

# **South Asia as a Region: A Geopolitical Structural Analysis**

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Date - 20 July, 2010

**DECLARATION**

I declare that the dissertation entitled "*South Asia as a Region: A Geopolitical Structural Analysis*" submitted by me for the degree of **Master of Philosophy** of Jawaharlal Nehru university is my own work. The dissertation has not been submitted for any degree of this university or any other university.

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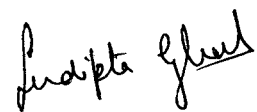
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# **CHAPTER 1**

## **Introduction**

## CHAPTER 1

### INTRODUCTION

Herodotus talked about treating history geographically and geography historically, in order to have a complete picture of the human landscape. If any one aspect gets ignored in the process, the chances of getting a lopsided view increases. The same view got translated in varied forms under various paradigms. In the twentieth century Carl O. Sauer from Berkeley school too advocated the geographical study of a region chronologically arranged. But the general tendency has always been to go with the contemporary paradigm. Howsoever hard we try to build upon an unbiased perspective; there is a probability of pre conceived ideas seeping in. The present paradigm has witnessed several technological breakthroughs leading to the diminishing importance of geographical parameters. But merely ignoring the geographical aspect will lead to a myopic view of the research. Spatio- temporal analysis is a pre requisite to any study undertaken. Not only does it give a thorough idea but also the reasons for the current status quo.

All political decisions have spatio-temporal consequences and this association of politics and geography can't be called one sided. If politics is to be associated with geographical space then there has to be geography to all political policies. Carl Sauer also talked about the overlapping of cultural landscape<sup>1</sup> and physical landscape in such a way that changes in one will change other. In Sauer's words:

*“The cultural landscape is fashioned from a natural landscape by a cultural group. Culture is its agent, the natural area is the medium, and the cultural landscape is the result.”*

E.g. how the process of colonization, a political phenomenon affected the geographical space, similarly the process of decolonization resulted in the emergence of a large number of new states in Asia, Africa and South America in turn affecting the geographical space.

All these newly independent nations had their own specific issues and concerns. These nations weren't merely stand alone entities, but were transcended by a larger cause they were attached to. This territorial attachment isn't merely a spatial attribute but can be

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<sup>1</sup> Sauer, C.O. (1925), “The morphology of landscape”. *University of California Publications in Geography* 2: 19-53.



leveraged as an important geostrategy towards development. Needless to say, the geographical attributes can't be changed, but it is through the functional attributes the geostrategy can be chalked as functional attributes give us the liberty to align and realign.

Geographical attributes don't give us this liberty, we can't choose the alignment and realignment of our location in case of physical parameters but we do enjoy a leeway when it comes to aligning and realigning in terms of political or economic orientation. Generally countries tend to orient themselves towards the relatively powerful in spite of their location.

In case of South Asia, which had once witnessed the wrath of imperialism and is still unable to unleash itself completely from the shackles of neo-imperialism, has still a long way to evolve as a truly, coherent region. Apart from the internal issues faced by the countries, the countries of the region aren't well integrated. Bilateral issues become the centre of all discussions and the regional issues take a backseat in most of the cases. A regional framework in the form of SAARC was formulated, but SAARC is also mired in summits and formal conventions. As mentioned by Headley Bull, (discussed in Chapter five), South Asia remains a system of states based on geographical history and a common history, whereas, it should strive to evolve as a society based on principles of accommodation.

In spite of a struggling region, South Asia is witnessing the rise of India, which is emerging as a prominent player not only in the region but also in the international arena. It is the largest country of the South Asian region constituting 75% of South Asia in terms of demography, territory and natural resources. In absolute terms too, it is most rich in resources. The Indo-centric nature of South Asia is so deeply embedded that no step towards cooperation and collaboration can be taken in the region without India acquiring the central place in the scheme of things. It has also been remarked on numerous occasions that India is curiously placed in Asia because of her actual and potential power resources.

India, being the best geographical expression of the South Asian region by being the largest as well as by bordering all the countries of the region gains an important position of the region. But the socio economic condition of India with respect to the other countries will also be compared here.

Apart from the economic stature, India's situation with respect to its immediate neighbours which is also called its, "*vicinal location*" is also a very crucial parameter. The states with many neighbours generally have a higher tendency towards boundary problems and are beset with a multitude of international situations. India too has a challenging vicinal location. The countries bordering India are mostly not comfortable with inter- regional cooperation which comes under the framework of "*collective self-reliance*."

In words of Ellen Churchill Semple

*"A people has, therefore, a twofold location, an immediate one, based upon their actual territory, and a mediate or vicinal one, growing out of its relations to the peoples nearest them. The first is a question of the soil under their feet; the other, of the neighbours about them. The first or natural location embodies the complex of local geographic conditions which furnish the basis for their tribal or national existence. - This basis may be a peninsula, island, archipelago, an oasis, an arid steppe, a mountain system, or a fertile low- land. The stronger the vicinal location, the more dependent is the people on the neighbouring states, but the more potent the influence which it can, under certain circumstances, exert upon them."*<sup>2</sup>

It's a well accepted fact that India is the most convenient geographical expression for the sub-continent between Himalayas and Indian Ocean because of its size, shape and a strategic *vicinal location* with 7 neighbours.

The communalities in South Asia are mostly bilateral with India. With an ancient civilization leading to age old ethnic dispersal, a bit of India can be seen in every other country of South Asia. A clear implication of this Indo-centric nature of South Asia is that the issues at the regional level are mainly bilateral and related to India only. And the mode of interaction at regional level remains mainly bilateral.

India has been the dominant expression of the whole South Asia. India, which lies across the Tropic of Cancer, comprises most of the Indian sub-continent. India is the seventh

largest country in the world with the Indian mainland covering an area of 3,287,782 sq.km. From north to south, the country measures 3,214 km and from east to west 2,933

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<sup>2</sup> Ellen Churchill Semple (1908), "Geographical Location as a Factor in History", *Bulletin of the American Geographical Society*, 40 (2): 65-81

km. India's land frontiers are approximately 15,200 km long and its coastline is about 6,100 km.

The river valleys of the Indus, Ganga and Brahmaputra merge to form the Indo-Gangetic Plain, which extends across Northern India for about 2,400 km, with a width varying from 260 to 350 km. This almost flat plain is amongst the most densely populated areas on earth. The desert region of India comprises the 'great desert' and the 'little desert'. The former extends northwards from the edge of the Rann of Kachchh and covers virtually the whole of the Rajasthan-Sind frontier. The 'little desert' stretches from between Jaisalmer and Jodhpur to a little beyond north Rajasthan. The Peninsular plateau, separated from the Indo-Gangetic Plain by the Aravalli, Vindhya, Satpura, Maikala and Ajanta mountain ranges, is flanked by the Eastern Ghats and the Western Ghats.

Not only in terms of geography but also in terms of economy India outshines all. India is the 2nd largest country in the world, measured by population and arable land. It is the 10th largest economy in the world. In terms of Purchasing Power Parity (PPP) it ranks as the 3rd largest economy in the world. In terms of growth it is the second fastest growing major economy in the world having grown at almost 9% over the last 5 years. There is another side of the story too with the prevailing income disparities, poverty, illiteracy and a burgeoning populace.

India is not only mired in its internal issues but also not unscathed from international issues. From boundary disputes to sharing of river water to infiltration, it is because of the vicinal location of India that all such diverse issues have become bilateral. Whenever we talk of a multilateral body it becomes inevitable that no single party becomes dominant. In case of South Asian region where the bilateral issues become so important due to the size and location of India that there are times when the regional issues get overshadowed by the bilateral issues. One of the reasons why South Asian Association for regional Cooperation (SAARC) has more difficulties in having a more coherent outlook is because of the pre dominance of bilateral issues than multilateral. And the preponderance of bilateral issues causes the preponderance of vested interests.

South Asia comprises of 8 countries of Afghanistan, Pakistan, India, Nepal, Bhutan, Bangladesh, Sri Lanka and Maldives. All these nations form a part of the geographical expression of the Indian subcontinent. The contemporary discourse calls South Asia

similar to the Indian subcontinent. But keeping political sensitivities in mind we call this region as South Asia or South Asian subcontinent where as the term Indian subcontinent has been limited to a geographical rather a geological expression.

Most of this region is a subcontinent resting on the Indian Plate, the northern portion of the Indo-Australian Plate, separated from the rest of Eurasia. It was once a small continent before colliding with the Eurasian Plate about 50-55 million years ago and giving birth to the Himalayan range and the Tibetan plateau. It is the peninsular region south of the Himalayas and Kunlun mountain ranges and east of the Indus River and the Iranian Plateau, extending southward into the Indian Ocean between the Arabian Sea to the southwest and the Bay of Bengal to the southeast.

Though the geographical identity of the subcontinent isn't questioned but the clubbing of the countries in it aren't free from debates. There are some schools which don't see Maldives as a part of South Asia; they only restrict its meaning to the South Asian landmass. There are others who find the inclusion of Afghanistan disputable. The adoption of the charter of South Asian Association for regional Cooperation (SAARC) in 1985 and its inclusion of Maldives did give a platform for Maldives as part of South Asia. Similarly, when Afghanistan was included in 2006, it added another dimension to this organization.

This club of 8 countries covers about 10 percent of the Asian continent, and accounts for about 40 percent of Asia's population. The region of South Asia is bound by the Himalayas to the north and east, and the Arabian Sea and Bay of Bengal to the south. The HinduKush Mountains that run through Afghanistan and northern Pakistan are usually considered the northwestern edge of the subcontinent. Karakoram and Hindu Kush mountains run to the northwest and there are deserts to the west, dense forest and hills to the east along the Burmese border to the east. Geologically, most of this region is a subcontinent because it rests on a tectonic plate of its own, the India Plate, separate from the rest of Eurasia, and was once a small continent before colliding with the Eurasian Plate and giving birth to the Himalayan range and the Tibetan Plateau.

The Himalayan Range forms the most conspicuous feature of the South Asian region. Not only does it demarcate the region but it also unifies the region into one single entity. It is because of Himalayas the effect of Monsoons become all the more significant in the region. It acts as a barrier for the Monsoon winds and is the cause of

the homogenous pattern of rainfall in the subcontinent. Himalayas are also responsible for the origin of the three most important rivers in the region. Ganges, Indus and Brahmaputra are the three rivers which have defined the trajectory of the civilization in the subcontinent.

These rivers have also played a significant role in the history of the region. Most of the civilizations developed on the banks of these rivers. Not only had the agricultural pattern affected because of the rivers but also these rivers acted as modes of transport and have interlinked various regions. And they also helped in propagating a similar cultural trait. Be it the eating habits or the cropping patterns. After all, geography does get translated in varied ways and means.

Not only has the regionness of South Asia lain in its geography but also in its history. The history of South Asia started in a sharply demarcated sub- continent bounded on the north by world's largest chain of mountain range – the chain of Himalayas. Though traders have crossed this barrier and entered this subcontinent in the past. More than the isolation imparted by this barrier, it was the external influence through conquerors and traders that has made this civilization one of the most unique in the world. The two ways interaction between the South Asian region and the outside world hasn't in any way diluted its cultural identity; rather it has enriched it in all spheres, ethnically, socially, politically as well as technologically.

This region has witnessed many empires, some with indigenous roots and some exotic, since the ancient age. In most of the cases the core region of South Asia or the present India dominated the political environment. Any upheaval in the Indian region did have an impact on the peripheral territories of Ceylon, Afghanistan, Pakistan and sometimes South East Asia too. Not only did India was a major player in the political arena but in case of trade and commerce too it was a central player.

Though the core region didn't mean India as a whole, because the Idea of India if not completely absent wasn't structured well enough and the present territory of India was torn apart by various war fares amongst various large and small kingdoms. Succinctly it can be put forth that the present India had largely two cores Northern India and Southern India from the ancient to the medieval period with Central India being the third core at times.

History had also witnessed the interlinkages between the various countries of South Asia. During the 10th century Rajaraja I of the Chola kingdom conquered Ceylon and king Rajendra I sent out a great naval expedition which occupied parts of Burma, Malaya and Sumatra. Cholas actually had the intention of suppressing the piratical activities of the Indonesian kings, who interfered with the flourishing trade between South India and China. Though the Chola hold on South East Asia doesn't appear to have lasted long, however Rajendra's expedition has a special place in the annals of India and Asia. Then we have the trade routes of the ancient South Asian region are probably the most vibrant endorsements of this region as a close knit one. The route from Delhi to Sialkot, crossing the five rivers of Punjab to the North – western city of Taksasila, from where it continued up to the Kabul valley was always the main artery of Northern India and a major interface to Central Asia. Tamralipti, became the main seaport of the Ganges basin and ships not only sailed to Ceylon but from there to South East Asia and Indonesia. Not only was India a prominent player in the past but the Sri Lankan king Parakramabahu even temporarily occupied Madurai.

All these facts do prove that the idea of South Asia as a region isn't a hegemonic concept. It does have a sound background. Saul B. Cohen in his hierarchy of geopolitical structures has termed South Asia as a geopolitical region. A geopolitical region implies that the region is not only endowed with geographical similarities but also with similar political structures. What are the factors that shape similar political structures in a particular region? Is it mere geographical proximity? In order to have a complete picture of the geopolitical structures we have to delve into the history of the region. In due course of time these geopolitical structures were shaped by centrifugal and centripetal forces. And till today this process is going on. All these geopolitical structures have certain geopolitical features in common like historic core, ecumene, boundaries. These common parameters were prevalent in the past too. But the present South Asian region has witnessed an obvious fluctuation in the location of these three parameters. In case of South Asia, a regional ecumene is lacking but definitely India's ecumenes completely dominate those of its neighbors. Ecumene here refers to the core regions.

Out of the three geopolitical parameters "Boundaries" have enjoyed a lot of limelight to such an extent that it has become a part and parcel of our language. Its reason can be attributed to the fact that Boundary disputes are a ubiquitous phenomenon all over the

world. Boundaries are an important feature here especially due to the boundary disputes between India and China and that between India and Pakistan. Again the vicinal location of India comes into play here. It is because of the number of neighbours India has, the probability of disputes also increase. Not only in terms of boundaries but also in case of sharing of river water too we have witnessed many disputes, be it the Indus water dispute in case of India and Pakistan or the dispute related to Ganges between India and Bangladesh. Apart from these two major river water disputes, India also had some disputes with Nepal regarding Kosi.

Irrespective of the conflicts existing in the region which are mostly the legacies of colonialism or mostly due to identity clashes India has always mooted for regional cooperation promoting national and collective self-reliance, eyed by many as a clandestine way of asserting hegemonic diplomacy. All such efforts on the part of India might project its image as ways and means to strengthen its position by many. These insecurities are difficult to erase but economic cooperation is one aspect which generally surpasses these inhibitions and keeps the national interest as foremost parameter. It can be observed from most of the world systems that the economic position of a nation determines its respective position in the world system.

Presently, there has been an increase in trade between India and South Asian Nations. India has a favorable balance of trade with these nations. This favorable position has improved more post SAARC. Cohen has talked about geopolitical region operating in various stages. And South Asia is operating at the stage of differentiation. Stage of differentiation implies the recognition of the existence of a region by the nations belonging to the concerned region. It can also be made analogous to the planning part. This stage of differentiation can be transformed to stage of specialization and then *specialized integration* wherein exchange of complementary outputs leads to integration of the region. In case of specialization the regions accept their roles in the larger framework and specialized integration is about execution of their roles.

Similarly Wallerstein talked about another type of geopolitical structure stressing more upon the aspect of world economy. Wallerstein's *World System Theory* published in 1970s talks about *Core*, *Semi-periphery* and *Periphery*. Countries like India and China have emerged from the world system's Semi Periphery to re-emerge as third world powers. Unlike China, India is still surrounded by countries which can be called

peripheries of the world system. In fact, some of them e.g. Pakistan and Nepal are in the danger of falling outside the scope of world system into fourth world. Core countries imply the economically powerful nations in a relative context. It means not only the countries which are highly developed fall in the core but also those which are relatively developed in their respective region fall in the Core region. Semi- periphery is the developing countries and countries belonging to the periphery are the led developed ones.

India's position in South Asia isn't merely restricted to a primary power but also to find ways of preventing the hegemony of terrorism and poverty from creating a permanent exclusion zone in its immediate neighbourhood. Not only in the South Asian region, India is a key player but also it is emerging as a conspicuous face in the South East Asian arena. South East Asia is already witnessing the rise and rise of China. India and China don't share the best of relationships. In spite of the proximity India and China are distant neighbours. Now, both the countries are emerging superpowers and they have too realized that becoming powerful is not an isolationist process. It is one form of engagement only. Presently, China is the tenth largest export destination of India and India is the fifteenth largest export destination of China. Some passes between India and China which have been a major controversy in the past, have been opened now for trade like Nathula, Shipkila and Lipu Lekh.

The two countries are now looking forward to ASEAN. India's Look East Approach is a pragmatic translation of this policy of engagement. ASEAN nations have also welcomed India not only as a regional power but as a counter weight to China. Prime Minister Goh of Singapore once described India as one of the wing of ASEAN's jumbo jet, balancing the other wing represented by China and Japan. In 1996, India was invited to become full member and participant in the region's security related forum, ASEAN Regional Forum (ARF).

India is emerging as a politically stable, militarily powerful nation. Its strong knowledge economy, its achievements in space technology in such a short duration, a vibrant political system can't be overlooked. Though on the economic front India is facing stiff competition, but the relative developments and the balance it maintains between a market economy and socialist economy posing a more challenging situation than many are commendable. Not only the GDP growth rates but also Indian economy,



emerging as a resilient power in the current recessionary phase has caught the world's attention. It is evident from all these factors that India has already crossed the take off stage of a regional power.

### **1.1 Objective of the Study**

Post cold war, regional powers are playing crucial roles in the global balance of power. India is also emerging as a regional power gradually but in a promising way. Not only can it boast of its military prowess but it is coming up really well in the economic and knowledge sphere. The process of India rising as a regional power and the several intergovernmental mechanisms deployed by it, can't be seen in two water-tight compartments. A country can't be both powerful for long and stay in isolation.

Therefore, the analysis of India emerging as a regional power needs to be seen from the intergovernmental perspective i.e. its relation and position with respect to its immediate neighbours and other emerging powers as well as the established powers. India gains primacy in the region of South Asia because of the strategic geographical position it enjoys. Most of the multilateral issues of this region are transformed into domestic issues when seen from an Indo-centric perspective. India's geostrategic location automatically paves way for intergovernmental policies. India's command over Indian Ocean, river Indus and Ganges flowing through it, Himalayas acting as natural barriers all give India a prime vantage point.

But our aim won't be to restrict our studies to South Asia as a geographical region but to expand our research to the emerging role of South Asia as a historical region, as a political region, as a cultural entity and an emerging politico-economic region. In other words we can say how South Asia has evolved as a functional region. We will also critically analyze this region and how far this regional identity has succeeded in becoming the post-national identity for the countries in this region. Whether the idea of South Asia as a region is a befitting example of collective self-reliance or is it acting as a hindrance for an individual country, are some points to debate upon. Whenever there is a relatively powerful stakeholder among all it becomes inherently difficult for the largest stakeholder to win the confidence of all. This is one reason why South Asian

region is witnessing emergence of several geopolitical structures which will be the centre of this study.

India's position and role in South Asia will also be examined. India's Look East Policy and formation of SAARC will also be studied in detail. The research here won't be merely restricted to India's social, political, economic, military and scientific achievements but how it is entering into new ventures by formulating various mechanisms of integration like trade agreements, FDIs, collaboration with other nations in various fields e.g. space technology, research & development. Unlike the pre cold war phase, when defense deals and military alliances were the only means of integration, the world has undergone a major transition from the myopic policies to more constructivist ones.

All the above mentioned parameters lead us to make a chronological study of the geography of South Asian region as emphasized by the new determinist school. Any current analysis of the region of South Asia will be incomplete without analyzing its geographical position. The juxtaposition of several structures in South Asia is the resultant of South Asia's location, its past as well as its current orientation.

India's location in South Asia can't be ignored not only because of its geographical extent but also its achievements in technology and economy. In spite of India's performance its position in South Asian region has been highly speculated. It is also being emphasized that India, instead of focusing on its region should widen its horizon and reorient towards regions with better accountability. One of them is South East Asia. How South Asia fares as a region, is India turning its focus towards external regions are the areas to be stressed upon in the coming chapters. In spite of the rise of India, it is still struggling as an emerging power in the region, with the rising influence of China in the region. Similarly, South Asia is struggling as a region to form an integrated and coherent region like the ASEAN group of nations. Apart from the geopolitical structures in South Asia, a critical analysis of India and South Asia as a region will be done by analyzing India socio economically and comparing SAARC with regions like ASEAN.

## **1.2 Research Questions**

This analysis raises some of the following questions,-

- How much successful has India's geographical position been in causing it to be the regional power of South Asia?
- How is India's emergence as a regional power, leading to formation of new geopolitical structures in South Asia?
- How successful is South Asia as a region and how significant has SAARC been in its coherence?

## **1.3 Hypotheses**

The following hypothesis can be inferred based on the above research questions, -

- Geographical position of India is the precursor in determining the geopolitical structure of South Asia.
- India is a true regional power in South Asia leading to evolution of new geopolitical structures.
- SAARC has been one of the most important developments of the South Asian region.

## **1.4 Research Methodology**

The study should begin with a brief historical analysis of the region of South Asia. Then the region will be analysed geographically as well as socio economically. Then, there will be a discussion on the theories of geopolitical structures. The main theories discussed here will be of Saul B Cohen and Immanuel Wallerstein. Apart from these there will be a discussion on factors influencing the geopolitical structures. These factors will include Rokkan's theory on the multidimensional attributes of a region, not merely geographical and economical parameters; there are cultural, ethnic and religious issues too. Then, Manuel Castell's theory of the dialectical relation between "net" and "self" and the multidimensional concept of "distance" by Alan. K. Henrikson will be discussed.

A special emphasis is to be given on India's position with respect to its immediate neighbours as well as its relations with other nations, especially the first world nations and the other emerging powers. Apart from these, India's new ventures in its international policies are also to be analyzed; these include its relationship with ASEAN, its policies in South American and African nations.

As far as the assumptions are concerned instead of going for methodological falsification we would prefer to go for sophisticated falsification, keeping alive the prospects of the falsified theory. There are times when theories are based upon the paradigm we are living in to, so instead of being nihilistic there is an attempt to throw light upon the potential of the theory. For Example, when it comes to studying South Asia, we go for the historical approach keeping in mind the historical legacy it carries, but when it comes to studying SAARC, we go by the progressive approach, by studying the future potential it has. A contemporary study of the region is also done, by using quantitative techniques and by comparative analysis (with other regions e.g. ASEAN).

With regard to the aforementioned research, various books and journals are to be referred. Data will be gathered from the statistical abstracts of India and the official sites of South Asian and South East Asian nations are to be referred. The data collected will be represented in the form of graphs for easy and discernable interpretation (line, bar, pie etc). Maps depicting India's position in the region will also be made using GIS techniques. Apart from these, newspaper articles are also to be referred, considering the

contemporary nature of the respective topic. Overall it will be a study involving both quantitative and qualitative methods.

In order to analyze the above mentioned topic, the following literature have been reviewed thematically,

The issue of South Asia as a region has witnessed quite a lot of transformations. The idea started with the geographical and racial commonalities. This concept of South Asia as an independent geopolitical region, separated from surrounding geostrategic realms and their regional sub divisions was first advanced by Saul B Cohen in 1963, diverging from the world view of H. Mackinder who had considered India, South East Asian peninsula and China to be a unified Monsoonal Coastland. The concept of South Asia as a separate region holds significance for India, which is also called the core of this region.

The concept of territoriality has its own potential advantages and disadvantages. Robert D.Sack has called territoriality as *a strategy for influence or control rather the strategy for establishing differential access to things and people.*<sup>3</sup> The concept of territoriality gets translated from contacts of a fixed geographical area to an action of extending influence. In case of India, its physical location is fixed, but the strategic aspects of the location go beyond the fixed boundaries. India's state in Indian Ocean, formation of Bangladesh is all assertions of Indian territoriality in one way or the other. How the degree of territoriality gets varied depends upon the state's geostrategic caliber. As Mackinder also mentions that the actual balance of political power at any given time is the product of geographical conditions, both economic and strategic and also on the other hand of the relative number, virility, equipment and organization of the people.

In the South Asian region India has always been a conspicuous player. In his book, *Geopolitics of the World System*, SB Cohen has talked about the dominance of Indian ecumene as compared to its neighbours. According to him, the prospects for the development of a region wide "ecumene" are negligible. In case of India, the Indian market itself is the main catalyst for the growth of its ecumenes

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<sup>3</sup> Sack R.D. (1983), *Human Territoriality: A Theory*, Department of Geography, University of Wisconsin, 55

The country's middle class, a large chunk of the population, is the main catalyst for the growth of its ecumenes. It is one of world's largest consumer markets and accounts for a disproportionate share of the nation's GDP. Apart from the economic factor, India was the historic core of South Asia. Delhi as the capital of both Mughal and British Empire and was the nerve centre of the Indian Sub- continent.

Cohen emphasizes on the fact that post cold war India became far more attractive ally for USA. Its significance as a potential market, its pool of technological brainpower, its role as a leader of developing countries and its importance as the world's largest democracy make it a potential ally to US.

India had been a key player in the past too. K. Raja Reddy in his book *India and ASEAN, Foreign Policy Dimensions for the 21st Century* highlights upon the Look East Policy and the historical aspects of India's regionalism. He talks about the fact that India took the initiative before independence to convene an Asian Relations Conference in New Delhi in April, 1947. He talks about the transition underwent by South East Asia post cold war, deprived of the western umbrella and facing a new challenge from China's lengthening shadows and how India as an emerging power is re-orienting its policies towards South East Asia. The fact that India was invited to become a full member of ASEAN Regional Forum (ARF) holds lot of significance for it. Compound annual growth rate (CAGR) of India-ASEAN total trade for 1991-2001 has been a robust 11.1% which is more than the CAGR recorded by India's total trade in the same period. Currently, India is participating in a wide range of activities under Council for Security Cooperation in the Asia-Pacific (CSCAP). Post independence India's economy was mired in endless problems and India was not in a position to formulate strong foreign policies. South East Asia got neglected in the initial phase, it was during the post cold war phase, India could realize the rising potential of South East Asia and the importance of improving relations with it. If India's potential of being the dominant player in its vicinity is mixed then, as Cohen says it can look beyond the inner ring to the second ring or the next to next neighbours. India's foreign policies have started orienting towards its distant neighbours but unless it strengthens its foothold in the region it's difficult to look beyond. The concept of South Asia as a region is interpreted in different ways. Dr. Krishan Gopal in his book, *Geopolitical Relations and Regional Cooperation- A Study of South Asia*, analyses South Asia as a region and talks about SAARC and various areas of conflict in South Asia. He elucidates upon the region and

regional cooperation. Most of the issues in South Asia which are regional in nature are generally bilateral in nature in case of India. This is an important parameter which makes India, central to all the South Asian issues. From border issues to ethnic issues, from issues related to sharing of river water to large scale illegal migration, India can't be outlawed in any case.

India enjoys a favourable position in the economic sphere. M. Siddiqui in *India and SAARC nations* talks about India's favourable position in this region. He talks about the economic supremacy enjoyed by India by showing the trends in Trade and balance of payments of this region. Previously a closed economy, India's trade has grown fast. India currently accounts for 1.5% of World trade as of 2007 according to the WTO. According to the World Trade Statistics of the WTO in 2006, India's total merchandise trade (counting exports and imports) was valued at \$294 billion in 2006 and India's services trade inclusive of export and import was \$143 billion. DN Pseud in his article, *India's role in South Asia* highlights how India's capital is expanding at a fast pace and it is capturing the markets of South Asia and beyond. Indian state is on the verge of establishing regional hegemony in South Asia. He says Indian expansionism, isn't taking place in isolation with Trans National Corporations, rather in subsidiary collaboration with them. He has given a new perspective of Indian expansionism, apart from the usual Indo-centric views. He talks about the relationship between Indian state and the South Asian economies as new form of colonialism, where in the South Asian nations are suppliers of primary products and buyers of manufactured or value added products by Indian manufacturers. It's a critical analysis of the Indian expansionist strategies that is making the world economic system going gaga over it, with the fact that a newly independent country from the third world making its presence felt in the world system.

Not only in South Asia but globally also India is emerging as a key player. Philip G Altbach in his article *Gigantic Peripheries: India and China in the World Knowledge System* has talked about the well positioning of these economies when it comes to scientific leadership. Both have a long scientific tradition, dating back many centuries in terms of indigenous science and scholarship. Not only the technical expertise has created a strong base of expatriates but has also generated large scale employment opportunities due to outsourcing. From agricultural economy to economy based on manufacturing to service economy, India's economy has leapfrogged to service and

knowledge based economy, exhibiting a trend of its own. There are 200,000 Indian expatriates working as Information and Communication Technology professionals in US as part of the H-1B VISA programme, as said by Jayshree Sengupta. Such a strong populace based on knowledge economy gives India a stronger foothold in the international system.

Bhabani Sengupta in the article, *India in the 21st century*, talks about the transition witnessed by India from the colonial period to the 21st century. By the year 2020, India is expected to be the fourth largest economy in the world in terms of purchasing power parity. It also talks about the policies of integration adopted by India by looking towards east and by taking efforts to resolve long standing security issues with its neighbours. According to the author, India has always been powerful in the region, but this time India will make its presence felt not only by its military prowess, but also economically. Apart from the below poverty line population, India is moving fast towards the age of new age maharajas. The new age of entrepreneurship that's emerging in India has also changed the face of Indian economy. India is preparing itself for larger flows of investment, preferring collaboration with Multi National Companies but still opening the door gradually for Trans National Companies.

In spite of a relatively sound performance in the economic sphere, India portrays a gloomy picture in the socio economic realm. For e.g. according to the 2001 census India's female literacy rate is a mere 47.8%. Whereas that of Sri Lanka in 2001 is 89.1% and if we compare it with China, then China's female literacy rate in 2000 was 86.5%.

The emerging power of India has been analyzed from various perspectives in the aforementioned literature. In order to get a full picture we have to study all the aspects in relation to one another. Not only the achievements of India have to be stressed upon, but also a critical analysis of its economic growth and its trickling down to the grass root level as well as a non Indo- centric approach towards the study of India as a rising power should also be treated as pertinent enough.

### **1.5 Chapterization**

The above topic will be analyzed with the help of the following chapters,-



**Chapter 1: Introduction.** This chapter will give us an idea of the geographical location and the historic importance of South Asia with respect to the region. The geography of the region paved way for the commonality in the history and polity of the whole region. It will also give an overview how the region of South Asia can be defined in terms of various theories on geopolitical structures. A small part in the introduction will throw light upon the contemporary situation in South Asia. The present situation in South Asian region goes beyond its geography and is now expanded to its political economy. The role of geography is incomplete without factors like “collective self reliance”. Collective self reliance adds to the geographical parameters by adding a new dimension to geographical parameters. On the basis of geographical proximity countries can leverage upon this and enhance cooperation in fields of economy, polity and also in the matters of security.

**Chapter 2: South Asia as a region.** The idea of a region depends upon its cohesiveness. This chapter incorporates physical and functional linkages that establish a region. And how a region’s territoriality gets redefined in conformity with the see saw relationship between physicality and the functionality exhibited by it. This chapter will focus on both the functional and physical aspects keeping in mind that the physical aspects paved way for the functional attributes. Though we do accept the dichotomy between determinism and possibilism but keeping in mind the various paradigms we have undergone we have to mould ourselves with changing environment and not be nihilistic as mentioned earlier too. The concept of “milieu” and “genre de vie” holds true here, where Lablache also highlighted the way the effects of cultural landscape on man

**Chapter 3: South Asia And its Emerging Geopolitical structures.** It would highlight how South Asia is moving beyond its geographical identity towards a socio-economic and political entity. The idea behind SAARC its and implications will be talked about. The geopolitical structures given by Saul B Cohen and I. Wallerstein will be applied in South Asia. How the process of differentiation and integration gets translated into this landscape? How are the roles of core, periphery and semi periphery being played in South Asia? And who are the major players? Not only there will be a historical analysis but the contemporary facts will also be analyzed. The concept of “distance” by Henrikson and other non geographical and non economic factors of Rokkan are also mentioned here with their influences on the geopolitical structures of a region. The

current trends of globalization, leading to a rift between a networked society and a society based on identities also has influences a regional structure.

**Chapter 4: Emergence of India in South Asia.** This chapter would talk about rising importance of India in the region. Not only India is the best geographical expression of South Asia but also it is emerging as a key economic and political player. This emergence has several implications on the geopolitical structures prevalent in South Asia.

The economy has averaged a growth of 6% per annum since 1990. The growth rate has increased to an average of 8.5% over the past five years. Duties, which were as high as 400% on some items have been rationalized to internationally acceptable levels. Forex climbed to \$40 billion by 2001. Foreign direct investment (FDI) has been liberalized. The Indian software industry has achieved international recognition for its quality in software development and has caught the imagination of the world. In spite of the economic growth of India, socio economically, we can't term it as a developed nation. In order to get an objective picture, a socio economic comparison of all the countries of South Asia has been done.

**Chapter 5: Critical overview.** This chapter will comprise of two parts. The first part critically analyses the cohesiveness of the key regional organization here i.e. SAARC. It deals with India's role in SAARC and its reorientation towards strategic transnational agreements which are in turn influencing the geopolitical structure prevalent. In order to get a complete picture, a comparison of SAARC and ASEAN is made on the economic sphere. The second part analyses India's socio-economic position in the region as well as it will throw light on some security related issues. A critical comparison of India and China will be made, keeping in mind the rising influence of China in the whole continent.

More than 40 % of the population in India is illiterate, with women, tribal and scheduled castes particularly affected .Nearly, 42% of the Indian population lives at or below the poverty line The World Bank has calculated the Poverty line for India at or less than \$1.25 per day on basis of PPP. All these factors propel us to rethink upon the image of shining India being portrayed. Socio economic analysis is an implicit attribute of the analysis of any economic development in order to have a complete picture. It helps in objective analysis of India as an emerging regional power.

**Chapter 6: Conclusion.** This chapter will talk about the various issues in the region. How SAARC can be a strategic player in strengthening its geopolitical structure. India's rise in the region and the implications it holds for the region as well as the global geopolitical structure will also be highlighted. India should restrict itself to SAARC or should look towards an extended neighbourhood will also be discussed keeping in mind its geographical location. There will be an analysis of the geopolitical structures applicable here too in the contemporary context. Rather than strictly, adhering to the theories on geopolitical structures, a liberal analysis of South Asian geopolitical structures has been done here, selectively picking traits of the theories specific to this region. The emergence of these geopolitical structures can contribute in establishing SAARC as a successful region like ASEAN. The role of India and the other countries of the region in building a conducive role for SAARC for the overall development of the South Asian region will also be emphasized here.

## CHAPTER 2

### South Asia as a Region

## CHAPTER 2

### SOUTH ASIA AS A REGION

The idea of a region is strengthened by its cohesiveness; however, it can't be denied that it is the geography of a region which lies at its foundation. Although geography isn't the only criteria defining a region but it surely provides the fundamental platform to the culture continuum and a bridge for the economies to interact. It can be called as the key determinant for the delineation of the region rather the basic lay out on which a region gets its expression. There are various theories on this issue which throw light on the demarcation of a region. On one side there is the school of determinism endorsing upon the primacy of geographical parameters and on the other we have the school of possibilism which harps upon man's impact on the whole environment. The school of determinism has the basic tenet of "*man as the product of earth surface*"<sup>4</sup> as put forth by Ellen Churchill Semple<sup>1</sup>, whereas the school of possibilism puts forth anthropogenic factors as the cynosure of all influences upon nature. These theories are highly conflicting in nature which in turn has led to rise of various schools of thought leading to various paradigms we have.

Our mindset is pre conditioned by our surroundings and leads to emergence of new paradigms with every change. Every paradigmatic shift comes with new ideas, new concepts and a different focus of emphasis. Hence we see this transformation from determinism to possibilism with every single leap of technological progress. Every paradigm has been accompanied by a discursive formation as showcased in fields of physical sciences as well as human sciences. No piece of research work is untouched by the contemporary discourses. Instead of focusing on this dichotomy between determinism and possibilism we should study the interplay between the two. The whole process of rejecting one theory and glorifying the other leads to their dogmatic falsification which eventually puts a full stop on our critical faculties. It is partially better to stress ourselves and falsify one theory on the basis of a methodological falsification.

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<sup>4</sup> Ellen Churchill Semple (1911), *Influences of Geographic Environment*, New York: H. Holt & Co., 10

To some extent this procedure accepts the fact that either we are constrained by our perceptions or our mind is like a lump of clay which can be moulded the way we want. On the other hand we have a more balanced approach of Griffith Taylor who talks about “*stop and go determinism*”.

The word predominantly modifies the view on determinism as put forth by Ellen Churchill Semple. This theory highlights that the trajectory of man’s progress is determined by the geography of the region whereas its pace depends upon factors created by man to reassert himself. Keeping this in mind, it is a folly to ignore the South Asian geography. At this juncture, the natural and cultural landscape in case of South Asia are so deeply intertwined that it is difficult to prioritize any one approach and overlook the other. In case of South Asia it won’t be just to quote technology as the precursor of this vibrant culture because South Asia’s history had a central role to play if not less than a protagonist in chalking out South Asia’s cultural landscape.

## **2.1 Region – as an idea**

Going by the deterministic school of thought, the cohesiveness of the South Asian region can be attributed to the geography. But this approach might lead to a myopic view of space as a static idea. The primary idea of state might be pre defined as a spatial unit, but its whole existence isn’t merely restricted to a territorial one. Here comes the possibilist view or the man side of the story. Since it won’t be fair to overlook one view or the other, so the best way to build a perspective would be to accommodate this see saw relationship between the functionality and the territoriality which might sound familiar to the critical view of geopolitics. Perhaps the best perspective here is not to have any.

This emphasis on functional relationship has come up due to the growing differentiation between *physical* and *functional* regions. As the anthropogenic influence becomes wider and deeper, the importance of functionality becomes all the more difficult to ignore. In terms of Carl Sauer’s idea of cultural landscape we can say that the spread of cultural landscape is much more than that of the natural landscape in the contemporary situation.

He opined that

*“geography dissociates itself from geology at the point of the introduction of man into the areal scene.”*<sup>5</sup>

Some even say that the cultural landscape has engulfed the natural landscape. Even though the nation-region nexus is still pre dominantly viewed in physical and state centric terms. The idea of region gets manifested in several approaches- deterministic, rationalist and sometimes constructivist. If deterministic view stresses upon the territoriality, the constructivist approach stresses how regions arise from the redefinition of norms and identities by governments, civic groups, business firms and at times the grass root level.

The idea of a region generally emanates from various sources. It can come out of a common past, e.g. the idea of a regional identity of the third world nations’ growth out of the process of decolonization which was observed to lead to the construction of “cultural blocs”. Social Construction of Regions means that the regions are shaped by the collective perception of identities leading to ever shifting boundaries. A social region can never be static. Some of the countries of South America can be said to be forming one social region due to a common policy orientation. Similarly identity regions exist in the consciousness of people. They must have historical symbols that the people inhabiting the region recognize and share. And these are the regions which nurture a society endowed with a standardized behavior. To some extent ASEAN can also be called an identity based region.

A rationalist might argue that every region acts as a spatial unit and all facts originate out of this supreme fact. Whereas a constructivist believes that every spatial unit is being assigned functions which in turn create facts. Manuel Castells’ differentiation between a “*space of places*” and a “*space of flows*” can be a good analogy to territorial and functional regions. If place is locale with a fixed boundary then it is the flow of ideas and people who reshape it constantly. So region can’t be termed as a static concept, it’s an unquestionably dynamic as well as a fertile idea inculcating changes in its environment.

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<sup>5</sup> Sauer, C.O.(1925), *The Morphology of Landscape*, University of California Publications in Geography 2:19-53.

From the vantage point of a region, regionalization strengthens the region with economic interdependence, political trust and cultural belonging. This process of regionalization leads to the regionness fed by a post-national identity or a sense of common political orientation. South Asia's territoriality might be at the outset of this process of regionalization but its trajectory has witnessed various upheavals and downturns in different phases. Sometimes this region is endowed with cultural richness, sometimes we see it entangled in political friction. Sometimes it is seen as a struggling economic player and sometimes it is mired in natural calamities. However, most importantly a change has ushered in this region, a shift in its orientation, from a colonial, socialist regime to a neo realist outlook. Rather than having coordinated policies towards the first world nations, it has been seen that the nations of this region have started pursuing independent policy orientation towards the developed world keeping their self interests in mind.

## **2.2 South Asia as a physical region**

Geographically, the region of South Asia is bound by the Himalayas to the north and east, and the Arabian Sea and Bay of Bengal to the south. The HinduKush Mountains that run through Afghanistan and northern Pakistan are usually considered the northwestern edge of the subcontinent. Karakoram and Hindu Kush mountains run to the northwest and there are deserts to the west, dense forest and hills to the east along the Burmese border to the east. Geologically, most of this region is a subcontinent because it rests on a tectonic plate of its own, the India Plate, separate from the rest of Eurasia, and was once a small continent before colliding with the Eurasian Plate and giving birth to the Himalayan range and the Tibetan Plateau.

It is the Himalayas which form most conspicuous as well as the unifying feature of South Asia's natural landscape but the importance of the Himalayas for India should not be merely restricted to demarcating the sub continent as a separate physiographic region. Himalayas are also the source of the two great rivers of this region. The river systems of the Ganges and the Indus are akin to the arteries, supplying this region with fertile land, a flourishing agricultural economy and an over arching cultural landscape. These river systems have witnessed the rise and fall of several civilizations. From Indus valley civilization to the colonial regime, most of the



prominent human settlements used to be on the banks of these river systems. And because of the situation of the settlements with respect to the river systems their patterns were purely defined by their location with respect to the river systems. It is because of Punjab's location near Indus in the westernmost reaches of South Asia; it has been the site of most invasions of the region over the last 2,500 years.

Another important unifying feature of this region is the *monsoon* which describes the seasonal changes in atmospheric circulation and precipitation. The rains falling at regular intervals for a couple of months and then dying away have had a profound impact not only on the physical landscape which has set in an element of uniformity in the region but also on the economy and the culture of this region. The influence of the Monsoons has been all encompassing in such a way that the South and South East Asian region were termed as a natural region before. The Asian monsoons may be classified into a few sub-systems, such as the South Asian Monsoon which affects the Indian subcontinent and surrounding regions, and the East Asian Monsoon which affects southern China, Korea and parts of Japan. South Asian region is predominantly an agricultural economy and Monsoon forms an inseparable part of this economy. It is one of the most important factors not only determining the productivity but also the agricultural pattern, acreage and cultivation habits.

The influence of Monsoon is so deeply embedded that a separate cultural region gets created in itself. This periodicity in rainfall forms the basic pattern of all cultural and social activities. From the food habits to festivals to religious beliefs and superstitions, Monsoon has its presence everywhere. In fact the impact of monsoons are said to be so profound that it has also been argued by the environmental determinists that the total dependence on monsoons has led the general character of people in this region to be fatalistic and quiet accepting fortune and misfortune alike without complaint. In addition to this, the whole of South Asia has a varied terrain with ice capped peaks on one hand and undulated plateaus on the other and several other landforms. In spite of this topographical variedness it's the Monsoon which sweeps the whole region and binds it in a unique manner.

South Asia comprises of eight countries. Each country has a distinct geographical feature but all the countries fall in a similar over arching framework. This over arching framework comprises of two geographical entities. One is the Indian Ocean

and the other is Himalayas. India is bounded to the southwest by the Arabian Sea, to the southeast by the Bay of Bengal and the Indian Ocean to the south. Arabian Sea and Bay of Bengal are the extended water bodies of Indian Ocean. Indus, the largest river in Pakistan flows directly into Arabian Sea. Other rivers flowing into Arabian Sea are Narmada, Tapti, Mahi and numerous other rivers of India. The Arabian Sea coast of central India is known as the Konkan Coast and that of southern India is known as the Malabar Coast. Cape Comorin constitutes the southern tip of the Indian peninsula, which narrows before ending in the Indian Ocean. Arabian Sea was also an important marine trade route in the ancient world. Karachi is the main seaport and the financial capital of Pakistan and also the capital of the province of Sindh. It is one of the largest urban agglomerations and is also situated on the Arabian Sea coast.

The Bay of Bengal forms the northeastern part of the Indian Ocean. It resembles a triangle in shape, and is bordered by Bangladesh and the Indian state of West Bengal to the north, India and Sri Lanka to the west and Myanmar and the Andaman and Nicobar Islands to the east. A number of large rivers like Meghna, Jamuna, Irrawady, Godavari, Mahanadi, Krishna and Kaveri flow into the Bay of Bengal. Among the important ports on Bay of Bengal are Cuddalore, Chennai, Kakinada, Tuticorin, Machilipatnam, Vishakapatnam, Paradip, Kolkata, Mongla, Chittagong and Yangon.

The southernmost part of India is Indira Point in the Andaman and Nicobar Islands. The Maldives, Sri Lanka and Indonesia are island nations to the south of India with Sri Lanka separated from India by a narrow channel of sea formed by Palk Strait and the Gulf of Mannar. The territorial waters of India extend into the sea to a distance of 12 nautical miles measured from the appropriate baseline.

The northern frontiers of India are defined largely by the Himalayan mountain range where its political boundaries with China, Bhutan, and Nepal lie. Its western borders with Pakistan lie in the Punjab Plain and the Thar Desert. In the far northeast, the Chin Hills and Kachin Hills, deeply forested mountainous regions, separate India from Burma while its political border with Bangladesh is defined by the watershed region of the Indo-Gangetic Plain, the Khasi hills and Mizo Hills.

The Ganges is the longest river originating in India and forms the Indo-Gangetic Plain. The Ganges-Brahmaputra system occupies most of northern, central and eastern

India, while the Deccan Plateau occupies most of southern India. Along its western frontier is the Thar Desert, which is the seventh-largest desert in the world.

Pakistan has Arabian Sea in its south and has Karakoram range in the north. Pakistan geologically overlaps both with the Indian and the Eurasian tectonic plates where its Sindh and Punjab provinces lie on the north-western corner of the Indian plate while Balochistan and most of the North-West Frontier Province lie within the Eurasian plate which mainly comprises the Iranian plateau, some parts of the Middle East and Central Asia. The Northern Areas and Azad Kashmir lie mainly in Central Asia along the edge of the Indian plate and hence are prone to violent earthquakes where the two tectonic plates collide.

Afghanistan is a landlocked nation in south-central Asia. The Hindu Kush mountains, running northeast to southwest across the country, divide it into the Central Highlands, which form part of the Himalayan Mountains and account for roughly two thirds of the country's area; the Southwestern Plateau, which accounts for one-fourth of the land and the smaller Northern Plains area, which contains the country's most fertile soil.

The Kingdom of Bhutan is a Himalayan nation, located towards the eastern extreme of Himalayan Range. It is fairly evenly sandwiched between the sovereign territories of two nations: first, the People's Republic of China on the north and northwest.

Nepal is known for its geographic diversity. It rises from less than 100 metres elevation in the tropical Terai -- the northern rim of the Gangetic Plain, beyond the perpetual snow line to some 90 peaks over 7,000 metres including world's highest peak 8,848 metres, Mount Everest or Sagarmatha.

By and large the whole of South Asia is circumscribed by Himalayas and the Indian Ocean. Not necessarily the two features in their original form but their extensions like Bay of Bengal, Arabian Sea and the mountain ranges emanating from Himalayas.

### **2.3 South Asia as a functional region**

The idea of South Asia as a territorial region has been discussed in the previous chapter but how does South Asia fare as a functional region? A functional region not

necessarily has very distinct boundaries. A functional region is more like a continual phenomenon with the region undergoing a constant process of evolution. Every region nests a functional region in itself not necessarily overlapping it completely but having similar non-physical boundaries.

Functionality eventually comes with territoriality. In case of some regions, the functions may be more clearly defined; in case of others they might be blurred. The continuous flow of information, ideas and people leads to formation of a fertile social unit. South Asia had always had a higher degree of functionality as compared to many other regions due to the rich past it has. South Asia's history cannot be seen in multiple water tight compartments. A large part of South Asia's functionality is owed to the past civilizations it has witnessed.

Functional regions are cognitive which form through non spatial interactions. In some cases, the region exists in the consciousness of people rather than in physical reality. If territoriality is a quantitative or a tangible concept then functionality can be called a qualitative or a more abstract approach. They are based on common identities, trust and shared values. All these commonalities get translated into contemporary symbols that the region recognize and share. Here it can be noted that all these commonalities are in the consciousness but eventually they get translated in the physical landscape. The relationship between the functional and territorial aspects is like a mesh of complexities. It is so complex that it is difficult to surmise which aspect is dominating whom, when and how. In case of South Asia the people share a common history of colonization. Prior to that also the ancient South Asia was bounded by various empires propagating trade and commerce as well as cultural penetration. The northern kingdoms of South Asia continued till the present Afghanistan and some parts of West Asia and the southern kingdoms had its sphere of influence till Sri Lanka and sometimes till South East Asia. Not only were there strong political contacts but the flourishing trade between the sub continent and rest of the world via sea routes and land routes had strengthened their ties more. All these external influences have cast this region into a mould, which internalizes these exotic features but does not lose its indigenous identity.

Founded by alien conquerors, the Delhi Sultanate tended to favor Muslim royal clans that were typically of Turkic descent and migrants from Central Asia. Later, Afghan

nobles and descendants of Abyssinian warrior-slaves also rose to prominence. Iranians formed a faction opposed to the typically Turks and Afghans, and also competed for power, propagating Persian cultural models whenever they could. However, as a minority, and with limited political authority, these Sultanates had to rely on Hindu intermediaries, and local Muslim converts for collecting taxes and for maintaining order. Thus Hindu and Muslim zamindars, and administrators from various castes became indispensable instruments in the Islamic courts, sometimes even occupying very high offices. These courts were also dependant on the support of the mercantile classes which included foreign-born merchants and traders, as well as money-lenders from several local communities, including Hindus, Jains, and Hindu converts to Islam such as the Khojas, Bohras and Memons of Gujarat. This is how functionality of religion gets deeply embedded in a region or may be beyond it.

In his "*The Clash of Civilizations*" Samuel Huntington also quoted that a person can be half- French and half- Arab and simultaneously even a citizen of two countries, but it is more difficult to be half-Catholic and half- Muslim. So strong is the religious identity that it establishes itself very strongly as one of the tenets of functional regionalism.

Likewise, the Deccan courts who were driven by rivalries amongst the various Indian-Muslim and foreign-origin dynasties also sought to improve relations with Hindus - who were permitted to rise to the highest positions in government. These courts were particularly open to native Hindu artistic influences, and amongst the finest genre of Indian miniatures are the Deccan interpretations of various Indian ragas.

Thus these courts evolved a distinct Indianized Muslim culture that distinguished them from those founded by invaders from the North-West. These courts reflected the composite character of the Indian converts to Islam who retained several elements from their previous traditions in terms of social customs, house-forms, language, literature, music, art and architecture.

In the Northern Deccan, Muslim peasants continued to speak Kannada and celebrate Id and other Muslims festivals with traditional singing and their highly sophisticated folk-dances adapted to suit the occasion. In many cases, communities celebrated festivals important to both Hindus and Muslims.

In this way, before their defeat at the hands of the Mughals, the regional Sultanates were generally able to avoid the destructive excesses and trauma that was experienced under the Delhi Sultanate, and were able to contribute to the material and cultural life of the Indian states in a more meaningful way. Not only did trade and commerce thrive in their ports and urban centers, the art and architecture commissioned by these Sultanates ought to be seen as an important component of the Indian cultural legacy, and should be ranked with the very best of India's artistic output. It is because of this intermingling between the Hindu and Islamic culture that we can't segregate Afghan and Persian culture from that of the Indian culture. The current scenario might put forth a divergent view on the cultural attributes of Pakistan, Afghanistan and India but going by the historical perspective we do see a convergence.

"In the middle of the seventeenth century, Asia still had a far more important place in the world than Europe," wrote J. Pirenne in his 'History of the Universe', published in Paris in 1950. He also said that the riches of Asia were incomparably greater than those of the European states. Her industrial techniques showed a subtlety and a tradition that the European handicrafts did not possess.

Such was the situation when the East India Company began its trading activities in the early 17th century. Initially, the British traders had come to India with hopes of selling Britain's most popular export item to Continental Europe - British Broadcloth, but were disappointed to find little demand for it. Instead, like their Portuguese counterparts, they found several Indian-made items they could sell quite profitably in their homeland. Competing with other European traders and competing with several other trade routes to Europe the early British Traders were in no position to dictate terms. They had to seek concessions with a measure of humility and offer trade terms that offered at least some benefits to the local rulers and merchants. Thus, started the era of colonial expansion in South Asia and added one more commonality in the countries of South Asia.

From the religious perspective too, South Asia has been the epicenter of some well and widely practiced religions of the world which had consolidated its position in the oriental society. Religions also act as a binding factor in case of a region. The main religions practiced by South Asian nations are very much practiced in India, and also they have a significant presence in the history of this region. In a way religion is also

one of the many translations of functionality and perhaps one of the strongest forces of attraction amongst different people. In fact religion in India thus developed in a much more organic fashion than is commonly realized, and it was never completely divorced from popular inputs.

A number of world religions originated in India, and others that started elsewhere found fertile ground for growth there. Devotees of Hinduism, a varied grouping of philosophical and devotional traditions, officially numbered 687.6 million people, or 82 percent of the population in the 1991 census. Buddhism and Jainism, ancient monastic traditions, have had a major influence on Indian art, philosophy, and society and remain important minority religions in the late twentieth century. Buddhists represented 0.8 percent of the total population while Jains represented 0.4 percent in 1991.

Islam spread from the West throughout South Asia, from the early eighth century, to become the largest minority religion in India. In fact, with 12.1 percent of the population, India has at least the fourth largest Muslim population in the world after Indonesia with 174.3 million, Pakistan with 124 million, and Bangladesh with 103 million; some analysts put the number of Indian Muslims even higher in 1994, which would give India the second largest Muslim population in the world.

Sikhism, which started in Punjab in the sixteenth century, has spread throughout India and the world since the mid-nineteenth century. With nearly 16.3 million adherents, Sikhs represent 1.9 percent of India's population.

Christianity, represented by almost all denominations, traces its history in India back to the time of the apostles and counted 19.6 million members in India in 1991. Judaism and Zoroastrianism, arriving originally with traders and exiles from the West, are represented by small populations, mostly concentrated on India's west coast. A variety of independent tribal religious groups also are lively carriers of unique ethnic traditions. Though Christianity and Islam originated outside the Indian subcontinent, yet with the frequent invasions these religions became popular in the country. Christianity arrived in India with apostles of St. Thomas. St. Francis Xavier was the person who helped in spreading Christian missionary activity in the country. He arrived in the country in the 16th century and worked in the fields of reform and

education. Zoroastrianism originally arrived with the traders and represented by small population and mostly settled down in and around the Indian West Coast.

Religious tolerance and diversity in India finds expression in the definition of the nation as a secular state, within which the government since independence has officially remained separate from any one religion, allowing all forms of belief equal status before the law. In practice it has proven difficult to divide religious affiliation from public life.

Hinduism, with four hundred million followers, is the oldest of the contemporary world religions. It is primarily a religion of India; although it was known in the countries to the west, its major influence outside India was in Southeast Asia where it at one time was the dominant culture as far east as Indonesia.

Even as Buddhism had spread almost throughout Asia by the 5th-6th century AD, it gradually began to lose its distinct edge and liberating influence on much of Indian society. Within the Indian subcontinent, strains of Buddhism survived in Sri Lanka, Bengal, Bhutan, Sikkim, parts of Bihar and Nepal, and parts of Sindh, Punjab, Kashmir and Afghanistan. In parts of Orissa and adjoining regions, Tantric (and other) influences reshaped the practice of Buddhism. Yet, Buddhism continued to have an impact outside India and developed pockets of influence as far West as Syria, as well as in much of Central Asia (including what is now Uzbekistan, Tajikistan, Kyrgyzia, Kazakhstan) and Tibet. In the East, its influence was felt on virtually every nation including Burma, Thailand, Malaya and Indonesia, Laos, Cambodia, Vietnam, China, Korea and Japan.

That basic pattern of Buddhism (now known as Theravada and based on scriptures written in Pali) was taught in India in the sixth century B. C. and spread throughout much of India and Southeast Asia. By the first century A. D., another form of Buddhism, known as Mahayana, had arisen in northern India with new writings mostly in Sanskrit, with much more elaborate speculative teachings. Theravada is found today in Ceylon, Burma, Thailand, Laos, and Cambodia; Mahayana spread to China, Korea, Japan, and Tibet; there is little Buddhism left in India. It should be remembered when evaluating sources of information about Buddhism that the division between Theravada and Mahayana Buddhism has meant that there has been



little communication between them for centuries, giving most writings either a Mahayana or Theravada bias.

The vast literature of Buddhism (like much of Hindu or Jain literature) was not a literature of revelation and authority. Its essays on social ethics and moral responsibilities, its treatises on philosophy and science, its art and poetry were but pointers to a path to wisdom. This gave Buddhism both flexibility and adaptability. Owing to its non-hegemonic character and humanist appeal, Buddhism was adopted without coercion or force. It was also successfully fused with Hinduism in many parts of South East Asia just as elements of it had been integrated into Hindu practices in India. In China, it was integrated with Taoism and Confucian principles; in Japan with Shinto beliefs. For several centuries, within India and outside, several people followed multiple faiths and identified as both Buddhists and Hindus, or as both Buddhists and Tantrics, (or Buddhists and Taoists) and so on. During the Gupta period (and in other reigns), philosophers from various schools of thought received royal patronage and temple grants were conferred for the construction of Buddhist and Hindu monuments alike.

Nevertheless, it must be acknowledged that the ascent of Islam was concomitant with the eclipse of Buddhism, and since the influence of Buddhism was greatly dependant on the existence of the monastic orders, the destruction of monasteries and their conversion to mosques and institutions of Quranic learning simply lead to mass conversions to Islam. However, the catastrophic demise of Buddhism in India was triggered by the onslaught of Islam which first obliterated the remnants of Buddhism in Central Asia, and then later in Afghanistan and India. By and large, Buddhism survived only in those countries that escaped invasions by Islamic conquerors. As a gentle faith that encouraged its followers to abjure violence, it was perhaps unable to protect itself from iconoclasts and proselytizers who intended to enforce a new religio-political order. Accustomed to centuries of peaceful co-existence, India's Buddhists did not anticipate the need to develop viable strategies for self-defence that could have combated the violence of India's Islamic conquerors who virtually obliterated Buddhism from the land of its birth.

Another important facet of the cultural landscape is the language we share. Most educated Indians know that most Indian languages are divided into two broad

linguistic streams - i.e. the "Indo-European" and the "Dravidian". Tied in with this linguistic classification is the theory that the North Indian languages came with "Aryan" settlers. During colonial rule, it may have seemed comforting to North Indians to know that they enjoyed a historical genetic and cultural connection with the "superior" races of Europe who had by then come to rule much of the world. Of course, this provided little comfort to the South Indians who were indirectly told that their own cultural history was inferior to that of the North because they lacked the all-important European connection.

South Asia inhabits all the four major language families- Austric, Dravidian, Indo European and Sino Tibetan. These languages also aid in constructing a functional region out of a territorial one. The Indo European family of language extends from the whole of north and central India to Pakistan and the Sino Tibetan family extends from the North eastern part of India to East Asia. Not only in terms of commonality in the language family but also in terms of languages, has the subcontinent had many regions speaking the same language. Bengali, Tamil, Punjabi, Sindhi are some of the main languages which are being spoken in more than one region. Bengali is the national language of Bangladesh. Punjabi and Sindhi are spoken in Pakistan too. Tamil is spoken in Tamil Nadu as well as in some parts of Sri Lanka and it is this language only which has become the most controversial issue in Sri Lanka. Regions like Jaffna, Batticaloa and Kandy of Sri Lanka have nearly fifty percent of the population speaking Tamil.

Not only we see the importance of religion and language in defining a cultural landscape but we also can't ignore the parameter of ethnicity. Among the first to bring the term "ethnic group" into social studies was the German sociologist Max Weber, who defined it as human groups that entertain a subjective belief in their common descent because of similarities of physical type or of customs or both, or because of memories of colonization and migration.

Majority of the population in South Asia fall under the two umbrella groups of Indo Aryan and Dravidian. Indo-Aryans form the predominant ethno-linguistic group in Northern India, Bangladesh, Pakistan, Nepal, Sri Lanka and the Maldives. Dravidians form the predominant ethno-linguistic group in southern India and the northern and eastern regions of Sri Lanka, and a small pocket in Pakistan. Iranian peoples, grouped

with Indo-Aryans in the Indo-Iranian language group, also have a significant presence in South Asia, the large majority of whom are located in Pakistan, with heavy concentrations in Balochistan, North-West Frontier Province and Federally Administered Tribal Areas. Dardic peoples form a minority among the Indo-Aryans. They are classified as belonging to the Indo-Aryan language group, though sometimes they are also classified as external to the Indo-Aryan branch. They are found in northern Pakistan (Northern Areas and North-West Frontier Province) and in Jammu and Kashmir, India. These are the regions which are more secluded and act as vessels where human tide is being caught and held till it is recrystallized into a nation. These remain as the areas of “*race characterization*”<sup>6</sup> as put forth by Ellen Churchill Semple.

Ethnically also we observe that the region of South Asia exhibits commonality if we go by the naturalist belief. Though scholars like Weber and Fredrik Barth have talked about ethnicity as a social construct. To Barth, ethnicity was perpetually negotiated and renegotiated by both external ascription and internal self-identification. In case of South Asia which is still considered in the lower rung of development the concept of ethnicity still holds some ground. One of the important factors being the translation of ethnic attributes in caste which is by and large considered as an endogamous entity. Unlike the majority of South Asia where the society is traditional there are some urban pockets where social mobility can be seen.

In these societies the processes of *Sanskritization*<sup>7</sup> and *Westernization* as coined by Prof.Srinivas can be witnessed. Here the people from the lower strata or the socially and economically backward classes try to emulate the more affluent and prosperous ones leading to shedding of the inward looking attitude.

Perhaps these social processes of Sanskritization and Westernization lead to a blurred perception of ethnicity. This can be one of the reasons why ethnicity isn't considered as the predominant factors in determining the regionness of South Asia.

Languages, religion and ethnicity form parts of identity regions. People following the same religion and speaking the same language share a feeling of belongingness, they

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<sup>6</sup> Ellen Churchill Semple (1908), “Geographical Location as a Factor in History”, *Bulletin of the American Geographical Society*, 40 (2): 65-81.

can identify themselves as part of a larger entity, an entity beyond the territorial boundaries of nation state.

Such type of functionality leads to standardization in a particular region. And it is this degree of homogeneity which demarcates the functional region though not necessarily in a clearly defined manner. This can also be called a type of *functional construction* wherein regions are shaped by collective perception of identities and also to a large extent interests.

This *collective identity*<sup>8</sup> is so over arching that a whole region can be called a unit. For example in medieval literature and geography: the term "Greater India" was used from the mid 15th century. The term, which seems to have been used with variable precision, sometimes meant only the Indian subcontinent; however, at other times, in some accounts of European nautical voyages, "Greater India"("India Major") extended from the Malabar

(present-day northern Kerala) to India, beyond the Ganges, but usually the East Indies, i.e. present-day Malay Archipelago and "India Minor," from Malabar to Sind.

In some accounts, many Pacific societies and most of the Buddhist world including Sri Lanka, Tibet, central Asia, and even Japan were held to fall within this web of Indianising 'culture colonies'. Not only in physical attributes but also in functionalities India's role has been more visible and widespread.

In terms of art and architecture too, we see it transcending boundaries. Some art historians have routinely treated Indian art and architecture of the Islamic period as a regional derivative of Persian art and architecture - almost a poor cousin of the grand Persian Islamic tradition. Western biases and an admiration of all things Persian amongst sections of the Urdu speaking Indian intelligentsia have combined to spread the myth that all great Islamic art originated in Persia and the quality of art and architecture sponsored by India's Islamic rulers must be judged by how closely it came to meeting Persian ideals. That many of India's Islamic rulers employed Persian

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<sup>7</sup> .Srinivas, M.N. (1952), *Religion and Society Amongst the Coorgs of South India*, Clarendon Press, Oxford

<sup>8</sup> Scholte, J.A. (1996), "Review of International Political Economy", *Taylor & Francis, Ltd*, 3(4), 565-607.

artists in their ateliers and Persian poets and writers found favor in the royal courts cannot be denied. But this obsession with connecting all things Islamic in India to Persia has not only led to an extremely selective and distorted analysis of the Islamic legacy in India, it has been based on a rather superficial examination of the Islamic legacy. Not only have art historians often failed to distinguish between what came from Persia from elsewhere, such as Afghanistan, Iraq or Central Asia - it has led to the virtual neglect of those aspects of the Islamic legacy in India where the predominant influences have been almost entirely from within the subcontinent.

The Sultans of Bengal and Gujarat, the Sharqi kings and Sher Shah Suri - all commissioned monuments that were virtually unlike any seen outside the subcontinent. The exquisitely chiseled reliefs in the 14th C Jama Masjid in Pandua (one of the old capitals of the Bengal Sultanate) display a kinship with the carved reliefs of the 13th C Kakathiya monuments of Warangal. Other mosques of the Pandua/Gaur region skilfully

recycled material from Hindu and Buddhist temples, creating a uniquely lyrical and expressive Bengali Islamic style. Like the monuments of Bukhara, some of these mosques and gateways were decorated with colored tiles, but the construction techniques and colors were quite original. Many of the tiles were multi-colored and incorporated motifs considered important and auspicious in the Indian tradition. Not only in the South Asian region but also in the South East Asian region too, we see an influence of Indian style art and architecture. Be it the temples or the propagation of Hindu cult in these regions India's sphere of influence has crossed the sub continent and had established in the South East Asian region.

Another emerging functional region in the contemporary world is those of "shadow regions". They denote the spatial extent of clandestine activities going on amongst various regions. The current challenges of terrorism, trafficking have transformed from sporadic activities to an organized scale. These trans boundary operations have created new types of informal regional networks. These informal spaces are not completely apolitical, though they differ from state directed and market driven relations. South Asian region is also not unperturbed from shadow regionalism. Countries like Afghanistan though disconnected from the mainstream affairs is very much a part of illegal transactions in products and commodities traded across borders.

Similarly Bangladesh, Nepal are also involved in many informal trading relations with their respective bordering countries, chiefly India. India being a soft democracy and a large country has borders promoting exchange and hence circulation. At times these borders can't escape being porous. A discernable pattern can be seen in the rise of terrorism in South Asian countries. Most involve indigenous uprisings because dissatisfied groups perceive that normal processes won't enable them achieve their aims and aspirations. Robert Sack also stresses the importance of access to the territory. In other words we can very well say that a particular territory might be well bounded but the distribution of territorial power is rarely equitable because actors possess different abilities to control and enter a particular territory.

Therefore we can also say that functionality redefines territoriality. The meaning of territoriality should not be restricted to a mere spatial unit. Sack redefined territoriality as:

*"...a strategy to establish differential access to people, things and relationships."*<sup>9</sup>.

An extreme notion put forward by another school is the new regionalization which is intended to control access to a particular region so that it can protect it against the forces of globalization.

There was a time when the inclusion of countries like Afghanistan and Maldives in the South Asian region were disputed by various schools. But the evolution of critical geopolitics paved the way for functionality as another core determinant of spatiality. That gave the justification of including Afghanistan and Maldives as part of the South Asian region. Not only that, but these two countries became a part of South Asian Association for Regional Cooperation.

We all see a growing differentiation between physical regions and functional regions these days. This growing emphasis on functional regionalism can be attributed to the technical developments as well as the intricate functional diversification undergone by the human society. In case of South Asia as a functional region, the externalities radiate outward from a distinct geographic focus; here India plays the role of this geographic focus. Though a functional region not necessarily needs to be state centric but the role of geographical focus of the region does dominate the whole region. In case of South Asia, India's ecumenes completely dominate those of its neighbours.

These are the ecumenes which form the effective regional territory and act as the centripetal force for the entire region. Lake and Morgan talk about a region affected by at least one trans border but local externality that emanates from a particular geographical area. These externalities are generally reciprocal or mutually imposed.

It is because of this focus the areas closer to the focus witness more influence and those in the periphery less or the intra regional density varies. Just like Europe where it is said that “thicker” regions are nested within “thinner” regions. Similarly, to some extent this applies to South Asia also. Considering the number of countries South Asia and Europe have we can’t say that South Asian region nests a thicker region inside this. But Countries like India and Afghanistan share a lesser degree of regionness as compared to India and Bangladesh. This variable nature of regionness also depends upon the countries bordering the region. In case of a region bordered by two large spheres of influence the countries in between witness a greater degree of variability and turmoil in terms of polity, culture and economy. E.g. in case of Nepal, which is sandwiched between the two rising powers of India and China, if not in terms of culture but in case of polity we can see a visible Chinese impact.

Under the colonial regime South Asia was a unified geopolitical region. Since the end of British rule and the emergence of the sub continent’s independent states, South Asia had witnessed a lot of conflicts amongst its nation states. South Asia is more of a geographical region than a geopolitical region. In 1919 Halford Mackinder depicted this region as one of the six natural regions of the world. He called India, the Southeast Asian peninsula and China to be a unified Monsoonal coastland. Gradually this status of South Asia as a part of Mackinder’s natural region got elevated to an independent geopolitical region separated from surrounding geostrategic realms in the 1960s. A region’s coherence depends on this transformation from a territorial to a functional region.

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<sup>9</sup> Sack, R. D. (1983), “Human Territoriality: A Theory”, *Annals of the Association of American Geographers* 73: 55-74.

It has been said that even the early historic sites of South Asia never met the criterion set by Weber for truly urban settlements in spite of transitory magnificence. Indian society remained isolated for a long time.

*"...Society remained highly inert in the absence of any stimulus expected from its largest congregations of populations."*<sup>10</sup>

Apart from the functionalities adding to the cohesiveness of the region there are some other factors too which contribute to the cohesiveness of a region. One of the most realistic causes behind this cohesiveness is that of the common fear or a sense of common security, be it the formation of ASEAN, European Union. Therefore regional security can also be said as another facet of functionality. In case of South Asian region, it can't be asserted that it is free from external threats but the question remains if the external threat is common to all. India does have an added advantage over the other nations in terms of size and economy but it still hasn't succeeded in generating a common perception of threat to one as threat to all. This lacuna in South Asian region can't be simply attributed to India. The rise of independent South Asia in the post colonization era has framed the circumstances in such a way that it led to propagation of an indelible perception of threat, in most cases a sense of insecurity among one another. It is because of this the nations turn outside for security.

This doesn't demean the concept of regionalization in functional terms. An analogy can be built between *Rokkan's model of differentiation* (which will be discussed in Chapter 3) in large scale territorial systems of Europe and South Asia. Similarly it also talks about disintegration of Western Europe through various modes of feudalization, vernacularization and centre formation on the periphery. Similarly in case of South Asia, in the present world feudalization can be correlated with economic differentiation, vernacularization can be correlated with cultural differentiation and centre formation to that of administrative differentiation. Again these are one or the other forms of functional regionalization. It has been observed in most of the cases that there has been formation of interlinkages in non territorial terms subjective to the various circumstances.

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<sup>10</sup> Erdosy G.(1988), *Urbanisation in Early Historic India*, Oxford: BAR Int. Series. 430.



South Asia's territoriality provided pace to the process of regionalization and the emerging functional relationships between the various nations gave the process a much needed direction. And it is this direction which provides faith to go ahead with this regionalization process. Formation of SAARC has to some extent translated this faith into action, but much needs to be done in order to channelize this process into a more constructive mechanism. This functionality is a continuous rather an evolving process which in turn leads to emergence of new structures. An important aspect of this whole process of evolution is the emergence of neo geopolitical structures in South Asia which will be discussed in the next section.

What unifies the region isn't merely integration through geographical proximity or technological breakthroughs but also the connectivity established through functional differentiation. Hence functional boundaries cut across territories. In other words in order to study regionalization it is imperative to study *functional differentiation*.<sup>11</sup>

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<sup>11</sup> Oliver Kessler and Jan Helmig (2007), *Of Systems, Boundaries and regionalization, Geopolitics*, Taylor & Francis Group, pp 579.

## CHAPTER 3

# South Asia and its Emerging Geopolitical Structures

## CHAPTER 3

### SOUTH ASIA AND ITS EMERGING GEOPOLITICAL STRUCTURES

South Asia's history and the geopolitical significance it entails are highly intertwined. Both the domains have influenced each other to a large extent. South Asia's geopolitical significance was mostly pre determined by its economic prowess. From the colonial past to the current pattern of globalization being exhibited in this region, South Asia's geopolitical status is still governed by the same historical and geographical factor. Irrespective of various paradigmatic shifts in our approaches we can't negate the predominance enjoyed by the geographical and economic parameters.

Gone are the days when the geopolitical structures could be defined in simplistic terms wherein the economically and militarily powerful regions form the "ecumene" and the peripheral regions derive economic opportunities and military support from them. The concentration of power is no more the same as in the post colonial era. Rise of third world nations and technological breakthroughs have changed the entire geopolitical map of the world. Geography is no more the sole criterion for geopolitical alignment. We have moved beyond the determinist paradigm. The current discourse talks about how possibilism finds its way in determinism. Now the interplay between man and the landscape it inhabits has become highly complex. Technological developments in communication and modes of transport as well as discovery of new links of communication have ushered in a new dimension in geopolitical stratification. The entire world is stratified into some geopolitical levels, depending upon the various characteristics of the region.

As Nicholas Spykman observes,

*"Every Foreign Office, whatever may be the atlas it uses, operates mentally with a different map of the world."*<sup>12</sup>

It is this map of the world which gives the layout of the geopolitical structure of the world. It is this unique map which has positioned the concerned nation in the best possible location keeping its geostrategic interests in mind.

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<sup>12</sup> Nicholas Spykman, (1938) "Geography and Foreign Policy, I." *American Political Science Review* 32(1), 28-50.

Grygeil says

“ *Geostrategy as the geographic direction of a state’s foreign policy.* ” <sup>13</sup>

More precisely, he quotes

“.....*geostrategy describes where a state concentrates its efforts by projecting military power and directing diplomatic activity. The underlying assumption is that states have limited resources. Instead they must focus politically and militarily on specific areas of the world. Geostrategy describes this foreign-policy thrust of a state..... It is a descriptive and not a normative concept because it does not propose where a state ought to direct its attention and project power.* ” <sup>14</sup>

The geographical proximity is just one of the factors conditioning the alignment of regions. It is the geopolitical orientation that actually chalks out the plan for international policies. This geopolitical map gives us a better and long term purview of situations. Now, unlike geographic changes which occur in a long span of time as mentioned before too, geostrategic changes occur quite rapidly. This varying pattern in the pace and the intensity of geographical, geopolitical and geostrategic changes determine the entire mapping of the region.

Geopolitical structures are highly dependent on this interplay among geography, geopolitics and geostrategy. More is the congruence among the three implies a higher overlapping of the geographical map and the virtual geostrategic map made by each state. Because geographical map will be more or less constant but the other two are susceptible to changes. If the geopolitical situation changes then, the geostrategic orientation also has to change accordingly as geostrategy is the interpretation of the geopolitics by the respective states.

### **3.1 Geopolitical Structures**

In order to understand the meaning of geopolitical structure, it is imperative that we understand the meaning of geography and geopolitics as well as their inter relationship. Geography is the physical reality, which is more or less a constant parameter unless and until the region witnesses a drastic transformation, be it a natural disaster or a major infrastructural change. Geopolitics has been defined by various

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<sup>13, 14</sup> Jakub, J. Grygeil (2006), *Great Powers and Geopolitical Change*, John Hopkins University, 22 & 36.

scholars in various ways. Kjellen while coining the term Geopolitics said that it is the theory of state as a geographic organism or phenomenon in space. Haushofer termed it to be the science of earth relationships to political developments.

Definitely geopolitics is a domain of the cultural landscape. And unlike geography, it is a more variable parameter with several factors determining its importance. Geography is also determined by several factors, but most of these factors are more or less constant or are effective for a larger span of time.

Geopolitics is the human factor within the physical or the geographical landscape. It is the geographic distribution of centers of resources and lines of communication, assigning value to locations according to their strategic importance. The geopolitical situation is the result of the interaction of technology broadly defined and geography, which alters the economic, political, and strategic importance of locations. For instance, implementation of new communications technologies can really alter the landscape. Similarly, differentials in economic growth alter the distribution of power in the world, while the introduction of new production technologies changes the need for natural resources, whereas economic growth conditions the flow of people, ideas, capital and resources and influences infrastructural growth, migration patterns and the natural landscape too.

Grygeil in his book 'Great Powers and Geopolitical Change' says

*"Geopolitics therefore is not a constant but a variable that describes the changing geographic distribution of routes and of economic and natural resources.....Simply stated, geopolitics is the world faced by each state. It is what is outside the state, the environment within which, and in response to which, the state must act. "*<sup>15</sup>

This definition of geopolitics can throw light upon the current take on geopolitics. From the comparatively aggressive tone of the earlier definitions of geopolitics we have entered into a new and realistic paradigm. In this paradigm we have accepted and internalized the conflict of interests. Instead of preparing for war like situations we should inculcate the tolerance level of accepting reality and the wit and wisdom to devise our own survival strategy.

Geography and Geopolitics are interrelated in various ways. Intrinsically, they do

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<sup>15</sup> Jakub,J. Grygeil (2006), "Great Powers and Geopolitical Change", *John Hopkins University*, pp 24.

differ but overall their synergy can be seen in case of regions. Saul B Cohen says

*“.....geopolitical perspectives vary with the changing geographic landscape and with the interpretation that man does of the nature of this change”*<sup>16</sup>

There are different levels of change, ranging from tectonic (no perceptible change) in the case of geography to potentially rapid change in the case of geostrategy. Geographic changes are measured in geological ages of thousands of years, while geostrategic changes are measured in days, months, and years. As mentioned above, geography is by and large constant, with the exception of catastrophic events that are rare and unpredictable.

Geopolitics changes with the rise and decline of centers of resources and shifts in routes. It is a change that occurs slowly, often imperceptibly, and usually spans decades and centuries.

The late-fifteenth-century discoveries of new routes around Africa, linking Atlantic Europe directly with Asia, are an example of a geopolitical change that over the course of a few decades altered the map of the world. The current economic growth of East Asia and China in particular, in a few years may represent a geopolitical change of similar proportions.

States cannot alter geopolitics to match their interests, or at best they are very limited in their capacity to do so. A change in geopolitics involves a change in routes or in the location of resources, and a state cannot single-handedly effect such a change. Geopolitical shifts follow changes in production and transportation technology, which occur over the course of decades and are rarely controlled by a single country.

Improvements in production technologies can also change the geographic distribution of natural resources. Technological inventions create the demand for new resources and consequently increase interest in the regions rich in those resources.

Why are some regions economically and hence geopolitically more powerful than

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<sup>16</sup> Saul B. Cohen, *Geography and Politics in a world divided*, New York, Random House, 2nd edition, 1973, pp. 29.

others? There are four categories of explanations: geographic, cultural, state centric or institutional.

The core of the world's economic power was located in the Mediterranean region until the fifteenth or sixteenth century, when it shifted toward western or Atlantic Europe. Similarly, over the past half-century East Asia has become an important center of economic power, dramatically altering the distribution of wealth and power in the world.

These changes in the geopolitical maps are caused by the changes in economic and technological forces. East Asia with a vast populace is emerging to be a large but resilient market, with its internal economy absorbing most of the ups and downs of the global market forces. It is this interplay of geographical, political and economic forces that lead to formation of geopolitical structures. Saul B Cohen talks about geopolitical structures being composed of *patterns* and *features*.<sup>17</sup> Pattern refers to the shape, size and physical or human characteristics of geopolitical units and features are the political-geographical nodes, areas and boundaries that contribute to the unit's uniqueness and influence its cohesiveness.

Geopolitical structures are shaped by two forces- centrifugal and centripetal forces. In case of nations centrifugal forces can lead to an increasing tendency to secede where as the centripetal forces provide a strong sense of identity. But how do these forces get translated into space when it comes to a geopolitical region. Higher centrifugal forces not necessarily lead to a conflictual situation but can lead to mutual indifference which in turn leads to lesser cooperation. Eventually this indifference might snowball into an atmosphere of animosity.

The current paradigm talks about internalizing conflicts accepting them as an inherent trait and then channelizing them towards a constructive process. No nation can be self sufficient. In order to prosper, the complementarities and the comparative advantages prevalent in the region have to be leveraged to the fullest. All the regions who claim to be successful in terms of integrating the respective nations into it are the ones who could internalize conflicts and who channelize their potential in a constructive manner which in turn leads to a positive output. That is why geopolitical structures and a

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<sup>17</sup> Saul B Cohen (2003). *Geopolitics of World System*, Rowman and Littlefield Publishers Inc, pp.33

nation's geostrategy are so deeply intertwined.

Geopolitical structures are also the resultant of this interaction of motives, policies and action. The location of growth poles and its interaction with other regions are the basic factors laying down the framework of a geopolitical structuring. Various scholars have talked about geopolitical structures in various ways. Some structures will be discussed here too.

Keeping in mind the various subjective parameters in view, we can't devise an all encompassing, homogenous scheme of geopolitical structures for all the regions of the world. In some cases, there will be some pre dominant factors and in others they won't be so dominant. For instance the regions in the North American continent have a lesser influence of historical parameters as compared to South Asian region. Similarly, the regions of South East Asia are more contemporary in nature with economic factors as a major criterion as compared to many other regions. Most of the states that are looking towards USA or rather are trying to be part of the regions where USA is the dominant players have geographical parameters not as the dominant ones. These are the states that are trying to strengthen their politico economic clout and won't shy away from any resort irrespective of the geographical location enjoyed by them.

### **3.2 Types of Geopolitical Structures**

Here we are trying to discuss some of the models of geopolitical structures as given by various scholars. The two models discussed here are

- a. Saul B Cohen's geopolitical structures
- b. Wallerstein

#### **3.2.1 Cohen's Theory on Geopolitical Structures**

Cohen says geopolitical structures are organized along the following hierarchically ordered spatial levels. First is the geostrategic realm which is the most extensive or macro level. The geostrategic realm not only has a higher geographical spread but are also globally influencing. Second is the meso level of a geopolitical region and lastly is the micro level of national states, quasi states and territorial regions. Meso level



regions possess geographical contiguity as well as similar political and cultural traits. South Asian region falls in the meso level of the hierarchy. Apart from the ordering of structures there are regions like shatterbelts, compression zones and gateways.

There are certain features which are common to all the geopolitical structures and the two most important components being core and ecumene. Core is the genesis of the idea of state. It is the politico- historical center of the state. And ecumene is the area of the greatest density of population and economic activity. Eventually an ecumene becomes the infrastructural center too. And in the long run, ecumene forms an extended core too.

On the basis of Cohen's structure the Indo Gangetic plains can be called the core region, which laid the foundation of vast empires spanning huge areas. It is this history of South Asia which has led to a strong functionality of South Asian region as discussed in the previous chapter. The South Asian core had a vibrant history which eventually led to the formation of this meso region. Gradually the areas belonging to central India became the hub of all activities, be it economic, political or cultural and formed the ecumene of the entire region.

Apart from this broad classification, there are some other special features in a region. There are areas which are moderately populated and have a resource base too, thus having enough growth potential. In case of South Asian region apart from certain urban pockets in India, Pakistan and Sri Lanka most of the region has immense growth potential to be realized. There are some empty areas which due to the terrain or the physiology are less inhabited. We have Afghanistan, the Himalayan regions of India as well as the hot desert regions of India and Pakistan, which can be some of the examples of empty areas. Another distinguished feature is that of non conforming sectors which may include minority separatist areas within states and isolated or "rogue" states within regions. In South Asia too we have lot of separatist movements brewing. Though calling them "rogue states" blatantly would induce lot of subjectivity in the discussion. Considering the fact when we are talking of critical geopolitics and engaging ourselves in criticizing the existing, in built geopolitical structures as well as discourses we can't tag any separatist movement a rogue state within a region.

Apart from the above features, South Asia is a geopolitical region in the geostrategic realm of mixed Continental- Maritime East Asia. He has termed South Asia to be an independent geopolitical region, but hasn't denied either that it is an extension of the Middle Eastern Arc of Instability. India led this region as a world balancer by not joining either the Soviet or the American blocs. In spite of the instability of the South Asian region, we can't call it a shatterbelt because it is the one caught between the great powers of the geostrategic realm.

In case of South Asia, to a large extent India's dominance in the region is undisputable. There are instances of China and US trying to strengthen their foothold in the region, especially China, but it is not a direct confrontation between the powers. There are areas like western Pakistan and Afghanistan can be termed as a shatterbelt with the countries fragmented by external as well as internal forces. In addition to shatterbelts there is one more zone of fragmentation i.e. Compression Zone where in the competition isn't between the great powers of the geostrategic realm but it is one between the neighbouring states. Some of the African nations can be said to be the fitting examples of Compression Zones.

Going by the definitions of shatter belts and compression zones it would not be right to term Afghanistan as one of them. Because in Afghanistan, there is a strong influence of an external power as well as the neighbouring countries, though not involved in a head on confrontation but are keen to assert their influence upon the nation.

A third category of region is the Gateway region which links different parts of the world through various exchanges. The nation of Myanmar could act as a gateway region for the regions of South Asia and South East Asia. Similarly the region of Kashmir can act as a gateway region for India and Pakistan.

Gateway regions are one form of transformation of conflicts on the physical landscape because they translate conflicts to a constructive mechanism. In fact Cohen calls Gateways to be not mere boundary states but "*borders of accommodation.*" Fortunately or unfortunately Kashmir hasn't been moulded into a gateway region, in fact it is emerging as a quasi state, with the separatist movements on full momentum.

The geopolitical structures also undergo an evolutionary process. Cohen has illustrated this process of evolution of geopolitical structures on the basis of Herbert Spencer's organismic approach. Spencer argued that social organizations evolve from homogeneity to heterogeneity. Similarly, in case of geopolitical structures, the three stages of evolution are

- a. Undifferentiatedness.
- b. Differentiation
- c. Specialised Integration.

The first stage is that of an “*undifferentiated or atomized structure.*” In case of an undifferentiated structure, none of the territorial parts are interconnected, there is no region dominating the other and mostly the regions perform identical functions.

The next level of geopolitical structures is that of “*differentiation,*” where in the parts distinguishable characteristics but are still have not connected much. Then we have the level of specialization in which every region tries to specialize in its specified field, trying to be self sufficient as well as excelling in its area of comparative or competitive advantage. Gradually, the region starts interacting and then starts the flow of ideas, capital and people. Then the regions start the process of integration by complementing each other, hence ushering in the process of “*specialized integration.*” Specialized integration leads to stability both political as well as economical and a higher efficiency.

South Asia is slowly moving from the stage of differentiation, to the stage of specialization. One of the reasons for an elongated stage of differentiation can be attributed to the fact that South Asia was mired in colonialism for a long time. The colonial era was a stagnant phase in the history of South Asia in which entire potential of the region got hacked by the colonial nations.

During and after colonialism the process of draining out of resources from the region became so much so, not only the South Asian region was left way behind in every field but also the mere status quo of the region was dependent on the colonial powers. Post colonialism, the countries were engaged in improving upon their self sufficiency. The countries in a way started resurrecting themselves by building a new political

structure, imbibing new technological changes and economic policies conducive to the contemporary scenario.

Apart from this, the countries in this region were torn apart in internal strife; hence most of its policies were inward looking. All these factors played their part in keeping the countries of this region isolated but not completely unaffected from one another's problems. Post SAARC the countries are trying to look ahead keeping aside the confrontational issues, though the pace is really slow. In spite of this it can't be denied that it is a progressive step. Territoriality isn't just a geographical nature; it is a pre defined relationship too. And the best way to assert and hence leverage a relationship is through association. This association can only take place through integration. Rather a functional integration where each unit performs its own specific function.

### 3.2.2 World Systems Theory

The processes of economic modernization and social change throughout the world are separating people from longstanding local identities. They also weaken nation state as a source of identity. The very phrase “the world community” has become the euphemistic collective noun to give global legitimacy to actions. Wallerstein’s theory emphasizes that today all societies are part of a closely interacting global economic system or the world system. He said that any change at the societal level can be understood at the global level not at the country level a change needs to be approached through a long term perspective. World-system theory is in many ways an adaptation of dependency theory. Wallerstein draws heavily from dependency theory<sup>18</sup>, a neo-Marxist explanation of development processes, popular in the developing world.

Wallerstein had an economic perspective towards the world system. According to him, the world economic system always operates on a three tier format. A format, where, the geographical ordering of the world is done on the economic basis. The three tiers of classification of the world system are

- a. Core
- b. Semi periphery.
- c. Periphery.

For Wallerstein, nation-states are variables, elements within the system. States are used by class forces to pursue their interest, in the case of core countries. Technology is a central factor in the positioning of a region in the core or the periphery.

In his own first definition, Wallerstein (1974) says

*“A world-system is a “multicultural territorial division of labor in which the production and exchange of basic goods and raw materials is necessary for the everyday life of its inhabitants.”*<sup>19</sup>

Core areas are associated with rich and the prosperous and peripheral areas generally

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<sup>18</sup> Dependency theory focuses on understanding the “periphery” by looking at core-periphery relations, and it has flourished in peripheral regions like Latin America.

<sup>19</sup> Wallerstein, I. (1974), *The modern World System I: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, New York: Academic Press.

represent a rudimentary economic system. And semi periphery is the intermediate form of two. It shares the characteristics of both the core and the periphery and represents the developing nations.

Wallerstein also hypothesizes that the proportion of the world population within each of the zones of core, semi periphery and periphery remained roughly constant throughout the history of the world economy. The actual places that constitute each zone will change over time with rises and falls in economy, in other words the demographic and the geographical patterns don't overlap. That's why the regions of the world system are historical in nature; they are created and then destroyed.

The world system has reduced the nation state theory as the only translation of space to one of the aspects of it. But this theory has also been criticized on various grounds. It is said to reduce the various processes of interaction among nations to purely economic, ignoring the various ongoing political and cultural processes. It also ignores the heterogeneity existent in as system. Not all levels of interaction can be clubbed into a core-periphery relation. Different regions are endowed with different resources in uneven proportions. In addition to this regions are variedly located having unique historical and cultural attributes. It would be myopic to club the regions into a homogenous group. This is what Wallerstein called unequal exchange, the systematic transfer of surplus to the periphery from the high-technology, industrialized core. This leads to a process of capital accumulation at a global scale, and necessarily involves the appropriation and transformation of peripheral surplus.<sup>20</sup>

South Asian region has had a vibrant historical and cultural orientation throughout. Though, it would not be fair to categorize the nations in South Asia on the basis of economic grounds. But the current scenario gives a lot more weightage to the economic parameters than others. Even if it isn't the sole factor influencing a region, still it plays an important role in chalking out a region's trajectory, both intra regional and inter regional.

In case of South Asia, India has been more powerful in every field. India is the Core region of South Asia. An interesting observation made here is that Maldives is also an

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<sup>20</sup> Goldfrank, Walter L (2000), *Paradigm Regained? The Rules of Wallerstein's World-System Method*, Journal of World-Systems Research, Vol.6. N. 2 pp. 150-195

economically prosperous nation, in some cases it is performing much better than India. But how “Core” is Maldives? Here comes the geographical parameter of location and geographical extent.

It is because of the location of India that our economic achievements are highlighted more. If India is the core here then, we can call countries like Sri Lanka and Pakistan as semi peripheral and the rest as peripheral. Maldives can't be called a core or a periphery. A world-system is what Wallerstein terms a "*world economy*", integrated through the market. The current South Asia is moving towards a common market from a common history and cultural genesis.

It can be put in a special category of cores. Apart from the intra regional analysis, the whole of South Asia is emerging from a peripheral status to a semi peripheral one. But the alignment of South Asia towards various cores isn't the same. Most of the nations are inclined towards US, but the emergent China is also rising as a future core region. And the geographical proximity of China can overtake US as the sole Core region of South Asia. India is still not a major core region of the South Asia.

The socio economic position of South Asia will be analyzed in the next chapter in detail.

Apart from the core and peripheral relationship exhibited by the nations, Manuel Castell's theory of Network Society can also be seen as influencing the geopolitical structures. Castell's main argument is

*"our societies are increasingly structured around the bipolar opposition of the Net and the Self."*<sup>21</sup>

The post determinist analysis of geopolitical structures isn't merely about the give and take relation of core and periphery as illustrated by Wallerstein which might sound like a hardnosed capitalistic approach. Castell brings forth a new theory of an organized form of capitalism which is more global in character and highly flexible in its approach. But he also doesn't revere this globalized capitalism because it is challenged by various identity based movements. This is what he asserts as the *net* and *self* conflict. The net implies the organizational formations based on the

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<sup>21</sup> Castells, M. (1996) *The Rise of the Network Society, The Information Age: Economy, Society and Culture*, Vol. I. Cambridge, MA; Oxford, UK: Blackwell, pp. 556.

networked communication media. This dialectical opposition between net and self are an intrinsic nature of any state. In spite of this he says that a networked society is forming unevenly on a wide scale.

In case of South Asia too, this conflict between net and self can be understood. The emerging technological developments, an improved communication media and a globalized economy are factors that haven't left South Asia unaffected.

In spite of all the catalytic factors for a better and stronger network amongst the nations of South Asia we seldom see a smooth integrating mechanism amongst the nations. Here comes the self into play.

The entire region of South Asia is endowed with a vibrant history which inherently describes a strong sense of identity. It is this assertion of "self" which has made the path for a stronger SAARC more complicated.

Though this dialectic relation between between "net" and "self" doesn't give a well framed layout of the geopolitical structuring of the region of South Asia but it does illustrate an important factor affecting the evolution of geopolitical structures in South Asia.

Another important factor affecting the emergence of geopolitical structures is that of "distance" but not just physical distance.

Alan K. Henrikson says

*"Global politics and local politics, though interlinked today by processes of globalization, remain separated by the phenomenon of distance. Sheer physical distance, with its associated geography, assumes mainly a causal importance. It determines the way a policy is implemented practically, and can affect the outcome of policy. Planning and strategizing, especially in the sphere of foreign policy, are shaped by three other "distances" as well, each with a distinctive logic. The first is gravitational distance, according to which political and other power is thought to "decay" with increasing distance, although the "mass," or size, of countries can modify this assumed attenuation of influence. The second is topological distance, according to which any two countries may seem more remote from one another if there are other countries located in between them, the number and arrangement of these intervening country-spaces—the configuration of the political map—being the key variable. The third is attributional distance, according to which countries seem more distant from or, conversely, nearer to one another owing to their political or cultural characteristics. For example, democracies feel closer to each other than they do to non-democratic states. When all of these three schemes of non-physical*



*“distance” coincide, the resulting pattern of international relationships, whatever the actual distances between nations, is thereby strengthened.”*<sup>22</sup>

This interplay of distances influences the emergence of geopolitical structures to a large extent. When we are talking of specialized integration, it is this synergized effect of the gravitational, topological and attributional effect of distances that decide the intensity and scale of integration. These three non-physical but nonetheless geographically related distances differ in their temporal implications, or degree to which they are subject to modification over time. The first, gravitational distance, may be the slowest-changing though, for it relates to the underlying power of countries. The second, topological distance, may change somewhat faster, for it affects and is affected by territorial adjustments that may be made in the world’s political map. The third, attributional distance, is perhaps the most susceptible to change, for it pertains, most immediately, to the type of government, a country has. In case of South Asia, the topological and attributional distances are not large, but the gravitational distance isn’t merely dependent upon the physical distance, keeping in mind the external influences in the region.

Apart from the broad classifications made by Cohen and Wallerstein, we have Rokkan talking economic, cultural and administrative differentiation of the region. Unlike the reductionist nature of the world system theory, it does take into account the cultural aspects too. The approach adopted by Rokkan is comparative, because he talked about the political systems being interdependent. He also talked about the mesh of functional and territorial integration. This is why this model of structural differentiation is also called the multi level model.

According to Rokkan, any model on geopolitical structures is multi dimensional, at each stage it gives equal weight to economic, technological, political, territorial and cultural, ethnic, religious dimensions. There is neither economic determinism in the model nor a geopolitical or cultural one. On one hand there is an emphasis on Wallerstein’s World economy but the importance of cultural identity structures in the world economy isn’t ignored.<sup>23</sup>

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<sup>22</sup> Alan K. Henrikson, Distance and Foreign Policy: A Political Geography Approach, *International Political Science Review*, Sage Publications (2002), Vol 23, No. 4, 437

<sup>23</sup> Stein Rokkan (1999), *State formation, nation-building, and mass politics in Europe: the theory of Stein Rokkan*. Oxford University Press.

The world system has many sub systems in it like the aforementioned political and cultural. Each system has its own specific rhythm and limitations. And the interactions between all these systems are a key determinant of the geopolitical structures.

In order to explain functional differentiation he talks about various institutions and organizations and when it comes to territorial differentiation he is talking about centre and periphery. He also acknowledges the presence of various *cleavage structures*, which are not only functional but also territorial in dimension. Cleavage structures are not necessarily synonymous to conflicts. Conflicts can be short term as well as long term, whereas cleavage structures are long term manifestation of the conflictual forces.

Cleavage structures are more like necessary evil. All these structural ramifications are temporal in nature. The processes of freezing and defreezing are a continuous process. All these structures keep on transforming according to various circumstances. These cleavage structures are a historical phenomenon defining the current geopolitical status of a region. In the conceptual map of Europe too, he is trying to base it on economy which determines the strength of Europe, culture which was an outcome of the ongoing reformation and territory determining the geopolitical position.

The conceptual map of Europe can also be correlated to that of South Asia. South Asia too exhibits a region with a strong cultural and territorial orientation. These three types of transactions – economic, territorial and cultural determine the course of relationships between the nations of South Asia.

South Asian region too exhibits some territorial and functional characteristics, as well as cleavage structures. The territoriality and the functionality of this region have been discussed in the previous chapters. What needs to be highlighted here is the cleavage pattern exhibited by this region. South Asia is mired in various internal as well as bilateral issues amongst each other.

The formation of SAARC has been a step towards specialized integration in a formal sense. Still, it can't be unperturbed of the various cleavage structures it nurtures. India, due to the geographical extent it enjoys is a party to most of the cleavage structures present in the region.

One of the primary objectives of SAARC is to recover the region's collective strength not by undoing the past but by strengthening future ties. The philosophy of internalizing conflicts was used here by excluding bilateral and contentious issues from its deliberations and also to take decisions on the basis of unanimity which was formally laid down in SAARC Charter adopted in its very first summit. It is easier to lay down a prescribed framework of stipulations and abide to it than mere discussions. SAARC Charter was also a move towards an organized integration.

SAARC is a step towards keeping aside the various cleavage structures and looking forward to a specialized integration as talked about by Cohen. Specialized integration not just based on a reductionist core-peripheral relationship but also respecting the self identity of the region by balancing the net and self.

In other words, the current geopolitical structures of South Asian region are to be reoriented in such a way that this meso region doesn't remain fragmented with one part of the region always lying in the periphery or mired in self assertive movements. Specialized integration in its true sense will be integrating the entire region with the core. It can also be termed as an extension of the core to the entire region and hence making the process an inclusive one.

The current geopolitical structural orientation of the world has changed from the days of Mackinder's Heartland theory with three geographical regions to the world balanced by a multiplicity of regions, each endowed with a different natural and human resource base as illustrated in his 1943 article entitled "The Round World and the Winning Of Peace." His "*pivot area*" has changed to a "*power citadel*" with people and resources. This concept of power citadel can be applied in the contemporary scenario, with every region boasting one or more "*power citadels*".<sup>24</sup>

The current geopolitical structures in South Asian region can be studied from various perspectives. And most of the theories add a new dimension to the study. But seeing the current emphasis on the future implications of the existent structures in the region, it would be myopic to overlook the futuristic orientation of the region.

SAARC is one of such futuristic steps. As Saul B Cohen says,

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<sup>24</sup> Mackinder. H (1943), "*The Round World and the Winning of the Peace*," Foreign Affairs 21 no. 4; pp 595-605.

*" ...geopolitical restructuring is a continuous process.....Whatever the course of geopolitical restructuring, we are entering an entering an era of power sharing among a wide variety of regions, states and other political territorial entities of different sizes and functions. "*<sup>25</sup>

SAARC is also an example of a move, wherein the countries in it will have various functions. Each endowed with its own specific resource base and contributing its own share in the region.

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<sup>25</sup> Cohen S.B. (2003), *Geopolitics of the world system*, Maryland: Rowman & Littlefield Publishers.

## CHAPTER 4

### Emergence of India in South Asia

## CHAPTER 4

### EMERGENCE OF INDIA IN SOUTH ASIA

India was always supposed to be the geographical expression of South Asia. Apart from that, India was always called the benign power, shunning conquest or domination. As the first Asian state to free itself from European domination, India had a responsibility to peacefully liberate other colonies and promote a regional framework of cooperation. It did, in fact, provide some assistance to the Indonesian revolution.

As Asia's largest free state with China in the throes of a civil war until 1949, India saw itself as the natural leader of this movement, and it developed links with the newly independent powers of Africa, the Middle East, and Asia, inviting a number of Asian leaders to the 1947 Asian Relations Conference<sup>26</sup> held in New Delhi just before independence. India nearly led the third world movement in both political and economic fields. Till now, it is leading with other emerging powers like Brazil and China in the economic sphere, be it the negotiations with WTO or the policies made for climate change.

A region infamously known as the basket case is transforming rapidly. Growth rates in South Asia and East Asia appear to be converging. In 2007, India experienced a remarkable GDP growth of 9 percent<sup>27</sup> close to that of China whereas other South Asian countries such as Bangladesh, Pakistan, and Sri Lanka experienced growth rates of 6.5 percent. Private investment has boomed, supported by rising national saving rates in South Asia. To a large extent it shows that the countries in this region have realized the importance of economic growth.

Before talking about the emerging India, it is important to analyze South Asia as a region. Regionalism in South Asia is mired in several issues. From India's perspectives multilateralism in South Asia has altogether a different meaning.

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<sup>26</sup> McCallum, J.A. (1947), "The Asian Relations Conference", *The Australian Quarterly*, 19(2)

<sup>27</sup> <http://indiabudget.nic.in/ub2007-08/ubmain.htm>

Regionalism in South Asia cannot move beyond marginal issues, as long as India believes that multilateralism invites substantial risks. In case of India all the bilateral issues are more like multilateral issues for the South Asian region. Considering the fact that India borders nearly all the countries of the region, the multilateral issues of South Asia hold a different meaning for India.

There is not yet enough congruence between India and its smaller neighbors. Despite the common cultural heritage, India thinks that regionalism cannot work if issues with Pakistan remain overtly hostile and restricted to the domestic issues. India is reconciled to a degree of incoherence in its neighbourhood. This calls for continuous vigilance and, occasionally, more direct involvement in the affairs of its neighbors. Because it is more concerned with the foreign relations of these states than their form, India has been able to remain on good terms with regimes that it does not like.

Another way of describing the region is to examine the degree of force used by the region's great power and the willingness to accept such intervention by the lesser state. By this measure, one can distinguish between dominance, primacy, and hegemony, dominance being a high degree of coercion and a low degree of acceptance, primacy being the opposite combination, and hegemony representing an intermediate proportion. India sees itself as the primary South Asian state, but to its neighbours' view it is more like the regional hegemon, and even a dominating regional power.

With its new economic links to the outside world and the realization that South Asia, as a region, has been left behind, even India is moving toward a more open and cooperative relationship with its neighbors, other than Pakistan. Post cold war the insecurities breeding between India and US were also mitigated to a large extent. India wants to share the burden and the benefits of regional economic growth. The region may well be on the verge of a new spell of cooperation, which will allow international firms to operate on a regional basis with a more relaxed manner. India itself is changing, a welcome development for its neighbors because they stand to gain from the new economic policies.

The two regions of South Asia and Middle East had important cultural links, and India was a major source of innovative Islamic thought. Partition and the cold war changed India's strategic position in the Gulf. With the creation of Pakistan, India had a powerful

rival competing for the same access, influence, and resources and a country which is closer to the Gulf from the religious angle as well.

Two trends seem to be very encouraging as far as India's regional role is concerned. First, the revolution in economic policy that has swept over India makes it a far more attractive country for all of its neighbors and the more developed states of Southeast Asia. Indian management expertise, technology, and organizational skills are now widely exported to the rest of Asia, giving substance to the Indian claim that it is a major power. Second, India's democracy is having a great impact on many of its Asian neighbors. For the smaller states of the region, India is something of a model of how to peacefully manage a multiethnic and a multi religious state.

India's more distant neighbors, particularly in the Gulf and Southeast Asia, see India's democracy as less than perfect, but it provides some assurance that India is unlikely to transform itself into an aggressive, expansionist state. India is a growing power, but few of its neighbors see this growth as threatening. The basic reason of not seeing India as a threat is the rising economic interdependencies in the region.

In spite of growing economic interdependencies in South Asian region, the intraregional trade is a mere 5 percent of total official trade as compared with over 50 percent in East Asia. The reasons being capital flows through legal channels are negligible, transit arrangements are cumbersome and expensive, and the physical connectivity is limited and restrictive. Additionally, lack of effective cooperation has constrained progress on a range of public goods.

This weak regional cooperation tends to hurt the poor more than the other segment of the population. Two of the poorest South Asian countries are Afghanistan and Nepal; both are land locked. Landlocked counties are more dependent on other countries for regional connectivity. Several lagging regions in the larger South Asian countries of Bangladesh, India and Pakistan are located in the border areas and suffer from lack of market integration. Over 500 million people, most of them very poor, live in the Indus and the Ganges-Brahmaputra river basins. These great basins are shared by six nations and are characterized by almost no cooperation and, instead marked by political turbulence.



In addition to policy and institutional reforms aimed at removing domestic constraints, regional cooperation ought to be key elements of a regional strategy for removing the dichotomy between the two faces of South Asia and eliminating poverty over the longer term. South Asia needs two types of market integration – inter regional or providing countries, especially the land-locked ones, with a broader access to regional and global markets; and intra regional or integrating the lagging regions within each country with the growth centers without regard to boundaries.

Like Europe, South Asia too has a large number of cities in the border region and most countries share a common border with India. The unique geography of South Asia with distance and density has the potential to raise growth through increased trade. South Asia also has the highest population density in the world. Distance of cities from the border is low. These are features which can naturally propel trade between countries. Still, there exists a “telethesia” among the people of this region of a distant perception of the not so distant places.

Despite these benefits of geography, density and distance, South Asia’s true growth potential has not been realized because of the lack of market integration within and across countries. South Asia accounts for only 3 percent of the world surface area, but it sustains an extraordinary 20 percent of the world population, nearly 1.5 billion people. It has the highest population density in the world, yet it has one of the lowest urbanization rates. There are indeed contradictory traits across countries in South Asia.

There are several underutilized spatial features of the region like the geography, transportation media and factor mobility. Regional cooperation and mutual understanding of one another’s interdependency can facilitate these processes. It has one of the minimum distances between cities and almost all the South Asian countries share a common border with the largest regional partner, India. Regional integration initiatives will unleash the growth benefit of geography and also support income convergence across regions and countries.

Regional trade is more sensitive to transport costs, scale economies, and factor mobility than global trade. Second, South Asia suffers from high trade and transportation costs

compared with other regions because of border restrictions and poor transport. The cost of trading across borders is nearly double for India and Bangladesh compared with China and it is even more for Afghanistan, Bhutan, and Nepal. The quality of transport infrastructure in South Asia, especially the highway networks, is poor. In order to maximize the benefits of trade liberalization the new agenda for trade facilitation should consider measures in order to constantly improve the performance of not only border corridors but also Land Customs Stations. In other words, the physical as well as the policy barriers have to be removed.

Alan K. Henrikson says

*“There remains a fundamental separation—geo-psychological remoteness as well as physical remove—between the actor, or deciding subject, and the acted upon, or decided-about place or issue, in foreign policy-making. This sets it apart, profoundly, from most domestic policy-making, at the urban or even the national level. The very word “foreign” (from the Latin foranus, meaning “situated on the outside”) embodies this fact of spatial extent and externality. The “foreign” and “domestic” spheres are simply different, and the factor of distance lies at the very base of the difference.”*<sup>28</sup>

To sustain GDP, growth, India will also need to establish markets for its manufactured exports in South Asia and abroad and an infrastructure for the continuous supply of energy resources. It is in this context that three strategic imperatives for India become apparent: achieving a regionally integrated economy through an early implementation of the South Asian Association for Regional Cooperation (SAARC) Summit Declaration on the South Asian Free Trade Agreement (SAFTA); securing infrastructural overhead of oil and gas pipelines and rail and road transportation routes; and overcoming political disputes with Pakistan and other South Asian neighbors to establish a political framework of lasting peace that would be integral to economic union. In the current SAARC Summit too, the leaders welcomed the signing of the SAARC Agreement on trade in services and expressed that this will open up new vistas of trade cooperation and further deepen the integration of the regional economies.

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<sup>28</sup> Henrikson A.K. (2002), “Distance and Foreign Policy: a Political Geography Approach”, *International Political Science Review* 2002, pp 439

In order to analyze the emergence of India in the region, we have to take into account both the economic as well as the socio economic parameters. A nation can only assert itself if it can call itself prosperous. The only reason why the issue of India as an emerging power or India as a superpower is debatable is because of its bleak performance in the developmental realm. The next section will deal with comparison of the countries of South Asian region economically as well as socio economically. Considering the historical and cultural linkages of this region, cooperation among the nations is inevitable for the region's growth.

Regional organizations are a form of manifestation of this regional cooperation transcending regional boundaries. SAARC is one of such initiatives. The countries of South Asia too, can't evade regional collaboration. Emergence of India as a regional power is incomplete without a judicious collaboration amongst the nations. SAARC is not merely restricted to geopolitical considerations. It is long term endeavour by regions which were intertwined in the good old past.

It can't be denied that the countries of this region are mired in internal controversies. And some of them are looking towards an extended neighbourhood. But the geographical proximity is an unconquerable, absolute truth here. Howsoever the nations can transcend the physical boundaries, if they realize the untapped potential in a natural region then it is automatically endowed with a higher marginal productivity.

## 4.1 A comparative study of countries of South Asia

### 4.1.1 Economic Comparison

India is the largest country in the region. It has an area of thirty two lakhs eighty eight thousand square kilometers and its share in the region's area is around 73.4 per cent. The population of India had crossed 1000 million by the time of the census of 2001 and it was over 77 percent of the total population of the South Asian region.<sup>29</sup>

Apart from this, India is an agriculture based country sharing nearly 31 percent of the GDP in 2001. The export of agricultural and allied products forms a big chunk of the exports. While the share of industry is 30 percent and that of manufacturing alone is 20 percent. The per capita income of India was estimated at 2230 US Dollars in 2001.<sup>30</sup>

Being the largest economy among the SAARC countries, India has the largest volume of trade. India's trade with SAARC regions though not substantially high as compared with other regions but showed an upward trend. Maldives played an important role in exhibiting this trend; exports to Maldives increased a lot post 1991. Till 1991, Bangladesh was the biggest trade partner in South Asia, but when the total volume of trade increased with South Asian region and Maldives also came into the picture, the export and imports to Bangladesh as a proportion of total exports and imports came down. In case of Bhutan, India is the only country with which more than ninety percent of its external trade takes place.

Maldives, although small in geographical area but has emerged as a powerful nation in South Asia. In the early 1990s, Maldives was ranked by the UN as one of the world's twenty-nine least developed countries. The Maldivian Government began an economic reform program in 1989 initially by lifting import quotas and opening some exports to the private sector.<sup>31</sup> is Maldives' largest economic activity, accounts for 28% of GDP and more than 60% of foreign exchange receipts. Over 90% of government tax revenue comes from import

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<sup>29</sup> <http://india.gov.in/nowindia/census.php>

<sup>30</sup> <http://indiabudget.nic.in/es2009-10/chapt2010/chapter07.pdf>

<sup>31</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/mv.html>

Subsequently, it has liberalized regulations to allow more foreign investment. Tourism duties and tourism-related taxes. Fishing is the second leading sector. Agriculture and manufacturing play a lesser role in the economy, constrained by the limited availability of cultivable land and the shortage of domestic labor. Most staple foods are imported. Right now, Maldivian authorities are concerned about the impact of erosion and possible global warming on their low-lying country; 80% of the area is 1 meter or less above sea level.<sup>32</sup>

The above mentioned countries are India's geographical neighbours which are also her natural markets. India's neighbours are at different stages of development and because of this reason too, their pattern of production are complementary to each other and can form a ready market for each other. This is still an untapped potential of South Asian region.

Let's have an idea about the economic indicators of this region. After India got independence in 1947, the process of rebuilding the economy started. Various policies and schemes were formulated regarding the economic upliftment. Henceforth, first five year plan for the development of Indian economy came into implementation in 1952.

If on one hand agriculture received the immediate attention on the other side industrial sector was developed at a fast pace to provide employment opportunities to the growing population and to keep pace with the developments in the world.

Since then Indian economy has come a long way. The Gross Domestic Product (GDP) at factor cost, which was 2.3 % in 1951-52, reached 9% in financial year 2005-06. The per capita income is around \$3176. The GDP (official exchange rate) is \$1.243 trillion and the

GDP (purchasing power parity) \$ 3.548 trillion, with services contributing the maximum in it, nearly 60 percent. But, if we see the proportions of labor deployed in services and that of agriculture and compare them with their respective contribution to GDP. Then the situation

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<sup>32</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/mv.html>

doesn't look that encouraging. The marginal productivity of agriculture reflects a bleak picture.<sup>33</sup>

India's GDP growth for 2009-10 is estimated at 7.2 per cent, up from 6.7 per cent recorded in 2008-09. In the latest estimates for third quarter of 2009-10, country's GDP stood at 6 percent corresponding to the growth of 6.2 percent during same period of previous year. The latest RBI projection placed the real GDP growth at 8.0 per cent for the year 2010-11, whereas according to the latest IMF projection, India will grow at 8.8 percent during the year 2010.

Indian merchandise trade managed to recover from the severe impact of global turmoil. India's export seems to gather momentum as it saw a tremendous growth of 54.1 percent during March 2010 compared to negative growth of (-)33.1 percent in March 2009. However, taking the entire year 2009-10, Indian exports contracted by (-) 4.7 percent while the growth figure was positive 3.4 percent during 2008-09. India also ranks 49 among 133 countries in 2009-10 in the global competitiveness index (GCI) prepared by the World Economic Forum, an improvement of one position from last year.<sup>34</sup>

In case of Pakistan, the per capita income is \$2,500 and the GDP (PPP) is \$437.5 billion for the year 2008. In case of Sri Lanka the GDP is around \$96.527 billion (as shown in Fig. 4.5), but the per capita income \$4,768 which is higher than that of India. The economic indicators of Maldives and Sri Lanka are also better off than that of India in case of per capita income and percentage of population below poverty line.<sup>35</sup>

But seeing the size and the population of the countries, the platform of comparison is not on a level playing field. With India as a major import partner of Maldives, comprising nearly ten percent of the imports, India is no small a player in Maldivian economy.

But seeing the size and the population of the countries, the platform of comparison is not

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<sup>33</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>

<sup>34</sup> <http://indiabudget.nic.in/es2009-10/chapt2010/chapter01.pdf>

<sup>35</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/pk.html>

on a level playing field. With India as a major import partner of Maldives, comprising nearly ten percent of the imports, India is no small a player in Maldivian economy.

Bangladesh is an agricultural country. With some three-fifths of the population engaged in farming, jute and tea are principal sources of foreign exchange. Major impediments to growth include frequent cyclones and floods, a rapidly growing labor force that cannot be absorbed by agriculture, delays in exploiting energy resources especially natural gas, a shabby state of infrastructure, and slow implementation of economic reforms.<sup>36</sup>

India is the largest import partner of Bangladesh with nearly 15 percent of the imports coming in from India. China is catching up and is not far behind India. Primarily an agrarian economy, Pakistan produces a range of agricultural products. However, the country remained impoverished due to internal political disturbances and negligible foreign investment, since independence.

Similarly, Nepal's economy is irrevocably tied to India. Nepal's geographical position and the scarcity of natural resources used in the production of industrial goods meant that its economy was subject to fluctuations resulting from changes in its relationship with India. India's influence over Nepal increased throughout the 1950s. The Citizenship Act of 1952 allowed Indians to immigrate to Nepal and acquire Nepalese citizenship with ease, which became a source of some resentment in Nepal. And, Nepalese were also allowed to migrate freely to India.

Trade and transit rights affected the movement of goods and increased transportation costs, although Nepal also engaged in informal border trade with India. Real economic growth averaged 4 percent annually in the 1980s, but the 1989 trade and transit dispute with India adversely affected economic progress, and economic growth declined to only 1.5 percent that year as the availability of imported raw materials for export industries was disrupted.<sup>37</sup>

Nepal's traditional trade had always been with India. In the 1950s, over 90 percent of its

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<sup>36</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/bg.html>

<sup>37</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/np.html>

foreign trade was conducted with India. A good relationship with India was essential for the smooth transport of goods to and from foreign countries. Most of Nepal's basic consumer goods were imported from India, and most of its agricultural exports went to India. India also met the basic needs of Nepal's industries with supplies of coal, cement, machines, trucks, and spare parts. In spite of a fluctuating trend in Indo- Nepal relationship the overall trend between the two nations has been friendly in relative terms.

The Nepalese rupee was linked to the Indian rupee. Since the late 1960s, the universal currency has been Nepalese, although as of 1991 Indian currency still was used as convertible currency. During the trade and transit dispute of 1989, however, Kathmandu made convertibility of the Indian rupee more difficult. The relationship with India was strained in 1989 when Nepal decoupled its rupee from the Indian rupee which previously had circulated freely in Nepal. India retaliated by denying port facilities in Calcutta to Nepal, thereby preventing delivery of oil supplies from Singapore and other sources. In spite of these ups and downs, Indo Nepal relations were always on healthier terms throughout.

Bhutan's economy is based mainly on agriculture, and forestry. Agriculture consists largely of subsistence farming and animal husbandry. Bhutan's hydropower potential and its attraction for tourists are key resources. India is the largest trading partner of Bhutan. Bangladesh is also a significant export destination for Bhutan. In case of Afghanistan, the economy has improved due to large infusion of international aid and assistance. India is again a significant trading partner of Afghanistan with several projects of reconstruction undertaken by India there. Apart from the several geopolitical reasons cited for India's role in Afghanistan, it has surely projected India as a concerned and powerful neighbor.

But when we compare India and the other countries of the region in terms of income inequalities we don't find a stark contrast. The difference in Gini's coefficient <sup>38</sup> isn't much

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<sup>38</sup> As defined in the CIA – The World Fact Book, GINI Coefficient or Index measures the degree of inequality in the distribution of family income in a country. The index is calculated from the Lorenz curve, in which cumulative family income is plotted against the number of families arranged from the poorest to the richest. The index is the ratio of (a) the area between a country's Lorenz curve and the 45 degree helping line to (b) the entire triangular area under the 45 degree line. The more nearly equal a country's income distribution, the closer its Lorenz curve to the 45 degree line and the lower its Gini index.



in case of the countries. The Gini Coefficient is decently high in all the countries. The reason can be attributed to the fact that all these nations had undergone the wrath of colonialism and had witnessed economic drain to a high extent. In spite of the not very high performing economic indicators, we don't see highly unequal societies in these countries. Post independence, there has been a rise of middle class in all the nations of the region causing an upward socio economic mobility. From Fig. it is evident that countries like Bangladesh and Pakistan, with lower per capita incomes exhibit a lower inequality than that of India.

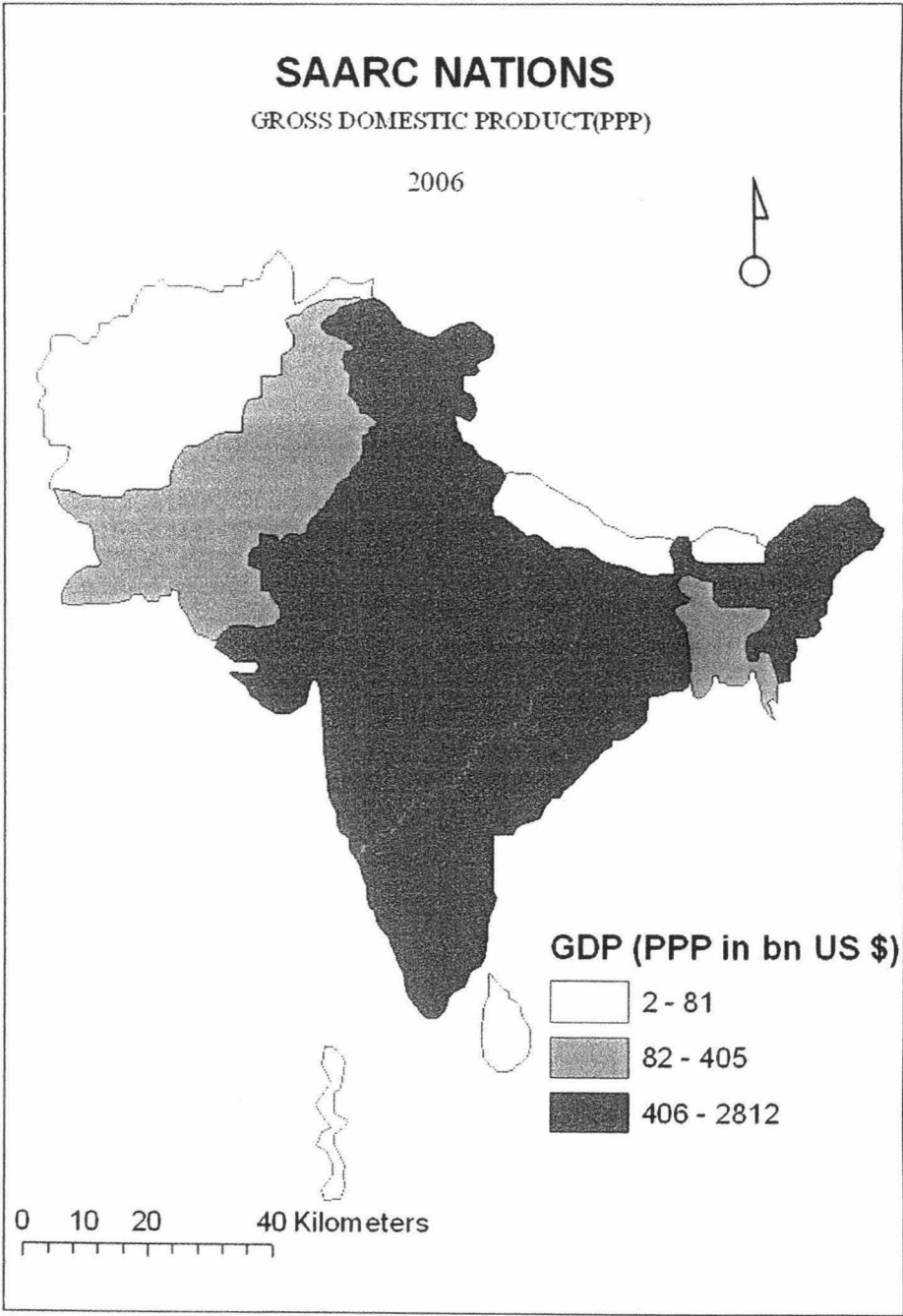


Fig 4.1

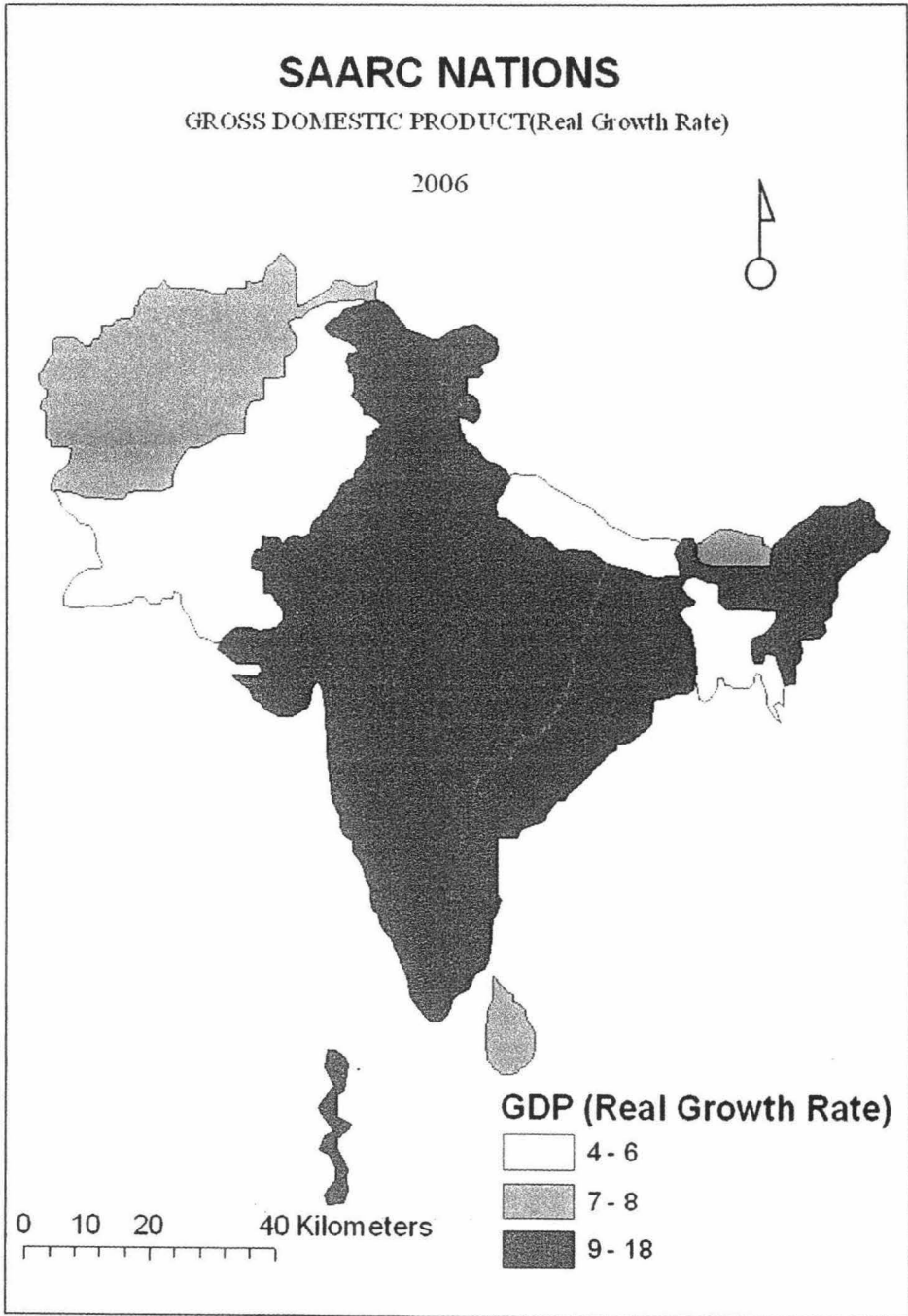


Fig 4.2

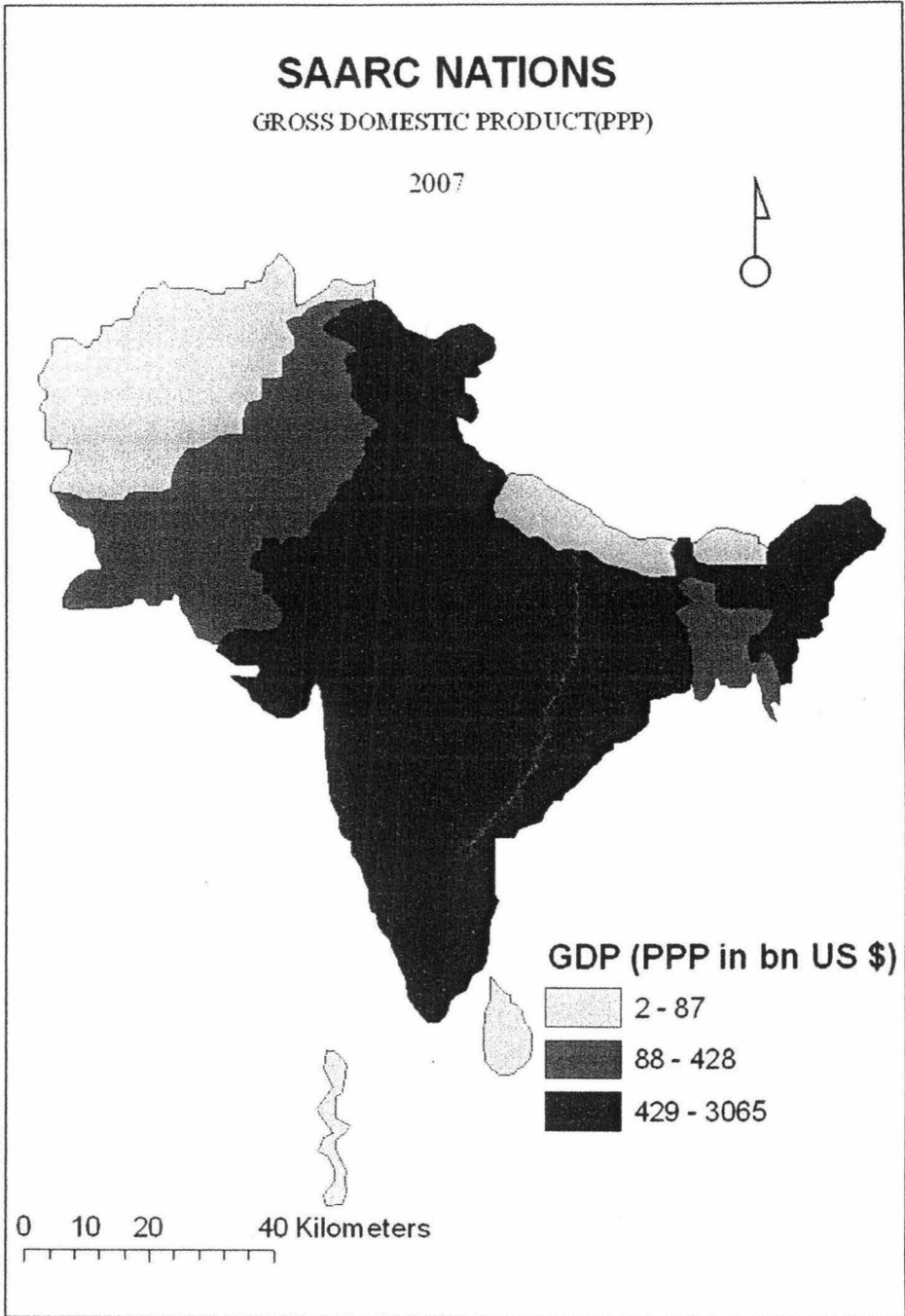


Fig 4.3

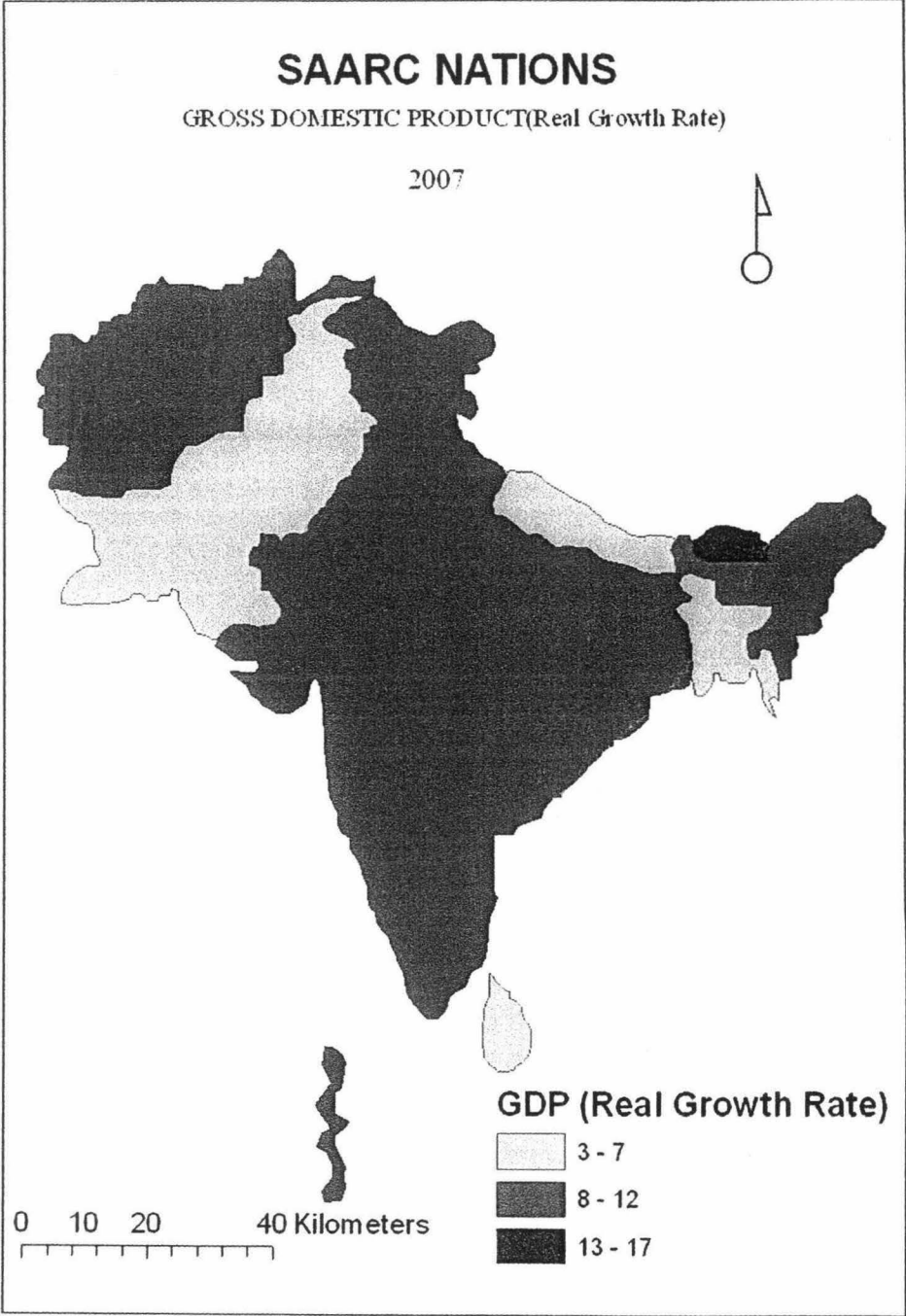


Fig 4.4

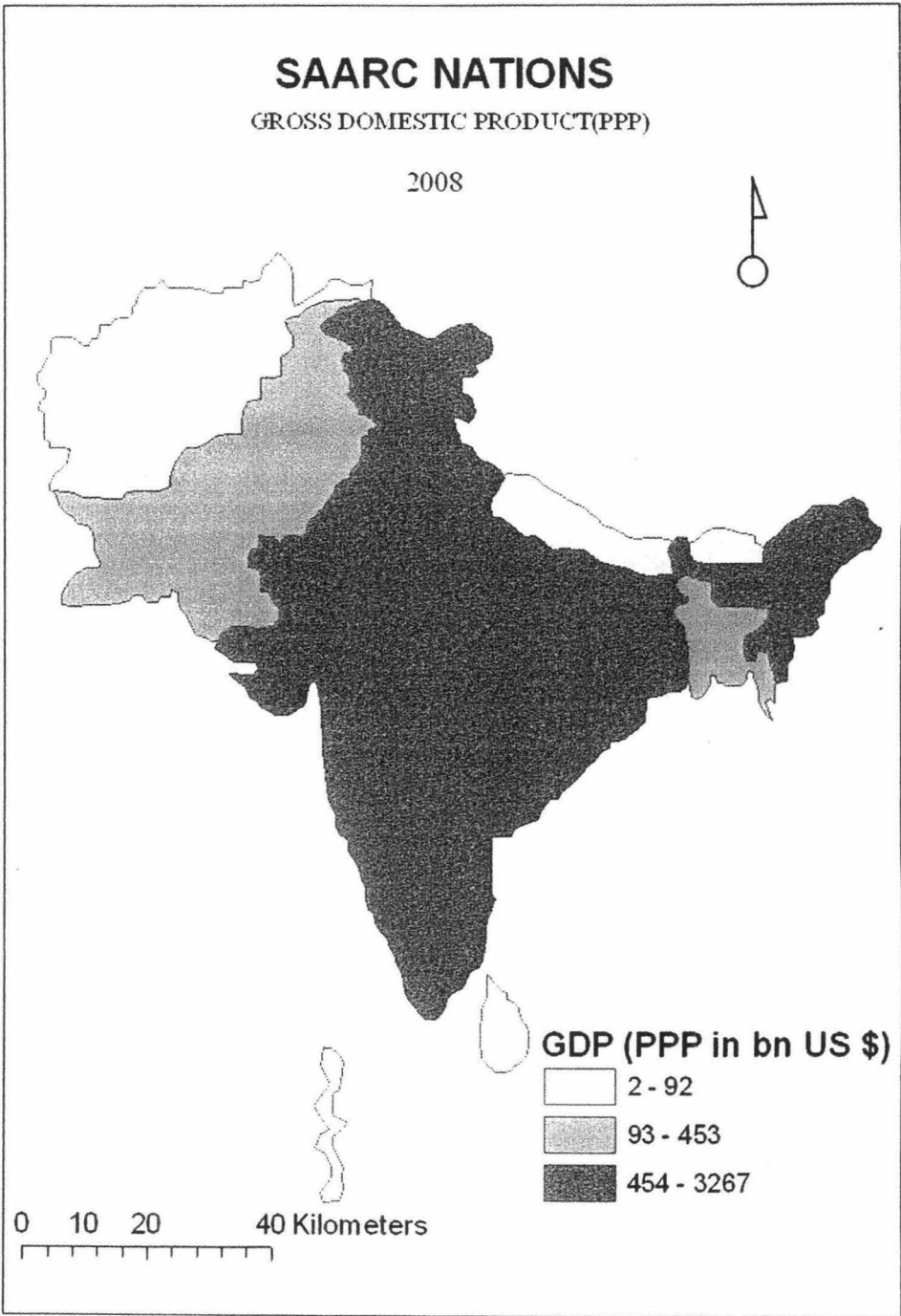


Fig 4.5

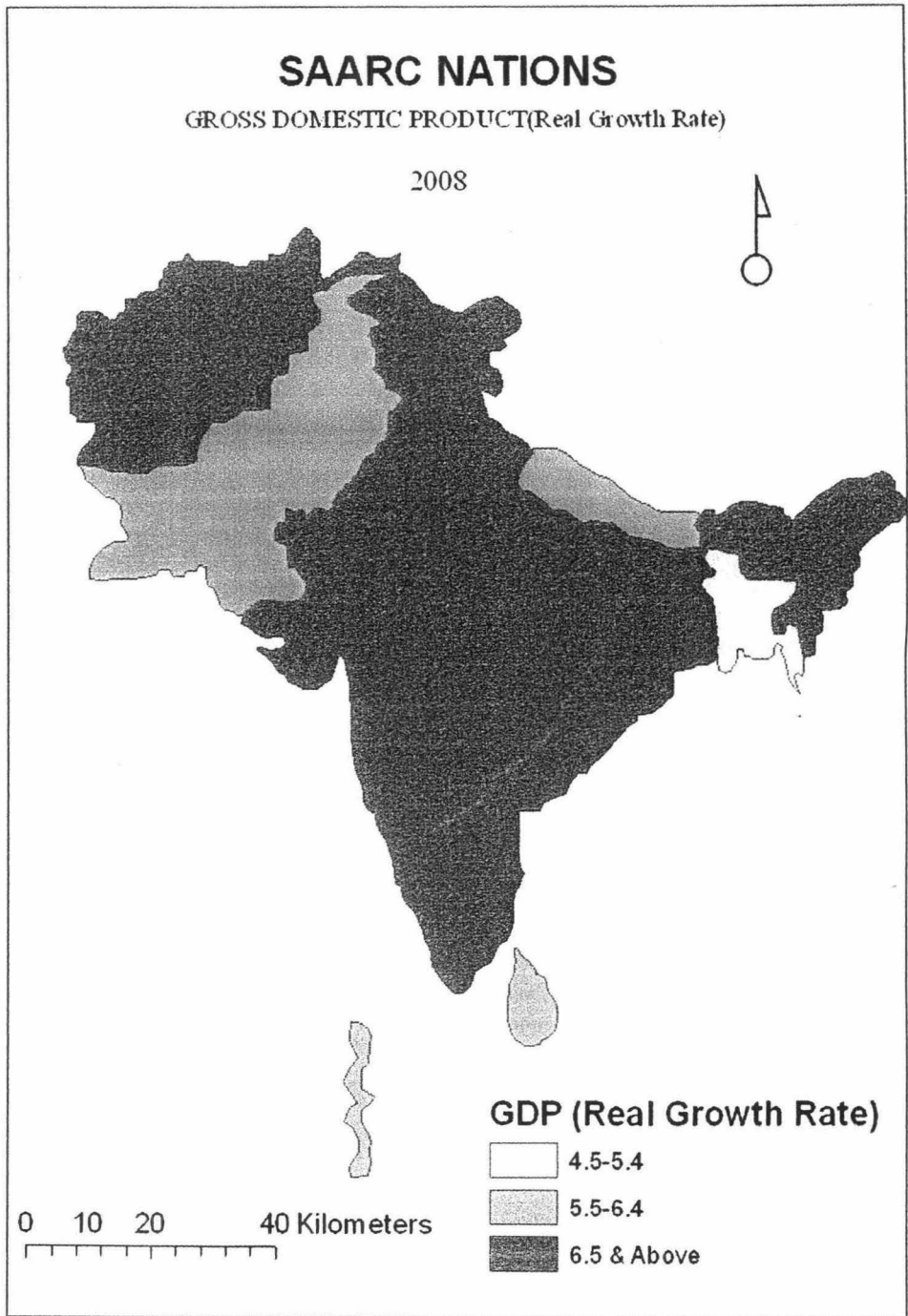


Fig 4.6

#### 4.1.2 Socio economic Comparison

Economic development is not possible without growth but growth is possible without development because growth is just increase in GNP; it does not have any other parameters to it. Development can be conceived as Multi-Dimensional process or phenomena. The term economic development is far more comprehensive. It also implies progressive changes in the socio-economic structure of a country. This is one of the important reasons why socio economic development and hence socio economic indicators are given so much importance.

The three most important socio economic indicators are that of Sex ratio, literacy rate and life expectancy. The United Nations Educational Scientific and Cultural Organization (UNESCO) defines literacy as the

*"ability to identify, understand, interpret, create, communicate, compute and use printed and written materials associated with varying contexts"*.

In terms of literacy rates Maldives is on the top with an adult literacy rate of 97 percent, and then comes Sri Lanka with a literacy rate of 91 percent. India comes third with a literacy rate of 66, which have been depicted in Fig No. 4.7. India is way behind the first two nations. But seeing the size and immense regional disparities in case of India we can't homogenize the reasons behind such a gap. In a vast and culturally diverse country like India, any policy takes a good deal of time to trickle down. Nicolaus Spykman has also remarked that

*"...size is not strength but it is potential strength."*<sup>39</sup>

In terms of life expectancy at birth too, Maldives and Sri Lanka are performing well as compared to India. Similarly Sri Lanka shows a better sex ratio than the other countries of this region as shown in Fig No. 4.8.

We can also compare the countries in terms of infant mortality rate. As per UNICEF, the infant mortality rate is the probability of dying between birth and exactly one year of age expressed per 1,000 live births. If we see the performance of India and Sri Lanka, we see a contrast in the performance. Even though Sri Lanka's GDP isn't much

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<sup>39</sup> Spykman, N.J. (1938), "Geography and Foreign Policy I", *American Political Science Review*, pp. 28-50.



comparable to that of India, still the Infant Mortality Rate in case of Sri Lanka is 18.14 (2010 est.) where as that of India is 49.13 (2010 est.)<sup>40</sup>, which is much better than that of India.

India's infant mortality rate is nearly comparable to Nepal and worse than that of Bhutan, if we go by the list of the United Nations Population Division. Going by the parameters of Crude birth rate too, we see Sri Lanka in a better position than that of India. In terms of crude death rate, apart from Maldives the rest of the countries are on a similar footing. All these parameters reflect upon the Human Development Index, where India's score remains very average. Even if we see the trends from 1980 to 2007, we see Sri Lanka and Maldives exhibiting upward trends which have been showed in the Fig No. 4.10.

If we compare the Gini Coefficients of the South Asian countries, we see India and Pakistan showing lesser inequality in income distribution as compared to other countries of the region. Still, in absolute terms the inequality in income distribution of India and Pakistan do present a bleak picture.

If we compare Sri Lanka, Maldives and then India, we see them performing well socio economically. Bangladesh and Bhutan also have shown a perceptible improvement, in their Human development indices respectively. Then, why is it that India's performance is restricted to just the economic growth and not a holistic economic development.

The economic growth which we are talking about gives a lopsided picture of the current situation. The economic growth gets mired in the unequal distribution of income. In addition to that a large population base and a burgeoning population growth rate act as a vicious circle in a proper income distribution. An objective view of India's position in South Asia shows more of economic achievements than social. From the economic development angle, it still has a long way to go. As far as the myopic view prevalent in some nations that India can try to

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<sup>40</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>

hegemonise, it seems from the current policies of India that it is trying to maintain a peaceful and secure environment around. The primary emphasis is on security and economic development. Emergence of India in South Asia is not a foolproof orientation, keeping in mind the socio economic status quo India enjoys in this region. In order to break the paradox, India has also realized that in order to develop itself in true spirit it has to develop the region first. It can't be overlooked that India's economy and polity are directly affected by the happenings in South Asia.

### South Asia Literacy Rates 2003

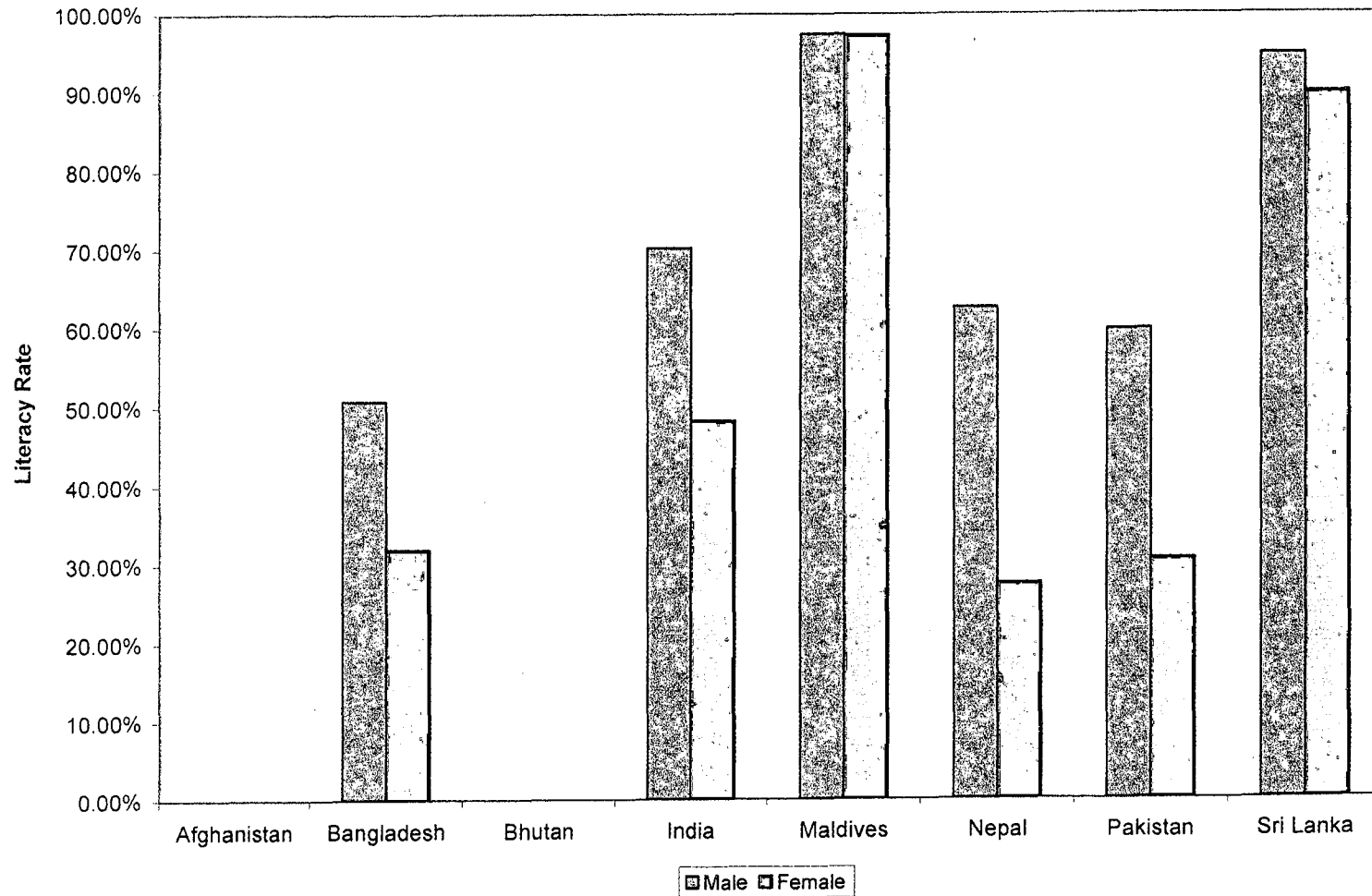


Fig 4.7

Source: United Nations Economic and Social Commission for Asia and the Pacific website

### South Asia Life Expectancy at Birth 2003

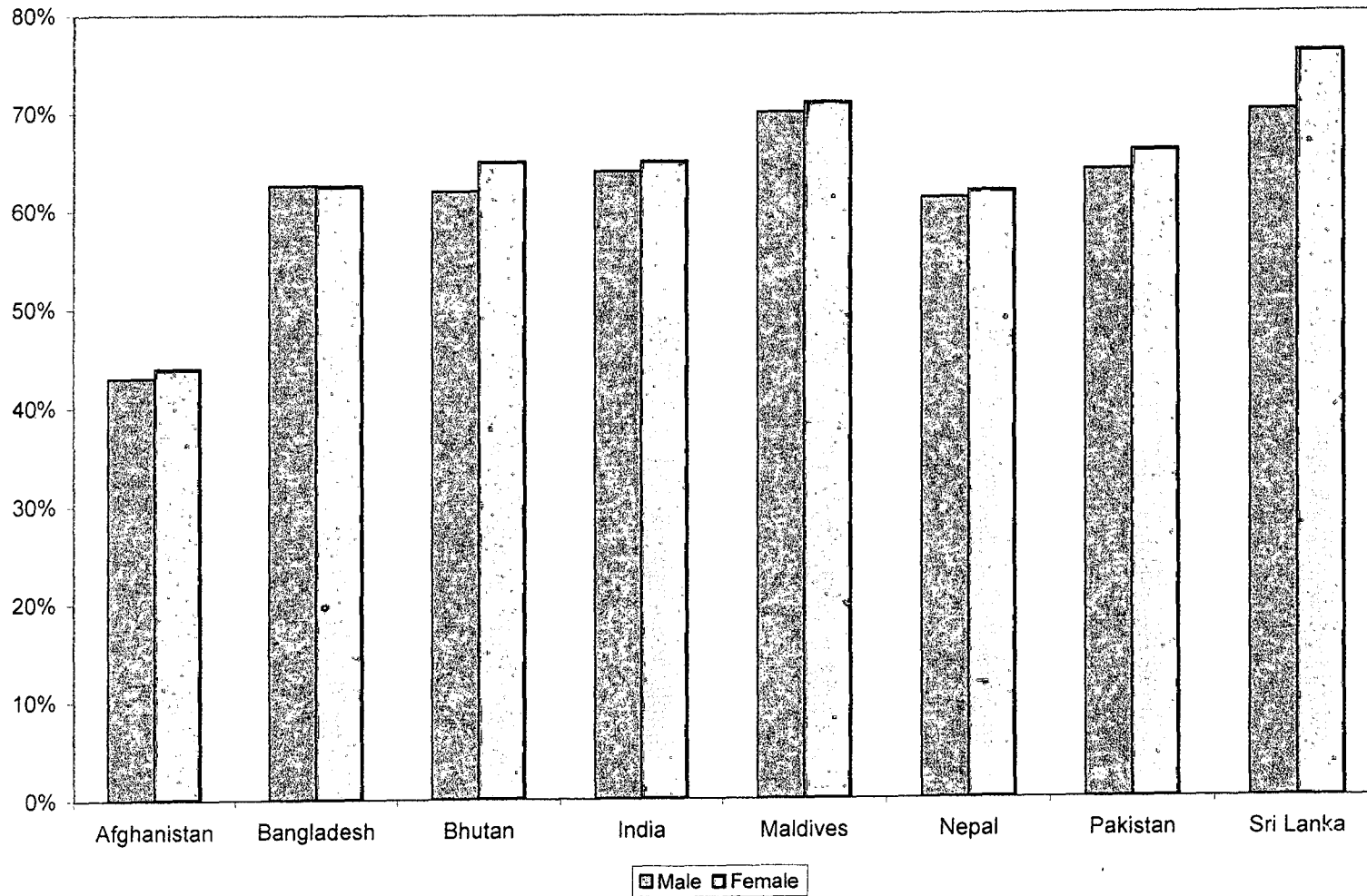


Fig 4.8

Source: United Nations Economic and Social Commission for Asia and the Pacific website

### Gini Index

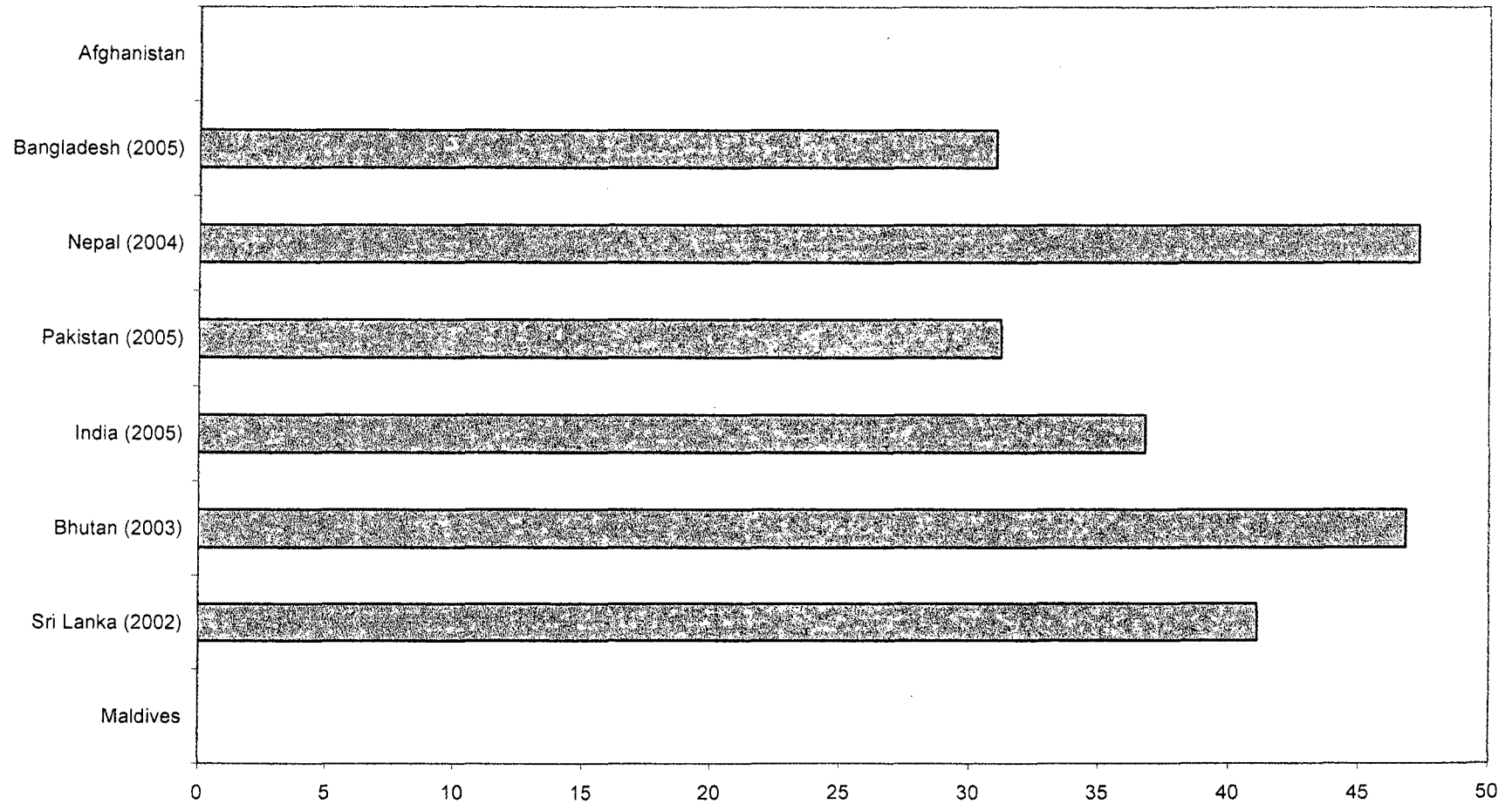


Fig 4.9

*Source: United Nations Economic and Social Commission for Asia and the Pacific website*

South Asia HDI Trends

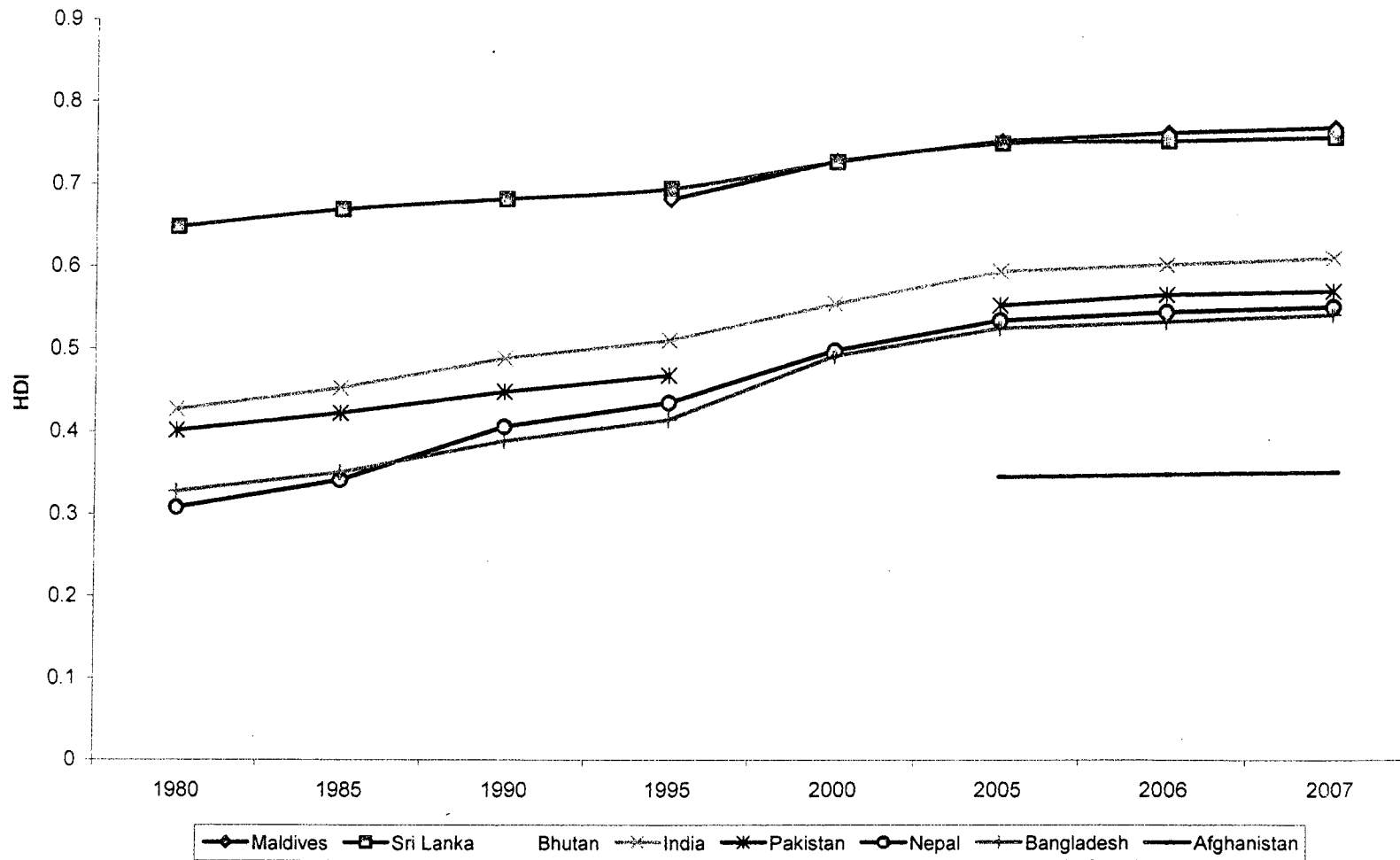


Fig 4.10

Source: United Nations Economic and Social Commission for Asia and the Pacific website

## 4.2 Emergence of SAARC

When we witness each and every country of South Asia getting mired in various issues, the best way to internalize the contradictions and leverage them to the best is by forming a regional organization with a well defined framework. In case of South Asia the idea of a regional organization was put forward by the then Bangladesh President Zia-ur-Rahman in November 1980<sup>16</sup>. During the colonial era, South Asia was always perceived to be a natural economic unit. The primary objective of SAARC was to recover the region's collective strength not by undoing what had emerged over the past five decades but by fostering stronger economic linkages and in the process create a climate for closer political cooperation.

After sufficient groundwork was laid through consultations at diplomatic level, the foreign secretaries of the seven countries met formally in April 1981 in Colombo to start preparations for the programme on regional cooperation. Finally, in 1983 in a meeting of the foreign ministers of the seven countries in 1983, a declaration on South Asian Regional Cooperation was adopted and an Integrated Programme of Action was formally launched. In 1983 the IPA comprised of five areas, by now the areas have increased to more than twelve.<sup>41</sup>

The idea of a South Asian Preferential Trading Agreement (SAPTA) was put forward at the Colombo Summit in December 1991 and adopted at the Dhaka Summit in April 1993 in the form of an agreement. SAPTA has to be made into a meaningful umbrella network. And this can be realized not just by reduction of tariff barriers but also by removing non tariff barriers including transit barriers and also by introducing shipping services where they don't exist.

Preferential trading is one of the mildest forms of an integrative arrangement. Under the

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<sup>41</sup> <http://www.saarc-sec.org/Charter-Day/6/>

arrangement, the Contracting States (CS)<sup>42</sup> were to offer a preferential margin with respect to trade barriers in relation to their Most Favoured Nation (MFN) rates.<sup>43</sup>

The Objectives of this Agreement are to promote and enhance mutual trade and economic cooperation among Contracting States by eliminating barriers to trade in, and facilitating the cross-border movement of good between the territories of the Contracting States; promoting conditions of fair competition in the free trade area, and ensuring equitable benefits to all Contracting States, taking into account their respective levels and pattern of economic development; creating effective mechanism for the implementation and application of this Agreement for establishing a framework for further regional cooperation to expand and enhance the mutual benefits of this Agreement. SAFTA will be governed by the provisions of this Agreement and also by the rules, regulations, decisions, understandings and protocols to be agreed upon within its framework by the Contracting States. Besides fostering mutually beneficial people to people contact to spur economic integration, it will also help in building the regional stability. These ramped up economic ties will help in bringing about what our finance minister has termed as the "*peace dividend*." In the sixteenth SAARC Summit too, the leaders welcomed the signing of the SAARC Agreement on trade in services and expressed that this will open up new vistas cooperation.

One unique feature here is the very fact that among the seven founder countries, India was larger than all other six combined. Intentionally or unintentionally, India had built lot of apprehensions in the mindset of South Asian nations in various ways. But the best way to move ahead as a region is through cooperation. One of the steps that can foster cooperation is in the energy sector by establishing a system for energy cooperation in South Asia through initiatives like joint ventures. In the context of developing energy markets of these

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<sup>42</sup> The SAFTA Agreement defines the Governments of the SAARC (South Asian Association for Regional Cooperation) Member States comprising the People's Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of Maldives, the Kingdom of Nepal, the Islamic Republic of Pakistan and the Democratic Socialist Republic of Sri Lanka are referred to as "Contracting States"

<sup>43</sup> As per WTO agreements, countries cannot normally discriminate between their trading partners. Grant someone a special favour (such as a lower customs duty rate for one of their products) and you have to do the same for all other WTO members. This principle is known as most-favoured-nation (MFN) treatment



resources, power trading in the region calls for establishment interconnections between the national grids of the countries of the region.

The leaders in the sixteenth SAARC Summit agreed that an Action Plan on Energy conservation would be prepared by the SAARC Energy Centre (SEC), Islamabad with inputs from the Member States and submit to the inter- governmental mechanism for consideration. They called for the creation of a web portal on Energy Conservation for exchange of information and sharing of best practices among SAARC Member States.

India, Pakistan, and Bangladesh should cooperate in establishing a gas pipeline for transporting gas from Iran, Qatar, Turkmenistan, and even Myanmar. Apart from electricity production and distribution through large hydroelectric projects, it is time to undertake joint efforts to develop innovative new technologies, such as solar and wind energy in the South Asian region. Investment within South Asia through Joint Venture Projects can help a lot in this sector.

In order to develop transportation the countries can facilitate joint private sector projects to build a network of motorways and railways to international quality standards throughout South Asia. These modern road and rail networks would connect all the major commercial centers, towns, and cities of SAARC countries with one another as well as with the economies of Central Asia, West Asia, and East Asia. Regional and global joint venture projects can be undertaken to develop new ports along both the western and eastern seaboard of South Asia, and at the same time upgrade existing ports to the highest international standards. In the sixteenth summit of SAARC the leaders called for collaborative efforts to achieve greater intra-regional connectivity and endorsed the recommendation to declare 2010-2020 as the "*Decade of Intra-regional Connectivity in SAARC*". They agreed on the need to expedite negotiations with a view to finalizing the two agreements on Motor Vehicles and Railways.

Considering the current importance of environment, the countries can formulate joint strategies for its protection. They can institutionalize cooperation in the face of growing

water scarcity to undertake innovative joint efforts for water conservation, and improve upon delivery and efficiency of irrigation. This could include constructing medium- and small-size dams for increased water availability in the off-season and water distribution on an equitable basis between countries and provinces. In order to meet the current norms of IPCC, the nations can't work on a standalone basis. The best way is to pursue joint efforts to reduce emissions of greenhouse gases within South Asia and joint diplomatic efforts to achieve the same objective on a global scale to combat global warming.<sup>44</sup>

Keeping in mind the dominance of agricultural sector in the South Asian region and the large proportion of labour force involved in this occupation, the countries need to establish a joint forum in order to conduct biotechnology researches and hence can at least strive to achieve a neo green revolution in South Asia as the old green revolution comes to an end. Consumption pattern of the region can also be leveraged upon, with a suitable planning of agricultural as well as the trade policies.

The members of SAARC provided a rule-based framework for promoting international trade relations. The asymmetrical processes of globalization and liberalization should be balanced not by shying away from multilateral trading system, but by formulating policies which enable trade liberalization to promote economic well-being and prosperity for the developing countries.<sup>45</sup>

The region remains affected because of Monsoon. They face the extreme nature of it every year, at times as drought and at times as floods. The countries can pursue joint efforts at reforestation of watersheds. The joint collaboration in the treatment of industrial and urban effluent waste, sharing technical know-how on controlling desertification of soils, sharing information on water flow of rivers, especially flood forecasting. The nations can also engage in projects for the development of Himalayan resources, especially the prevention of deforestation and soil erosion on the mountain slopes.

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<sup>44</sup> <http://www.saarc-sec.org/userfiles/ThimphuStatementonClimateChange-29April2010.pdf>

<sup>45</sup> <http://www.saarcsec.org/userfiles/April%201986%20%20August%201999/Declaration%20of%20Commerce%20Ministers,%2017%20May%201998.pdf>

South Asia also witnesses transnational movement of people across its boundaries. More than tourism, the countries are exhibiting a cultural or religious tourism on a large scale. The policies of the nations are to be made conducive to cater to their needs and aspirations. In case of India, the current in trends health tourism and educational tourism should be leveraged.

Similarly, SAARC Food Bank was founded with the objectives of the SAARC Food Bank shall be to act as a regional food security reserve for the SAARC Member countries during normal time food shortages and emergencies; and to provide regional support to national food security efforts; foster inter-country partnerships and regional integration, and solve regional food shortages through collective action. The importance of regional and sub-regional collective self-reliance with respect to food security had been realized and it was time to take some concrete initiatives in this developing region.<sup>46</sup>

In the sixteenth SAARC Summit in Thimphu, which happened in April 2010, the leaders emphasized on deepening regional efforts on poverty alleviation, the overarching objective of SAARC. They further noted the useful finding and recommendations made by successive regional studies through the Regional Poverty Profiles (RPPs) and directed the relevant SAARC mechanisms to act on them.

South Asian nations have common scourges- poverty, malnutrition and illiteracy which mandates a joint combat operation. The best way for the region to assert itself is through shared stakeholding in its economic prosperity and an overall development

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<sup>46</sup> <http://www.saarc-sec.org/userfiles/FoodBank.doc>

SAARC Imports (Rupees Crores)

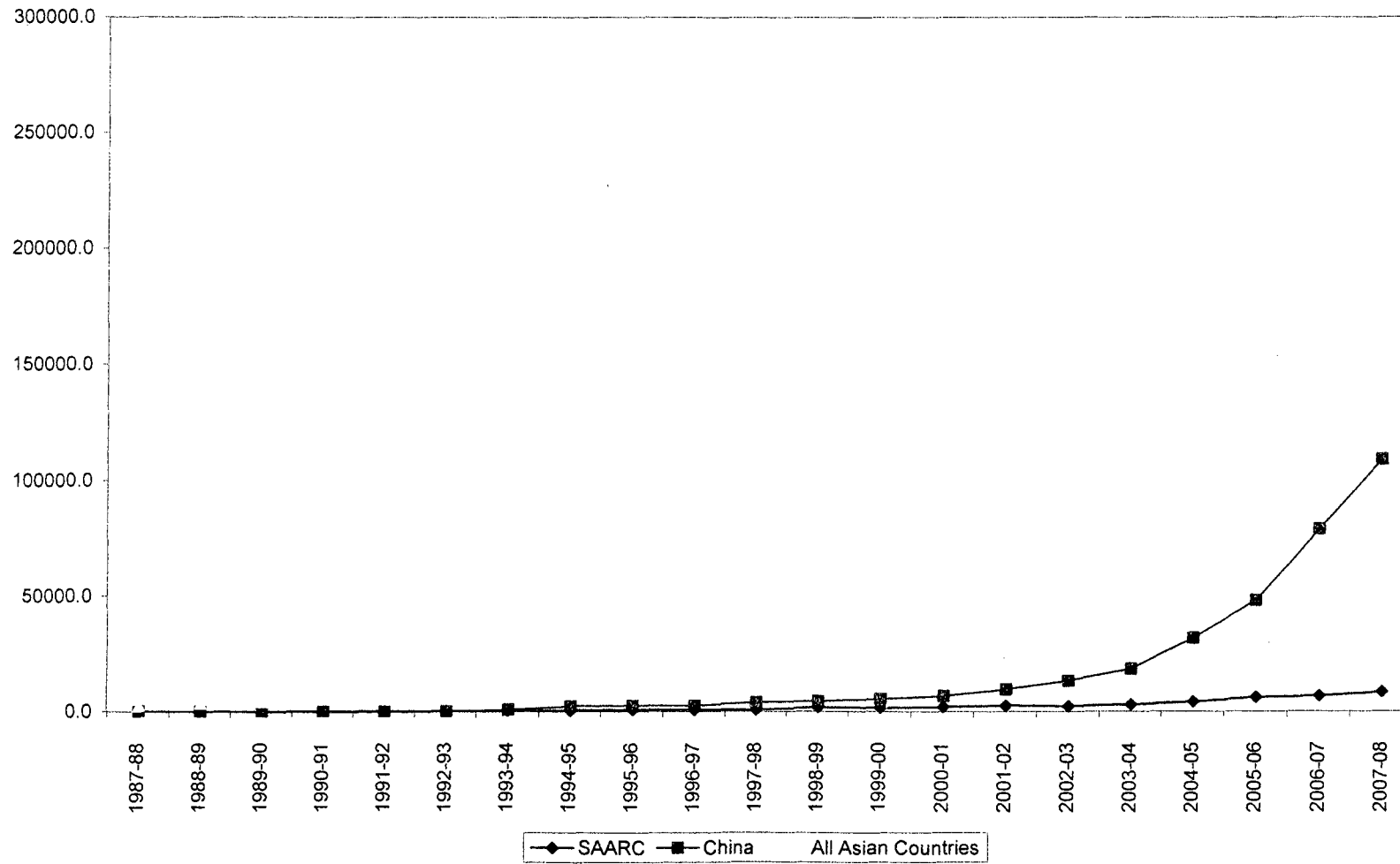


Fig 4.11

Source: [www.rbi.org.in](http://www.rbi.org.in) (Direction of Foreign Trade)

### SAARC Exports (Rupee Crores)

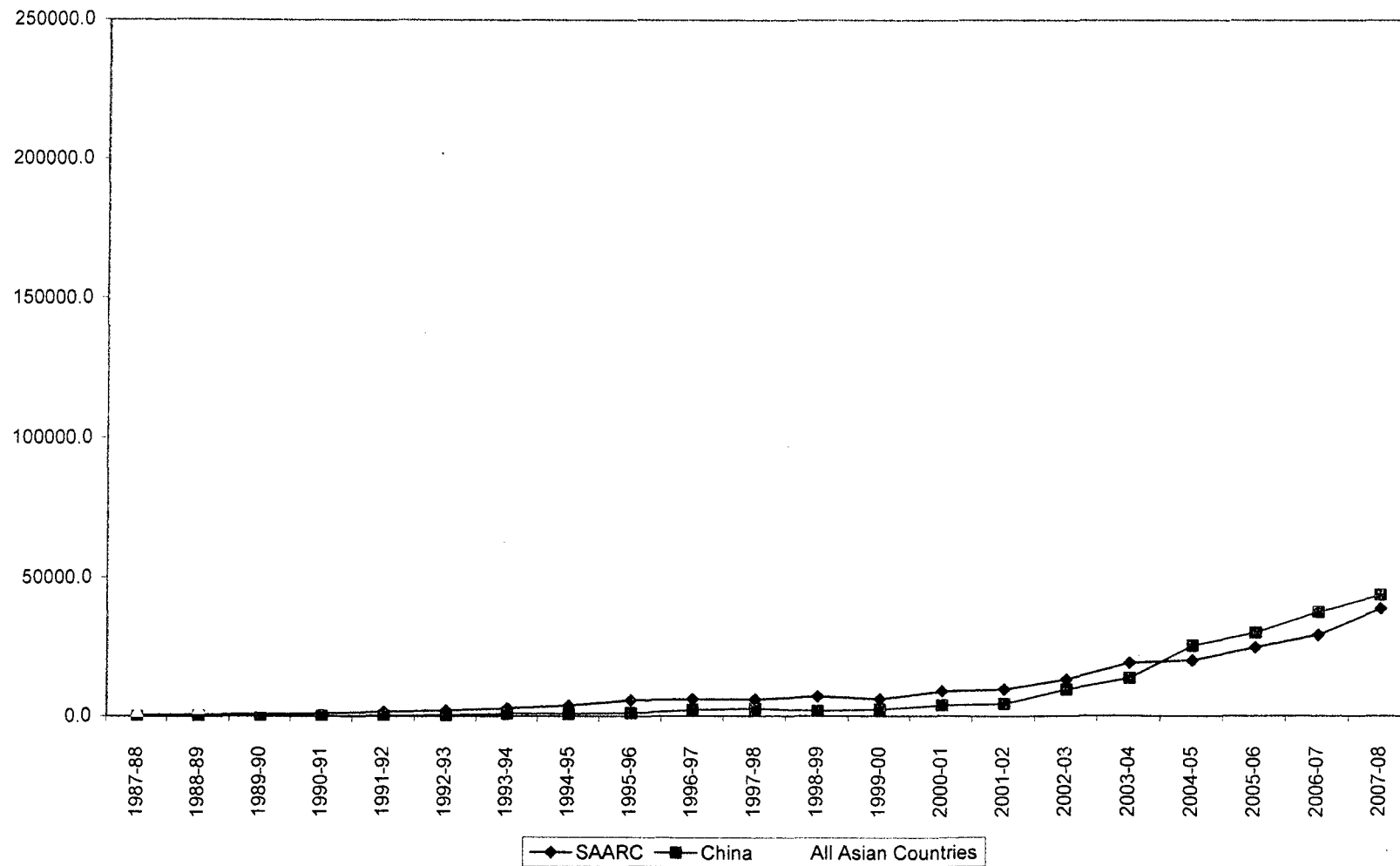


Fig 4.12

Source: [www.rbi.org.in](http://www.rbi.org.in) (Direction of Foreign Trade)

## CHAPTER 5

### Critical Overview

## CHAPTER 5

### CRITICAL OVERVIEW

South Asia as a region cannot be called an absolute phenomenon. It is an ongoing process. The current status quo of South Asia reflects on a complex interplay between inter regional and intraregional forces. These political spaces are simultaneously global and local what has been referred as “glocal”. Amidst an environment where the international linkages have been quite strong from the times of the colonial era, a rising regional power faces more challenges. The innate insecurity among the other nations of the region is a challenge to win over. SAARC and the role played by India in it, is seen by many speculators as a move towards hegemonic diplomacy.

In any region, the asymmetrical distribution of power and resources isn't a novel phenomenon. In case of South Asia too, the distribution of power and resources is tilted towards India. But unlike many regions India's policies towards its region isn't coercive. The realists might argue that an unequal distribution is important for the regional power to maintain its status quo. Greater is the legitimacy of such inequality, lesser the need for Coercion.

India has never asserted itself in such a way that the inequality gets institutionalized, neither by coercive policies nor by legitimization of the inequality. The two basic tenets on which SAARC is based upon is the principle of equality and by keeping the bilateral issues outside the scope of decision making processes. The SAARC Charter<sup>47</sup> also says

*“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..... 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.”*

In spite of a common historical legacy of South Asia, the achievements of SAARC haven't been as stupendous as those of other regional organizations. Cooperation in a

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<sup>47</sup> <http://www.saarc-sec.org/SAARC-Charter/5/>

regional organization exists on different levels with different intensities and scale. The foundational interaction comes with a formal agreement and then comes the diplomatic and the operational support, which is supposed to be more open ended than the formal framework.

All the regional organizations are based on some or the other formal, well defined set of parameters, but not all regions present a positive state of affairs. The success of a regional organization depends upon this open ended relationship. The best way to gauge this open ended relationship is through parameters which can be quantified. The current regions are mostly based on economic integration because economic integration is the best form of unifying conflicting interests of the regions. Hence, the current study of any regional organization is centered on the geo economic approach. The surge of globalization has redefined the regional territories in such a way that most of the interaction in and among the regions is based on economic linkages.

A geoeconomic approach to define globalization can be

*“Globalization means opening up the economy to the world market, allowing firms to export and import, permitting the import and export of capital, and the foreign ownership of national assets. It involved, in particular, lowering the barriers between that national market and the world economy In terms of: flow of capital and investment, easing the restriction on the inward.”<sup>48</sup>*

Modern division of labour leads to fracturing of world into macroeconomic structures. If the study of a regional organization emphasizes more on the economy of the region then the study of a region encompasses the economy, the geography as well as the political structures in the region.

Economy and the polity can be variable but geography is more or less a constant attribute of the region. Even if the study of a regional organization concentrates more on the economy, still the geography of the region can't be sidelined. The geography of the region also influences the policies of the regional organization to a large extent.

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<sup>48</sup> Gwynne R.N, Shaw D.J.B. et al., 2003, *Alternative Capitalisms*, p70-71, p111-112



It won't be blatantly deterministic to say that space defeats just by being. SAARC is also influenced by several geographical parameters. From policies on trade to transport, from policies on disaster management to climate change, geography does express itself in one form or the other. In spite of a region with several commonalities apart from geography and a common historical baggage SAARC is still seen as a struggling organization.

SAARC has taken many initiatives in ascertaining its cohesiveness, we still see a SAARC which is way behind the other regional organizations. There are several issues SAARC member countries can work together in the international forum. There are however, a whole range of regional groupings across the world that have attained the goals such as free trade area, investment agreements and other core forms of cooperation. Even though they have adopted a variety of strategies and followed a steady and disciplined schedule. It is difficult for the experiences of other regional groupings to be transmitted in the South Asian regime because of specificity of South Asian situations. Apart from a strong inclination towards the cultural history, the region had also witnessed a turbulent history which makes its issues more specific to it.

One way of analyzing South Asian region's status quo as well as its performance is through economic parameters. We can compare the attributes of South Asia with other regions. India's orientation towards South Asia can also be determined on the basis of these parameters.

It would be unfair to blatantly compare the economic indicators of South Asia with other regions, considering a history full of colonial exploitation it has witnessed. We can study the region from a progressive perspective. One way is to study the trade patterns of South Asia with the other regions. India's role in South Asia can be studied by seeing its trade with the other countries of the same region and that of the rest. In other words we can study the trade patterns of SAARC vis a vis other economic regions of the world.

### **5.1. SAARC as an economic region- A Comparative Analysis**

In spite of the Agreement on SAARC Preferential Trading Arrangement (SAPTA) signed in Dhaka on the 11th of April 1993 which provides for the adoption of various

instruments of trade liberalization on a preferential basis, it took a long time to implement SAARC Free Trade Area. The acceleration of economic growth is a Charter objective of SAARC. Cooperation in the core economic areas among SAARC Member Countries was initiated following the Study on Trade, Manufactures and Services, which was completed in June 1991.<sup>49</sup>

South Asia's economy performed well in the 1990s and during the past 5 years it has done even better. The growth rate has improved steadily, and is today among the highest in Asia. Similar improvements have taken place in the macroeconomic fundamentals (smaller current account deficit, and declining fiscal deficit in the last 5 years), in the saving and investment rates, and in the integration with the global economy. While developments in India with its externalities are clearly the predominant factor in the improved economic performance of South Asia, most other countries in the region have also been on a similar trend—although their improvements generally are more modest. In many ways, the 1990s was a decade of reforms in South Asia— reforms that covered most areas of the economy and were broadly similar across many of the countries in the region.

Key reform policies that were implemented in the region are that of tax reforms, curbing of fiscal deficits, improving the environment for private sector development through measures such as abolition of the investment-licensing regimes; deregulating and eliminating most price controls; and reversing the highly protective trade policies of the past by dismantling trade protection instruments, reducing tariffs, and simplifying the trade regime.

South Asia sustained the impressive economic performance of the high growth of 8.1% in 2005. This is above Asia's regional average growth in GDP of 7.6%, and it significantly outpaced the world economy. The brisk growth of output translated into a 6.5% increase in per capita income in South Asia. The services sector remained the main driver of growth in South Asia, expanding at 9.4% in 2005. The industry sector also contributed significantly with 8.9% growth, while the agriculture sector grew by only 4.0%. The saving rate reached 27.0% of GDP in 2005, sustaining the upward trend of the past few years. The

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<sup>49</sup> <http://www.saarc-sec.org/SAARC-Charter/5/>

saving rate is gradually approaching close to that of the newly industrialized economies, 32.2% and ASEAN, 29.8%.<sup>50</sup>

South Asia has been increasingly integrated with the rest of the world, but significant scope for further expansion of trade remains, as is evident from the trade ratios of other Asian sub regions such as Southeast Asia and the Greater Mekong region. In 2005, South Asia's share in total world trade was one quarter of Southeast Asia's share, and less than one fifth of that of the Greater Mekong region. Also in terms of intraregional trade, despite the increase, South Asia is lagging far behind Southeast Asia. (As shown in Fig. 5.5, 5.6 and 5.7)

Expansion of intraregional trade offers immense opportunities for sustaining high growth and reducing poverty in South Asia. Because South Asian economies have largely similar export baskets, the economies could expand trade by promoting intra-industry trade in the region. For example, most South Asian countries are large exporters of intermediate and finished clothing and textile goods. The region could gain greatly if South Asian countries cooperate strategically to enhance efficiency, improve product quality, and increase value.

As India shares borders with most South Asian countries and has good marketing capability and linkages in the major importing countries, it could become a hub for spurring the growth of intra-industry trade in the South Asia region. With its central location and size, India could serve as an assembly and exit point of high value South Asian goods, as well as services, for both domestic and international markets. Intra-industry trade could be boosted by greater cross-border foreign direct investment. India's dominant role can lead to formation of strong backward linkages with the other South Asian nations.

## **5.2. A Case study of ASEAN and SAARC**

ASEAN was formed in 1967. The founding members were Indonesia, Malaysia, Philippines, Singapore and Thailand. Brunei, Vietnam, Laos, Myanmar and Cambodia joined the Association subsequently. The ASEAN Secretariat is located in Jakarta, Indonesia. The

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<sup>50</sup> <http://www.worldbank.org/wbi/governance/govmatters5>, <http://www.aric.adb.org>, <http://www.bea.gov/bea/dn/nipaweb/SelectTable.asp?Selected=N>,

highest decision-making body is the Summit which is convened annually. The ASEAN Ministerial Meeting comprising the foreign ministers is held annually.

At the time of ASEAN's birth there was a lingering suspicion between the dominant regional power, Indonesia, and its neighbour Malaysia following the 1963 Confrontation. But then, the defining moment for ASEAN was 1976, when it held its first summit. There was a realisation on the part of the member states that the external environment following the communist victory in Indochina in 1975 made it imperative for them to get their act together.

This resolve led to the Declaration of ASEAN Concord and a Treaty of Amity and Cooperation in Southeast Asia (TAC). These were expected to enhance regional cooperation and security by enshrining the principles of non-intervention in domestic affairs and non-use

of force and relegating boundary disputes to the back burner. The very way of the functioning of ASEAN was admired by the entire world and this way of functioning got synonymous with geopolitics of tolerance and accommodation.

Anthony Mely says

*"ASEAN Way' of diplomacy and accommodation have been reinforced by the careful cultivation, socialization and adherence to regional norms"* <sup>51</sup>

It is this adherence to norms and internalizing conflicts in such a way that it gives a positive output has led to the graduation of South East Asia to an international society from the international system.

Hedley Bull distinguishes between a system of states and a society of states as follows:

*" A system of states (or international system) is formed when two or more states have sufficient contact between them, and have sufficient impact on one another's decisions, to cause them to behave - at least in some measure - as parts of a whole ... "*

*"A society of states (or international society) exists when a group of states [already forming a system], conscious of certain common interests and values, form a society in the sense that they conceive themselves to be bound by a common set of rules in their relations with one*

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<sup>51</sup> Anthony, Mely C.(2003) 'Regionalisation of Peace in Asia: Experiences and Prospects of ASEAN, ARF and UN Partnership', IDSS Working Paper 42, pp 12

*another, and share in the working of common institution.”*<sup>52</sup>

Needless to say, a society of states is more evolved than a mere system of states. Bull also clarified what he meant by common institutions:

*“States should respect one another’s claims to independence, they should honour agreements into which they enter, and they should be subject to certain limitations in exercising force against one another.”*<sup>53</sup>

The difference between the South Asian and Southeast Asian regional enterprises is similar to the distinction drawn by Hedley Bull between a system of states and a society of states in the international realm. ASEAN is society-like, whereas SAARC retains all the sharp edges of a system of states despite two decades of organizational life. In the case of SAARC the rules of behaviour are at a primitive stage, as a result of which even routine procedures are hard to uphold. The cancellation and postponement of regular meetings exemplifies this vividly as does the lack of progress in functional cooperation. Regional trade has not taken off perhaps because, until the late 1980s, all the countries in the region had been pursuing import substitution policies aimed at promoting domestic industries.

Harun Yusuf talks about the importance of regional integration for South Asia -

*“.....the basic challenge facing South Asian Countries in this new regime is raising their economies’ efficiency and international competitiveness and implementing a “pro-poor” growth strategy to tackle pervasive poverty. One of the ways to meet this challenge is to overcome regional apprehensions and constraints and move toward regional trade liberalization, cooperation in investment, and economic integration, which will pave the way for the most efficient use of the region’s resources through additional economies of scale, value addition, employment, and diffusion of technology.”*<sup>54</sup>

Irrespective of the rudimentary stage of SAARC as a true economic region, we can’t negate the immense potential it has for the development of the region. Most of the regions have

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<sup>52, 53</sup> Bull, Hedley. (1977), *The Anarchical Society: A Study of Order in World Politics*. London: Macmillan; 9-10 & 13

<sup>54</sup> Bull, Hedley. 1977. *The Anarchical Society: A Study of Order in World Politics*. London: Macmillan; pp13

taken off on the economic basis and SAARC is no exception. Even we study ASEAN, NAFTA or European Union we see it is not just the geographical and cultural proximity that is important. Economic integration has the potential to take a region to new heights.

ASEAN had followed the old doctrine wherein rules are made for men not the other way around. Unfortunately SAARC had been more conservative in its approach. The frequency and regularity of the intra regional leaders' interaction depends upon the magnitude of bilateral tensions. If the nations act more flexibly and with an accommodative view, in the long run SAARC will be benefited largely.

Harun Yusuf quotes very aptly

*“ The SAARC process has so far been “Summit based.” For it to gain momentum and continuity, the implementation process should be diffused among the various stakeholders in the member countries and supporting institutions should be set up urgently..... ”*<sup>55</sup>

This insecurity among nations have led to a distrust as well as self centered developments. If the nations don't see SAARC helping them, there might be a loss of confidence in the organization and the countries will prefer channelizing their resources towards the first world or towards building small alliances in the region. These alliances will weaken the faith in the region and create a mesh of situations for the countries which are already having no dearth of issues.

What Yusuf had termed as an unavoidable “*spaghetti bowl*” situation if the countries don't take effort towards building SARRC as what Hedley Bull called an international society.

*“On the other hand, the proliferation of a regional trade agreement, if not coordinated, may result in the “spaghetti bowl” phenomenon, hindering regional integration. The BIMSTEC FTA, India–Sri Lanka FTA, India–Nepal FTA, India–Bhutan FTA, Bangladesh–Pakistan FTA, and India–Bangladesh FTA can potentially create a chaotic situation if not properly coordinated by the member countries.”*<sup>56</sup>

Leaving aside the theoretical issues of SAARC as a system or society, even if we compare SAARC and ASEAN economically, we would see SAARC way behind. Although SAARC

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<sup>55</sup> Yussuf Harun, Regional Cooperation in South Asia Bangladesh Perspective, Beyond SAFTA; pp 2

<sup>56</sup> Yussuf A. Harun, 2010, Regional Cooperation in South Asia, Bangladesh Perspective; Beyond SAFTA; pp 20

had exhibited relatively high GDP Growth Rates if we compare it with the selected economies of the world, but the overall performance isn't very appealing. ASEAN is way ahead of SAARC in terms of exports and imports.

In spite of this yawning gap between SAARC and ASEAN economically as well as politically, we can't make a black and white comparison between the two regions. Again there are some issues which are specific to SAARC. Unlike ASEAN, SAARC has some countries which are landlocked and are dependent on the peripheral nations for transit, the extraordinarily large size of India as compared to other countries and the predominance of bilateral issues with India being party to nearly all of them are some of the specific traits. Apart from that in case of SAARC, India is not only geographically most prominent, economically also India's performance is better than other countries. These two factors have an inherent tendency of creating a sense of insecurity in the minds of other countries. Whereas, in case of ASEAN if Indonesia is geographically more prominent but economically it is Singapore which shows one of the highest economic performance in the world.

In spite of the differences, ASEAN has emerged as a true region in the world. SAARC can definitely take a lesson or two from ASEAN keeping its very own uniqueness in mind. It is not just the complementarities that are important for a region to succeed in its endeavours but also reciprocity, ASEAN is a shining example of one.

**Basic Indicators: SAARC & ASEAN**

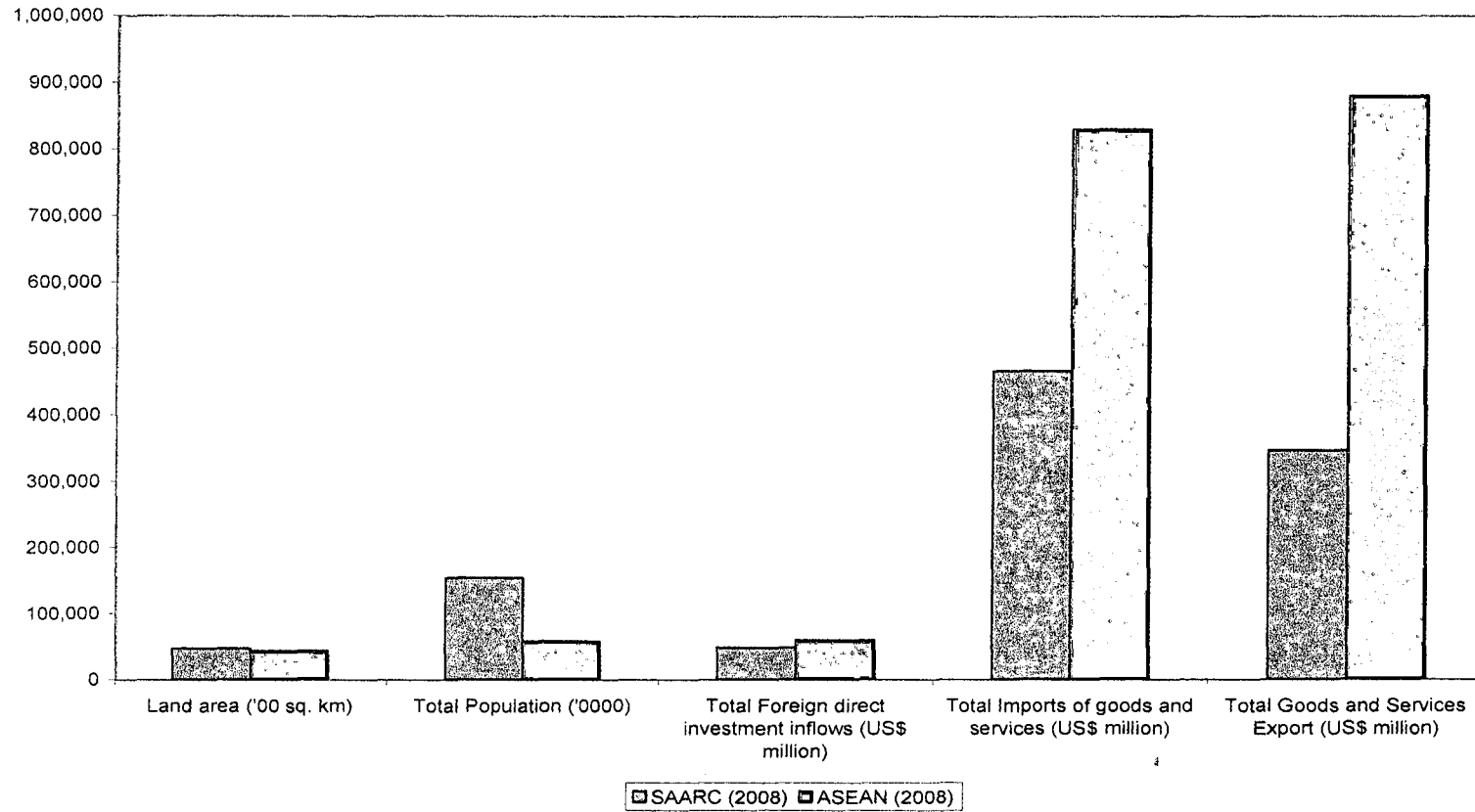


Fig 5.1

*Source: ASEANstats, ASEAN Secretariat, World Bank Development Indicators*  
 (<http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20535285~menuPK:1192694~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html>)



World Exports (1987-2008)

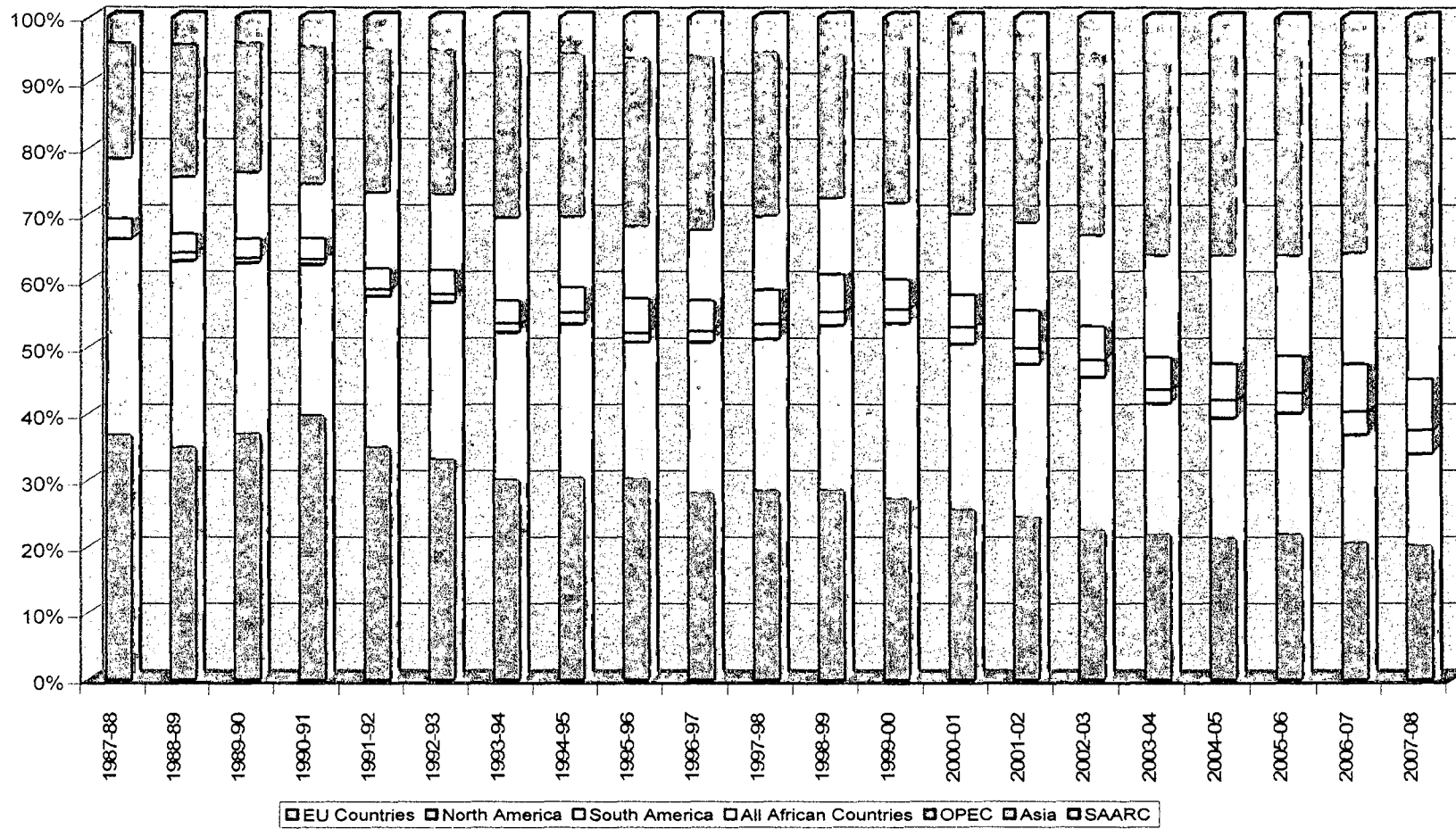


Fig 5.2

Source: www.rbi.org.in (Direction of Foreign Trade)

World Imports (1987-2008)

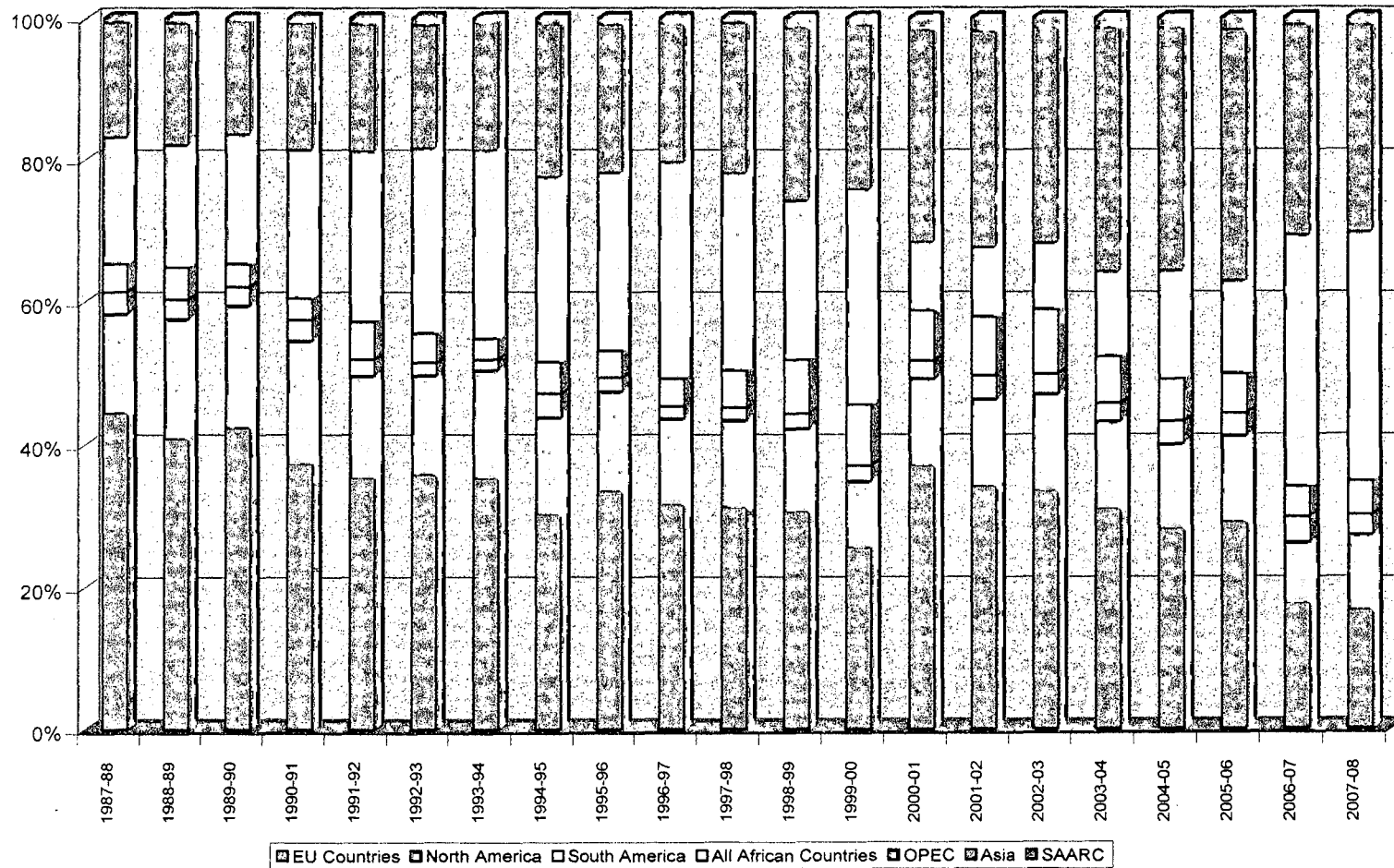


Fig 5.3

Source: [www.rbi.org.in](http://www.rbi.org.in) (Direction of Foreign Trade)

GDP Growth in Selected Economies (%)

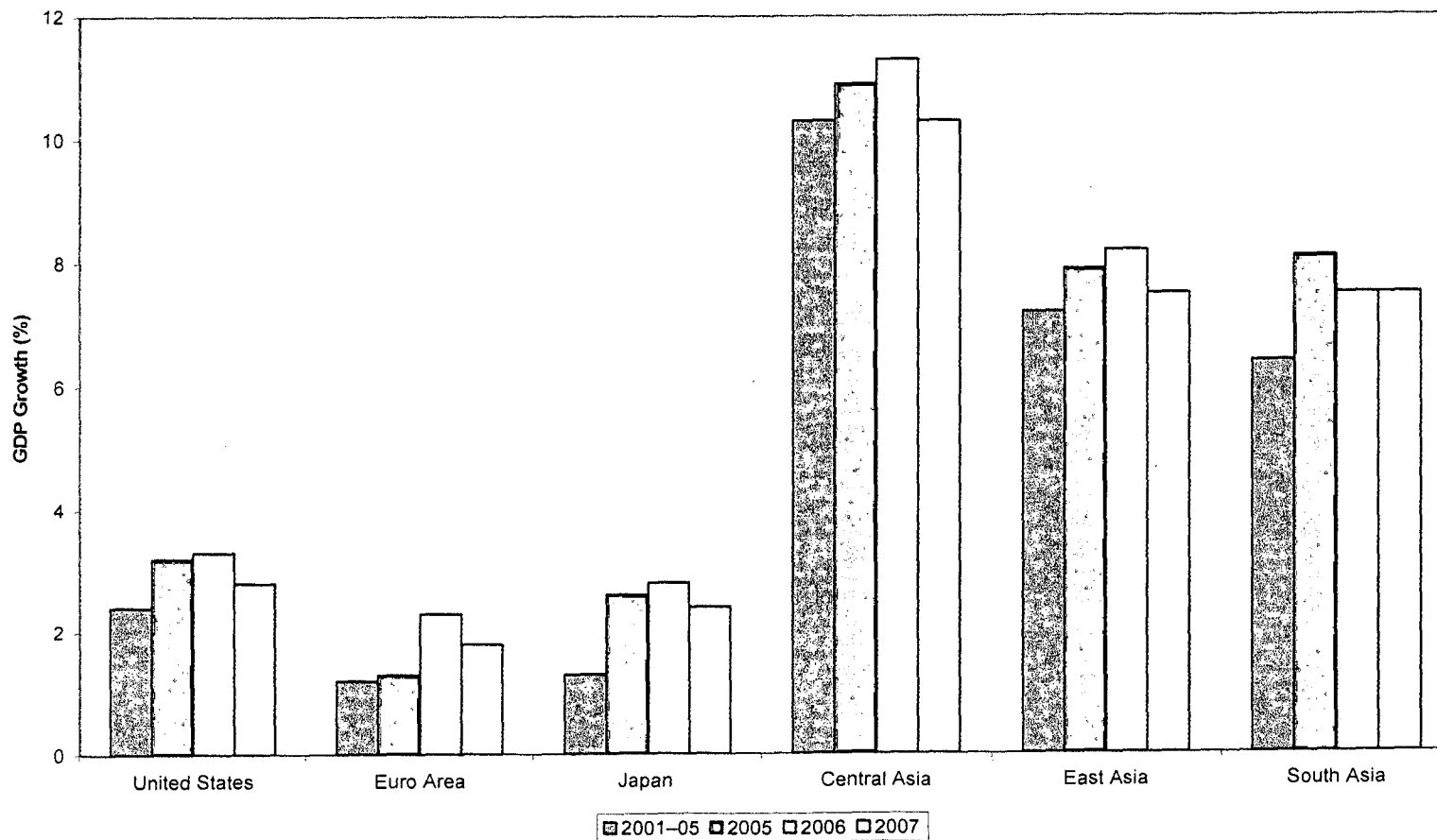


Fig 5.4

Source: US Bureau of Economic Analysis (<http://www.bea.gov/bea/dn/nipaweb/SelectTable.asp?Selected=N>), Asian Development Outlook (ADO) various issues, ADO Update 2006, and ADB staff estimates

Intraregional Trade Ratio (1990 and 2005)

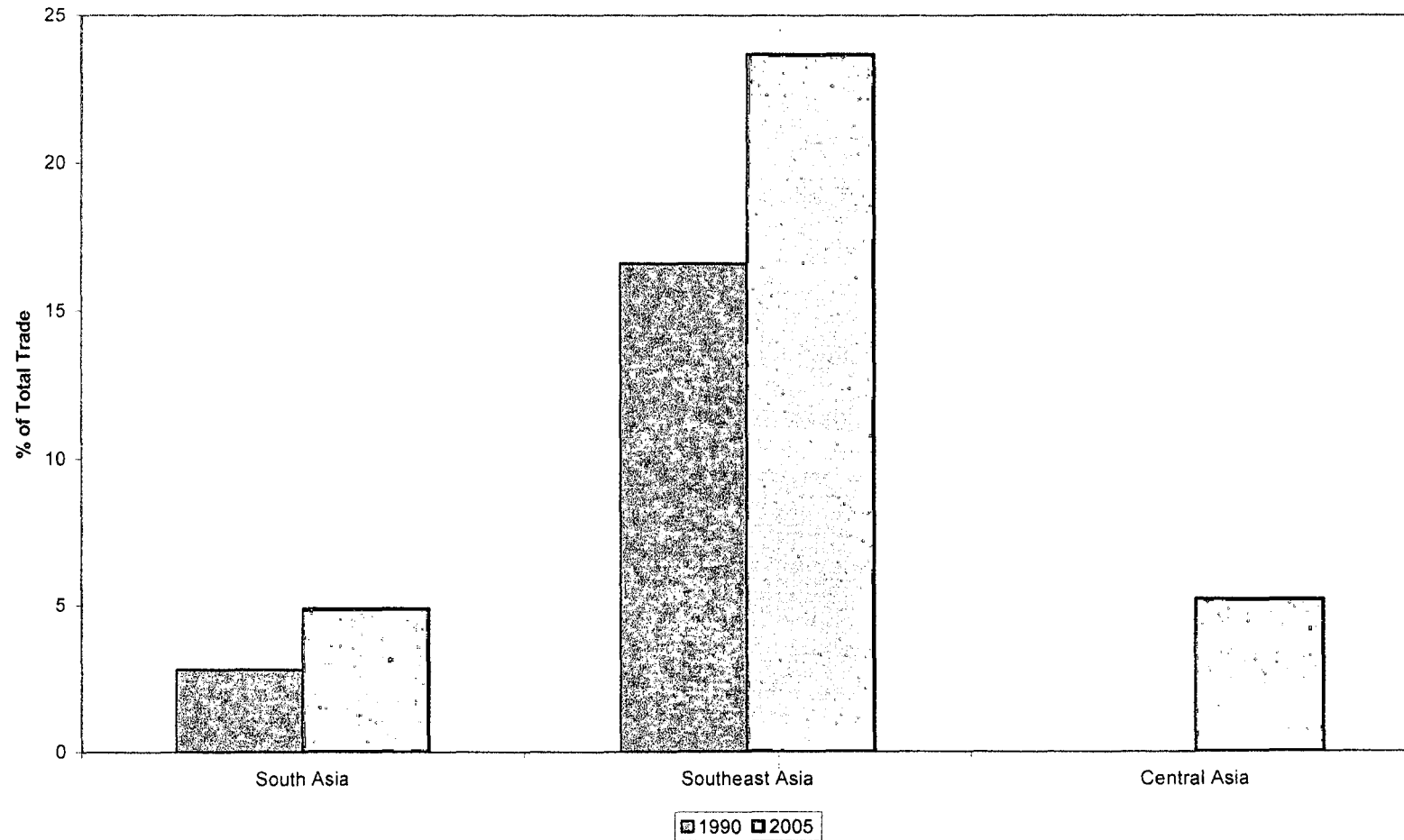


Fig 5.6

Source: International Monetary Fund Direction of Trade Statistics (DOTS) CD-ROM (May 2006); ADB staff estimates

### Intraregional Trade as a Percentage of Total Regional Exports

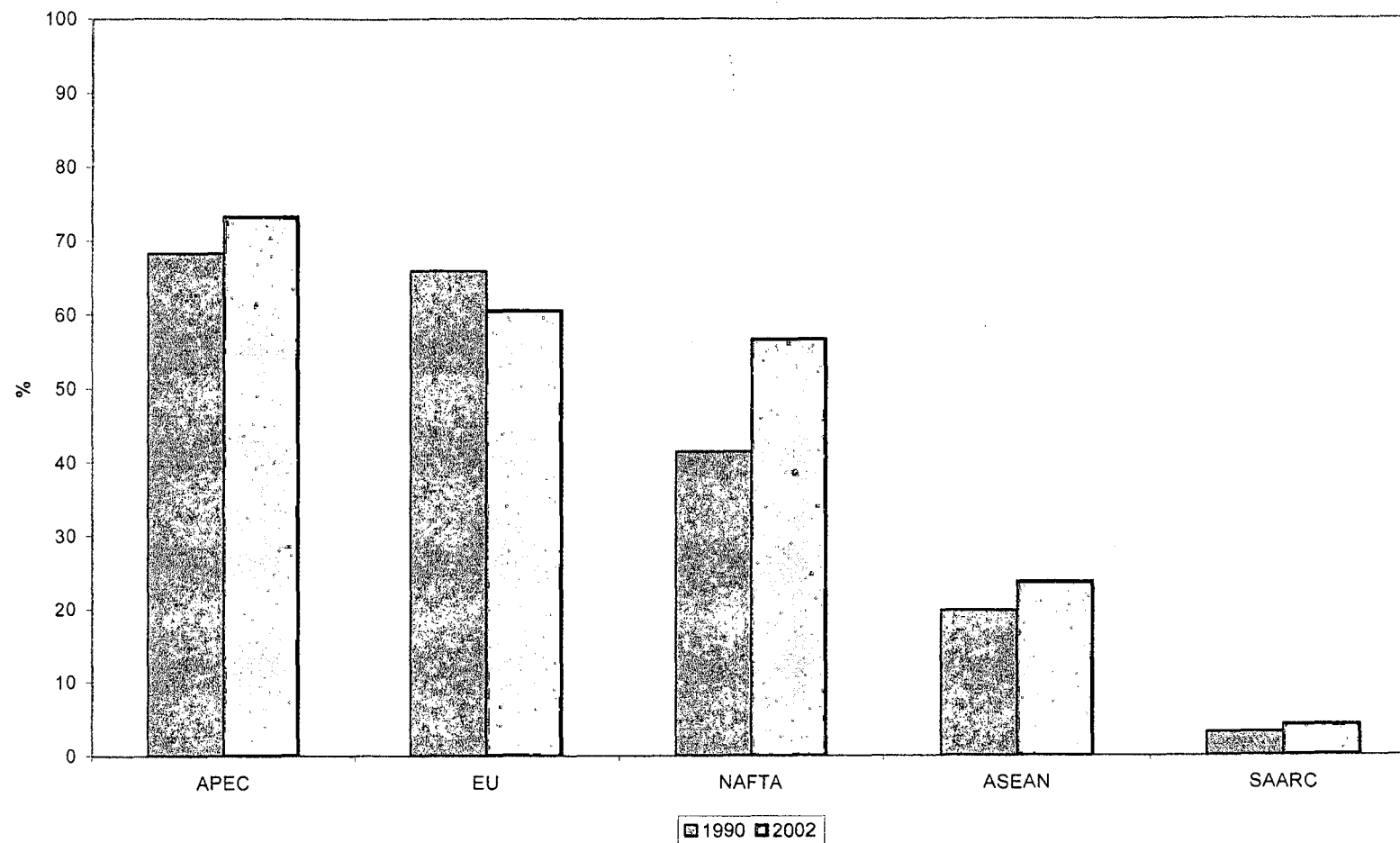


Fig 5.7

Source: World Bank 2004

### **5.3. India and China as emerging powers – A Comparative Analysis**

China's economy during the past 30 years has changed from a centrally planned system that was largely closed to international trade to a more market-oriented economy that has a rapidly growing private sector and is a major player in the global economy. Reforms started in the late 1970s with the phasing out of collectivized agriculture and were expanded to include the gradual liberalization of prices, fiscal decentralization, increased autonomy for state enterprise and the opening to foreign trade and investment. Annual inflows of foreign direct investment rose to nearly \$108 billion in 2008.

The restructuring of the economy and the resulting efficiency gains have contributed to a more than tenfold increase in GDP since 1978. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2009 stood as the second-largest economy in the world after the US, although in per capita terms the country is still considered as lower middle-income. In terms of international trade too, China's performance has been commendable. Over the past few decades, the import share of China in world merchandise imports has increased rapidly, whereas the share of the United States has fallen—a consequence of differing growth rates and relocation of manufacturing. East Asia has become the biggest merchandise trade export market for South Asia, supplanting the markets in advanced countries.

Bilateral trade between India and China has been on the rise and has surpassed the bilateral trade between India and the United States since 2008. Furthermore, trade between India and China held up during the crisis, whereas that between India and the United States showed a declining trend. This provides initial evidence that South-South trade is becoming more important now and has recovered much faster than South-North trade. There is similar evidence from other South Asian countries.

Emergence of India in South Asia and China as a world power has shaken the old shibboleths of power concentration. It is a well accepted fact that third world nations can very well rise and make their presence felt in the world. And both China and India are shining examples.

China's economy has continued to grow robustly, with some softening recently, according to the World Bank's latest *China Quarterly Update*. The Update, a regular assessment of China's economy, finds that so far in 2010 the slowdown in government-led investment (GLI) after last year's massive stimulus has partly been offset by strong real estate investment. Household consumption growth has held up well, reflecting a favorable labor market. Leading indicators and industrial production data suggest some moderation of the pace of growth in the second quarter, although that pace is still rapid.

Export volumes have recovered rapidly since the trough in early 2009. Nevertheless, China's trade surplus has declined further due to surging import volumes and declining terms of trade. Inflation has picked up somewhat, but core inflation remains low. However, soaring property prices triggered tough property-specific measures, including tightening access to mortgage financing. Agricultural productivity has increased and many farmers have shifted into higher valued crops, making decisions increasingly on market-oriented principles.

The nation has by far the most sophisticated agricultural biotechnology program in the developing world – many of its breakthroughs are of global importance. After bottoming out in early 2009 amidst the global economic crisis, sequential GDP growth was strong on the back of massive domestic policy stimulus, pushing GDP up 11.9 percent on a year ago in the first quarter of 2010.

The two most important sectors of the economy have traditionally been agriculture and industry, which together employ more than 70 percent of the labor force and produce more than 60 percent of GDP. Technology, labor productivity, and incomes have advanced much more rapidly in industry than in agriculture.

China's global trade exceeded \$2.4 trillion at the end of 2008. It first broke the \$100 billion mark in 1988, \$200 billion in 1994, \$500 billion in 2001 and \$1 trillion mark (\$1.15 trillion) in 2004.<sup>57</sup>

China's economy has continued to grow robustly, with some softening recently. GDP growth of 9.5 percent for 2010 and 8.5 percent for 2011 has been projected, with risks both ways.

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<sup>57</sup> CIA World Fact Book, 2009.

Economy has continued to grow robustly, with some softening recently. The report projects GDP growth of 9.5 percent for 2010 and 8.5 percent for 2011.

Commodity trade between China and members of SAARC (South Asian Association for Regional Cooperation) has been developing rapidly in recent years, and has been doing at a quicker rate than China's total foreign commodities trade. This shows that there is a great potential and bright prospect for China's trade with South Asia. However, There exist two problems of unbalanced pattern of trade in terms of China's trade with different members of SAARC and a favorable balance for China, that great attention should necessarily be paid to and relative measures be taken to deal with.

South Asia has started feeling the presence of China. As China tries to expand its sphere of influence, South Asia isn't left untouched. In recent years, China has upgraded the old Burma road between Kunming and Myanmar. The link between Kunming and the Bay of Bengal is 5,800 km shorter than Yunan's link with the nearest Chinese port at Shanghai or China's pacific coast. Following its accession to WTO, China has been liberalizing fast and is expected to capture 10 percent of global trade by 2020, second only to the United States with 12 percent. Already 400 of the fortune 500 companies have a presence in China. It is expected that China's share of FDI to developing countries will continue to rise, posing a profound impact on the South Asia region.

India has also been performing very well since the last two decades on the economic front. As a responsible and progressive member of the international community, India is continuing her untiring efforts to bring about a constructive dialogue between the developed and developing countries in their quest for a cooperative approach towards a new International Economic Order. Indian economic and technical assistance is eagerly sought by a number of developing countries. India provides many of these countries with its expertise in projects ranging from the construction of cement plants to airports and railway systems.

External reforms were among the most successful reforms undertaken in India during the nineties. These reforms have opened up the economy, strengthened the external account, and made it much less vulnerable to shocks. India's trade share rose by 0.11 per cent of world



trade during the nineties raising India's world ranking by six positions. India also became more open in terms of capital flows with its rank in terms of foreign direct investment (FDI) inflows rising by nine positions. Equity inflows increased even more rapidly to raise India's rank among the emerging markets by eight positions during the nineties. In 1999 only 13 emerging markets received more FDI than India and only five received more equity inflows. Of these China, South Korea, Thailand, and Brazil had larger inflows of both FDI and foreign equity than India during this year.

The opening of the Indian economy to international trade has successfully raised the share of trade in the GDP. Goods and services trade has increased from an average of 15.1 per cent of the GDP during the eighties to an average of 24.8 per cent of the GDP in the nine years 1992-93 to 2000-01 after the crisis. India's merchandise export growth increased from 7.7 per cent per annum during the 1980s to 8.7 per cent per annum during the 1990s. This was faster than the rate of growth of world exports at 5.4 per cent and 6.3 per cent for the two periods respectively. As a result the share of India in world exports improved from 0.42 per cent in 1980 to 0.52 per cent in 1990 and further to 0.67 per cent in 2000. India's growth was however slower than the average for Asia during the eighties, but rose above it in the nineties.<sup>58</sup>

Currently, India is relatively well on the economic front. Although, there was a significant slowdown in the growth rate in the second half of 2008-09, following the financial crisis that began in the industrialized nations in 2007 and spread to the real economy across the world. The real turnaround came in the second quarter of 2009-10 when the economy grew by 7.9 per cent. As per the advance estimates of GDP for 2009-10, released by the Central Statistical Organisation (CSO), the economy is expected to grow at 7.2 per cent in 2009-10.

In spite of India's shining performance on the economic front, China's performance has overshadowed it. The very fact that we are questioning if India is an emerging power or a superpower is because we are comparing India and China in the current scenario. If we call

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<sup>58</sup> RBI (2009), Reserve Bank of India, "Direction of Foreign Trade", URL: <http://www.rbi.org.in>.

countries like USA and China as superpowers then India should be somewhere in an evolving state.

From international trade to infrastructural developments, from agriculture to industry, from a strong defense to a robust and well focused foreign policy, China has asserted itself in nearly every field. Added to this we know that China and India don't share the best of relationships. Apart from a stronger implementation process and a long term policy making, India also needs to strengthen its foothold in South Asian region to curb the rising Chinese influence.

But the growth of the Chinese economy has been more spectacular than India and China today has surpassed India on the more important economic and welfare indices. China's per capita GDP growth has averaged 8% since 1980, which is double than that of India's per capita GDP growth rate. The Chinese economy is much larger than the Indian economy and labor-intensive manufacture exports contribute almost 40% to the Chinese GDP compared to only 16% in India. China will continue to dominate mass manufacturing and is still investing in building multibillion-dollar electronics and heavy industrial plants. While India is a leading force in software, design, services and the precision industry.

China's successful strategy in the past twenty years has been the transfer of its labour surplus from agricultural to manufacturing industry, from low-efficiency state sectors to highly efficient commercial sectors. The Indian economy is also expanding, but so far the process of transferring cheap labour from low-value agriculture to higher-value manufacturing industry has been slow.

Considering the current trends of Globalization, we can't overlook the spillover effects of Chinese influence on the SAARC nations. It might have serious implications for the future of this organization, wherein the countries will lose faith in the region and look towards external forces. A strong SAARC is the best way to assuage fears of an aggressively expanding Chinese sphere of influence.

### India China comparison of Economic Indicators 2009

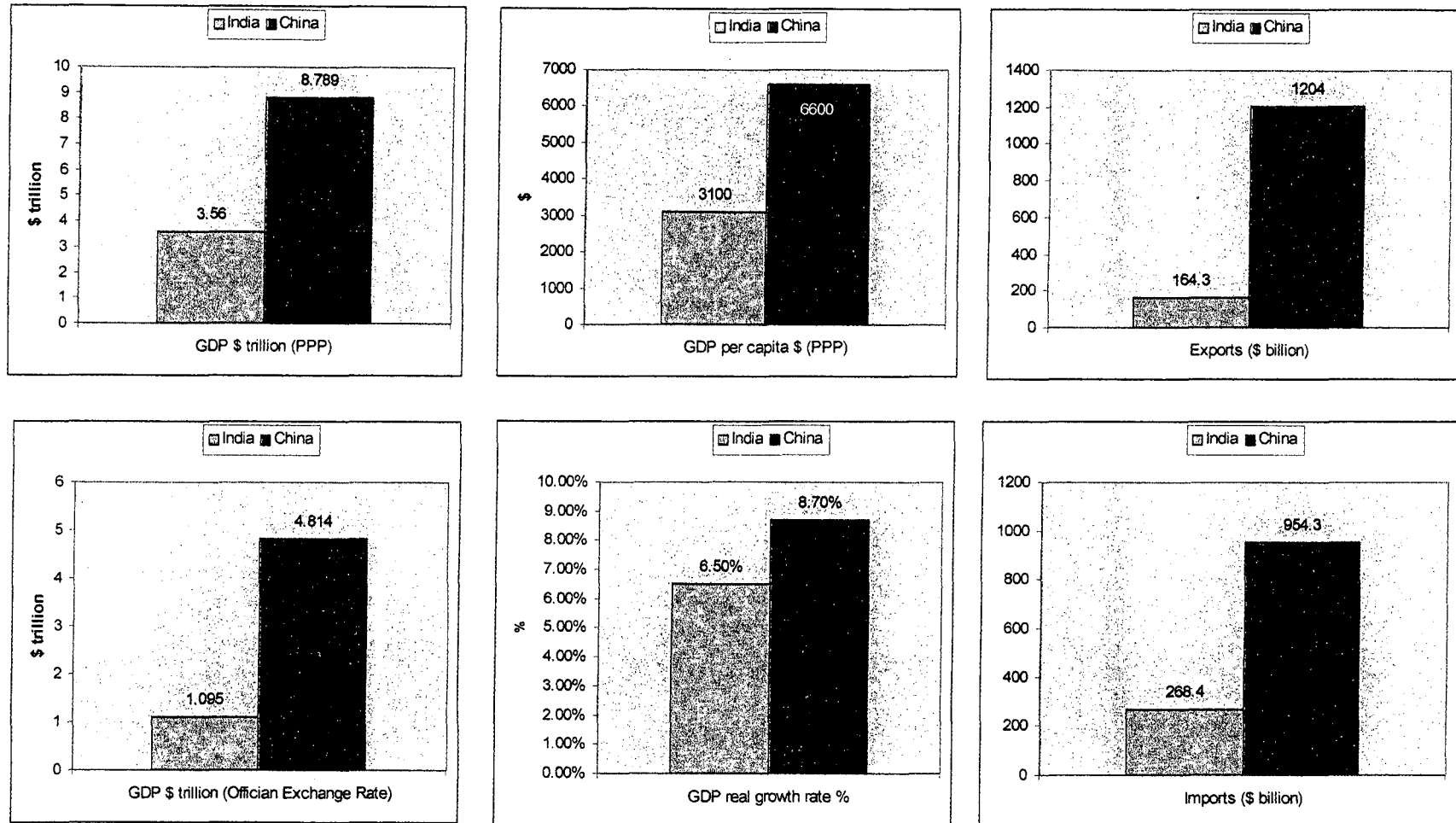


Fig. 5.8

Source: <https://www.cia.gov/library/publications/the-world-factbook/>

# **CHAPTER 6**

## **Conclusion**

## CHAPTER 6

### CONCLUSION

One of the basic criteria for a region to be successful is the pattern in which it is integrated. This integration comes from the functionality the region entails. As mentioned in the third chapter *specialized integration* is the best form of integration in the region, which in turn exhibits the best form of functionality. South Asia can't be termed as an absolute case of specialized integration. A process of integration can grow organically which would be of a longer duration whereas the same process can be channelized and shortened through a formal framework. Regional organizations are one of the examples of such frameworks which help in the growth and integration of the region.

It can't be denied that the inorganic approaches can't sideline the organic orientation of a region. But a formal framework does help in laying a neutral foundation for an economically prosperous and geopolitically amicable region. Considering the situation of South Asia, we do see a tendency towards a specialized integration e.g. the Indo-Sri Lankan Free Trade Agreement. But there are pockets in South Asia which are still undifferentiated or not connected to the mainstream South Asia like Afghanistan, parts of Bhutan, Nepal. This lop sided orientation in the region, exhibiting all the three traits of undifferentiatedness, differentiation and specialized integration makes the region more unique in its progress.

But the silver lining here is a conscious move towards specialized integration. And this evolution of geopolitical structures doesn't merely revolve around the one sided core peripheral relationships. Though the initial days could not avoid this skewed interaction among the regions. But gradually the concept of core and periphery can't be seen in two watertight compartments. Because more is the specialization in the countries, more is the subjectivity about the core and the periphery.

The conventional core regions of the World System Analysis can also be subject to peripheral attributes. For example, the services sector in case of India has made it a major core region of the world in this field. Similarly, the developing countries which specialize in agricultural products or in other words, agricultural products form the

larger share of their international trade can be termed as the core region in terms of the respective agricultural products. Irrespective of the fact, that agricultural products witness lesser value addition than the manufactured ones, we can't feign ignorant to the areas specialized in them. Although manufactured products lead to favorable terms of trade and countries specialized in them witness stronger backward and forward linkages leading to propulsion in the economy.

Such regions are historical in nature. Their existence is not eternal. That is why a region like South Asia can't always be termed as differentiated. The existence of South Asia as a differentiated region is also subject to various circumstances. If the current move towards specialized integration is continued with the same zeal as written down in the framework, South Asia will move towards specialized integration. Then, South Asia as a *peripheral* region will be a historical fact and sooner or later it will be called as the *core* region.

But merely reducing the geopolitical structures to the economic realm will negate the other important levels of interaction i.e. cultural, social, political, ethnic etc. As a region, South Asia can't escape from the various similarities it has among its countries. So, the geopolitical structures in South Asia are on a multidimensional level and are gradually evolving to an integrated functional region. As a formal region, South Asia is already integrated geographically as well as historically. But when we are talking of it as a functional region, the emphasis is on the fact that each and every country in the region will have a specific function and will be functionally integrated.

South Asia can also move towards functional integration, with the countries being economically specialized in various fields. The functional integration should not be restricted to the economic front only. Technologically also, the functional linkages can be built, by building proper transport routes between the countries, by establishing better communication links and industries in the countries. In terms of policy making too, better functional linkages can be built by encouraging more trade and commerce as well as by enhancing people to people interaction among the countries.

Apart from the strong economic rationale for regional cooperation and integration, such cooperation enables the member countries to reduce negative externalities and conflicts. Trans boundary challenges like trafficking of women and children, drug smuggling, wildlife trade, and cross-border terrorism can be overcome only through

regional initiatives. Successful economic cooperation would yield a substantial *peace dividend* with direct welfare raising impact for the entire region.

In spite of the establishment of a functional region, it is difficult to imagine a region with a uniform level of socio economic development. In case of South Asia, India has been the key player in all the fronts and is called the regional power of South Asia. Apart from the geographical dominance it enjoys, India is also economically most powerful in the region.

But the economic growth is not the only key driver of a region, without socio economic development, economic development is incomplete. Socio economic development have long term spillover effects which also lead to economic growth by creating better employment opportunities, by building a healthy and specialized labour force and also leading to peace around the world. On comparing the economic parameters of India with the other countries of South Asia we have found India performing better than the other countries. Though Maldives is also performing well, but seeing the last decadal performance, India's economic growth has been better, keeping in mind its geographical extent too.

But when we compare the socio economic parameters of India and other countries we see a contradictory performance with Sri Lanka and Maldives faring better than India in parameters like life expectancy and literacy rate. In the human development indicators of United Nations too, Sri Lanka and Maldives have been performing better than India. If we see the trends of Human Development Indicators in the last two decades (as shown in Fig. 4.10), again Maldives and Sri Lanka had shown much better trends. The very reason of raising eyebrows when we talk of India as an emerging superpower is because of its bleak socio economic scenario.

Another factor raising doubts on India's credibility as a superpower is the rise of China. China is not only emerging as a big trade partner of India, but its presence is also felt in South Asian region, economically as well as geopolitically. Soon China will become India's largest trade partner with favorable terms of trade.

China also joined SAARC as an observer much to the dismay of India in 2005 (Dhaka Declaration Thirteenth SAARC Summit, 13 November 2005). This emerging Sino

Indian rivalry can have several implications for the region, but if this conflict of emerging powers is internalized well, the region will surely benefit out of it.

We can't overlook the fact that the entire South Asian region is relatively socio economically backward as compared to the other developed regions of the world. It is all the more indispensable for the region to move forward amicably with the other countries. A well linked South Asian region is a boon for its economic prosperity. Keeping in mind, the geographical proximity, the historical legacy this region carries as well as the cultural commonalities, the countries can be complementary to each other's development.

It has been emphasized that South Asia has to be more than just a geographical region. It has to be a *society* not a *system of states* as mentioned in the fifth chapter. ASEAN is an ideal inspiration for South Asia. Like South Asia, South East Asian region too exhibited a geographical cum historical region with similar cultural and ethnic overtones. Considering the fact that South East Asia was also not unscathed by the imperialistic forces and it has also witnessed its share of insecurities. In spite of that ASEAN was formed and it has been quite proactive in promoting the region's interests in the long run. Similarly, formation of SAARC has also been a giant leap forward. Bilateral conflicts have been deliberately kept out of it, and the region's constructive development has been given the central priority in its charter.

Even though SAARC has been an initiative forward, but the organization hasn't been as progressive as compared to ASEAN. It has restricted itself to more or less a formal frame of reference. The success of ASEAN in terms of international and intra regional trade as compared to SAARC shows the progress of ASEAN. Whereas SAARC has to still realize its potential to a large extent. It took ten years for SAARC to agree on a Preferential Trading Arrangement (SAPTA) and another ten for a Framework Agreement of Free Trade (SAFTA).

South Asian countries must realize that India is their opportunity not a threat. They should try to leverage India's huge internal market. It has one of the most dynamic and fastest growing economies in the world and is already an acknowledged leader in IT, pharmaceutical and knowledge-based industries. Similarly, India should realize the potential of this region and a de emphasis on bilateralism is required.



South Asia as a region is also not unaffected by globalization. The current trends of trade with USA and China do exhibit a rising tendency amongst the countries of the region to move towards economic security. Even if it includes overlooking the potential of the region concerned. The not so pro active role of SAARC has led to the emergence of an extended neighbourhood in the region.

The only way for South Asia to move towards spatial integration is by building a strong and a pro active SAARC. Although, the initial asymmetry of core and periphery can't be ruled out completely, with India being a major core region here. Gradually as the region will move towards an integrated region, a trait of society will be soon emerging like the way ASEAN has created a sense of accountability in South East Asia. This will not only lead to economic growth of the region but also a socio cultural development.

India should act as the engine of growth for South Asia. And South Asia also has to realize the worth of complementarity and reciprocity in the region in order to promote a cycle of growth in the region. This role of India will not only have long term consequences for the region, but will also check the rise of China in the region.

South Asia has to move forward with a new perspective of trust and optimism so that the rifts built in the history are buried and the region can aim for a pan prosperity. A sense of post national identity has to be built wherein people of this region can believe in the regionness of South Asia. SAARC has to be made the medium to usher in this change by moving beyond formal summits and executing the decisions in their true spirit.

Geopolitical structures in South Asia are undergoing a major transition, from a differentiated structure to an integrated one. South Asia is still mired in many challenges especially the bilateral tensions. And the largest country of the region as well as the economically most powerful is involved in most of the bilateral conflicts.

In spite of the several hiccups, South Asia has picked up cues from the ASEAN story and is moving forward to the formation of a true region. We can't be reductionist in our approach, and christen some countries of South Asia as core and some as periphery. Even though, the core-periphery concept is one of the several facets of an emerging geopolitical structure.

What Mackinder also emphasized is true in case of geopolitical structures of South Asia i.e. emergence of different regions based on people and resources it is endowed with. Each and every aspect of the region will be networked through an integrated mechanism and lead to the formation of a regional identity. SAARC is one such mechanism which can rebuild the region economically, socially, culturally as well as politically. An emerging India will also be benefited from a strong SAARC identity; with the region reinvigorating a new confidence will in turn help India establish itself as a true regional power irrespective of external influences.

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## **Appendices**



## APPENDIX I

### Fifteenth SAARC Summit

Colombo, 2-3 August 2008

### Declaration Partnership for Growth for Our People

#### Introduction

The President of the Islamic Republic of Afghanistan, His Excellency Mr. Hamid Karzai; the Chief Adviser of the Government of the People's Republic of Bangladesh, His Excellency Dr. Fakhruddin Ahmed; the Prime Minister of the Kingdom of Bhutan, His Excellency Lyonchhen Jigmi Y. Thinley; the Prime Minister of the Republic of India, His Excellency Dr. Manmohan Singh; the President of the Republic of Maldives, His Excellency Mr. Maumoon Abdul Gayoom; the Prime Minister of the Federal Democratic Republic of Nepal, the Rt. Hon'ble Girija Prasad Koirala; the Prime Minister of the Islamic Republic of Pakistan, His Excellency Syed Yousuf Raza Gilani; and the President of the Democratic Socialist Republic of Sri Lanka, His Excellency Mr. Mahinda Rajapaksa, met at the Fifteenth Summit meeting of the South Asian Association for Regional Cooperation (SAARC) held in Colombo, Sri Lanka on August 2-3, 2008.

#### Regional cooperation

2. The Heads of State or Government reaffirmed their commitment to the principles and objectives enshrined in the SAARC Charter. They renewed their resolve for collective regional efforts to accelerate economic growth, social progress and cultural development which would promote the welfare of the peoples of South Asia and improve their quality of life, thereby contributing to peace, stability, amity and progress in the region.

3. The Heads of State or Government recognized that SAARC has been making steady and incremental progress over the years, in particular since the last Summit held in New Delhi in April 2007, towards realizing the objectives of the Charter. They accordingly emphasized the importance of maintaining the momentum, through clear links of continuity between the work already underway and future activities. The Heads of State or Government recognized the need for SAARC to further strengthen its focus on developing and implementing regional and sub-regional projects in the agreed areas on a

priority basis. Each Member State may consider taking up at least one regional/ sub-regional SAARC project as the lead country.

4. The Leaders noted with satisfaction the considerable progress made in various domains of partnership among SAARC Member States and emphasized the need to consolidate and ensure effective implementation of all SAARC programs and mechanisms by rationalization and performance evaluation on a regular basis. A Partnership for Growth for the Peoples of South Asia.

5. The Heads of State or Government were convinced that the process of regional cooperation must be truly people-centered, so that SAARC continues to strengthen in keeping with expectations as a robust partnership for growth for the peoples of South Asia. They accordingly directed all SAARC mechanisms to abide by the Charter objective of promoting the welfare of the people and improving their quality of life. In this regard they directed the Council of Ministers to ensure that SAARC mechanisms identify further areas of cooperation where people-centric partnership projects could be initiated.

6. The Heads of State or Government observed that an effective and economical regional tele-communication regime is an essential factor of connectivity, encouraging the growth of people-centric partnerships. They stressed the need for the Member States to endeavour to move towards a uniformly applicable low tariff, for international direct dial calls within the region

### **Connectivity**

7. The Heads of State or Government recognized the importance of connectivity for realizing the objectives of SAARC. They accordingly directed the SAARC mechanisms to continue to embody in their programs and projects a strong focus on better connectivity not only within South Asia, but also between the region and the rest of the world. They further stressed the necessity of fast-tracking projects for improving intra-regional connectivity and facilitating economic, social and people-to-people contacts.

### **Energy**

8. The Heads of State or Government noted that increased access to energy is critical for fulfilling the legitimate expectations of growth and development in South Asia. They observed in this regard that the escalation of oil prices threatens both the energy security of the region, as well as the economic growth witnessed in South Asia. In this context, they recognized the need to expeditiously develop and conserve the conventional sources of energy and to build up renewable alternative energy resources including indigenous hydro power, solar, wind and bio, while introducing energy reforms, energy efficiency and the trade and sharing of technology and expertise. They also noted that there is tremendous potential for developing regional and sub-regional energy resources in an integrated manner and noted the efforts being made to strengthen regional cooperation in capacity development, technology transfer and the trade in energy. While expressing satisfaction at the progress over the recent years to strengthen energy cooperation, the Leaders directed that the recommendations of the Energy Dialogue be implemented through an appropriate work plan.

9. The Heads of State or Government stressed the urgent need to develop the regional hydro potential, grid connectivity and gas pipelines. They noted that the possibility of evolving an appropriate regional inter-governmental framework may be explored to facilitate such an endeavour. They welcomed Sri Lanka's offer to host the Third Meeting of SAARC Energy Ministers in Colombo in 2009.

### **Environment**

10. Being increasingly aware of global warming, climate change and environmental challenges facing the region, which mainly include sea-level rise, deforestation, soil erosion, siltation, droughts, storms, cyclones, floods, glacier melt and resultant glacial lake outburst floods and urban pollution, the Heads of State or Government reiterated the need to intensify cooperation within an expanded regional environmental protection framework, to deal in particular with climate change issues. They were of the view that SAARC should contribute to restoring harmony with nature, drawing on the ancient South Asian cultural values and traditions of environmental responsibility and sustainability.

11. The Leaders expressed satisfaction at the adoption of SAARC Action Plan and Dhaka Declaration on Climate Change by the SAARC Environment Ministers at the SAARC Ministerial Meeting on Climate Change held at Dhaka on 3 July 2008. In this context they stressed the need for close cooperation for capacity building, development of CDM projects and promotion of programs for advocacy and mass awareness raising on climate change. They also expressed satisfaction at the adoption of a SAARC Declaration on Climate Change for the United Nations Framework Convention on Climate Change (UNFCCC) by the Twenty-ninth Session of the Council of Ministers.

12. The Heads of State or Government expressed deep concern over global climate change and its impact on the lives and livelihoods in the region. They also noted the urgency of the immediate need for dealing with the onslaught of climate change including sea level rise, on meeting food, water and energy needs, and taking measures to ensure the livelihood security of the peoples in the SAARC region. They resolved to work together to prevent and address the threats to the livelihoods of the peoples and to provide access to remedies when these rights are violated and also to find an equitable distribution of responsibilities and rights among the Member States. They also emphasised the need for assessing and managing its risks and impacts. In this regard, they called for an in-depth study on “Climate Justice: The Human Dimension of Climate Change,” to come up with a rights-based approach that would highlight the human impact when responding to the impacts of climate change.

13. The Heads of State or Government affirmed that every citizen of this planet must have an equal share of the planetary atmospheric space. In this context, they endorsed the convergence of per capita emissions of developing and developed countries on an equitable basis for tackling climate change. They were of the view that any effort at addressing climate change should take into account historical responsibility, per capita emissions and respective country capabilities.

14. The Heads of State or Government expressed concern at the human loss suffered through natural disasters in the region and stressed the need for the timely provision of relief in humanitarian emergencies. In this regard they directed that a Natural Disaster Rapid Response Mechanism be created to adopt a coordinated and planned approach to meet such emergencies under the aegis of the SAARC Disaster Management Centre.

## **SAARC Development Fund (SDF)**

19. The Heads of State or Government expressed satisfaction at the signing of the Charter of the SAARC Development Fund (SDF), and finalization of its Bye-laws, and called for an early ratification of the SDF Charter. They also welcomed early operationalization of the Fund from the available funds. They expressed satisfaction at the launching and identification of the projects on women empowerment, maternal & child health and teachers' training under the social window of the SDF, as directed by the Finance Ministers. They reiterated their commitment to expedite their financial contributions to the Fund. In this regard, the Heads of State or Government accepted with appreciation the offer of the Kingdom of Bhutan to host the SAARC Development Fund Secretariat in Thimphu.

## **Transport**

20. The Heads of State or Government expressed satisfaction at the progress through the Meetings of the Ministers of Transport. They reiterated the critical importance of an efficient multi-modal transport system in the region for integration and for sustaining the region's economic growth and competitiveness. They urged early implementation in a gradual and phased manner of the proposals of the SAARC Regional Multimodal Transport Study (SRMTS).

21. They noted the progress made in the consideration of the draft Motor Vehicle Agreement (MVA) by Member States. They also noted that technical inputs related to Regional Transport and Transit Agreement and Regional Multilateral Railway Agreement were being examined by the Member States. In this context, they directed the next Transport Ministers Meeting to expedite work in this regard. They appreciated the offer of Sri Lanka to hold the Second Meeting of SAARC Ministers of Transport in Colombo in 2008.

## **Information and Communications Technology (ICT) Development**

22. The Heads of State or Government urged the need for even more expeditious and close regional cooperation in information and communication technology. They welcomed the enhanced digital connectivity among the Member States and the ongoing

work to upgrade the regional telecommunication infrastructure. They directed that the arrangements needed to implement the proposed collaborative tele-projects such as those for health care and education, be expedited.

### **Science and Technology**

23. The Heads of State or Government acknowledged the ongoing contribution of Science & Technology including cutting edge technology in information and bio-technology in improving the quality of life of the peoples of South Asia. They noted the offer of India to host the Ministerial Meeting on Science & Technology on September 15-16, 2008 for development of a roadmap on identifying implementable focused regional and sub-regional projects in SAARC.

### **Tourism**

24. The Heads of State or Government underscored the vital contribution that tourism could afford to the economic development of the SAARC region. They agreed to make every effort to implement the comprehensive action plan adopted by the Second Ministerial Meeting held at Cox's Bazaar, Bangladesh. These efforts would include facilitating the movement of people through improved travel infrastructure and air, sea and land connectivity among the SAARC countries, collaboration in human resource development and the promotion of SAARC as a common destination through public-private partnerships and joint campaigns.

### **Culture**

25. The Heads of State or Government emphasized the role of cultural connectivity in bringing the peoples of South Asia closer, while reinforcing and projecting a distinct South Asian identity. They directed that the Agenda for Culture be implemented in full.

### **SAFTA and Trade Facilitation**

26. The Heads of State or Government emphasized their commitment to implement SAFTA in letter and in spirit, thereby enabling SAARC to contribute as well to the dynamic process of Asia's emergence as the power house of the world. Recognizing the

need to continue to address the major barriers hindering effective trade liberalization in the region, which include sensitive lists of items and Non-Trade Barriers (NTBs), they directed that the decision to revise the sensitive lists by the SAFTA Ministerial Council (SMC) be implemented early. They also recommended that while revising the Sensitive Lists, special consideration be given to the LDCs. The Leaders directed that SAFTA Committee of Experts (SCoE) to expeditiously resolve the issue of Non Tariff Measures (NTMs) and Para Tariff Measures (PTMs) in order to facilitate and enhance the trade under SAFTA.

27. The Heads of State or Government underlined the need for taking concrete measures to improve trade facilitation in terms of the mutual recognition of standards, the adoption of common tariff nomenclatures, the harmonization of customs procedures. They directed the relevant SAARC bodies to expedite their work in these areas. They also recognized the importance of development of communication system and transport infrastructure and transit facilities specially for the landlocked countries to promote intra-SAARC trade.

28. The Heads of State or Government observed that the SAARC legal instruments on trade liberalization and the measures and initiatives for trade facilitation are increasingly affording significant openings for mutually beneficial trade, investments and economic co-operation within South Asia. These openings are complemented by the uniformly sound levels of national economic growth being attained by the Member States of SAARC. The Leaders accordingly noted the growing and urgent need for enhancing capacity within SAARC dedicated to encouraging national and regional strategies that would further maximize the positive trade, investments and economic cooperation climate in South Asia. In this regard they welcomed the offer of Sri Lanka to prepare a Concept Paper and a Working Paper on the subject and directed that the Paper be discussed at a Session of the Standing Committee specially convened for this purpose, to enable the adoption of appropriate follow-up measures.

29. The Heads of State or Government welcomed the signing of the text of the Agreement on the Establishment of the South Asian Regional Standards Organization. The Heads of State or Government welcomed the signing of the Protocol on Afghanistan for Accession to SAFTA.

## **Trade in Services**

30. The Heads of State or Government expressed satisfaction at the conclusion of the Study on Trade in Services and welcomed the decision of SAFTA Ministerial Council to commence negotiation on the Framework Agreement on Trade in Services. achieving further economic integration, they directed that the Draft Agreement on Investment Promotion and Protection be finalized early and the SAARC Arbitration Council be operationalized.

### **SAARC Social Charter**

31. The Heads of State or Government underscored the imperative to make steady progress in the implementation of the SAARC Social Charter and directed the Member States to complete the National Plans of Action with a perspective of seeking to transform current challenges into opportunities. They further directed the National Coordination Committees (NCCs) to recommend activities in conformity with the Social Charter and to introduce an efficient and effective monitoring and evaluation mechanism for reviewing the progress in the implementation of the Social Charter. The Leaders emphasized the need to implement the selected regional and sub regional programs and projects to complement national implementation efforts. They urged that such activities be suitably accommodated in the SAARC Calendar. They called for people's participation in strategy initiatives, planning and implementation to ensure people's responsibility and ownership. The Leaders directed to develop a policy on the protection of rights of the senior citizens for their geriatric care taking into account existing national policies of the Member States.

### **Women and Children**

32. The Heads of State or Government noted with satisfaction the increased cooperation in the region towards achieving the all important goal of bringing women fully into the mainstream of development, on the basis of gender equality. They called for focused attention on women's economic empowerment and skills development, while addressing key health issues and violence against women. The Leaders directed to work for a regional cooperation for the elimination of all forms of discrimination and abuse against women in general and widows in particular and guarantee their rights to live in the society in a dignified manner.



## **Education**

33. The Heads of State or Government welcomed the substantial progress made in the establishment of the South Asian University in New Delhi and directed that the University should begin its Session from 2010. They also directed that increased interaction between students should be encouraged through institutionalization of students, academics, teachers and youth exchange programs. They further directed early institutionalization of an elaborate SAARC Scholarship Scheme in ICT and related areas.

## **Combating Terrorism**

34. The Heads of State or Government strongly condemned all forms of terrorist violence and expressed deep concern over the serious threat posed by terrorism to the peace, stability and security of the region.

35. They further recognized the growing linkages between the phenomenon of terrorism, illegal trafficking in narcotic and psychotropic substances, illegal trafficking of persons and firearms and underscored the need to address the problem in a comprehensive manner. They reiterated their commitment to strengthen the legal regime against terrorism, including by undertaking to implement all international conventions relating to combating terrorism to which Member States are parties, as well as the SAARC Regional Convention on Suppression of Terrorism and the Additional Protocol to the SAARC Regional Convention on the Suppression of Terrorism. The Head of States or Government while recalling United Nations Security Council Resolution 1373 (2001) emphasized the importance of criminalizing any act for the provision, collection and acquisition of funds for the purpose of committing terrorist acts.

36. The Heads of State or Government recognized in this regard the value of the proposed UN Comprehensive Convention on International Terrorism. They noted the progress made during recent rounds of negotiations and called for an early conclusion of the Convention.

37. They emphasized the need for strongest possible cooperation in the fight against terrorism and transnational organized crime amongst the relevant agencies of the Member States especially in the area of information exchange. The Heads of State or Government further emphasized the importance of completing all legislative and other relevant measures to implement within Member States, the provisions of the Regional Convention on Narcotic Drugs and Psychotropic Substances. The Leaders noted the considerable work done to promote cooperation in Police matters. They appreciated the offer of Pakistan to host the Third Meeting of SAARC Ministers of Interior/Home in Islamabad during 2008.

38. The Heads of State or Government expressed satisfaction on the finalization of the text of the SAARC Convention on Mutual Legal Assistance in Criminal Matters at the Fifteenth Summit and its signing. They expressed appreciation at the accommodating manner in which the negotiations were conducted by the Member States to provide each other the widest measures of mutual assistance in criminal matters to ensure a greater sense of security within the region, the Heads of State or Government urged for early ratification and implementation of the Convention.

### **Joint Positions**

39. The Heads of State or Government resolved to encourage consultations among delegations of SAARC Member States at the appropriate international forums and agreed to cooperate accordingly.

### **Observers**

40. The Heads of State or Government welcomed the Observers namely the People's Republic of China, the Islamic Republic of Iran, Japan, the Republic of Korea, Mauritius, the United States of America and the European Union and appreciated their participation

in the Summit. They also welcomed Australia and Myanmar to be associated as Observers to SAARC. They approved the guidelines for cooperation with Observers and looked forward to working with them in the common pursuit of the partnership for growth for our people.

### **Sixteenth Summit**

41. The Heads of State or Government welcomed with appreciation the offer of the Maldives to host the Sixteenth Summit Meeting of the Heads of State or Government of the South Asian Association for Regional Cooperation (SAARC).

## APPENDIX II

### SIXTEENTH SAARC SUMMIT THIMPHU, 28-29 APRIL 2010 THIMPHU STATEMENT ON CLIMATE CHANGE

The Sixteenth Meeting of the Heads of State or Government of the Member States of the South Asian Association for Regional Cooperation (SAARC) in Thimphu, Bhutan, on 28-29 April 2010,

*Recalling* the high priority attached by the Leaders of SAARC at successive Summits towards preserving and sustainably managing the rich, fragile and diverse ecosystems of South Asia;

*Expressing* deep concern about the adverse effects of climate change and its impact on the region, particularly on the lives and livelihoods of the 1.6 billion people of South Asia;

*Recognizing* that effective responses, both on mitigation and adaptation should be formulated and implemented at regional and international levels;

*Mindful* that while South Asia's contribution to climate change is minimal, the impacts of this global phenomenon transcends national boundaries;

*Also Mindful* that the Member States of SAARC as developing countries face the dual challenge of addressing the negative impacts of climate change and pursuing socio-economic development;

*Emphasizing* the overriding importance of socio-economic development and poverty eradication in our region, and convinced that reducing dependence on carbon in economic growth and promoting climate resilience will promote both development and poverty eradication in a sustainable manner;

*Determined* that South Asia should become a world leader in low-carbon technologies and renewable energy;

*Reiterating* the principles of equity, and common but differentiated responsibilities and respective capabilities as enshrined in the UN Framework Convention on Climate Change to be the basis for an agreed outcome in the global negotiations on climate change;

*Also underlining* that an agreed outcome of the global negotiations must emerge from an inclusive, transparent, open and democratic process of negotiations;

*Noting* that South Asia is particularly prone to climate change and related disasters making the need for a regional response to meet the challenge of climate change more urgent and compelling;

#### **SAARC/SUMMIT.16/15**

*Welcoming* the adoption of Climate Change as the theme of the Sixteenth SAARC Summit as an important initiative to galvanize and consolidate regional endeavours with the objective of making South Asia climate change resilient;

*Also Welcoming* the signing of the SAARC Convention on Cooperation on Environment as a significant step towards promoting and strengthening regional cooperation;

*Convinced* that South Asia could benefit from cooperative regional initiatives and approaches, exchange of experiences, knowledge, transfer of technology, best practices to address the challenges posed by climate change;

*Aware* that preservation of environment and mitigating the impacts of climate change are mutually reinforcing;

*Determined* to address the adverse effects of climate change in accordance with the purposes and principles of regional cooperation enshrined in the SAARC Charter;

*Hereby adopt the Thimphu Statement on Climate Change and agree to undertake the following:*

- (i) Review the implementation of the Dhaka Declaration and SAARC Action Plan on Climate Change and ensure its timely implementation;
- (ii) Agree to establish an Inter-governmental Expert Group on Climate Change to develop clear policy direction and guidance for regional cooperation as envisaged in the SAARC Plan of Action on Climate Change;
- (iii) Direct the Secretary General to commission a study for presentation to the Seventeenth SAARC Summit on 'Climate Risks in the Region: ways to comprehensively address the related social, economic and environmental challenges';
- (iv) Undertake advocacy and awareness programs on climate change, among others, to promote the use of green technology and best practices to promote low-carbon sustainable and inclusive development of the region;
- (v) Commission a study to explore the feasibility of establishing a SAARC mechanism which would provide capital for projects that promote low-carbon technology and renewable energy; and a Low-carbon Research and Development Institute in South Asian University;
- (vi) Incorporate science-based materials in educational curricula to promote better understanding of the science and adverse effects of climate change;

#### **SAARC/SUMMIT.16/15**

- (vii) Plant ten million trees over the next five years (2010-2015) as part of a regional afforestation and reforestation campaign, in accordance with national priorities and programmes of Member States;
- (viii) Evolve national plans, and where appropriate regional projects, on protecting and safeguarding the archeological and historical infrastructure of South Asia from the adverse effects of Climate Change;

- (ix) Establish institutional linkages among national institutions in the region to, among others, facilitate sharing of knowledge, information and capacity building programmes in climate change related areas;
- (x) Commission a SAARC Inter-governmental Marine Initiative to strengthen the understanding of shared oceans and water bodies in the region and the critical roles they play in sustainable living to be supported by the SAARC Coastal Zone Management Center;
- (xi) Stress the imperative of conservation of bio-diversity and natural resources and monitoring of mountain ecology covering the mountains in the region;
- (xii) Commission a SAARC Inter-governmental Mountain Initiative on mountain ecosystems, particularly glaciers and their contribution to sustainable development and livelihoods to be supported by SAARC Forestry Center;
- (xiii) Commission a SAARC Inter-governmental Monsoon Initiative on the evolving pattern of monsoons to assess vulnerability due to climate change to be supported by SAARC Meteorological Research Center;
- (xiv) Commission a SAARC Inter-governmental Climate-related Disasters Initiative on the integration of Climate Change Adaptation (CCA) with Disaster Risk Reduction (DRR) to be supported by SAARC Disaster Management Center;
- (xv) Complete the ratification process for the SAARC Convention on Cooperation on Environment at an early date to enable its entry into force; and
- (xvi) The Inter-governmental Expert Group on Climate Change shall meet at least twice a year to periodically monitor and review the implementation of this Statement and make recommendations to facilitate its implementation and submit its report through the Senior Officials of SAARC to the SAARC Environment Ministers;

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## APPENDIX III

### AGREEMENT ON SOUTH ASIAN FREE TRADE AREA (SAFTA)

The Governments of the SAARC (South Asian Association for Regional Cooperation) Member States comprising the People's Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of Maldives, the Kingdom of Nepal, the Islamic Republic of Pakistan and the Democratic Socialist Republic of Sri Lanka hereinafter referred to as "Contracting States"

**Motivated** by the commitment to strengthen intra-SAARC economic cooperation to maximise the realization of the region's potential for trade and development for the benefit of their people, in a spirit of mutual accommodation, with full respect for the principles of sovereign equality, independence and territorial integrity of all States;

**Noting** that the Agreement on SAARC Preferential Trading Arrangement (SAPTA) signed in Dhaka on the 11th of April 1993 provides for the adoption of various instruments of trade liberalization on a preferential basis;

**Convinced** that preferential trading arrangements among SAARC Member States will act as a stimulus to the strengthening of national and SAARC economic resilience, and the development of the national economies of the Contracting States by expanding investment and production opportunities, trade, and foreign exchange earnings as well as the development of economic and technological cooperation;

**Aware** that a number of regions are entering into such arrangements to enhance trade through the free movement of goods;

**Recognizing** that Least Developed Countries in the region need to be accorded special and differential treatment commensurate with their development needs; and

**Recognizing** that it is necessary to progress beyond a Preferential Trading Arrangement to move towards higher levels of trade and economic cooperation in the region by removing barriers to cross-border flow of goods;



**Have agreed as follows:**

**Article – 1**

*Definitions*

For the purposes of this Agreement:

1. **Concessions** mean tariff, para-tariff and non-tariff concessions agreed under the Trade Liberalisation Programme;
2. **Direct Trade Measures** mean measures conducive to promoting mutual trade of Contracting States such as long and medium -term contracts containing import and supply commitments in respect of specific products, buy-back arrangements, state trading operations, and government and public procurement;
3. **Least Developed Contracting State** refers to a Contracting State which is designated as a "Least Developed Country" by the United Nations;
4. **Margin of Preference** means percentage of tariff by which tariffs are reduced on products imported from one Contracting State to another as a result of preferential treatment.
5. **Non-Tariff Measures** include any measure, regulation, or practice, other than "tariffs" and "paratariffs".
6. **Para-Tariffs** mean border charges and fees, other than "tariffs", on foreign trade transactions of a tariff-like effect which are levied solely on imports, but not those indirect taxes and charges, which are levied in the same manner on like domestic products. Import charges corresponding to

**Article – 2**

*Establishment*

**Article – 3**

Objectives and Principles specific services rendered are not considered as para-tariff measures;

7. **Products** mean all products including manufactures and commodities in their raw, semiprocessed and processed forms;

8. **SAPTA** means Agreement on SAARC Preferential Trading Arrangement signed in Dhaka on the 11th of April 1993;

9. **Serious injury** means a significant impairment of the domestic industry of like or directly competitive products due to a surge in preferential imports causing substantial losses in terms of earnings, production or employment unsustainable in the short term;

10. **Tariffs** mean customs duties included in the national tariff schedules of the Contracting States;

11. **Threat of serious injury** means a situation in which a substantial increase of preferential imports is of a nature to cause "serious injury" to domestic producers, and that such injury, although not yet existing, is clearly imminent. A determination of threat of serious injury shall be based on facts and not on mere allegation, conjecture, or remote or hypothetical possibility. The Contracting States hereby establish the South Asian Free Trade Area (SAFTA) to promote and enhance mutual trade and economic cooperation among the Contracting States, through exchanging concessions in accordance with this Agreement.

1. The Objectives of this Agreement are to promote and enhance mutual trade and economic cooperation among Contracting States by, inter-alia:

- a) eliminating barriers to trade in, and facilitating the cross-border movement of goods between the territories of the Contracting States;
- b) promoting conditions of fair competition in the free trade area, and ensuring equitable benefits to all Contracting States, taking into account their respective levels and pattern of economic development;
- c) creating effective mechanism for the implementation and application of this Agreement, for its joint administration and for the resolution of disputes; and
- d) establishing a framework for further regional cooperation to expand and enhance the mutual benefits of this Agreement.

2. SAFTA shall be governed in accordance with the following principles:

- a) SAFTA will be governed by the provisions of this Agreement and also by the rules, regulations, decisions, understandings and protocols to be agreed upon within its framework by the Contracting States;
- b) The Contracting States affirm their existing rights and obligations with respect to each other under Marrakesh Agreement Establishing the World Trade Organization and other Treaties/Agreements to which such Contracting States are signatories;
- c) SAFTA shall be based and applied on the principles of overall reciprocity and mutuality of advantages in such a way as to benefit equitably all Contracting States, taking into account their respective levels of economic and industrial development, the pattern of their external trade and tariff policies and systems;
- d) SAFTA shall involve the free movement of goods, between countries through, inter alia, the elimination of tariffs, para tariffs and non-tariff restrictions on the movement of goods, and any other equivalent measures;
- e) SAFTA shall entail adoption of trade facilitation and other measures, and the progressive harmonization of legislations by the Contracting States in the relevant areas; and
- f) The special needs of the Least Developed Contracting States shall be clearly recognized by adopting concrete preferential measures in their favour on a non-reciprocal basis.

The SAFTA Agreement will be implemented through the following instruments:-

1. Trade Liberalisation Programme
2. Rules of Origin
3. Institutional Arrangements
4. Consultations and Dispute Settlement Procedures
5. Safeguard Measures
6. Any other instrument that may be agreed upon.

Each Contracting State shall accord national treatment to the products of other Contracting States in accordance with the provisions of Article III of GATT 1994.

SAFTA may, inter-alia, consist of arrangements relating to:

- a) tariffs;
- b) para-tariffs;
- c) non-tariff measures;
- d) direct trade measures.

### *Trade Liberalisation Programme*

## **Article – 8**

### *Additional Measures*

1. Contracting States agree to the following schedule of tariff reductions:

a) The tariff reduction by the Non-Least Developed Contracting States from existing tariff rates to 20% shall be done within a time frame of 2 years, from the date of coming into force of the Agreement. Contracting States are encouraged to adopt reductions in equal annual installments. If actual tariff rates after the coming into force of the Agreement are below 20%, there shall be an annual reduction on a Margin of Preference basis of 10% on actual tariff rates for each of the two years.

b) The tariff reduction by the Least Developed Contracting States from existing tariff rates will be to 30% within the time frame of 2 years from the date of coming into force of the Agreement. If actual tariff rates on the date of coming into force of the Agreement are below 30%, there will be an annual reduction on a Margin of Preference basis of 5 % on actual tariff rates for each of the two years.

c) The subsequent tariff reduction by Non-Least Developed Contracting States from 20% or below to 0-5% shall be done within a second time frame of 5 years, beginning from the third year from the date of coming into force of the Agreement. However, the period of subsequent tariff reduction by Sri Lanka shall be six years. Contracting States are encouraged to adopt reductions in equal annual installments, but not less than 15% annually.

d) The subsequent tariff reduction by the Least Developed Contracting States from 30% or below to 0-5% shall be done within a second time frame of 8 years beginning from the third year from the date of coming into force of the Agreement. The Least Developed Contracting States are encouraged to adopt reductions in equal annual installments, not less than 10% annually.

2. The above schedules of tariff reductions will not prevent Contracting States from immediately reducing their tariffs to 0-5% or from following an accelerated schedule of tariff reduction.

3. a) Contracting States may not apply the Trade Liberalisation Programme as in paragraph 1 above, to the tariff lines included in the Sensitive Lists which shall be negotiated by the Contracting States (for LDCs and Non -LDCs) and incorporated in this Agreement as an integral part. The number of products in the Sensitive Lists shall be subject to maximum ceiling to be mutually agreed among the Contracting States with flexibility to Least Developed Contracting States to seek derogation in respect of the products of their export interest; and

b) The Sensitive List shall be reviewed after every four years or earlier as may be decided by SAFTA Ministerial Council (SMC), established under Article 10, with a view to reducing the number of items in the Sensitive List.

4. The Contracting States shall notify the SAARC Secretariat all non-tariff and para-tariff measures to their trade on an annual basis. The notified measures shall be reviewed by the

Committee of Experts, established under Article 10, in its regular meetings to examine their compatibility with relevant WTO provisions. The Committee of Experts shall recommend the elimination or implementation of the measure in the least trade restrictive manner in order to facilitate intraSAARC trade<sup>1</sup>.

5. Contracting Parties shall eliminate all quantitative restrictions, except otherwise permitted under GATT 1994, in respect of products included in the Trade Liberalisation Programme.

6. Notwithstanding the provisions contained in paragraph 1 of this Article, the Non-Least Developed Contracting States shall reduce their tariff to 0-5% for the products of Least Developed Contracting States within a timeframe of three years beginning from the date of coming into force of the Agreement.

#### **Article - 9**

##### ***Extension of Negotiated Concessions***

#### **Article - 10**

##### ***Institutional Arrangements***

Contracting States agree to consider, in addition to the measures set out in Article 7, the adoption of trade facilitation and other measures to support and complement SAFTA for mutual benefit.

These may include, among others: -

- a) harmonization of standards, reciprocal recognition of tests and accreditation of testing laboratories of Contracting States and certification of products;
- b) simplification and harmonization of customs clearance procedure;
- c) harmonization of national customs classification based on HS coding system;
- d) Customs cooperation to resolve dispute at customs entry points;
- e) simplification and harmonization of import licensing and registration procedures;
- f) simplification of banking procedures for import financing;
- g) transit facilities for efficient intra-SAARC trade, especially for the land-locked Contracting States;
- h) removal of barriers to intra-SAARC investments;
- i) macroeconomic consultations;
- j) rules for fair competition and the promotion of venture capital;
- k) development of communication systems and transport infrastructure;
- l) making exceptions to their foreign exchange restrictions, if any, relating to payments for products under the SAFTA scheme, as well as repatriation of such payments without prejudice to their rights under Article XVIII of the General Agreement on Tariffs and Trade

(GATT) and the relevant provisions of Articles of Treaty of the International Monetary Fund (IMF); and  
m) Simplification of procedures for business visas.

Concessions agreed to, other than those made exclusively to the Least Developed Contracting States, shall be extended unconditionally to all Contracting States.

1. The Contracting States hereby establish the SAFTA Ministerial Council (hereinafter referred to as SMC).
2. The SMC shall be the highest decision -making body of SAFTA and shall be responsible for the administration and implementation of this Agreement and all decisions and arrangements made within its legal framework.
3. The SMC shall consist of the Ministers of Commerce/Trade of the Contracting States.
4. The SMC shall meet at least once every year or more often as and when considered necessary by the Contracting States. Each Contracting State shall chair the SMC for a period of one year on rotational basis in alphabetical order.
5. The SMC shall be supported by a Committee of Experts (hereinafter referred to as COE), with one nominee from each Contracting State at the level of a Senior Economic Official, with expertise in trade matters.
6. The COE shall monitor, review and facilitate implementation of the provisions of this Agreement and undertake any task assigned to it by the SMC. The COE shall submit its report to SMC every six months.
7. The COE will also act as Dispute Settlement Body under this Agreement.
8. The COE shall meet at least once every six months or more often as and when considered necessary by the Contracting States. Each Contracting State shall chair the COE for a period of one year on rotational basis in alphabetical order.

