted in the several attacks by Taliban on Indian investments and establishments in Afghanistan. India, instead of engaging Afghanistan at regional level has opted for bilateral engagements with it and has signed a strategic treaty with in 2011 (see Appendix 2).

FATA

Pakistan's northwest has very close links with Afghanistan. The territory is inhabited by tribal people. Its full name is Federally Administered Tribal Areas. This region has porous borders between Pakistan and Afghanistan and tribal move freely across the borders. The region always rebels against the Pakistani rule.⁴ Pakistan sees international conspiracy and support for the unrest in the region. It finds Afghanistan's engagement in its affairs one of the main reasons of the unrest in FATA. It also alleges that Indian agencies are involved in creating trouble in FATA (Butt 2011). Pakistan sees the alleged Indian engagements in FATA as a counter to its own involvement in Kashmir. Increasing Indian presence in Afghanistan can provide easy access to FATA to the Indian agencies and therefore Pakistan opposes Indian activities in the border region of Afghanistan. Indian authorities saw Pakistani propaganda against India as a way of creating hostilities against it among the local Afghans and as a pressure tactics to Afghanistan government to deny India a space in the country.

Durand Line

Pakistan's hostility to India is also substantiated through its position on Durand Line. It's a border line between Afghanistan and Pakistan created by the colonial administration in 1893 running through tribal areas of Afghanistan and today's Pakistan.⁵ Pakistan does not respect the border and uses its porous nature to support anti-Afghan administration forces such as Pashtun rebels. It is central to its policy toward Afghanistan and India as described above. According to Jayashree Bajoria (2009), "Pakistani actions in the region are concern about bolstering security against India. ...Pakistan sought to support a "client regime in Afghanistan" that would be hostile to India, giving the Pakistani military a secure border and strategic depth." After the global war on terror began Pakistan has used the porous nature of

⁴ The region is known for its unrest and revolt against the central authorities even during the colonial rule. This region is also considered as a strong belt of religious extremists.

⁵ Sir Mortimer Duran was the person who drew the line and made the Afghan ruler agree to it as the dividing line between British India and Afghanistan at the time. After independence and division of India in 1947 it became a border between Pakistan and Afghanistan.

the Durand line for its own benefit. It can claim to be fighting against the terrorists in its territory and at the same time it can keep on supporting terrorists in the region. No blame will be put on it as the border is porous and terrorists can easily be claimed to be from Afghanistan. Most of the foreign militants in Kashmir come from this region (Cooley, 2000). The areas across the Durand Line are heaven for the terrorist groups, active in Afghanistan as well. They are not to be trapped by the international forces in Afghanistan as they cross the border at will. In order to check this, the US is using drone attacks in this region (Bajoria, 2009).

Kashmir

One of the major strategic concerns of India is its relations with Afghanistan. Indian government has been facing a tough challenge from Pakistan back separatist movement there. The support of Kashmiri separatism has a long historical root.⁶ Pakistan once it was clear the Soviet Union has become weak and there is no immediate threat to it from external aggression started supporting armed rebellion against its largest enemy India. According to Dilip Hiro,

Nineteen Eighty Seven proved to be a turning point not only for Indian Kashmir and India but also for Pakistan and Afghanistan. Once Soviet troops started withdrawing from Afghanistan in August, Pakistan's ISI decided to focus on expelling the Indian forces from Kashmir. This illustrated the interconnectedness of Afghanistan, Pakistan and India (2011: 106).

He further argues that the new regime under General Zia-ul-Huq (1977) and Soviet invasion of Afghanistan led to the rise of Pakistan's aggressiveness towards Kashmir. It provided Pakistan an experience to train and build militant groups and send them across the border (Hiro, 2011). The result was a long term insurgency in Kashmir first led by domestic militants and later on by foreign ones. Both of them were supported by the Pakistani establishment monetarily and otherwise. At the time of insurgency in Kashmir, Afghanistan was going through Civil War and its youth were available for recruitments in other parts of the world. Majority of foreign militants in Kashmir came from Afghanistan (Cooley, 2000).

⁶ Kashmir or rather the Indian province of Jammu and Kashmir has a central role in deciding the India-Pakistan relations since independence. For details on the topic see, Schofield, Victoria (2003), *Kashmir in Conflict: India, Pakistan and unending War*, London: I B Tauris

During the Taliban's regime in Afghanistan (1996-2001) militancy in Kashmir got boost up. It has observed that major terrorist outfits which were active in Kashmir in the 1990s including, Lashkar-e-Taiba, Jaish-e-Muhammad and Harkat- ul-Mujahideen had substantial numbers of Afghan. Most of these men received their training in camps in Afghanistan. They were taught *Jihad* in Taliban run schools. They were all getting ideological feed backs from al-Qaida. In one of the major incidents which exposed the direct relationship between militants in Kashmir and Afghanistan was the hijacking of Indian plane in 1999.⁷ It drove India closer to US led invasion in 2001. This hijacking of the plane was a defining incident in India-Afghan relations after 2001.

The hijacking of an Indian Airlines aircraft to Kandahar in December 1999 to secure the release of Harkat leader Masud Azhar provided the most plausible confirmation of the Taliban's nexus with terrorism in Kashmir valley. No wonder, New Delhi saw a convergence of security interest when US-led 'war on terror' drove the Taliban out of power and secured from Pakistan at least a commitment not to support militant Islamism in Afghanistan. It also took the opportunity to work in close collaboration with international community towards post-war reconstruction in Afghanistan with the hope of arresting the possibilities of Islamic radicalisation of the country and precluding the return of a Taliban like regime (<http://www.cfr.org/publication/9135/>).

After the 2001 when world community put pressure on Pakistan to stop supporting Taliban, Pakistan used it as an bargaining chip to keep its operations in Kashmir on. According to Hiro,

Following the 9/11 attacks, Musharraf consulted leaders of all political hues and social groups on the stance Pakistan should take regarding the Taliban in Afghanistan. He encountered resitenace from senior clerics to the idea of cutting ties with the Taliban and lining up with the Pentagon in its War on Terror. In response, he assured them and other islamist leaders that this turnaround would yield a payback from Washington: it would overlook an ISI-sponsored boost in insurgency in Indian Kashmir and force Delhi to come to the negotiating table (2011: 175-76).

India, on the other hand saw a viable option in supporting Afghanistan's new regime for having a control over the activities of Taliban and other militants from the country. This explains India's activism in Afghanistan post 2001.

Summing up the discussion on the Pakistani angle in Afghan-India relations after 2001 it can be said that it is very difficult to ignore Pakistan. According to Prof C Raja Mohan,

One of the most important factors in defining the future of Afghanistan is Pakistan. Despite our own difficulties with Pakistan, political realism should caution New Delhi against

⁷ This incident was an embarrassing movement in Indian history where it had to release three dreaded terrorists from jails. For a detailed study on the Kandhar incident see, Katyal K K (2006), particularly chapter 2.

underestimating Islamabad's high stakes in Afghanistan and its determination to pursue them. After all, 2,500 km open border gives Pakistan an extraordinary role in Afghanistan. It is equally important to recognise that Pakistan sees itself as a legatee of the 'great game' initiated by British India more than a century ago. India needs to accept the bitter proposition that it is impossible to the international community to succeed in Afghanistan by marginalising the Pakistan army or ignoring its interests. To acknowledge that Pakistan is central to the future of Afghanistan is only a bow to the tyranny of geography (2008: 31-32).

In its reaction to the Afghanistan-India strategic deal signed in 2011, Pakistan though did not become over reactive. However, it does not exclude the fact that it has its apprehensions on that. One cannot help but assume that success of any strategic relationship with Afghanistan would need a working relationship with Pakistan as well. Afghan and Indian policy makers have so far been unable to comprehend the gravity of the situation on this issue. On the other hand it can also be argued that Pakistan should not see any treaty signed between both the countries and antithetical to its own interests in the region. As in the case of TAPI, it might bring benefits to the country in the long run. Commenting on the Afghan-India strategic relationship Sajjad Ashraf, a former Pakistan ambassador to Singapore and now a professor at the Lee Kuan Yew School of Public Policy, argues that Pakistan should not react unnecessarily.

If the three countries can reach an understanding and let India develop Afghan capacity leading to regional economic integration, Pakistan too becomes a winner. In the age of globalisation, following any other course will result in Pakistan lagging behind. For India, peace in Afghanistan is important to be able to exploit the vast economic potential of the Central Asian states. It shares Afghanistan's concerns about the security of the nation after the western withdrawal from a combat role in 2014 (as quoted in D'souza 2011).

Afghanistan-India Strategic Agreement

Based on the calculations of their mutual interests both the countries have signed a strategic agreement on October 4 2011. This agreement recognises the contribution both the countries can make to each other's development and protection. Given the international atmosphere and plethora of interest involved in stability or even instability of Afghanistan this agreement becomes very important. This agreement becomes important also because after 2014, the US and NATO forces will be not there in Afghanistan to protect the country. According to Dr Subash Kapila,

The Afghanistan-India Strategic Partnership Agreement is a historical development for both countries in more ways than one. India stands distinguished in that this is the first Strategic Partnership Agreement that it has signed within her South Asia neighbourhood and that too notwithstanding Pakistan Army's known opposition to such a move. Afghanistan stands distinguished in that it is the first ever Strategic Partnership that it has

signed with any country and especially against the backdrop of United States winding down its military presence in Afghanistan by 2014 (2011).

According to the provisions of the agreement both the countries will help each other in their social, political and economic endeavours. Countries have agreed to cooperate with each other in every international forum. They have also agreed to discuss all relevant matters before they take a final decision on them. India has agreed to help in building the infrastructure of the country. It has also agreed to provide essential training to Afghan armed and police personnel to maintain the stability of the country (see appendix 2).

SCO and Other Regional Players

Shanghai Cooperation Organisation (SCO) is the greatest regional grouping initiated by China and Russia. Afghanistan was given an observer status in the SCO in 2012.⁸ This is a sign of the growing importance of the country in the region and greater competition among the great powers to have an influence there.

Granting Afghanistan observer status will strengthen their contacts, something Beijing and Moscow hope will dilute US influence and more closely align Kabul's policies with their own aims. The SCO also recommitted itself to closer security and economic ties and to combating drug trafficking, extremism and terrorism (<http://dawn.com/2012/06/08/sco-admits-afghanistan-as-observer/>).

India is also competing with SCO and other regional players for the same. Norfolk argues that, "despite the deviating interests of other key players in the region (China, Russia, Iran, The Central Asian Republics and Saudi Arabia) and the US, India's interests and policies broadly converge with most involved (with the obvious exception of Pakistan)" (2011: 19).

Among countries of SCO China is trying to exploit the resources of the country. Here it is competing with countries like India. However, in matters of bringing of stability in the country it is cooperating with other regional players including India. China's worries in the country are that rebels in its Xinjiang province are getting support and training in Afghanistan. The illegal drug trafficking helps the rebel financially. China wants to control this source of menace to its territorial integrity and political stability.

⁸ However, Afghanistan's president Hamid Karzai first attended a meeting of SCO in 2004. Afghanistan has been a consistent participant of SCO meetings since then. Afghanistan has been a matter of central concern of SCO members. It held a meeting on Afghanistan in 2009 in Moscow which recognised the need of SCO's engagement in Afghanistan. In the same meeting "SCO-Afghanistan Action Plan on Combating Terrorism, Illicit Drug Trafficking and Organized Crime" was created. For details see, Akiner (2011: 22).

(<http://www.voanews.com/content/article/1178734.html>). Along with China, Russia sees the presence of foreign forces in the country as a challenge to their sovereignty. However, they do not want these forces to be withdrawn immediately as Afghan government is not capable to control the terrorist groups in their country. Hence, in the short run, all the great powers of the world have a convergence of interests (Rashid, 2008).

The inclusion of Afghanistan in the SCO is also seen as the creation of common platform between the republics of Central Asia and Afghanistan. Since, Iran is also an observer in the organisation; the platform becomes more wide and significant. India is trying to look for a role of it in the SCO so that it can use the grouping and common platform for its own benefit. According to Indian Foreign Minister S M Krishna, Afghanistan is the most important security challenge faced by India and other players in the region and in this context, “the SCO provides a promising alternative regional platform to discuss the rapidly changing Afghan situation” (as quoted in Krishnan 2012). Apart from economic reconstruction of Afghanistan through the common platform of SCO, India is also keen to use the grouping in combating terrorism emerging from the region (Krishna, 2012).

India’s insistence on SCO’s inclusion of Afghanistan is according to the Strategic Treaty signed between both the countries. According to the treaty, both “sides agree to consult and cooperate at the United Nations and other international, regional and multilateral fora. Such cooperation is to be aimed at influencing decision-making in these fora in the interest of both countries” (see Appendix 2). Hence, the common status and membership of Afghanistan and India at the SCO provides them the opportunity to have greater cooperation and fulfil the aims and objectives of their strategic treaty.

The eventuality of Afghanistan becoming a member of SCO was expressed on many previous occasions as well and each time the concerns and expectations were the same. For example, according to Norfolk,

High on the agenda of the Shanghai Cooperation Organisation (SCO) in June 2011 was the issue of expanding the six-nation regional body, which has been dominated by China and Russia for a decade. There are also plans to upgrade Afghanistan’s status from SCO invitee to observer. The traumatic experience of the Soviet War in Afghanistan makes Russia and the Central Asian States reluctant to engage in security-related activities there. Nevertheless, SCO is in position to play an important role in the stabilisation, reconstruction, and reintegration of Afghanistan after 2014. According to Kazakhstan President Nursultan Nazarbayev, whose country held the rotating chairmanship until July 2011, ‘we cannot rule out that the SCO may have to bear the brunt of resolving many

problems that Afghanistan will face after the withdrawal of the international coalition forces in 2014' (2011: 20).

Since, "India's reservation concerning US withdrawal from Afghanistan have been rendered irrelevant by events on the ground-the incremental draw down of American and coalition troops has commenced" it is now ready to look for alternatives. "The SCO offers a promising avenue by which India can offset some of its anxiety surrounding the possibility of a security vacuum and can work to achieve several of the objectives that remain elusive throughout its engagement with US-NATO-occupied Afghanistan". It has been argued that, "by interring into an association led by China, India will be addressing wider and more acute strategic priority-managing relations with its larger; more powerful neighbour-but it may also enable Delhi to pressure Pakistan into cooperating in Afghanistan".

In addition to give provide relief at security level, "increased cooperation with the SCO will also improve India's access to Central Asian energy reserves and markets. Here again, the members and mechanisms of the SCO can discourage Pakistani recalcitrance" (Norfolk, 2011: 20). India is therefore looking at SCO as the platform which can serve multi-purposes of its foreign policy in the region. For Afghanistan as well the SCO provides an avenue for the cooperation with the regional powers and engage with them at equal footing. It provides it the opportunity to attract investments from these countries as well.

One important aspect of Afghanistan-India relationship on the multi-national regional forums like SCO is the scope of developing the cooperation with other regional powers. According to Norfolk, for example, "Delhi acknowledges the centrality of Iran to the regional security equations, and openly encourages greater engagement with [it] on the issues pertaining to Afghanistan". Indian Foreign Secretary at the time, Ranjan Mathai, "called on the international community to 'add Iran to the list of countries needed to be discussed' when looking at 'the prospects for stability in Asia connecting with Afghanistan'" (Norfolk, 2011: 21). In the last few years India and Iran are not able to maintain their bilateral relations as well as it was before due to certain geo-strategic and international pressures. Nevertheless,

Despite their troubled trade relations (and Washington's oppositions), India has recently extended an overture to Iran concerning Afghanistan, and Delhi and Tehran are now engaged in structured consultations on the issues. To be sure, India realises the need to incorporate actors that share its anxiety over a resurgent Taliban (Pant, 2011: 65).

However, this way “Delhi is demonstrating its commitment to regional cooperation in Afghanistan (to the detriment to the US), and endorsing the regional project that involves all stakeholders” (Norfolk, 2011: 21).

In the end it can be said that, “the trajectory of India’s current Afghan strategy requires that it engage with its regional counterparts”. Though, “it is unlikely that India has the capacity to persuade neighbouring states to rally around a broad political agenda. However, regional actors agree that alignment over Afghanistan is necessary”. In this endeavour; “India’s historical linkages and increasing dynamic engagement with Afghanistan will be instrumental in coordinating a regional approach” (Norfolk, 2011: 21).

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Chapter V:
CONCLUSION

Afghanistan-India relation is being studied by various people from various angles. The present study is an attempt to understand it comprehensively in the period between 2001 and 2011. The fall of Taliban and establishment of new government under Hamid Karzai was a significant moment in the long history of Afghan-India engagements. The year 2011 was the year when both the countries signed the strategic deal. This study has tried to understand the evolution of this level of confidence between both the countries in this short span of time.

Afghanistan-India relationship is an old relationship going back to the ancient times. In the ancient period, when neither India nor Afghanistan was there, the states had close cultural, economic and political exchanges. Afghanistan, known as Gandhara, has been mentioned in the ancient Indian epic Mahabharata. During great Ashoka's reign, Afghanistan was the northern border of his empire. In the subsequent period, Afghanistan remained the same till the advent of Islam and Arab and Persian Empire. Nevertheless, the cultural, economic and political exchanges remained as strong as before even during the medieval period between both the regions. For example, Gandhar form of art was very commonly in fashion during the medieval period. In the subsequent period, aggressors to India came from Afghanistan and established their rule. This created an unbreakable bond between both the regions throughout the medieval period. This was only disturbed when Afghanistan became a modern state in the eighteenth century. From that time onwards Afghanistan-India relationship became very hostile as British Empire in India and Russian Empire were at loggerheads. After three Anglo-Afghan wars, Afghanistan was recognised as independent state in 1919.

The inter-state relationship between Afghanistan and India started only after the Indian independence in 1947. During the British period, Afghanistan was a close neighbour as they had common borders called Duran Line. At the time of India's independence, it got partitioned leading to the birth of a hostile Pakistan state between Afghanistan and India. This created a geographical distance between both the countries. Nevertheless, Afghanistan tried to maintain its cordial relationship with India. It was not only opposed to Pakistan's membership of UN but it also opposed its position on Kashmir from day one. In the beginning, the relationship was based on the principles of non-alignment and *panchsheel*. The first twenty years of Afghanistan-India relationship, therefore was a relationship of cordiality and mutual trust. It was based on the liberal and idealistic understandings of the world politics and was beyond any explicit immediate interest. The cultural and economic

exchanges remained intact, despite the fact that due to the creation of Pakistan, it was no longer possible to have free exchange of people and goods between both the countries.

One major break in the relationship between both the countries was the 1978 invasion of Afghanistan by the Soviet Union. The establishment of pro-Soviet regime in the country was welcomed by Indian government but when the Soviet army moved in to support it against the domestic opposition then Indian position became little untenable. India still tried to maintain its diplomatic ties with the regime in Afghanistan and throughout the existence of the PDPA rule till 1992. However, due to internal instability in all these years, Afghanistan and India were not able to maintain any dynamism in their relationship. When a new regime came to power in 1992 under the leadership of Gulbudin Hikmatyar, it too maintained the formal diplomatic ties between both the countries. It was only when Taliban came to power in 1996 defeating forces of Northern Alliance, that Afghanistan-India relationship was terminated. During the five years of Taliban rule, Afghanistan and India maintained no formal contacts and except for the 1999 Kandhar episode they had no interaction at all. This was the worst period of Afghanistan-India relationship. The reason for the absence of relationship between both the countries was Taliban's fanatic belief, its hostility towards countries not ruled by non-Muslims and its closeness with Pakistan.

After September 2001 attacks on the US by the terrorist forces sheltered in Afghanistan, US waged a 'global war on terror.' With the help of Northern Alliance, it was able to dethrone Taliban in 2001 itself. A new regime under the leadership of Hamid Karzai was established. Karzai was considered close to India too and this led to the reestablishment of Afghanistan-India diplomatic ties in the same year. Afghanistan-India ties since 2001 have been very strong in political, economic and strategic fields. Both the countries have realised the potential of other country in their political and economic survival and progress. The present study is an attempt to understand these three aspects of the Afghan-India relationship.

Afghanistan-India political relationships have flourished since 2001, despite the obvious opposition put by Pakistan and other geo-strategic constraints. Afghanistan is trying to recreate the old political understanding with India at international forums and therefore building a close political relationship with it. India sees Afghanistan as an important country in the region with which political relationship is required. Despite the constraints, posed by geographical distance and ongoing internal instability in Afghanistan, both the countries have

established their diplomatic missions in each other and their leaders are paying visits to each other regularly. Both the countries have regular contacts and consultations on several internal and global issues as well. Afghanistan wants to adopt the political model of India and therefore it is learning the functioning and structure of Indian political system. India is helping in this endeavour. India has helped in the reconstruction of the Afghan Parliament and training the officials in the democratic process. India is one of the biggest donors to Afghanistan and it has established five different consulates in five different regions of the country. Despite all the positives between both the countries there are some basic problems which need to be addressed. One of the most important problems is Afghanistan's inability to control the internal unrest in the country created by Taliban and other terrorist groups like Haqqani network. Until there is stability in Afghanistan, there will always be a fear among the Indian diplomatic circles that Taliban or any such force can control the power tomorrow and create hurdles in the political ties between both the countries.

Afghanistan-India economic relation is growing rapidly. India is investing in the different sectors of Afghan economy and helping it to rebuild the infrastructure there. The recent discovery of deposits of various natural resources in the country has given more incentives to Indian business and industries to go and invest in Afghanistan. India has already become one of the biggest trade partners of Afghanistan. There are attempts to diversify the items in bilateral trade as till date the number of items is very limited. The trade between both the countries is restricted to few items like agricultural products and some basic consumer goods. There is a big scope for the diversification of the trade items between both the countries and India is trying to do that as well. Recently TAPI project has been commenced. This will be a very good opportunity to create a dynamic economic relationship between both the countries. Growing Indian economic strength and untapped natural resources of Afghanistan will be complimentary to each other's economic development in future.

Afghanistan-India relationship has one major strategic aspect as well. The geostrategic location of Afghanistan has always attracted great powers in international politics. The Great Game of the last century between British Empire and Russian Empire and the New Great Game among different countries in the world politics today including US are the examples of this. The reason of great power's attraction towards Afghanistan is its centrality in location. Afghanistan was a buffer between Russian and British Empires in the last century and today it is located in the region where interests of Russia, China and US converge. Afghanistan

toady is the main source of terrorism in Central Asia. It's the main source of illegal drug trade in the world and it has a large deposit of untapped natural resources. Besides all these, Afghanistan neighbouring countries such as Pakistan and Iran. All this is creating a race among the great and even emerging powers in the international politics to get maximum influence in Afghanistan.

Afghanistan-India strategic relationship too should be seen in the context of this competition. Afghanistan wants to have a strong reliable partner in international politics and sees India as one. India is worried about terrorism in its own Kashmir province and wants to stop any possible source of training and finance for them. Pakistan is competing to have greater influence in the Afghanistan for opposite purposes. Hence, India is very seriously pursuing its strategic mission in Afghanistan. Both the countries have already signed a strategic treaty in 2011. They have identified numbers of subjects and issues for their strategic cooperation. Afghanistan and India are trying to find several regional partners in the pursuance of their mutual strategic interests. The SCO has been seen as one such partner by both the countries. Since, the US and the ISAF will be most probably withdrawing from Afghanistan in 2014, it would be a great challenge for all the members of the SCO to manage the stability of the country and prevent it to fall in the hands of insurgents or Taliban. That will ruin all the economic and strategic calculations of all the powers in the region including India. The SCO is seen as an alternative force to prevent such eventuality.

Afghanistan-India relation since 2001 to 2011 is one of the most important political developments in international politics and in the India's foreign policy and therefore this study was an attempt to have a better understanding. The study had three hypotheses. The first one was that "close historical and cultural ties have had great influence on Afghanistan-India relations". This hypothesis has been proved. As mentioned in the beginning of this chapter the historical closeness between two countries created a faith among their decision makers about each other. It moved them to take initiatives for the restoration of relationship whenever it got disrupted due to some reason. The historical links have been quoted by various political commentators and scholars for the present state of relationship between Afghanistan and India. The level of trust and confidence is based on the historical linkages. Though, realists would not agree with it there are other schools of thought in international relations which agree that historical closeness makes relationship warm and this study has concurred that.

The second hypothesis of this study was that the “existing trade and investment potential between two countries has not yet been tapped to its full potential”. This is more than obvious after the study of the economic relationship between both the countries. India is one of the biggest economic powers of world today. It has a huge consumer base. Afghanistan is rich in natural resources and is located on the very crucial trade route. Still the overall trade between both the countries is negligible. India is the fourth largest destination of imports for Afghanistan and though India is the largest destination of Afghan export the volume of trade is very small. Indian investments in infrastructure building in Afghanistan is though large enough there is still a scope to increase it further. Indian companies are not able to compete with Chinese companies in crucial oil and gas exploration in the country. Hence, it is clear that above hypothesis is proved.

Third hypothesis of this study was related to political aspect of the relationship. It argues that, “the post-Taliban regime in Afghanistan has intention to use its relations with India for its own legitimacy and survival”. Afghan government has expressed its intentions to follow the Indian model of democracy on more than one occasion. India is helping it to build various political institutions and training the personnel. Afghan policy makers are worried about the stability of their country as Taliban and other terrorist and insurgent groups are still strong. They have control over a substantial part of the country and posing challenges to the existing institutions and structures. In this context, Afghanistan has signed the strategic treaty with India in which India has promised to help and maintain the law and order in the country along with providing training of its armed and police forces. India is also building Afghan parliament. Hamid Karzai wants to see escalation in Indian engagement in Afghanistan. This Indian engagement in Afghanistan provides crucial leverage to Afghan administration vis-à-vis Pakistan’s intentions in the country. Pakistan is trying to help insurgents in Afghanistan so that a level of instability also remains there which can help it to further its own interests. Afghanistan is trying to counter the Pakistan strategy while getting India involved in the country. Hence, it can be seen from even the realist perspective that Afghanistan’s closeness with India is not only based on some historical links but there are concrete interests of both the countries are involved.

Afghan-India relationship will be much better in future if both the countries try to show more confidence in each other. Afghanistan needs to see the potentiality of Indian economy and political might for its future. It should try to provide much more scope for Indian companies to come and invest in the country and control the anti-Indian elements from creating any hurdles. India needs to see the rational in becoming more active in the country. It will not only give it the necessary leverage vis-à-vis Pakistan it will also provide it enough power to influence the countries of Central Asian region.

The Afghan-India relationship is a classic example of liberal understanding of the behaviours of states in international politics. The interests are the defining features of the relationship but that is not all. India wants a trade route and hostile Pakistani state as a friend. It wants to use the untapped natural resources of the country for its growing needs and therefore it is investing heavily in the rebuilding of the country. The so-called philanthropy, argued by some idealists, is just a chimera to mislead or at best to create a favourable public opinion. The Indian aid to schools and hospitals are ways to further its basic interests in the country. That is to have a counter to Pakistan, to control the menace of terrorism and to get and transit route to Central Asia. India companies are seeing lucrative business in the rebuilding of the country. The liberal ideas of trade as a bridge between two countries can also be seen as explanatory enough to understand the relations between two countries in the context of the SCO. Realist explanations based on total and brutal calculation of interest do not satisfactorily provide the answers to understand the Afghan-India relationship. At best it can be a helping tool.

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APPENDIX

Appendix 1:

Text of Agreement on Strategic Partnership between the Republic of India and the Islamic Republic of Afghanistan

October 04, 2011

The Islamic Republic of Afghanistan and the Republic of India, hereinafter referred to as "the Sides",

RECOGNISING the time-tested and friendly relationship between the two countries, underpinned by historical and cultural ties;

EMPHASISING the fundamental and lasting importance of the Treaty of Friendship between the Government of India and the Royal Government of Afghanistan of 4 January 1950, and subsequent Agreements and Joint Statements;

PROCEEDING from a desire to further strengthen their traditional and historical ties to mutual benefit;

DRAWING upon their rich and fruitful tradition of cooperation in various fields since the establishment of their diplomatic relations;

CONVINCED that the further comprehensive development of their bilateral ties would promote progress and prosperity in both states and the region as a whole;

APPRECIATING the significant expansion of bilateral ties between the two countries and, in this context, the sincere and generous assistance that the Republic of India has provided to the Islamic Republic of Afghanistan over the past ten years;

SEEKING to impart a long term commitment to their multifaceted bilateral relations and to actively develop them in political, development, economic, trade, scientific, technological, cultural and other fields in the years ahead;

CONFIRMING their adherence to the common ideals of peace, democracy, rule of law, non-violence, human rights and fundamental freedoms;

REAFFIRMING their commitment to international law, including to the purposes and principles of the United Nations Charter;

Hereby proclaim the establishment of relations of Strategic Partnership, as laid out in the following paragraphs:

GENERAL PRINCIPLES

1. This Agreement, based on mutual understanding and long term trust between the Sides, envisages the elevation of the multifaceted ties between the two countries to higher levels, both in the bilateral field and in the international arena.

2. The Strategic Partnership between the Sides is based upon the principles of sovereignty, equality and territorial integrity of States, non-interference in their internal affairs, mutual respect and mutual benefit.

3. The Strategic Partnership between the Sides is not directed against any other State or group of States.

POLITICAL & SECURITY COOPERATION

1. The Sides agree to engage in close political cooperation and, in this respect, establish a mechanism for regular bilateral political and Foreign Office Consultations. Political consultations will be led by Foreign Ministries of both countries and include summit level consultations convened at least once a year.

2. The Sides agree to consult and cooperate at the United Nations and other international, regional and multilateral fora. Such cooperation is to be aimed at influencing decision-making in these fora in the interest of both countries. Cooperation at the UN and multilateral fora would include:

- (a) Joint initiatives on key regional and international issues;
- (b) Support for the reform and expansion of the United Nations Security Council, including a permanent seat for India in the Council.

3. The Sides agree to establish a Strategic Dialogue to provide a framework for cooperation in the area of national security. The Dialogue will be led by NSAs and involve regular consultations with the aim of intensifying mutual efforts towards strengthening regional peace and security.

4. Security cooperation between the Sides is intended to help enhance their respective and mutual efforts in the fight against international terrorism, organized crime, illegal trafficking in narcotics, money laundering and so on.

5. India agrees to assist, as mutually determined, in the training, equipping and capacity building programmes for Afghan National Security Forces.

TRADE & ECONOMIC COOPERATION

1. The Sides commit to strengthening trade, economic, scientific and technological cooperation, as well as cooperation between other bodies of business and industry representatives, with a view to expanding trade and economic relations.

2. In the interest of Afghanistan's sustainable development, and furthering economic interdependence between the two countries, the Sides commit to deepening and diversifying cooperation in sectors such as agriculture, rural development, mining, industry, energy, information technology, communications, transport, including civil aviation, and any other areas that the Sides may agree on.

3. The Sides agree to take effective measures to create a favourable environment to promote trade and investment. The measures shall include, among others:

- (a) Enhancing investment protection;
- (b) Simplifying customs and other procedures and promoting the removal of non-tariff barriers, and gradually lowering tariff barriers;
- (c) Working towards the creation of air-cargo facilities for promotion of commercial exchanges;
- (d) Cooperating in the areas of banking and finance, and improving credit and insurance facilities and;
- (e) Enhancing cooperation and coordination at international trade, economic and financial bodies.

4. To achieve a sustained expansion of bilateral trade and economic ties with a long term perspective, the Sides will establish effective mechanisms for interaction between Indian and Afghan entities. Specific measures will include:

- (a) Encouraging contacts between regions/provinces in both countries with a view to promoting trade, economic and cultural cooperation;
- (b) Mandating the relevant bodies of both countries to jointly explore the possibilities of regional trading arrangements with third countries;
- (c) Further enhancing the quality and international competitiveness of their goods by promoting cooperation between the institutions of quality assurance and standardization, and on new technologies; and
- (d) Encouraging greater cooperation between the Chambers of Commerce and Industries of both countries.

5. Recognizing that regional economic cooperation is vital to the future economic prosperity of individual nations, the Sides agree to cooperate, both bilaterally and through regional organizations in promoting regional economic cooperation. Regional economic cooperation shall:

- (a) Envisage assisting Afghanistan emerge as a trade, transportation and energy hub connecting Central and South Asia and enabling free and more unfettered transport and transit linkages;
- (b) Focus on development of regional infrastructure projects;
- (c) Help facilitate the integration of the Afghan economy within the South Asian and global economies by opening markets for Afghan and Indian products for mutual benefit; and
- (d) Strengthen regional cooperation under SAARC, of which both sides are members.

CAPACITY DEVELOPMENT AND EDUCATION

1. In the interest of Afghanistan's long-term, sustainable development, and building on the existing generous aid programme offered by India to Afghanistan, India commits to continue its assistance to the development and capacity building efforts in Afghanistan.

- (a) Cooperation will, among other areas of focus, concentrate on the agriculture, mining and health sectors, reflecting Afghanistan's priorities; and
- (b) India further commits to expand ongoing Small Development Projects (SDPs) for grass-root level development in the remote and rural areas.

2. The Sides agree to establish institutional linkages between their respective governments by encouraging cooperation between Ministries/agencies of the two sides. India offers the experience of its own institutional, administrative, political and economic systems as references that Afghanistan can study and benefit from in the light of its own needs and realities.

3. As part of its highly successful annual scholarship programme, and the broader strategy of support to higher education for Afghanistan, India will continue to expand education and training opportunities in India through the ICCR and ITEC scholarships, and multilateral-funded programmes.

- (a) Responding to the requirements of Afghanistan, India will explore avenues to expand scholarships in medical, engineering and management institutes of India; and
- (b) The Sides will also encourage and facilitate annual student exchange programmes at the school and university levels.

4. As part of its capacity building support for the Afghan government, India will continue and expand technical, training and other capacity building support to the various departments in the three branches of government, including the Executive, Judiciary and the Parliament.

5. In response to Afghanistan's need to strengthen its administration and governance at national and sub-national levels, India offers its experience of governance at the national, state, district and local body levels, and technical assistance in setting up a permanent, career-based civil service suitable for Afghan realities.

SOCIAL, CULTURAL, CIVIL SOCIETY & PEOPLE-TO-PEOPLE RELATIONS

1. In pursuit of further expanding the existing people-to-people bonds that exist between the two countries, the Sides envisage greater exchanges between parliament, media, women, youth, sports, academic, cultural, intellectual and religious figures and bodies.
2. Through the India-Afghanistan Foundation, the Sides will seek to promote social and cultural ties, with a focus on arts, literature, poetry and so on, and further expand the exposure to each others' cultural heritage and achievements.
3. The Sides will encourage and promote greater exchanges between media organizations in their respective countries, within the framework of an independent and free media.
4. Both Sides will work for the upliftment of women, their education and rights, and also for the poorer or weaker sections of their societies.
5. To encourage and expand interaction and legitimate movement of people between the two countries, the Sides agree to simplifying rules and procedures for travel by citizens of both countries. The Sides intend to:
 - (a) Promote tourist exchanges and cooperation between tourist organizations in both countries; and
 - (b) Encourage sister-city agreements between the cities/provinces/states of the two countries.
6. To facilitate legal cases involving nationals of one country in the other, the Sides will work towards agreements on mutual legal assistance in civil and criminal matters.
7. To promote relations between civil societies and, in particular, enable intellectual exchanges, the Sides intend to establish India-Afghanistan Round Table consisting of eminent persons representing different fields.
8. Both Sides agree to promote cooperation and exchanges in the field of sports.
9. Both sides agree to share and learn from each others' experience of the values and institutions of democracy, including the sharing, distribution and devolution of powers, relations between the Centre and States/Provinces, electoral reforms etc.
10. The Sides agree to establish parliament-to-parliament exchanges between the two countries by organizing visits of parliamentary delegations and establishing parliamentary friendship groups in the two countries.

IMPLEMENTATION MECHANISM

1. This Strategic Partnership would be implemented under the framework of a Partnership Council, which will be headed by the Foreign Ministers of both countries. The Council will convene annual meetings.
2. The Council will consist of separate Joint Working Groups on Political & Security Consultations, Trade and Economic Cooperation, Capacity Development & Education, and Social, Cultural and Civil Society, involving high level representatives from concerned Ministries/Authorities.
3. The existing dialogue mechanisms between the two sides will become part of the Council.

CONCLUSION

The Islamic Republic of Afghanistan and the Republic of India go forward in this partnership, re-asserting the fundamental and lasting spirit of the Treaty of Friendship between the Government of India and the Royal Government of Afghanistan of 04 January 1950, which states: "There shall be everlasting peace and friendship between the two Governments who will further strive to maintain and strengthen the cordial relations existing between the people of their respective countries."

Signed on the 4th October 2011 at New Delhi in four originals, each in Hindi, Pashto, Dari and English languages. However, in case of any discrepancy in the text or difference in interpretation, the English text shall prevail.

(Manmohan Singh)
Prime Minister
Republic of India

(Hamid Karzai)
President
Islamic Republic of Afghanistan

Appendix 2:

Preferential Trade Agreement between the Republic Of India and the Transitional Islamic State of Afghanistan

Preamble

The Government of the Republic of India and The Transitional Islamic State of Afghanistan, (hereinafter referred to as the "Contracting Parties"),

CONSIDERING that the expansion of their domestic markets, through economic integration, is a vital prerequisite for accelerating their processes of economic development.

BEARING in mind the desire to promote mutually beneficial bilateral trade.

CONVINCED of the need to establish and promote free trade for strengthening intra-regional economic cooperation and the development of national economies.

FURTHER RECOGNISING that progressive reductions and elimination of obstacles to bilateral trade through a bilateral preferential trading arrangement (hereinafter referred to as "The Agreement") would contribute to the expansion of world trade.

HAVE agreed as follows:

Article I

Objectives

1. The Contracting Parties shall establish a Preferential Trading Arrangement in accordance with the provisions of this Agreement.
2. The objectives of this Agreement are:
 - i. To promote through the expansion of trade the harmonious development of the economic relations between India and Afghanistan.
 - ii. To provide fair conditions of competition for trade between India and Afghanistan.
 - iii. In the implementation of this Agreement the Contracting Parties shall pay due regard to the principle of reciprocity.
 - iv. To contribute in this way, by the removal of barriers to trade, to the harmonious development and expansion of world trade.

Article II

Definitions

For the purpose of this agreement:

1. **"Tariffs"** means basic customs duties included in the national schedules of the Contracting Parties;
2. **"Products"** means all products including manufactures and commodities in their raw, semi-processed and processed forms.
3. **"Preferential Treatment"** means any concession or privilege granted under this Agreement by a Contracting Party through the progressive reduction and/or elimination of tariffs on the movement of goods.
4. **"The Committee"** means the Joint committee referred to in Article XI.
5. **"Serious injury"** means significant damage to domestic producers, of like or similar products resulting from a substantial increase of preferential imports in situations which cause substantial losses in terms of earnings, production or employment unsustainable in the short term. The examination of the impact on the domestic industry concerned shall also include an evaluation of other relevant economic factors and indices having a bearing on the state of the domestic industry of that product.
6. **"Threat of serious injury"** means a situation in which a substantial increase of preferential imports is of a nature so as to cause "Serious injury" to domestic producers, and that such injury, although not yet existing is clearly imminent. A determination of threat of serious injury shall be based on facts and not on mere allegation, conjecture, or remote or hypothetical possibility.
7. **"Critical circumstances"** means the emergence of an exceptional situation where massive preferential imports are causing or threatening to cause "serious injury" difficult to repair and which calls for immediate action.

Article III

Elimination of Tariffs

The Contracting Parties hereby agree to establish a Preferential Trading Arrangement for the purpose of free movement of goods between their countries through reduction of tariffs on the movement of goods in accordance with the provisions of Annexures A & B which shall form an integral part of this Agreement.

Article IV

General Exceptions

Nothing in this Agreement shall prevent any Contracting Party from taking action and adopting measures, which it considers necessary for the protection of its national security, the protection of public morals, the protection of human, animal or plant life and health, those relating to importation or exportation of gold and silver, the conservation of exhaustible natural resources and the protection of national treasures of artistic, historic and archaeological value.

Article V

National Treatment

Both Contracting Parties agree to accord to each others products imported into their territory, treatment no less favourable than that accorded to like domestic products in respect of

internal taxation and in respect of all other domestic laws and regulations affecting their sale, purchase, transportation, distribution or use.

Article VI

State Trading Enterprises

1. Nothing in this Agreement shall be construed to prevent a Contracting Party from maintaining or establishing a state trading enterprise.
2. Each Contracting Party shall ensure that any state enterprise that it maintains or establishes acts in a manner that is not inconsistent with the obligations of the Contracting Parties, under this Agreement and accords non-discriminatory treatment in the import from and export to the other Contracting Party.

Article VII

Rules of Origin

1. Products covered by the provisions of this Agreement shall be eligible for preferential treatment provided they satisfy the Rules of Origin as set out in Annexure C to this Agreement which shall form an integral part of this Agreement.
2. For the development of specific sectors of the industry of either Contracting Party, lower value addition norms for the products manufactured or produced by those sectors may be considered through mutual negotiations.

Article VIII

Safeguard Measures

1. If any product, which is the subject of preferential treatment under this Agreement, is imported into the territory of a Contracting Party in such a manner or in such quantities as to cause or threaten to cause, serious injury in the importing Contracting Party, the importing Contracting Party may, with prior consultations except in critical circumstances, suspend provisionally without discrimination the preferential treatment accorded under the Agreement.
2. When action has been taken by either Contracting Party in terms of paragraph 1 of this Article, it shall simultaneously notify the other Contracting Party and the Joint Committee established in terms of Article XI. The Committee shall enter into consultations with the concerned Contracting Party and endeavor to reach mutually acceptable agreement to remedy the situation. Should the consultations in the Committee fail to resolve the issue within sixty days, the party affected by such action shall have the right to withdraw the preferential treatment.

Article IX

Domestic Legislation

1. The Contracting Parties shall be free to apply their domestic legislation to restrict imports, in cases where prices are influenced by unfair trade practices including subsidies or dumping.
2. The contracting parties undertake to notify at the earliest opportunity, through the competent bodies, of the opening of investigations and preliminary and final conclusions regarding such unfair trade practices that affect reciprocal trade.

Article X

Balance of Payment Measures

1. Notwithstanding the provisions of this Agreement, any Contracting Party facing balance of payments difficulties may suspend provisionally the preferential treatment as to the quantity and value of merchandise permitted to be imported under the Agreement. When such action has taken place, the Contracting Party, which initiates such action shall simultaneously notify the other Contracting Party.
2. Any Contracting Party, which takes action according to paragraph 1 of this Article, shall afford, upon request from the other Contracting Party, adequate opportunities for consultations with a view to preserving the stability of the preferential treatment provided under this Agreement.

Article XI

Joint Committee

1. A Joint Committee shall be established at Ministerial level. The Committee shall meet at least once a year to review the progress made in the implementation of this Agreement and to ensure that benefits of trade expansion emanating from this Agreement accrue to both Contracting Parties equitably. The Committee may set up Sub-Committees and/or Working Groups as considered necessary.
2. In order to facilitate cooperation in customs matters, the Contracting Parties agree to establish a Working Group on Customs related issues including harmonisation of tariff headings. The Working Group shall meet as often as required and shall report to the Committee on its deliberations.
3. The Committee shall accord adequate opportunities for consultation on representations made by any Contracting Party with respect to any matter affecting the Implementation of the Agreement. The Committee shall adopt appropriate measures for settling any matter arising from such representations within 6 months of the representation being made. Each Contracting Party shall implement such measures immediately.
4. The Committee shall nominate one apex chamber of trade and industry in each country as the nodal chamber to represent the views of the trade and industry on matters relating to this Agreement.

Article XII

Consultations

1. Each Contracting Party shall accord sympathetic consideration to and shall afford adequate opportunity for, consultations regarding such representations as may be made by the other Contracting Party with respect to any matter affecting the operation of this Agreement.
2. The Committee may meet at the request of a Contracting Party to consider any matter for which it has not been possible to find a satisfactory solution through consultations under paragraph 1 above.

Article XIII

Settlement of Disputes

1. Any dispute that may arise between commercial entities of the Contracting Parties shall be referred for amicable settlement to the nodal apex chambers. Such references shall, as far as possible, be settled through mutual consultations by the Chambers. In the event of an amicable solution not being found, the matter shall be referred to an Arbitral Tribunal for a binding decision. The Tribunal shall be constituted by the Joint Committee in consultation with the relevant Arbitration Bodies in the two countries.
2. Any dispute between the Contracting Parties regarding the interpretation and application of the provisions of this Agreement or any instrument adopted within its framework shall be amicably settled through negotiations failing which a notification may be made to the Committee by any one of the Contracting Parties.

Article XIV

Duration and Termination of Agreement

This Agreement shall remain in force until either Contracting Party terminates this Agreement by giving six months written notice to the other of its intention to terminate the Agreement.

Article XV

Amendments

1. The Agreement may be modified or amended through mutual agreement of the Contracting Parties. Proposals for such modifications or amendments shall be submitted to the Joint Committee and upon acceptance by the Joint Committee, shall be approved in accordance with the applicable legal procedures of each Contracting Party. Such modifications or amendments shall become effective when confirmed through an exchange of diplomatic notes and shall constitute an integral part of the Agreement.
2. Provided however that in emergency situations, proposals for modifications may be considered by the Contracting parties and if agreed, given effect to through an exchange of diplomatic notes.

Article XVI

(Annexures)

The list of items covered under preferential tariff by the Government of Afghanistan is at Annexure - A and the list of items covered under preferential tariff by the Government of India is at Annexure-B which are integral parts of this Agreement.

Article XVII

Entry into Force

1. The Agreement shall enter into force on the thirtieth day after the Contracting Parties hereto have notified each other that their respective constitutional requirements and procedures have been completed.
2. In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.
3. **Signed at New Delhi on the 6th day of March 2003** in two originals each in Hindi, Dari and English languages, all of them being equally authentic. In case of any divergence in interpretation, the English Text shall prevail.

(Arun Jaitley)

Minister of Commerce and Industry
Government of the Republic of India

(Sayed Mustafa Kazemi)

Minister of Commerce
Transitional Islamic State of Afghanistan

Source: http://commerce.nic.in/india_afghan.htm (Accessed on July 14 2012).