



## SUPPLEMENTARY MATERIAL (REFERENCE MATERIAL)

### G. S. PAPER I

## Effect of Policies and Politics of Developed and Developing Countries on India's Interests

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## Part 1. Developed Countries' policy and their impact on India's interests

**Q1. Identify some of India's strategic interest with major developed countries.**

### **Answers**

India's strategic interests with developed countries can be identified as follows:

#### **1.1 Technology**

##### **1.1.1 USA:**

The United States and India signed a bilateral **Agreement on Science and Technology Cooperation** in 2005. USA is amongst major defence suppliers of India. However, India's requirement is not only supply of high-tech goods for defence or other purposes, it is the technology related to such goods so that India may produce such goods in-house to avoid high costs. From, USA's perspective, it would be detrimental in long term if it offers technology. USA would never want to lose its core competitiveness and technological superiority in high tech goods. Therefore, there is no chance that it would re-examine domestic residual laws to allow dual-use technology and high technology trade with India.

##### **1.1.2 Japan**

India is giving special attention to the promotion of Electronics system Design and Manufacturing sector in India. The demand of electronics hardware in India is projected to grow to USD 400 Billion by 2020. At the current rate of growth, the domestic production can cater to a demand of USD 104 Billion by 2020 and the remaining would have to be met by imports. The value addition in the domestically produced electronics goods is also very low varying from 5 to 15 percent. Consumer Electronics is anticipated to grow at a rate of 17% during 2012-2015 to reach over US\$ 15 Billion by the end of 2015. The Electronics System Design and Manufacturing (ESDM) is expected to attract investments of nearly USD 100 Billion and create direct and indirect employment for nearly 28 million people over the next decade. India offers 400,000 engineering graduates per annum and equally large skilled blue collar job force at one of the lowest wage rates in the world. India is already becoming a favoured destination for chip design, embedded software and board design which are important part of any electronic product. Government permits 100 percent FDI through the automatic route for most ESDM products. National Policy on Electronics (NPE) 2012 envisions making India a globally competitive destination in the sector and attracting investment of USD 100 billion by 2020 and several incentives have also been approved to attract investment in the sector. Joint Working Group between Ministry of Economy Trade and Industry) Japan and Department of Electronics and Information Technology, Govt of India) is established be to facilitate the collaboration, coordination and linking activities in the ITC; R&D initiatives to identify and solve societal problems. India produced 20.4 million automobiles in 2012. 20%-40% values of these vehicles are electronics. Companies like Suzuki, Honda and Mitsubishi are doing manufacturing and assembly of vehicles in India. Automotive Electronics can leverage on India's Software Design and automobile manufacturing ecosystems.

#### **1.2 Military Cooperation**

##### **1.2.1 USA:**

China's emerging global clout is a threat to USA's leadership and her policy of containment of India is a threat to India's sovereignty and integrity. Both India and USA have joined the hands to tackle China in downsizing China's ambitions for being a global power. USA is augmenting India's naval power and reaches in the Indian Ocean. USA is now India's key military supplier for various defense acquisitions, long-range maritime surveillance, maritime interdiction and patrolling, air interdiction, amphibious assault ship, P8I, Poseidon maritime patrol aircraft; and C-130J and C-17 transport aircrafts etc.

Commissioning of USS Trenton (INS Jalasha, the second biggest vessel in the Indian fleet) in 2007 is an example of USA's helping hand to India in gaining a counter weight against China. Further, India got Boeing P-8 AWAC planes with long-range tracking Capabilities in 2009. India and USA are regularly engaged in bi-lateral military exercises such as The Malabar took place between the Indian and US Navies in the Western Pacific in 2007, Malabar- 2 in later 2007 in which Japan, Australia, and Singapore along with US and India Navies in the Bay of Bengal. USA's is India's major defence supplier. However, India did not shortlist USA for medium multi-role combat aircraft (MMRCA) fighter deal in 2011 which came as a shock to USA.

### 1.2.2 Russia

Russia is India's trusted defence partner with 70 % of the latter's defence share. By 2020, the trade in defence and related products is going to be around USD 700 billion. Russia's major defence supplies to India include aircrafts (MIG 29, MIG 29 SMT, SU 30K, SU MK1), helicopters (Mi-17, Mi-18, etc.) and air-defence systems (AK 630 30mm, etc.), artillery and armoured vehicles (256M Tunguska), engines, sensors and a variety of missiles etc. Both the countries have signed technology transfer agreements for defence production. A striking point in Indo-Russian defence partnership is that there is a transition from buyer-seller relationship to joint design, development and production. India got the license for production of 140 fighters by Hindustan Aeronautics Limited in 2000. Su-30 MKI fighter plane and the T-90 tanks are also produced by India in-house under licensed agreements. Both countries agreed for a **new military technical co-operation** for the period 2011–20 in 2009. Submarine such as Talwar (stealth class), Kilo, Sindhughosh, Akula-2 (nuclear submarines) and an aircraft carrier **Gorshkov** are noticeable defence supplies to Indian navy. **Brahmos** is a joint venture for missile production in India. For army T72M1 tanks, radars, anti-ship and anti-tank missiles are major Russian supplements.

### 1.2.3 France

France and India have extensive strategic co-operation in defence and military services. India is regular buyer of military equipments from France e.g. Mirage 2000 fighter aircrafts, Scorpene submarines. France and India have signed a transfer of technology contract for joint defence projects such as Scorpene submarines (P75), surface-to-air missile Maitri. France is also a major support in India's nuclear energy programs. Indo-French Air Force Exercise **Garuda IV** was held at Istres air base in France from in 2010. The first India- France joint army exercise named **Shakti** was conducted in India at Chaubattia from in 2011. Indo - French Naval Exercise, **Varuna** was held in the Mediterranean Sea off the port of Toulon from in 2012.

France has emerged as the top player in India's defence deals which reflects India's unique confidence in France as a strategic partner. In 2013, India awarded the French company Rafale a contract of whopping the US\$11 billion MMRCA (Medium Multi-Role Combat Aircraft) for the purchase of 126 fighter jets sidelining other major contenders from US, UK etc.

## 1.3 Energy Security

### 1.3.1 Oil and Gas: Russia

Russia's vast oil and natural gas reserves offer an opportunity to India's energy security. India's Oil and Natural Gas Corporation (ONGC) is actively engaged in oil exploration in Russia's Sakhalin-1 project since 2001. ONGC also acquired seven blocks in the Tomsk region of western Siberia in 2009. Russia has offered a stake in the Madagan 2 oil-field. GAIL, Indian Oil, Coal India are other public sector enterprises with investments in Russian market. GAIL and Russian company Gazprom have collaborated in joint development for oil and gas exploration activities in Bay of Bengal. GAIL has also got deal of 2.5 million annual tonnes-of LNG supply over 20 years from Gazprom.

### 1.3.2 Nuclear Energy: USA & France

#### i. USA

Nuclear non-proliferation remains one of Obama's priorities for maintaining long term peace in the world. The former USA President G.W. Bush had given a major thrust to India's nuclear ambitions by signing a bi-lateral agreement in nuclear energy cooperation. Proliferation of nuclear technology is against Obama's ideology and without forcing India to sign NPT; any further concession to India can't be expected. Therefore, India expects that considering the situation of India vis-a-vis Pakistan and China, India and USA would progress for further cooperation in nuclear energy.

#### ii. France

Another strategic area which is of immense priority for India's energy security is **civilian nuclear energy**. France has shown an out of the league exceptionalism in support of India's nuclear energy programs. France endorsed India's candidature for the four multilateral export controls regimes: the **Nuclear Suppliers Group (NSG)** which controls nuclear goods, the **Missile Technology Control Regime** which controls missile and space related goods, the **Australia Group** which controls chemical as well as biological agents, and the **Wassenaar Arrangement** which controls conventional weapons and other dual use goods. France is the largest suppliers of nuclear technology and fuel to India. A "Framework Agreement for Civil Nuclear Co-operation" was signed in January 2008. Subsequently, French nuclear group Areva joint venture with India's Nuclear Power Corporation of India Ltd (NPCIL) and early 2009 for nuclear power plant in Jaitapur, Maharashtra. After the waiver from Nuclear Supplier Group (NSG), the bi-lateral cooperation for nuclear technology has got a new shift. France commitment towards India's nuclear programs is unparalleled for which France challenged the authority of **Zangger Committee** and pressure of NPT signatories. Synergy with France can be a big push towards Indian-EU Trade and Investment Agreement for which France has offered it support for negotiation. India's emerging market is a big motivation to India but this in turn has also led a value addition in Indian economy.

#### iii. Germany

Although Germany had condemned India's nuclear tests; at the same time, Germany recognizes the importance of an effective national export control systems conforming to the highest international standards of trade in nuclear energy and related areas. India and Germany want the bilateral dialogue on export controls and international export control regimes to continue. Germany attaches high importance to the early entry into force of the Comprehensive Nuclear-Test-Ban Treaty. In this context, India reiterated its commitment for its unilateral and voluntary moratorium on nuclear explosive testing. Both sides express their full support for a multilateral, non-discriminatory and internationally and effectively verifiable treaty banning the production of fissile material for nuclear weapons or other nuclear explosive devices and call for the commencement of negotiations in the Conference on Disarmament.

Germany has carefully monitored ongoing intensified dialogues between India and the various export control regimes (NSG, MTCR, AG and WA). After India's satisfactory track record of non-proliferation and peaceful use of nuclear technology, Germany agreed to continue working together to prepare the ground for India to accede to the export control regimes as a full member and thereby strengthen the international non-proliferation regime.

Both sides committed to work together for a world without nuclear weapons, for universal and non-discriminatory global nuclear disarmament and a reduced salience of nuclear weapons in international affairs and security doctrines; and agree to cooperate in strengthening global non-proliferation efforts. They noted the contribution of initiatives such as the **Hague Code of Conduct** against Missile Proliferation and the Proliferation Security Initiative during the last decades and the potential for advancing them in the future and support the IAEA's Safeguards System including the Additional Protocol as the international verification norm. They participated in the discussions on a Draft International Code of Conduct on Outer Space with a view to its adoption as an agreed document of universal adherence.



### 1.3.3 Renewable energy: Japan & Germany

#### i. Japan

Jawaharlal Nehru national Solar Mission with target of 20 GW of Solar Power by 2022 and requirement to manufacture locally will provide a huge market for the domestic manufacturing segment. Japan is supporting India's Model Solar Project in Neemrana, Rajasthan, and the gas-fired independent power producer (IPP) project in Maharashtra. With plans to develop 63 GW by 2032, India has ambitious plans to develop Nuclear energy. 7 nuclear reactors are currently under construction. Japanese assistance is much required for technical support in local manufacturing of nuclear reactors and equipments.

#### ii. Germany

India has planned to roll out a Rs 43,000-crore '**green energy corridor**' project to facilitate the flow of renewable energy into the national grid. The blueprint for the project has been submitted to the Power Ministry by Power Grid Corporation of India Ltd (PGCIL). For implementation, the project would be split into intra- and inter-State. The 'green energy corridor' aims at synchronising electricity produced from renewable sources, such as solar and wind, with conventional power stations in the grid. The Green Energy Corridors would enable evacuation of over 30,000 MW of renewable energy generated from wind and solar power during the 12th Five Year Plan in India into the national grid. Germany has committed to provide developmental and technical assistance of Euro 1 billion. Germany has smart grids technology that integrates renewable energy into the national grid. India aims at strengthening the distribution network across the country making it 'smart' to handle fluctuations. In renewable energy, India has a lot to learn from Germany; Germany has set ambitious targets of producing 50% of its energy requirements from renewable sources by 2030 and 80% by 2050. The progress made in developing renewable energy through onshore and offshore wind, solar and bio-mass in the last decade has been impressive and Germany is well on its way to meeting its targets. Germany has developed 'smart grids' to integrate its growing share of renewable energy into the national grid and also significantly reduced carbon dioxide emissions by developing advanced gas turbines and trigeneration plants (for heating as well as cooling).

### 1.3.4 Thermal Energy: Germany

India and Germany commend the energy policy dialogue under way in the Indo-German Energy Forum (IGEF), which is coordinated by the Indian Ministry of Power and the Federal Ministry of Economics and Technology. IGEF Support Office is established in New Delhi. An "Excellence Enhancement Centre" is established for bilateral cooperation in sharing of best practices in the area of enhancing efficiency of thermal power plants under the aegis of IGEF. There are plans for private sector to participate to an even greater degree in the 6th Indo-German Energy Forum scheduled for the first quarter of 2014 in New Delhi. The ongoing policy dialogue between the relevant ministries will likewise be continued and expanded. This concerns in particular cooperation projects in the field of enhancing efficiency of thermal power plants, renewable energy and energy efficiency.

## 1.4 Security

### 1.4.1 Germany

Germany has expanded its co-operation with India in fighting terrorism and conducting joint military exercises. Defence co-operation agreement between the two nations signed in 2006. Both sides expressed their keenness to enhance cooperation in the defence sector through dialogue and exchanges on matters of mutual interest, including in the area of defence technology collaboration. Indian navy and the German navy conducted joint exercises for the first time in 2008. Both sides agreed to intensify further their exchange of views and experience on combating terrorism as well as their practical cooperation in this connection, also in the Indo-German Working Group on Counter-Terrorism as well as multilateral forums. The two countries are in favour of holding regular consultations on issues relating to international cyber policy. In the light of new security challenges both sides are keen to intensify their security policy dialogue and exchange of views. Both countries stress the importance of national and international efforts to reduce risks of nuclear and radiological terrorism. They

reaffirm their shared commitment to promoting the full and effective implementation of the Chemical Weapons and Biological and Toxic Weapons Conventions and coordinated efforts to promote their universalization.

#### 1.4.2 Japan

India and Japan reiterated the commitment of to the freedom of navigation and unimpeded commerce based on the principles of international law, including the 1982 United Nations Convention on the Law of the Sea (UNCLOS). They noted ongoing bilateral exchanges on maritime security including counter-piracy activities, participation in bilateral and multilateral exercises as well as sharing of information. Joint exercises between the Coast Guards of India and Japan were held off Chennai in early 2012 and in Tokyo Bay in later 2012 to further promote bilateral and multilateral cooperation on maritime issues. India and Japan concluded a security pact in 2008. Under the pact, India and Japan also have close military ties for shared interests in maintaining the security of sea-lanes in the Asia-Pacific and Indian Ocean; co-operation for fighting international crime, terrorism, piracy and proliferation of weapons of mass destruction. The two nations have frequently conducted joint military exercises.

#### 1.4.3 USA

Cyber wars and cyber crimes have become non-conventional challenges for India's security. Even though the India-USA jointly created a **Cyber Security Forum** in 2002 for cooperation in cyber and space security; recently, there have been incidents of U.S. spy agencies' snooping into India's cyber space. The accounts and online data of Indian citizens are spied by the USA's intelligence agencies. USA has technological proficiency in cyber warfare through cyber commands to launch onslaughts on targets. Such technologies are repeatedly used by USA in drone attacks against Taliban in Af-Pak region. However, India's concern is related to "**privacy**" and "**secrecy**" of information and data. Snooping by US National Security Agency (NSA) through data-vacuuming program called **Prism** endangers both these two.

#### 1.4.4 France

**Strategic Dialogue** takes place at the level of National Security Advisors to review the overall global security situation and emerging challenges. **High Level Committee for Defence:** At the level of Defence Secretaries that deals with issues related to defence cooperation.

### 1.5 U.K.

Strategic Approach towards "Special Relations":

UK-India economic relations are geared up to make the most of the opportunities of India's emerging economic growth. UK is on the way to establish a '*relationship as special with India as the one enjoyed with the United States*'. The UK existing cultural, economic and personal links with India offers a sound platform for further strengthening these connections. Unlike, other trade partners of India, UK's share in India's trade is insignificant. Taking a determined approach, UK government is putting efforts to energize UK-India economic relations by reforming existing support structures and enhancing aid development. The Indo-British Partnership Network was transformed as UK-India Business Council with a larger budget. UK Trade & Investment (UKTI), a Government agency and UK-India Joint Economic and Trade Committee (JETCO) are supported by the govt. to encourage both inward and outward investment. Although export and import share of UK in India's trade is minimal but other flows such as capital, knowledge, people and services are relative comparative advantages in bi-lateral economic interface. Besides human capital, R&D, ITC are other convincing areas for valued addition. For this UK needs to offer India incentives in terms of labour migration, trade in services, skill provision and higher education and foreign direct investment. **Indian Diaspora** can help in promoting stronger regional links and trade facilitation especially for SMEs, media, entertainment industries, legal and retail sectors.

It is surprising the EU is India's one of largest trade partners while UK is not despite being the most powerful economy in the Europe. Therefore, EU can offer UK an opportunity of rehashing trade and investment.

EU and India are working on broad based trade and investment agreement for free trade. UK as a member of EU must engage in negotiation the agreement which would be a win-win situation for all. UK's role is also vital in significantly advancing trade in service liberalisation and modality-4 (people mobilization) by convincing other member states to agree on EU-India FTA.

## **Q2. How are strategic maneuvers of major developed powers in Asia affecting India's geo-political balance?**

### **Answer**

Major developed power active in geo-political landscape of Asia is US which affect India's geo-political balance. Russia is also a major developed partner which influences India's geo-political interests in Eurasia. Geo-political cooperation between India and Japan within multilateral frameworks in Asia, in particular the East Asia Summit, ASEAN Regional Forum and ReCAAP process is crucial apart from two plus two dialogue. Germany and India's geo-political interests in Asia are crucial in Afghanistan and North Korea.

#### **i. USA's foreign policy towards Asia and the Pacific:**

USA's rebalancing strategy in the Asia and the Pacific have following parameters:

- 1) strengthen the alliances;
- 2) Deepening partnerships with emerging powers across the world
- 3) Build a stable, productive, and constructive relationship with China
- 4) Empower regional institutions
- 5) Help to build a regional economic architecture

When it comes to Asia and the Pacific, the US has remained very close to Japan, South Korea, Thailand, Philippines and Australia which are its strategic partners. USA is also renovating ties emerging powers in the region like India and Indonesia. As discussed, US and India's interests converge in the Asia-Pacific for multiple reasons. USA has considered India and Indonesia as trusted global partners. As USA and China mutually depend upon each other, so, USA's approach towards China is of both cooperation and competition. The US dependence on China's is such that US would never offend China even in worse case.

Another trump card in USA's foreign policy towards Asia is Trans-Pacific Partnership (TPP) which provides opportunity to the US leverage economically with the Pacific as well as the Atlantic zones.

India and USA's interest in following areas are not converging:

#### **i. Pakistan**

USA's supply of sophisticated arms to Pakistan is India's major cause of anxiety to her security. India shares a tragic past with Pakistan and there is no denying of the certainty that those arms be used against India. India-US relations have been strained over USA's Af-Pak approach to deal Taliban insurgency in Afghanistan and Pakistan. USA has not even invited India in major conferences such as London conference, Istanbul conference etc. on Afghanistan. USA's intervention in bilateral dispute on Kashmir between India and Pakistan is also against India's interest.

#### **ii. Logistics Support Agreement (LSA)**

USA wants India to be a major ally in different critical geo-political issues. Logistics Support Agreement (LSA), CISMOA and the BECA etc. are some of the strategies that suits to USA's stewardship of power in major geo-political issues. USA insists India to sign agreements such as Communications and Information Security Memorandum of Agreement (CISMOA) and Basic Exchange Cooperation Agreement (BECA) for long term defence technology transfer partnership. Trade in high-tech goods is a long standing issue waiting for negotiation. India wants a change in some of the provisions of the agreements to avoid any obligation or political commitment which can endanger India's independence and autonomy on defence cooperation with other partners such as Russia, France or Israel. Similarly LSA is another element in USA's foreign policy through which



USA seeks support from its allies in launching war. India is not willing to sign such agreements as it may project India as a kingpin in USA's geo-political design.

### **iii. Geo-political balance against China's hegemony**

Chinese hegemony in the Asia and the Pacific is an increasing concern for both India and China. China's increasing intervention through strings of pearls strategy and naval ventures with island states in the Indian Ocean expose India's security to threat. Piracy, proliferation of weapons of mass destruction, threat to sea lanes of communications (SLOCs) are major threats. China has warned India to stop the commercial projects in South China Sea. Support of Pakistan, Nepal, Bangladesh and Sri Lanka etc towards China is another dilemma. Most of the countries are traditionally more close to China which in impediment to trade and economic relationship with ASEAN. For USA's part, its increasing interference in Taiwan's internal affairs and supply of military support is unacceptable to China as China asserts its sovereign claim over Taiwan.

However, Australia, Japan, South Korea, Vietnam, Thailand, Philippines are considered strategic partners by both India and USA. Growing economic potential and power imbalance in Asia offer opportunities and threat these two countries. India and USA are series of Indo-US strategic dialogue to provided new impetus to the relationship, particularly in outlining the future projection towards Asia-Pacific region. Western Pacific up to East Asia into the Indian Ocean region and South Asia is considered an **"arc of crisis"** by USA defence strategists.

USA has significant naval presence in this arc.

India is gradually transforming The Andaman and Nicobar islands into a strong 'iron choke' to counter the Chinese 'string of pearls' through effective anti-access and area denial strategy along her land borders in the Indian Ocean. Further, commonality of USA and India's interest and USA's support is a moral boost to India.

### **iv. Russia and India's geo-political engagement in Eurasia:**

Russia offers India an avenue for establishing her image in Central Asia and Eurasia. Most of the CIS states were formerly a part of USSR. Russia has ideological command (e.g. communism, common culture) over these states which augers well to India's Connect Central Asia policy. CIS is also marked by US-Russian competition since Budapest Summit in 1994. Both the countries are competing for establishing military bases in the region. Thus, it would not be an easy decision for India to collaborate with Russia. Apart from military engagement such as CSTO (Collective Security Treaty Organization) which is a Russian version of NATO, India must be pro-active is cooperating with Russia. The energy resources in Eurasia, particularly in the Caspian Sea basin is other factor for which India requires Russian support as India is already engaged with Russia on energy related projects. Russia has already well established container terminal at Ol'ia and Makhachkala on the Caspian Sea. **INSTC** may further enhance India's reach in the region with Russian expertise on the area.

**The Moscow Declaration on the Protection of Interests of Pluralist States** signed between India and Russia in 1994 offers a suitable platform for India to re-align bi-lateral relations with Russia vis a vis the CIS.

### **v. Two-plus two dialogue between India and Japan**

As part of the Action Plan to advance India-Japan Security Cooperation issued during the visit of Prime Minister of Japan to India in December 2009, India and Japan established a mechanism of Annual Subcabinet/Senior Officials two-plus two dialogue with Ministry of External Affairs and Ministry of Defence on the Indian side and Ministry of Foreign Affairs and Ministry of Defence on the Japanese side. Japan-US two-plus-two dialogue and Japan-Australia two-plus-two dialogue are both at Ministerial level. The Action Plan came into operation in 2009. The Action Plan, which identifies specific measures to advance security cooperation, promotes dialogue on peace and security and consolidates the India-Japan Global and Strategic Partnership.

### **vi. Germany and India's geo-political interests in Asia**

Germany and India agreed to contribute to a stable and peaceful future for Afghanistan. Both sides emphasize the importance of the regional Heart of Asia process, in which India coordinates confidence-building activities in the area of investment and trade promotion. All these activities are supported by Germany. Both sides have



further agreed to hold bilateral consultations on political issues, and social and economic development including cooperation in the sphere of trade and investment and capacity-building in various sectors.

Both the countries condemn the North Korean nuclear tests as a violation of DPRK's international commitments and call upon the DPRK to respect its international obligations as set out in several United Nations Security Council resolutions in this connection and to take urgent steps to deescalate the situation.

### **Q3. How are India's interests in multilateral organizations, like the UN, being affected by the policies/politics of major developed countries?**

#### **Answer**

Russia, UK, Germany and Japan are major developed countries which affect India's interests at multilateral levels:

#### **i. Russia**

Due to India's diversification in interests with major powers of the world, India has come across at situations of losing the confidence of close allies. India's relations with Russia have faced such crossroads many times. As discussed above, India and Russia's strategic partnership is now special and privileged. China is an imposing threat to both the two countries. China's attitude toward India is acrimonious. Russia's closeness with China may further enhance India's apprehensions. India is contending for permanent membership on the UN Security Council, the Nuclear Suppliers Group (NSG) and the Shanghai Cooperation Organization (SCO). At all such platforms, Russia is a remedy. Multilateral groups such as **BRICS** (Brazil-Russia-India-China-South Africa), and **RIC** (Russia-India-China) offers India a unique opportunity to make the most of Indo-Russian friendship to hedge against China and pressing it towards the memberships in the mentioned organizations. . Afghanistan, Iran and Syria are other conflicting interests between India and Russia. In these cases, India's foreign policy needs to be prudent considering Russia.

#### **ii. U.K.**

Besides, interaction between India and the UK most often takes place at multilateral organizations such as Commonwealth of Nations, G8, and UN etc. Britain also supports India's candidature for permanent membership of the United Nations Security Council.

In addition to that UK has also supported increase in **India's IMF quotas**. This would help India to significantly increase the share and representation of dynamic emerging world markets. India and UK are fully committed to ensure the conclusion of an ambitious and balanced broad-based **EU-India Free Trade Agreement** by the end of the year and remain committed to achieving a development-focused outcome on the **Doha round**.

The Ministry of Housing and Urban Poverty Alleviation of India in partnership with the Department for International Development (DFID), UK, the World Bank, Asian Development Bank, the United Nations Development Programme, the Human Settlement Management Institute and the Support to National Policies for Urban Poverty Reduction project, held an International Conference on Inclusive Urban Planning in 2013. The objectives of the Conference included:

- Critical evaluation and introspection of the urban planning processes and outcomes;
- Cross-learning from select international experiences on the ways in which inclusion can be incorporated into urban planning;
- Exploring ways in which 'inclusion' can be firmly placed within the context of urban planning;

The conference adopted **Delhi Declaration** on inclusive Urban Planning.

G20, UK and India: UK and India are committed to multilateral co-operation through the G20 and International Financial Institutions e.g. IMF and Financial Security Board (FSB). Cooperation through G20 is more vital than

ever before. The UK and India are taking determined action to address fiscal imbalances and are working to strengthen the business environment. Both countries are committed to the implantation of credible, medium-term fiscal consolidation plans to meet commitments through the G20 Framework for strong, sustainable and balanced growth. Both the countries have agreed to work together in the G20, the IMF, the FSB and the other international financial institutions in the key areas of strengthening economic surveillance, capital flow management and financial sector reform, to increase the resilience of the global economic and financial system. India and UK also agreed to deepen our dialogue and technical cooperation to reduce distortions in commodity markets through the G20.

### iii. Germany

- Germany and India recalled their cooperation in the UN Security Council during 2011-12 and agreed to continue to collaborate in strengthening and reform of the United Nations and the multilateral system. They reaffirmed their commitment to continue their efforts through the G-4 to reform the United Nations Security Council by expansion of both categories of its membership, and underlined their support for each other's candidature for permanent membership of an expanded Security Council. As members of United Nations Human Rights Council, Germany and India seek to develop mutual understanding of positions and encourage initiatives so as to promote and protect human rights.
- Germany and India express satisfaction at the deepening comprehensive bilateral relations between India and EU and recognize that both India and EU, as long-standing strategic partners, are committed to working together to reinforce the relationship in all areas. India and Germany underline their strong commitment to a successful outcome to the EU India negotiations for a broad based, ambitious and balanced Free Trade Agreement that would generate jobs and growth in both countries and their hope for final agreement in 2013.
  - i. Germany and India seek to intensify consultations within the G20 and strengthen the G20's role as the premier forum for international economic and financial cooperation.
  - ii. Both sides commit to make strenuous efforts to achieve a consensus on trade facilitation by a balanced package of issues this year at the 9th WTO Ministerial Conference so as to ensure there is still a prospect of bringing the Doha Round to a conclusion.

### iv. Japan

India and Japan are contending for permanent seat in UN Security Council. They reemphasized their resolve to work towards early reform of the United Nations, including the expansion of the United Nations Security Council in both permanent and non-permanent categories. G-4 provides a platform in this context to reflect contemporary geopolitical realities. They confirmed that such reforms are necessary to make the Security Council more representative, effective, credible and responsive to the needs of its wider membership. Both the sides supported each other to take an active part in the inter-governmental negotiations in the United Nations General Assembly supporting the Chair to achieve meaningful progress and to strengthen their bilateral cooperation and consultation with other Member States. 1st India-Japan Consultation on UN Issues, including United Nations Security Council reform is held twice a year to further enhance cooperation between the two countries in the related matters.

*(Emerging issues in International Organizations such as WTO, EU etc. and India's interest are discussed in Part 4 in detail)*

## Part 2: Developing Countries' policy and their impact on India's interests.

### Q1. Examine the policy interests of key developing countries with India.

#### Answer

Following are the major interests of India with key developing countries:

#### 1.1 Promoting Cross Border Investment to Mutual Benefit:

Major developing countries recognize that cross-border direct investment is a major factor shaping the world's economy. Such inflows can make a major positive contribution to economic growth and sustainable development. India shares a common interest in promoting investment and to safeguard and further develop a sound global investment environment. To this end, India shall work together to promote more favourable conditions for investment, both domestic and foreign, with the aim of fostering economic growth and sustainable development. This may also include the encouragement of responsible business conduct.

#### 1.2. Promoting Research and Innovation:

Strategies to encourage and support research and innovation are key elements for future sustainable development of our economies. In this context, major developing partners underline the importance of integrating the promotion and protection of innovation in national policies and legislation. India encourages a positive exchange of views on international experiences related to the crucial role and economic value of intellectual property rights (IPR) protection and implementation of agreed international IPR protection standards. In this exchange India needs to consider the protection of IPRs in conjunction with common good of human kind for the purposes of protecting the environment and supporting public health. India recalls the **Doha Declaration** on the TRIPs Agreement and public health.

#### 1.3. Fighting Climate Change:

Developing world is facing a serious challenge in tackling climate change and achieving sustainable development globally. Both the developing partners and India reaffirm commitment to the United Nations Framework Convention on Climate Change (UNFCCC) and to its objective through both mitigation and adaptation in accordance with our common but differentiated responsibilities and respective capabilities. On this basis and taking into account the scientific knowledge as represented in the recent IPCC reports, India remains committed to contribute its share to tackle climate change in order to stabilize green house gas concentrations at a level that would prevent dangerous anthropogenic interference with the climate system.

#### 1.4 Energy

Major developing partners of India recognize the need for closer, more practical and result-oriented regional and international cooperation in the energy sector, especially in ensuring secure and affordable supplies of energy as well as in improving energy efficiency and the access to advanced and affordable energy technologies. India also confirms its commitment to promote energy efficiency, through cost-effective solutions, to advance the effective use of fossil fuels, such as the clean coal technology, and to increase the use of cleaner and renewable energy sources, such as biofuels and biomass, as an important step towards secure, stable and competitive energy supplies for achieving sustainable development.

#### 1.5. Development Initiatives:

Developing world reiterates its commitment to the Millennium Development Goals (MDGs), the eradication of poverty and sustainable global development. In view of its responsibility regarding the challenges of development India shall strengthen cooperation and coordination between to achieve these goals.



## 1.6 International Terrorism:

Key developing allies of India are in constant cooperation with the competent UN bodies, the G8 to play a key role in the global fight against terrorism. They support Counter Terrorism Action Group's at international level for enhanced outreach initiatives and its increased emphasis on regional and local technical assistance and capacity building. India emphasizes that special attention must also be paid to the victims of terrorist acts. India is further committed to advance developing initiatives that assist survivors and families of the victims, and India welcomes all efforts in this direction by other major international actors.

*(Similarly other different areas of major interests can be identified.)*

## **Q2. Discuss India's engagement at major multilateral platforms with key developing countries.**

### **Answer**

Major Multilateral platforms for engagement with developing countries are:

### **2.1 G-15**

Objectives of the G-15 are:

- To harness the considerable potential for greater and mutually beneficial cooperation among developing countries
- To conduct a regular review of the impact of the world situation and of the state of international economic relations on developing countries
- To serve as a forum for regular consultations among developing countries with a view to coordinate policies and actions
- To identify and implement new and concrete schemes for **South-South cooperation** and mobilize wider support for them
- To pursue a more positive and productive North-South dialogue and to find new ways of dealing with problems in a cooperative, constructive and mutually supportive manner.

### **2.2 G-24**

G24 plays the following roles

- G24 has an important role to play in fostering dialogue amongst developing countries and in supporting a more inclusive approach in global economic and financial cooperation including on the development agenda.
- The present global economic order presents an opportunity for the G24 to devise strategies to enhance its effectiveness in the global policy making process.
- The G24 is uniquely positioned as it is well represented by all major emerging market developing countries. G24 has a bigger role in international financial inclusion.

### **2.3 BASIC**

#### 2.3.1 Common stand on Climate Change:

BASIC leaders support for mutual cooperation on several key issues such as global goal and equity, Kyoto Protocol, international assessment and review including comparability and accountability of commitments of Annex-I parties, and international consultations and analysis of developing country actions. Commitment Period

under the Kyoto Protocol is critical to achieving the global goal of ambitious emissions reduction and global peaking of emissions.

### 2.3.2 Financial Support

The effective operationalization of the mechanisms for providing financial and technological support to developing countries is equally critical in enabling them to contribute to global efforts for addressing climate change. BASIC observes that issues like equity, intellectual property rights and trade, which are very important for developing countries, were not adequately addressed in the Cancun Agreements and should form part of the future work of the parties.

### 2.3.3 Technology Mechanism:

The BASIC Ministers noted the success of the creation of a Technology Mechanism at Cancun and felt that the Mechanism should go beyond providing technical assistance and capacity building to enable acceleration of the development and piloting the technologies that are appropriate for the developing countries. BASIC want actions should be taken to address the issue of Intellectual Property Rights (IPRs) and eligibility criteria in order to enhance and accelerate the development and transfer of mitigation and adaptation technologies. There was a direct link between the Technology Mechanism and the Financial Mechanism.

## **2.4 BRICS**

**The BRICS Forum**, an independent international organisation encouraging commercial, political and cultural cooperation between the BRICS nations was formed in 2011. In June 2012, the BRICS nations pledged \$75 billion to boost the lending power of the International Monetary Fund (IMF). After Yekaterinburg summit, the BRIC nations announced the need for a new global reserve currency, which would have to be 'diversified, stable and predictable'. In the latest one, 5th BRICS Summit **eThekweni Declaration** (the African name for Durban) and Action Plan were announced. A number of important steps have been taken such as agreement on Contingent Reserve Pooling arrangements, the announcement on the setting up of a BRICS Development Bank and the setting up of the BRICS Business Council and the BRICS Consortium of Think Tanks.

## **2.5 IBSA**

The objectives of IBSA are

- The IBSA Dialogue Forum aims to promote South-South cooperation and build consensus on issues of international importance such as climate change, Doha Round, reforms in the UN system etc.
- It also aims at increasing the trade opportunities among the three countries and facilitates the exchange of information, technologies and skills to complement each other strengths.
- To explore avenues to promote cooperation in broad range of areas, which include agriculture, climate change/global Warming, culture, defence, education, energy, health, information society, science and technology, social development, trade and investment, tourism and transport etc. are other key objectives.

*(Similarly other multilateral groups can be identified on different areas of interests.)*

## **Q3. Explain India's foreign policy interest in Central Asia.**

### **Answers**

India's foreign policy interests in Central Asia can be analyzed from the Connect Central Asia Policy. This policy is a variant of the foreign policy of India which seeks to engage the Central Asian economies (Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan and Uzbekistan). In June 2012, very first India-Central Asia Dialogue was

organized in Bishkek, the capital of Kyrgyzstan. The central Asia is important element in India's foreign policy because:

- Some of the Central Asian states, Kazakhstan for example, are **proven hydrocarbon reserves** which can pave the way for India's energy requirements.
- Central Asia can offer a space for India's SMEs and MSME's e.g. opportunity for investment in agriculture for India industries and **employment for Indian Diaspora**.
- **Membership** in Shanghai Cooperation Organization (SCO).
- **Market potential** for Indian products and services; tea, pharmaceuticals, food processing, information technology (IT), banking, health, tourism, consumer durables and automobiles industry.
- **Nuclear and Renewable Energy**: Central Asia is rich in nuclear and renewable energy resources. India is having an agreement with **Kazakhstan** on peaceful uses of **nuclear** energy

Other strategic interests are:

### 3.1 Trade

Potential Sectors for Trade between India and CIS countries are:

- Food Sector and Agribusiness: Food Processing, Agro Products, Machinery & Equipment, Packaging, Fertilizers, Irrigation, etc
- Pharmaceuticals & Healthcare: Medicines, Formulations, Medical devices, Hospitals, etc
- ICT: Telecom, Technology parks, e-governance, IT training, Business Processes, etc
- Textiles: Textile Machinery, Readymade garments, etc
- Energy: Power Generation & Transmission, Oil Refining & Petro-Chemicals, Oil & gas exploration

### 3.2 International Transit Agreement

International North South Transport Corridor Agreement (INSTCA) was signed between India, Iran and Russian Federation to facilitate movement of goods via Iran, Caspian Sea and Astrakhan to Russia and adjoining countries of the CIS region. The advantages of this Agreement (INSTCA) are that the agreement provides a shorter route for trade to Iran, Russian Federation and the CIS region. Once made fully operational, transit movement would be shorter and faster. The route is also likely to be cheaper & less time consuming by about 20% as compared to the present route; India's exports get a competitive advantage. Approval of the India's Ministry of Commerce & Industry to the accession of eight countries namely Kazakhstan, Belarus, Bulgaria, Armenia, Azerbaijan, Sultanate of Oman, Tajikistan and Syrian Arab Republic has already been conveyed to India's Ministry of Shipping which is nodal Ministry of Government of India for monitoring the development of the INSTC. The route of INSTC is already been depicted in fig.-8. Other competitive advantage of this agreement is that India's trade in energy and related products would also get a boost which is important for India's energy security.

### 3.3 Comprehensive Economic Cooperation Agreement (CECA) with select CIS countries:

Recently, CECA between India and the Customs Union of Belarus, Kazakhstan and the Russian Federation were discussed to deepen the economic ties with the key CIS members. Eurasian Economic Commission further conceptualized a Comprehensive Economic Cooperation Agreement (CECA) between India and the Customs Union of Belarus, Kazakhstan and the Russian Federation. BRICS Partnership offers a platform through Russia-India synergy for the Potential of global stewardship. The fourth India-Russia Business Dialogue was organized in the framework of St. Petersburg International Economic Forum (SPIEF) i.e. SPIEF 2013. The Business Dialogue was attended by many prominent Indian as well as Russian companies. Both sides expressed satisfaction in the progress of bilateral trade and economic relations. There is significant potential for cooperation in areas such as infrastructure development, aviation, power generation, energy, information technology, bio and nano technologies, fertilizer, pharmaceuticals and chemicals, etc.



**Q4. Identify strategic partners of India in the Gulf Countries Council (GCC) highlighting their mutual interests with India.**

## **Answers**

### **4.1 Saudi Arabia**

Saudi Arabia has a unique status and privilege in GCC. The country is the largest oil producer in the OPEC. It controls the supply and pricing of the oil of the world being a member of the organization. India's relations with the country have been marked by mutual trust and reliance in political, economic and cultural areas. Pakistan being a Muslim republic gains natural sympathy of Saudi Arab and therefore at times, the bi-lateral relations have some hiccups over treatment to Pakistan. Inasmuch, this has not a substantial influence on the relations. The year 2006 was a watermark in India's engagement with Saudi Arabia.

King Abdullah visited Delhi and **Delhi Declaration** was signed. Two key issues in the declaration were energy security and terrorism. "Terrorism" was the central agenda of the declaration. The declaration highlighted that terrorism is the scourge of mankind and the urgent need to intensify and coordinate bilateral, regional and global cooperation to eradicate and combat the menace of terror. Commitment was made to extend co-operation in multifarious manners viz. health, research and education, IT, agriculture, sports, pharmaceuticals etc. The visit was reciprocated by the visit of Indian P.M. Dr. Manmohan Singh in 2010. The visit led to the signing of **Riyadh Declaration**, again a watershed moment in the bi-lateral relations. India and Saudi Arabia are amongst top trading and investment partners of each other.

Support to Saudi students to pursue postgraduate and doctorate level studies in technical institutions in India, cooperation in human resources development and ITC are the means through which India has consolidated the ties. Commitments of Saudi Arabia towards India have been time tested. For instance, the Saudi govt. has signed "evergreen long term contracts" with India for uninterrupted supply of oil. These two countries are also have joint ventures between their govt. agencies and companies in various sectors viz. telecommunications, pharmaceuticals, health services, information technology, education, biotechnology, agriculture, construction projects, fertilizer, energy and financial services. Besides these, military partnership between the two shows that the countries are strategic partners of each other also. In the Delhi Declaration, high level military exchanges, joint training of troops in Indian facilities and joint exercises by the navy in the Red Sea and in the Persian Gulf were also agreed.

The returns expected from the budding ties are: observer status in Organization of Islamic Conference (OIC). OIC can offer India a platform to have a better understanding and support of Islamic countries at other multilateral forums like U.N., African Union etc. of which Islamic states forms a significant proportion. Support of Saudi Arabia and Iran can help India to overcome Pakistan hurdle in the membership of the OIC.

India's look west policy gives an emphasis on West Asia and the major allies in the region, Saudi Arabia, Iran, UAE etc. Continuously changing international scenario and mutuality in interests have brought India closer to the GCC which is reflected from India's share of trade and other strategic partnership with major countries of the region. With a few of the countries, bi-lateral commitments have been time testing and infallible. India's relations with the region are historical.

India's look west policy has faced need of a shift in perspective during last decade. For example US pressure and her support to war (with Iraq), US backed U.N. sanctions on Iran, and Euro-Dollar crisis etc. are some of the tests of the policy. Nevertheless, India has overcome all these hurdles to testify her commitments for the region.

### **4.2 United Arab Emirates (UAE)**

In West Asia, UAE is the largest trading partner of India. Both countries offer each other a potential of emerging markets, trade and investment for example in Sharjah Airport International Free (SAIF) zone alone over 49% of the companies are from India and in the Fujairah Free Trade Zone, over 61%. Agreement for Defence cooperation was also signed between the two in 2003, mainly for supply of defence equipments. There are

opportunities for increased investments from UAE in India in infrastructure sector such as power and utilities, roads and highways, ports, aviation, telecommunications and urban infrastructure. India is committed to strengthening and expanding cooperation with UAE in other sectors such as construction, downstream products in the petroleum and natural gas sector, agriculture and food processing, science & technology, renewable energy, IT, education, training, health and financial services. Indian companies are expanding their business in UAE in energy intensive manufacturing, infrastructure, services, tourism and hospitality, pharmaceuticals and healthcare, financial services, agro-based value chain and education.

### 4.3 Kuwait

With Kuwait, India's relations have been peaceful. The incidents of Iraq attack on Kuwait and demolition of Babri Masjid were the nadir of bi-lateral engagement. India's major contribution to Kuwait goes to science and technology, information technology and biotechnology sectors, health care, hospitality, pharmaceuticals, education, power sector in Kuwait. India and Kuwait are putting an endeavor to finalize Joint Venture Projects in oil & Gas Sector. India's petro-chemical projects at Dahej, Mangalore and Paradip offer possibilities for Kuwaiti companies to pick up stakes for mutually beneficial cooperation. Similarly Indian companies are keen to participate and invest in various projects in Kuwait's E&P, refinery or Petro-Chemical sectors. Kuwait is an important partner in India's quest for energy security, annually providing 10-11% of India's crude oil imports. Major items exported from are iron or steel, nuclear reactors, boilers, machinery and mechanical appliances; parts thereof, cereals, meat and edible meat offal, electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers and parts. Major items (other than Petroleum & its products) imported by India are mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes, organic chemicals, plastic and articles thereof, iron and steel, aluminium and articles thereof.

### 4.4 Oman

India and Oman are linked by geography, history and culture. India's relation with Oman goes back to Indus Valley Civilization and then after medieval times; the evidences of Indo-Oman bi-lateral trade can be traced. Indian expatriates comprise the largest share of the external community in the country. Oman is a strategic partner in the Gulf and an important interlocutor in the bilateral, GCC and OIC contexts. Oman also accords a high priority to its ties with India. Both countries enjoy warm and cordial relations, which can be ascribed to historical maritime trade linkages, intimacy of the royal family with India and the seminal role of the Indian expatriate community in the building of Oman, which is acknowledged by the Omani Government. Key areas of bilateral cooperation are agriculture, health care, infrastructure, tourism, chemicals & fertilizers, education, oil & gas, power and mining. Annual **Strategic Consultative Group Meetings** started at the Secretary -level in 2003 to provide a forum for open and frank exchange of views on bilateral, regional and international issues.

The 9<sup>th</sup> meeting of IOSCG was held in Muscat on December 2, 2012. Under the ITEC program, during the year 2011-12 India provided 85 slots for Omani nationals to avail of training facilities in diverse areas. The slots for the year 2012-13 have been raised to 125. Major items of Indian exports are textiles and garments, machinery and equipment, electrical and electronic items, chemicals, iron and steel products in addition to traditional items like tea, coffee, spices, rice and meat products and seafood. Major Omani export commodities are urea, LNG (through spot purchase), polypropylene, lubricating oil, dates and chromite ore. There is prominent Indian presence in various sectors like oil & gas, mining, manufacturing, IT & telecom, power & water, construction, real estate & consultancy, healthcare, warehousing & logistics, railway sector and steel etc. Omani Companies in India are present in diverse areas like oil & gas, manufacturing,

#### 4.5 Bahrain

India signed an Agreement with the Government of the Kingdom of Bahrain for the Exchange of Information with respect to taxes (TIEA) in 2012. The Agreement is based on international standards of transparency and exchange of information. It incorporates provisions for effective exchange of information including banking information between tax authorities of the two countries. It has been provided that the Exchange of Information would be on request and without regard to the domestic interest. The Agreement is aimed to enhance mutual co-operation between the two countries by having effective exchange of information in tax matters. Bahrain is looking at India in a 'big way' and Kerala as a gateway. The two nations share 'strong' business relations. Bahrain hosts more than 120 Indian firms and Indian nationals are the largest expatriate community in the kingdom. 30 per cent of the population in Bahrain is from India. Bahrain's low cost of doing business, skilled local workforce and access to GCC market mean it can provide an excellent location from which Indian industries can access the fast growing Gulf market, worth well over a trillion dollars. The Gulf, India and Far East are regions where the opportunities exist. Total trade between Bahrain and India was 1.5 billion in 2012 and the country expects a 3-4 per cent growth in 2013. Bahrain is the most diversified economy suits to India's exports to the country.

#### 4.6 Qatar

India's bilateral trade with Qatar increased from \$1.2 billion in 2005 to \$14 billion in 2012. Bilateral trade between the two countries has been steadily increasing, crossing \$ 13.7 billion in 2011-12. Indian exports to Qatar posted a very little increase during this period; there was a massive jump in exports from Qatar to India. There are immense scopes for India in the Qatars' market. This may also help to improve this trade imbalance. Major items of Indian exports to Qatar are machinery and equipment, transport equipment, textiles, food products, ores and minerals. Other items plywoods, books, computer stationery, paper products, granite, tissues can also be exported from India to Qatar. The potential for India's SMEs need to be explored for further trade promotion.

### Part 3: India's Immediate Neighbourhood

**Q1. Discuss India's disputes with key neighbouring states and implications.**

**Answers**

#### 1.1 India's disputes with Pakistan

##### (i) Terrorism

Terrorism remains a central issue in India's relationship with Pakistan. India has repeatedly discussed the issue of Pakistan sponsored terrorism with Pakistan's top officials. Pakistan has made Pakistan Occupied Kashmir (POK) a base camp to launch the terrorist activities against India. Pakistan has been a safe heaven for terrorist who are launching anti-India militant operations. Militant organizations such as Lashkar-e-Taiba (LeT), Jamaatud-Dawaa (JuD), Jaish-i-Mohammad and Al-Kayda etc. are having their centers in Pakistan. India has been asking Pakistan to declare these organizations militant originations and ban them.

##### (ii) Narcotics and Organized Crime

Narcotics and organized crime across border has increased continuously. India has been facing the issue of drug trafficking from Pakistan border areas for last three decades. Most of the illegal drugs from Pakistan percolate in Indian territory via Nepal and Bhutan; with these countries India have porous borders. In 2011, Director Generals of Narcotics Control Bureau of India and the Anti-Narcotics Force of Pakistan signed a Memorandum of Understanding on Drug Demand Reduction and Prevention of Illicit Trafficking in Narcotics Drugs, Psychotropic



Substances and Precursor Chemicals and related matters for enhancing mutual cooperation through effective and sustained steps to control the growing menace of drug trafficking.

### **(iii) Cross border insurgency**

Pakistan-based anti-India militant groups operating from Pakistan Occupied Kashmir (POK) have been major drive for the insurgency in Kashmir. These organizations are even supported by the Pakistani intelligence agency Inter Service Intelligence (ISI). India and Pakistan signed ceasefire agreement on **November 26, 2003**. Despite that, there has been an alarming increase in the number of incidents of ceasefire violations by the Pakistan across the LoC. Many a times, Pakistani troops are also involved in unprovoked fire on Indian territory.

### **(iv) Humanitarian issues**

India has been consistently emphasizing Pakistan the issue concerning Indian prisoners, including fishermen in Pakistani jails. The concerned authorities of both the countries have been working to implement the humanitarian understanding. As an effort of this, both countries have decided to release fishermen and other prisoners. Both the countries have also decided to take steps for humane treatment and expeditious release of prisoners of each country in the others' jail. Women, elderly, juvenile, and ill or those suffering from serious illness or physical and mental disability have been given the top priority on humanitarian ground.

### **(v) Separatism in Pakistan**

Pakistan has some accusations on India in inciting anti-Pakistan sentiments in her territory. Pakistan blames India to support Sind and Baluchistan resurgence for independence. Pakistan's stand on rising issue of separatism is that the links of Indian agencies with separatist forces in these areas exciting the **Baloch Nationalist Movement**. In NAM, 2009 summit at Sharm el-Sheikh, Pakistan PM included the Baloch agenda along with Kashmir problems in the sideline meeting with Indian P.M. This is a propaganda of Pakistan to assert the Kashmir issue; also the Baloch issue gives a counter weight to Pakistan in answering India's allegations that Pakistani intelligence agencies have been involved with anti-India agencies in North-East of India.

### **(vi) The Kashmir Factor in India-Pakistan relations:**

Hindu Maharaja Hari Singh of Kashmir signed the Instrument of Accession in the wake of Pakistan attack in 1947. Pakistan doesn't accept the instrument on the argument that it was forced by India and doesn't represent the natural will of the Muslim majority of the state. The Pakistan war on Kashmir continued till 1948 and finally India raised the issue in U.N. Security Council. The U.N. intervention resulted in the demarcation of U.N. cease fire line in 1949. U.N. also offered the plebiscite of the domestic populace as a methodology to gauge the inclination of domestic populace of Kashmir. The idea did not suit to Pakistan. Kashmir is a prominent issue in foreign policy of both India and Pakistan.

### **(vii) Nuclear Proliferation**

Both India and Pakistan are indulged in a nuclear race. In spite of some agreements to reduce the nuclear weapons and not to use the same against each other, both the countries have not stopped replenishment of nuclear arsenal. Till, now India and Pakistan have showed a convincing record of using nuclear energy for peaceful purposes; but nuclear tests have been carried by them in the past. India carried nuclear tests in 1974 and 1998. Pakistan carried out nuclear tests at Chaghai Hills in Baluchistan in 1998. These nuclear tests were a befitting reply to India's 1998 nuclear test in the Pokhran. China is a major inspiration to Pakistan's nuclear aspirations, of which India is afraid that it may pass to anti-India agencies (Taliban) and may be used against India.

### **(viii) Boundary disputes**

The boundary related issues between India and Pakistan are the offerings of British colonial legacy. Pakistan and China's claim over the disputed Indian territories are basically duo to fungibility of the **Curzon and the McMahon** lines. Between India and Pakistan, Sir Creek, Kori Creek and Siachen Glacier are prominent boundary disputes. In Nov. 2012, the issue related to Siachen Glacier echoed in bi-lateral relations. Pakistan wants to retain **Saltoro**

**Ridge**, the lower side of the Siachin. Siachin is of immense geo-strategic advantage to both the countries. In fact this region is at the top agenda of Pakistan's foreign policy when it comes to boundary disputes.

### **(ix) Indus Water Dispute**

Water sharing of Indus River is one of the many other core issues. The World Bank mediated Indus Water Treaty was signed between the two in 1960. The treaty provides Pakistan has exclusive use of the **Western Rivers** (Indus, Jhelum and Chenab) and India the exclusive rights over the **Eastern Rivers** (Satluj, Beas and Ravi). 80 per cent flows through the Western Rivers and only 20 per cent through the Eastern River, Pakistan gets over 4/5th of the Indus basin water. Despite the treaty being in favour of Pakistan, Pakistan has apprehensions that India may push Pakistan in indefinite draught by stopping the supply of Indus water. Most of the basin of the river is under Indian territory and India controls most of its water supplies.

## **1.2 India's disputes with Bangladesh**

### **(i) Illegal migration and Insurgency**

Bangladeshi migrants illegally cross Indian borders in search of job and livelihood. Other reason of migration may be population pressure of Bangladesh and scarcity of essential sources for livelihood etc. Their number is huge, there are more than 35 million illegal Bangladeshi migrants in India and more than 20 million of them are residing in India. The problem of illegal migration can not be deal by India with strict measures as most of the migrants are poor and the issue is sensitive. The problem is acute in North-Eastern states, particularly in Assam, Tripura and Meghalaya which has led a demographic change in ethnic composition to an extent.

### **(ii) Border Demarcation**

Incidents of regular Illegal trade, informal economic activities, drug trafficking and smuggling have increased across the border. India's armed forces have sometimes indulged in dealing with the illegal migrants dealing in such activities strictly which as created propaganda of human right violation by Indian forces for Bangladesh. The lack of clarity of border demarcation has led the increase in criminal activities across the border.

Demarcation of 6.5 km stretch along the India-Bangladesh border and transfer of 162 enclaves (such as Tin Bigha Corrido) are the long standing boundary disputes between the two countries. Joint Boundary Working Group (JBWG) was created to conceptualize mutually acceptable solution to the boundary issues.

### **(iii) Water issues**

There are around 54 rivers that flow across the boundaries of two countries. Bangladesh has been alleging India of unfair use of water resources of these rivers to her own unilateral advantage. The construction Farrakka Barrage in West Bengal by India may divert most of the water of Farrakka River to Hugli River which is criticized by Bangladesh as an illegal way of water dividing. Attempts have been made by both sides to resolve the issue by signing of a 30-year water-sharing agreement for the Ganges.

### **(iv) Economic and Trade related Issues**

The trade between India's northeast states and Bangladesh takes mainly through informal channels and in illegal manner. The quantum of the informal trade and economic activities is measured to be at least three-fourth of the trade through formal channels. India has put proposals for curbing the illegal trade by creating transit and shipment from North-East states to mainland Bangladesh. As the volume of informal and illegal trade is huge; India is upgrading the existing land customs stations into Integrated Check Posts (ICP) and new land customs station (LCS) in areas such as Fulbari, Akoura etc. with a view to increase the extent of trade through formal channels in bilateral trade.

### (v) Regional Connectivity

Both countries have an opportunity to give new dimensions to bi-lateral trade and investment by enhancing connectivity through waterways, roadways railways and shipments. For example, linking **Chittagong Port with Agartala** would open new avenues for trade for India not only with Bangladesh but also with South East Asian countries. Insufficient connectivity has also limited people-to-people contact and exchange of media, journalists, administrators, students and local people. **Railway links** from Agartala (India) to Akhaura(Bangladesh), Rohanpur-Singala and Holdibari- Jhilaihati can reduce the distance dramatically.

### (vi) Maritime Boundary Issue

Demarcation of maritime boundary is another major challenge between India and Bangladesh. Ambiguity in marking the limits of territorial waters, the exclusive economic zone and continental shelves are essential for the exploitation of **marine resources**. Both the countries have raised the maritime boundary dispute in UN in 2009. Setting the maritime boundary has repercussions on the maritime boundary of other countries in the vicinity. India and Bangladesh have **around 18 blocks** with overlapping continental shelves which are estimated to have **oil and gas reserves**. Both the countries don't want to forgo the opportunity of geo-economic advantage.

### (vii) Transit and Transshipment Rights

Bangladesh has not given full transit rights to India for trade and economic matters. Under the Protocol on Inland Water Transit and Trade (PIWTT) between the two countries, India has only limited access to Bangladesh's transport media. The transport of goods from Northeastern states of India to the mainland of Bangladesh takes via Assam and West Bengal while here are other possible short routes exists. India has been asking Bangladesh for open transit for trade and economic activities for which India is willing to offer concessions to Bangladesh in other areas viz. power, credit lines and aid etc.

## 1.3 India's disputes with China

### 1.3.1 Boundary Dispute

China has been asserting its territorial rights over some of the Indian geographic area. Aksai Chin ,disputed areas located between Aksai Chin and Nepal, Trans-Karakoram Tract, Arunachal Pradesh, Depsang Plains are the areas claimed by China. **Most recently:** China intruded 20 km inside the Indian territory of **Daulat Beg Oldi in Eastern Ladhak**. China has constructed a road upto Finger-IV area which is under Siri Jap area, five km deep into the LAC; the Chinese army even prevented the Indian Army's routine patrol activities near LAC.

### 1.3.2 Tibet Factor

Tibet is one of the core issues in Indo-Sino relations. In-fact, the Mao regime admitted that 1962 Chinese attack on India was not on boundary issues but on India's covert support to the Tibetan religious leader Dalai Lama and Tibetan refugees. China has also accused India of supporting Tibetan in these revolutionary activities for independence, rising self immolation and inciting Tibetans against China. India's asylum to Dalai Lama is sorest issue that irks the Chinese more often.

### 1.3.3 Pakistan Pivotal

China's all weather friendship with Pakistan has been a surge of concern for India. China is setting up military bases in POK, constructing rail links from Xinjian(China) to Kashgar( Pakistan) to get access to Gwadar port in Pakistan. The link passes through POK. Besides this, China is engaged in facilitating Nuclear power projects of Pakistan. India is afraid that the **Nuclear power may pass to anti-India elements;** and may be used against India.

### 1.3.4 South China Sea

China claims the sovereign rights over South China Sea. The ambiguity in Law of the Sea is the reason of which China is taking un-due advantage. The sea is considered a reservoir for energy and other resources. India in



sponsorship with Vietnam and Myanmar has been engaged in energy exploration activities in the sea. China has given overt warning to India to disband all commercial activities and presence in the South China Sea. If India bows to Chinese threat, India's energy security may be endangered.

### 1.3.5 String of the Pearls

String of the Pearls is the pseudonym used for China's infrastructure ventures in Bangladesh, Pakistan and Sri Lanka. **Chittagong** (Bangladesh), **Humbantota** (Sri Lanka), **Gwadar** (Pakistan) are the ports getting a facelift with Chinese assistance. Scholars in the field of international relations have examined that through these ports China may encircle India and make her a surrogate power which may be detrimental to India's trade in short term and security in long-term.

### 1.3.6 Resource Scarcity

Both India and China are among the world's largest and fastest growing economic powers. In order to maintain the growth momentum, both are under severe pressure of resources. India-China dispute over sharing of Brahmaputra river water emanates due to control scarce water resources. China's construction of dam in Tibet on the river Yarlung Tsangpo (Brahmaputra in Tibet) may lead to water scarcity in India. Major Himalayan Rivers have origin in Tibetan glaciers, such activities of China, if not controlled, may throw India in indefinite draught conditions.

## Q2. What are policy interests of Himalayan states with India?

### Answer

#### 2.1 Nepal's policy interests with India

##### (a) Re-negotiation 1950 Treaty

Nepal has been continuously pressing India to re-negotiate 1950 Treaty for peace and friendship. The treaty encourages free movement of people, goods and a close relationship and collaboration on matters of defence and foreign affairs. Under the obligation of the treaty two countries agreed mutually to acknowledge and respect the complete sovereignty, territorial integrity and independence of each other. With the rise of communism in Nepal with China's backing, Nepal started considering the treaty an encroachment of its sovereignty and an unwanted extension of Indian influence.

##### (b) Economy and Trade

Nepal's economy is basically driven by Indian economic growth. Nepal is a poor and under developed country with 55 per cent of the people living below poverty and per capita income is around \$500. Nepal's GDP growth is 3.5 % on average. India has given Nepal a preferential trade opportunity. Bilateral Investment Promotion and Protection Agreement (BIPPA) and Double Taxation Avoidance Agreement (DTAA) are signed between the two. Both the countries provide freedom of people-to-people contact, provisions for citizenship and visa free entry into each others' territory which is unique to the bi-lateral relations.

##### (c) Governance in Nepal

India is playing a vital role in establishing democracy in Nepal. A historic **Comprehensive Peace Agreement** political stabilization in Nepal through peaceful reconciliation and inclusive democratic processes was signed in 2006. Under the agreement, India supports Nepal in the peace process and institutionalization of multi-party democracy through assistance in framing of a new Constitution by a newly elected Constituent Assembly. First democratic government was elected in the same year under the leadership of Panchanda as P.M. Right after the formation of new govt. He visited India and further tried to consolidate the relations. Newly elected govt. in 2011 Baburam Bhattarai has also shown a pro-India attitude and willingness to take India-Nepal relations to new heights.

#### **(d) Hydel Projects:**

There are three agreements between Nepal and India on river water management, Kosi Agreement, the Gandak Treaty and the Mahakali Treaty. The potential of electricity generation through these rivers is enormous. Hydroelectric projects are conceptualized for mutual benefit. Nepal has hydropower potential of 45,000 MWs. The political instability in Nepal has endangered the scope of progress in these projects. Despite India's being net hydro – electricity importer to these countries, there is no step taken forward which irks India.

#### **(e) Madhesi Movement**

Upper-caste Pahadi migrant communities show their affiliations to the monarchy. Their pursuance for **Madhesi identity** is creating a perplexity for India's security and economic interests in Nepal. The growing Madhesi movement has been backing the Maoist insurgency which is a constraint to peace building measures by the domestic political parties. The Madhesi accuses the Nepalese govt. of economic discrimination, disproportionate electoral representation and under-representation in the government, army, police and civil society organizations. Madhesi grievances are a major reason of kidnapping for ransom, extortion and killing of political leaders.

#### **(f) Cross border insurgency**

Under the Maoist regime of Panchanda there has been a start of anti-India sentiment in the nation. Apart from China, Nepal has also shown an attitudinal change in favour of ties with Pakistan which clearly indicates the pro-Pakistan and anti-India behavior. Nepal's role in providing safe heavens to Pakistani militant organizations to encourage insurgency in India, infiltration of arms, and drug trafficking has been major blow to the bilateral relations. Anti-national groups in India's territory ULFA, Naxalites are getting military and financial support from Nepal and Pakistan.

### **2.1 Bhutan's policy interests with India**

#### **(i) Hydel Projects**

Bhutan's potential of hydro-electricity is one of the most important elements in India-Bhutan relations. India is pioneer in establishing large scale hydro power projects in India. Very first, Chukha Hydel Project was established in Bhutan under Jaldhaka agreement in 1961. India and Bhutan have identified 10 hydropower projects with a total capacity of 11,576 MW by 2020 in Bhutan to be developed in joint cooperation. Punasangchhu-I (1200 MW), Punasangchhu-II (1200MW) and Sankosh (4000MW) are some of the valuable hydel projects under consideration between the two countries.

#### **(ii) Educational and Cultural Cooperation**

India shares her technical expertise and services with Bhutan in various fields. Government of India offers scholarships to Bhutanese students at undergraduate and postgraduate programs in Indian Institutions. More than 1000 Bhutanese students are studying in India. The ITEC program and the Technical Cooperation Scheme (TCS) of the Colombo Plan are the two modalities of India's **Educational and Cultural Cooperation**. Ambassador's scholarships are granted to deserving students for studies in India.

#### **(iii) Governance**

There is a regular exchange of visits between the Chief Election Commissioners of the two countries for sharing their experiences of good governance for democracy. Top administrators from Bhutan have visited India to have a hand on experience of Indian democratic system. India has organized training program for media and journalists of Bhutan. Bhutanese Parliamentarians are also trained by the Bureau of Parliamentary Studies and Training (BPST) in the Indian Parliament. BPST has also organized Orientation Programs for Members of the Bhutanese Parliament. In addition to all this, India has also helped Bhutan in building public infrastructure.

#### (iv) Fiscal consolidation

Poor fiscal policies and mismanagement of economic affairs in Bhutan have created a dilemma in front of domestic economy. Bhutan on his part blames on excessive economic dependence on India. Over-dependence of the Bhutanese economy on imports from India has kept agriculture, Small scale sector, and allied industries under developed. Bhutan spends a lot of money (which basically comes from India's economic aid) on agricultural imports, which comprised meat items, dairy products, coffee, tea, rice, edible oil and sugar. All these can be domestically produced. Therefore, the excessive reliance has created a problem of unemployment also. There are other associated problems with poor fiscal policy: balance of payments, demand and supply side constraints, lack of public expenditure for health, education etc. Therefore, it is detrimental to Bhutan's sustainable growth.

#### (v) Security across border

Security across border has taken a centre stage in India and Bhutan bi-lateral relations. As stated above, China has notorious record of incursions in the territories of India and Bhutan. There have been occasional incidents of blasts in Bhutan, activity of insurgent groups across the India-Bhutan border is increasing. Indian intelligence agencies investigated **Paresh Barua** of the United Liberation Front of Asom(ULFA) is operating from bases in Bhutan.

#### (vi) Democracy

Although Bhutan is still having monarchy, at the same time, there has been attempt for democracy as a parallel system of governance. In-fact the monarchy in Bhutan has taken to implement measures for democratization of the governance. In the wake of contemporary challenges, it is general feeling in Bhutan that democracy may take Bhutan to the path of progress. Bhutan's experience in democracy is quite a new phenomenon. The constitution was enacted on July 18, 2008 by the first democratically elected government. Now, there is multi-party democracy and a national assembly in Bhutan. In 2011 general elections government had been democratically elected by 2011

### Q3. Analyze India's water disputes with neighboring states.

#### Answer

#### 3.1 Indus Water Dispute with Pakistan

Water sharing of Indus River is one of the many other core issues. The World Bank mediated Indus Water Treaty was signed between the two in 1960. The treaty provides Pakistan has exclusive use of the **Western Rivers** (Indus, Jhelum and Chenab) and India the exclusive rights over the **Eastern Rivers** ( Satluj, Beas and Ravi). 80 per cent flows through the Western Rivers and only 20 per cent through the Eastern River, Pakistan gets over 4/5th of the Indus basin water. Despite the treaty being in favour of Pakistan, Pakistan has apprehensions that India may push Pakistan in indefinite draught by stopping the supply of Indus water. Most of the basin of the river is under Indian territory and India controls most of its water supplies.

Under the obligation of the treaty, the countries have agreed to exchange data and co-operate in other matters related to the treaty through Permanent Indus Commission. The Indus water dispute also has its origin in British colonial legacy. Pakistan doesn't accept the partition of India as a method of dividing the river water as most of the river water came under India's territory. Pakistan has even sought the arbitration by International Court of Justice which India declines as the matter is bi-lateral in nature. Pakistan also wants to involve US and other international players in resolution of the dispute.

In 2009, Pakistani P.M. Zardari highlighted the dispute as following:

*“The water crisis in Pakistan is **directly linked to relations with India**. Resolution could prevent an environmental catastrophe in South Asia, but failure to do so could fuel the fires of discontent that lead to **extremism and terrorism**.”*

Baglihar project (on Chenab) and Kishan Ganga Project (on Neelum River) in Kashmir have also been the bone of contention. There has been continuous warning from Pakistan that if dispute related to Indus water treaty is not resolved in near future it may lead to increase in conflict in the form of extremism and terrorism against India.

### 3.2 Water disputes with Bangladesh

There are around 54 rivers that flow across the boundaries of two countries. Bangladesh has been alleging India of unfair use of water resources of these rivers to her own unilateral advantage. The construction Farrakka Barrage in West Bengal by India may divert most of the water of Farrakka River to Hugli River which is criticized by Bangladesh as an illegal way of water dividing. Attempts have been made by both sides to resolve the issue by signing of a 30-year water-sharing agreement for the Ganges. Right after the agreement, India started interlinking of major rivers across the border which has further given a jolt to economic and environmental considerations of Bangladesh. Till now, India and Bangladesh have agreement related to sharing of Ganga river's water. Water scarcity is a challenge to both the countries; while most of India's eastern states suffer from draught like situation every year; the livelihood of majority of Bangladesh population depends on the water resources of these rivers. **Teesta** water sharing agreement is another deadlock. West Bengal (Paschimbanga) doesn't want the central government of India to offer Bangladesh major concessions ignoring state interests. This has created a situation for India that requires a choice between options that must seem equally favorable to both domestic and international interests; which is not easy. The unyielding attitude of West Bengal govt. is jeopardizing the bi-lateral relations.

### Q4. Examine the contours of India's engagement with the key regional organizations.

Answer

#### 4.1 India and SAARC

Major areas of interests:

##### 4.1.1 Trade and Economy

In the recent years, the geographical proximity and economic growth of India have translated into growth of India's investment and interaction with all SAARC member countries. India's relations with other countries stand on their own footing. Disruptions in regional connectivity due to political agitations such as hartals in Bangladesh had impact on movement of goods across some Land Customs Stations. Transport disruptions were also reported throughout the region with varying effect depending on the locations across India's border.

##### 4.1.2 Energy Cooperation

India has taken forward the initiative of setting up of Climate Innovation Centres in South Asia to develop sustainable energy technologies based on indigenous resource endowments. SAARC also have a vast potential for the renewable energy front. India has expressed its willingness to share its best practices and energy efficiency programmes with the member countries. India offers to share its experience in managing best practices in renewable energy standards such as “Perform-Achieve-Trade” (PAT) Scheme under the National Mission on Enhanced Energy Efficiency (NMEEE) for energy intensive sectors in India.

##### 4.1.3 Technology

SAARC is emerging as the hub of technological innovations at grass root levels. The manner in which the region is able to harness technology for development is crucial for effecting in the livelihood of the disadvantaged people



in the region. Initiatives such as tele-medicine and tele-education are already having a profound effect on the life of people. There is much that SARRC members can do together and learn from the experiences of one another in all these areas. Health and human resource development are perhaps the most compelling of the areas that impact on the socio-economic development.

#### **4.1.4 Terrorism and insurgency**

Terrorism and insurgency across Indian borders is a routine problem faced by India. High level meetings of Group of Eminent Experts from SAARC countries to strengthen Anti-Terror Mechanism have been carried to deal with such problems. SAARC Terrorist Offences Monitoring Desk (STOMD) and the SAARC Drug Offences Monitoring Desk (SDOMD) are suitable platform to review the enabling legislation on SAARC Regional Convention on Suppression of Terrorism.

#### **4.1.5 Climate Change**

India has been supporting SAARC Forestry Centre (Thimphu) and SAARC Coastal Management Centre (Male) through grant-in-aids for cooperation in environment and specific joint actions to further strengthen environmental governance, biodiversity conservation and climate change cooperation. India has also been providing projects related expertise on biodiversity, solid waste management, training and capacity building programme for zoos of SAARC countries; establishment of weather stations for advance storm warning systems in SAARC Member. SAARC Countries regularly coordinate their position on climate change as members of the Group of 77 + China.

#### **4.1.6 Intra-regional connectivity**

For enhancing intra regional connectivity, a SAARC Motor Vehicle Agreement is drafted to strengthen the ties and promote multilateralism among member nations. The Sixteenth SAARC Summit in Thimphu, endorsed the recommendation to declare 2010-20 as the “Decade of Intra-regional Connectivity in SAARC”. Members agreed on the need to expedite negotiations with a view to finalize the agreements on Motor Vehicles and Railways. Referring to positive response to the initiative received from all member states, India expressed hope to fulfill the Thimphu recommendation. SAARC economies are developing and roads propel the engine of growth.

### **4.2 India and ASEAN**

#### **4.2.1 Market Integration**

The very first step in facilitating trade in ASEAN or anywhere else is establishing a successful custom union. Then after, economic integration can be realized in full swing. India is having FTAs with ASEAN and with some of the largest ASEAN economies e.g. Malaysia, Singapore and Thailand. With a long phase for harmonization, benefits of the welfare appears to be negative for India; notwithstanding, the ASEAN economies are also not able to reap the advantage to the expected degree. India's trade with ASEAN has been over USD 80 bn for the current year; India's export has been on the rise.

#### **4.2.2 Regional Connectivity**

The ASEAN Travel & Tourism Competitiveness Report 2012 of WEF). Recently, India and ASEAN have agreed for a ASEAN-India plan of action of \$70 million projects being processed to enhance people to people contacts, institutional exchanges and regional under which India-Myanmar-Laos-Vietnam-Cambodia highway and India-Myanmar- Thailand Trilateral Highway are proposed. Indian ports on Eastern coast ( Ennore, Chennai and Vishakhapatnam ) can offer backyard space to congested ports of Thailand and Singapore and help resolving bottlenecks in streamlining trade logistics. If realized in near future, the highways must open the avenues for trade growth, checking the corridors of international terrorism, drug trafficking, maritime crime at the same time. The partners would also be able to address climate change, disaster management, and food and energy security.

### 4.2.3 Regional Peace and Security

World's 60 % of trade takes place in Asian sub-continent. Threat to regional peace and security emanates from qualms and mis-calculation of accepted practices by nation-states. ASEAN states, including India are weary of any next step taken by China in the region. In toto, that's a reality that China is marked with habit of causing collateral damage. Nevertheless, China is equally dependent on rest of the world in general and on ASEAN in particular. The possibility of China's taking intrusive and hostile bid on ASEAN states is grim and self-defeating. Therefore, the ASEAN states can see themselves at par with China.

### 4.2.4 Trade

As seen from the table given below, the India-ASEAN trade has grown from 18113.71 in 2009-10 to 62524.81 in the current year. The priority areas and sectors identified by the Government for expanding trade and economic cooperation with the ASEAN countries include Machinery & Machine parts, Transport Equipments, Petroleum and Petroleum Products, Electronic Goods, Agro Industries, Gems & Jewellery, Steel & Steel products, Oil Cake, Wheat, Meat & Meat Products, Automobiles & Auto Components, Chemicals, Synthetic Textile, Drugs & Pharmaceuticals etc.

## 4.2 India and BIMSTEC

### 4.3.1 Trade and Economy prospects

India should take lead and provide a new meaning to the BIMSTEC engagement that has the potential to generate trade worth 75 billion dollars if the BIMSTEC free trade agreement becomes a reality. BIMSTEC countries together comprise 21 per cent of the world population, a GDP of 750 billion dollars and a considerable amount of complementarities for unleashing potential of the economic activities. Trade negotiating committee of the BIMSTEC has instrumental role to play in these areas.

### 4.3.2 Strengthening multilateralism

BIMSTEC also provides India a scope of strengthening strategic cooperation with the other five members from the SAARC (South Asian Association for Regional Cooperation) and two members from the ASEAN (Association of South East Asian Nations) which are common with BIMSTEC. BIMSTEC is emerging as a significant trade bloc in Asia-Pacific. BIMSTEC's intra-regional trade potential is significantly higher than many other economic groupings in Asia-Pacific region. BIMSTEC is also a connecting link between South and South-East Asia.

### 4.3.3 Strategic significance

The Bay of Bengal covers north-eastern part of the Indian Ocean in a triangle shape bordered by India, Sri Lanka, Bhutan, Bangladesh, Myanmar, Thailand, Malaysia and Indonesia. The geographical proximity, transshipment and transition of goods through the bay across these countries can help in achieving larger economies of scale in production, attain specialization, increase competitiveness, diversify export basket and make use of under-utilized economic potential in terms of human, technological and natural resources.

### 4.3.4 North East of India and BIMSTEC

BIMSTEC regional connectivity offers a unique geo strategic advantage to India in connecting the historic **Stilwell Road** to the North-east and the neighbouring countries in South Asia and Southeast Asia. Increased connectivity between South Asia and Southeast Asia through highways and railways can unlock the full benefits of closer economic ties between the two sub-regions. This in turn can help the BIMSTEC countries in rebalancing and restructuring the regional markets and the disparities. Asian Development Bank and United National Economic and Social Commission for Asia and Pacific have conducted feasibility studies on Trans Asia highways and railways network in which BIMSTEC has a significant role and contribution.

#### 4.3.5 Trans BIMSTEC Energy Corridors

BIMSTEC Trans Power Exchange and Development Project were led by Thailand MOU for grid interconnections within BIMSTEC for flow of electricity on a non-discriminatory basis. Trans BIMSTEC Gas Pipeline(s) was suggested by all member countries for cooperation in energy sector. Petroleum Reserves in BIMSTEC Region can help India to meet energy security and developing joint hydro projects. BIMSTEC member are also exploring the potential of renewable sources of energy such as solar energy through developing systems/devices, standards, testing and harmonization of standards for various non-conventional energy sources.

#### 4.4 MEKONG GANGA COOPERATION

India hosted the 6th MGC Ministerial Meeting on September 4, 2012, in New Delhi. In addition to the existing 4 areas of collaboration under MGC, certain new areas were identified at this meeting for forging cooperation. These include health research relevant to the region and sharing of expertise on pandemic management, bringing together the complementarities that exist in the SME sector in India and the Mekong States, aspects related to food security and preserving the rich bio-diversity of our region. India's initiative in Setting up of the Traditional Asian Textiles Museum at Siem Reap, Cambodia was highly appreciated. India announced a commitment of USD 1 million annually for the India-CLMV Quick Impact Projects Revolving Fund. This fund would be for short gestation projects that could directly benefit local communities, with results that are immediate and visible. These additional elements were seen as a clear reiteration of members' commitment towards the MGC.

##### 4.4.1 Look East Policy and MGC

The Mekong-Ganga Cooperation (MGC) brings together India and five ASEAN countries and was launched in 2000. MGC initiative is a vehicle for 'soft diplomacy' in countries that have had considerable cultural influence from India. Both the Ganga and the Mekong are ancient rivers and the MGC initiative is indicative of the cultural and commercial linkages between the member countries of the MGC down the centuries. MGC has identified tourism, culture, education and transport & communication as priority areas of cooperation. Six meetings of the MGC have been held so far. India through initiatives under the Look East Policy is striving to attract optimum investments from the neighbouring countries to the North Eastern Region, which will be visible in the long run. To actualize the dreams enunciated in the NER Vision 2020, the Ministry of Development of North-Eastern Region has constituted 17 Thematic Working Groups which are headed by officials of the line Ministries and also includes representatives of State Governments of the North-Eastern States, various other organizations and eminent experts. These Thematic Working Groups have been constituted on various sectors which include Look East Policy, Industry, Connectivity (major roads), Connectivity (inland waterways), Connectivity (air), Connectivity (railways), Connectivity (rural roads), Financial Services, Panchayati Raj & Local Self Government, Poverty Eradication, Human Resource Development, Tourism, IT enabled services and Cyber Connectivity, Power, Health, Rural Sector, Sports, Art & Culture. These Thematic Working Groups have prepared sectoral Plans of Action based on the objectives in the Vision Document. These plans of action were presented before public representatives and media of the North East in Shillong in 2008. After the Action Plans are finalized by the Thematic Groups, these will be implemented by different Ministries in the North Eastern region from the gross budgetary allocation made to them by the Planning Commission.

##### 4.4.2 Regional Connectivity: A Strategic Advantage

MGC members emphasized the importance of enhancing connectivity between the two countries through regional cooperation and the development of road and shipping infrastructure linking Thailand and India. India welcomed the setting up of the Thailand-India Joint Working Group on Connectivity and Infrastructure to help expedite cooperation on connectivity initiatives in both countries as well as in third countries. They took note of the fruitful outcomes of the first meeting held in New Delhi in September 2012, including the possibilities for cooperation on the Dawei Deep Sea Port and Special Economic Zone projects. The members reaffirmed the importance of the India-Myanmar-Thailand Trilateral Highway Project, as it would greatly enhance the connectivity between the Mekong sub-region and India. They also noted that the Joint Task Force Meeting on

the Trilateral Highway, held in New Delhi in September 2012 agreed to make all efforts to complete the trilateral road connectivity by 2016. The meeting also emphasized the necessity to develop the infrastructure to ensure fast and seamless transit along the Trilateral Highway as well as an increase in trade, investment, services and tourism activities. In this connection, the Indian side welcomed the proposal to host the next India–Myanmar–Thailand Joint Task Force Meeting on the Trilateral Highway Project, as well as the second Meeting of the Thailand-India Joint Working Group on Connectivity and Infrastructure in June-July 2013.

## **Part-4: India's interest in International Organizations**

**Q1. Discuss India's key interests in European Union.**

**Answer**

### **1.1 Indo-EU Free Trade Agreement**

India is negotiating a bilateral Broad Based Trade and Investment Agreement (BTIA) with the European Union (EU). Negotiations were launched in Brussels in June, 2007 based on the recommendations of the High Level Trade Group at the 7th India-EU Summit in October, 2006 in Helsinki. Negotiations across a number of sectors including Trade in Goods, Trade in Services, Investment, Sanitary and Phyto-sanitary Measures, Technical Barriers to Trade, Trade Remedies, Government Procurement, Customs Cooperation and Trade Facilitation, Dispute Settlement, Competition and Intellectual Property Rights etc. are under negotiations. By now, fifteen rounds of negotiations have been held. Negotiating stands on market access issues are crystallized after extensive consultations with stakeholders with a view that the agreement must lead to positive outcomes for the country as a whole including particular crucial sectors.

### **1.2 WTO related Issues**

EU as well as India was amongst the founding members of the modern international system of trade rules. Both EU and India are firm supporters of the WTO system and key actors in the Doha round of negotiations launched in 2001. A successful conclusion of the Doha round would contribute significantly to a more open and stable environment for trade and investment for both the EU and India. India as a leader of the group of (advanced) developing countries known as the G20, and also as part of G4 (along with the EU, the US and Brazil) is steering the negotiations for mutual benefit. The two sides need to resolve the above mentioned issues at earliest to make the most of trade potential.

### **1.3 Skill Development**

India and European Union launched project on skill development in May 2012 which is a 6 million Euro project to be carried out in the next four and a half years. Skills development is the central thread of 'Europe 2020' strategy as well as the Indian National Skills Development Mission. With this project both EU and India would engage in tackling challenging issues like new skills for the ever changing employment market. This multifaceted project would create an opportunity to "learn by doing" and build competence in the development of occupational standards, training standards, programmes and improved curricula for the formal sector. It would also endeavour to improve the quality and relevance of training provision and increase the number of certified skilled labourers in the identified sectors of employment.



## 1.4 Technology

EU's Seventh **Framework Programme (FP7)** for Research and Technological Development 2007-2013 offers a "windows of opportunity" for a significant increase in the breadth and depth of EU-India S&T cooperation. Computation materials science, biotechnology, food, health, energy, and the environment are major areas of joint cooperation in science and technology. Technological cooperation remains one of the main pillars of the Indo-EU strategic partnership. India's participation in the EU's global navigation system (Galileo); contribution in International Thermonuclear Experimental Reactor [ITER]; interlinking of India's Education Research Network, ERNET, to its pan European equivalent GEANT2 manifest a transformation in India and EU relations in changing global dynamics. European space agency and Indian counterpart have been carrying various space related missions at times. EU's defence industry has won major contracts in India's defense bids. EU-India Aviation Summit has opened up new avenues in up-gradation of India's aircraft technology.

## 1.5 Environment

EU's objective related to environment cooperation is to support India's efforts towards sustainable growth and to build mutual understanding on global environmental issues including climate change. Environment is recognised as a strategic area for dialogue in the EU-India Partnership and the Joint Action Plan. EU-India Environment Forum; EU-India Initiative on Clean Development and Climate Change are some of the major commitments to strengthen bilateral cooperation for urgent action necessary to address climate change. Further; EU organised in New Delhi a Workshop on Market Based Mechanisms as a Tool to Address Climate Change. Confederation of Indian Industry in cooperation with the European Chemicals Agency and the Delegation of the European Union to India organized a Symposium on **REACH** Regulations & their Future Impact on Export of Chemicals & Articles to Europe.

## 1.6 Counter-Terrorism

India as well as EU is facing a challenge of international terrorism. EU faces challenges from the Islamic fundamentalism, religious radicalism, Iran, WMD, illegal migration, trafficking and nexus between terrorist organizations. India is troubled from the terrorism mainly emanating from the neighbourhood. Joint Action Plan (JAP) adopted at the Sixth EU-India Summit promotes cooperation for information exchange and related matters between Europol of EU and India's Central Bureau of Investigation (CBI) to tackle terrorism related activities. Further initiating the cooperation between SITCEN (the largest intelligence gathering agency of EU) and its Indian counterparts is a pre-requisite to take the joint anti-terrorism operations at next level. The cooperation between the anti-terrorism agencies of the two sides needs to be activated such as EU-India Joint Working Group on Counter-Terrorism.

## 1.7 Human Rights

EU gives a special regard to human rights, specifically child rights and rights of the indigenous people across world. EU launched the European Instrument for Democracy and Human Rights (EIDHR) which with a total budget of €1.1 billion for 2007-2013 to provide direct funding to civil society organisations and human rights defenders throughout the world. The EU's approach towards human rights is directed to mainstream human rights concerns into its policies and programmes; and financing specific projects to promote and protect human rights. EU has funded to the tune of over €5 million in numerous projects covering a wide range of activities such as monitoring violation of human rights, providing legal aid and services, advocacy, awareness generation, empowerment and capacity building of local communities, human rights defenders and national institutions, and rehabilitation of victims of torture, trafficking and child labour, etc. Under EIDHR, these projects for funding are selected through global and national level calls for proposals usually on an annual basis.

## Q2. Evaluate India's multilateralism in United Nations System.

### Answer

India is a founder member of the United Nations Organization joining in October 1945. India is a member of major UN bodies which are Economic and Social Council, the Human Rights Commission, and the Disarmament Commission. India is also the board of governors of the International Atomic Energy Agency (IAEA). India has been playing a prominent role in articulating the economic concerns of developing countries in UN-sponsored conferences as the triennial UN Conference on Trade and Development (UNCTAD) and UNFCCC.

### 2.1 Peacekeeping

Since the UN's inception, India has been continuously participating in the UN system pro-actively. India is amongst the major contributors of the peacekeeping forces for the UN led missions across world. In past, India contributed significantly to the UN's peacekeeping operations in Egypt, Congo, Angola, and Rwanda and more recently in Haiti etc. Indian peacekeeping forces had been entrusted with UN peace missions in the Middle East, Cyprus, and the Congo (since 1971, Zaire). The numbers of troops contributing to UN peacekeeping operations as of March 2007 were highest at 9,471. India suffered the death of 127 soldiers who died while serving on peacekeeping missions. India is currently the third largest contributor of troops (military and police) to the United Nations Peacekeeping Operations with a total strength of 8919 personnel serving in 9 out of 15 UN Peacekeeping Missions around the world.

### 2.2 India to the UN Regular Budget and other supports

India is one of the largest contributors to the UN regular budget. Indian contribution to United Nations Democracy Fund was USD 16 million for 2009. The last review of the rates of contribution by the UN member states to the UN regular budget was conducted in February 2010. India's rate of assessment for the UN regular budget for 2009-2012 remained at **0.534 %**. Each member state's contribution to the UN budget is determined by standard criteria; and it is mandatory for every UN member state to contribute its share to the UN regular budget. India's contribution has always been over and above the scale of assessment criteria determined by the UN.

### 2.3 United Nations Population Fund:

India's contribution to United Nations Population Fund during last four years towards the Reproductive Child Health Programmes is as follows:

Year	Amount in US \$
2008	44,00,000
2009	50,00,000
2010	31,19,475
2011	33,00,000
Total	1,58,19,475

### 2.4 Reforms related to Security Council

India has been a non-permanent member of the UN Security Council for six terms and was a member for 2011-12. India is one of the members of the G4 (India, Germany, Japan, Brazil) of nations who are mutually supporting each other's candidature for a permanent seat in the security council; and its reformation. India has been asserting its candidacy for a permanent seat on the United Nations Security Council. India along with G-4 proposes that UN Security Council should be expanded beyond the current fifteen members to include twenty-

five members. It would lead an equitable representation of the various regions in the Security Council such as South Asia, Latin America and the Pacific. It would also lead to greater representation of developing nations rather than the a few developed and industrialized countries.

## **2.5 India's leadership in UN System**

India has been representing the interests of the developing countries, third world countries since the formation of the UN. India supported their struggle against colonialism, apartheid and quest for freedom. India played a vital role in resolving the stalemate over prisoners of war during the 1953 Korean War. India led the five-member Neutral Nations Repatriation Commission and supervised the process of repatriation. India also head the three international commissions for supervision and control for Vietnam, Cambodia, and Laos established by the 1954 Geneva Accords on Indochina. Ex-CAG Vinod Rai of India briefed UN Secretary General on Conduct of UN Audit. Vinod Rai was re-elected as Chairman of United Nations' Panel of External Auditors. The United Nations' Panel of External Auditors which comprises Supreme Audit Institutions (SAIs) engaged in auditing United Nations, its specialised agencies and the International Atomic Energy Agency, held its 53rd meeting which concluded last night at the UN Headquarters in New York. General Secretary of the UN, Banki Moon appreciated the Panel of External Auditors headed by Shri Vinod Rai and the yeoman service rendered by the external auditors in improving governance in the United Nations system.

## **2.6 Recent Progress**

### **i. Election Commission of India and UNDP MoU to Support Electoral and Democratic Practices**

Election Commission of India and the United Nations Development Programme UNDP signed an MOU for cooperation in election management, particularly for supporting elections and democratic process in other countries in 2012. Election commission observed that the transparency and strict enforcement have been the strength of ECI which have lent total credibility to Indian elections. The Commission affirmed its commitment to work along South-South cooperation and extend support to electoral process wherever there is a need. ECI and UNDP have been working jointly in to harness ECI's competence in election management to the benefit of several countries across world. The collaboration is specially built around Commission's one year old India International Institute of Democracy and Election Management, IIIDEM which offers courses for international election practitioners. Election Commission has also signed MOUs with fourteen countries for sharing electoral practices and extending electoral assistance.

### **ii. Conference of the Parties (COP 11); Hyderabad, India 2012**

COP 11 on Cartagena Protocol on Convention on Biodiversity took place in Hyderabad in India in 2012. At United Nations Biodiversity Conference countries agree to double resources for biodiversity protection by 2015. They agreed to increase funding in support of actions to halt the rate of loss of biodiversity. Leading developed countries agreed to double funding to support efforts in developing states towards meeting the internationally-agreed biodiversity targets as per the Strategic Plan for Biodiversity 2011-2020. Initiatives taken under the conference were:

- The online forum provides easy-to-access, targeted information such as best practices, guidelines and learning tools for countries.
- UNEP's Economics of Ecosystems and Biodiversity (TEEB) Initiative presented a series of practical guides for governments at COP 11 for integrating the economic, social and cultural value of ecosystems into national biodiversity plans.
- COP 11 agreed to engage business and development organizations, to integrate biodiversity objectives in their plans and programmes.

- COP 11 developed new work in support of achieving Aichi Target 15 which calls for the restoration of 15% of degraded lands. UNFCCC and UN Convention to Combat Desertification (UNCCD) agreed for supporting this program.
- A decision on climate change and biodiversity called for enhanced collaboration between the CBD and UN climate change initiatives including Reducing Emissions from Deforestation and Forest Degradation (REDD+).
- The COP adopted recommendations for improving the sustainable use and management of species hunted for 'bushmeat' in tropical and sub-tropical regions, where large-scale hunting and trade of animals has led to 'empty forest syndrome' and is increasingly threatening food security and ecological stability of forests and other ecosystems. Together with FAO, the CBD Secretariat would establish a global 'Collaborative Partnership on Sustainable Wildlife Management' to support developing countries in the implementation of relevant CBD provisions.

*(Similarly other areas of cooperation can be identified from current international affairs.)*

### **Q3. What are the major issues between developing countries such as India, China and Brazil and developed countries in Doha Round of the WTO?**

#### **3.1 Agriculture and Subsidies**

Domestic support, market access, subsidies and export competition are the major factors of trade in agricultural related goods. India's position and strategy in the negotiations in the WTO are guided by its concerns relating to the food, income and livelihood security of its farmers and the need to secure additional markets for agricultural products. Substantial and effective reductions in domestic support, subsidies and customs tariffs by developed countries to protect and promote the interests of their low income is a key priority for India and other developing countries in the agriculture negotiations. Huge subsidies and domestic support to domestic industry by developed countries lead to decline in trade and economic activities of the developing and poor countries. United States negotiated successfully for a permanent waiver from substantial obligations in agriculture in 1955 and EU is following an elaborate system of protection for its farmers through high subsidy programs. EU and the US have the flexibility to provide \$ 100 billion and \$ 50 billion as domestic support, under the WTO regime. Developed countries have similar accusation on India. They have been consistently demanding India to reduce their agricultural tariffs and subsidy programs which is not a prudent choice for India as it can lead to large scale unemployment, poverty and hunger.

#### **3.2 Non-Agricultural Market Access (NAMA)**

Non-agriculture market access seeks to eliminate or reduce the tariff as well as non-tariff barriers on products of export interest to developing countries; comprehensive product coverage; interests of developing countries and Least Developed Countries (LDCs) to be given priority with non-reciprocal commitments. India wants a simple percentage reduction in tariff on each product instead of tariff reduction through average tariff cuts for which India has recommended a non-linear ABI (Argentina-Brazil-India) Formula over Swiss formula. Apart from that India advocates the removal of quantitative restrictions and non-tariff barriers and this provision to be reserved for the countries with poor current account balance.

#### **3.3 Services**

Services sector contributes to around 55% of India's GDP. India seeks more liberal commitments on the part of developed countries for cross-border supply of services, including the movement of 'natural persons' (Mode 4) and Mode 2 (consumption of services abroad) exemptions. Export in services (Mode-1) is other area which India tends to consider for negotiations. Mode-1 covers Business Processing Outsourcing. Actions of developed economies such as USA of increasing visa fee, restriction on outsourcing have been against the provision of



General Agreements on Trade in Services (GATS) of the WTO which India has joined in the WTO. For increasing trade in services, India has suggested lowering import duty on 357 information technology products and 54 environmental goods.

### 3.4 TRIPS

Developed countries have used provisions of trade related intellectual property rights to safeguard their own interests. For an example: WTO obligations are breached repeatedly by EU; there are repeated instances of detention of Indian generic medicines in the EU ports which is a violation under Article V of GATT which enshrines freedom of transit of goods through the territory of each contracting party of GATT via the routes most convenient for international transit. These detentions are also inconsistent with under Articles 41 and 42 of the TRIPS Agreement.

### 3.5 Food Security

Recognizing the importance of Trade Facilitation (TF) and upgrading infrastructure at border, ports and custom procedures for giving a boost to exports, there is a need for addressing the concerns of food security which have been outlined in a proposal presented by developing countries. This is essential to protect the interest of the subsistence farmers in developing countries and also the responsibility of the state for assuring food security for the poor and vulnerable section of the society. India is predominantly an agricultural economy; over 70% of the population depends upon agriculture. Free trade has some distorting effect on India's agriculture. Government procurement of food grains for public distribution system under MSP mechanism cannot be diluted for more free trade. Food security is also a question of existence for Least Developed Countries (LDCs). WTO must address the concerns of Least Developed Countries (LDCs) and small and vulnerable economies to ensure that the development dimension of Doha Round is retained. India is not opposed to trade facilitation; there is a need for an internal balance in the Trade Facilitation proposal with adequate special and differential treatment for developing countries and LDCs. Technical and financial support to such economies should be provided so that they benefit from trade facilitation. A LDC Package including Duty Free Quota Free market access is advocated for the vulnerable economies. India supports G-33's proposal for food security and flexibility in their public stock holding operations for public distribution system.

What developed countries propose in the round:

- Reduce *all forms* of tariffs and export subsidies
- *Ambitious market access* to the developing countries market
- SSM for *selected* agricultural commodities
- *Reduction in the list of sensitive products* and tariff related quotas to only those products

What developing countries want out of the round?

- Tariff cuts in differential manner favouring DCs and LDC
- *Non-tariff barriers* to be addressed
- Export and domestic subsidies by developed countries to be eliminated or *substantially* restricted
- *Longer* implementation timeframe for developing countries
- *Preferential access* to developed country market

The key agriculture negotiations in Doha round are based on:

- reducing agricultural subsidies
- the access to global markets and
- liberalization in the global trade respects and sustainable economic growth in developing countries

The major issues of conflict are:

- **Special safeguard mechanism: Developing countries insist if taking safeguard mechanism if trade causes injury. Developed states decline it on the basis of offering scope of protectionism.**
- **Formula for designing tariffs: Developed countries want mixed formula** (a mix of the Uruguay Round 9 formula, Swiss formula and duty free for a minimum percentage of tariff lines for tariff reduction). **DCs prefer** Uruguay Round formula which favours them.
- Schedule of the tariff reductions.

Various international think tanks and organizations have predicted a huge forgone loss by not concluding the round. World Bank has already concluded that the damage of delaying the conclusion of Doha Negotiations may run into hundred of billion of dollars. Considering agriculture the loss may be unrepentantly severe. The DCs and LDCs would suffer from the increasing protectionism by the developed countries. The level of protectionism would in-fact double of the current level. Estimates show that the quantum of loss could be up to US\$809 billion in world trade volume and US\$184 billion in real income by 2025 which would endanger DCs and LDCs particularly.

#### **Q4. Critically evaluate India's approach in key international groups such as G15; G20; G24 etc.**

**Answer**

##### **4.1 G-15**

The Group of 15 G-15 is an informal forum set up to foster cooperation and provide input for other international organizations such as the World Trade Organization, UN and the G-8 etc. It was established at the Ninth Non-Aligned Movement Summit Meeting in Belgrade, Yugoslavia in 1989, and is composed of countries from Latin America, Africa, and Asia with a common goal of enhanced growth and prosperity. The G-15 focuses on cooperation among developing countries in the areas of investment, trade, and technology. Actual membership is 17 countries but the name has remained unchanged. Chile, Iran and Kenya have since joined the Group of 15 whereas Yugoslavia has left it. India is an active member of the group.

Objectives of the G-15 are:

- To harness the considerable potential for greater and mutually beneficial cooperation among developing countries
- To conduct a regular review of the impact of the world situation and of the state of international economic relations on developing countries
- To serve as a forum for regular consultations among developing countries with a view to coordinate policies and actions
- To identify and implement new and concrete schemes for **South-South cooperation** and mobilize wider support for them
- To pursue a more positive and productive North-South dialogue and to find new ways of dealing with problems in a cooperative, constructive and mutually supportive manner.

G-15 has a Technical Support Facility (TSF) located in Geneva which works under the direction of the Chairman to provide necessary support for the various activities. The G-15's summit is organized biennially. G-15 Ministers of Foreign Affairs typically meet once a year. A Steering Committee or Troika is composed of three Foreign Ministers for oversight and coordination. Federation of Chambers of Commerce, Industry and Services (FCCIS) is a private sector forum of G-15 member countries. The purpose of the FCCIS is to coordinate and maximize efforts which promote business, economic development and joint investment in G-15 nations.

## 4.2 G-20

G-20 is a group of finance ministers and central bank governors from 20 major economies. The G-20 heads of government are periodically conferred at summits since 2008. G-20 economies account for approximately 80 % of the gross world product (GWP), 80% of world trade, and two-thirds of the world population. As per IMF, G-20 accounts for 84.1 % and 82.2% of the world's economic growth by nominal GDP and GDP (PPP) respectively from the years 2010 to 2016.

The G-20 was proposed by former Canadian Prime Minister **Paul Martin** as a forum for cooperation in matters pertaining to the international financial system. The group was formally inaugurated in 1999 and held its first meeting in December 1999. The group reviews and promotes high-level discussion of policy issues pertaining to the promotion of international financial stability. The heads of the G-20 nations meet annually.

The G-20 Summit was created as a response both to the financial crisis of 2007–2010 and to a growing recognition that key emerging countries were not adequately included in the core of global economic discussion and governance. The G-20 Summits of heads of government were held in addition to the G-20 Meetings of Finance Ministers and Central Bank Governors who continued to meet to prepare the leaders' summit and implement their decisions. The G-20 works without any permanent secretariat. The chair rotates annually among the members and is selected from a different regional grouping of countries.

## 4.3 G-24

The Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24) was established in 1971. The purpose of the group is to coordinate the position of developing countries on monetary and development issues, particularly issues on the agendas of the International Monetary and Financial Committee (IMFC) and the Development Committee (DC), and to ensure increased representation and participation of developing countries in negotiations on the reform of the international monetary system.

Member countries are as follows (divided by region):

- Region I (Africa): Algeria, Côte d'Ivoire, Egypt, Ethiopia, Gabon, Ghana, Nigeria, South Africa and the Democratic Republic of Congo.
- Region II (Latin America and the Caribbean): Argentina, Brazil, Colombia, Guatemala, Mexico, Peru, Trinidad and Tobago and Venezuela.
- Region III (Asia): India, Iran, Lebanon, Pakistan, Philippines, Sri Lanka and Syria.

In addition, all members of the Group of 77 that are not members of the G-24 are eligible to participate in G-24 meetings. China attends as a **"Special Invitee"** and addresses the plenary level meetings of Ministers. The G-24 Secretariat is one of the two executive arms of the G-24 Bureau. The functions and activities of the Secretariat include: supporting the Chair and the Bureau by providing logistical and secretarial support for the various meetings of the G-24; ensuring effective liaison among G-24 members, with a view to facilitating consensus on issues of common interest; providing logistical support on the implementation of the research program; and building strategic partnerships and coalitions with other forums engaged in the same spheres of interest.

The G-24 operates at two levels:

- The political level, comprised of Ministers, their Deputies, the Bureau, and other Washington-based representatives who participate in the Committee of the Whole and in any ad hoc meetings;
- The operational level, which is run by the G24 Liaison Office, and includes the G24 Secretariat and the Research Coordinator.

The governing body of the G-24 meets twice a year, preceding the Spring and Fall meetings of the International Monetary and Financial Committee and the Joint Development Committee of the World Bank and the International Monetary Fund. The plenary G-24 meetings are addressed by the heads of the IMF and the World Bank Group as well as by senior officials of the UN system. Issues are first discussed by the Deputies and

culminate at the Ministerial level by the approval of a document that sets out the consensus views of member countries. The Ministerial document is released as a public Communiqué at a press conference held at the end of the meetings. Decision-making within the G-24 is by consensus.

#### Role of G24

- G24 has an important role to play in fostering dialogue amongst developing countries and in supporting a more inclusive approach in global economic and financial cooperation including on the development agenda.
- The present global economic order presents an opportunity for the G24 to devise strategies to enhance its effectiveness in the global policy making process.
- The G24 is uniquely positioned as it is well represented by all major emerging market developing countries. G24 has a bigger role in international financial inclusion.

#### **4.4 G-77**

The Group of 77 at the United Nations is a informal coalition of developing nations, designed to promote its members' collective economic interests and create an enhanced joint negotiating capacity in the United Nations. There were 77 founding members of the organization, but the organization has since expanded to 132 member countries. The group was founded on June 15, 1964 by the "Joint Declaration of the Seventy-Seven Countries" issued at the United Nations Conference on Trade and Development (UNCTAD).

The first major meeting was in Algiers in 1967, where the Charter of Algiers was adopted and the basis for permanent institutional structures was begun. There are Chapters of the Group of 77 in Rome (FAO), Vienna (UNIDO), Paris (UNESCO), Nairobi (UNEP) and the Group of 24 in Washington, D.C. (International Monetary Fund and World Bank).

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