COMPLEX INTERDEPENDENCE AND NATIONAL RESPONSES IN SOUTH ASIA

Dissertation submitted to the
Jawaharlal Nehru University in partial fulfilment of
the requirements for the award of the degree of

Master of Philosophy

MANOJ. R

Center for International Politics,
Organisation and Disarmament
School of International Studies
Jawaharlal Nehru University
New Delhi - 110 067
INDIA

1999

21 July 1999

CERTIFICATE

This is to certify that the dissertation entitled **Complex Interdependence and National Responses in South Asia** submitted by Manoj. R in partial fulfillment of the requirements for the award of the degree of **Master of Philosophy** of this University, is his original work. This dissertation has not been submitted for any other degree of this or any other University.

We recommend that this dissertation be placed before the examiner for evaluation.

Dr. Amitabh Mattoo
Chairperson

Prof. Sushil Kumar
Supervisor

Manoj. R
Student

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ACKNOWLEDGEMENT

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Chapter - I

Theoretical Study of Complex Interdependence

The international system today is facing a complex dynamical shift in the perspective of analysing and accommodating the surge of new actors, which are trying to assert their influence. Many of the underlying structures are being subjected to theoretical reconstruction. The post-war international system has seen the birth of many new nation-states. But the growth of Multinational corporations, the emergence of a wide variety of other types of non-governmental associations with transnational memberships, the proliferation of supranational organizations, the surfacing of increasingly articulate and unified sub-national groups demanding greater autonomy, the widening appreciation of the limits to economic growth and deterioration of the international monetary system have converged in the recent years to doubt on the ability of nation states to command the loyalties and solve the problems of their citizens. This pertinent question in the post cold war international system has been the center of a theoretical debate.

This has been debated in the works of Hayward R. Alker Jr., Linchon P. Bloomfield and Nazli Chocicri in Analysing Global Interdependence (Cambridge, Mass center for international studies, MIT, 1974.) where the authors discuss the decreasing scope of the nation-state to cater to the needs of its citizens by the increasing inter-linkage between the multifarious global actors to the state. Rajani Kothari in Footsteps Into The Future: Diagnosis of

The Present World and A Design For An Alternative (Newyork: Free Press, 1974) discuss the need for a radical "stocktaking" of the increasing complexities and to build a system with a "vision" for the state to assert itself as an actor. Robert O. Keohane and Joseph S. Nye as in Transnational Relations and World Politics (Cambridge, Harvard University Press, 1972) and Power and Interdependence: World Politics in Transition. (Little Brown, Boston, 1977) have come about with an alternative model of "complex interdependence" which takes into consideration, the complexities of the international order and urges the state to take maximum benefit from the same for peace. Some of the other works are by Mark E. Denham and Mark Owen Lombai (Eds.) Perspective of Third World Sovereignty: A Postmodern Paradox (Newyork, St. Martins Press, 1996) Martin Albrow in The Global Age: State and Sovereignty Beyond Modernity. (London, Polity Press, 1996).

The European Prince's declaration of state sovereignty at the peace of Westphalia (1648) made many theorists concluded that the world politics could be characterized as an anarchical, state-centric system. Hans Morganthau and Kenneth Waltz, both of the realist schools of thought, used state sovereignty to characterize international relations as power politics. Morganthau claimed that sovereign states, "are supreme within their

territories with no superior above them..."[1]. In this system states are lone autonomous actors which need to cultivate power to maintain order and sovereignty.

For centuries states have remained primary actors of the world system. State diplomats carried out most international interactions and dictated the course of world affairs.[2] But, with tremendous improvements in both telecommunications and transport, new associations have established around the globe. People with common interests, heritage, culture and beliefs are interacting as never before. This idea is reflected in the works of Bruce Rich, "Mortgaging the Earth", (Boston, MA: Beacon Press), 1994, Jessica Matthew's, "The Age of New State Actor", Foreign Affairs, (January/February 1997), Werner Feld, Robert Jordan and Leon Hurwitz, eds., 'International Organizations', 3rd edition (Westport, Praeges Publishers), 1994 and Segour Brown, 'New Forces Old Force and the Future of World Politics: Post Cold War Edition', (New York, Harper Collins), 1995. Non-Governmental Organizations (NGOs), Multinational Corporations (MNCs) and treaty organizations (SAARC, EU, ASEAN etc.) have formed because of the technological revolution.

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[1] . Hans J. Morganthau, *Politics Among Nations*, (Newyork, 1985), p. 431.

[2] . http://www. Complexinterdependence.com.

VIEW POINTS ON THE SURGE OF NEW ACTORS

The theoretical underpinning of these debates can be broadly classified into three categories on the basis of how they view the impact of increasing interconnectedness on the nation-state. Firstly, there are analysts who employ a frame work in which the nation state continue to be viewed as the prime international actor and the basis for the world's political organization, with all other actors essentially subordinated to the requirements of the nation state system.

Those who adhere to this perspective acknowledge that nations are increasingly interconnected and that they increasingly interpenetrate each other and in the process supranational organizations have gained importance.

Secondly, are those who opine that the increasing interconnectedness which has come about due to the playing field of these actors, have supplemented the nation state in their functioning rather than supplanting them.

Thirdly, at the other extreme are those analysts who perceive the redundance of nation state as becoming obsolete to cope with the influence of the new actors. These analysts opine that, "international politics would

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become the politics of world society and seize to be politics among nations."[3]

The nation states are thus knit into a complex web of interconnectedness or interlinkage in their scope of functioning. This has been phrased as "interdependence".

INTERDEPENDENCE A THEORETICAL FRAMEWORK:

Thus the most singular phenomenon, i.e. interdependence, arising out of the influences of a plethora of new actors has brought about a need to redefine theories. The concept of interdependence has been defined by many but a comprehensive definition about the same is yet to be evolved. Oran Young defines interdependence as, "the extent to which events occurring in any given component unit of the world system affect.... events taking place in each of the other part or component unit of the system."[4] R. J. B. Jones has defined interdependence as a "system which exists when two or more

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[3] . Rosenau N. James, *The Study of Global Interdependence: Essays on Transnationalization of World Affairs*, (London, 1980), p. 62.

[4] R. J. B. Jones and Willets, *Interdependence on Trail: Studies in Theory and Reality in Contemporary Interdependence*, (London, 1984), p. 17.

actors depend on each other for satisfactory outcomes on any issue of concern."[5]

DEFITIONAL PROBLEMATIC:

Interdependence found its theoretical and political disposition in the late 1960's and early 1970's as a counter to adversarial conception of North South relations with an approach which stressed on the basic mutuality of interest among all groups of societies within the contemporary international system. The present day world order is witnessing a shrinking of the gap between domestic and international politics in the cause of such a movement, domestic and international politics are getting intertwined and raising above state boundaries. "In the process states are getting self regulatory and attempts to reorient national decision making processes."[6]

But the definition of interdependence has lead to intense theoretical and conceptual debates. The basic difference stems from the actor-based conception and the holistic conception of interdependence.

The literature reveals a basic difference between those who define interdependence in terms of those connections between societies that reveal themselves in covariance of economic conditions and indicates, and those

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[5] . Ibid. p. 10.

[6] . Caroline Thomas and Peter Wilkin (eds.), *Globalization and the South,* (London, 1997), p. 21.

who would in clear contrast, identify interdependence as a condition of serious mutual dependence between two or more societies. The international political economy of the world system has never been so closely linked than before the reasons are the surge of a plethora of actors primarily technology based. The national economies of most third world states are faced by the twin edge of continuous exposure to the repressive onslaught of thee international economy even after remedial measures are taken up economies are not able to protect the home and infant industries. Thus the politics of the third world states have become increasingly sensitive and vulnerable. In the words of R. J. B. Jones, "The definition of interdependence as international and transnational interconnectedness suffers from a number of short coming."[7] Examples of sensitivity and vulnerability of an economy can be seen in most of the third world states like Latin America, Africa and Asia where Transnational Corporations (TNCs) controls large segments of their economies. Transnational Corporations are now said to control about 40% of industrial production of developing countries, and between 50% and 95% of their foreign trade depending on the commodity; for instance, 50%-60% of sugar and phosphates 70-75% of rubber and crude oil; 75-80% of tin, 85-

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[7]. R. J. B. Jones, Globalization and Interdependence in International Political Economy, (London, 1995), pp. 53-54.

90% of cocoa, tea, coffee, tobacco, wheat, cotton, jute, timber and copper; 90-95% of iron ore and bauxite.[8]

The concept of "sensitivity" and "vulnerability" was distinguished effectively in the seminal work of Keohane and Joseph Nye in Power and Interdependence: World Politics in Transition. Sensitivity is according to them, that phenomenon which is essentially short term, and it is the exposure of an economy to externally induced costs before there has been time and opportunity to initiate remedial policies.[9] Where as vulnerability being the continued exposure of externally induced cost even after remedial policies have been sought or implemented.[10]

When a term is afflicted by diversity, and even confusions in usage, some robust conceptual ground clearing is usually warranted. One of the most important issues concerning the definition of interdependence cannot, however, be disposed off as neatly as that of integration. One of the most intractable issues with recent literature has been the controversy between those who define interdependence as 'mutual dependence' and those who view it in terms of close 'interconnectedness' or 'interlinkage' between

[8]. Report on, *Multinational Corporations and World Development*, (New York, 1993), pp. 75-78.

[9]. Robert Keohane and Joseph Nye, *Power & Interdependence: World Politics in Transition*, pp. 52-53.

[10]. Ibid, pp. 83-84.

societies. Mutual dependence and interconnectedness are not however always associated. Many patterns of interconnectedness cannot be equated with real dependence without serious departure from any normal interpretation of the latter term. For example, the world market for used postage stamps may be highly interconnected across national frontiers without implying any serious dependence for any of the involved societies.

Thus the ideas contributed to the characteristics of interdependence are many. But in a process to quantify and measure it would be impossible to have a definition of interdependence, which does not involve cost. Interdependence can be explained as that process which is present in those societies which are interconnected and mutually dependent and thus interlinkage is brought about by increasing cost involved in their complex relationship.

Rhetorical uses of "interdependence" frequently carry high positive and egalitarian overt ones. Interdependence is taken to be a characteristic of mutually beneficial relationships. In some cases, however, an interdependent relationship may have such negative consequence that both parties would be quite happy to cease contact with one another entirely, forgoing any benefits

that contact might bring.[11] A tense and rapidly escalating arms race

constitute an example of negative interdependence of this type. Yet even

within relationships that are beneficial to all parties involved,

interdependence may be highly asymmetrical: one actor may depend on

another to a much greater extent that applies vice-versa.

Such asymmetries are quite common in contemporary world politics,

particularly between developed and less-developed countries, or between

thee USA and most other states. Asymmetry is politically important. Being

less dependant than other actors in an interdependent system can be an

important source of power.[12]

COMPLEX INTERDEPENDENCE:

Following the trend set by eminent sociologist Max Weber; Keohane

and Nye developed the ideal type model of interdependence. An ideal type is

a model constructed as an analytical tool by distilling the most essential

components of the phenomenon under study. It defines an extreme set of

conditions, which does not exist in reality. A way common example, which

[11] . Haglun. D and M. Hawes, (eds.), *World Politics:Power. Interdependence and Dependence*, (Toronto, 1990), pp. 3-4.

[12] . R. J. B. Jones, *The Worlds of Political Economy*, London, 1988, pp. 25-26.

would serve to clarify this meaning, is the model of perfect competition in economics.

It can be seen that in the post cold war era transnational linkages have become a part of the interdependent world. Military alliances have become entangling and permanent. Private citizens are increasingly participating in intercultural experiences and energy resources being transferred across the border. Former Secretary of State, Henry .A. Kissinger remarked, "We are stranded between old conceptions of political conduct and a wholly new conception, between the inadequacy of the nation-state and the emerging imperative global order."[13]

As an analytical perspective interdependence challenges some of the basic assumptions of political realism and the construct for the ideal type of complex interdependence are as follows:

1. It challenges the assumption that nation states are the only important actors in world politics. MNCs and TNCs are examples of other actors that "are important not only because of their activities in pursuit of their own interests, but also because they act as transmission belts, making government policies in various

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[13] . Jackson H. Robert and James Allen (eds.), *States in a Changing World: A Contemporary Anaylsis,* (Oxford, 1993), p. 156.

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countries more sensitive to one another."[14] This implies that multiple channels connect societies, inducing informal ties between governmental elite, as well as formal non-governmental elite, and transnational organizations.

2. Under conditions of complex interdependence, foreign policy agendas necessarily become "larger and more diverse"[15] because a broaden range of "governmental policies",[16] even those considered previously merely domestic, impinge to one another. This means that there is an absence of clear hierarchy of issue.

3. "Intense relationship of mutual relationship exists between these countries but in most of them force is irrelevant or unimportant as an instrument of policy"[17] i.e, military force becomes costlier to use and this is not used.

Under complex interdependence congruence is less likely to occur. In other words, militarily and economically strong states, by using their overall dominance, cannot prevail on their weak issues. As military force is

[14] . Keohane and Nye, n. 7., p. 8.

[15] . Ibid, p. 112.

[16] . Ibid, p. 113.

[17] . Ibid, p. 116.

devalued, military powers will find it difficult to use their overall power to control outcomes on issues in which they are weak. As linkages become difficult, there will be a tendency to the reduction of international hierarchy.

This ideal type of complex interdependence does not exist in reality. Yet it is a pointer to the peace potential of the phenomenon of interdependence as it acquires even higher levels of scope and complexity. An interwoven network of communication channels and the downgrading of the utility of military force are essential ingredients to a non-violent and peaceful world.

THE SOUTH ASIAN MILEU:

Coming to the main theme of this dissertation i.e, complex interdependence and South Asia, one is confronted by a plethora of questions. For an enhanced discussion about the same the South Asian environment is its regional politics per se has to be looked into.

The end of the cold war terminated the rivalry between the USA and former USSR and their allies in Europe. By extension, it terminated US-Soviet rivalries in other regions. In some cases this had led to regional peace, in some it has mitigated regional conflict. However, there are regions that, though not unaffected by US-Soviet changes, have become more conflictual for example, the Balkans on whose basic pattern of conflict has remained

substantially intact. South Asia belongs to the last category of regions. At the core of the regions' troubles is the Indo-Pak quarrel that seemingly has come full circle since the 1950s and 1960s to rest on Kashmir. The growth of military power in the region has meant not just greater capacity to coerce, deter and defend, but also the increasing realization of the 'cost of war'. South Asia is poised between danger and opportunity.[18]

INTERDEPENDENCE IN SOUTH ASIA:

South Asia does not feature high levels of intra-regional economic interdependence for instance, only about 2% of South Asia's total trade are conducted with the region. But South Asia is a perfect example of closely-knit interdependent region more than many of the third world states. Interdependence in South Asia can be seen in the environmental sphere, in the sphere of linkage with respect to stance taken in proliferation regime per se which could be counted as linkage interdependence.

Environmentally, South Asia is a interdependence unit with shared hydrological systems and common mountain ranges and sources of opportunities and constraint South Asia is probably unique in that its pattern of environmental interdependence are not "cross cutting" but "cumulative." For instance it is different from the Middle East, where, on a crucial

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[18] . Kanti P. Bajpai and Stephen P. Cohen, *South Asia after the Cold War*, (Oxford, 1994), p. 4.

resources such as water, all disputes and possibilities do not center on any one actor.

Another striking feature of South Asia is the commonality of the region's problem with respect to its constituent states. South Asia ranks as one of the poorest regions in the world. As of 1997 the total population of the region was 1,289 million, its annual growth rate is only 4.8% and in terms of its GNP per capita the annual growth rate is only 2.9%. The prevalence of mal nutrition of children below the age of five is 48%. The mortality rate of children is 63%. Adult illiteracy is around 48%. In spite of such appalling condition the governmental expenditure on health, education, social welfare and security remains below 20%. This condition is worsened with its external debt amounted to $ 152,098 millions as on 1996. The socio-economic conditions of all the South Asian states are alike. Even political events in one state affect the others. The complex interdependence among South Asia states is intricate, happenings in one state affects the neighbor. Gunnar Myrdal in his book Asian Drama in 1960 observed that, "South Asia countries display enough similarities in basic conditions to make comparisons rewarding for the analysis of the main casual relations."[19]

[19]. Gunnar Myrdal, *Asian Drama*, 1960, p. 107.

The main responses of South Asia states with respect to complex interdependence have been confrontationalist with respect to national security, trade, aid and cooperation. This dissertation is an attempt to study the national responses of South Asia states towards complex interdependence. The study is divided with respect to the main contentions issues which face South Asia and how some form of cooperation can be brought about in this region which is poised between danger and opportunity.

Chapter - II

National Security Concerns of South Asian States

The constituent states of South Asia were liberated from the yoke of colonialism in mid 20th century. The roots of commonality with respect to culture, history, race and social movements are still prevalent. But in spite of commonalties the states have been interlocked in a bitter confrontationalist postures. This has been mainly with respect to issues concerning National Security. In the Cold War context, international security studies concentrated primarily on the concept of National Security, which was defined in terms of power, and security. During this period the question of National Security was defined only in relation to external threat to state security. In the latter years of cold war, however, this narrow focus and the pragmatic limitations in the conventional approach to national security came under intense questioning. The end of the cold war created a fertile ground for a broad reformulation of the concept of security. Many new neglected, if not ignored categories of National Security, such as the security of the individual, the society; other human collectives based on non-state collective identities acquired importance in the post-cold war discourse on security.

In this study of national security concerns of South Asian states, the threats and vulnerabilities to security of South Asian states would be the primal point of discussion. Some of the major threats that could be generalised to South Asian states are:

a. Threat of war.

b. Secessionist struggles associated with ethnonationalism.

c. Threat to individuals and social groups within the state.

d. Threat to the environmental balance of South Asia.

On the other hand a set group of issues can be seen similar to all the South Asian states that makes security vulnerable, they are:

a. Structural Vulnerabilities.

b. Low degree of national integration and problems of state formation.

c. Weak economies and economic underdevelopment

SOUTH ASIA AS A UNIT OF ANALYSIS:

A region as a unit of analysis in international relations has acquired increasing significance today. A set of patterned interaction, which is broader than bilateral level but narrower than the global system could properly be framed under the category of a region. Security or insecurity is not primarily characteristic of a single actor. Since security is relational, one cannot understand security of one given state without understanding the regional pattern of interdependence in which it is embedded. A system (defined by Kenneth Waltz) comprising of units, interaction and a structure

could be used at the regional context to understand patterned interaction in South Asia, system = units + interaction + structure.[1]

The transnational linkage of issues as well as the inability to grasp necessary aspects of many problems within the confines of national boundaries call for a regional approach to security and peace (An analytical category of a region, located in between an individual state and the global system, becomes important in this context where national issues are highly conditioned by the regional set-up). In one end of the spectrum South Asia is witness to the tumults changes in the region itself fashioned by the triumph of the world capital system. However the ferments of change are domestic in origin. The new shift in the arguments can be seen clearly in South Asia, there is, in other words, a 'retribalization of political process' as Rama S Melkote termed, under way, 'A host of indigenous force-ethnic, racial, religious, cultural and irrendetist - have challenged the frozen social order and are demanding a restructuring of the prevailing political constitutional arrangements'[2] These issues have got immediate stimuli from the changes in global politics.

One of the main aspects of the security problem in South Asia is the insecurity of the state. The principle element of national security in reality is

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[1]. Kenneth N. Waltz, *Theory of International Relations*, (Mass, 1979) p. 116.
[2]. D. D. Khanna, ed., *Sustainable Development Interface in South Asia,* (New Delhi, 1997), p. 82.

the security of the state. A state in Gramsci's words, 'is the entire complex of practical and theoretical activities with which the ruling class not only justifies and maintains its dominance but also manages to win the active consent of those over whom it rules'.[3] Thus the idea of the state based on its organisational ideology, which constitutes an important element of the state. According to Barry Buzan, 'State exists, or has its essence, primarily on the socio political rather than on the physical plain. In some most important sense, state is an idea more held in common by a groups of people, than it is is a physical organism. The state depends on a physical base, and past a certain point it cannot exist without it.'[4] As far as the internal dimension of security is concerned, the idea of the state is crucial factor that establishes legitimacy of the state in the minds of the people. But when there is a separatist or ethno-nationalistic movement, the state alienates them as the 'others' from the state.

Before a study of the fall-outs of insecurity, the question of the role of state has to be discussed. It has been seen that in South Asia the principle element of national security i.e. the state itself is seen as to be weak. 'The characteristics of a weak state are:

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[3]. Antonio Gramsci, *Selections From Prison Notebooks*, (London, 1976), p. 244.

[4]. Barry Buzan, *People, States and Fear- An Agenda for International Security Studies in the Post Cold War era*, (Boulder, 1991), pp. 63-64.

a. Major political conflict over the organising ideology of the state.

b. Lack of coherent national identity.

c. Lack of clear and observed hierarchy of political authority.

d. Conspicuous role of political police in every day lives of the people.

e. High level of political violence.'[5]

In terms of these features more or less all the states of South Asia fall within the category of weak states.

PROBLEM OF INSECURITY:

Even though insecurity of the state is central to understand many aspects of the security problem in South Asia, the totality of the problem could be understood only in relation to other sectors of security. Insecurity of a state relates to two aspects namely, threats and vulnerabilities. Therefore, strengthening of security involves two processes: seeking to reduce vulnerabilities and minimising threats.

A. STRUCTURAL VULNERABILITIES:

This is the first category of vulnerability arising from a certain characteristic of the regional state system. The two principled states in the

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[5]. Ibid.

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region, India and Pakistan were born locked into a complicated rivalry. The post-independence political leadership of both the countries had different and conflicting organising ideologies for their respective states and also different notions on the desirable regional order. The Indian National Congress opposition to the division of the sub continent on the basis of religion and Nehru's emphasis on the idea of secular state was considered directly antithetical to the rationale of the existence of Pakistan. In relation to the desirable regional order to quote Howard Wriggins, "both India and Pakistan were concerned about 'autonomy', but they had different conceptions of what - that implied. For Indian leaders, the autonomy of India required that the whole South Asian region be free of outside influence- an expansive conception of Indian autonomy. In contrast, autonomy for Pakistan required that India does not dominate Pakistan's freedom of action. That required seeking support from outside the region....unwilling to play under blither to elder brother India, Pakistan stressed the sovereign equality, of states despite difference in size or capacity."[6] On one hand, the historically arbitrary borders, lack of natural frontiers and territorial disputes between India and Pakistan further complicated the structural rivalries. On

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[6]. Howard Wriggins, "South Asia Regional Politics: Asymmetrical Balance on One State Dominance" in W. Howard Wriggins, F. Gregory Gause II., Terencce P. Lyons and Erelyn Colbert, (eds.), *Dynamics of Regional Politics: Four Systems on the Indian Ocean Rim*, (New York, 1992), p. 96.

the other hand, "structural weakness of the ruling classes in these states, rooted in the pattern of socio-economic change during the colonial rule, made them incapable of presenting a strong, non-sectarian organizing ideology of the state based on broad political ideals or a strong concept of nation cutting across ethnic boundaries."[7] They tended to present political ideologies to address only sectoral interests for their own narrow political advantage. Once in the healm of affairs, those sectoral ideologies got identified with the State.

In sum historical roots and legacies, the problem associated with the transfer of power and policies of the postcolonial political leadership accentuate structural vulnerabilities of the regional state system.

B. LOW DEGREE OF NATIONAL INTEGRATION AND PROBLEMS OF STATE FORMATION:

In the second category of vulnerabilities are those emanated from the low degree of national integration and problems of state formation. In view of the ethnic mosaic of the South Asia region, relationship between the nation and the state sets conditions for serious vulnerabilities. South Asia, like many other post-colonial states is "faced with complex ethnic and

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[7] . Gamini Keerwella, "Political Framework of Regional Conflict and Cooperation in Post Cold War South Asia" in D. D. Khanna, ed., *Sustainable Development: Environmental Security, Disarmament and Development Interface in South Asia,* (New Delhi, 1997), p. 83.

religious divisions and look to the state-nation process as their salvation. This may involve trying to obliterate existing identities in order to create a single nationality, or, more likely, adding a new layer of collective identity on top of existing ones"[8] Depending on the situation, nation-state link can be either a source of great strength or the weakest point in national security. In a situation where an ethnic group is alienated from the state, it can become a national security problem in its own right.

C.   WEAK   ECONOMIES   AND   ECONOMIC   UNDER DEVELOPMENT:

The third category of vulnerabilites can be linked to weak economies and economic under development. (See table 1)

TABLE - 1.
ECONOMIC INDICATORS IN SOUTH ASIA:

COUNTRIES	GNP per capita US $, 1997	External Debt (As % of GNP-1996)	Official Development Assistance (As % of GNP, 1996
Bangladesh	270	30	3.9
India	390	22	0.6
Maldives	260	56	19.4
Nepal	210	26	8.9
Pakistan	490	39	1.4
Sri Lanka	800	41	3.6
South Asia	390		1.1

Source: World Development Report 1998/99

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[8] . Barry Buzan, n. 4., p. 72.

South Asia populates more than 50% of the world's absolute poor. The major challenge that South Asia is destined to confront for sometime to come in how to grapple with the problems of under development. "More than half of the population in these countries suffer from malnutrition and live in absolute poverty, a large number of the poor are farmers and landless labourers, a great proportion of labour force are unemployed, a very large number of people are illiterate and live in bad conditions... more than two-third of the population live in rural areas and their livelihood depends on agriculture."[9]

The balance of payment problem and financial equilibrium between imports and exports are the key indicators in this regard. South Asia states are highly dependent on external sources for investment and to settle balance of payment problems. As a result these countries are very vulnerable to external economic pressures. Circumscribed by the structures of underdevelopment and dependency, the bargaining power of South Asia states vis-à-vis international financial agencies such as World Bank (WB) and International Monetary Fund (IMF) is low. The structural adjustment progamme(SAP) and conditionalities attached to aid and loans are reflective of this vulnerability in other words "There is much concern in this region

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[9] . Muzaffer Ahmed and Pk. Md. Matiur Rahman, *Macro Aspects of Poverty in SAARC Countries*, BIISS Journal, vol, 14(3), 1993, p. 289.

over the security implications of the implementation of 'structural adjustment package' of the World Bank and the IMF for both the state and society at economic and political levels".[10] The social and political implications of poverty in South Asia is reflective of the position in which the South Asia states stand with respect to trade, production and finance.

The basic premise of all analysis on national security studies revolves around the analysis of threats and vulnerabilities to a state. The vulnerabilities of all South Asia states have been discussed closely related to these vulnerabilities is a presence of a wide range of threats.

A. THREAT OF WAR:

"South Asia scales the chart of top arms importers in the Third World that engages the attention of world military powers toward a region which for their critical strategic purposes has receded to obscurity recently".[11] One of the major concerns of the conventional security problem is South Asia is the threat of war. India and Pakistan have gone into large-scale wars with each other three times since independence in addition to recurrent small skirmishes along their common borders. The Sino-Indian war of 1962

[10]. P. V. J. Jayasekera, "Sri Lanka's Security Problem" in Brian L. Job,ed., *The Insecurity Dilemma - National Security of Third World States*, (Boulder, 1992), p. 35.

[11]. Daruba Kumar, *Remaking South Asia: Major Trends and Imperatives*, BIISS Journal, vol. 13(3), July 1992, p. 323.

reminds that the threat of war in South Asia is wide ranged. It must be noted that the threat of war constitutes not only the conventional military aggression but also the proxy wars and the show of force without declaring war. But the conflict between India and Pakistan has led to a series of skirmishes and nuclearization of the sub-continent. "Conflict and rivalry between India and Pakistan has remained the core problem of inter state relations in South Asia since partition. Some of the old causes of dispute, such as division of assets and sharing of river waters have, indeed, been satisfactorily resolved, but others such as Kashmir have remained, and new issues of divergence, such as mutual allegations of interference in each other internal affairs, rivalry in arms build-up and nuclearization have cropped-up."[12] Even in the changed context of the post cold war era South Asia is still poised in danger as the threat of war still seems to be pertinent.

B. SECESSIONIST STRUGGLES ASSOCIATED WITH ETHNO NATIONALISM:

The secessionist struggles associated with ethno nationalism and other armed opposition to political institution and authority form the second category of threat. Almost all the states except Maldives, are confronted with such threats. This is not one sided. "Both state and anti-state are two sides of

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[12] . Shelton U. Kodikora, "Introduction", in Shelton U. Kodikora, ed., *South Asian Strategic Issues: Sri Lankan Perspective,* (New Delhi, 1990), p. 10.

the same vicious cycle of violence".[13] In Sri Lanka the bloody war related to separatist struggles for the Tamil Elam has been continuing for more than a decade. In India, vicissitudes of separatist struggles in Kashmir, Gorakhland, Punjab, Mizoland, Nagaland and Manipur have taken peirodic turns. Pakistan is not entirely free from separatist movements. Baluchi and pashtun movements seem to be dormant now, but the Sindhis demand for Sindhesh is a challenge to reckon with. In Bangladesh there are the Chakma rebels of the Chittagong Hill Tracts.

C. THREAT TO INDIVIDUALS AND SOCIAL GROUPS WITHIN THE STATE:

State is not the only reference object of security. Social Groups within the state and the individual themselves remain reference objects of security in their own right.

"The other political achievement of the enlightenment (of the State) is the concept of sovereign authority- the state's claim to monopoly over the use of force".[14] In the broaden sense, security is the pursuit of freedom from threat and fear. From the point of view of social and individual concerns, threats associated with poverty are crucially important. "The South Asia region has the highest number of absolute poor (over 400 million) whose

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[13] . Gamini Keerawela, n.7., p. 87.

income is not sufficient to provide them with even basic amenities of life as they thrive on the edge of survival."[15]

The freedom from the threat of hunger and starvation is the primary condition of security. In the context of pervasive poverty in South Asia, threat of deprivation of basic human needs is the major security concern for a vast majority of people. The broader political and statal implications of such threat need serious considerations. In the last analysis, poverty is a major source of instability and violence.

D. THREATS EMENATING FROM THE STATE AND ITS AGNECIES:

Threats emanating from the state and from state agencies need to be taken into account. From thee point of view of the individual citizen, the dual role of the state as the source of security and of threat is important to understand the contradictions between personal security and security of the state. "The overt role of the state as the depository of authority coercive capabilities and dispensations' and the extent to which the state becomes the source of threat depend on three factors:

1. The nature of the process of state building.

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[14] . Sushil Kumar, *Identity, Ethnicity, and Political Development: Some Reflections,* International Studies, vol. 35(3), July-Sept. 1998, p. 365.
[15] . Lakhan Lal Mehrotra, *Towards A South Asia Community,* (New Delhi, 1997), p. 225.

2. The type of domestic challenges that the particular state is faced with.

3. The legitimacy of the regime."[16]

Barry Buzan identifies four general categories of the threats emanating from the state: these arising from domestic law making and enforcement, those arising form direct administrative and political actions but the state against individuals and groups, those arising from the struggle over the control of state machinery, and those arising from the state's external security policies."[17]

E. <u>SECURITY RELATED TO ENVIRONMENTAL SECURITY:</u>

Another range of threat, which has emanated for national security is environmental, related threats. Environmental security concern maintenance of the local, regional and planetary biosphere as the essential support system on which other human enterprises depend. It is biosphere that provides mankind with the space in which they live, the materials that supply their needs, and conditions suitable for their life process. As Mohammed Kassas

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[16] . Gamini Keerawela, n. 13.

[17] . Shaukat Hassan, "Problems of Internal Stability in South Asia ", in Shelton U. Kodikora, ed., *External Compulsions of South Asian Politics,* (New Delhi, 1993), pp. 246-86.

explains "the biosphere is of finite dimension, all of it within human reach."[18]

As a continuum the environmental security is concerned with two inter related segments, namely environmental protection and sound resource utilization. "The issues of environmental security include those which fall within the aggregate of the climate, ecological, social and cultural conditions that influenced the life of a nation. The issues that have generated environmental concerns are over population, deforestation, soil erosion, siltation, land degeneration, floods, droughts, storms, sea-level raise, pollution and dams-are diverse and have grave social, political and security implications for the sub-continent."[19]

In South Asia more people are affected by such environmental related threats than by those of politico-militaristic origin. The implications of these threats are particularly serious in view of the fact that South Asia is predominantly agricultural. The gravity of these threats should be viewed against the background of factors such as the high population density, pervasive poverty in society, absence of any safety net when they are

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[18] . Mohammed Kassas, "A Biosphere Perspective" in Arthur H. Westing, ed., *Disarmament, Environment, Development and their Relevance to the Least Developed Countries*, (Geneva, 1991), p. 7.

[19] . Shaukat Hassan, *Environmental Issues and Security of South Asia*, Adelphi Paper262, (London, 1991), p. 7.

affected, dire need for existence resource utilization for developmental goals. Shaukat Hassan writes that, "the demand of man on the natural environment will determine how habitable South Asia will be in the coming decades, which in turn will shape the security perceptions of the society there."[20]

Thus one of the major and formidable threat to national security in South Asia comes from the ecology of the region.

Thus the regional security environment in South Asia is influenced by more or less the same actors who assault the national security of all South Asia states.

SECURITY ENVIRONMENT IN SOUTH ASIA:

The emphasis on the multiple levels of conflict in South Asia alone portrays an incomplete picture. Simultaneously with conflicts, multiple levels of cooperation at a regional level have also taken place. "It is also important to note that the growth of inter connectedness and development of multi-dimensional transactions do not necessarily create interdependence among states."[21] But at the heart of the military security dimension of interdependence regionalism is the recognition that the security of the

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[20]. Ibid.

[21]. Gamini Keerawela, n. 7, p. 96.

individual states in the region is integrally linked to regional security as a whole. "Linkages of security issues at regional level highlight the need for a regional approach to security".[22] Security in the post cold war era is no longer defined in terms of military force. It is provided with a more comprehensive dimension by including the problem of ozone depletion, social mastery over new technology determinism, creation of a new balance between consumption and resources and between man and Nature. "In the wake of the collapse of Soviet Union and the emergence of the US, Joseph Nye articulates liberal optimism about the future in terms of interdependence. In his review of the future order he sighted five possibilities and settle for multilevel interdependence with three levels i.e. military, economic competition and diffusion of power."[23]

The main element in regionalism in South Asia in the premise of security is the existence of a regional mechanism to deal with regional security issues. This mechanism should be based on how military approach to security and defence. Two main aspects of this are the regional conflict-resolution mechanism and the regional confidence building measures. Even though South Asia has a long way to go in this there has been some headway

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[22] . Ibid, p. 97.

[23] . Rakesh Gupta, *Interdependence and Security Among States in the 1990s*, Strategic Analysis, Vol. XVIII, No. 1, April 1995, p.99.

done in the form of 'Neemrana Group' discussions between India and Pakistan and the naval security between India and Sri Lanka in the Palk Straits where coordinated action and common approach has strengthened the security of all parties involved.

"The recognition of the importance of non-military aspects of security demands regional framework of cooperation."[24] Security is no longer just military security. Many non- military security problems that South Asia confronts in the post cold war context need a common approach. Military means are not only important in the face of environmental security threats but also an obstacle to their resolution. In the area of economic relations, regional economic interaction is limited but there has been strong congruence in the forum of SAARC to forge economic cooperation.

The main source of insecurity in South Asia is domestic. Therefore, one important aspect of security building would be restructuring of the internal political, economic order to broaden democratic structures and strengthen foundations of civil society. In this context the role of external powers has to be noted, "while there is no doubt that the superpowers have played an important role in escalating low intensity regional conflicts into major wars, it would be inaccurate to suggest that inter state and intra-state

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[24]. Gamini Keerawela, n. 7, p. 98.

conflicts in the third world are entirely the product of super power rivalries or external intervention."[25]

The failure of finding congruence in the national security perspective among South Asian states has been because of the security strategies, which have been adopted by the regimes in the region. "They are:

1. Militarisation, i.e. developing and arming substantial military/police forces.

2. Repression and Sate terror i.e. attempt to destroy the perceived 'enemy within'.

3. Diversionary tactics, i.e. finding and provoking external enemies to distract attention from the situation"[26] have proved to be futile.

To sum up, the concept of security has changed and it is no longer one-dimensional and a state-centered phenomenon. The different sectors and reference point of security have gained acceptance in the analysis of the security problematic. As internal dimensions of security acquired more attention, threat perceptions have also undergone a change. In this context, there is a need for a conceptual reformulation of the political framework of regional conflict in South Asia. However, the atmosphere and texture of

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[25]. Barry Buzan, Gohwer Rizvi et.al., *South Asian Insecurity and Great Powers*, (London, 1986), p. 107.

[26]. SIPRI year book 1994, (Oxford, 1994), p. 485.

intra-regional power relations have not yet fundamentally changed. The recognition of a broader concept of security, which needs a regional approach, will contribute towards changing the intra-regional power relations in South Asia in a positive way.

Chapter - III

Human Development in South Asia

Human resource is the most strategic and critical determinant of growth today; yet, its development has not received the required attention in South Asia. In the closing years of the 20th century, South Asia is amidst a crisis of underdevelopment, rampant poverty, ever mounting population pressures and growing socio-economic deprivation and disparities largely for that reason.

The South Asian countries remain a picture of contrast. On the one hand, there is the phenomenon of the green revolution which has converted some countries of South Asia like India from a chronically famine stricken area into a food surplus area. On the other hand, there is wide spread poverty besides, illiteracy, unemployment, low growth rates of domestic product, low rates of industrialisation, extremely high dependency on the primary sector and uneven distribution of wealth. The nations of South Asia belong to the world of subsistence- oriented economies where the overall level of human resource of development is low. In today's world the concept of development has started emphasising on development with a 'human face'. Conventional indicators such as GNP growth, capital accumulation is no doubt important, but they are not end in themselves. The most critical choice is to improve the quality of human resource itself in a society, so that people

may live longer and healthier and have access to resources needed to satisfy one's needs.

"People are the real wealth of the nation. The basic objective of development is to create an enabling environment for people to enjoy long, healthy and creative lives. Human development is a process of enlarging people's choices."[1]

The basic thrust of this chapter is to analyse the common or transnational problems that affect South Asia. It is this linkage among South Asian States, which makes the region interdependent. As seen in the last chapter, the threat to the national security of South Asian states is more or less common. In the same vein, it has to be noted that threats to a society emanated not only from external sources but from internal as well. One of the common internal threats to all the states in the subcontinent is with respect to Human Development. A review of Human Resource Development in South Asia encompasses the study of its population, their requirements of education, health care, housing, sanitation and other factors which contribute to the development of human resources. These largely depend on various physical, social and economic characteristics as well as the dynamics of

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[1]. Human Development Report, (UNDP, 1990), p. 18.

population such as fertility, mortality, migration among various other factors.

CONCEPT OF HUMAN RESOURCE DEVELOPMENT:

In broad terms Human Resource Development means, "identifying and nurturing what is most useful and beneficial to each member of the society and then plugging it all into an overall strategy for increasing material prosperity and sequential advancement of the society as a whole."[2] In human society, the latest potential of an individual has to be developed into a resource before it can be used, as much for one's own upliftment as for others. The underlying assumption is that human effort or labour is both prior and superior to wealth because the former existence helps the latter to exist and multiply.

But in spite of South Asia having bountiful natural resources, there has been an absence of skilled manpower to harness the natural resources for proper economic and social advancement. The gap between natural resource and manpower can be seen the way World Bank groups all the South Asian states as low income countries.[3]

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[2] . Lakhan Lal Melhotra, *Towards A South Asia Community.* (New Delhi, 1997), p. 207.

[3] . Poverty and Human Development, World Bank Report, 1980, pp. 84-85.

POVERTY:

The major problems that weigh heavily on the societies of South Asia are poverty and inequality between and among different sectors of society. In their attempts to solve these problems, most governments have tried various measures to improve the quality of life and to lessen the gap between the urban and rural sectors. "Developmental measures step down from above, from one bureaucratic layer to another, from one elite group to another hardly reaching the common men who", in the words of Robert McNamara, "live in absolute poverty, a condition of life characterised by mal nutrition, illiteracy, infant mortality and low expectancy of life."[4] In South Asia where two-thirds of the population lead such a life, a policy to remove poverty should be seen at the core of any viable strategy for national development. As stated by Julius Nyerere that, "A policy of rural development is a policy of national development."[5] Eradication of poverty is almost synonymous with national development. This is because the goal of development is the total development of human potentials.

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[4] . Robert S. McNamara, Foreword to World Development Report, 1978, p. iii.

[5] . Sayed Anwar Hussain, *Rural Development: A Bottom-up Way to Peace and Stability in South Asia* in M.Abdul Hafiz and Iftekharuzzaman eds., *South Asian Regional Cooperation: A Socio-Economic Approach to Peace and Stability*, p. 146.

The common internal threat to South Asian societies is poverty. "Poverty, hunger, malnutrition and rural urban imbalance created by uneven economic development and growing economic disparities in wealth and income contribute to make an imbalance in socio-economic structure."[6] The South Asian region accounts for nearly half of the worlds poor which is reflected in the extremely low per capita income levels and also its low rate of growth. This region has the highest number of absolute poor (over 400 million) whose income is not sufficient to provide them with even basic amenities of life and they thrive at the edge of survival. The pitiable condition of the vast population in South Asia can be seen as depicted in Table-2.

Table - 2

Countries	People not expected to survive to age 40 (as % of total population) 1995	Adult Illiteracy rate (%) 1995	Population without access to safe water (%) 1990-96	Population without access to Health service(%) 1990-95	Population without access to Sanitation (%) 1990-96	Population below income poverty line(%)$1 a day 1989-94	Population below income poverty line (%) National Poverty Line 1989-94
Sri Lanka	6	9.8	43	7	37	4.0	22.0
Maldives	13	6.8	4	--	34	--	--
Pakistan	15	62.2	26	45	53	11.6	34.0
India	16	48.0	19	15	71	52.5	--
Bangladesh	21	61.9	3	55	52	28.5	48.0
Nepal	22	72.5	37	--	82	53.1	--
Bhutan	28	57.8	42	35	30	--	--

Source: Human Development Report 1998, UNDP, Oxford Press, Oxford, 1998.

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[6]. Ibid, pp. 150-151.

South Asia thus stands in a precarious phase where the basic human needs for subsistence is not available for its masses. It populates 400 million people who live without access to safe drinking water, Health service and sanitation; more than a quarter of its population do not survive to the age of forty.

Poverty has some common dimensions. It is more acute in rural areas. The wide spread poverty in rural Bengal derives from the unequal distribution of land. The experience of India and Sri Lanka shows that low GDP growth makes it difficult to reduce poverty. "In South Asia there should be an emphasis on growth that makes productive use of labour which in turn, should be matched by the expanded provisions of social services for the poor."[7] A variety of other factors explain this situation. They include, among other things backward seclusion as a result of colonial rule and predation lasting over two centuries; the disintegration of a unified South Asian market in the wake of Indo-Pak partition. Which also brought about never-ending national animosities and communal conflicts; the disproportionate ratio between population and natural resources. "With a land area 3% of the world total, South Asia claims only a fraction in the aggregate world mineral resource deposits: Oil, 0. 43%, Natural Gas 0.8%,

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[7] . Lakhan Lal Melhotra, *Towards a South Asia Community*, (New Delhi, 1997), p. 228.

Brown Coal 0.15%, Manganese, Copper, Tungsten, Zinc, Gold, Silver, and

Cobalt, all less than 1% important mineral resource deposits like coal,

uranium and chromium below 5%."[8]

The apathy of successive governments viz. a viz. poverty can be seen

in Table - 3.

STATE EXPENDITURE ON EDUCATION, HEALTH AND

MILITARY SECTORS IN SOUTH ASIA

Countries	Public Expenditure on Education % of GNP 1980	Public Expenditure on Education % of GNP 1995	Public Expenditure on Health % of GNP 1990-95	Military Expenditure % of GDP 1985	Military Expenditure % of GDP 1995
Bangladesh	1.5	2.3	1.2	1.7	1.7
India	2.8	3.5	0.7	3.5	2.5
Nepal	1.8	2.9	1.2	1.1	0.9
Pakistan	2.0	--	0.8	6.2	6.1
Sri Lanka	2.7	3.1	1.4	2.9	4.6

Source: World Development Report 1998/99: Knowledge for Development.

It can be seen from Table - 3 that all the South Asian states especially

India and Pakistan spend more on the military industrial comples than on

education and health. The cold shoulder given by successive governments to

human resource is reflective in the growing number of people who do not

get access to quality life. A cumulative result is a lack of societal consensus

on fundamental issues and broadly the unrepresentative and repressive

character of the regimes. In the words of Sayed Anwar Hussain, "the only

way to bring about change for the better would be to recognise poverty as

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[8]. M. C. Qureshi, *Survey of Economy: Resources and Prospects of South Asia*, (London, 1981), p. 137.

the most important source of internal threat common to all the countries and to explore a common platform to fight against it through a concerted and co-ordinated programme of action."[9]

POVERTY ALLEVIATION PROGRAMMES AND STRATEGIES IN SOUTH ASIA: A BRIEF REVIEW:

The constituent states of South Asia have anyhow been on a constant attempt to eradicate poverty. Poverty alleviation progrommes have been undertaken by many governments. This section deals with the same.

BANGLADESH:

Bangladesh has been adopting a number of macro economic and micro economic policies and programmes for alleviation of poverty. Structural adjustment programmes under which denationalisation and privatisation of institutions, reduction in aggregate public expenditure, withdrawal of subsidies for food, agricultural inputs such as fertiliser and irrigation equipment are important. With the assistance from the International Monetary Fund (IMF) and World Bank, the government of Bangladesh started the structural adjustment programmes in 1986.[10] This programme has been adopted with the assumption that it will accelerate

[9]. Sayed Anwar Hussain, n. 5., p. 151.

[10]. Reference from, Hussain. M and Sen. B, *Rural Poverty in Bangladesh: India and Determinants*, Asian Development Review, Asian Development Bank, Vol. 10, No. 1, 1992.

economic growth to over 5% per anum, maintain macro-economic stability; reduce the rate of domestic inflation to about 8% and the overall benefits would then "trickle down" to the poor and result in the standard of living.[11] But it is difficult to say precisely how far the benefits that accrued from these strategies are distributed among different income groups and what this net impact on the welfare of the poor.

Besides the structural adjustment programmes, a number of development and target oriented programmes have been undertaken both at government and non-governmental organisations (NGOs) levels among which agricultural development, expansion of modern irrigation, special area development, rural works programme (RWP), food for works programme (FWP), Grameen Bank, Swanirvar Credit Project (SCP), Small Farmer Credit Project (SFCP) and other programmes undertaken by Bangladesh Rural Advancement Committee (BRAC) are important.[12] In most of the programmes mentioned, high priority has been given to the eradication of poverty, increase in employment opportunities, increase in production, etc. The Grameen Bank for example, has been designed mainly to provide self-employment to target groups particularly the landless and women. It

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[11] . Ibid, p. 161.

[12] . Muzaffer Ahmed and PK. Md. Matiur Rahman, *Macro Aspects of Poverty In SAARC Countries*, BIISS Journal, vol. 14, No. 3, 1993, p. 300.

includes primary cattle rearing and fattening, agricultural produce processing, cottage crafts, fisheries, livestocks, trade and shop keeping.[13] Some of these projects are undertaken by the Non Governmental Organisations have succeeded in reaching target groups and reducing poverty but the coverage of these programmes are too small in comparison with the total needs.

INDIA:

At the early stage of planning for poverty alleviation, India had proceeded with several development programmes such as agriculture, expansion of modern irrigation, transport and communications, minimum needs programmes, special area development programmes, etc., with the hope that these programmes would produce a multiplier effect and there by raise the living standard of the poor. But the failure of this effect led to the adoption of target-group oriented programmes for eradication of poverty. Integrated Rural Development Programme (IRDP), National Rural Employment Programme (NREP), Rural Landless Employment Guarantee Programme (RLEGP), Small Farmers Development Agency (SFDA), Training Rural Youth for Self-Employment (TRYSEM) are important

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[13] . As discussed in Md. Hussain and Sen in *Rural Poverty In Bangladesh: Trends and Determinants*, Asian Development Review, Asian Development Bank, Vol. 10, No. 1, 1992.

among others.[14] The basic objectives of these programmes are to produce a direct impact on socio-economic status, provide fairly large scale employment to small and marginal farmers and landless laboureres, extend self employment opportunities to the poor, provide universal elementary and adult education to create human capital formation. But these programmes could not make significant impact partly due to the ad-hoc nature of the projects and the limited resource allocated to them.[15]

MALDIVES:

The Maldivian economy is based on three principle export-oriented activities such as fishing, tourism and shipping. Poor soil and limited availability of cultivable land are the limiting factors for agriculture. Modern industry is also limited to a few consumer products. There is no separate poverty alleviation programme in Maldives but it is firmly committed to the policy of health for all by 2000 A. D. Although the Maldives has not achieved universal primary education, it has a long tradition of informal and semi-formal education in order to develop human resource capital and hence alleviation of poverty.

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[14] . Muzaffer Ahmed and Pk. Md. Matiur Rahman, *Macro Aspects of Poverty In SAARC Countries*, BIISS Journal, vol. 14; No. 3, 1993, p. 301.

[15] . . S. Chakravarty, *Development Strategies for Grwoth with Equity: The South Asian Experiences*, Asian Development Review, Asian Development Bank, Vol. 8, No. 1, p. 116.

PAKISTAN:

Agricultural development in the name of green revolution has been considered as an important poverty alleviation programme in Pakistan. The basic objective of this programme is to increase agricultural output by making aware of the High Yeilding Variety (HYLV), modern technology, mechanised irrigation among other things, to the farmers and providing heavy subsidies on the inputs needed in order to make use of the technology. Besides the green revolution programme, Rural Works Programme (RWP), People Works Programme, (PWP) and Integrated Rural Development Programme (IRDP), were launched in the 1970s with the aim of reducing poverty. But Pakistan economic survey 1981-82 indicated that these programmes did not make any significant contribution to the alleviation of poverty.[15] In early 1980's certain innovative measures were undertaken to mobilise greater resources for alleviation of poverty. The integrated rural development programme and the peoples works programme were merged to establish a new programme in the name of Rural Development Programme (RDP).[17] Moreover manpower export is the most important strategy against

[16]. Muzaffer Ahmed and Pk. Md. Matiur Rahman, *Macro Aspects of Poverty In SAARC Countries*, BIISS Journal, vol. 14, No. 3, 1993, p. 302.

[17]. S. Chakravarty, *Development Strategies for Grwoth with Equity: The South Asian Experiences*, Asian Development Review. Asian Development Bank, Vol. 8, NO. 1, p. 143.

poverty in Pakistan. International migration particularly to the Middle East provide a great deal of relief to the poor through the remittance earnings and it appears to have had a more pronounced impact on alleviation of poverty in Pakistan.[18]

SRI LANKA:

Sri Lanka has been adopting various programmes over a long period to tackle the problem of poverty. It also introduced several social welfare programmes along with general development programmes for agriculture and industrial sectors. Granting of land to the landless poor since 1930s under the programmes such as Village Expansion Schemes (VES), Youth Settlement Schemes(YSS), Dry Zone Irrigated Colonisation Schemes (DZICS), are some of the important strategies for solving landlessness and alleviation of poverty.[19] The development of primary school system along with health sector in Sri Lanka facilitated the process of demographic transition, sustanined economic growth and there by reduction of poverty. Large scale investment in education and active government policies made in

[18] . S. J. Burki, *Development Strategies for Poverty Alleviation*, Asian Development Review, Asian Development Bank, Vol. 8, No. 1, 1990, p. 152.

[19] . G. M. Gunatilleke, R. A. Parera, Wanigarante, et. al., *Rural Poverty in Sri Lanka: Priority Issues and Policy Measures*, Asian Development Review, Asian Development bank, Vol. 10, No. 1, p. 143.

social welfare activities have enabled Sri Lanka to achieve substantial reduction of poverty.

Widespread poverty and malnutrition are amongst the most common of all South Asian problems and the states of the region have no options but to cooperate with each other in dealing with these problems. The South Asian Association for Regional Co-operation (SAARC) has formed an independent poverty commission, which has reportedly recommended a detailed strategy for cooperation in this vital area. But on the basic premise of poverty alleviation in South Asia the masses of poor have to be mobilised and brought into the mainstream of economic activities and programmes. The poverty alleviation programmes taken up by the constituent states of South Asia have failed to recognise the potential of the poor as a productive force. The practice of viewing poverty alleviation as an act of charity has to be replaced by recoginition of the fact that the poor themselves can be an important factor in development.[20]

The South Asian countries can realize immense benefits of NGO's who could share and exchange their views and experience on a regular basis regarding effective programmes undertaken for reduction of poverty. For instance, the experience of Grameen Bank and BRAC of Bangladesh, NREP

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[20] . Muzaffer Ahmed and Pk. Md. Matiur Rahman, *Macro Aspects of Poverty In SAARC Countries*, BIISS Journal, vol. 14, No. 3, 1993, p. 304.

and RLEGP of India, Welfare and Human Resource Development of Sri Lanka may be replicated with appropriate local modifications in all South Asian countries through positive regionalism and collective approach.

ILLITERACY AND EDUCATION IN SOUTH ASIA:

The development of education and eradication of illiteracy has become a pre-condition for the success of development efforts. Education is by far the most effective instrument of social change. Empirical studies undertaken by the World Bank have established that there is a direct and functional relationship between literacy and productivity on the one hand and literacy and overall quality of human life represented by better health, hygiene, sanitation and family welfare on the other.[21] Raising aspirations of higher education in each sector of society fuels a hope for betterment in all walks of life. Education is a key factor in sustainable development. It is an essential component of well being and a means to enable the individual to gain access to knowledge. The access to the educational facilities in South Asia is low but even the available choices are hard to use because of multifarious socio-economic problems. Table-4 depicts the gross enrolment ratio in the primary and secondary education sectors and the percentage of scientists and technicians for every thousand people.

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[21] . Lakhan Lal Mehrotha, *Towards a South Asian Community*, p. 214.

Table - 4

EDUCATIONAL INDEX IN SOUTH ASIA

Country	Gross Enrolement Ratio Primary Total (%) 1995	Gross Enrolment Ratio Primary Female As % of Male	Gross Enrolement Secondary Total (%) 1995	Gross Enrolement Secondary Females As % of Male 1995	R & D Scientists & Technicians (per 1000 people)
Sri Lanka	113	98	75	110	0.2
Maldives	134	97	49	100	--
Pakistan	74	45	0	--	0.1
India	100	82	49	64	0.3
Nepal	110	69	37	51	--

Source: Human Development Report--1998

Education helps to reduce morbidity and mortality rates, empower women, improve the quality of the working population and promote genuine democracy. Several studies in developing countries have demonstrated that farmers who have access to primary education are more inclined to adopt new agricultural techniques as compared to farmers who have no such experience.

In South Asian countries, illiteracy remains a manor threat and impediment to the development and well being of society. The high level of illiteracy in most of these countries indicates that adequate resources have not been allocated to primary education.

Table-5

ILLITERACY IN SOUTH ASIA

Country	Adult Literacy Rate(%)		Gross Enrolement Raito At All Levels (% Age 6-23)		Public Expenditure on				
					Education As % of GNP		Education (As % of Total Government Expenditure)	Primary and Secondary Education (As % of All Levels)	Higher Education (As% of All Levels
	1970	1995	1980	1995	1985	1995	1993-95	1990-95	1990-95
Sri Lanka	80	90	58	66	2.6	3.1	8.1	73	12
Maldives	87	93	--	--	4.4	8.4	13.6	99	--
Pakistan	20	38	19	38	2.5	--	--	67	18
India	34	52	40	56	3.4	3.5	12.1	65	14
Bangla-desh	25	38	30	39	1.9	2.3	8.7	88	8
Nepal	14	28	28	55	2.6	2.9	13.2	62	28

Source: Human Development Report-1998.

The inter country variations in social characterstics are observed in Table-5. It appears that adult literacy rate which is essential for skill full development varies from the highest of 95 per cent in Maldives to the lowest 28 per cent in Nepal. The same figures are also significantly high in Sri Lanka (90%), while it is 52 per cent in India, 38 per cent in Bangladesh and Pakistan and 42 per cent in Bhutan. The success story of Maldives and Sri Lanka may also be cited in respect of other social indicates like human

development index.[22] Mean years of schooling and enrolment ratio. The Human Development Index(HDI) in 1995 was 0.716 in Sri Lanka, 0.683 in Maldives, 0.453 in Pakistan and 0.451 in India. By contrast it was 0/371 in Bangladesh, 0.351 in Nepal and 0.347 in Bhutan.[23] Human Development index and per capita GNP are found to be highly correlated (n = 0.895) while the human development index is negatively correlated with incidence of poverty (n = 0.739). Almost similar pattern was also observed between mean year of schooling per capita GNP (n = 0.756) and adult literacy rate and per capita GNP (n = 0.793).[24] Most of the South Asian states are characterised by much lower levels of literacy, spread of primary education and human capital development than in the case of other developing countries. Gross-country comparisons show that developing nations with high literacy rates have grown faster.[25] A study of 88 countries indicated that increase in literacy from 20% to 30% was associated with an increase in real GDP of between 8% and 16%. Another study of 37 middle income and 29

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[22] . "The Human Development index combines life expectancy, educational attainment and income indicators to give a composite measure of human development"--Human Development Report 1992, p. 91.

[23] . Human Development Report-1998, pp. 141-142.

[24] . Ibid.

[25] . Muzaffer Ahmed and Pk. Md. Matiur Rahman, *Macro Aspects of Poverty In SAARC Countries*, BIISS Journal, vol. 14, No. 3, 1993, p. 293.

low income countries showed that a one per cent difference between primary enrolment ratios was associated with a 0.35 % difference in per capita economic growth rates.[26]

In South Asia with the exception of Sri Lanka and Maldives, have a long way to go before they can be considered as literate society. An extraordinary effort is now underway in Bhutan to provide the necessary infrastructure for achieving universal primary education. Apart from sizeable investment on education, the political will and commitment of the governments is also required. Now structures viz. National Literacy Mission Authority in India, Literacy and Mass Education Commission in Pakistan, National and Literacy Council in Bangladesh with wide powers and considerable functional authority have been set up and are being strengthened.[27]

The constituent states of South Asia are mired with a plethora of problems with respect to human development. The condition of the educational infrastructure has been deplorable leaving a vast majority of the people illiterate. The direct effect of the same is its impact on development in the region. Thus such problems which are common to all the South Asian

[26] . United Nations Population Fund (UNFPA), *The State of World Population*, p. 264.

[27] . T. Nirmala Devi, *Socio-Economic Profile of SAARC Countries*, South Asian Publishers, 1994, pp. 19-20.

states can be addressed together by involving non-governmental organisations and giving them greater leverage to participate actively. The callous attitude of the governments should be shed and a more broad based approach should be taken up.

DEMOGRAPHIC COMPULSIONS IN SOUTH ASIA:

With over 1,225 million people, South Asia has about 21 per cent of the World's population but only 3.8 per cent of its land area. In developing countries, despite their efforts, the deceleration in population growth has not yet been satisfactorily achieved.

Table - 6
ANNUAL GROWTH OF POPULATION IN LOW, MIDDLE AND HIGH INCOME COUNTRIES

Regions	Average Annual Growth of Population (%)		
	1965-80	1980-90	1989-2000
Low & Middle Income Countries	2.3w	2.0w	1.9w
South Asia	2.4w	2.2w	1.8w
East Asia & Pacific	2.2w	1.6w	1.4w
Europe	1.1w	0.1w	0.8w
Middle East & North Africa	2.8w	3.1w	2.9w
Sub Saharan Africa	2.7w	3.1w	3.0w
Latin America & Carribean	2.5w	2.1w	1.8w
High Income Economies	0.9w	0.6w	0.5w

W = weighted average; Source World Development Report, 1992.

Growing population in the South Asian countries is one of the important demographic issues for growing incidence of poverty. Rapid population growth leads to a lower growth in per capita income and a slower rate of improvement in standard of living. It also dilutes the flow of benefits of economic growth to the poorer segment of the society. The sheer mass of humanity, which dwells in South Asia can be seen in the amount of population corresponding to the land area of each state.

Table - 7
LAND AREA AND POPULATION DENSITY IN SOUTH ASIA

Countries	Estimated Population (Millions)			Population (Millions)	Land Area Thousand of Sq. Kms.	Population Density People per Sq. Km.
	1970	1995	2015	1997	1995	1997
Sri Lanka	12.5	17.9	22.1	18	65	280
Pakistan	65.7	136.3	224.5	137	771	169
India	554.9	929.0	1,211.7	961	2,973	313
Bangladesh	66.7	118.2	162.7	124	130	920
Nepal	11.3	21.5	34.1	23	143	150
Maldives	0.1	0.3	0.5	0.4	--	---

Source: World Development Report 1998-99; Human Development Report 1998.

It is seen that almost all the South Asian states are predominantly rural and thus their economies are also rural-based with farming and livestock providing incomes for over 80 per cent of the total population. Though,

India, Pakistan, Maldives and Sri Lanka have a sizeable concentration of their population in urban areas, the size of urban centers of Nepal and Bhutan, however, is very small. "Urbanisation is an important factor of economic development of a country. Urbanisation and per capita GNP are highly and positively related to each other".[28] The higher the urbanisation, higher is the per capita GNP. The direct bearing of population growth is on development. The growth rate of a country's population determines the strength of its human resources at any point of time. By any standards South Asia has already many more people than the region can sustain in a healthy environment. Unlike China, the countries in this region should adopt family planning measures through democratic, popularly acceptable incentives and encouragement and also by strengthening their literacy programmes, which would give positive results in the long run.[29]

Apart from the rapid growth in population in South Asian countries, the composition of the population itself reflects a high dependency burden. This is quite evident from the fact that, in 1995, nearly 84.4% of the population in Pakistan, 65.5% in India, 87.6% in Nepal were below 14 years

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[28] . . Muzaffer Ahmed and PK. Md. Matiur Rahman, *Macro Aspects of Poverty In SAARC Countries*, BIISS Journal, vol. 14, No. 3, 1993, p. 292.

[29]. Lakhan lal Mehrotha, *Towards a South Asian Community*, p. 211.

of age.[30] This relatively young population increases the number of dependents of those in the working age. Further, this imposes an additional burden on the government who have to set aside a larger share of thin limited resources in meeting their obligations in the sphere of education and primary health care.

POPULATION POLICY:

Bangladesh:

In Bangladesh, the central principle of the national population policy is an integrated and comprehensive approach for population and development required to provide services that are relevant to the actual programmes in Bangladesh under the Fourth Plan (1990-95) includes provision for family planning services, information, education and communication, maternal and child health services, development of physical infrastructure, manpower development, evaluation, research, monitoring and supervision and multi-sectoral programmes.[31]

Strengthening of the maternal and child health services component of the family planning programme is of pivotal importance in Bangladesh.

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[30] . Human Development Report 1998/99, p. 177

[31] . Indra Nath Mukherji, *A Blueprint of SAARC: Policy and Programme For Improving the Quality of Life in South Asia* in L. L. Mehrotra, et. Al., *SAARC-2000 and Beyond*, 1995, p. 147.

Emphasis on facilitating suitable anti-natal case, including safe delivery at home through traditional birth attendants, reduction of high risk pregnancies, and distribution of other primary health services, is given emphasis.

The interventions which are considered as pre-condition of low fertility norms are to be taken up on urgent basis to enhance maternal child health care, and lower the prevailing morbidity and mortality levels.[32]

India:

In India, Family Planning Programmes is being run as centrally sponsored scheme. Since a major portion of the plan outlay goes for meeting the expenses for maintenance, very little resources are left for further expansion on for strengthening the programme.

The Eighth Plan (1992-1997) recognises the importance of social determinants such as female literacy age at marriage, and employment opportunities for women, being as important as reduction in infant mortality, improving health, and nutrition for pre school children, and providing a comprehensive package of maternal healthy care services.

Within the above-indicated guidelines the Eighth plan seeks:

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[32] .. Government of Peoples Republic of Bangladesh, Planning Commission, Ministry of Planning, Dhaka, March, 1991, Chapter 17, pp. 7-13.

1. To develop a holistic approach to social development and population control by integrating the services of various sectors such as welfare, human resource development and nutrition;

2. Emphasises decentralised planning and implementation, noting that area specific strategies would mean flexibility of approach and better fund utilisation;

3. Seeks to improve the outreach and quality of family welfare services by completing the infrastructural facilities initiated during the earlier plans;

4. Intends to pursue vigorously child survival and safe motherhood initiatives by strengthening the universal immunisation programme;

5. Emphasise health care manpower planning by providing training and education to all health care provides; and

6. Acknowledges the role of voluntary agencies and the community in promoting family planning.[33]

Thus, "the basis of the family planning programme during the eighth plan will be decentralised, area specific micro-planning, within the general directoral framework of the national policy aimed at generating a people's

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[33] . Government of India, Planning Commission, Eighth Five Year Plan (1992-97), 1992, pp. 334-337.

movement with the total and committed involvement of community leaders, irrespective of their denominational affiliations and, linking population with the programmes of female literacy, women's employment social security, access to health services and mother and child care."[34]

Pakistan:

In Pakistan the main thrust of population welfare policy during the eighth plan (1993-98), is the expansion of coverage of family planning services, particularly in the rural areas. For the rural areas, a new network comprising a network of village based family planning workers, trainers and supervisors, would be created.

This would take the services to the doorsteps of the people. The programme would be implemented with the active help of the community. The health sector will provide support to the population welfare programme by recruiting 33,000 village health workers.[35] The population welfare policy of the rural sector seeks to:

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[34] . Ibid, p. 338.

[35] . Indra Nath Mukherji, *A Blueprint of SAARC: Policy and Programme For Improving the Quality of Life in South Asia* in L. L. Mehrotra, et. Al., *SAARC-2000 and Beyond*, 1995, p. 149.

1. Improve the efficacy of the existing 606 Family Welfare Centres which cover no more than 5% of the rural population by relocating and improved coverage;

2. Increase the existing 130 mobile services units located in tehsils to 251 to provide services to remote areas;

3. Increase the existing traditional birth attendants who serve as auxiliary staff;

4. Introduce community based motivator-cum-service provider in villages with population of 1000 and above;

5. Disseminate information on the impact of birth spacing on infant, child and maternal mortality by improving information, education and communication.[36]

TOWARDS A NEW SOCIAL CONTRACT BETWEEN THE STATE AND THE POOR IN SOUTH ASIA:

In the turn of the 21st century, South Asia still remains the hot bed of massive poverty, unemployment, malnutrition, growth of population and social deprivation. The disintegration of the South Asian economy in the wake of the Indo-Pak partition in 1947 left the already drained economy of the sub-continent in doldrums. The subsistence oriented economies of the

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[36] . Government of Pakistan, Planning Commission, Eighth Five Year Plan (1993-98), June, 1994, p. 335.

post independent states in the region was highly dependent on the primary sector, this only leads to low growth rates of domestic product and low levels of industrialisation. The uneven distribution of wealth, and lack of political will made developmental efforts obligatory rather than a genuine attempt to quell the crisis.

In South Asia, the complexity of the multifaceted crisis should not be underestimated. "The magnitude of the poverty problem is too large to be taken care of merely by relief and social safety nets."[37] Subsidies and social safety nets are an inadequate response and cannot be sustained over time. Thus a new social contract has to be designed for South Asia, based on the recognition that the poor themselves are efficient and can contribute to growth given the opportunity. Thus improving the quality of life in the worlds most populous region calls for sustainable development, which can be summed up as follows:

"sustainable human development is development that not only generates economic growth, but distributes the benefits equitably, that regenerates the environment rather than destroying it; that empowers people rather than marginalising them. It gives priority to the poor, enlarging their choices and opportunities, and provides for their

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[37] . P. Wignaraja, *Poverty Eradication: The Entry Point for Recapturing A South Asian Economic Community* in L. L. Mehrotra, H. S. Chopra, et. Al., *SAARC-2000 and Beyond*, 1995, p. 229.

participation in decisions affecting them. It is development that is pro-poor, pro-nature, pro-jobs, pro-democracy, pro-women and pro-children."[38]

The need of human development is the participation of the people for whom it is being done for political participation in all South Asian countries is articulated in democratic systems of governance. It is vital to percolate participation at the grass root levels through representative local self-governing institutions. Bureaucratic centralised system should give place to decentralised people's participation to ensure that they have a say in the decision making process of the delivery system. Building organisations of the poor, and their empowerment is essential to ensure right to resources intended for them and enhance their dignity and self respect. Collaboration of non-governmental organisations with government works well in top priority sectors is necessary.

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[38]. Indra Nath Mukherji, *A Blueprint of SAARC: Policy and Programme For Improving the Quality of Life in South Asia* in L. L. Mehrotra, et. Al., *SAARC-2000 and Beyond*, 1995, pp. 161-162

SAARC and Regional Cooperation

The rapid growth of independent states and the formation of regional groupings of organisations have become a trend in the world politics since post-world war II. A growing awareness of interdependence among the independent states, an imagination of a nation that its own interests are combined with those other nations in similar conditions, that there is a complementarity not only in the similarities but also in the disparity and recognition of an amenable explanation of sovereignty have stimulate the process of regional cooperation. Regional cooperation is, thus, a multi-dimensional process. The national attitude, the regional objectivity and the international perspectives can note its multiple aspects. Success in regional cooperation is by and large guided by the nature of accord that is inducted in these multiple angles. This harmony is sustained by effective policy in these multiple angles. This harmony is sustained by effective policy formulations at the state level, on the one hand, and by the removal of barriers that restrain the process of co-operation, on the other.

The basic thrust of this chapter is to study the growth of interdependence in South Asia through the agies of SAARC, the specific issues of this format would be with respect to the common transnational concerns of constituent states in this region; namely, economic cooperation,

socio-cultural cooperation, cooperation based on the issues of human development.

CHARTER AND INSTITUTIONAL FRAME WORK OF SAARC:

The South Asian Association for Regional Cooperation (SAARC) as a public international organisation, owes its legal birth to the adoption of a charter at a summit meeting of the Heads of State of the seven South Asian nations, held at Dhaka on 7-8 December 1985. 'This marked the practical manifestation of the determined will and united efforts of the government and peoples of the countries in the region for creating a institutional framework for mutually beneficial regional cooperation'.[1] SAARC is the world's newest regional grouping. It comprises of seven South Asian countries - Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. The Association represents a billion people or one-fifth of humanity and has common problems of hunger, poverty, malnutrition, illiteracy and underdevelopment. 'The rationale of SAARC, unlike the case of European Community or Association of South East Asian Nations (ASEAN) does not lie in any shared external threat perceptions.'[2] In fact, when late President

[1] . Dr. Krishan Gopal, *Geo-Political Relations and Regional Co-operation: A Study of South Asia*, (New Delhi, 1996), p. 137.
[2] . Arif A. Waqif, *Costs and Benefits of Regional Co-operation in South Asia* in L. L. Mehrotra, H. S. Chopra and Gert W. Kureck eds., *SAARC 2000 and Beyond*, (New Delhi, 1995),p. 366.

Zia-ur-Rehman of Bangladesh first mooted the idea, the stress was on the need for solving the problems of poverty and underdevelopment.

The South Asian region, however, suffers from a number of non-military threats, twelve elements could be identified that constitute the multifaceted and intertwined crisis in South Asia, i.e. 'deep-seated poverty; rapid population increase; low per-capita income growth rate; high unemployment and underdevelopment; unsatisfactory human development; inadequate supply of skilled human resources; environmental degradation; sluggish private sector; inefficient public sector; slow growth of non-agricultural economy; high rate of energy deficiency and continued vulnerability to oil price rises; and terrorism and internal ethnic conflicts, which at times receive external support'.[3] While external security threats do not exist in case of South Asia, both the requirements of internal development and the effects of adverse external economic environment are likely to fervor the strengthening of South Asian regionalism.

EVOLUTION OF SAARC:

It was in December 1980, a concrete proposal for regional cooperation came from Bangladesh's President Zia-ur-Rehman in the form of a document titled, "Bangladesh Paper on Regional Cooperation." This paper made

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[3] . Ibid. p. 366.

references to the common values that are rooted in their social, ethnic, cultural and historical traditions. The Bangladesh paper pointed out clearly that share perceptions and values are an important factor for the success of such cooperation and the experiences of regional cooperation elsewhere in the world indicate the possibility of such cooperation in spite of bilateral problems existing among the countries of the region.

But it was only after protracted discussions of three foreign ministers meetings that the first summit was held in 1985. The first summit in Dhaka ratified the institutional framework of SAARC.

OBJECTIVES AND PRINCIPLES :

The importance of some kind of institutional arrangement, in a regional cooperation, needs no elaboration. In South Asia there was hardly any pre-existing institutions or functional network at the non-governmental level either in the field of trade, or in socio-cultural relations among these countries that could facilitate cooperation'.[4] In such a situation, it is only the governments of the cooperating countries, which can provide some arrangements, either through direct participation or by giving patronage, and encourage the non-governmental agencies. In view of these glaring

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[4] . Dr. Krishan Gopal, *Geo-Political Relations and Regional Co-operation: A Study of South Asia*, (New Delhi, 1996), p. 170.

shortcomings the SAARC adopted a charter, which envisaged its basic objectives and principles, they are:

a. "To promote the welfare of the peoples of South Asia and to improve their quality of life;

b. to accelerate economic growth, social progress and cultural development in the region;

c. to promote and strengthen collective self-reliance among the countries of South Asia;

d. to contribute to mutual trust, understanding and appreciation of one another's problems;

e. to promote active collaboration and mutual assistance in the economic, socio-cultural, technical and scientific fields;

f. to strengthen cooperation with other developing countries;

g. to strengthen cooperation among themselves in international forums on matters of common interest; and

h. to cooperate with international and regional organisations with similar aims and purposes.

To achieve the aims and purposes, the following principles were adopted:

1. "regional cooperation shall be based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in internal affairs of other states and mutual benefit"

2. such "cooperation shall not be substituted for bilateral and multi-lateral cooperation but shall complement them."

3. Moreover, such "cooperation shall not be inconsistent with bilateral and multi-lateral obligations."

Referring to the modes of decision-making at all levels it was stated that:

a. 'decisions at all levels shall be taken on the basis of unanimity" and

b. "bilateral and contentions issues shall be excluded from the deliberations."[5]

THE INSTITUTIONAL FRAMEWORK:

Institutionally, the decision of far - reaching significance in the development of SAARC was the frequency of the summit and ministerial meetings, as suggested by the Charter. Thus, the final institutional arrangement of the SAARC is as follows:

A. **Meetings of the Heads of States or Governments:**

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[5] . SAARC Charter, December 7-8 1985, Dhaka.

At the top, lay the meetings of the heads of state or governments. The heads of states of governments should meet once a year or more often as and when considered necessary by the member states according to Article III.

B. **Council of Ministers:**

There would be a "Council of Minister" consisting of the foreign ministers of the member states. Article IV (2) was very clear that "the council of ministers shall meet in regular sessions, as often as possible. Extraordinary session of the council may be held by the agreement among member states."[6]

It was changed with the functions of general policy making of the association, review the progress of cooperation under the Association. It might also consider the establishment of additional mechanism under the Association as deemed necessary.[7]

C. **Standing Committees:**

The standing Committee was comprised of foreign secretaries of all seven countries of the region, who were basically bureaucrats. The charter suggests that the standing committee should meet as often as deemed necessary, but at least once a year.

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[6]. SAARC Charter, December 7-8, Dhaka.
[7]. Dr. Krishan Gopal, *Geo-Political Relations and Regional Co-operation: A Study of South Asia*, New Delhi, 1996, p. 174.

The Standing Committee was charged with the over all functions of monitoring and coordinating the programme of cooperation:

a. Approval of projects and programme and modalities of their financing.

b. Determination of inter-sectoral priorities.

c. Mobilisation of regional and external resources.

d. Identification new areas of cooperation based on appropriate studies.[8]

While the standing committee was under obligation to submit periodic reports to the council of ministers and make reference to it, as and when necessary, for decision on policy matters, the standing committee was authorised to set up "Action Committee in case of such projects which involved more than two but not all the countries" (Article VI).[9] The standing committee was expected to provide necessary support service for the meetings of foreign ministers and the meeting of the heads of the state or government.

D. Technical Committees:

The Technical Committees had been set up in each area of cooperation, with the responsibility of implementing, coordinating and

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[8] . SAARC Charter, December 7-8, Dhaka
[9] . SAARC Charter, December 7-8, Dhaka

monitoring programmes of cooperation. According to Article VI of the Charter, the technical committees comprised of representatives of all member states. The terms of reference of the technical committee were:

a. determination of the potential and the scope of regional cooperation in agreed areas;

b. formulation of programmes of action and preperation of projects;

c. determination of financial implications of the sectoral programmes of action;

d. formulation of recommendations regarding appointment of costs;

e. implementation and coordination of sectoral programmes of action; and

f. monitoring the progress of implementations.[10]

It was deemed that the technical committee should submit the periodic reports to the standing committee. The technical committee might also use additional mechanism and modalities, if it felt necessary. It included the meetings of experts in the field and contacts amongst recognised centers of

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[10]. SAARC Charter, December 7-8, Dhaka

excellences in the region.[11]

E. **Action Committees**:

Article VII of the Charter enlisted that the standing committee might set up "Action Committees", comprising member states concerned with implementation of projects involving more than one but not all the member states.

Secretariat:

Besides the above mentioned five-tier institutional framework, the Charter suggested a Secretariat for the Association, (Article VIII) and as per the decision of the council of ministers of the member states, the SAARC Secretariat was set up in Katmandu on 16th January 1987.

Financial Arrangements:

Article IX provided for the financial arrangements mentioned below:

1. "The contribution of each member state towards financing of activities of the association should be voluntary.

2. Each technical committee should make recommendations for the apportionment of costs of implementing the programme proposed by it.

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[11]. Kant Kishore Bhargava, *Promotion and Consolidation of the Spirit of SAARC* in L. L. Mehrotra, H. S. Chopra, Gert W. Kweek eds., *SAARC 2000 and Beyond*, 1995, p. 367.

3. In case sufficient financial resources could not be mobilised within the region for funding activities of the association, external financing from appropriate sources might be mobilised with the approval of or by the standing committee."[12]

General Provision:

And finally, Article X contained the general provisions as given below:

1. Decisions at all levels should be taken on the basis of unanimity.

2. Bilateral and contentions issues should be excluded from the deliberations.

The flow chart of the institutional framework of SAARC is depicted in diagram 01.

The SAARC had identified issues of common concern in the sub-continent and had set up an Integrated Programme of Action (IPA) this is central to whole SAARC process. Twelve areas were agreed under the Integrated Programme of Action and each area was under the responsibility of the relevant technical committee (TC).
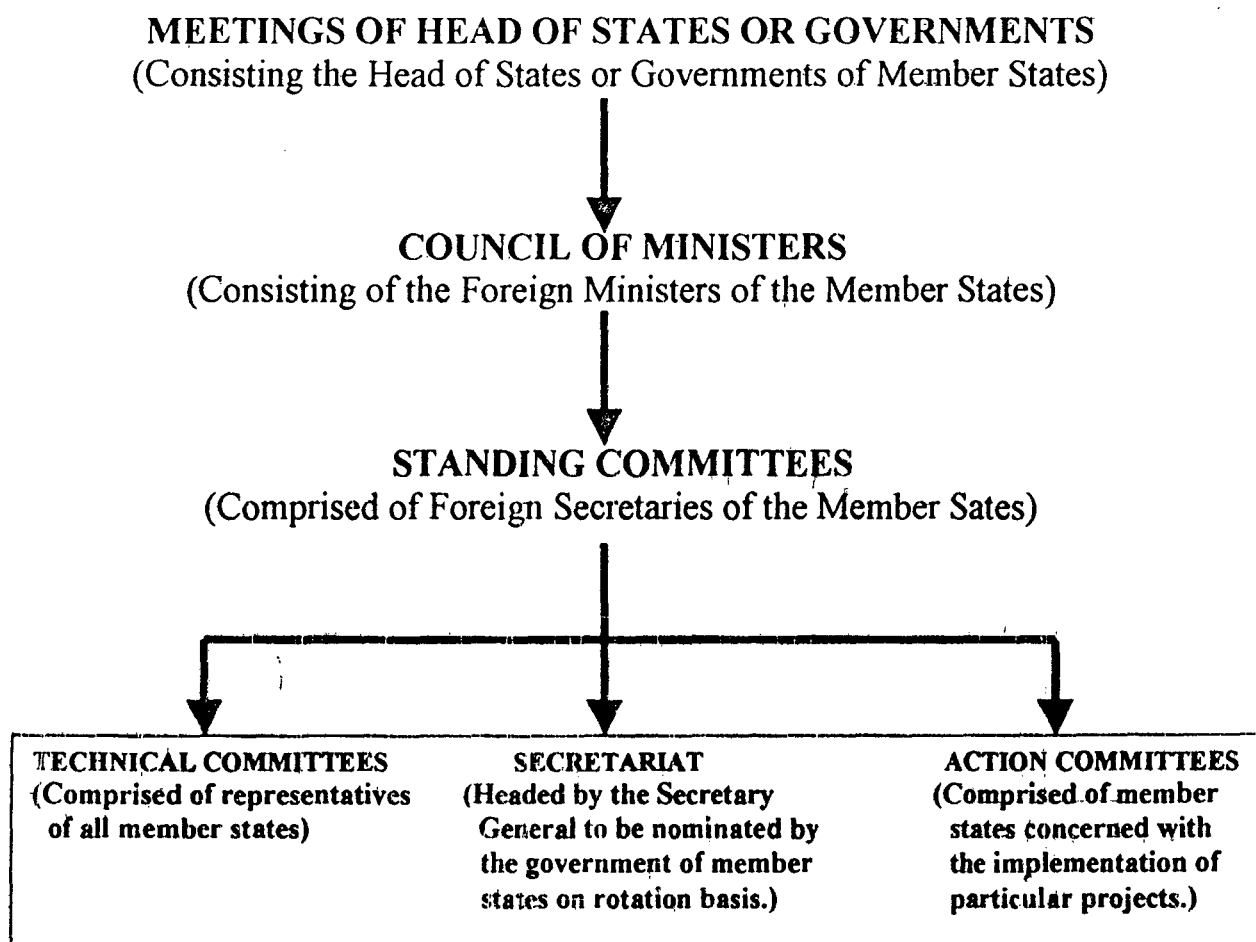
"in response to the need emphasised at successive summits to further consolidate and streamline Integrated Programme of Actions activities

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[12] . Dr. Krishan Gopal, *Geo-Political Relations and Regional Co-operation: A Study of South Asia*, New Delhi, 1996, p. 174.

aimed at bringing tangible benefits to the people of South Asia, a

comprehensive set of guidelines and procedures were adopted in 1992 for

the rationalisation of SAARC activities."[13]

Diagram - 1A.

INSTITUTIONAL FRAMEWORK OF SAARC[14]

MEETINGS OF HEAD OF STATES OR GOVERNMENTS
(Consisting the Head of States or Governments of Member States)

COUNCIL OF MINISTERS
(Consisting of the Foreign Ministers of the Member States)

STANDING COMMITTEES
(Comprised of Foreign Secretaries of the Member Sates)

TECHNICAL COMMITTEES (Comprised of representatives of all member states)	SECRETARIAT (Headed by the Secretary General to be nominated by the government of member states on rotation basis.)	ACTION COMMITTEES (Comprised of member states concerned with the implementation of particular projects.)

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[13]. Lakhan Lal Mehrotra, *Towards A South Asian Community*, 1997, p. 57.

[14]. Dr. Krishan Gopal, *Geo-Political Relations and Regional Co-operation: A Study of South Asia*, New Delhi. 1996, p. 181.

The Technical Committees are:

1. Agriculture (TC01)

2. Communications (TC02)

3. Education and Culture (TC03)

4. Environment (TC04)

5. Health and Population Activities (TC05)

6. Meteorology (TC06)

7. Prevention of Drug Trafficking and Drug Abuse (TC07)

8. Rural Development (TC08)

9. Science and Technology (TC09)

10. Tourism (TC10)

11. Transport (TC11)

12. Women and Development (TC12)

Some of the other agencies operational under the SAARC are:

1. SAARC Educational Programme (SEEP)

2. SAARC Youth Volunteer Programme (SYUP)

3. South Asian Dialogue of the Independent Group of South Asian Cooperation (IGSC)

4. Coordinating Group for Studies on South Asian Perspectives (CGSSAP)

5. Coalition for Action on South Asian Cooperation (CASAC)

6. SAARC Chamber of Commerce and Industry (SCCI)

7. SAARC Law Association of Management Development Institute of South Asia (AMDISA)

8. South Asian Federation of Accountants (SAFA)

9. South Asian Media Association (SAMA)

10. Committees for Studies on Cooperation and Development (CSCD)

11. Association of Speakers and Members of Parliament (ASMOP)

12. SAARC Audio-Visual Exchange Programme (SAVE)

13. SAARC Scheme for Promotion of Organised Tourism

14. SAARC Visa Exemption Scheme

15. SAARC Chairs, Fellowships and Scholarships Scheme (SCFSS)

Thus it can be seen that a multitude of agencies and associations collaborate under the agies of SAARC to concertedly address the common concerns of South Asia. The SAARC has transgressed into a wide array of fields from its basic premise of addressing poverty and underdevelopment in the subcontinent. One of the most promising initiatives has been in the field of economic cooperation and human development.

ECONOMIC COOPERATION IN SOUTH ASIA:

In the present day all the countries must accept the fact that they are part of the world economy. No country can escape its role in the system of interdependent trading nations.[15] It is still a debatable point whether the degree of interdependence among nations is increasing or not. But it is a fact that the world trade has grown exceptionally fast in the post-war years. On the whole, the forces working for economic interdependence among nations seems irresistible.

The world system is now moving towards regional economic arrangements for an organisational framework as well as gradual economic integration since the post world war II. Unfortunately, despite subsequent efforts of the various multi-lateral global negotiations for improving the existing international economic order and internal economic reforms, there has been growing multiplicity of tensions and difficulties. This has not helped in stemming out growing trade conflicts, clamity of resource crunch, volatility in monetary and financial system, fluctuations in exchange rates, uncertainties of capital market or in relegating deteriorating terms of trade, unmanageable balance of payment crisis, acute debt problem and persisting inflation.[16]

[15] . B. Satyanarayan, *Regional Cooperation Among SAARC Countries* in Devendra Kumar Das ed., *SAARC: Regional Cooperation and Development*, 1992, p. 77.
[16] Debendra Kumar Das, *Emerging World Trends: Relevance for SAARC in Nineties*, Millenium, 25 (3), Winter, 96, p. 641.

It is against this overall background that the South Asian milieu is set. The majority of less developed countries are depended upon the exploitation of primary goods as a historical legacy they have inherited.[17] The interdependence of the less developed countries to the global system can be seen in the shocks the latter gets when there is a glut in the economies of the developed states of the north.

One possible way to accelerate economic growth of the developing countries is through regional cooperation.[18] Enhancing intra-regional trade is an important instrument of this overall approach. The desirability and feasibility of south-south cooperation is no longer a matter of conjecture.[19] Countries of the south are not uniform in their level of development or resource endowment. The dynamic complementarities among the developing countries in resources, skills, technologies and market opportunities have opened new vistas of opportunities among themselves. Well-convinced and properly implemented programmes in that direction would help countries of the south to reduce their dependence on the 'north as well as their

[17]. Mustapha Kamla Pasha, *Globalisation and Poverty in South Asia*, 1992, p. 23.
[18]. B. Satyanarayan, *Regional Cooperation Among SAARC Countries* in Devendra Kumar Das ed., *SAARC: Regional Cooperation and Development*, 1992, p. 78.
[19]. Kalyan Raipuria, *Trade and SAARC Integration*, The Economic Times, 28 June 1999.

vulnerability to external trends and pressures.[20] South-South cooperation has

acquired definitive form and content during the past decade in the action

programmes adopted at the successive NAM Summits and by Group of 77 at

the U. N. The declaration and the programme of action on the New

International Economic Order (NIEO) adopted by the UN in 1974, the UN

conference on technical cooperation in 1978 etc. are stopping stones towards

establishing a framework of cooperation among developing countries.

The South-South cooperation, especially South Asian Regional

Cooperation is a new platform. Which has provided a new horizon for

regional cooperation in South Asia. After more than a decade of SAARC's

coming into existence, one finds that though the process of cooperation in

the region has been initiated in diverse fields and many directions, the pace

of cooperation has been generally slow and the feeling prevails that it should

have been much faster.[21] A closer scrutiny reveals, however, that it was

bound to be slow. It involved the task of harmonising the varied interests of

the partners and managing jointly several complex factors that are both

economic and non-economic in nature. This was followed a number of

[20] . R. Sampathkumar, *Experiments in Regional Cooperation in the Third World,* World Affairs, July-Sept, 1997, p. 38.

[21] . Lakhan Lal Mehrotra, *Towards a South Asian Community,* 1997. p. 282.

bilateral conflicts some of which are yet to be resolved has been a lagging factor in the pace of greater results.

THE STATE OF SOUTH ASIAN ECONOMIES:

The macro-economies of the SAARC region are characterised by a wide variety of experiences in growth and structural changes. The period prior to the eighties has been one of sluggish growth and slow pace of structural changes. The eighties and the more recent period of the nineties seem to have injected a new economic dynamism in the countries of the region. That is because all the SAARC countries have initiated economic reforms characterised by liberalisation, privatisation and globalisation.[22] In the new policy framework, stabilisation and structural adjustment have assumed special importance. The experience of the period since 1990 deserves special attention in this regard. The SAARC region was in a rising phase of growth during the sixties. It was temporarily suspended in the subsequent decade due to the oil crisis in 1973, but resumed in the eighties. With the introduction of full-fledged economic reforms in the early nineties, the region has made significant progress.

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[22] . G. S. Balla and Manmohan Agarwal eds., *World Economy in Transition: An Indian Perspective*, 1994, p. 115.

The average growth rate of per capita income in the SAARC countries is much lower than the similar index for developing countries as a whole. This can be explained by the low growth rate of GDP coupled with high population growth in these countries.

As compared to the world including many developing countries, the contribution of the industrial sector to the GDP in SAARC countries in rather small. In the period 1965-97, the contribution of the industrial sector has increased but only marginally. The average contribution in this sector was 17% in 1965, with India ahead with 22%, closely followed by Pakistan 20% and Sri Lanka 21%.[23] The situation in 1997 improved a little with the average contribution of the sector increasing to 25.3% of GDP.[24]

The slow growth in the industrial sector is catalysed by the regions high dependence on external assistance and high level of foreign debt. This proves to be a viscious cycle in which almost all the developing countries are trapped into. This has much to do with the trade policies of the constituent states.

TRADE POLICIES OF SAARC COUNTRIES:

Most SAARC countries have pursued development strategies with heavy emphasis on import substitution. In the beginning consumer goods

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[23]. Lakhan Lal Mehrotra, *Towards a South Asian Community*, 1997, p. 282.
[24]. World Development Report-1998.

particularly textile and food products were developed locally. Later on emphasis was laid on capital goods production. To accomplish these objectives many of these countries have maintained overvalued exchange rate and supported balance of payments situation through severe restrictions on imports and through strong subsidies to exports.[25]

Although in the early eighties South Asian countries undertook significant import-liberalisation measures, the import policies had continued to be quite restrictive with exception of Sri Lanka. With the newly developed import-liberalisation measures in the nineties, India, Pakistan and Sri Lanka have adopt0ed managed floating exchange rate policy.[26] The Indian rupee has also been made convertible on the current account since reforms were initiated by the Government of India in 1991. Bangladesh and Nepal pegged their currencies to a composite of currencies and Bhutan to the Indian rupee. The Maldives adopted the system of independent floating. The SAARC countries have recognised the interrelationship between the trade policy regime and the exchange rate policies.

Import of a number of products has now been permitted which had been banned earlier. Import of those products, which were earlier in the

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[25] . S. P. Gupta, William E James and Robert K. M. C. Clerry eds., *South Asia as a Dynamic Partner*, 1994, p. 116.
[26] . Amera Saeed, *Regional Cooperation in South Asia: Pakistan's Role*, Regional Studies, Winter 1997-98, p. 95

restricted list, has now been liberalised. Tariff structures are being rationalised in almost every South Asian country by distinguishing their trade, revenue and protective objectives.[27] Bangladesh, Nepal, Pakistan and Sri Lanka have introduced the system of negative lists, meaning that unless imports of products are banned or restricted, goods can be freely imported.

Although in many respects import policies continue to be restrictive and tariff rates remain high in SAARC countries, their moves towards pro trade outward-looking policies are encouraging. Bhutan and Nepal continue to enjoy special trading relationship with India. Bangladesh, India and Sri Lanka are parties to the Bangkok Agreement.[28] These trends portend well for the future of South Asian trade where the natural resource are endowed in a way where trade could be complimentary to each other.

AREAS OF COOPERATION:

One of the major areas of cooperation, which needs to be considered under the purview of SAARC as a priority, is the trade sector. Although, there may seem competitiveness in the area of trade, there is scope for expansion of intra-regional trade in the SAARC region. The study mentioned in Table 8 on the basis of structural and sectoral growth

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[27] . Lakhan Lal Mehrotra, *Towards a South Asian Community,* 1997, p. 282.
[28] . M. R. Jose, *A Bloc Within a Bloc? A Kathmandu Perspective, Regional Studies,* Summer 1997, p. 48.

perspectives, has suggested regional economic cooperation in the following

areas:

Table - 8

Country	Agriculture	Energy	Manufacturing	Others
Bangladesh	H	L	M	L
Bhutan	M	L	M	H
India	H	H	M	H
Maldives	L	H	L	L
Nepal	H	M	M	H
Pakistan	H	L	L	M
Sri Lanka	L	L	H	H

Note: H=High, M=Medium, L=Low.

The following conclusions can be deducted from the table:

i. "Agriculture is likely to be more beneficial to Bangladesh, India, Nepal, Pakistan and Bhutan.

ii. Energy is likely to be more beneficial to India, Maldives and Nepal.

iii. Manufacturing is likely to be more beneficial to Bhutan, Sri Lanka, Bangladesh, India and Nepal.

iv. "Others" Sector is likely to be more beneficial to Bhutan, India, Nepal, Sri Lanka and Pakistan."[29]

The initiative towards establishing SAPTA was first developed during the sixth SAARC summit in Colombo, in December 1991. Pakistan displayed serious reservations, fearing that SAPTA might lead to India's dominance of the region. Eventually on 11 April 1993 during the seventh SAARC summit in Dhaka the framework of SAPTA was agreed upon. But was formally approved at the eighth SAARC summit in Delhi in May 1995, and became operative in December 1995.

The main objective of SAPTA is to promote a greater volume of intra regional trade among the SAARC countries through a mutually agreed schedule of intra regional trade concessions and preferences.[30]

The ratification of SAPTA implies that each SAARC member country can request preferential treatment on a particular product from another member country on a reciprocal basis.[31] The preferential treatment would be phased removal of tariffs, para-tariffs, and non-tariff barriers as also direct trade measures such as commitment in respect of long and medium term

[29]. B. Satyanarayan, *Regional Cooperation Among SAARC Countries*, in Debendra Kumar Das ed., *SAARC: Regional Cooperation and Development*, 1992, p. 82.
[30]. Lakhan Lal Mehrotra, *Towards a South Asian Community*, 1997, p. 300.
[31]. SAARC led to Promote Bilateral Trade, The Economic Times, January 10th 1996.

contracts, preferences in government and public procurement, state trading and buy-back arrangements.

To begin with, SAPTA envisaged 10% tariff reduction for items classified under preferential trade category. SAPTA also defines the rules of the origin criteria of eligibility of products under preferential trading. Under the Agreement, the value of raw materials originating within the territory of the participating states must be at least 50 % of the FOB value of the product.[32] However, when one-member states as inputs for the finished product, then the product would become eligible for preferential treatment provided the combined raw material content originating from the region was not less than 60%. In the case of the least developing countries a further 10% relaxation in the rules of origin criteria is permitted.[33]

Under SAPTA the special needs of the Least Developed Countries would be taken care of and member states would provide whenever possible special and more favorable treatment exclusively to the least developed countries. An attractive feature of this context is the technical assistance and cooperation designed to assist the least developed countries in expanding their trade with other member countries. SAPTA facilities are non-reciprocal for the least developed countries - the Maldives, Bhutan, Nepal and

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[32] . Perspectives South Asian Cooperation, CGSAP, p. 242.
[33] . Lakhan Lal Mehrotra, *Towards a South Asian Community*, 1997, p. 301.

Bangladesh. This would give India an opportunity to demonstrate its good intentions.

FORMULATION OF LIST OF ITEMS FOR CONCESSION:

The Preferential trading Arrangement is one of the mildest forms of an integrative arrangement. The main thrust of the same is to remove the constrains affecting intra-regional trade through reduction in tariffs, para-tariffs, non-tariff barriers and by direct trade measures. The direct trade measures include long and medium term contracts containing import and supply commitments in respect of specific products by-back arrangements, state trading operations and government and public procurement.[34]

Negotiations are made on product-by product basis, across-the-board reduction, non-tariff measures and direct trade measures. Primary products, agricultural and extracted raw materials, marine and marine products, scrap metals, other manufactures with more than 50% of the domestic context was considered in the first phase. The arrangement provides for ample safeguard measures relating to balance of payment difficulties also.

The objective of SAPTA is to attempt collective self-reliance for the region. This would involve indentification of imports needs of individual

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[34]. *Latest Development in SAARC.* A Paper Published by PHD Chamber of Commerce, 1993, p. 8.

countries of the region with a view to determining what could be supplied from within the region itself and obtaining the rest at the lowest possible cost from outside the region. It would also involve determination of export surplus of individual countries to explore the possibilities of joint marketing and improving unit value realisation. Till now 800 items are identified for concessional trade tariff, the number of items would increase till the region becomes a free trade area.[35]

The SAARC in its attempt to enhance more trade in the region have decided to go for a Free Trade called SAFTA which is still in its nascent stage. But any attempt to harmonise trade in the region needs changes from below some of the issues need to be highlighted in this context:

1. Concessions till now have been exchanged only in the realm of tariffs. Progress in removing non-tariff barriers is still low.

2. The Agreement on SAPTA allows for various approaches to trade liberalisation such a product-by-product, across the board tariff reduction, structural approach and directs trade measures. So far only product-by-product approach has made progress.

3. The trade of items, to which concessions have been extended, is quite low. In fact, for many of the products bilateral trade flows are

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[35]. Lakhan Lal Mehrotra, *Towards a South Asian Community*, 1997, p. 282.

zero. Moreover, the preferential import account for a very low share of total intra-SAARC trade. However, a more important issue is to identify products with large trade potential by examining trade complementarities on one-hand and production complementarities on the other. Even in sectors where countries are competitions, possibilities for intra-industry trade should be explored.

4. Another issue relates to the dovetailing of tariff concessions under SAPTA with other arrangements like the WTO, Bangkok Agreement and Indo-Nepal bilateral treaty.[36]

Lessons for the functioning of the same ASEAN Free Trade Agreement, where a common Effective Preferential Tariff Scheme (CEPT) has been agreed. This includes reduction in both tariff and non-tariff barriers. The whole process could be put on normal and fast tracks to speed up the process.

At the SAARC summit in Delhi in May 1995 the heads of state not only resolved to convert the region into a free trade area no later than 2005 but also agreed to evolve a 'charter for action' to work out the modalities of

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[36] . V. R. Panchamukhi, V. L. Rao and R. Upendra Das eds., *Trade and Industrial Development in South Asia and Linkages with other Subregions in Asia*, 1996, p. 10.

SAFTA. The transition form SAPTA to SAFTA would definitely increase the trade potential of the region. A fast track transition of SAFTA is the need of the hour. SAFTA would enhance the economic potential of the region and help SAARC to take harmonised positions affecting their economic interest as a whole.[37]

MANUFACTURING AND SERVICES:

As stated earlier the SAARC trade is basically based on primary commodities. Manufacturing and service trade have played very little role in the context of SAARC trade. In recent years industrial joint ventures and transfer of technology have played a useful role in the growth of trade in arrangements like ASEAN, the European Community and NAFTA etc. international trade services have also become a major source of foreign exchange earnings. Therefore, joint ventures and technology transfers in the area of manufacturing and services have emerged in recent years as a major form of cooperation between enterprises of developing countries. Joint ventures in whatever form, sharing of technical knowledge and expertise or establishment of a firm in a host country through foreign partnership or

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[37]. I. N. Mukherjee, *Transition From SAPTA to SAFTA* in S. Gosh and S. Mukherjee eds., *Emerging South Asian Order-Hopes and Concerns*, 1996, p. 197.

pooling investible resources of various countries, would promote industrialisation in the SAARC countries as well.

As far as SAARC countries go, industrial development is relatively stronger in India and Pakistan than other countries. In other member states the industrial sector consists chiefly of food processing, textile and light consumer goods. Therefore sharing of mutual experience will be beneficial for all the member states and would contribute to the development of collective self-reliance.

POTENTIAL AREAS OF COOPERATION IN THE SERVICE SECTOR IN SAARC REGION:

International trade in services has become a major source of foreign exchange earnings. According to the IMF, one third of world trade is in the service sector.[38] Hence there is an urgent need to enhance the contribution of services to the external sector of national economies in the SAARC region and to the boost the potential in this field. Regional and sub-regional cooperation among SAARC countries would not only stimulate, service exports but would also facilitate mutual trade in goods.

TRANSPORT AND COMMUNICATION:

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[38]. IMF Report 1997.

In the specific area of transport and communication could go a long way to enhance trade in the region. This area was the premise of specific study done by Ashfaque Khan and Annice Mahmood (in 'Complementarities, Comparative Advantages, and Benefits and Costs of Regional Cooperation in Land Transport and Communication, 1993) who attempted to quantify the impact of non-cooperation/full cooperation in land transport and communication on intra-regional trade over the period 1990-2015. Full cooperation assumes that all the regional countries provide transit facilities for each other's regional trade, maintain their portion linkage roads leading to borders in good condition. Simplify transit procedures, and create efficient and effective communication links.[39]

On the basis of these assumptions, it was estimated that in a scenario of non-cooperation in these areas, intra-regional trade could grow from an initial level of US $ 1.87 billions to 8.62 billions during the 25 years period. On the other hand the cost of non cooperation in these two areas would be a loss of intra regional trade, amounting to US $1.8 billion annually by 2015 A. D.[40] The other cost of non cooperation in these areas would lead to: higher cost of movement of intra regional trade; lower intra regional

[39] . Ashfaque Khan and Annice Mahmood, *Complemetarities, Comparative Advantages and Benefits and Cost of Regional Cooperation in Land Transport and Communication,* 1993, p. 107.
[40] . Ibid. p. 109.

tourism; and higher costs of movement of people within the region. The latter two could also contribute to greater social and cultural isolation of the regions people, slowing down the progress of regional cooperation on the whole.

Tourism:

The spill over effect of the lacunae in transport and communication can be seen in the tourism sector. It was seen in 1997 that South Asia received only 5.2 million tourists as compared to 27 million by China, 45 million by USA and 62 million by France. Tourist flows to South Asia generated close to US $ 4.5 billion as opposed to over US $ 11 billion for China, 10 billion for Singapore, 9 billion for Thailand and 7 billion for Korea.[41]

Thus it can be seen that SAARC is still in its infancy and a lot of scope remains to enhance intra regional trade in the region. India and Pakistan have trading relations with all the countries of the region. In the case of India over 64% of exports were to Nepal and Sri Lanka. Another one-quarter was meant for Bangladesh and Pakistan and Maldives accounted for the rest. As regards India's imports, the picture was slightly different,

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[41]. World Tourism Organisation Report 1998.

India's imports from Nepal was 33%, 35% from Pakistan and the rest from Bangladesh and Sri Lanka.

Table - 9

SAARC TRADE.

Country	India's Exports		India's Imports	
	1997-98	1998-99	1997-98	1998-99
Bangladesh	787(6903)	991 (7270)	51 (4290)	64 (5000)
Pakistan	143 (11330)	111 (10470)	45 (8000)	212 (8300)
Sri Lanka	489 (5850)	440 (6265)	30 (4650)	39 (5000)
Nepal	170 (1660)	149 (1474)	95 (390)	142 (436)
Total	1589	1691	221	457
Aggregate	32441	33642	38807	41887

(In US $ million)

(Figures in Bracket show the estimated imports & exports of the respective countries)

Source: The Economic Times, 28 June 1999.

The rate of intra region trade movement in the SAARC region has thus tremendous scope for improvement but an urgency has to be there on behalf of the constituent governments to speed up the process. The main reason for the same is that it was seen with the beginning of the decade of 1990's that the world economy is moving fast towards a radical transformation with a growing multiplicity of complex issues and new

challenges.[42] These developments have not only brought about an unmistakable trend towards regionalisation of world trade by also lead to the emergence of multiple centers of power in place of a bi-polar world. The growth of Japan as an economic power, the colossal strength of the European Union and the claim to strength of Chinese economy, which is projected to be the second largest economy by 2000 A.D is a point to be taken note of. The integration of the former Soviet Union into the GAAT system could be an altered state of international economy in the changing uncertain international environment, there is a positive danger that the European Community standard would be so high that the SAARC products would have difficulty to ensure dependability of European Economic Community (EEC) buyers. If the SAARC countries are to deal effectively with North America, Europe and Asia Pacific, there is no policy options before them except to globalise their trade policies according to cooperative strategy which can allocate regional production capacities for meeting the requirements of both the regional and extra-regional markets because there is limited possibilities of bilateral matching of exports and imports on

[42] . Debendra Kumar Das. *Emerging World Trends: Relevance for SAARC in Nineties.* Millenium. 25 (3). Winter. 96. p. 33.

account of a high degree of complementarity existing between the demand and supply of the products within the region.[43]

MEDIUM AND LONG-TERM ALTERNATIVE OPEN TO SAARC IN THE PRESENT WORLD ECONOMIC ENVIRONMENT:

There are possibly the following alternatives open to the SAARC region in the medium as well as long-term for counter-balancing their responses to the emerging structural transformation in the world economic environment.

Firstly, the SAARC region would have to redesign their target of exports so that intra regional trade linkage among the member countries as well as with other developing countries may be strengthened with a view to avoid the obvious danger of European Community standard, for which restructuring tariff and non-tariff barriers is highly essential on the lines of global system of trade. The countries of the SAARC region could formally establish a customs union especially when the benefits of such system are apparent in other regions.

Secondly, the countries of the SAARC region should have to coordinate and rationalise their concentration on exports especially in respect of agricultural and allied products, professional marketing strategy

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[43] . V. R. Panchamukhi and Research Team. *Economic Cooperation in the SAARC Region: Potential, Constraints and Policies*, 1990, p. 24.

and development of catalytic institutions to enter into new areas not only to get some strength of bargaining power but also to keep aloof from mutual under-cutting of prices.[44]

Thirdly, almost every country in South Asia is in the grip of acute shortages of foreign exchange resources, deteriorating terms of trade, mounting debt burden and consequent debt trap. Unless the purchasing power of the SAARC countries are augmented through a joint programme of bringing down their shortages of foreign exchange resources and improving the net transfer or resources for expansion of intra regional trade. It would therefore, be necessary to carry out an in-depth review of the Asian clearing union in order to determine the measures of strengthening it. Moreover, the suggestions made by the G-77 and Non-Aligned Movement for global conference on money and finance are also useful in the broaden interest of developing a systematic arrangement in this regard.[45]

Fourthly, despite diverse initiatives and strategies, the countries of the SAARC region would have to set in motion a gigantic plan of technological advancement of their export sectors as well as to transfer technology among themselves through a multi-lateral arrangement with a view to preserving

[44]. Debendra Kumar Das, *Emerging World Trends: Relevance for SAARC in Nineties*, Millenium, 25 (3), Winter, 96, p. 34

[45]. S. N. Yadav, *Group of 77: From NAM to Business Cooperation*, The Economic Times, September 3, 1988.

their antagonistic courage in global trade. Thus in the absence of a strong infrastructure on the lines of the OECD of the developed world, the countries of the Third World is still incapable to realize the impending transformation in the global economic scenario.[46] The SAARC region, therefore, needs to encourage and invite technical and financial participation from abroad for early execution of the basic needs.

Even though consolidated efforts are being made in the region for greater economic cooperation there lies a lot of grey areas which have to be dealt with a priori urgency. Unless the shortcomings of the attempts for regional cooperation are not done away with, it would lead to more complexities in their mutual relationship; some of the areas where work has to be done are to:

1. Bridge information gap.

2. Create trade complementarities.

3. Forge greater financial cooperation

4. Have non-tariff barriers.

5. Create adequate tariff advantages.

6. Dissolve the fear of economic domination by India

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[46] . V. R. Panchamukhi and Research Team. *Economic Cooperation in the SAARC Region: Potential, Constraints and Policies,* 1990, p. 6.

7. Improve political relations.[47]

Thus the success of a realistic approach towards economic cooperation and mutual trade expansion among any grouping of countries not only critically rests on the degree of sincerity and consciousness of political interdependence among the member countries but also on the exercise of potential of the existing political insight and inclination to coordinate their trade policies and practices for greater mutual benefit. However, what is needed now is a new cooperative regional strategy to reinforce mutual interest and complementarities within the region and particularly between India and each of the other member countries that would enable them to determine at each level the measures that will best accelerate its development dependable to its objectives and priorities.

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[47] . S. V. Hariharan, *Problems of Trade Cooperation Among SAARC Countries*, in Debendra Kumar Das ed.. *SAARC Regional Cooperation and Development*, 1992, 144-147.

Conclusion

The post cold war international system has seen tumults changes in the actors which influence state system. The conception of the nation state being the basis of the international system is being questioned. The growth of transnational corporations, growth of non-governmental organisations, multination corporations and other non-governmental elite movements with transnational memberships has gathered momentum. This process is catalysed by the technological revolution, which has percolated into the world system. Due to these factors the state has been able to fulfill the role designated for it, a direct impact of these processes can be seen in the light of how domestic issues are being internationalised. An example of the same can be seen in issues linked with economic underdevelopment, by the way in which international institutions such as the IMF and World Bank has managed to get less developed countries into the viscious circle of poverty. In areas of national identity issues such as Kashmir are being emoted and internaitonalised. Environmental issues have taken transnational dimensions. The Narmada Bachao Andolan has been successfully internationalised. Due to the onslaught of these extra-territorial actors the state has become weakened and as it is the state alone which as access to legitimised use of violence, repressive measure are being taken up by governments which further estrange the masses from the state.

As these actors are transnational in character, South Asia is also drawn into the turmoil. It can been seen that in South Asia, the state has retreated from taking up non-military issues that threaten the security of the state. This retreat has siphoned away funds allocated for welfare measures. The presence of wide spread, hunger, poverty, mal nutrition and low life expectancy with even lower education is amply evident in all the states of the region. The luke warm responses of the ruling elite in addressing these pertinent issues are clearly seen. South Asia still lies embedded in pre-colonial dependencies and vulnerabilities. The failure of a vision by the South Asian states has made SAARC a snail paced regional grouping. The achievements of SAARC, on the other hand cannot be discounted. It has manifested the urge of South Asian states to address the common concerns of the region. The presence of weak democracies such as Pakistan and its long standing conflict with India about Kashmir has made the former weary of any kind of regional grouping which could isolate their interest in the region.

The geographical, military, technological and economic might of India, with its involvement in conflicts with all its neighbors has lead to a fear psychosis in all the other South Asian states. The fear of hegemony by India looms large in all the states of the region. India should take immediate

measures to quell this myth. Approach to foreign policy with its neighbors should be based on good will and non-reciprocity as formulated in the Gujral Doctrine. One of India's main idea in the region has to be in engaging with its neighbors in talks and discussions rather than accommodating the interference of foreign powers, which reduces the autonomy of the native South Asian states in the region.

Thus the need for the states in South Asia is to realize the futility and escalating cost of conflicts which leads to further conflicts in the domestic milieu. The construct of the state has been to organise domestic interaction. The use of force by state has made the state itself a threat to the security of individuals and social groups. With the Austinian description of sovereignty long discarded the state should accommodate the growing strength of NGO's, TNC's and MNC's, it is way difficult for a state to delink it self from the processes of global integration.

Thus it is in the hands of the ruling elite to accommodate the consolidation of non-governmental forces to forge an era of peace and amity in this region. The role of SAARC has to be expanded and a more pro-active approach is ought to be taken up by the constituent governments of the region to purge transnational problems off the sub continent.

A complex pattern of interdependence exists in South Asia but it has unfortunately not helped in getting the governments together to discuss the common problems that are confronted. Greater cooperation is possible only if intra-regional power relations in the sub-continent are stabilised. Even though some semblance of democracy prevails in the region especially with mature democracies such as India and Sri Lanka, there has been a failure of the system to percolate to the grass roots; this can be seen in the lack of sufficient number of local self-governing institutions. It is only if the bureaucratic centralised system gives way to decentralised peoples participation that local systems in the grass root level can have a say in decision making. The estrangement of the state is evident, as it is oblivient about the aspirations of the masses. It is only if this rationale is understood that a degree of political sincerity and consciousness could lead to addressing the common problems that confront the region. This process could enable the political leadership to evolve a new regional cooperative strategy to reinforce mutual interest and complemetarities with the region, to address the issues of security, human development and economic cooperation. It is only if this enlightened realisation prevails that South Asia can be drawn away from the viscous trap of perennial animosity.

Charter of the South Asian Association for Regional Cooperation

We, the Heads of State or Government of BANGLADESH, BHUTAN, INDIA, MALDIVES, NEPAL, PAKISTAN and SRI LANKA;

1. Desirous of promoting peace, stability amity and progress in the region through strict adherence to the principles of the UNITED NATIONS CHARTER and NON-ALIGNMENT, particularly respect for the principles of sovereign equality, territorial integrity, national independence, non-use of force and non-interference in the internal affairs of other states and peaceful settlement of all disputes;

2. Conscious that in an increasingly interdependent world, the objectives of peace, freedom, social justice and economic prosperity are best achieved in the SOUTH ASIAN region by fostering mutual understanding, good neighbourly relations and meaningful cooperation among the Member States which are bound by ties of history and culture;

3. Aware of the common problems, interests and aspirations of the peoples of SOUTH ASIA and the need for joint action and enhanced cooperation within their respective political and economic systems and cultural traditions;

4. Convinced that regional cooperation among the countries of SOUTH ASIA is mutually beneficial, desirable and necessary for promoting the welfare and improving the quality of life of the peoples of the region;

5. Convinced further that economic social and technical cooperation among the countries of SOUTH ASIA would contribute significantly to national and collective self-reliance;

6. Recognising that increased cooperation, contacts and exchanges among the countries of the region will contribute to the promotion of friendship and understanding among their peoples;

7. Recalling the DECLARATION signed by their Foreign Ministers in New Delhi on August 2, 1983 and noting the progress achieved in regional cooperation;

8. Reaffirming their determination to promote such cooperation within an institutional framework;

DO HEREBY AGREE to establish an organization to be known as SOUTH ASIAN ASSOCIATION FOR REGIONAL COOPERATION hereinafter referred to as the ASSOCIATION, with the following objectives, principles, institutional and financial arrangements;

ARTICLE I

Objectives

1. The objectives of the ASSOCIATION shall be:

    (a) to promote the welfare of the peoples of SOUTH ASIA and to improve their quality of life;

    (b) to accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and realize their full potentials;

    (c) to promote and strengthen collective self-reliance among the countries of SOUTH ASIA.

    (d) to contribute to mutual trust, understanding and appreciation of one another's problems;

    (e) to promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields;

    (f) to strengthen cooperation with other developing countries;

    (g) to strengthen cooperation among themselves in international forums on matters of common interests; and

    (h) to cooperate with international and regional organisations with similar aims and purposes.

ARTICLE II

Principles

1. Cooperation within framework of the ASSOCIATION shall be based on respect for the principles of sovereign equality, territorial integrity,

political independence, non-interference in the internal affairs of other States and mutual benefit.

2. Such cooperation shall not be a substitute for bilateral and multilateral cooperation but shall complement them.

3. Such cooperation shall not be inconsistent with bilateral and multilateral obligations.

ARTICLE III

Meetings of the Heads of State or Government

The Heads of State or Government shall meet once a year or more often as and when considered necessary by the Member States.

ARTICLE IV

Council of Ministers

1. A Council of Ministers consisting of the Foreign Ministers of the Member States shall be established with the following functions:

   (a) formulation of the policies of the ASSOCIATION;

   (b) Review of the progress of cooperation under the ASSOCIATION;

   (c) Decision on new areas of cooperation;

   (d) Establishment of additional mechanism under the ASSOCIATION as deemed necessary;

   (e) The Council of Ministers shall meet twice a year Extraordinary session of the Council may be held by agreement among the Member States.

ARTICLE V

Standing Committee

1. The Standing Committee comprising the Foreign Secretaries shall have the following functions;

   (a) overall monitoring and coordination of programme of cooperation;

   (b) approval of projects and programmes, and the modalities of their financing;

   (c) determination of inter-sectoral priorities;

   (d) mobilisation of regional and external resources;

   (e) identification of new areas of cooperation based on appropriate studies;

2. The Standing Committee shall meet as often as deemed necessary

3. The Standing Committee shall submit periodic reports to the Council of Ministers and make reference to it as and when necessary for decisions on policy matters.

ARTICLE VI

Technical Committee

1. Technical Committees comprising representatives of Member States shall be responsible for the implementation, coordination and monitoring of the programmes in their respective areas of cooperation.
2. They shall have the following terms of reference;
   (a) determination of the potential and the scope of regional cooperation in agreed areas;
   (b) formulation of programmes and preparation of projects;
   (c) determination of financial implications of sectoral programmes;
   (d) formulation of recommendations regarding apportionment of costs;
   (e) implementation and coordination of sectoral programmes;
   (f) monitoring of progress in implementation.
3. The Technical Committees shall submit periodic reports to the Standing Committee.
4. The Chairmanship of the Technical Committee shall normally rotate among Member States in alphabetical order every two years.
5. The Technical Committees may, inter-alia, use the following mechanisms and modalities, if and when considered necessary:
   (a) meetings of heads of national technical agencies;
   (b) meetings of experts in specific fields;
   (c) contact amongst recognised centres of excellence in the region.

ARTICLEVII

Action Committee

1. The Standing Committee may set up Action Committee comprising Member States concerned with implementation of projects involving more than two but not all Member States

ARTICLE VIII

Secretariat

There shall be a Secretariat of the ASSOCIATION.

ARTICLE IX

Financial Arrangements
1. The contribution of each Member State towards financing of the activities of the ASSOCIATION shall be voluntary.
2. Each Technical Committee shall make recommendations for the apportionment of costs of implementing the programmes proposed by it.
3. In case sufficient financial resources cannot be mobilised within the region for funding activities of the ASSOCIATION, external financing from appropriate sources may be mobilised with the approval of or by the Standing Committee.

ARTICLE X

General Provisions
1. Decisions at all levels shall be taken on the basis of unanimity.
2. Bilateral and contentious issues shall be exlcuded from the deliberations.

IN FAITH WHEREOF We Have Set Our Hands And Seals Hereunto. DONE In DHAKA, BANGLADESH On The Eighth Day Of The Month Of December Of The Year One Thousand Nine Hundred Eighty Five.

Hussain Muhammad Ershad
PRESIDENT OF THE
PEOPLES REPUBLIC OF BANGLADESH

Maumoon Abdul Gayoom
PRESIDENT OF THE
REPUBLIC OF MALDIVES

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