

**INDIA'S DEVELOPMENT PARTNERSHIP
ADMINISTRATION: A CONSTRUCTIVIST
ANALYSIS**

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And that neither this thesis nor any part of it has been submitted before for any degree or diploma anywhere/elsewhere.

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PREFACE

This thesis is submitted for completion and award of the degree of Doctor of Philosophy in the Department of International Relations, Faculty of Arts, Jadavpur University, Kolkata. My research for the present thesis has taken place between September 2018 and May 2023 under the guidance and supervision of Professor Dr. Om Prakash Mishra, Department of International Relations, Jadavpur University. This thesis is an original work and references/acknowledgment has been substantially cited to sources that have been consulted and discussed.

The study of foreign policy is an integral part of the discipline of International Relations. The world has witnessed many variations in the international political scene and has been subject to such global forces and processes of change (for example, decolonization, weaponization, globalization, etc). These vicissitudes have impacted individual countries mainly on two fronts: their domestic sphere and their foreign relations. This view has been taken to impress upon the idea that the changes in a country's foreign policy make for an interesting area of study.

Foreign aid of a country is perceived in two ways, its policies of giving and receiving it. As a part of the foreign policy structure, foreign aid has been viewed as a soft power policy. Coined by Joseph Nye, the term soft power referred to policies of persuasion without the use of threat and force, in dealings and interactions with other countries. The policy of foreign aid provision has mostly been linked to the countries of the developed world or the Global North while developing and underdeveloped countries have been the main recipients of this assistance. This view is rapidly changing owing to the increase in the provision of aid by non-traditional foreign aid/assistance donor countries like India and China. Moreover, these non-traditional donors are also changing the understanding of foreign aid/assistance by introducing the idea of development partnership/cooperation whereby, the former are targeting developmental areas in recipient/partner countries for provision of assistance. Indian foreign aid/assistance, which it refers to as Development Partnership Administration (DPA), is a shining example of this policy. Although the DPA was institutionalized in 2011, Indian foreign aid/assistance provision has a long history, especially in the region of South Asia. While the Indian policy of foreign aid/assistance provision is an important variable in the present thesis, the region of South Asia (Afghanistan, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka, and the Maldives) is the

other important factor. The most disintegrated region in the world, South Asia offers quite a complicated region for India to navigate in terms of its foreign policies. This equation presented an interesting challenge to me, to further study, analyze, and, understand this dynamic.

While there have been extensive studies in South Asian diplomacy, politics, bilateral relations, problems, and conflicts in the region, the policy of India's foreign aid/assistance has not received enough limelight. Yet, today, when India's bilateral relations with its South Asian neighbors are referred to, the former's developmental efforts in the latter countries will hardly be ignored. Moreover, India's foreign aid/assistance has made inroads into the countries of South Asia, on a massive scale despite existing bilateral problems and conflicts. It is for this reason that this study has been taken up. Constructivism as a theoretical tool has been applied to further explore the intricacies of bilateral relationships and interactions and the impact of Indian foreign aid/assistance on it.

After a review of the literature on the present topic, I came to understand that India's foreign aid/assistance policy in South Asia, as a whole, has not been ventured into much. Hence, I have attempted to make a trend analysis of India's bilateral relations in South Asia and then place India's foreign aid/assistance policy in this framework.

India's foreign aid/assistance policy, which it refers to as Development Partnership Administration, is gradually becoming a crucial policy in building relations with developing countries. Although it is still limited in geographical magnitude and resources, India's DPA has proven itself in having the capacity to make impressionable changes in the partner countries. A non-traditional donor, India's policy of DPA has a set of unique characteristics, that understands the needs and requirements of the developing countries. It is tailor-made to fit their developmental needs and limited resources. Hence, I believe that India's foreign aid/assistance policy demands the limelight, especially when it comes to the study of bilateral relations. India's foreign aid/ assistance policy or DPA has a major impact in two regions: South Asia and Africa. In the present thesis, India's bilateral relations with its South Asian neighbors are studied, along with the impact of DPA on it. In order to prevent the thesis from becoming vague, China's role in South Asia has been studied only briefly. This is because China has its own policy of foreign aid/assistance provision which it employs in South Asia, and a detailed study of that topic is outside the

scope of the present thesis. Nevertheless, China's role in the subregion of South Asia is pertinent to the study of South Asian politics. Additionally, it must be mentioned that the DPA is a wide area of study with numerous divisions. It has been attempted here to study this policy comprehensively, hence any mistake or lack is sincerely regretted.

The present thesis sheds light on India's foreign aid/assistance policy, and how it has enabled the former in building its relations with its neighbors. The significance of this policy will only continue to grow as India marches forward, eventually becoming a crucial tool in India's bilateral diplomacy.

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LIST OF ABBREVIATIONS

AAA: Accra Agenda for Action

AAF: Afghan Air Force

AL: Awami League

ANA: Afghan National Army

ANASTU: Afghanistan National Agricultural Sciences and Technology University

ANDSF: Afghan National Defence and Security Forces

ASEAN: Association of Southeast Asian Countries

AU: African Union

BBIN Initiative: Bangladesh, Bhutan, India, Nepal Initiative

BIMSTEC: Bay of Bengal Initiative for Multi-Sectoral and Technical Development

BNP: Bangladesh National Party

BOOT: Build, Own, Operate, Transfer

BPC: Bangladesh Petroleum Corporation

BPCL: Bharat Petroleum Corporation Limited

BRI: Belt and Road Initiative

BRO: Border Roads Organisation

CARICOM: The Caribbean Community

CBDR: Common but Differentiated Responsibilities

CEPA: Comprehensive Economic Partnership Agreement

CHTs: Chittagong Hill Tracts

CRS: Coastal Radar System

CTC: Composite Training Center

DAC: Development Assistance Committee

DGPC: Druk Green Power Corporation

DPA: Development Partnership Administration

ECA: Economic Cooperation Act

ECA: Economic Commission for Africa

EEZ: Exclusive Economic Zone

ERP: European Recovery Program

ESF: Economic Support Fund

EXIM: Export and Import Bank of India

EWHCS: Estate Workers' Housing Cooperative Societies

FDI: Foreign Direct Investment

FMF: Foreign Military Financing

FOA: Foreign Operations Organization

FPA: Foreign Policy Analysis

FTA: Free Trade Area

GDP: Gross Domestic Product

GMCP: Greater Male Connectivity Project

GNP: Gross National Product

GPEDC: Global Partnership for Effective Development Cooperation

HADR: Humanitarian Assistance and Disaster Relief exercises

HICDPs: High-Impact Community Development Projects

ICA: International Cooperation Administration

ICCR: Indian Council for Cultural Relations

IDEAS: Indian Development and Economic Assistance Scheme

IDI: Indian Development Initiative

IDP: Internally Displaced People

IGICH: Indira Gandhi Institute of Child Health

ITEC: Indian Technical and Economic Cooperation Program

IMBL: International Maritime Boundary Line

IMET: International Military Education and Training program

IMEX: Indian Ocean Naval Symposium (IONS) Maritime Exercise

IMTRAT: Indian Military Training Team

IONS: Indian Ocean Naval Symposium

IPKF: Indian Peacekeeping Forces

IRT: International Relations Theory

ISFTA: India-Sri Lanka Free Trade Agreement

IWT: The Indus Waters Treaty

JCC: Joint Consultative Commission

JICA: Japan International Cooperation Agency

JWG: Joint Working Group

LBA: Land Boundary Agreement

LOC: Line of Credit

LOC: Line of Control

LTTE: Liberation Tigers of Tamil Eelam

LPG: Liberalization, Privatization, Globalization

MDGs: Millennium Development Goals

MEA: Ministry of External Affairs

MFN: Most Favored Nation

MIFCO: Maldives Industrial Fisheries Company Limited

MNDF: Maldivian National Defence Force

MOFA: Ministry of Foreign Affairs

MoU: Memorandum of Understanding

MSA: Mutual Security Act

MTTs: Mobile Training Teams

MW: Mega Watts

NA: Northern Alliance

NAM: Non-Aligned Movement

NC: Nepalese Congress

NCPLE: National Centre for Police and Law Enforcement

NDA: National Democratic Alliance

NDFB: National Democratic Front of Bodoland

NEET: National Eligibility cum Entrance Test

NHIDCL: National Highways and Infrastructure Development Corporation Limited

NRC: Nepali Rashtriya Congress

NRL: Numaligarh Refinery Limited

ODA: Official Development Assistance

OECD: Organisation of Economic Cooperation and Development

OECF: Overseas Economic Cooperation Fund

OEEC: Organisation for European Economic Cooperation

OIC: Organisation of Islamic Countries

OPEC: Organization of Petroleum Exporting Countries

OTCA: Overseas Technical Cooperation Agency

PDPA: People’s Democratic Party of Afghanistan

PHDT: Plantation Human Development Trust

PIC: Permanent Indus Commission

POWs: Prisoners of War

R&D: Research and Development

rites: Rail India Technical and Economic Service

RPCs: Regional Plantation Companies

SAARC: South Asian Association for Regional Cooperation

SAFTA: South Asian Free Trade Area

SAP: Structural Adjustment Programs

SAPDC: SJVN Arun-III Power Development Company Limited

SAPTA: South Asian Preferential Trade Agreement

SCAAP: Special Commonwealth African Assistance Program

SDGs: Sustainable Development Goals

SDPs: Small Developments Projects

SJVN: Sutluj Jal Vidyut Nigam Limited

SLOCs: Sea Lanes Of Communications

SPA: Strategic Partnership Agreement

SSC: South-South Cooperation

TAPI: Turkmenistan-Afghanistan-Pakistan-India Pipeline Project

TCA: Technical Cooperation Administration

TCDC: Technical Cooperation among Developing Countries

TOSSD: Total Official Support for Sustainable Development

TPCL: TAPI Pipeline Company

ULFA: United Liberation Front of Assam

UPA: United Progressive Alliance

UN: United Nations

UNDP: United Nations Development Program

UNIDO: United Nations Industrial Development Organization

USAID: United States Agency for International Development

WTO: World Trade Organization

INTRODUCTION

The South Asian subcontinent today is one of the most fascinating regions of the geographical world and diplomacy. What attributes such fascination to this area are the dynamics that rule the relations amongst the countries of South Asia. The region is a classic example of the phrase, “united we stand, divided we fall.” Various accounts of the potential of the region, if they act cooperatively, have been ascertained. Trade complementarities, similar geographical features, common cultural characteristics, and an overall familiarity among the people are the components of a successful recipe. However, time and history have been witnesses to the destruction of such aspirations. India, which is the central topic of the present research, enjoys a pivotal position in this region. India views itself as a regional power and a champion of the developing world. Its relations with the countries of South Asia are the significant instruments that will either make or break this worldview.

Diplomacy has been an age-old tool for human interactions. Countries have utilized it to relay their motives to each other. In politics, hard power, such as military power and economic resource, have always held center stage in diplomatic practices. Its prominence is due to its apparent nature and strong ability to sway the decisions of others. The instruments of hard politics enjoyed the limelight for a major part of international political history. Soft power, on the other hand, although present in diplomacy along with hard power, their importance as compared to the latter was much less. Joseph Nye, reintroduced its importance in the 1980s, along with the proliferation of new approaches to international politics. The importance of soft power in influencing others has been qualified as important as hard power by Nye. Indeed, in the face of realpolitik, one tends quite easily ignore the contributions of non-military and non-economic sources. Cultural resources, social interactions, assistance, etc. have essentially attributed dynamism to relations among countries. This does not mean that the importance of hard power in diplomacy is lesser than that, rather it shows the significant role of soft power policies. The present work is a study of how such a soft power tool has either enabled or not allowed India to build its relations with its South Asian neighbors.

The present topic of research is the study of Indian foreign aid policy, as part of the wider framework of Indian foreign policy. This research study involves an in-depth study and analysis of this policy. Hence, Indian aid provision is the focus and the study does not venture into any area of foreign aid that India receives. The study also seeks to examine

India's relations with its neighbors in the South Asia subcontinent, over the decades since India's independence in 1947. How India's foreign assistance and development cooperation, which it refers to as Development Partnership Administration (DPA), has acted as a tool in maintaining and improving India's rapport and relations with its neighbors has been analyzed. India's policy of development assistance/cooperation has not been a major point of discussion or inquiry in the subject of India's foreign relations with its South Asian neighbors, or with any other country for that matter. Since economic, political, and military sources of power for a country have been generally recognized as primary criteria in judging a country's effectiveness in the area of foreign policy, 'soft power' sources like foreign assistance/cooperation are mainly relegated as secondary or even tertiary considerations. However, today we can see an element of competition among powers in this area of development cooperation with other countries. A case in point is that of Indian and Chinese development cooperation in South Asia and Africa. Even though Indian resources are much less compared to that of China, nevertheless, their contest to garner in these regions is quite evident. Additionally, for India to consolidate itself in South Asia is not only to be able to influence these countries. India's position in South Asia requires it to hold good political relations with its neighbors. India's relations with its neighbors already suffer due to its fair share of political, economic, cultural, and geographical conflicts. As a regional power, India will have to prove itself in the region it resides. Instability in that region reflects poorly on India. India's vision of being a champion of the developing world, especially in South Asia, requires it to gain trust and goodwill from these countries. Efficient development assistance/cooperation is a mark of success and leadership of leading powers and India's venture in this policy must be successful.

Aid provision as a subject matter of study has gained weight in scholarly circles in recent times. Originally the study revolved around the effectiveness of aid in the recipient countries. The present study seeks to analyze the policy of aid provision from the donor's perspective. Traditionally, aid provision as a mechanism was understood as the domain of developed countries. They had organized themselves into a structure that came to be known as the Development Assistance Committee (DAC), under the patronage of the Organization of Economic Cooperation and Development (OECD) in 1960. Indian aid provision does not come under this umbrella organization. Neither is the Indian mechanism of aid provision a new phenomenon. Beginning after the country achieved

Independence, India has provided aid and assistance to other countries which have grown in capacity in present times. Furthermore, the nature of aid provided by India is also different from the ones provided by the DAC countries. India calls this Development Partnership and has mainly viewed it as an instrument of assistance to fellow developing countries. The two models of aid provision are quite different from one another, yet they cannot be said to be diametrically opposite to each other. This is because, while the mechanisms are different, the motivations behind them often seem to be the same. Aid provision is essentially understood to be in terms of assistance provided to help boost the economy of the recipient country. However, with the turn of the century, the understanding of development has changed, as has been exemplified and institutionalized by the United Nations (UN) Millennium Development Goals (MDGs). This is especially about developing or underdeveloped countries. Boosting the economy through the provision of aid does not hold much water in this context. Hence, development cooperation as a device of aid provision has come into vogue. This directly supports developmental efforts in the recipient countries instead of aiming at increasing the savings of the country. However, developmental and humanitarian considerations aside there are certain political motivations that prompt a country to utilize the tool of aid provision. This follows from the rudimentary understanding of what stimulates various foreign policy initiatives. It is against this background that the study of Indian aid provision takes center stage. India is one of the leading countries in the developing world, and its substance is growing every day in the international political arena. A study of India's development partnership as a strategy of foreign policy gains immense relevance in the present international relations scenario.

Literature Review

There exist several apparatuses within the ambit of a foreign policy that helps in the achievement of various goals of national interest. The provision of foreign aid to another country or countries is one means of tackling such goals. A vast amount of literature exists on the importance of the purpose that foreign aid serves in the foreign policy of a country. Hans J. Morgenthau's (1962) described six types of foreign aid provided by a country and how they fulfill the interests of the donor. Humanitarian aid is the only non-political type although it can serve political interests. Bribery, which is the most rampant kind, subsistence aid, military aid, prestige foreign aid, which is like bribes, and foreign aid for economic development. He concludes his essay with the importance of a thorough

assessment of the aid requirements of the recipient country and adjusting them to the larger foreign policy goal of the donor country. He underlined the importance of foreign aid as a vital part of foreign policy. Similarly, Clair Apodaca (2017) mentions that the provision of foreign aid is the carrot that influences the recipient's policy choices or other behaviors. The termination of the provision of aid, the stick, can also be used to alter the recipient country's behavior. The idea was clearly to demonstrate the causal relationship between the provision and receipt of aid. Carol Lancaster (2000), in her article, *Redesigning Foreign Aid*, reiterates how foreign aid serves as a major tool in the foreign policy process to advance the national interest of a country. She writes about United States foreign diplomacy and stresses the importance of foreign aid in the achievement of various foreign policy goals. Another fine example of this is foreign aid provided in the wake of the 9/11 attacks in the United States to check terrorism and act as a measure of counter-terrorism. Bandyopadhyay, Sandler, and, Younas (2011) explain just this in their article, how countries that are the targets of terrorism can provide foreign aid and assistance to countries where transnational terrorist groups are suspected to reside and use it as an apparatus or a counter-terrorism measure to eliminate such forces. The idea of foreign aid as a major aspect of foreign policy is hence reinforced.

Aid provision on the part of India is not a new feature but has been a phenomenon since its independence. According to Dweep Chanana (2009), India has been providing substantial economic and military aid within South Asia since its independence. In 1958, India provided Rupees 100 million in multi-year grants to Nepal and Rupees 200 million in loans to Myanmar. India has from the very beginning taken a keen interest in extending help to fellow developing countries, especially in the South Asian region. This interest is further strengthened by Prime Minister Nehru, in his various speeches in which he expressed his ambition to help other developing countries in their process of development. Srikant Dutt (1980) writes how it was quite evident from Prime Minister Nehru's speeches the ambition that he carried, to have India take a keen interest in the politics of Asia in general and South Asia in particular. At a meeting in 1948, Prime Minister Nehru was quoted, "People vaguely talk of India's leadership in Asia ... I want this problem to be approached not in terms of this country being the leader and pushing or pulling others, but rather in a spirit of cooperation among all the countries of Asia, big and small." In the years following Independence and the onset of the Cold War, India likened itself to fellow developing countries of Asia and Africa, establishing the commonality of their goal of

socio-economic development and hence the need to follow a shared and similar path towards it. Hence, the Indian assistance was presented as mutually beneficial, devoid of a donor-recipient relationship, instead, it was a partnership. Ambassador Shyam Saran (2014), in a speech at Harvard University in 2014 had attested to this view. According to him, the idea originated with our first Prime Minister, Pt. Jawaharlal Nehru believed India had an internationalist responsibility to share its modest capabilities and resources with fellow countries emerging from colonialism. Hence the development cooperation program would be an expression of solidarity with these countries. This was further strengthened by the fact that India based its development assistance to other countries on the basis of the Panchsheel Treaty of 1954 and its considerations of non-alignment. Both were established based on mutual respect for territory and sovereignty, as well as forging a sense of equality among them.

In the 21st century, a big transformation came with India's transition from being a major recipient of foreign aid, to a key provider of aid and assistance. At the 2003-04 Budget speech Minister of Finance and Company Affairs, Jaswant Sinha highlighted certain important points which brought about a radical change in India's external aid policy. The dependence on external aid was drastically reduced, with India now accepting external aid only via a few agencies and countries and no longer any form of tied aid. This change essentially demonstrated how India has now stepped itself up and is trying to project itself as an important power not only in its neighborhood but also internationally. India has always attributed high priority to its neighborhood. The present government led by Prime Minister Narendra Modi was quick to reestablish this importance through the Neighborhood First policy. It becomes obvious that a major part of this engagement involves India's development assistance to its fellow neighboring countries. According to Kumar and Sharma (2015), the Ministry of External Affairs (MEA) of India does not have a specific policy that influences its aid provision. MEA views this as essentially a gesture of goodwill as popularized by the idea of *Daan* in Hindu mythology which proclaims that there should be no motive in charity. However, in need to secure a safe neighborhood for itself was realized and hence neighborhood cooperation has been expanded in recent years. Mullen (2013), spoke about how development cooperation has been directed towards securing energy resources, developing markets for domestic companies and essentially furthering India's geo-strategic goals. Thus, literature on the topic essentially refers to India's political, economic, and geostrategic ambitions behind India's development

partnership policy. Saman Kelegama in his book titled, *Foreign Aid in South Asia: The Emerging Scenario* (2012), uses the case study method to study how foreign aid from various sources has impacted the eight countries in the South Asian subcontinent. The case study method employed here has been to study the impact of foreign aid in South Asia in general and does not examine any bilateral relations as is to be undertaken in the proposed research. 'India's Approach to Development Cooperation,' edited by Sachin Chaturvedi and Anthea Mulakala presents a detailed picture of India's policy of Development Cooperation. This book explores the various components of India's development cooperation policy and the importance of South-South cooperation in it. The nature of case studies in this book is diverse including India's development cooperation and partnership with Nepal, Afghanistan, and Africa. The book also studies and compares Chinese and Australian policies on development cooperation with India's.

Indian interests in establishing an atmosphere of cooperation among the developing countries had formed quite early on, however, they developed over a longer period. Especially in South Asia, to which India appropriates its major amount of foreign aid and assistance, India faced several challenges to develop good diplomatic relations with its neighbors. South Asia is home to varied ethnicities and social classes and these differences grew deeper in the post-independence period. The clashes and violence that ensues inter and intra-country in the second half of the 20th century in South Asia, made the process of nation-building quite difficult (Phadnis and Ganguly, 1989). Hence, Indian foreign assistance and aid as a policy also took time to gain ground.

Nepal and Bhutan have been consistent receivers of Indian aid since the latter's independence. Both countries feature quite importantly in India's security calculations for its northern borders. Aid received forms an important share of Nepal's GDP and is a sizeable portion of the total government expenditure. Nepal had been quite aware of the impact of its size and geographical location in South Asia. King Prithvi Narayan Shah spoke of Nepal's existence as a 'yam between two boulders' (Devi, 2011). This understanding came to underline India-Nepal bilateral relations which have been undulating at the least and quite hostile at the most over the years. India-Bhutan relations have been peaceful for the most part. For quite some time Bhutan had followed an isolationist policy in South Asia. However, the Chinese revolution in 1949 and its subsequent expansionism made Bhutan seek an ally, which it found in India, to lean on (Chowdhury, 2005).

Afghanistan is a post-conflict country. This is a crucial fact since regional and extra-regional powers are converging in the subcontinent to rebuild Afghanistan, and India's role in Afghanistan is important to develop and maintain its image as a regional power. Afghanistan is one of the biggest recipients of Indian aid and assistance. Former president Hamid Karzai has praised India, stating that India has been a significant contributor to the rebuilding of Afghanistan in the last decade and that the former has always tried to abide by Afghanistan's requests (Hamid Karzai, 2011). This is in terms of India's projects in Afghanistan and Indian assistance there which are demand-driven based on the recipient country's needs. India-Bangladesh and India-Pakistan relations have faced their share of challenges and Indian development cooperation has been more successful in the former than the latter. Sri Lanka and Maldives are countries integral to India's security interests in its southern sector. Indian development assistance and cooperation have made impressive interests in these countries as well. A common thread that is apparent regarding the South Asian countries' perspectives of the Indian foreign policy approach in the subregion has been that of India's dominating and big-brother approach towards its neighbors. India has been aware of this and its effort to transform its image has been apparent in the change of its foreign policy approach in South Asia. C Raja Mohan talks about this renovation in the form of the implementation of the Gujral doctrine, in the latter half of the 20th century, adopting a more cooperative and unilateral attitude towards the South Asian subregion (Mohan, 2006). Similar changes were also made in India's foreign aid and assistance policy with the turn of the century, making it more suitable to the needs of the developing world and South Asia in particular.

It is quite prevalent in literary circles studying India's development assistance policy, that such a policy is being utilized mainly to further its political ambitions, especially in the South Asian neighborhood. A review of the current literature, however, does not refer to the success or failure of Indian diplomacy behind the strategy of development partnership. This is the gap that is sought to be undertaken and addressed by the study at hand.

The success or failure of such a policy initiative can be attempted by studying bilateral relations between India and its development partnership companions. The emerging literature and official reports on India's development assistance to South Asian countries point to the former's growing image in the sub-region. Not only is India's presence being felt more than ever before, but also the questions of its underlying motivations are coming

to the fore. In this dynamic international political atmosphere, the custom of aid provision as a tool of the foreign policy of a rapidly emerging country makes for an interesting study.

Theoretical Understanding

A theoretical understanding of foreign aid is well explained in the scholarship of international relations. Dominant amongst them has been the realist understanding of the utilization of aid as a method of hard-core diplomacy. George Liska stated that foreign aid is being and will continue to be an instrument of political power. Marxist scholars, dependency theorists, and anti-globalization theorists have taken on the stand that foreign aid is typically used by the dominant capitalist states to continue their exploitation of developing countries. Liberal internationalists have a much more favorable understanding of foreign aid. Scholars of the liberal tradition have viewed foreign aid as an example of how countries use it to cooperate on issues of interdependence and globalization (Lancaster, 2007).

Constructivism, being a major part of the post-positivist culture of International Relations Theory (IRT), is relatively new to the setting of foreign policy and its analysis. The arena of foreign policy analysis itself has been for the most part dominated by the positivist school of thought and its various branches. However, it would not be an anomaly to say that the study of foreign policy, international events, and phenomena is being increasingly swept up in the wave of critical theories that have come to dominate IRT. While positivist theories essentially sought to study the ‘what’ of foreign policy, constructivism takes a step back and begs the question ‘how’?

They also differ on the main points of analysis of foreign policy. While positivists usually refer to the study of actors and material structures such as power, military superiority, costs, and benefits of cooperation, constructivists will base their analysis on the study of underlying ideas, prevalent norms, and values as a necessary precondition to understanding the motives behind foreign policy decision making. Constructivism has been key in studying social relations of any kind (Onuf, 2013). The superiority of constructivist philosophy in understanding foreign policy decisions and behavior has been well-established in scholarly circles. David Houghton, (Houghton, 2007) who writes about the application of the constructivist lens in foreign policy analysis (FPA), refers to social constructivism as the most logical criterion for the study of the FPA. In another article (Houghton, 2017), he suggested the possibility of the existence of ‘Konstructpolitik’ in

addition to the more prevalent understanding of Realpolitik and Idealpolitik. What renders the constructivist philosophy its exclusivity is its epistemological foundation. Ideational structures, value systems, and non-material belief structures are the main points of influence for political and social actors, which are then translated into social and political actions (Burchill ed. 2005). Hence, the foreign policy of a country is the outcome of the impact of the stimuli on social and political actors. Constructivist philosophy then also provides the different variables for FPA. Norms, ideas, and belief systems take the form of independent variables, manipulating the foreign policy measures that are taken. The attempted work will study India's Development Partnership Administration as a foreign policy measure through a constructivist understanding of FPA

Hypothesis & Research Questions

Development partnership, as a tool of Indian foreign policy in South Asia, has been used as a mechanism to further India's wider political, philosophical, strategic, and security concerns in the region. India's policy of aid and assistance has been referred to as development assistance, development cooperation as well as development partnership. This is by the way it has been referred to in multiple documents, official and scholarly. Hence, India's aid/assistance policy has been referred to interchangeably with development assistance, cooperation, or partnership, throughout the thesis. The chronological way in which the research questions mentioned below will be tackled and answered will be effective in concluding and testing the hypothesis.

The geographical and political reality of the region of South Asia is in the form of a complex web of diversity, similarities, differences, conflicts, anxiety, and, mistrust. India is the biggest country in the region, both geographically and economically. India's vision of being the champion of developing countries and achieving the status of great power has been envisioned by its political leaders since its independence. One of the biggest external factors that can influence these ambitions is how the other countries of South Asia perceive and respond to India. For a long time after independence, India's policies towards its neighborhood were either lacking, incoherent or fell short of the demands of the existing situation. With the incoming of the Gujral Doctrine in the mid-1990s, India's neighborhood policy has crystallized and since then India has sought to play an active role here. India's foreign aid policy has consequently changed over the decades, with an increasing number of resources at its disposal and an evolution in its policies. In this

process, India's foreign aid policy has been streamlined and reestablished with well-established principles and modes of operation. India's foreign aid policy, which it refers to as Development Partnership Administration (DPA) has been an important factor in its interactions with the South Asian neighbors. India has concentrated most amount of its DPA resources on the countries of South Asia. Hence, it is hypothesized here that India's foreign aid policy, or DPA, has enabled it to develop its relations with its South Asian neighbors. India's foreign aid policy is only one among various other foreign policy practices and initiatives that India has formulated toward the South Asian region. Having acknowledged that, the present hypothesis seeks to understand the relationship between Indian foreign aid policy and its relations with South Asian countries.

The hypothesis is sought to be tested within the framework of constructivist analysis of India's DPA, as a foreign policy tool. The proposed study will seek to test the connection between the mentioned strategy and the donor-recipient relationship. This analysis will be limited to the South Asian region as Indian Development Partnership is a vast area of operation and study. The analysis of bilateral relations with India will be conducted with the other neighbors of South Asia including Nepal, Bhutan, Afghanistan, Bangladesh, Pakistan, Sri Lanka, and Maldives. The bilateral relations, including Indian assistance and development cooperation, have been studied in the manner of a trend analysis since the time of India's independence or in the case of certain countries, since the time they came into being.

The tentative research questions are as follows:

- Is there a connection between the Indian foreign aid/assistance policy and its bilateral relations with its South Asian neighbors (Nepal, Bhutan, Afghanistan, Bangladesh, Pakistan, Sri Lanka, and, Maldives)?
- If yes, then what is the impact of this policy on such relations?
- How do India and its partner country (recipients of development assistance are referred to as partners) benefit from this policy?

To answer these questions the following factors have been analyzed in the thesis:

- To perform a trend analysis of India's foreign policy with the countries of South Asia.

- To study and then determine the impact and outcome of India's development partnership with the countries of South Asia: Nepal, Bhutan, Afghanistan, Bangladesh, Pakistan, Sri Lanka, and Maldives.
- To conduct a constructivist analysis of India's relations with its South Asian neighbors and the impact of development assistance/cooperation on it, as part of its foreign policy initiatives.

Methodology

The proposed study seeks to study India's Development Partnership Administration in South Asia and find out its implications and outcomes on the donor-recipient relationship.

India's identity of itself in the South Asian region and its perception of other countries belonging to the same region, the various norms and beliefs that form a basis of its understanding as a country, shape its foreign policy decisions towards the region. These foreign policy structures are shaped by governments or actors, which again in turn get influenced by the structures they created in the first place. The underlying assumption or idea is that use of a Development Partnership (structure) as a strategy will lead to certain outcomes in relations between the recipient countries (actors).

The proposed study is descriptive and interpretive in nature and will be examined by a combination of qualitative and quantitative methods. This is keeping in view the two general investigations to be conducted. Firstly, an attempt will be made to study and analyze the Indian government's foreign policy approach towards the countries (Nepal, Bhutan, Afghanistan, Bangladesh, Pakistan, Sri Lanka, and Maldives) in the South Asian subregion. Secondly, India's foreign assistance and development cooperation in these countries will be examined to determine whether India's development policy is aiding in improving its relations with its neighbors, or not. This is conducted in the framework of case studies. Bilateral relations are studied based on a trend analysis of diplomatic relations both before and after 1947 or after the independence of the neighboring countries in a certain instance. By using the case study method/model, the above-mentioned hypothesis can be tested. The conclusions demonstrate how development assistance worked in the countries of the South Asian subregion, the various mechanisms employed, its impact, and its returns to India from these countries as a result of the policy of development cooperation.

The primary method used in conducting the proposed study would be to conduct an extensive review of available literature on the topic. Comprehensive archival research has been carried out to analyze and build upon the relationship between India's policy of Development Partnership and its underlying political motivations. To study the bilateral relations within the purview of the Development Partnership Administration, the examination of statistical data was significant to conclude. Empirical records from official documents of the Indian government, as well as those of multilateral institutions will be a source of analysis for formulating statistical data on Indian foreign aid provided to other countries. Annual reports will be an important tool for the content analysis of bilateral relations. These sources have been stated for the accumulation of data since they are reliable guides for official information on government policies. An extensive review of available literature has been required for developing theoretical perspectives of observable behaviors. Thus, empirical records, statistical data, and available literature have been useful in making an accurate assessment of relationships, patterns, or contradictions, found during the study.

Chapter Design

Based on the research questions the present study seeks to answer, an organization of chapters can be made, through which the findings will be ascertained. Chapter 1, commences with an overview of the South Asian neighborhood. The chapter highlights certain factors and events that have been common amongst the countries of South Asia, specifically referring to the years following 1947. These commonalities are emphasized to stress the fact that how these similarities have led the countries of South Asia to experience similar economic, political, and social challenges. The chapter then unfolds to demonstrate a timeline of India's foreign policies toward its South Asian neighbors since 1947, and how its perception of its neighborhood has helped in formulating the foreign policies toward them.

Chapter 2 includes a thorough understanding of the idea of foreign aid as it has existed in international relations. Foreign aid as a policy has quite ancient roots. But the present thesis traces the development of foreign aid from the mid-20th century, with the introduction of the Marshall Plan in 1947. The functioning and characteristics of traditional donors like USAID, OECD-ODA, and, the JICA, have been discussed. This provides a context to then study non-traditional donors in international politics like India and China. It is the

unpredictability, volatility, and, incompatibility that has given scope to the non-traditional donors to expand into the countries of Asia, Africa, and Latin America. In the final part of the Chapter, Indian foreign aid and its policy of Development Partnership Administration are studied at length. This provides a context for the study of the role of Indian foreign assistance/cooperation in the countries of South Asia, as has been explained in the next few chapters. However, the study of foreign aid agencies has been limited to government agencies only, the role of private donors in extending aid and assistance has not been explored in this thesis. This is one of the limitations of the thesis as well as the role of private organizations in aid provision is a separate area of study altogether and falls outside the scope of the present work.

Chapter 3 studies India-Nepal and India-Bhutan bilateral relations and the role of Indian foreign assistance and development cooperation in the two Himalayan countries. Nepal is one of the biggest recipients of Indian aid and assistance since the latter's independence. Relations between the two countries have been riddled with complications that have found expression in the frequent diplomatic conflicts between the two. Indian assistance and development cooperation has been significant as a foreign policy tool to develop and maintain relations with Nepal. Bhutan, another major recipient of Indian foreign aid, has been one of the most stable developmental partners of India in the South Asian subcontinent. India-Bhutan relations have been peaceful for the most part and Indian development cooperation has a heavy presence there. Bhutan has huge hydropower resources, most of which are untapped. Hence, India's development partnership with Bhutan in terms of hydropower projects is an important factor. The bilateral relations in both cases have been in the form of a trend analysis of diplomatic relations since 1947. Bilateral treaties have been the focus of studying relations. The chapter ends with a constructivist explanation of the role of Indian foreign policy and its policy of development cooperation in the Himalayan nations.

Chapter 4 deals with the study of three bilateral relations: India-Afghanistan, India-Bangladesh, and India-Pakistan relations. Afghanistan is a post-conflict country and with the fall of the Taliban in the mid-1990s a range of regional and extra-regional powers converged to rebuild Afghanistan. Indian foreign assistance and development cooperation in Afghanistan started much late, in the 2000s, but it has grown quickly making Afghanistan one of the biggest recipients of Indian development cooperation and assistance. A study of the Indian role in Afghanistan is especially important as the former's

role in a war-torn nation will indicate its strength as a regional power. India-Bangladesh relations started as quite promising, with both countries sharing similar ideals and goals. That, however, soon changed as anti-India elements, ideas, and, activities soon gained ground in the country. Changes in the Indian foreign policy approach has enabled it to improve its relations with its neighbors in South Asia, including Bangladesh. Indian foreign assistance and development cooperation has played an important role in developing relations with Bangladesh. The existence of anxiety against India's dominating attitude in the South Asian subregion has been a recurrent theme in most of the countries here. Indian assistance and development cooperation has been crucial policy implements that have alleviated some of these concerns. The development of India-Pakistan relations has been hindered by a bloody past and subsequent bad political and economic relations. Indeed, their bad bilateral relations have been a barrier to the successful functioning of multilateral institutions in South Asia. The absence of Indian development projects in Pakistan is proof enough of the worsening situation of their bilateral relations. A constructivist explanation of the importance of Indian assistance and development cooperation in the above-mentioned countries is dealt with towards the end of the chapter.

Chapter 5 deals with the study of India-Sri Lanka and India-Maldives relations. Both these countries are important to India regarding its security in the southern sector. The purpose of this chapter is to explore these two bilateral relations and then study the impact of Indian assistance and development cooperation on it. The Sri Lankan ethnic crisis and Indian involvement (both active and passive) in it created certain diplomatic snags between the two countries. The existence of anti-India sentiment in the island nation is another challenge that India faces. Nevertheless, the two countries have enjoyed good trade relations India has a marked presence there in terms of development projects and investment. India's relations with the Republic of Maldives had been good initially, however, their diplomatic relations soon ran into trouble. The Maldives, a resource-challenged country plays a vital role in the maintenance of security interests in the Indian Ocean region. This factor is significant for India's security concerns in the southern sectors as well as its interests in keeping the Indian Ocean region free of conflict. Indian foreign assistance and development cooperation has been playing an active role to deal with these challenges and gain back trust and goodwill in both these countries. A constructivist explanation helps provide an analysis of the impact of Indian foreign policy on the improvement of bilateral relations between the two countries.

The Conclusion is the final chapter of the thesis. The hypothesis mentioned here has been tested throughout the thesis and in the final chapter, it is once again answered definitively. This chapter will also answer the research questions that have been identified in this introductory chapter. Certain factors are categorized here with the help of which the hypothesis and research questions have been analyzed and discussed in the individual chapters of the thesis. The final chapter seeks to bring them together comprehensively and present a well-rounded conclusion.

Limitations of the Study

The present thesis is significantly based on the case study method to examine India's bilateral relations in South Asia and the impact of development assistance/cooperation on their rapport. Various factors are pertinent in this study which has been exempted from this thesis to retain its clarity. India's development assistance/cooperation has made inroads in Africa and has gained much popularity there. South Asia and Africa are the two biggest receivers of Indian assistance. A study of Indian development cooperation/assistance will be incomplete without studying its involvement in Africa. However, the same has been excluded from the present thesis as its inclusion would not be relevant to the present topic. Also, its inclusion would require enhanced study and analysis which again will be outside the scope of the thesis. China's development partnership is another topic in point which has not been fully analyzed here. China's intervention in South Asia through its policy of development cooperation or development partnership directly impacts India's relations with its neighbors. Given China's huge resources at its disposal, it poses an obvious competition to India's development assistance and cooperation in the region. However, this has not been completely ignored in the present thesis and it has been mentioned briefly. But to maintain its unambiguity and prevent straying from the main point of the study, China's development partnership has not been analyzed in detail. The role of private organizations in the provision of aid and assistance is another area of study that has been exempted from this thesis, as it is outside the scope of the present study. The data in charts presented in the subsequent chapters have been studied from the official websites of the various ministries dealing with a particular office or policy. Certain gaps can be seen in the data presented due to their unavailability in the mentioned sources. This leaves a wide scope for further research to be conducted on this topic.

Significance/Relevance of the Study

A study of Indian foreign aid as a tool of foreign policy makes for an interesting study especially because of the current regional situation and India's current position in the wider context of the international political arena. Providing development assistance has been an integral policy of India since she has viewed fellow developing countries and other underdeveloped countries as part of a similar journey towards the development of which she is a part herself. This stance came naturally to India from its very independence and the same has persisted till today. It has even grown stronger than ever before as is evident from a very brief overview of current reports. India's foreign aid/assistance policy has evolved into a well-defined structure, with its own policies and framework according to which it functions. The increase in power and resources for India has enabled it to define its foreign policy orientation and its associated institutions. Moreover, a strong foreign aid policy demonstrates the willingness and existence of a responsible power and provides legitimacy and justification to its aspirations of big power status.

India is also a non-traditional donor country, or partner country as it likes to call itself. The conditions and policies surrounding the provision of aid are changing on an international level, in order to make aid more effective. Here, the provision of Indian aid and assistance also stands to be tested on how well or not it is impacting its partner countries. This is another aspect that is taken up by the present thesis. This point is noteworthy since India's bilateral relations and the impact of India's DPA activities on it are crucial in assessing India's position as a major power. This, however, is left out of the scope of the present thesis which studies the impact of DPA on India's bilateral relations with its South Asian neighbors. India's foreign aid/assistance policies may not solve border disputes, water-sharing disputes, and other diplomatic conflicts with countries, but they can give Indian foreign policy another dimension.

Thus, this study is not only important when viewed as part of the more extensive foreign policy of India, but it is also highly relevant concerning the subregion that it seeks to conclude from. A study of India's diplomacy against the background of development partnership will make a valuable contribution to the study of India's foreign policy.

Chapter 1

India in South Asia: Constructivist Ramifications

Introduction

The sub-region of South Asia represents a unique and complex disposition at the same time. Born out of one of the oldest civilizations of the world, South Asia has a rich history of culture and diversity and the region had prospered and grown, owing to its booming economy and trade relations in the early times. Unfortunately, history dealt the region a bad hand of cards, which had flipped the region's destiny to a complete 360 degrees turn. Today at the helm of the twenty-first century, the region is completely divided, with a better and more developing economy than it was in the previous century, each country suffering a range of domestic problems and dominated by feelings of animosity and wariness that have come to overshadow the region. South Asia has borne the brunt of almost all, political, social, and economic, disadvantages that a region can face while integrating itself into a democratic liberal order. Wars, insurgencies, and conflicts have devastated the expanse. Political instability and autocracy have smothered democratic ideals. India, as the largest country in the region (both geographically and economically) suffers from a quandary, of the need to provide leadership to the region and fight off anxieties and hostilities from the same region at the same time. The situation is far from ideal for a country like India in a region like South Asia, with the global ambitions that it has. Over the years, especially in the last three or four decades, Indian attitude towards this region, mostly, has been that of lending a cooperative hand, to bring the region together to a common journey towards development. India believes that this will enable the country to assume some sort of leadership in the region and assuage the anxieties of the other residents of the region. Motives and aspirations aside, India has a deep connection with the region, and, as the largest country in South Asia, India has sought the overall development of the region through cooperation in good faith.

“As the largest country in South Asia, and the only one that shares borders with all the other countries in the region, we are mindful of taking responsibility in taking the leadership in fostering cooperation. Indeed, India has consistently sought to build good neighborly relations in the South Asian region.” (Address by Shri Atal Bihari Vajpayee, 2000)

When the then Prime Minister, Atal Bihari Vajpayee addressed a dinner with these words, he was essentially putting forward India's attitude towards the countries in the sub-region in which she resides. This responsibility has never proven to be not difficult for India.

The purpose of this chapter is to emphasize the significance that India associates with the subregion in which she resides, South Asia. In establishing this importance, it has been attempted to quite briefly; refer to some social, political, and economic similarities in the region. These factors demonstrate how the countries in the subregion are intricately linked to each other, facing almost the same challenges and consequences. Moreover, this is not just because of their geographical proximity to each other, but also because the world at large views the subregion. The whole of South Asia is often considered a force. Having said that, circumstances often, offer added complexity and two points should be made here. Firstly, whenever there is any form of crisis or any country is brought to the attention of the world, the country in question or pairs are drawn out and focused upon. This is true and in tune with the normal passage of consequences, in the light of any occurrence or event. However, it is also true that even in such instances, the role of South Asia as a region is not forgotten, but often highlighted. Secondly, regarding India, the country has made inroads into the international arena as one of the fast-paced developing countries in the world with one of the largest economies and markets. India's size and achievements make it stand apart in the sub-region. Nonetheless, India is hardly separated from the neighborhood it resides in. India and South Asia have been synonymous in the way India contributes to the region. Development of the region is not only present in India's psyche but also in the expectation of the world. It is for the same reason that the argument that India's growth as a power will depend upon how well it can stabilize and consolidate itself in the neighborhood, has gained immense ground. Hence, to continue along this line, India's strategic culture towards its neighborhood is discussed and elaborated.

A grand strategy has been mostly attributed to big powers. The term strategic culture itself was coined in the context of the United States and the Soviet Union's bipolar structure during the Cold War years. After that, the concept of strategic culture came to be utilized in the context of the attitude, policy initiatives, execution, and understanding that a country has towards another country or group of countries. In the present context, the strategic culture of India concerning the South Asian region, consisting of the countries of Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka, Afghanistan, and, Maldives is explored.

In simple words, strategic culture refers to the approach a country develops for another or others. The concept has constructivist connotations. Although the attitude of a country is subject to change with variations in the sphere of time, space, and circumstances, the constructivist angle becomes significant when the question is put forward, how are these

attitudes formed in the first place? Historically, most of the countries of South Asia had been joined in the form of a single nation, before its break up. With this setup, it was but natural for the later formed distinct countries to share political, cultural, social, and economic similarities. These similarities made it possible that the countries of the sub-region mostly experience the same circumstances, which vary only in degree. Had the equation been quite so simple, we would have seen greater cooperation in South Asia today, rather than what it is. Therefore, it begs the question that if the conditions had been so similar, then why is it that the expected consequent amount of cooperation is not there? Is it because some countries have simply failed in their social, political, and economic duties or because some have been dealt with a much worse hand of cards? It would also pose the question that whether similarities and parallel circumstances by themselves assure cooperation. While the first two questions can be answered in the present study, the latter is beyond its scope and hence will be left at this very stage.

Constructivism, as an analytical model, has been utilized here to make sense of circumstances in the South Asian region. Offering a brief outline of some of the factors central to constructivism, it is attempted to clarify the questions posed above. Close observation of the region would reveal that despite the very real connection and analogous relation amongst the countries of South Asia, today these countries are mostly defined by their distinctiveness from each other in the sub-region. In other words, it is their distinction and dissimilarity which defines relations amongst countries of this region today. This emphasis on distinction and differences makes the countries of the region pursue their respective strategic initiatives here, which are not only distinct from each other but can also be opposing to the others. This can be the reason for the antagonism that countries have towards each other in the region as well as the anxiety and wariness that some countries have towards the other, and most importantly, the reason for the breakdown of cooperation in the region.

Theoretical Overview

The utility of any theory, in the international relations discipline, lies in its ability to explain and give meaning to a circumstance, an event, or, relations between and amongst states. Any particular theory enables us to view a phenomenon and make sense of it by placing it in the framework of principles and assumptions central to that particular theory. In other words, each theory will provide a different explanation for a circumstance or

event, basing them on their parameters. In the field of international relations, certain periods in history have been dominated by certain theories which were seen as providing the best explanation for circumstances during that time. The founding of the League of Nations and the phase after it popularized the liberal theory of international politics, whereas the outbreak of the Second World War saw the rise of the classical realist paradigm which had criticized the liberal theory for not being able to view conditions as they were. The point being made here is that new theories have come up and older theories have been revamped to explain the ever-evolving conditions and situations in the international arena.

Constructivism was introduced as part of the post-positivist wave which swept international theory, declaring the theories of realism and liberalism as falling short in providing a proper explanation, given their preconceived ideas, and established principles. Constructivism essentially seeks to understand the reasons why a state would act a certain way, or why a situation unfolds in a particular manner, without bracketing them in already predetermined factors. To understand this a little better, we can refer to Alexander Wendt's famous distinction of three types of anarchy; Hobbesian, Lockean, and, Kantian. While neorealism makes self-help the natural solution to the problem of anarchy, Wendt maintains that before making that assumption, a greater inquiry into the discursive interaction between states is required. This inquiry is based on the fact that anarchy may mean different outcomes for different states depending on the way they perceive the other state or even the circumstance at hand. In Hobbesian anarchy, war will be inevitable as the situation is one in which war is the only solution to one's survival. Hence, the condition of war of all against all takes center stage in the case of Hobbesian anarchy. In the case of Lockean anarchy, conflict is again unavoidable, but here states also recognize the right of each other to exist and will not seek to wage war against the other. Hence, conflicts will be solved through an agreed framework without seeking to take out the other. In the Kantian form of anarchy, states settle disputes peacefully and support each other in case of attack by a third party. The Hobbesian form of anarchy existed until the seventeenth century while the Kantian culture existed amongst liberal states post the Second World War (Jackson and Sorenson, 1999). Hence, the outcome of anarchy is not necessarily war nor is it always a peaceful solution to disputes. The outcome generally depends on the kind of social and discursive interaction between and amongst states.

We can further consider two central factors of constructivism here, which will help in understanding the present study at hand: intersubjectivity and the role of ideas.

Intersubjectivity – According to Ted Hopf, for any behavior or action to have meaning it must be situated within an intersubjective social context. In other words, states as actors in international politics make sense of each other based on certain norms and practices associated with different states. Without the existence of these norms or practices, the judgment of behavior and actions becomes difficult (Hopf, 1998). For example, in 1990 when war was waged against Iraq by a coalition of countries led by the United States, it perpetuated a certain image of the United States. As a liberator of a country occupied by foreign forces the, United States had received worldwide appreciation while Iraq was condemned for having occupied Kuwait in the first place. Hence, this not only maintained the US persona of great power, already established in international politics, but it also displayed Iraq in a bad light, as an aggressor state. These norms and practices continue to exist in the memory of international relations and allow other countries to formulate judgments and subsequently policies when dealing with other states. These memories further strengthen the intersubjective nature of the ideas and perceptions of a particular state. Here we can address one of the most important debates of constructivism, how actors and structures are mutually constituted. Going by the above discussion on the importance of existing norms and practices, the structure of international politics (for example security dilemma, anarchy), will be meaningless unless norms and practices are associated with them. In other words, unless actors (states) can associate certain practices with states, a condition of anarchy, for example, will not hold any meaning for them. They can only respond to a situation of anarchy, by becoming defensive, offensive, or neutral once they can determine and understand the other actors that they are dealing with and, this understanding is provided by the widely shared understanding of existing norms and practices. The theory of democratic peace demonstrates this. The democratic peace theory states that democracies will not wage war against each other since they recognize the others' right to exist and they are all governed by liberal laws which will rule out the possibility of aggression. So long as democracies recognize this widely shared assumption, the probability of security dilemmas will be reduced when dealing with other democracies.

Role of Ideas and Identities – According to constructivism, there are mainly 4 types of ideas that matter in international relations. These are ideology, normative beliefs (norms), causal beliefs (parameters by which actors calculate costs and benefits), and, policy prescriptions. These are essentially mental constructs, intersubjective in nature that is shared widely. An understanding of these ideas and meanings allows for better policy-making (Wicaksana, 2020). Another point central to constructivism is that ideas or beliefs

are social constructs and play a crucial role in how international relations play out. Constructivists have placed immense importance on ideas, which can be seen even in their concept of ideational hegemony which demonstrates how ideas play as important a role as material power in propagating hegemony. Houghton gives the example of Las Vegas and how it is perceived. He says that the multibillion-dollar buildings, bright lights, and essentially the extravagance and splendor are not the only things that attract individuals to Las Vegas. The ideas of ‘Lady Luck’, and ‘Get Rich Quick’ associated with it are equally, if not more, attractive to potential visitors (Houghton, 2007). Ideas and identities take center stage in the constructivist understanding of international relations. Like ideas, identities are also socially constructed and enable an actor to make sense of the behaviors and actions of different actors. Even more so, identity helps an actor to differentiate one state from another, to differentiate one behavior from another in the international arena. Although nuclear weapons essentially hold the same meaning and perform the same task anywhere, the identity of the state or actor which possesses them can make a world of difference. The possession of nuclear weapons by France or Great Britain will hold a different meaning for the United States than Russia, or even Iraq or Iran, as possessing them may mean. Hence, we have the constructivist slogan ‘identity matters’ (Houghton, 2007).

This understanding of constructivism has been taken to the study of foreign policy initiatives, here the Indian foreign policy towards the South Asian subcontinent in particular. Hence, actors or a state formulates foreign policies (structure), considering the various ideas and identities it is confronted with in the international arena. When understanding foreign policy initiatives, similarly, these ideas and identities will enable one to better understand various initiatives. Just as constructivists would say that the existence of material resources and power is not enough in explaining a state’s actions. Instead, foreign policy initiatives have deep roots in ideational structures of how it views Others.

India and South Asia

Graham P. Chapman in his book, *The Geopolitics of South Asia: From early empires to the nuclear age*, comments:

“The aphorism, ‘nature proposes, man disposes’ is applicable to South Asia. Nature ... has proposed a geopolitical region. Within that region, the size of the population, the undogmatic qualities of its ancient theologies, and the time elapsed between external

human shocks have resulted in a unique and evolving continuity of culture despite the ... social and regional variation. The details and variations are important ... they form the finely patterned cracks in the glaze of an old cracked plate – yet the plate exists.” (Chapman, 2009, p. 317)

Chapman has attempted here to demonstrate the inherent capability of the region of South Asia to stand united, persisting through the years of evolution, which has been met with the details of such progression, at times with even certain violent jolts. It is the variation that he emphasizes, that he acknowledges exists in the region. Yet they coexist, along with their dissimilarities. In this geopolitical understanding of the region of South Asia, Chapman strives to explain how history and geography have provided the region with a core because of which integration in the subcontinent has been likely and possible. Throughout history, through the ancient, medieval, and modern eras of the subcontinent, integration has been possible using bonds of identity (practiced by the elite, usually a tight-knit community attached to the same), utilitarian bonds (where self-interest is a major factor that ties the community together) and coercive force (Chapman, 2009). These bonds have been prevalent amongst the elite, who have held the subcontinent together at various points in history. When the masses came down, it was then that the distinction between them became glaring. Violence, conflict, and killings followed and seven decades later we are confronted with separate countries in the subcontinent, defined by the distinction and variations among them.

It has been attempted here to demonstrate certain social, political, and economic points to establish the similarities that exist in the subregion, despite its disintegration. In the form of a typical circular argument, these again go on to show how similar experiences can become a point of agreement and cooperation if not integration in the subcontinent.

Social factor: Ethnic Violence

Ethnicity is an umbrella term that refers to groups of people or communities that share certain markers that closely identify with them. While the population of the entire globe can be divided into a particular number of ethnicities, based on civilizations from which people descend, however, the innumerable ethnic groups that do exist point towards the fact that there are several criteria based on which people identify with their ethnic community. Pointers or markers like race, class, caste, language, region, religion, and tribe, form the basis of ethnic categorization. The South Asian region is a multi-ethnic expanse.

This multiplicity is one of the identifying factors of this region. This does not imply that various ethnic groupings do not coexist in other parts of the world. The argument, however, is not to recognize these various groupings or analysis of their historical timeline. It is to establish a phenomenon that has evolved as a result of the existence of these groupings in the region.

The revival of ethnic groups and their increasing participation in the political process has become a significant factor of the twentieth century and has continued similarly, if not more invigorated, into the twenty-first century. Group assertiveness based on group distinctiveness has become a common feature. This is not to imply that this distinction and emphasis on it was not prevalent before. Again, it is not attempted here to analyze the history of these groups. It can be ascertained that this revival has been in response to new political and social circumstances, especially in the developing world and particularly in South Asia, from the second half of the twentieth century. The second half of the twentieth century witnessed the emergence of new political structures in the subcontinent along with new social settings. In this setting, these ethnic groups have discovered a new space for themselves, where they could represent themselves. Conversely, the need for unique representation results from the challenges and prospects that this novel political and social setting offered them. An aspect that has naturally flown from revivalism and participation of ethnic groups in the political process is that of conflicts among groups and between groups and the state.

According to Nathan Glazer and Daniel Patrick Moynihan, the distinctive markers of ethnicity have become more and more symbolic and in that have become a basis of group mobilization. These varying forms of identification have commonly led to the focus of group mobilization for political interests. In modern-day society, the class structure was expected to become the focus for the mobilization of group interests as it is directly related to the rational structure of society (Glazer, Moynihan, and Schelling Eds., 1975). This argument seeks to build a link between the ethnic groups of today and their increased involvement in the political process. The modern political process provides these ethnic groups a space where they could put forward their needs and demands which range from the need for certain resources to the assertion of autonomy. These demands arise as a result of them belonging to a particular group. Hence, these interests that are put forward are highly representative of the group structure and identity. These interests are often even important enough for the continued existence of these groups. Mobilization becomes a

success in the face of such solid motivations. The modern-day political process allows for this interaction between the ethnic groups and political setup or state structure to be quite confrontational. In other words, the ethnic groups and states come into conflict head-on, especially when it becomes a question of the latter's continued existence or autonomy. An alternate view claims that the process of colonization and decolonization had an important part to play in the revival of ethnic nationalism and ethnic political movements in the subcontinent of South Asia and other places which had also been victims of colonization. The process of decolonization and state formation led to the creation of a state structure that integrated various ethnic groups while turning a blind eye to ethnic and cultural divisions and political aspirations. The unity viewed at the time of the struggle for independence was essentially a response to colonial domination rather than an expression of the political will of these groups. As a result, in the post-independence period, the diverse ethnic groups did not have much that tied them together, as the common motivation for unity amongst them was no longer there. What confronted them now was the process of aggressive national assertiveness, as majority or dominant ethnic communities sought the promotion and preservation of their own social, cultural, political, and, economic license. The countries of South Asia were thus, inherently weak and divided which ultimately led to social clashes and even violence and as a result also hampered the process of nation-building (Phadnis & Ganguly, 2001). Hence, in modern-day politics, specifically from the second half of the twentieth century, the prevalence of such clashes has quite established itself in the region of South Asia.

India consists of manifold ethnic identifications. The biggest country in the South Asian region, it is also the most ethnically heterogeneous in character. With variations in race, caste, class, religion, region, and tribalism, this character reveals the nature of the country, one of assimilation. In a sociological understanding of the country, India has assimilated various cultures within its fold and has always retained some of its characteristics with itself. These variations came together at a head for a very brief time of history, during the war of Independence in the first half of the twentieth century. After 1947, however, these multiplicities started making their presence known once again and came face to face with the state. The ethnic problem in Assam is one of the most contentious ones, which remains unresolved to date. The conflict started due to the migration of Bengali Muslims into the state which consisted of the indigenous Assamese population, Bengali Hindus, as well as tribal groups. Clashes sparked as the indigenous population started getting wary of

increasing encroachment by other groups. Ethnic conflict in Assam took the shape of separatist demands for autonomy by the indigenous group, controversies over linguistic and religious issues which involved skirmishes with tribal groups, and even insurgent situations (Goswami, 2001). Here feelings of deprivation and uneven economic development had entrenched a bias of the Indigenous population towards the migrants, i.e., the Bengali Hindus and Bengali Muslims. Myron Weiner, in his book, *Sons of the Soil: Migration and Ethnic Conflict in India* (Weiner, 1978), talks about how the concept of “sons of the soil” had created scuffles between communities. While the migrant community climbed to the apex of economic opportunities, the indigenous community sought political intervention to gain economic prospects and achieve greater recognition for themselves, as well as to keep incoming migrants out. Interactions with the state have not necessarily resulted in the desired outcomes by the indigenous population which is demonstrated by the continuation of the conflict to date. These ethnic clashes change their nature and character when they get involved in the political process and hence acquire a political outlook, which further increases the complexity of these struggles. Hence, they become protracted, even acquire violent stances, and get involved in numerous socio, politico, and economic factors, resulting in a situation that does not have a solution in sight. Today ethnic conflicts are highly complex in nature, they are sensitive, intractable, influenced by various factors, and do not possess any simple way out. Bhutan, the land which measures its progress based on Gross Domestic Happiness (GDH), is not free of ethnic differences. Here, such conflicts have had a slightly different character. Here, the population of Nepali ethnic communities, which have a long history of residence in Bhutan, has come into conflict with the constitutional monarchy (the kingdom). To promote the socio, politico, economic, and cultural interests of its indigenous Bhutanese population, the monarchy has deprived the Nepali ethnic population in the Himalayan country. Bhutan has even resorted to ethnic cleansing or genocide of these Nepali ethnic communities, for instance, the Lhotshampa crisis. The Lhotshampas, a Nepali ethnic group have faced persecution in Bhutan and have even fled to other countries in fear. Gerard Toffin writes about the Janjati/Adivasi Movement in Nepal (Toffin, 2009), the other Himalayan country which has and continues to face ethnic conflicts. Here, several indigenous ethnic groups came together, in protest against the state, that the rich Hindu Nepali community was being given preference in all avenues. Not only was it the lack of economic opportunities, and under-representation in all other aspects of life, but also the repression of these indigenous groups by the Nepalese state. Hence, this conflict has not

only political and economic overtones but also the repression of the culture of the indigenous and tribal communities. Similar kinds of allegations have been raised in Pakistan concerning the conflict between Sindhis and Mohajirs. Especially in the late 1980s, Sindh had become the main point of regional rebellion. The Sindhis rebelled against Punjabi domination and the region became a point of disaffection against the government. In the urban part of Sindh, the Muhajir Quami Movement (MQM) gained ground in the region and the political arena. The mohajirs along with other linguistic groups were much larger in terms of their population as compared to the Sindhis and hence became another point of contention amongst the latter. This discontentment soon led to violence in these parts of the country (Bose & Jalal, 1988). In Bangladesh, the communities of Chittagong Hill Tracts have faced persecution at the hands of the majority Bengali Muslim community. In Afghanistan, while the present focus is its conflict with the Taliban insurgency, before this the country has witnessed a lot of clashes that were inter-ethnic in character. In Sri Lanka, the civil war that resulted from differences between the Buddhist Sinhala community and the Tamil population rocked the subcontinent during the latter part of the twentieth century. The Sinhala community was appeased in the backdrop of acquiring populist sentiments and it eventually backfired as the Tamil population and their need to acquire equal recognition and opportunities in the country started to fester and deepen. This ultimately led to the breaking out of a civil war in the country, including India's intervention in it. This crisis affected not only Sri Lanka but had huge ramifications for the image of India as well.

Thus, ethnic discord and clashes in South Asia can be typified into several groupings. In the first category, a minority or minorities are confronted with a politically dominant majority. For example, the dominant Bengali population in Bangladesh is compared to the tribal communities and the majority of Sinhalese as compared to the Tamils in Sri Lanka. The second category is a politically dominant minority versus a subordinated majority. For example, in Sikkim before its merger with India the Lepchas and Bhotias who were a minority, dominated the numerically larger Nepalese population. In the third case falls a dominant central core which is a plurality versus an aggregation of peripheral ethnic groups (for example the Nepali population in Bhutan and Hindus of the Valley dominated the tribal groups and peripheral categories in the country). Then there is the fourth category, unique to India in the South Asian equation which consists of a conglomeration of ethnic groupings of various dimensions, and not necessarily with certain groups having

more political clout than others. However, such typical categories often overlook and cannot take into account the varying power equations amongst these ethnic categories which are also impacted by changes in social, economic, and, political circumstances. For example, the change in the status of the Bengalis in pre-partitioned Pakistan and the newly formed Bangladesh reflect this discrepancy. Hence, there is a disadvantage to these strictly stratified typologies. A more appropriate classification would be that of an ethnically centralized system, dominated by a few groups who are in constant competition with other groupings and this relationship is defined as the political equation in the center. India, again, does not fall into this typology since it has assimilated various ethnic groupings in the structure of politics and there is no pre-eminence of any particular ethnic grouping. If one was to point out the grouping of Hindus, this category itself consists of various ethnic groups and cannot be referred to as a single ethnic grouping. As to the other countries of South Asia, ethnically centralized systems can be referred to as the power equation in these countries. It is viewed in Sri Lanka and Pakistan. In Pakistan, the politically dominant Punjabi population has been supported by other ethnic groupings in the center. In Sri Lanka, the Tamil population has been aware of its similarity and closeness, ethnic and geographical, with the Tamils of Tamil Nadu. This created a minority complex amongst the Sinhalese population which led to consequent ramifications in the country. In Nepal and Bhutan as well the Tarai and non-Tarai Hindus and the Nepalis and Bhotias respectively have demonstrated the centralized ethnic systems. While this equation is latent in Bhutan, it is more clearly perceived in Nepal. Bangladesh, on the other hand, represents an anomaly, with a homogenous and numerically dominant group at the center, the Bengalis and the subordinate tribal population (Phadnis & Ganguly, 2001). Thus, these interactions amongst the ethnic groupings demonstrate a power equation in these countries, in which the political center acts as the main basis of this calculation.

Hence, ethnic conflicts in South Asia have taken on political overtones. Furthermore, these ethnic conflicts have been a result of the poor and weak machinery of the state in the first instance. As will be explained in the subsequent part, highly centralized political machinery was in the interest of the countries of South Asia, either because the political structure had existed in the said form, to begin with, or it was the requirement of a bloody partition in the subcontinent. Moreover, a strong center, as would be expected was not entirely successful in the countries of the region to take care of these ethnic conflicts. Mainly because these governments soon became enmeshed in corruption and

authoritarianism and lost touch with the grass root level politics of their countries. These ethnic conflicts are also an expression of the political failure of state machinery in the respective states. These conflicts became more serious when violence has become a part of them, and this goes on to show how important these situations had been and continue to do so in the South Asian landscape. The resolutions of these conflicts are as complicated as they are, to begin with. A ceasefire and secession, with a lot of bloodshed and brutality in the process, have been the only cases of a complete end to these conflicts in the region. Nevertheless, ethnic skirmishes have disturbed every country in this zone.

Political Factor: Democratic Structure – The modern-day political structure of the countries in the South Asian region is a model of the Western liberal political arrangement. These structures were established towards the second half of the twentieth century. Now, this was a clear influence of the colonization of the region by the British imperial power and thereafter with the end of the Second World War. These countries adopted liberal political structures following their respective independence and have walked the same route to date. The range of influence of liberal democracy has been worldwide and going into the reasons as to why any alternative political structure could not be sustained for the most part leads this argument into a whole different avenue. The point being raised here, to point out the similar experiences of these countries in the South Asian region, is that these countries are comparatively new in their adaptation and practice of liberal democracy. Consequently, the process of imbibing Western political philosophy into their countries has not been one without any obstacles or sabotage. Moreover, even today it cannot be said with complete confidence that these countries have been entirely successful in making liberal political democracy work. No political structure, liberal or otherwise, is clear of any hurdles. Facing problems in the working of a domestic political structure is routine. However, the structures (social and economic) of countries of the South Asian region have been different to begin with, as compared to the Western countries, and as a result, these countries have faced comparable obstacles in their practice of liberal political democracy. Ethnic conflicts, which have been referred to earlier, are a major consequence of the inability of these countries to practice liberal democracy successfully. However, the political structures of these countries are already riddled with widespread corruption. Fred Riggs' Prismatic Sala model refers to these developing countries which are in the throes of modernity, while still retaining some of their traditional configurations. Nepotism and corruption are rampant in these political structures, and additionally, they include a highly

authoritarian control or hold over the society. A Riggsian model is an ecological approach and it typically refers to the environmental (political, social, economic, and cultural) factors that have lent to the formation of these kinds of political systems. Most definitely, he was not referring to the South Asian region in particular. Nevertheless, the countries of the South Asian region are highly characteristic of the Prismatic Sala model.

Moreover, in the period immediately following the second half of the twentieth century, the region was faced with a highly unstable political situation. Not only, as the Prismatic Sala model demonstrates that countries caught up in their transition from traditional to modernity are riddled with problems, but these countries and the yet-to-be-formed ones were also carrying a history of religious, cultural, and ethnic disagreements that became part of their new political structures. Ayesha Jalal writes about how the Indian and Pakistani political systems have adopted alternative forms of authoritarianism. According to her, the Indian state supervised democratic authoritarianism by striking a relationship between the political leadership and the non-elected institutions of the state, overseen through elections in regular intervals (Jalal, 1995). The Indian political structure was a centralized one to begin with, under the leadership of Prime Minister Jawaharlal Nehru, and in fact, this was required to take control of such a diverse newly independent country, which was introducing itself to a democratic structure for the first time. However, Congress could not have held on to complete control for a very long time, as popular regional parties started entering the political scene subsequently, in the late 1960s. This was demonstrative of tension between the center and the states, which has continued as a part of the Indian political scene to date. These had flared up inside the country in the early years post-Independence in the form of linguistic problems among states and had subsequently led to their reorganization. However, these strains were more of a result due to circumstances of the immediate post-colonial period rather than cultural variations. Partition of the country had created immense violence and instability in its wake. Hence, the immediate need of the hour was to form a strong central government. There had been and still is a debate on the federal structure of the country, as it consists of a huge unitary bias. The Constitution still consists of the term ‘Union of States’, when referring to the country. B.R. Ambedkar then explained this by saying that Indian federalism was not the same as American federalism. The newly formed political machinery of the country is not a result of an agreement amongst states, as had been the American case and, the states did not have the right to secede from the Union (Laxmikanth, 2017). But, the presence of over

fifteen hundred languages in the country could not have been ignored, and federalism equally became a requirement. Hence, this is the quasi-federal structure that we have today. In Pakistan and subsequently, even in Bangladesh, the balance had tilted towards the non-elected institutions (civil bureaucracy, army, police) and these countries had therefore faced military authoritarianism. Pakistan inherited an organizationally weak Muslim League, which formed the government and was already facing financial and resource crises, having immediately engaged in a war with India. As they had to extract resources from the provinces to provide for their defense, the government soon found itself in a tussle with the provinces. Hence, they then focused their energies on central administrative consolidation rather than setting up a democracy. Since 1958, the government in the country went on to exchange hands between the military and the bureaucracy. Democracy was not given a chance to breathe life into the country, as the government completely focused itself on rivalry with India, capitalist assistance, first from Britain and then from the USA, and military-bureaucracy power politics tussle (Bose & Jalal, 1998). These countries were mostly engaged in solidifying their administrative configurations in the face of challenges, rather than introducing democratic elements. Sri Lanka also failed to do so in the face of majority-minority politics. In Sri Lanka; the country's unscrupulous, competitive political practices have contributed to its institutional deterioration and widespread corruption, further fuelled by the ethnic complications that have hounded the country for decades now. In the beginning, the country had been given into government by the elite classes of the majority and minority communities combined with a weak popular base in the island nation. Hence the need to gain popular support was increasingly felt. In 1956, SWRD Bandaranaike of the Sri Lanka Freedom Party gave campaigned for only Sinhala to become the official language in the country, and this was mainly seen as a tactic to generate popular support amongst the majority population of the country. This strategy indeed won her the elections but this was also the beginning of a conflict that would transform into civil war in the country a few decades later. As a result, parliamentary democracy in Sri Lanka faced two limitations. Firstly, most extremist advocates increasingly started influencing the policy choices of the government. Secondly, the minority population felt deprived and started inching toward ghetto politics (Gupta, 2000). Bhutan, Nepal, Maldives, and, Afghanistan had all tried to grapple between constitutional monarchy on one hand and including liberal political elements on the other hand. In all their cases it has been a prolonged process. Bhutan's political structure had not completely transformed into a liberal one till 2008. During the 50s and the 60s, some

Councils (National Assembly, Royal Advisory Council, Council of Ministers) have been established, but those did not contribute much towards increasing the republican character of the Himalayan kingdom. In Nepal, the commitment to transform the unitary state into a federal republic came only in the 21st century and today we have the only democratically elected communist government, unique not only to the subcontinent but also to the rest of the world. Before this however, Nepal consisted of an elected Panchayat system of government (elected), with the king at the head and the sovereign of the country. However, the elected Panchayat system did not eliminate autocracy. Riots and protests to make the government more transparent and inclusive were prevalent in the country towards the end of the 20th century. The introduction of a multiparty system came at this time with the formation of the new Constitution in 1990. Hence, the democratic or the liberal factor is quite less here as well. In Maldives, democracy is in its infancy (globalsecurity.org). The Islamic Island country had a centralized presidential system of government based on its 1968 Constitution. In 2008, according to its 6th Constitution multi-party system was introduced and Mohammed Nasheed was the island country's first democratically elected leader. The government is beset with ruling-opposition rivalry, and weak institutions and the country is rife with anti-government riots. Afghanistan is one country in the subcontinent that got directly involved in Cold War politics and faced the raw end of its consequences. A war-torn country, it had a centralized leadership with an elected assembly of elders (Loya Jirga) without the presence of opposition and then followed by a communist regime for a couple of decades which had given birth to one of the worst insurgencies, and then terrorist organization, witnessed by the world. Its inclusion of democratic processes has only begun in the early 21st century and it will be some solid amount of time before its experience of democracy can be ascertained.

Globalization made inroads into South Asia in the latter part of the twentieth century. This worldwide phenomenon, which brought sweeping reforms all over arrived a little late in the region, but the changes it brought in other parts of the world, it was equally liberal with them in this region as well. Globalization came hand in hand with the liberalization of the economies of South Asian countries, more on it has been elaborated in the subsequent point, and brought changes not only in the economy but in the polity and government as well. If the practice of democracy was not exactly smooth, to begin within the subcontinent, globalization brought along with it, its complications. In the present context, post-liberalization and the introduction of globalization, the role of the state has

transformed. The function of the state has changed from a Keynesian welfare state to a Schumpeterian model of a workfare state. This modification undermines the social responsibilities of the state in favor of the requirements of the market forces. This eventually leads to the creation of a democratic deficit (UK Jha, 2004). This is even more so relevant to the countries of South Asia, where the role of the state in governing is crucial to looking after the humungous population in the sub-continent, which had, not so far ago, come out of the chains of colonialism. On average, these countries had come out of colonial subjugation around five decades ago, when they were again hit by this new occurrence. Democracy in its true form had hardly begun to take root in the region when globalization arrived to change the political structure all over again. The good and bad effects of globalization are an avenue that cannot be explored here, as it is outside the scope of the present study. However, what globalization, along with the capitalist market economy does create are huge disparities between the rich and the poor population of a country. According to U. K. Jha, conducting regular elections, rule of law, and providing social, civil, and economic rights on an equal standing to the population are the procedural aspects of democracy. However, to make democracy consequential, the population must also be handed equality of opportunity in the exercise of their rights. But this becomes difficult several folds when there is a huge economic disparity in the population. The cohabitation of scarcity and prosperity cannot result in the functioning of democracy of substance (UK Jha, 2004). The South Asian subcontinent reflects exactly this. This problem takes root in the sub-continent mainly because of poverty and population.

Economic Factor: Political Economy – The political economy of the countries in South Asia again paints the picture of a similar model. Developing countries, some coming out of colonization in the mid-twentieth century, some forming out of the independence struggle of these countries, none of them had a pre-existing solid economic structure. These countries were far away from Western industrialization and were faced with a situation of building their economies from the ground up. Since these were traditional societies, they had a big agricultural base, to begin with, which at the beginning had occupied the larger portion of their respective economies. As a geographical region, South Asia does not possess rich quantities of significant natural resources such as minerals and hydrocarbons, with less and receding forest cover, and poor energy-producing capability as well as reserves. Hence, industrialization is a challenge in these societies, where the very resources required for it are present in meager quantities. India, Pakistan, Bangladesh,

and Sri Lanka had opted for a similar nature of economic performance post their independence, that is, greater reliance on the public sector and the strategy of import substitution (Kelkar, 2002). In the cases of Nepal and Bhutan, these two countries are mountainous in nature, and had therefore posed the problem of difficulties in the development of agriculture as well as infrastructure. These two countries are also politically different from the rest of the countries of South Asia, due to their history of kingdoms ruled by long-standing dynasties. Hence, although they were not colonized along with India by the British, nevertheless, both became highly dependent on India, both economically and politically. Moreover, the same mountains that had posed a challenge also provided the boon of the increased capability of the manufacture of hydropower and hydroelectricity. Nepal, an intense caste-divided society, even more than that of India, consists of huge disparities and discrimination of the lower castes in all spheres, whereas in Bhutan, the elites continue to have a firm hold on the political and economic instruments. Pakistan and Bangladesh, ruled in tandem by military and civil governments, have their own set of specificities. Subsistence agriculture in the form of rice-based agriculture initially dominated Bangladesh. Pakistan, however, lacked the fertile plains that the former possessed the Indus Valley Development Project allowed the country to harness the power of agriculture at a rate even higher as compared to most of the other countries in the region. However, the presence of military rule in both countries has wreaked havoc on the economic structure of the countries, more so in Pakistan than in Bangladesh. The island country of Sri Lanka bore not only the benefits of subsistence agriculture but also the advantages of dominant plantation agriculture, consisting of crops such as tea, rubber, and coconut, which greatly added value to its economy. Plantation agriculture, furthermore, allowed the country to gallop ahead in the region in terms of per capita income as well as human development. Here, the political culture was also the most developed among all the other countries of the region (Osmani, 2018). Afghanistan and its economy represent a unique structure in the subcontinent. A country with advantages in certain natural resources has been unable to utilize its potential due to its political circumstances. Having achieved independence first amongst other colonies in the subcontinent, the country pursued economic modernization at a swift pace yet it still failed to develop its economic structure in a way that would sustain the country. The economy of the country has been highly dependent on international aid and assistance as well as on narcotics trafficking networks, which are vital for their contribution to the functioning of the economy. During the Cold War years, Afghanistan received international assistance

from both the Soviet Union as well as the United States to stimulate its economy, however, after the Soviet invasion in 1979, aid from the United States ceased. Moreover, failure to employ educated youth created its own set of dissatisfaction against the government. The war economy in the country which lasted between 1989-2001, was of a highly informal and dispersed character, where not only there were different economic factions in different parts of the country, but there were also illegitimate means of economic transactions that were carried on in the country, often with the help of other surrounding nations. In the post-Taliban political and economic space, the economy has not drastically altered from what it was before. The growth of the country has picked up (and has slowed down again in recent times), however, this is mainly attributed to foreign assistance. The actual development of sectors that will sustain the economy, in the long run, has not been worked out (Nijssen, 2010). India, after its independence, embarked on the journey of a mixed economic structure, with prime importance given to agriculture and the public sector. The most significant feature of the Indian economy then, which had further demonstrated its socialistic inclinations when it came to the economy, was the model of five-year plans as a development strategy and guide for the country. The other countries in the region were also influenced, except for Bhutan, and hence, inculcated within their economies the model of five-year plans as a guide for development. Thus, the entire region was following an import substitution policy as part of their economic development policy. The 1970s took an economic downward turn in the region. This was attributed to the inadequacies of pursuing an import substitution economic policy, however, several political and social challenges in the countries also contributed to this slowdown (Osmani, 2018). The stage was now set for the introduction of liberal economic policies in the region. There has been a, in a very modest way, a noticeable difference in the economic performance of the region between the period before liberal reforms and post-liberal reforms, roughly divided into the periods, 1961-1989 and 1990- 1999. During the pre-reform period, the average Gross National Product (GNP) of the region grew at an average annual rate of 2.25%. In the post-reform period, the average annual GNP grew at 3.44%. In fact, in the post-reform period, the growth rate in the South Asian region had been outperforming the global growth rate (Kelkar, 2002). This increase in the average growth rate of the economies of the region demonstrates the beneficial effect of liberalization of the economies of South Asia. The backwardness of the South Asian economies was mainly due to three policy factors: high tariff rates, import substitution, and lack of foreign direct investment.

Fig. 1.1: Growth Rates (as per GDP) of the Countries of South Asia Over the Decades

Countries	1960 (61-65)	1970	1980	1990	2000	2010	2015	2018
India	3.7	5.1	6.7	5.5	3.8	8.4	7.9	6.8
Pakistan	5.9	11.3	10.2	4.4	4.2	1.6	4.7	5.8
Bangladesh			0.8	5.6	5.2	5.5	6.5	7.8
Nepal	1.9	2.5	-2.3	4.6	6.2	4.8	3.3	6.6
Bhutan			13.9	10.8	6.9	11.9	6.6	3.02
Sri Lanka	3.8	3.8	5.8	6.4	6	8	5	3.2
Afghanistan					8.8	14	1.4	1.03
Maldives				7.8	3.8	7.2	2.8	6.8

Source: World Bank database

Note: Figures not provided are not available in the database

Vijay Kelkar, who performed an economic analysis of the South Asian region, illustrates the following data. He demonstrates how the trade-to-GDP ratio in the region was around 21%, in the year 1980, while it was 74% in South Korea and 45% in East Asia and the Pacific as a whole. Moreover, the tariff rate in South Asia went up to as high as 80%, which was much higher than in other parts of Asia. In the 1990s, there was a huge reduction in protectionist barriers and the value of trade in South Asia grew from US\$84 billion in 1990 to US\$162 billion in 1999. Foreign direct investment in the region, which was as low as US\$460 million in 1990 went up to US\$3.1 billion in 1999.

Fig 1.2: Export Rates of Goods and Services (% of GDP) of the Countries of South Asia Over the Decades

Countries	1960 (61-65)	1970	1980	1990	2000	2010	2015	2018
India	4.5	4	6	8	13	22	20	20
Pakistan		8	12	15	13	13	11	9
Bangladesh			5	6	12	16	17	15
Nepal		5	11	10	23	9	12	9
Bhutan			14	27	30	43	34	30
Sri Lanka		3.8	5.8	6.4	6	8	5	3.2
Afghanistan	4	10	11		32	18	12	6
Maldives				7.8	3.8	7.2	2.8	6.8

Source: World Bank database

Note: Figures provided are an approximation; Figures not provided are not available in the database.

According to Lim Hng Kiang (Yong, 2009, p.ix), three main challenges facing the economies of the countries of South Asia, true even today, might hamper the region's path toward economic progress. Indeed, South Asia no longer possesses the underdeveloped economies that it used to in the middle half of the twentieth century. Just as it had slowly inched its way towards a liberal political structure, similarly, it has the region has invested a great deal in building its economies. India itself owns the biggest market today, although its GDP is not particularly praiseworthy.

This example was given to demonstrate how the impediments that face South Asia today cannot be taken lightly as they prove to be most menacing. The first and most important challenge that makes the list is the vicious circle of overpopulation, poverty, and unemployment. South Asia boasts of some of the biggest business houses in the world, yet, this boon is afflicted with the evil of unequal distribution of wealth. Inequitable distribution of wealth and a wide gap between the rich and the poor is one of the classic consequences of the capitalist market economy (to which South Asia has committed itself), yet the factor of a huge population of the region turns this consequence into highly unpleasant social tensions. Secondly, the region needs good governance and the effective execution of policies. Effective carrying out of policies and proper management allows it to reign in some of the negative characteristics though not completely remove them. And finally, the countries of the region need to build new and elevate existing infrastructure which is a sure way of attracting investment from abroad to create more business at home. Moreover, the economies of South Asia, except for India, rely on a narrow export base that consists mainly of crops and textiles. While on the other hand, its imports comprise of petroleum and petroleum products, capital goods, iron and steel, and textile fabrics. This export-import imbalance creates vulnerability in the balance of payments ratio. Furthermore, successive crop failures, the increasing cost of agricultural inputs, and the withdrawal of agricultural subsidies have put agriculture as a losing concern for small-scale farmers (Varshney and Khan, 2010). This becomes more problematic in the scenario where South Asia has integrated itself in the global liberal market economy order.

The above social, political, and economic trends in the South Asian region are a general view of the existing circumstances since the second half of the twentieth century. An overview of these factors points towards a condition of conflict and instability in the region and a need for its overall development. The diagnosis is one of continuing trouble and the prescription could be in the form of collaboration for improvement and maturity. It is a

platitude that facing similar problems has the potential to boost cooperation, typically in efforts to face the complications together. India has been aware of this. Its foreign policy towards the region, as will be discussed below, although has not always been consistent, has indeed attempted to be pragmatic in the face of incoming modifications in the region. Hence, these said factors have been examples of how the countries of the region are faced with similar problems, and how the same allows India to identify with them.

India's Foreign Policy in South Asia: A Trend Analysis

G. S. Gray uses the term Strategic Culture, in his book *Modern Strategy* and defines it as certain socially constructed and transmitted assumptions, habits of mind, traditions and, preferred methods of operations, or in other words behavior, that are specific to a particular geographically based security community. Furthermore, when the national security of a country is viewed through the lens of its strategic culture, it helps in influencing the security discourse of that country (Das, 2008). Strategic culture essentially helps a country to identify its security targets and by extension, it has major sway in forming and manipulating a country's foreign policy concerning a particular country or even region. Various postulations regarding a particular target area enable a country to understand and realize its potential requirements and the policies to follow them through. The preferred methods of operation essentially point towards the policy structures that have been followed in pursuit of goals in the region, in G. S. Gray's case, the national security discourse of a country. Additionally, the policies that are created and executed concerning a particular target will in turn also reveal how the country understands the latter. In other words, the policies pursued inform how the country identifies the target and its own needs and requirements from it. According to Ken Booth, the idea of strategic culture refers to a nation's traditions, values, attitudes, patterns of different behavior, habits, symbols, achievements, and particular ways of adapting to the environment, given that solving problems concerning the threat or use of force. Moreover, it is an aggregate of a nation's derivations of its own history, geography, and political culture and the impact of the most influential voices in them (Jacobsen, 1990). For example, when Runa Das seeks to explain India's nuclearization policies through the understanding of its strategic culture, she makes the use of re-articulation of India's nationalist identity, its postcolonial insecurities, and the execution of *Realpolitik* under two governments (BJP and Congress) in analyzing the former (Das, 2008). Hence, strategic culture is not necessarily the result of all the attitudes and traditions that have existed in a nation. Jack Snyder, who coined the term strategic

culture, observed that in a nation, attitudes might change as a result of technology and the international environment; however, new problems continue to be assessed through the perceptual lens provided by strategic culture (Jacobsen, 1990). He has essentially used the term in connection with Soviet policies in the Cold War era. He wrote that changes in Soviet strategic thought will not be in consequence of the changing strategic environment but following preexisting cultural beliefs (Snyder, 1977). This is an understanding of political culture, in international relations theory, where the security policy of a country is central to it. It is what the concept is based on in the first place. However, Soviet policies did change in the United States, bringing the Cold War to an end. Even more so, its military and political strategies took a 180-degree turnaround. The point that is being emphasized here is those hard politics were affected by changing circumstances, which went against what Snyder had calculated. However, his understanding of strategic culture can be viewed in another manner, a less stringent perspective. The understanding of the significance of a particular region or target remains the same, but the strategies are adapted in response to changing internal and external environments. This is in tune with one of the rudimentary understandings of international politics, that there are no permanent friends or enemies here. It is mainly pragmatism that drives a successful foreign policy forward. The perception of what is important stays till that need of the nation is fulfilled or is compensated elsewhere.

India's grand strategy has often been considered lacking. It has been considered lacking after an analysis of the capacity of the country itself. It has been considered that India is an unexceptional and quite a practical power the idea of formulating its grand strategy is a bit of outreach (Bajpai, Basit & Krishnappa, 2014). Indeed, India today is not the same as the country was seventy years ago. Its status and clout have elevated significantly and India today is a force to be reckoned with. Grand strategy can be made synonymous with the national security of a country. In simple terms, a country strategizes for three main reasons: to defend, to protect, and to promote. An explanation and analysis of any plan or policy will eventually boil down to this. In turn, defense, protection, and promotion will reduce the interests of the national security of any country. A strategy becomes grand when the ambition of a country has reached a high point or is even global in character. Furthermore, this occurs when the country itself has become crucial and powerful in the international arena and its calculations alter, if not dictate global politics. The anomaly between today and the mid-twentieth century is that while in the latter period, there existed

only a couple of superpowers and a few other important powers, in present times, these power centers have proliferated. These power centers around the globe are now expected to have strategies that are global in scale, strategies that are a judicious mixture of their natural resources and capabilities utilized towards national security concerns. Moreover, these national security concerns will fluctuate with changes in time and space. These concerns will vary amongst countries based on which they place importance on values, the threats they are confronted with, and the resources at their disposal. The importance placed on different contexts will not only vary for different societies at a particular point in time but also will be perceived differently by society over time. However, another section of scholarly debate is of the view that the Indian grand strategy indeed exists. Kanti Bajpai refers to six schools of thought in Indian policy initiatives based on which her grand strategic plans are conducted. He refers to three main external challenges that India faces in terms of its grand strategy, namely, Pakistan, China, and the United States. Nehruvianism, the first school, is liberal and the characteristics take after its protagonist. Nehruvianism believes in the strategies of communication, dialogue, and, negotiation to counter international security challenges. Neoliberalism, which favors liberal economic policies and promotes international trade, exchange, and investment, is a mercantilist approach to politics. Hyperrealism believes in hard politics and its equally hard solutions. In other words, for the solution of strategic external challenges, it deems a more aggressive approach, military in nature, to be most prudent. These three schools are the most dominant, while three other minor schools exist. Marxism is socialistic in character and considers progress to be pursued via camaraderie with other developing countries and the practice of socialism within the country. Hindu nationalism has a strong belief in the Hindu civilization and an aggressive military bearing to deal with challenges. Lastly, the school of Gandhism believes in high morality and non-violence and a rejection of Western-style industrialization and modernity (Bajpai, 2014). So, a grand strategy indeed exists, but it is not coherent. After a cursory view, it would be more appropriate to say that India's grand strategy has played differently in different circumstances, not always succeeding, and often facing failure or counterintuitive results. Referring to the point that is being made here, strategic culture, which can be understood, now, is a part of the overall strategy of a country. India's strategic culture towards its neighborhood, its South Asian backyard, has been a significant aspect of the country. As is explained subsequently, while India's attitude towards the region has remained the same, its strategies have changed over time,

not only in response to changing circumstances but also in response to its ineffective and conflicting policies in the region.

As has been the case since the beginning of this chapter, the period being studied here is from the second half of the twentieth century, when India initiated and executed its own, independent foreign policy.

Indian vulnerability towards its neighborhood has roots extending back to ancient times. Kautilya's representation of the idea of a *Mandala* and introduction of the concept of *Ari* and *Mitra* had set the stage for the country's foreign relations with its neighbors. It is not attempted here to refer to all of India's neighbors as its enemies. Neither was it what Kautilya had endeavored to put forward. Instead, the indication is toward the possibility of the occurrence of such a situation. The likelihood of relations going sour between immediate neighbors is high. This puts forward two alternatives that a country can follow towards its immediate neighbors: either forge friendships with the immediate neighbors of these countries (*Ari-Mitra*) or, develop friendly, cooperative relations with them, so that it can further its ambitions, abroad, that is, outside its neighborhood, at ease with the stability back at home. India, since its independence, has sought to walk along the path of the second alternative. It did not want to develop rivalries with its neighborhood. Indian foreign policy from its initiation till the end of the twentieth century can be divided into three parts. Beginning with idealism, which was predominant during the prime ministership of Pandit Jawaharlal Nehru in the decade of 1950s and 60s, to hardcore realism in the 70s and 80s, which also included the Indira Gandhi regime and then to economically driven pragmatism which started with India's economic liberalization in 1992 and has continued till present day (Mukherjee and Malone, 2011) Towards the South Asian region, India has always felt a strong sense of belonging. Quite simply a nation would not be able to disengage from the region it belongs to. However, for India South Asia has its backyard which needs to be taken care of. In fact, before 1947, some of the countries that we see in the region had not yet formed and it is but natural for India to be drawn towards it. India had already started providing foreign aid to some of its fellow neighbors in the subregion, immediately post-Independence. India's biggest foreign policy adventure post-Independence is its policy of non-alignment, which grew out of its colonial experience. So, on the one hand, India was pursuing, rather than evading engagement in the bipolar brawl, while on the other, in South Asia India was already aiding smaller neighbors and waging wars with some other. India has its equal share of conflicts in its

neighborhood, some born out of the very Independence of the country. To deal with them, India's policies, and strategies towards the other countries of the subcontinent had been based on the policy of bilateralism. Indian policies had demonstrated an aspiration of settling disputes with the neighbors of the South Asian region bilaterally because of equality and mutual benefit. India was highly wary of and did not want intervention from any third party in the internal affairs of the South Asian region (Muni, 1994). Pandit Jawaharlal Nehru, the first Prime Minister of the country and the father of its foreign policy, who had laid down its foundational structure, followed a dual formula of foreign policy which was viewed as idealistic as well as pragmatism. His foreign policy in general has been viewed quite differently by critics. Some have defined his approach as one of high idealism, with ideals of world disarmament, some scholars have also seen such an approach as serving no purpose for national security and national interest. Still, others have viewed his methods as *realpolitik* concealed in the garb of idealism. Andrew Kennedy reiterates this endpoint, however concluding a different means. According to him, realism and idealism do not completely reside in the opposing end points of a pole. Instead, they complement each other and similarly, Pandit Nehru's foreign policy had been a mixture of both (Kennedy, 2015). It was under his prime ministership that India signed friendship treaties with Nepal and Bhutan, and started giving out aid and assistance to its neighbors. However, Nehru's foreign policy in the neighborhood at this time was defined by the country's conflict with Pakistan. In the same way, his foreign policy approach toward the neighborhood was seen as a variance from his international conduct of rationality and pacifism (Maxwell, 1974). Prime Minister Indira Gandhi (in 1983), had formulated the Indira Doctrine which was another expression of India's bilateralism in the region. According to it, India would not intervene in the domestic issues of any country in the South Asian region unless requested to do so by the respective country, and neither would it tolerate any outside interference in the region (Ayoob, 1990). Furthermore, she took forward her father's Panchsheel vision in the neighborhood, which had come to be known as Asia's own 'Monroe Doctrine.' Like the late Jawaharlal Nehru, she also believed that South Asia was India's exclusive zone of supremacy and dominance and that no foreign power would be allowed to interfere. Her approach toward the neighborhood was seen as militarily and politically strong (Sahoo, 2016). Indeed, the assistance provided to the East Pakistani cause could not only be viewed on moral grounds, but also as India's contention towards Pakistan, and its readiness to display military strength against it.

Moreover, this did not mean that the other countries of South Asia responded positively to this. India did receive quite some flak for it. India's approach was seen as a high-handed manner to deal with the smaller countries of the region. Indeed, the 1980s proved to be a very difficult time for India in the South Asian neighborhood. With Pakistan, there has been a long history of wars and falling out and the former wanted to, and did, highlight the conflicts between itself and India on international platforms. In other countries too, India's motivation towards bilateralism was not always reciprocated, and often India was perceived as domineering. Even though India had provided help to the East Pakistani cause on humanitarian grounds, Bangladesh has proven to be quite unpredictable and often resentful. India's intervention and peacekeeping efforts in Sri Lanka's civil war had backfired, with India losing face in front of not only the Tamil community but also the Sri Lankan government. In Nepal, India is not much in favor of the Maoists (Mukherjee and Malone, 2011), who have now come to power in the country, producing the world's first democratically elected communist government. India's strategy towards South Asia had proven to be working against its interest and that India was encroaching on the region became quite a popular view.

According to D.N.:

“There are now not many who would dispute the conclusion that the Indian state and the ruling classes are out to establish a regional hegemony in South Asia. The differences lie in assessing the meaning and significance of this regional hegemony. The ideologues of the Indian state, while stressing that India's ‘pre-eminence’ in the region must be recognized, try to portray India's role as a benevolent one ...” (D.N., 1988, p. 1512)

When erstwhile Prime Minister I.K. Gujral was the minister for external affairs in the country (1996), he initiated the ‘Gujral Doctrine’, which altered the course of India's foreign relations with its neighbors. According to him, the Gujral Doctrine is a new, altered, rejuvenated foreign policy towards the South Asian neighborhood, which consists of five principles. Firstly, about the countries of South Asia, India does not seek reciprocity but gives all that it can in good faith and trust. Secondly, no country in South Asia should allow its territory to be used against the interests of another country in the region. Thirdly, there shall be no interference in the internal matters of the countries in the region. Fourthly, there shall be mutual respect for each other's territorial sovereignty and integrity and, finally, all disputes in the region will be settled via peaceful bilateral negotiations (Gujral,

2003). This was done given India's failing interests in the region and to gain the favor of these countries. I.K. Gujral writes, that the doctrine was hoped to improve and advance relations with the neighbors. However, in this venture, the national interest and security of the country should not be compromised. Moreover, relations with Bangladesh, Sri Lanka, and Nepal had improved and there were burgeoning friendships with Myanmar and Maldives. He stressed the need to develop Indo-Pak friendship, which would be beneficial for the entire region (Gujral, 2003). The improvement of relations with the mentioned countries was particularly stressed because it had been suffering for quite some time. And the Gujral doctrine had indeed generated some positive outcomes concerning its relations with the South Asian countries, evident in the 1990s. India welcomed the success of the mass movement for multi-party democracy in Nepal and the installation of an interim government in the country in 1990. The heads of state of India and Nepal traveled to other's countries in the following two years. Bilateral cooperation efforts were pursued and treaties were signed between the two countries. With the end of the civil war in the country, Indian and Sri Lankan relations improved with both countries signing and creating Joint Commissions on economic matters including those on trade, investment, finance, science, and technology. With Bangladesh, there was some headway on the economic front; however, some issues persisted. Furthermore, the Gujral doctrine also acted as a form of aid and assistance to the neighboring countries. The doctrine put forth the ideas of free trade, and cooperation in fighting common regional problems such as diseases, terrorism, and trafficking. There would be free movement of people, ideas, technologies, intelligence and even sharing of natural resources (Murthy, 1999). Hence, the Gujral doctrine was aimed at forging regional intimacy. Cooperation and collaboration aside, it was brotherhood and friendship that were sought after. What could be the reason then, for such inclusive and accommodating steps? Firstly, India was already besotted by problems in its neighborhood. In fact, in the region, India is a party to most of the bilateral issues. These range from border issues to resource sharing to complications in trade and transit. With Pakistan, India is embroiled in the issue of Kashmir and is fighting state-sponsored terrorism. Afghanistan is crucial to India's interests and not only so because it is an important factor between itself and Pakistan. Bangladesh has major issues with India arising out of border disputes, illegal migration, terrorism, transit, and water sharing. With Nepal too, India experiences problems of border disputes and difficulties in trade. In Sri Lanka, apart from the fishing disputes, India also faces a major complication of Tamil interests (Sahoo, 2016). Naturally, India, to secure its security would want to solve issues

bilaterally, without the intervention of external powers, and improve relations with these countries. Even more so, when these complications have a direct impact or even spillover effects inside the country. It becomes a question of not only external security interests but of its domestic survival. Secondly, the geopolitical situation has placed India in a circumstance, where it is not only the largest country in the sub-region, looming over the others, but also it is exactly centrally located among them all. This central location makes it by default a party to conflict with these countries. India recognizes this predisposition and has formed its strategies accordingly. Thirdly, and this is much appreciated in academic circles, to increase its power and position abroad, India first must prove itself as a regional power. Taking an antagonistic and dominating approach would not help India's interests. Again, the boon or bane of its central location will not be helpful, if India antagonizes all its neighbors. An accommodating approach is more prudent. Therefore, all these reasons together, and not singularly, describe India's approach to its strategic culture, towards its neighbors. The doctrine stands justified.

SAARC: South Asia's Attempt at Regional Cooperation

SAARC also received a boost with progress towards the South Asian Preferential Trade Agreement (SAPTA) being initiated in 1991 and then in 1997, efforts were taken forward towards the creation South Asian Free Trade Area (SAFTA). South Asia's attempt at regionalism through the institution of SAARC was centered on an economic basis, with goals of enhanced growth of countries, of a possible unified market, and forming a regional transportation network, resulting in the augmented social development of the member countries. With the ongoing liberalization of the region, SAARC pushed for preferential trading among the countries of the region. This would have opened the scope for enhanced trade between India and its neighbors in areas such as transportation, equipment, and engineering goods, and, information technology products. It was also assumed that illegal trade that went on with India and a couple of other neighbors could be controlled through this mechanism (Varshney & Khan, 2010). The signing of the SAFTA in 2004 brought more enthusiasm to the economic ventures of the member countries. SAARC was vigorously trying to make use of the liberalization wave in the region, as the countries coped with the new situation in their respective economies. The free trade venture brought more motion to the organization. Member countries sought to increase trade with other countries in their way. But, the main star of this arrangement was the increased possibility of investment. Free trade agreements in the region would attract FDI in the sub-region and

will ultimately lead to the creation of a big market for investors (Varshney & Khan, 2010). These were all great possibilities, and India was the most enthusiastic among them all. Not because it would greatly profit from this arrangement, but the integration and collaboration it would facilitate. Through the turmoil of coping with the new liberalization policies, this was the boon that the latter offered. However, given the state of affairs in the region, India and the other member countries were not able to reap the benefits of the arrangement for a very long time. Initially, investment and trade grew in the region. But this could not be held on to for long. The political disputes and the absence of mutual trust between the member countries, especially of that between India and Pakistan, did not allow this arrangement and the institution to flourish. The liberal institutional approach would argue that creating institutions will engender cooperation among countries, and will be particularly effective in situations where there are solid underlying disputes among countries. The creation of institutions will alleviate differences and forge mutual trust out of the expectation of mutual gains. However, its application in SAARC did not prove to be true. SAARC was particularly formed to take the focus away from serious disagreements among member countries. It also had some positive results. However, institutions alone cannot generate and endure a stable international environment (Reed, 1997). This makes the effort required on India's part to bring stability to the region more problematic. The present scenario is such that, India is increasingly looking towards other regional organizations in the sub-region, such as BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral and Technical Development) and BBIN Initiative to take further the efforts of regionalism in the sub-region. Political difficulties with Pakistan and the continuous terrorist attacks by the latter on it have embittered relations to a degree where India is now forging regional ambitions without Pakistan, as SAARC is left almost forgotten.

Another change that took place in India's foreign policy strategy towards South Asia is an increasing tolerance towards multilateralism. In resolving the conflicts in Sri Lanka and Nepal, India took the help of major powers outside the subcontinent. India welcomed the participation of China, the United States, and Japan as observer countries in SAARC (Chattopadhyay, 2010). This also demonstrated an increased confidence in the economic power and capacity of the regional bloc and should have been enough validation for the region to pursue and exploit this opportunity. Although a complete transition towards multilateralism did not take place, and bilateral solutions to disputes were still very much urged towards, an alteration was very much perceived and practiced.

The start of the decade of the 1990s signaled a huge transformation in the economic structure of India as it went through the process of LPG (liberalization, privatization, and globalization) and which further had ramifications in the politics of the country, especially as far as its foreign policy strategies were concerned for the South Asian neighborhood. Moreover, this change in strategies was not only limited to India's overtures but was also a direct consequence of changes in the economic structures of the other countries of South Asia as they went through the process of liberalization. Pakistan had initiated its liberalization just a few months before that of India, under Prime Minister Sharif's rule in 1990. It introduced privatization and the privatization of existing public sector enterprises, also preparing the country for foreign inflow of capital, technology, and employment. Nepal, Sri Lanka, and Bangladesh had started their process of economic liberalization before both India and Pakistan (Percy, 1992). Afghanistan switched to a market economy in 2001. Changes in the international milieu spilled over into the domestic arenas of South Asia, and the region was faced with an opportunity to bring about more integration and cooperation in the region. The market economy provided the perfect possibility in this scenario and India did grab at it. India's big brother attitude in South Asia had often been viewed warily and this was an opportunity for India to prove itself as benign and that it wanted the overall development of the region.

C. Raja Mohan talks about how Indian foreign policy evolved and transformed through slow incremental changes since the 1990s. This transformation was of the overall foreign policy initiatives of the country, including its attitude towards its neighboring countries. This came at a time especially when the decade before this had revealed the limitations of Indian foreign policy measures then. Mohan talks about the many benefits of the Gujral doctrine, as mentioned above, and how this was a policy that showed more cooperative initiative from the Indian front towards the neighborhood than any of its earlier policies had ever done. Moreover, this doctrine was followed by the subsequent governments that came to power (Mohan, 2006). This was naturally followed because the subsequent governments also found rationality and effectiveness in the doctrine and found it to be a highly pragmatic technique for dealing with its neighbors. Significantly, during this time, it was the bilateral development in relationships that was the true litmus test of the doctrine. There was substantial progress in this aspect. With Afghanistan's situation, for want of a better term, stabilizing in the 1980s, India started focusing on bringing the country within the folds of SAARC, which eventually took place in 2005. This was essentially done to

make Afghanistan a part of the South Asian bloc formally. After the military fiasco in the island country, India reevaluated its policies with Sri Lanka, and one of the first expressions of this was the free trade agreement signed between the countries in 1998 and which came into force in 2001. India also expressed its enthusiasm and willingness towards renegotiation of the treaties of Friendship with Bhutan and Nepal, which had been originally signed in 1949 and 1950 respectively. This Treaty of Friendship forms the foundation of India's relations with these two countries. It forms the basis of friendship and mutual respect. In 2006, this was renegotiated with Bhutan, with India removing some of the unequal provisions. The same did not happen with Nepal, which was a more complex situation. However, the two countries did progress in other aspects. Trade has grown between the two countries, reaching an all-time high, in the post-1990 era, especially reaching heights in the 2010s. Strategic partnership agreements were forged with Afghanistan, Maldives, and Bangladesh. India also sought to intervene in the affairs of its neighbors very slowly, something which it could not prevent itself from doing. In Sri Lanka, India urged the government to investigate the interests of the Tamil population in the island country. In Nepal, it also helped in bringing together the Maoists and the political parties of the country, to help them evolve a participatory democratic process and this eventually led to the formation of the first-ever elected Maoist democratic system, not only in the region but the first one ever. India also encouraged the spread of democracy in Bhutan (Mohan, 2006). With Pakistan too, an approach of cooperation was pursued, as it was thought to be the best tactic in the scheme of things. All this revealed a huge transformation in the policies of India towards its neighborhood between those who followed Independence and those that followed post the introduction of the Gujral doctrine.

China: The Ever-Present Outsider

South Asia has not been ignorant of the presence of external powers in the region. Neither have their contribution, positive and negative, been insignificant in the region. China's presence in the South Asian neighborhood has been unlike the presence of other external powers in the region. It has been viewed with favor as well as caution and suspicion by the different countries in the sub-region, at different points in time. One of the most popular theories and understanding of China's presence in the region has been viewed as that of an alternative to another power in the region, which towers, geographically and economically, over the other countries in the region, India. Because of this, another typical

view of India viewing China as its enemy in South Asia, as its competitor to not only achieving leadership in the region but also in its enhancement of power in the international arena, exists. However, this view is rather too simplistic or just an end of a debate. Competition does exist, China has aggressively progressed in the region via the provision of funds, assistance, and investment in the countries of the region, as well as in India. Yet, the truth of it all is that China benefits from forging ties with South Asia, just as South Asia also requires a Chinese presence in the region. China is presented with a huge market in the sub-continent, which poses a huge advantage to the former. Chinese foreign policy strategy has changed and evolved with different leaders coming to power in the country. After the Chinese Communist revolution in 1949, Mao Zedong embarked on a policy of development of the country, which was typically communist in character, and involved the progress of class struggle and self-dependent development of the country. In other words, China had closed itself to outside powers, its self-reliant development, and the progress of the working class were the main objectives pursued by the government in power. After Deng Xiaoping came to power, he made certain alterations in Chinese policy, especially foreign policy, whereby, the country started on the path of socialism, combined with a more open foreign policy. Jiang Zemin adopted a more peaceful stance in terms of foreign policy initiatives, and also started the modernization project at home. The willingness of China to integrate and abide by the international political structure, which was started by Deng Xiaoping, was continued by Jiang Zemin. Hu Jintao sought a developmental model, towards sustainable development at home. China's foreign policy stance previously was hardly friendly and quite averse to international politics. Although there was a semblance of friendship with India at the beginning, with India campaigning for Chinese presence in the United Nations, its acceptance of Chinese suzerainty over Tibet, and the Panchsheel treaty, this did not last for long. Pakistan was quick to develop friendly relations with China, and China was quick to turn on India, in its rejection of the McMahon line, which eventually led to the Sino-Indian War of 1962. China also made its stance known in South Asian political affairs, just like other superpowers did. Although it did not immediately take a stance on the Kashmir issue, which shook the subcontinent in the early years post-Independence, it did so soon after signing the Border Agreement with Pakistan which provided the latter with Pakistan-controlled Kashmir territory. China's close relationship with Pakistan and its consequent hostility with India can be held responsible for Cold War equations, rather than any enmity towards India (Bindra, 2009). Nevertheless, a certain political attitude had set itself in the subcontinent, and it continued to emerge in the

following years. Sino-Indian relations have improved with Rajiv Gandhi visiting China in 1988, the first Indian leader to go in thirty-four years. S.D. Muni refers to two main perceptions regarding China in the subcontinent. India alone falls in one of the categories, where it views China both in a positive as well as in a negative light. As for the other countries in the region, they are tolerable and, in some cases, even pleased to view China's rise as well as intervention in South Asia. Although Bangladesh is not on the same level as Pakistan when it comes to its relations with China, it nevertheless shares a pleasant rapport with it. One of the reasons may be that Bangladesh's relations with China have not deepened owing to the fact the countries do not share boundaries. However, that explanation is simplistic and falls short of a sufficient explanation. Nepal too shares amicable relations with China and especially does so because of the heritage of communism shared by both countries. Bhutan has no antagonism as such with China; however, border issues supervised by India are yet to be dealt with. Afghanistan views China as hoping to have a moderating influence on Pakistan. China has made infrastructural investments in the region, most notably, such as developing the Gwadar port in Pakistan, Chittagong in Bangladesh, and Hambantota in Sri Lanka. Hence, China's role in South Asia is seen by India mainly as a competitor, and a serious competitor at that. India cannot deny or ignore China's presence in the region whether she likes it or not. The challenge comes especially due to China's acceptance in the region, even as a counter-influence. India's approach towards China has been defined in terms of the four Cs: cooperation, competition, containment, and conflict. India's policy to counterweight China has been a mixture of these strategies at best, and one of confusion at worst. Indeed, there has been a disparity in the approach of the different UPA and NDA governments coming to power in the country, towards the East Asian power (Muni & Yong, 2012). India's Gujral doctrine was designed not only as a revamped foreign policy measure towards its neighborhood but also keeping in mind China's presence in the region. If one observes, both countries, China, and India, embarked on a peaceful foreign policy stance at around the same time during the 1990s. It could be that both countries viewed a harmonized deportment as more logical and prudent in their functioning towards the region. High-level visits and collaboration started off between India and China. Also, even though India views China as a competitor in the region, it refuses to acknowledge the country as its enemy in international circles. India has often proclaimed, especially with United States 'Pivot to Asia' strategy that China was not India's enemy and that India would not act as a counterweight to China in Asia or try to contain its rise. This, however, does not mean that

India-China relations have turned rosy and are no longer one of conflict. India-China relations fluctuate between collaboration and stand-offs. Collaboration has become a natural consequence in the liberalized and globalized world unless a country is adamant in its hatred towards another. Cooperation has become the way of the world and India and China participate in the same enthusiastically. The conflicts, which mainly revolve around border disputes, remain to be resolved. Not to mention, India and China do compete and oppose each other in international circles, most recently with the issue of India's entry into the Nuclear Suppliers Group to which China has shown immense opposition. There have been cases of China trying to protect Pakistan in the international arena, against India, but that too has not been as vigorous as it was before, with China often taking away backup from Pakistan. This is in line with China's claim of maintaining international peace efforts. However, border disputes and military standoffs flare up between India and China, now and then and they are far from being settled. Both countries are engaged in a to-and-fro relationship when it comes to cooperation and conflict and this has complicated India's strategy in its neighborhood.

This makeover of Indian foreign policy attitude and initiative towards its neighborhood has had much success and enthusiasm amongst India's policymakers and leaders as well. As has been explained above, the strategy of cooperation and collaboration has been followed consistently by subsequent governments coming to power, irrespective of their placement in the scale of political ideology. India's policies towards its neighbors in the earlier years were based on complete self-interest and as a result, the neighbors had accordingly formed their opinion toward the behemoth in the region. Along with its own growth, one of the most important principles that it should follow to win the confidence of its neighbors is to pull along them on its own growth trajectory. Thus, a change in strategy was the need of the hour.

Conclusion

India has felt a sense of belonging with the South Asian region. This has consequently, resulted in the introduction of foreign policy initiatives to build rapport and cooperative relations with the region. To problematize this further, India has felt this sense of belonging due to several factors. India's identification with the need to consolidate itself in the region has been demonstrated by its foreign policy initiatives during the Nehru era, the Indira doctrine, the Gujral Doctrine, and now the Neighborhood First policy. Its geopolitical and geographical position in the subcontinent (largest in the region and situated exactly at the center surrounded by the rest) has required India to consolidate itself in the region. Moreover, in order to become a great power, India is required to prove itself in its own backyard. Due to the antagonism that India faces in the region, India has sought to do this by extending its hand of cooperation. Conversely, the other countries of South Asia have viewed India warily. They identify India as a large country (geopolitical considerations), with a 'big brother' attitude, encroaching upon the region. They have witnessed first-hand India's high-handedness in the region. Consequently, they have difficulty in accepting India as the benign power she shows itself to be. As a result, despite the overbearing presence of factors that would make cooperation in the region possible and favorable, yet cooperation eludes in the sub-continent. Ideas and identities take center stage in foreign policy behavior whereas material factors and otherwise favorable conditions take a back seat. As mentioned in the earlier part of this chapter, it is the distinctiveness that defines relations among the countries of South Asia, rather than the similarities.

India shares politico-economic and social similarities with its neighboring countries South Asia. It is ahead of the others in the region along the same factors. Also, just like similarities, differences and points of conflict do exist. However, the similarities are pointed out to emphasize India's attachment to the region which historically had existed as a single subcontinent. The points of conflict and scope of improvement are but opportunities for India to cooperate and establish itself as a responsible nation in the sub-region. Given India's strategic understanding of the region, its policies were formulated accordingly, giving an amount of significance to the country's foreign policy initiatives. The similarities and evolution of the same have become determinants for India to evolve its strategic culture in the region. It helps in answering the question as to why such evolution took place in the first place. This was not due to pre-existing beliefs that India

attached to the region, but the result of the interplay of various social, political, and economic factors in the region. Strategic culture is hence subject to change and transformation, in tune with modifying circumstances and such variations are the most prudent form of foreign policy initiatives. India's presence and attachment to the subregion have helped it in the formation of a practical and smart neighborhood policy. During the period immediately following India's independence, it could only do so much in relation to its neighboring countries. On the one hand, some amount of aid was provided to a couple of neighboring countries, and on the other hand, India was busy grappling with wars in its territory. In the subsequent decades, after an extended period of lull, India renewed its approach towards the region, which was experiencing a heightened political, social, and economic crisis as did India herself. The Gujral doctrine provided the first solid foreign policy approach towards South Asia, seeking to essentially promote cooperation amongst the countries. Its usefulness was highlighted in the continuation of the doctrine by the following BJP and UPA governments as they came to power. Today, under the BJP government headed by Prime Minister Narendra Modi, India follows a revamped Gujral doctrine, which goes by the name 'Neighborhood First Policy'. Strategic culture in India, regarding South Asia, had remained unchanged with reference to the importance and criticality that India has associated with the region. It only demonstrates India's pragmatism in its foreign policy approach towards South Asia, that she has been able to adapt herself to the changing circumstances in the region. Rivalries and friendships are ever-changing, especially with the looming presence of another big power in the region, which seeks to give competition to India in the latter's own backyard. The liberalization of the region and change to the market economy has provided an ample number of options for cooperation in the region. These countries, although relatively younger as compared to the western democracies have nevertheless walked the path till now. The end of the 20th century hailed opportunities for India to establish itself in the region. Not as a dominant power, but as a leader willing to take the entire region forward in its path of development.

Chapter 2

A History and Evolution of Foreign Aid

Introduction

Foreign aid as a policy or topic in International Relations or Foreign Policy Studies does not cover much space. When one talks about global politics or bilateral relations, the focus rarely shifts to the policy of foreign aid provision. Amongst scholarly circles, the same pattern has continued. Foreign aid studies certainly exist and there are various complexities in the numerous attempts at judging the policy on its importance, requirements, effects, successes or failures. Nevertheless, they have not made center stage in the curriculum of international relations. It may be said that there are infinite topics in the study of IR which are less highlighted than others and foreign aid administration is one of them.

The policy of foreign aid has been in use for a very long time. It might not have existed in the form that it does today; it could have even been named differently earlier. However, the basic form of it has persevered through the ages. Foreign aid and assistance in simple terms involve the transmission of capital or resources from the provider to those in need of it. However, its use is not just a formal procedure or that of benevolence. It has been a policy that, when used in the right way, has promoted influence. That influence may be positive or negative. Such influence may be used to make the recipient act according to the donor's wishes, or such influence may promote the goodwill of the donor amongst the recipients. It might not make any impact at all as well. Or it may be used to achieve completely different objectives. These may be the improvement of economic conditions or the achievement of development objectives. Nevertheless, some form of relation is forged between the provider and the receiver. This makes the policy of foreign aid an understated tool in international politics, or the dark horse of international relations. It may be less highlighted and subdued in nature, but the impact it creates is long-lasting. The influence it generates also becomes a point of contention and competition amongst powers. This holds true, especially in present-day politics. Foreign aid administration becomes an interesting topic to study not only to understand what kind of influence it might engender over the recipient but also a prior understanding of how the provider views the recipient in the first place. On the face of it, these complications might not seem to exist in foreign aid policy, but strategies run deeper in accordance with changing times and varying motives.

The task of foreign aid provision today has become widespread. Foreign aid or assistance is not only provided by developed countries to developing or underdeveloped countries;

developing countries have also added foreign aid administration to their foreign policies as well. Besides, foreign assistance is not limited to governmental bodies either, they are now offered by non-governmental bodies as well. A number of governmental multilateral institutions rose in the last century through which foreign aid and assistance flows. The United Nations, particularly, has sought to use foreign aid provision as one of the approaches to tackle the developmental issues in developing and underdeveloped countries. Development as a potential target of foreign aid has become popular since the 1960s. This demonstrates the varying objectives of foreign aid over the years. More on this will be explained in the present chapter in much more detail. Hence, not just the providers of foreign aid and assistance changed and proliferated over the years, but so have their purposes. What is interesting is what foreign aid and assistance provision tell us about a country. What does the character of foreign aid administration tell us about the nature or motives of a country? Although an exact answer cannot be provided to these questions, we can arrive at some understanding of them. A grasp of the history of foreign aid in the world will be the first step forward in the attempts to answer these questions. The present chapter will be involved in tracing the history of foreign aid in the post-Second World War era up to the present times. It will then direct toward understanding the trend of foreign aid and administration as it has existed in India, which is the main focus of this thesis. The latter part of the chapter will be devoted to an understanding of foreign aid administration and its associated country from the angle of constructivism. This will enable us to fathom the question posed above and will also be answering the research statement. For our present study, non-governmental or private forms of foreign aid and assistance provision will not be focused upon. This study will fundamentally deal with a country-to-country or multilateral institution-to-country/countries' provision and distribution of foreign aid and assistance.

The Evolution and History of Foreign Aid

Foreign aid, referred to as a policy or part of the diplomatic process, is not an invention of the 20th century, nor is it relatively novel. Foreign aid in simple terms is the political procedure of contribution made to another political or non-political entity. Reciprocation in response to such contribution can be there or not be there at all. It depends on the motives of the donor, the circumstances surrounding this contribution, the recipient's circumstances as well as its department, and the prevailing political environment. Considering this broad description of foreign aid, it can be safely said that this procedure

has existed for a long time. It could have been in operation even though it was not recognized as a well-defined policy per se. Raymond Cohen in the article “The Great Tradition: The Spread of Diplomacy in the Ancient World” refers to the concept of the ‘Great Tradition’ as a group of norms, diplomatic practices, functions, and responsibilities of various political positions, in other words, the totality of diplomatic practices (Cohen, 2001). These practices, the Great Tradition as a whole have passed down the ages and adapted to the prevailing socio, economic, political, and cultural settings, and their dynamics. Raymond Cohen does not exclusively refer to foreign aid as one of such practices, instead refers to the notion of giving gifts as existing even in primitive societies. The notion of giving gifts in ancient political practices is found in the ancient text of Indian origin, *Arthashastra*, written by Kautilya. Translated by Dr. Shamasastri and published in the 20th century, the translation refers to the four *upayas*, as explained by Kautilya, as policy positions that the king (*vijigishu*) can put to use effectively while dealing with other kingdoms as well as in his own domestic context. Kautilya explains *dana* or giving of gifts, the situations in which it should be put to use, and, its possible effectiveness. It is quite evident in his explanation that he refers to the usage of this *upaya* when seeking to fulfill the agenda of the *vijigishu*’s kingdom, in other words, it is clearly motive-driven (Shamasastri, 1915). The ancient traces of the provision of aid, or what it was likely known as then, gift giving, support the idea that the popularity of this practice has endured till today, and can be referred to as one of the central policies of the practice of diplomacy. Hence, the roots of the practice of foreign aid have existed in international politics for millennia, irrespective of the fact that the practice was acknowledged for what it is now known as, given another name, or not given a name at all. Hans J. Morgenthau equates the significance of a foreign aid policy, in a country, with that the importance of a foreign political policy or military policy. According to him, one of the biggest weapons of the United States foreign policy during the Cold War period, which was also the time during which Morgenthau was writing this, was its policy of foreign aid. He has divided foreign aid administration into six different types: 1) humanitarian foreign aid 2) subsistence foreign aid 3) military foreign aid 4) bribery 5) prestige foreign aid and, 6) foreign aid for economic development. Most of these concepts, except for humanitarian aid and subsistence foreign aid (aid provided to poor countries without enough resources to take care of basic necessities), were used as non-political measures (Morgenthau, 1962). However, political motivations would still bleed into these measures in some form or the other, to a lesser or greater degree.

It is quite certain that the concept of aid has existed in the old times and new, even though its intricacies have changed. Its form and definition have evolved over the years, but one concept has stayed constant all this time, which describes the very idea of aid; the transfer of resources from point A to point B. Aid can be provided within a country as well and that would be known as a domestic aid. Foreign aid, essentially, has been understood as the transfer of resources from one country to another. This transfer can even be between two non-political bodies, or one political body to a non-political body, or between two political bodies. While the political bodies, obviously, refer to two separate governments, providing and receiving; non-political bodies refer to Non-Governmental Organizations (NGOs), Private Foundations (like the Ford Foundation) consisting of private players, and so on. The latter are products of contemporary times. Originating from a simple idea of giving or donating, foreign aid has grown a multitude of heads in the present. This is owing to the different kinds of foreign aid policies followed by different countries, their objectives, and motivations. Thus, we have a proliferation of foreign aid institutions now. The present study will concern itself with foreign aid administration in the post-Second World War era, in which the Marshall Plan of the United States of America made a grand entrance.

International politics has been divided into separate eras, in terms of study and analysis. In other words, the occurrence, continuation, and culmination of various events that have determined the nature of international politics have also defined its different eras. For example, the period starting from the early 20th century up until the end of the Second World War represents a particular era, while the period starting from 1945 up until the collapse and disintegration of the Soviet Union signifies a separate one. The correlation between the different powers and the permutation of alliances determines the nature of politics that plays out. International politics has several facets that make up its totality, including the military aspect, the domestic political scenario, the economic aspect, and even the internal social makeup. The provision of foreign aid is another factor in this amalgamation. For the purpose of the present Chapter, and the thesis at large, the history of the provision of foreign aid will not be studied extensively, apart from a brief description of its past traces. Foreign aid, as a foreign policy tool, makes a flamboyant entrance onto the stage of International Politics, in the wake of the end of the Second World War, in the form of the American policy of the Marshall Plan. Another reason for choosing this period, to begin with, the present study is that, this period also signifies the launching of the United

Nations. The United Nations has a special contribution in the field of foreign aid provision and this too will be explored subsequently.

The Second World War had wreaked havoc in Europe and, had reduced it to a pale shadow of what it had been prior to its devastation. Along with the death toll, cities had been razed to the ground, and businesses completely disrupted. In George C. Marshall's words, the "economic fabric" of Europe was ruined (The George C. Marshall Foundation, n.d.). Europe was in urgent need of assistance if it had to get back on its feet quickly once again. The United States at the time, one of the victors of the Second World War and already assigned a powerful rival (the Soviet Union), came to Europe's help. The significance of the Marshall Plan lies in the period in which it was born. Placed at the beginning of the Cold War era, it was a precursor to the structure of international politics, as it would turn out to be, until the collapse of the Soviet Union in 1989. The Marshall Plan was announced by American Secretary of State George C. Marshall at Harvard University on the 5th of June in 1947. Also known as the European Recovery Program, the Marshall Plan was aimed at helping the European economies recover and reclaim their erstwhile status. An amount of around 20 billion dollars was injected into Europe via the Plan in the 2 years since its inception (The George C. Marshall Foundation, n.d.). Hailed as a highly successful program, the efficacy of the Marshall Plan helped strengthen relations between the United States of America and Europe. It was carefully crafted to not only help Europe in its reconstruction but also to forge a solid relationship between the two continents. The Marshall Plan also called the European Recovery Program (ERP) sought to sponsor Europe's debts and imports and ruled out the need for any kind of reimbursement. The biggest hit taken by the infrastructure and the complete annihilation of the private industries was the other focus area of the Plan. The end goal was to normalize individual consumption once again and end the dollar shortage that the world was facing (International Monetary Fund, n.d.). Thus, the US would help finance Europe's requirements for a couple or more years and Europe in turn would buy its requirements from the US. It was a win-win outcome for both. ERP was also offered to the Soviet Union, which, quite understandably, declined. Still, ERP had more in store for Europe: it came with some conditionality. The Secretary of State had been quite vocal about the fact that Europe itself had quite a role to play in the success of the ERP. The countries included in the Plan would have to be part of a multilateral trading system and payment system within Europe via the soon-to-be-formed European Payments Union. The countries that wished

to be part of this Plan need to move towards removing barriers against US imports and increase their exports to the US. There were certain governmental modifications as part of the conditionality as well, such as the relaxation of governmental control and the need for a reduction in public spending (International Monetary Fund, n.d.).

It was the conditionality aspect that revealed the true nature of the US-Europe relationship under the ERP. The need for a united Europe was quite clear in the form of the institution of the European Payments Union, as it was stressed that multilateral and not bilateral or unilateral trade will be promoted. A united Europe, or those participating in the ERP, would essentially trade with the US in order to normalize their production and consumption levels, which not only would benefit Europe but even more so the US. Having forged this relationship, the need next in line was for Europe to successfully utilize this Plan and rebuild itself. Secretary of State George C. Marshall in fact stressed the role that Europe too needed to play in order to prosper. According to Diane Kunz, there were four objectives that needed to be accomplished by those participating in ERP to make it a success: (1) a robust effort on the part of the recipients to help their own economies regrowth, (2) the requirement for fiscal stability in the participating economies, (3) a high level of collaboration amongst the participating European countries and, (4) an orientation towards export-led growth by the participants to overcome the deficit in trade balance (Kunz 1997). Thus, it was clear that Europe would have to concentrate its effort on trying to stimulate its economy, it was to reindustrialize itself soon. For the US, the Plan was both economically and politically advantageous. Economically, increased trade with a unified Europe (or the participants of ERP) and reduced barriers to trade with it would prove beneficial to the US economy. Politically, not only was the Marshall Plan an influential tool in the era of the Cold War, to sway potential countries which might go over to the side of the Soviet Union, but the US also ensured that its ally or allies would be politically and economically strong. Alexander D. Weismann is of the view that there is a psychological side to the formation of the ERP (Weismann, 2013). It was based on Woodrow Wilson's idea of multilateralism or international cooperation. Moreover, the fact that the US itself had suffered from the Great Depression (still fresh in memory), that experience was a strong factor in the formulation of the ERP. Hence, as one delves deeper into the details of the Marshall Plan, its varied ramifications are revealed. As a policy of Foreign Aid, the Marshall Plan or the European Recovery Program makes a strong case for itself. However, this was not the only Foreign Aid program of the United States during

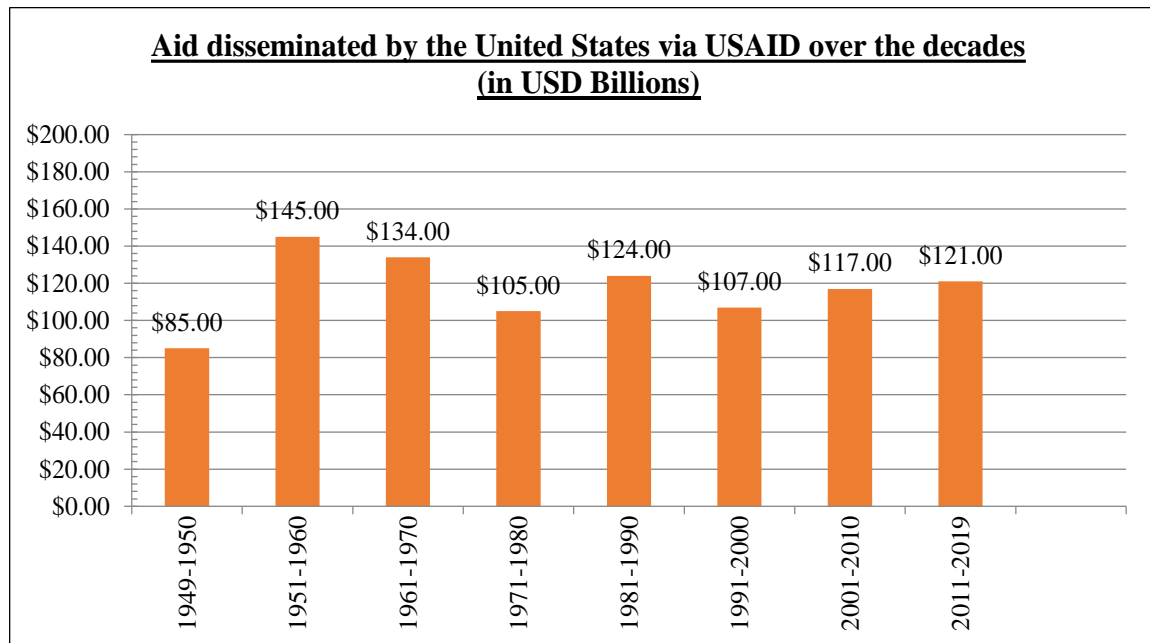
the Cold War period, nor was it the only aid program to be announced by a country during this time. Nevertheless, it set the tone of international politics that was to be.

Several aid-related programs were established during the early years of the Cold War by the US. In quick succession, they merged with one another. The main idea behind this was to institutionalize aid and to bring the provision and administration of foreign aid-related issues under a single head. The Truman Doctrine of 1947 heralded the incoming of the Marshall Plan. It was the carrier of the Plan. Seeking to provide any type of assistance (economic, political, and military) to countries under threat of authoritarian forces, the Doctrine was one of the first political, economic, and military tools of the United States to combat the Soviet Union during the Cold War. The Economic Cooperation Act (ECA), passed by Congress in 1948, was founded to assist the Marshall Plan by governing and overseeing the provision of material and financial goods to the concerned countries. This act was abolished in 1951 and functions were reassigned to the Mutual Security Act (MSA) of 1951. The Technical Cooperation Administration (TCA) was formed in 1950. Just as the name suggests, the TCA worked towards cooperation with underdeveloped countries by providing them with technical and scientific assistance. However, it was discontinued in 1953 and its functions were redistributed to the Foreign Operations Organization (FOA). The International Cooperation Administration (ICA) was created in 1955, in the wake of the dismemberment of the FOA. The ICA was responsible for conducting all kinds of foreign assistance programs as well as security programs, and it was operational till 1961 (Office of the Historian n.d.). After so many attempts at institutionalizing foreign aid programs in the country, the United States Agency for International Development (USAID) was finally established in 1961. The agency was assigned the powers and functions of the now inactive ICA. The USAID is most significant from the other previously attempted institutions of foreign aid created by the US during the early years of the Cold War. This can be said primarily, as the USAID has continued to function till date since its inception in 1961 in administering and conducting US foreign aid programs. It brought together the other existing bodies responsible for conducting and administering foreign assistance and became a single institution of American foreign economic aid. The USAID today has multiplied its activities widely around the world and has become the leading foreign assistance and development organization in the world.

The fluctuations in the distribution of aid resources are clearly visible in the representation of Figure 1. Scholars of American foreign aid over the decades have studied these trends

and explained them as a result of changing international politics and demands of the time. Moreover, this trend is also mentioned, demonstrated, and amply explained on the official website of USAID. Moreover, it must be remembered that USAID is only one of the many routes via which the United States contributes aid and assistance. It has several agencies within the country other than USAID via which it disseminates aid. The US also grants aid through various multilateral institutions. These include the United Nations, World Bank, other regional banks, and the Organization of Economic Cooperation and Development (OECD), which will be studied in detail subsequently, among others. Also, the US is the biggest donor in the OECD today, as the official website of the latter points out (USAID, n.d.).

Figure 2.1: This graph shows the amount of aid disseminated by the United States via USAID over the years.



Source: Data is compiled from the following source: <https://explorer.usaid.gov/aid-trends.html>

Note: Data for 2020 is only partially available, hence not displayed. The numbers provided are an approximation.

So, the assistance provided by USAID is only one of several other means of US aid. In the period starting with the announcement of the Marshall Plan and ending with the decade of the 50s, foreign aid, and assistance were basically projected towards technical assistance and capital projects. A huge amount of aid flowed out of the United States and most of it went to the economic reconstruction of Europe. The high sum of aid contributed during this time is a result of the existing immediate requirements of America's neighbor.

Moreover, not only did the US plan for the reconstruction of Europe via the European Reconstruction Program (ERP), but another foreign aid plan was also formulated for Asia. This was done in the view of the belief that the US had at the time, that Asia was still struggling in the web of backwardness and needed modern technology to accelerate their development process. The US also contributed to the reconstruction of Japan and the work done there was even more profound than that in Western Europe under the supervision of General Douglas MacArthur (Ekbladh, 2003). The decade of the 1960s started off with the establishment of the United States Agency for International Development (USAID). The main idea behind the provision of foreign aid continued to be the need for development and the US continued to provide aid at a higher volume than it will in the years to come. The decade of the 1970s was struck by the oil crises which had impacted not only the United States but the rest of the world as well. 1972 was the first time when a world Conference was held on issues related to the environment, in Stockholm. A shift in international politics saw a consequent shift in the trends of US foreign aid provision. Development was now looked at through the lens of human needs. The individual necessities came to the forefront and gave a new definition to the concept of development. This approach focused on aiding food and nutrition, the need for developing human resources, increased emphasis on population planning, awareness, and help in the development of the health and education sectors. The 1980s was another tumultuous decade that witnessed shifts in the economic structures around the world, especially among developing countries. The drop in the value of the US dollar and the creation of floating exchange rates set in motion the process of structural adjustment programs. The argument forwarded at the time was that these programs would eventually lead to overall economic growth and hence beneficial to all. USAID, thus, concentrated its efforts on encouraging and advocating certain market-based principles and helped reorder the policies and structures of the developing countries. The decade of the 1990s opened with another new vision that changed world politics, economically and politically. Sustainable development introduced itself much earlier, in the 1972 Stockholm Conference on Environment. USAID's approach towards development found a new definition in the form of sustainability and the pursuit of a better quality of life. NGOs played an important role in the dissemination of foreign aid. The turn of the millennium saw wars in the Middle East, Afghanistan, and Iraq. USAID focused a large part of its resources on the reconstruction of various aspects of these countries, including infrastructure, healthcare, education, the building of civil society, and, political stability (USAID, n.d.).

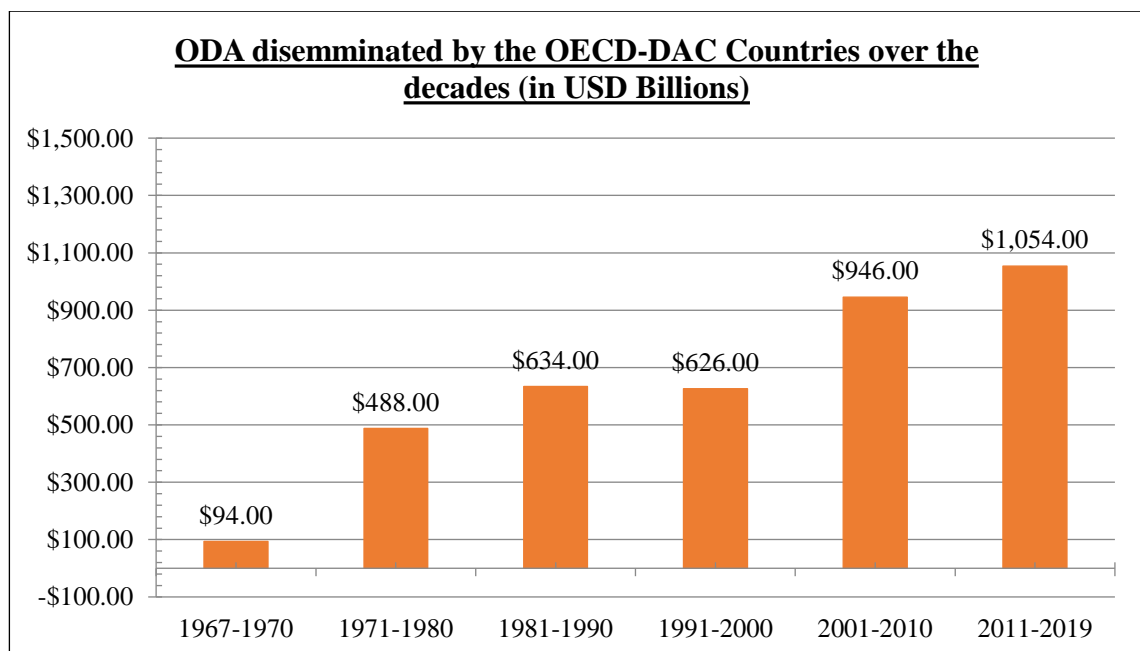
The Congressional Research Group of the US published a research report in 2005 and divided the different types of foreign aid provided by the US into five parts: (1) Bilateral development assistance, (2) Economic aid supporting US political and security objectives, (3) Humanitarian assistance, (4) Multilateral assistance and, (5) Military assistance (Tarnoff et al. 2005). Bilateral development assistance is provided mostly in the form of development assistance programs, essentially with a view to encouraging economic growth and social stability. These programs are targeted at developing countries. These programs are handled by the USAID and various endorsements of these programs include, encouraging the growth of the economy, encouraging the growth of the private sector in the economy, protection of the environment, social causes such as population control and human health and, the promotion of democracy in these recipient countries. The objectives of the Millennium Development Goals (and now the Sustainable Development Goals) have also become part of this form of aid provision. The second type of aid provision entails exactly what it says, that is, provided with the goal of furthering the economic, political, and security interests of the United States. Examples include contributing aid to the Middle East Peace process during the Cold War, and in the post-9/11 world aiming for the countries that the US feels are important in the war on terrorism. Many other global issues are part of this program including, narcotics, trafficking, the proliferation of weapons, and so on. This type of aid is managed by Economic Support Fund (ESF). Under Humanitarian assistance, aid is provided to victims of humanitarian crises, and a major part of these funds go on to contribute towards taking care of the rehabilitation and relief programs for the refugees. The USAID once again manages this sector. Multilateral assistance involves contributing aid along with other donor countries on programs on a multilateral level, mostly through United Nations (UN) various programs. Lastly, the US provides aid in the form of military equipment as well as training to its allies. Funds are also kept aside to take care of non-UN peacekeeping operations as well as peace operations in Africa. Military assistance is channeled through institutions such as Foreign Military Financing (FMF) and International Military Education and Training Program (IMET) (Tarnoff et al. 2005). The foreign aid structure of the US is well compartmentalized with different institutions established to take care of different forms of aid provided by the US. Overlaps hardly exist in their foreign aid provision program amongst the different institutions owing to the clear-cut nature and responsibilities of these organizations. However, USAID was not the only foreign aid agency around this time.

The Organisation for European Economic Cooperation (OEEC) was formed in 1948 in order to assist in the execution of the Marshall Plan and the European Recovery Program

in Europe. It was made up of 18 member countries of Europe, including the United Kingdom, France, Greece, Austria, the Scandinavian countries, and a few other countries (Historical Archives of the European Union, n.d.). Secretary of State for the US, George C. Marshall, while promoting the Marshall Plan, had expressed the need for the countries of Europe to help themselves and cooperate with each other, in order to develop (or re-develop) rapidly and make the Marshall Plan and the ERP a success. In other words, teamwork, and an active interest to re-emerge from the ashes were crucial on the part of the European countries to make US aid work in Europe after the devastation of the Second World War. The OEEC, hence, was established not only for the dissemination of the provisions of the Marshall Plan and the ERP but also to be consolidated as a pillar of economic cooperation amongst the member countries for the reconstruction of Europe. A little over a decade later, the OEEC underwent a transformation and acquired a more international stance. The Organisation for Economic Cooperation and Development (OECD) replaced the Organisation for European Economic Cooperation (OEEC) in 1961. The newly formed OECD is referred to as having a more international outlook since its objective now became the advancement and growth of the world economy and world trade, along the lines of the market economy. Its membership also widened and was no longer to limited or exclusive to the countries of Europe. Another highly structured institution, there are a number of committees and groups in the OECD that take care of specific needs and assigned respective duties. The Development Assistance Committee (DAC), within the OECD, through their practice of Official Development Assistance (ODA), which was subsequently developed, deals with the provision of support to developing countries in their quest for economic development and financial stability. The main aim of ODA is two-fold: (1) advancement of economic welfare and development (amongst the developing countries) and, (2) in this attempt the provision of support is made in terms of concessional finance (Degnbol-Martinussen & Engberg-Pedersen, 2003). Thus, the DAC acts as the official foreign aid arm of the OECD. In fact, it is a strong force in international politics, when it comes to foreign aid provision, owing not only to its international outlook but also to its now more widened broad-based membership. The provision of foreign aid flows from the member countries toward the developing countries and the DAC has a well-developed system of economic planning, long-term assistance, and distribution and allocation of resources. Moreover, not only do the members participate in foreign aid distribution as a country, but their respective state and local governments can also make contributions in this regard. The ODA provides grants and concessional loans primarily for the social and economic development of the recipient countries. Allocation is made via

two channels: bilateral transactions and multilateral assistance. Bilateral transactions are done between the donor country and the recipient developing country or between a national/international non-governmental organization (these are categorized as private transfers) and a recipient donor country. Multilateral assistance works through contributions made to funds of multilateral agencies, which are then further disseminated for development purposes, for example, funds maintained by the various departments of the United Nations (UN). However, most of the aid is provided bilaterally (Organisation for Economic Cooperation and Development OECD 2009). Resource flows to the recipient countries are mainly in terms of concessional finance and technical cooperation. The sources of concessional finance include grants, loans, export credits, mixed credits, associated finance, private investment, and the like (Hynes & Scott 2013). ODA contribution to developing countries has consistently grown, bar a few instances. The decade of the 1960s, which the UN had declared as the Decade of Development, witnessed a period of significant growth for both developed and developing countries. The contribution of aid by the OECD-DAC was sizeable and continued to be steady over the years of this decade. The double Oil price shocks of the 1970s did not impact aid contribution and assistance continued to grow during these years.

Figure 2.2: This graph shows Official Development Assistance (ODA) provided by the DAC members over the years.



Source: The data compiled has been retrieved from the following website: <https://stats.oecd.org/index.aspx?DataSetCode=REV#>

Note: The Numbers presented here are an approximation

The 1980s witnessed the era of debt crises and adjustments made in the economies of developing countries and ODA continued to rise. The decline of Cold War politics during the 1990s was followed by a complete shift not only in international politics but also in the economic structures of developing countries, which had started in the 1980s. Foreign aid contribution by the OECD-DAC further rose during this time. Hence, the OECD-DAC has created for itself a global position, setting the bar for other countries or organizations in terms of foreign aid contribution and development assistance.

Just like in the case of the arms race during the Cold War, the Soviet Union was not left behind in aid programs either. Since the world was almost and effectively divided between the communist and non-communist blocs, or democratic and non-democratic blocs, by now the provision of aid by either of the superpowers quite understandably fell into this frame. While US aid first reached out to Greece and then the rest of Europe, the Soviet Union's foreign aid program was extended to the communist governments. While the apparent purpose of the Marshall Plan was the recovery and reconstruction of Europe and its economies, Soviet aid to other communist governments was promoted to strengthen and erect their economies. Apart from the communist governments, there was another section that was at the receiving end of aid from the Soviet Union. The Soviet Union extended loans and other types of aid to some of the countries of the non-aligned world. Since 1954, the Soviet Union has been extending loans and other forms of aid to Afghanistan, Iraq, UAR, Syria, Yemen, India, and Indonesia. John S. Resheteer Jr. in his article, *Soviet Union, and the Neutralist World*, refer to these countries as 'neutralists' apparently referring to their political standing amid Cold War politics. He goes on to prove how the Soviet Union sought to engage these countries by offering extremely low-interest rates and very easy forms of repayment, in order to gain leverage against the United States (Resheteer Jr.1965), but that line of argument will not be taken here. Nonetheless, the focus of Soviet aid during this time is quite apparent. Soviet aid focused on the communist governments and the non-aligned countries in Asia, Africa, and Latin America. Carol Lancaster, in her book, *Foreign Aid and Diplomacy*, contends that while a higher percentage of Soviet aid went to communist countries of Cuba, North Vietnam, North Korea, and Mongolia, the non-aligned countries received assistance in the form of building infrastructure, mining services and so on. Other forms of aid included an extension of loans at very low-interest rates, which were attractive to the countries of the non-aligned world, which had just embarked on the journey of self-development. Soviet aid in terms of value

was estimated at US \$ 1 billion. This was seen as reaching parity with the value of the US provision of aid. However, the Soviet Union did not invest in any long-term presence of aid since they lacked the resources for it (Lancaster 1992). This demonstrates the unpredictable and unplanned nature of Soviet aid. There was no such professionalized version like the USAID, of Soviet aid, either (Moschella & Weaver 2014). Soviet aid was the result of a reaction rather than an active interest in development concerns. The same can be argued with reference to US aid and their motives, however, as has been pointed out, the US had professional, institutionalized, and long-term agencies in place in relation to the global dissemination of foreign aid whereas, the Soviet Union did not. Some popular examples of Soviet aid programs include highway projects in Kabul, Afghanistan, and the Bhilai Steel Mill in India (Goldman 1965). The Aswan Dam in Egypt is another example of a Soviet foreign aid project as well as an important cause of contention during the first half of Cold War politics. A non-professionalized and non-institutionalized foreign aid structure did not mean that Soviet aid that was contributed did not have any impact on world politics. Indeed, in the countries where the Soviet Union provided a huge amount of aid, Western publicity on aid failed to make any impact there, for example in Cuba and Vietnam. In fact, the Soviet Union claimed that between 1976 and 1980, the contribution of the heavyweight was close to 1 percent of its national product (Degnbol-Martinussen & Engberg-Pedersen 2003). This shows that the Soviet Union did not lag the United States much in terms of foreign aid contribution but nevertheless did not match up to the latter's well-established structure, which exists to this day. Soviet Union's aid had succeeded in impacting those countries which were ideologically closer to it, although non-aligned countries did enjoy the perks of Soviet Union foreign assistance as well. The volatile nature of Soviet Union aid had made it less appealing to prospective countries while the USAID and OECD had a broader acceptance across the board. Soviet Union aid, quite understandably, stopped after its disintegration in 1989. Thereafter, many of the erstwhile Soviet Republics joined the OECD, and Russia today participates with the OECD on international platforms.

At the end of the Second World War, Japan was on the wrong side of the alliance and had to make compensations for the damage that it inflicted on countries and regions during the War. Hence, after the War, Japan's financial distribution to other countries was in the form of reparations and not aid. Japan also received official transfers for its own economic restoration from other countries. Nevertheless, Japan started contributing to and aiding

developing countries not much later from its defeat in the Second World War. The Colombo Plan for Cooperative Economic and Social Development in Asia and the Pacific was formed in 1950, as an arrangement to look after the social and especially economic needs of the countries in the region where it was based. Earlier, the Plan referred to the countries of South and South East Asia and its members consisted of the countries part of the British Commonwealth of Nations. It was particularly focused on providing technical cooperation. Japan joined the Colombo Plan in 1954 and has been an important contributing country to it. Japan, from early on, focused on Asia as a target of its financial and technical aid. Its reparations to Asia were fulfilled by 1976. Japan started providing 'yen loans' to India in 1958, which was of a unique nature. From 1969 onwards, Japan started extending grant loans of its own in addition to the financial aid it contributed to the ODA. Japan's contributions to the ODA were consistent with the changing requirements of the recipient developing countries over the years as it changed from basic human needs to human resource development to the development of economic infrastructure and so on (Ministry of Foreign Affairs of Japan, n.d.). Just like in the case of USAID and OECD, Japan also has a well-structured and well-categorized system of foreign aid provision. In 1961, it established the Overseas Economic Cooperation Fund (OECF) in order to provide development loans to developing countries and formed the Overseas Technical Cooperation Agency (OTCA) in 1962 to provide technical assistance. The OTCA was later incorporated into the Japan International Cooperation Agency (JICA) in 1974 (Fuhrer, 1996). Moreover, Japan has developed separate agencies to take care of its bilateral and multilateral aid distribution. Japan's aid contribution to multilateral institutions is made through its Ministry of Finance, Ministry of Foreign Affairs (MOFA), and the Overseas Economic Cooperation Fund which provides aid to the OECD-DAC. Japan's bilateral foreign aid distribution is done via public sector agencies like the Exim Bank and Japan International Cooperation Agency (JICA) (Takagi, 1995). A well-structured foreign aid distribution system helps in the efficient working of the foreign aid administration. Japan has maintained a sizeable contribution to foreign aid both bilaterally and multilaterally. It is one of the high-ranking countries of OECD-DAC in terms of foreign aid contribution. Japan has a respectable record of aid provision in Asia. According to the Ministry of Foreign Affairs website in Japan, the country is guided by a certain philosophy in the provision of foreign aid. Japan believes in the promotion of friendly relations among nations. Japan's foreign aid contribution is driven by humanitarian and moral considerations and the recognition of the importance of interdependence as a defining

feature today in world politics. Especially so since Japan is a resource-hungry country owing to its lack of it and therefore it depends on other developing countries to secure natural resources (Ministry of Foreign Affairs of Japan, n.d.). Japan's position on the contribution of foreign aid to developing countries has placed it among the top leading nations in the same endeavor.

The above-mentioned countries are the developed countries of the world and are collectively known as the Global North. While most of them do belong to the northern hemisphere, however, this terminology essentially points to their level of economic development rather than the geographical situation. The other half of the world, namely, the developing countries, the third world, or the Global South, have also contributed their fair share to foreign aid and assistance. Just like the OECD, the grouping which best defines aid distribution from the developing world is the South-South Cooperation (hereafter SSC). The SSC is not limited to an aid-distributing agency. In fact, the SSC has come into being as the result of an effort by the newly independent, newly developing countries to come together and form an alternative to the West in terms of but not limited to economic cooperation and development, trade, technical cooperation, aid distribution and so on. Hence, no date can be pinpointed as to the date of the formation of the SSC. Many scholars and researchers have indicated that the atmosphere for cooperation amongst the newly independent and newly developing countries of the South had been generated during the early conferences for the creation of NAM. However, the workings of the SSC truly took off in the 1970s in the form of many incidents, which were separate but not detached completely. The formation of the Group of 77, a group of developing countries committed to various forms of cooperation, is a good example of the materialization of the ambiance of south-south cooperation. The institutionalization of SSC was done gradually at the United Nations. Its first expression was in 1974 when the United Nations General Assembly created a wing within the United Nations Development Program (UNDP) to stimulate technical cooperation amongst developing countries. Secondly, a UN Conference held in Buenos Aires in 1978, adopted the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries (TCDC). These initiatives would together lead to the formation of the United Nations Office for South-South Cooperation (UNOSSC) in 2013 (United Nations, n.d.). The New International Economic Order, the demand for a revised form of economic order by the developing nations, is another example of the expression of SSC. Even the oil crises and

subsequent increase in the oil price by the Organization of Petroleum Exporting Countries (OPEC), in the 1970s, can be attributed to the rapidly expanding grasp of the cooperation amongst the countries of the Global South. However, these developments were only a spurt of vigor on the part of the developing countries and SSC soon lost its impetus as the countries of the Global South came face to face with the debt crises of the 1980s. Moreover, the different countries of this block went on to have varying degrees of progress at varying points in time, and hence the initiative lost steam. The decade of the 2000s breathed life again into SSC (Bergamaschi & Tickner, 2017). The changing nature of foreign aid distribution and the rise of UN developmental goals provided a unique space for SSC to grow and develop.

The SSC represents the developing countries of the Global South, hence there is a feeling of solidarity in this institution, with the members having come from similar backgrounds and similar economic and political conditions. It is a forum for cooperation in trade, and investment activities, and other forms of exchange and cooperation amongst the members, stimulated by the fact that its members include some of the biggest and rapidly economies of the world. As mentioned earlier, the SSC is not solely a foreign aid-distributing organization or agency. In fact, foreign aid and assistance form a smaller part of SSC's operations, which include economic integration, the forming of negotiating blocs of the developing countries in various multilateral institutions, cooperation in the field of military, culture, developmental projects, and technical cooperation (Reality of Aid, 2010). The SSC is a complex organization with different countries on different trajectories of development. Neither do these countries have a single agenda when it comes to the distribution and provision of foreign aid and assistance. Some of the most important donor countries of the SSC include China, India, Saudi Arabia, and Venezuela (Reality of Aid, 2010). This adds to the complications and unpredictability of the SSC. The OECD and other Western donor agencies and institutions are also driven by various motives; however, the institutions in question are much more developed and structured than the SSC. Moreover, the SSC does not provide itself as an alternative to OECD or North-South cooperation and development relations, instead, it is more of a counterpart of development relations along with the former (Khatoon, 2014). Not as solid as an institution like the OECD, nevertheless, the SSC is a good option for the developing countries of the Global South in terms of investment, trade, and aid distribution.

Limitations of Foreign Aid Distribution in the 20th Century

As relations of cooperation have changed, so has the nature of foreign aid, assistance, and distribution; and change occurs when there are complications with and resistance to the existing situation. Scholars of foreign aid and development assistance have been witnessing its changing ambitions and objectives over the years. Foreign aid and assistance have transformed from colonial governments providing aid to their colonies to the highly development-oriented visions of countries and multilateral institutions today. As in the case of all policies and programs, foreign aid is not without its criticisms. The faults of the provision of foreign aid and assistance have been found in its nature, policy enforcement, and in its eventual impact.

One of the most crucial concerns of foreign aid, in general, is a lack of understanding of power relations in countries, the recipient countries. The initiative and consequent distribution or transfer of aid and assistance is only half of the work done. Foreign aid and assistance will reach their conclusion once it serves their purpose, which is varied and subject to various factors. However, if such aid is processed and distributed without understanding the power dynamics in the recipient country/s, then it falls short of effectively serving the purpose. John Degenbol - Martinussen and Poul Engberg – Pedersen in their book *Aid: Understanding International Development Cooperation* point towards some similar challenges of foreign aid and development assistance. According to Martinussen and Engberg, the failure to recognize unequal power relations in the recipient country is an impediment to efforts toward, social, political, and economic change. This is especially, with reference to the weaker sections of society, whose unequal political clout renders them unable to take advantage of foreign aid resources. Martinussen and Engberg go a step further and say that in addition to the point mentioned above, poverty may be of different types, however, the international foreign aid mode of poverty reduction is uniform (in the form of economic aid) and this might not serve its purpose everywhere (Degenbol-Martinussen & Engberg-Pedersen, 2003). Quite correctly, the inability to perceive and acknowledge the existence of diversity and different requirements is a definite failure of policy formation and implementation. This is in tune with the approach that the concept of ‘one size fits all’ does not work; neither in terms of diverse economies nor when it comes to addressing the foreign aid needs of developing countries. It is highly unlikely that a uniform mode of foreign aid distribution strategy will work in diverse

economies, societies, and polities. The extension of foreign aid in such a case does not hold much meaning when the needs of the recipient countries are not understood properly.

Secondly, the neoliberal idea that trickle-down economics can address the economic needs of developing countries has miserably failed to prove itself. The early days of foreign aid distribution, the start of Cold War politics, was one in which capital transfers were made along with technology allocation and the transfer of experienced human resources. The primary aim was the reduction of poverty, up until the second half of the 1970s. It was believed that substantial amounts of capital and technology transfers would help pull a developing country out of poverty was far from the truth. This process would not lead to development (Esteban de la Rosa & Ba Sow, 2015). Although in theory, such a process looks possible, to kick-starting an economy by pumping in cash and technology, yet in practice, trickle-down economics falls flat on its face. The Marshall Plan sought to re-industrialize economies, to breathe air into the structures that had been already present and just needed to be reignited. For the developing countries, these structures were not present at all; the road to development and industrialization had just begun. Although the different countries of Asia, Africa, and Latin America reached varying stages of development at the same time, still the theory of trickle-down economics did not hold much water.

Also, dependency theorists have criticized Western foreign aid provided to developing countries as a self-serving initiative in which they seek to exploit the latter (Niyonkuru, 2016). Dependency theorists have viewed this process in their classical understanding of North-South relations, in which the North seeks to bind the South in a relationship that benefits the former at the cost of the latter; and the latter is unable to break out of this setup. The dependency theorists are further proved right in terms of the initiation of Structural Adjustment Programs, which will be studied subsequently, and the havoc it caused to the economies of the developing countries. Thus, the ideas of dependency theory in relation to Western foreign aid distribution to developing countries cannot be ignored completely, unlike the benefits of trickle-down economics in foreign aid distribution.

From this inability to recognize and understand diversity stems another weakness and criticism of foreign aid theory, as it operated in the twentieth century, that is, the unpredictable and volatile nature of foreign aid and the corruption that has crept into the process since the early days itself. Immediately after the onset of the Cold War was the belief attached to the provision of foreign aid by the US and the USSR that the acceptance

of aid from either of the countries would amount to inclusion in either of the camps. However, this in no way deterred the newly independent countries, or the non-aligned countries, from accepting aid from the two superpowers. However, right from the beginning, the provision of aid to the developing countries of Asia, Africa, and Latin America has been highly unpredictable and volatile. Often the unpredictability would stem from a recipient country going against or not conforming to either of the superpower's actions in the international sphere or within their domestic politics. Even apart from the concern of superpower contest, foreign aid distribution has not been regular which has prevented its objective that is, effectively addressing the needs of the recipient countries. For this reason, foreign aid could not be used for any long-term investment in the recipient country due to its volatile nature. Added to this was the corruption and over-bureaucratization that had crept into foreign aid administration in the recipient countries. In other words, it took a very long time for foreign aid to reach its destination and the prevalence of red tape in developing countries further hindered the process. Hugh Tinker, who wrote an article in 1959 on foreign aid distribution in Asia, traced these problems which were quite rampant on the side of the donor and the recipient countries. In conversation with the principal of a college in remote Pakistan, he came to know that there was a pressing need for the principal to recruit an English lecturer and when advised to ask help from the Colombo Plan, the latter came up with a Persian proverb, to sum up his and foreign aid distribution's predicament. He stated:

"While waiting for medicine, the sick man died" (Tinker, 1959, p. 48)

The Structural Adjustment Programs (SAP) rolled out to handle the debt crisis of the 1980s, is another major criticism of foreign aid distribution. This neoliberal idea impacted not only the economic but also the political system of the recipient countries which undertook them. History is witness to the fact that the SAPs had inflicted more harm than good in developing countries and especially had disastrous long-term effects. Instead of taking care of the debt problem, the incorporation of SAPs amplified the debt problem, disrupted local businesses, led to unemployment, and in the long run, widened the gap between the rich and the poor. On the political front, aid was favored to those who were on board with the democratization and liberalization process. The justification provided by the US was that an atmosphere of good governance and rule of law and the required economic changes was imperative for foreign aid to effectively address the needs of the

recipient countries (Niyonkuru, 2016). However, the ramifications of SAPs in several developing countries proved that such was not the case. This pushes the idea that Western donors were not genuinely interested in addressing the needs of the recipient countries but was basically pushing their own agenda onto them. The SAPs did not impact all the developing countries equally; nevertheless, the casualties were enough to make the introduction of SAPs a staggering criticism of Western foreign aid distribution to developing countries.

Hence, even though foreign aid distribution had become a big part of the push for development in the international arena, yet, the administration itself seemed to be riddled with inefficiencies and shortcomings and basically unable to achieve its targets. It was high time for re-evaluation and not just any surface changes here and there on the face of it. As United Nations opened the century with the Millennium Development Goals (MDGs), foreign aid donors, developed and developing countries alike sought to convene a forum to discuss how the aid distribution system can be revamped and made possible to effectively achieve the objectives of development and especially of the internationally proclaimed MDGs. These high-level forums on aid effectiveness have taken place in four parts over the years: in Rome in 2003, in Paris in 2005 (where the Declaration for Paris Agenda was introduced), in Accra in 2008 (where the Accra Agenda for Action – AAA, was introduced) and, in Busan, Korea in 2011. Some of the key concerns regarding the need for aid effectiveness and the existing aid ineffectiveness were the requirement of accountability and transparency in the process of aid distribution. There was a need for the recipient countries to become more involved and responsible in this process and to carefully evaluate foreign aid's workings in the country. In the aim of poverty reduction especially, the recipient countries had to robustly participate in making strategies for the effective use of foreign aid. According to the 2011 Brookings Policy Brief on Aid and Development Cooperation, the MDGs had been successful in generating wider participation toward the achievement of goals and had spillover effects of aid effectiveness. While on the other hand, there was widespread criticism of foreign aid distributions' top-down agenda, complete misalignment of aid provided and actual requirements as well as tension emerging from multiple donors working inside the same country. Moreover, domestic and international changes in political leadership and shifting power equations had also contributed to the ineffectiveness of the existing aid paradigm (Global Economy and Development at Brookings, 2011). In fact, the end of the Cold War

had ramifications all over the world and not just in terms of political relations and alliances. Public administration had undergone a change in this period. New Public Administration was introduced as a more accountable and transparent form of its predecessor.

The Paris Declaration endorsed five principles which were to act as guidelines for both the donor and recipient countries for the effective management of foreign aid both inside and outside (donor country) the country. These were: Ownership – the developing countries (recipients) had to step up and decide for themselves how to tackle various issues; Alignment – the need for the donor countries to align their resources with these issues; Harmonisation – the need for donor countries to make the procedure in the recipient countries more simple and coordinated; Results – the need for measuring success rates and accomplishment of objectives; and Mutual Accountability – both donor and recipient countries to be equally responsible for the achievement of objectives (OECD, n.d.). The management of results was a huge point of discussion in Paris in 2005. The need to measure the achievement of results and to be accountable for it was the need of the hour if aid effectiveness had to increase. The MDGs were seen as the prime example of how the achievement of objectives can be made more effective when there are set goals, a proper timeframe, and a clear distribution of responsibilities to the participants. In fact, the SSC played an important role in working towards the achievement of the goals, which says something about the effectiveness of the SSC in foreign aid administration as well as that of the existing Western aid distribution regime. However, in Paris, the recipient countries were reluctant in accepting the regime of results-based management (Vahamaki, Schmidt & Molander, 2011). At the Busan Conference on aid effectiveness, some other issues that came up in addition to the ones discussed in the previous conferences were that of transparency in the process, the issue of sustainability, and the increasing fragility of states. In fact, it was believed that the term aid had become outmoded and needed to be replaced by the term development effectiveness. The focus of aid administration had now shifted to development finance or development investment and the need for recognition of a more diverse field of development actors (Mawdsley, Savage & Kim, 2013). In other words, the concept of aid provision was now seen as inadequate in meeting the world's developmental requirements. Nowhere does this mean that aid has been eclipsed altogether by development cooperation, indeed foreign aid continues to be a crucial part in responding to the development needs of the world; the concept of development cooperation though is a much broader concept than just aid distribution which recognizes

other areas which can cater to the development needs more effectively. In fact, development cooperation recognizes the rise of new actors or the rising importance of actors who had existed earlier as well, including private organizations and foundations, new donor countries, the SSC, and forms of triangular cooperation, etc. ODA is far from being over, it just needs to be complemented and the concept of development cooperation recognizes that. This new regime flows from the development goals announced by the United Nations at the turn of the century. Keeping those in mind, the ideas of, the inclusion of the private sector for development purposes, the idea of sustainability, and the provision of international public goods play an important role in the development cooperation regime. As has been mentioned before the boundary of ODA needs to be pushed back and the private sector needs to be brought in to put into effect the ideas of blended finance and engage them in development policy (Alonso, 2018). The idea of the provision of international public goods has also gained ground under the new regime. International public goods can be resources, products, policies, or institutions, non-exclusive in nature, aimed at addressing and redressing challenges that affect countries at the international level, for example, any resources or policies which can effectively benefit countries to tackle the problem of climate change. This is non-exclusive in nature as this can potentially benefit all and not a single country from climate change adversities. The Sustainable Development Goals (SDGs) have become the goal standard of overall development; hence, the idea of sustainability has become central in development efforts. The ideas of effective policies, Research and Development (R&D), increased accountability and responsibility both on the part of donor and recipient countries, triangular projects, and target-based goals, have become part of development efforts along with concessional and non-concessional finance. A new framework for measuring progress has also been introduced at the international level. The Total Official Support for Sustainable Development (TOSSD), is developed by the OECD/DAC, as a scale of measurement of overall contributions and flows towards development. The TOSSD has been introduced to consider all forms of contributions which the OECD did not recognize as contributions towards development earlier. The TOSSD will monitor cross-border flows on one hand and all other instruments (even non-financial instruments) that contribute towards achieving developmental efforts and global public goods. Basically, it will be monitoring and measuring all external efforts toward achieving the SDGs (Total Official Support for Sustainable Development, n.d.). Efforts were being made to widen and create a more

holistic structure for the DAC, with the aim of aligning the interests of the emerging powers and the recipient countries' interests with them. In Busan, although an alliance was forged with the emerging powers (for example, India, China, and Brazil), the latter certainly had reservations regarding the agenda of the newly installed Global Partnership for Effective Development Cooperation (GPEDC). The road to aid effectiveness has been far from easy. There are several reasons which have made the rising powers wary of completely buying into the DAC's agenda. According to Constantine, Shankland, and Gu, the attempt by the DAC to incorporate developing countries' perspectives into international aid policy has gone awry because (1) The GPEDC lacks the political legitimacy of being an international forum where binding commitments on international development cooperation can be made. The United Nations is rather the better alternative, once again showing the faith of the developing countries in the institution, (2) Rising powers have at Busan insisted on the need for Common but Differentiated Responsibilities (CBDR), as they have in other international forums while making a deal with the developed powers. They feel threatened by the possibility of increased aid responsibility on them and grow wary of the GPEDC (3) The rising powers also feel that the GPEDC's agenda still retains the DAC flavor, essentially made up of concessional financial flows as aid and highly unlike the practice of South-South Cooperation. (4) Most importantly, the rising powers nurse a lack of trust in the DAC countries and their agenda and feel that they might just be out for thwarting their rise to power (Constantine, Shankland & Gu, 2015)

For the above-mentioned reasons, we still very much have two types of aid assistance strategies. Also, they still harbor differences in their methods. But most importantly, their respective places in the international political realm prevent them from completely trusting each other. India, classified in scholarly and political circles as a rising or emerging power, plays an important role in this equation. India has its own foreign aid and assistance program, which she refers to as a Development Partnership instead of foreign aid, and is an important power in terms of development cooperation, at least within the SSC. India's choice of terms indicates its vision of development assistance as will be further discussed below.

India's Development Partnership: A History

The provision of foreign aid by developing countries as a notion as well as a system has grabbed attention in international political practice as well as literature. However, it would

be incorrect to comment that foreign aid as a foreign policy tool has been utilized by developing countries only in the post-Cold War era. It is not that these fast-emerging countries did not provide financial aid and assistance, humanitarian in nature or otherwise, to other developing or underdeveloped countries before the onset of globalization. The reason for its significance is the reputation of these countries in contemporary international relations as fast-growing both politically and economically. Politically their magnitude cannot be ignored in a world that is no longer bipolar and economically, they stand as one of the biggest economies in the world. The present study will deal with Indian foreign aid policy which she refers to as a development partnership. Aid provision on the part of India is not a new feature but has been a phenomenon since its independence. According to Dweep Chanana, India has been providing substantial economic and military aid within South Asia since its independence. In 1958, India provided Rupees 100 million in multi-year grants to Nepal and Rupees 200 million in loans to Myanmar (Chanana 2009). India has from the very beginning taken a keen interest in extending help to fellow developing countries, especially in the South Asian region. This interest is further strengthened by Prime Minister Nehru, in his various speeches in which he expressed his ambition to help other developing countries in their process of development. Srikant Dutt writes how it was quite evident from Prime Minister Nehru's speeches of the ambition that he carried, to have India take a keen interest in the politics of Asia in general and South Asia in particular. At a meeting in 1948, Prime Minister Nehru was quoted as,

"People vaguely talk of India's leadership in Asia ... I want this problem to be approached not in terms of this country being the leader and pushing or pulling others, but rather in a spirit of cooperation among all the countries of Asia, big and small." (Dutt, 1980, p.676)

India preferred the term development partnership as against foreign aid, which typically demonstrated the nature of assistance that India sought to provide as well as the impression of a partner as opposed to a leader that it sought to project. In the years following Independence and the onset of the Cold War, India likened itself to fellow developing countries of Asia and Africa, establishing the commonality of their goal of socio-economic development and hence the need to follow a shared and similar path towards it. Hence, the Indian assistance was presented as mutually beneficial, devoid of a donor-recipient relationship, instead, it was a partnership. Foreign Secretary Shyam Saran (2014), in a speech at Harvard University in 2014 attested to this view. According to him, the idea

originated with our first Prime Minister, Pt. Jawaharlal Nehru believed India had an internationalist responsibility to share its modest capabilities and resources with fellow countries emerging from colonialism. Hence the development cooperation program would be an expression of solidarity with these countries (Ministry of External Affairs, India, n.d.). This was further strengthened by the fact that India based its development assistance to other countries based on the principles of the Panchsheel Treaty of 1954 and its considerations of non-alignment. Both were established based on mutual respect for territory and sovereignty, as well as forging a sense of equality among them. Another aspect that can be gleaned from India's response and attitude to the above-mentioned forums and our erstwhile Prime Minister's speech, is that India has already assumed for itself some sort of leadership in the region. Maybe India viewed itself so because of its geographical size and its strategic position on the map. Moreover, India sought to highlight the commonalities of position and situation of itself and other newly independent and developing countries, which further helped India to forge itself as a leading power in the region. If we look at it in this way, then we can see that India's development partnership is in tune with India's stance in the region. India has sought to provide mutually beneficial assistance to fellow developing countries in their developmental journey and at the same time trying to consolidate itself as their leader. This view is further supported by the nature of the conferences that India participated in the early years and declared in them a need for like-minded countries of similar situations to work together and cooperate with each other. Sachin Chaturvedi refers to India's participation and hosting of the Asians Relations Conference in 1947, as an early example of India's initiative to forge an atmosphere of cooperation among the developing nations. This was followed by India's joining the Colombo Plan in 1950 and then subsequently the Afro-Asian or Bandung Conference of 1955. The Asian Relations Conference and the Bandung Conference culminated in the formation of the Non-Aligned Movement, which presented itself as an alternative to the bipolar politics of the Cold War. The Colombo Plan, however, had greater significance in India's journey toward development cooperation (Chaturvedi, 2014). India was a founding member of the Colombo Plan for Cooperative Development in South and Southeast Asia. Originally a seven-nation grouping, it was an intergovernmental commonwealth organization seeking cooperation in the fields of economic and social development through self-help and partnership. Its membership widened to include non-Commonwealth members in 1977 when it was renamed the Colombo Plan for Cooperative Economic and

Social Development in Asia and the Pacific (The Colombo Plan, n.d.). However, unlike the NAM, the Colombo Plan was not only a brainchild of India but also an anti-communist regional organization that had extensive help from the United States of America in the form of aid. It was only in the 70s that the Plan became more south-south cooperation in character than a north-south donor-recipient relationship (Nowik, 2013). Developed countries like Canada, Australia, the United States, Japan, and New Zealand were the aid donors to the Plan. Assistance was essentially made under two heads: The Capital Development Program which involved the transfer of financial aid in the form of grants and loans to finance national development programs, including those of agriculture, industry, infrastructure, and so on; and Technical Cooperation which involved the training, provision of experts, transfer of technology and provision of scholarships (The Colombo Plan: Resource Book, 2012). India was one of the biggest receivers of foreign aid in the region as well as the provider. India aided fellow South and Southeast Asian developing countries in the form of technical assistance (The Colombo Plan: Resource Book, 2012). India's technical assistance came in the form of offering scholarships in India for technical training (Ministry of External Affairs India Annual Report, 1953-54). India's leanings towards technical assistance as the major form of assistance are derived from a couple of factors. Firstly, India possessed a surplus of talent in technical resources and as a result, it presented itself as the best form of assistance that could be contributed by the country. Secondly, India believed that this form of assistance was perfect for the recipient countries. India referred to the provision of technical assistance as the export of intermediate technology to these countries, who will need them given their then-prevailing situation (Dutt, 1980). Hence, the provision of technical assistance was a win-win situation for India as she offered resources available plenty with her and which also came in line with the needs of the recipient countries. This, however, does not mean that technical assistance was the only form of aid that was provided by India during this time. India's immediate neighbors were already receiving assistance in the form of loans and grants from her. India contributed a sound amount and assistance, especially to the Himalayan states in the early years. This started out in the form of multi-year loans and assistance. However, starting out these loans were much less as compared to those being provided today, which can be attributed to obvious reasons of India had just achieved independence. Nevertheless, India was quick to hand out loans to its fellow neighbors in need. India provided both financial and technical assistance to Nepal. This was in the form of scholarships to students and

training facilities as well as financial assistance in building and maintaining infrastructural projects such as the completion of a road link between the countries, repairing and maintaining Nepal's Gauchar airport, and installing a 200-line telephone exchange at Kathmandu, among others (Ministry of External Affairs India Annual Report, 1953-54). Students in Bhutan were given free educational facilities in India and a 7-year development plan, at an expenditure of Rs. 223 lakhs, was formulated for the economic development of Sikkim. India also provided a loan of Rs. 20 crores for the economic development of Myanmar, at that time known as Burma (Ministry of External Affairs India Annual Report, 1955-56). Hence, it follows that India had adapted to the role of foreign assistance provider since the early days of Independence. Even though such assistance was limited in the amount and resources provided, nevertheless, it was varied in nature. India demonstrated from the very beginning that it wanted to take up a leadership role, at least in its surrounding region to begin with, and that it was actively interested in the development of fellow developing countries.

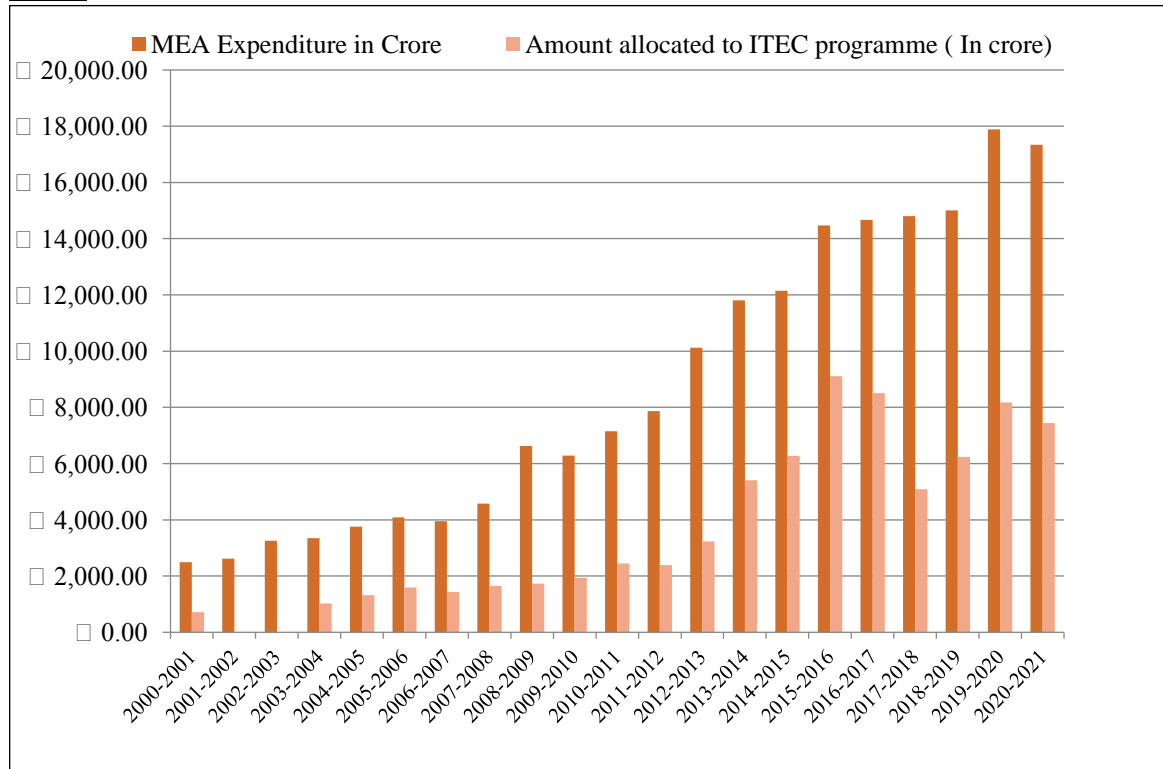
India lacked a formal structure as a front for its assistance activities, and this was resolved in the early 1960s. In 1961, the Ministry of External Affairs created a division known as the Economic and Coordination Division to manage assistance-related activities. In 1964, technical assistance provided by India was brought within the structure of the Indian Technical and Economic Cooperation (ITEC) Program. Although technical assistance was already part and parcel of the assistance that India was providing, ITEC gave this a solid formal front. The ITEC was aimed at providing technical assistance and cooperation to countries on a bilateral basis. For example, the ITEC would train workers from Bangladesh in India, in order to instruct and coach them in the relevant field. The full nature of activities related to the ITEC is as follows:

- 1) Training in India of ITEC member countries citizens – this includes both civilian and defense training. The themes for civilian training program range from rural development to aeronautical engineering and are essentially demand driven. Moreover, if the recipient countries request new themes such may also be included and organized. Defense training involves training of air force, army, and navy personnel from the ITEC partner countries in the fields of strategic studies, defense management, and so on.

- 2) Cooperation along the lines of various projects and project-related activities - This especially involves the installation and creation of mutually agreed infrastructure in the ITEC partner countries.
- 3) Deputation of Indian experts abroad – Indian experts in various fields are assigned to friendly countries to aid and assist them on developmental projects.
- 4) Study tours – Delegates from partner countries are taken around Indian institutions and training centers for a program of two to three weeks.
- 5) Provision of gifts or equipment to ITEC partner countries – This is done at the request of the ITEC partner countries to assist in their developmental efforts.
- 6) Aid for Disaster Relief – Under this, India provides both humanitarian assistance, such as food and medical supplies as well as cash assistance to countries afflicted with disaster (Indian Technical and Economic Cooperation Programme, n.d.).

Assistance through ITEC has been provided both bilaterally as well as multilaterally. Examples of the recipients of such multilateral institutions include the United Nations Industrial Development Organization (UNIDO), the Economic Commission for Africa (ECA), Group of 77, the Association of Southeast Asian Countries (ASEAN), the Bay of Bengal Initiative for Multi-sectoral Cooperation (BIMSTEC), African Union (AU), the Caribbean Community (CARICOM), World Trade Organization (WTO), among others (Kumar, 2016). The Special Commonwealth African Assistance Program (SCAAP) was founded in 1960 and due to its likeness to ITEC; India has also been actively extending assistance to its member countries. Thus, capacity building and demand-driven partnerships have been the ruling trends in ITEC operations and not much has changed in its nature since its inception to its functioning today. The tendency towards capacity building in fellow developing countries is owed to the areas of ITEC operations in partner countries. They include the areas of infrastructure building, state welfare activities in the form of assistance towards, schools, hospitals, and other medical facilities, economic development and even support to governmental activities. Especially governmental activities have been supported in fellow developing countries via training to foreign government officials on varied aspects in India. Training has also been provided in the fields of engineering and agriculture. Hence ITEC has been intensive in capacity building.

Fig 2.3: Annual Allocation to the ITEC program by the Ministry of External Affairs, India (in Rupees Crore)



Source: The statistics have been retrieved from the MEA Annual Reports.

Note: This graph is a representation of money allocated to the Ministry of External Affairs (MEA), India for expenditure annually (dark red) and; money assigned to the ITEC from the same allocation. These numbers are Budget Estimates (BE) and are an approximation to the nearest zero.

Moreover, India has also shared knowledge that she gathered out of her own growth in other countries. For example, after India experienced a boost in the growth of rice during the Green Revolution, she sought to extend her knowledge to developing countries so that they can benefit from its experience. In the years 1976-1977 Vietnam received scholarships in agricultural research and development from India. Along with the scholarships, India also provided funding to Vietnam for setting up the Cuu Long Rice Research Institute in Vietnam to produce rice (Indian Development Cooperation Research Report, 2015).

The other part of this argument that ITEC operations are basically demand driven, has ample examples. In fact, this concept of demand-driven assistance and partnerships is a recurring trend in Indian development partnerships. For example, the training offered by India has been demand driven. Training requests from Cambodia, Lao PDR, Myanmar,

and Vietnam enabled India to not only set up private sector development in these countries but also expand its influence on ASEAN as well (Kumar, 2016).

Another form of assistance that India has provided since its early days is in the form of credit extended, especially to its neighboring countries. Provision of grants and concessional loans has been the two main ways of extending this form of assistance, and there are early examples of this. According to the Ministry of External Affairs of India's Annual Report of 1957-58, India had committed a loan of Rs. 20 crores to Burma (Myanmar), of which the latter withdrew a part in the said year (Ministry of External Affairs India Annual Report, 1957-58). To Pakistan, India gave a fixed contribution of Rs. 83.3 crores for the replacement of drainage and hydroelectric works in the country (Ministry of External Affairs India Annual Report, 1960-61). To Ceylon, India contributed Rs. 50 million credits in 1969-70 (Ministry of External Affairs India Annual Report, 1969-70). What is interesting is that here we find that India's extension of credits and loans again falls within the periphery of promoting developmental works in other countries. Even in terms of investment in foreign countries, India has sought to uphold the judicious and appropriate usage of such funds. Investments abroad have also been guided by similar principles of developmental works. In order to maintain such principles India has, starting from the 1970s, avoided any kind of majority participation in investments made abroad by encouraging participation with local institutions and development banks (Chanana, 2009).

Another part of Indian foreign assistance has been the provision of humanitarian aid and aid for disaster relief. This has also been an early and persistent feature of India's foreign assistance administration since the early days of post-Independence, and there are numerous examples to credit it.

The decade which ended the twentieth century witnessed a lot of changes in the international economic and political scenario. An upheaval, rather than changes would a better term to explain the situation. The end of bipolar politics presented not only the USA as the sole superpower, but also in the absence of bipolar rivalry several new emerging powers found the space to establish themselves. The forces of globalization and liberalization only helped in fueling their efforts. Massive transformations were taking place in India as well as she stepped out, completely, into the international economic arena. Such changes would require some alterations on the part of India as well and hence, we saw these unfolding in the 1990s. The provision of foreign assistance and partnership

underwent drastic changes. This was a moment of renovation of the Indian image abroad (Chaturvedi, 2014). The biggest transformation came with India's transition from being a major recipient of foreign aid, to a key provider of aid and assistance. At the 2003-04 Budget speech Minister of Finance and Company Affairs, Jaswant Sinha highlighted three important points which brought about a radical change in India's external aid policy. Firstly, the dependence on external donors would be reviewed. Secondly, national efforts to other developing countries would be extended in new ways, and thirdly, to reexamine the line of credit routes of international assistance to others. (Government of India Budget Speech, 2003). The dependence on external aid was drastically reduced, with India now accepting external aid only via a few agencies and countries and no longer any form of tied aid. This was further reinforced when then Prime Minister Manmohan Singh refused to accept humanitarian aid for India in the aftermath of the Tsunami in 2004 as well as during the 2005 Kashmir earthquake. The erstwhile Prime Minister was publicly recorded as saying, "We feel that we can cope up with the situation on our own and we will take their help if needed" (Roy, 2021). India even set a bar for minimum aid to be received at US\$ 25 million (Chaturvedi, 2013) This was a show of strength, more importantly, it was to drive home the point that India can take care of itself and at the same time capable of extending help to fellow developing countries.

India launched the Indian Development Initiative (IDI), now known as Indian Development and Economic Assistance Scheme (IDEAS) in 2003. This was a way of changing the procedure of providing grants and project assistance to the developing countries of the world and now changed the route of its credit transfers through the Export and Import (EXIM) Bank of India, which was set up in 1982. The EXIM bank is a specialized credit export agency of India as well and has been specially created given India's increasing role in the international economic arena. The present government showed further confidence in IDEAS and has endorsed it for streamlining Lines of Credit to countries in South and Southeast Asia, Africa, and Central America (Chaudhury, 2015) Moreover, rerouting credit loans via the EXIM bank had further benefits of increasing India's foreign assistance amount. Earlier the Ministry of Finance operated the extension of loans and credits which had to be assigned from India's economic budget. However, the EXIM bank, backed by the Government, can raise funds from the international debt market (Mullen, 2013). This prevents pressure on the Ministry of External Affairs or the Finance Ministry, also the Indian budget no longer acts as a limit to the amount of foreign assistance

that the country provides. Thus, while under IDEAS, India aids developing countries through capacity-building measures, skills transfer, and infrastructure development, Lines of Credits are transmitted through the EXIM bank to developing partner countries, to create socio-economic benefits in the country, which ultimately would create space for Indian exports (India EXIM Bank, n.d.).

Indian development partnership witnessed further formalization when an umbrella organization was founded in 2012, known as the Development Partnership Administration (DPA), a single unit that brings together all forms of development assistance (Government of India Ministry of External Affairs, n.d.). It is divided into DPA I, II, and, III, based on the nature of assistance and the region it serves. The formation of the DPA streamlined the various sectors of Indian development assistance under a single head, including the provision of technical assistance as well as the LOCs. According to the Annual Report of the Ministry of External Affairs (MEA) of the year 2012, the DPA handles all projects of foreign development assistance, starting from it defining the concept, through its launch, execution, and completion. It sought to enhance the capacity-building measures of the ITEC, while the extension of LoCs is its main area of attention (Ministry of External Affairs India Annual Report, 2012-13). Today, the website of the Ministry of External Affairs, India displays the completion of over 300 LOC projects worth US\$ 30.66 billion extended to 64 countries to date, with many more projects underway (Ministry of External Affairs India, n.d.). The grant in aid projects is estimated at US\$ 4 billion, especially concentrated in South Asian countries (Ministry of External Affairs India, n.d.). In terms of humanitarian assistance, India launched India for Humanity initiative in 2018, on the 150th birth anniversary of Mahatma Gandhi and it organized several artificial limb fitment camps in several countries in Asia and Africa (Ministry of External Affairs India, n.d.). A comparison between the Indian form of development partnership beginning soon after its independence and the Indian development partnership of today exhibits certain changes.

Changes and variations in foreign policy initiatives over the span of seventy years are quite understandable given the evolution of politics and economies over the decades and, even more so is prudent. The volume of grants and loans provided is much higher and the scale of other forms of development partnership has also risen. Be it capacity building or aid for trade, Indian development partnership has become more streamlined. The administrative structure of development partnership has also gone through variations and today it has

come under a single head, the DPA. The reach of India's Development Partnership (from here on DP), has also extended. While at the beginning only grants and assistance were provided to the South Asian neighbors, today Indian DP has reached Southeast Asia, Latin America, and Africa. In fact, Africa is one of the biggest recipients of India's DP, and we do find a bit of a power struggle there as Indian DP and Chinese foreign aid clash to consolidate themselves in the continent. The same is the case with South Asia, which is the other big recipient of Indian DP. The collision between Indian and Chinese aid forces is more obvious here. This is also more important to India here since she views this region where she has a natural area of influence. Although India is no match for the resources that China has to offer, this competition remains. This aspect will be taken up in the following chapter in much more detail. Nonetheless, Indian DP has become an important force today and its influence is only gaining ground.

Foreign Aid Administration: Political Overtones

Foreign aid is self-serving or self-seeking and sates the donor's ego. This can be claimed as foreign aid is ultimately a part of the foreign policy of a country which, as students of international relations know very well, serves first and foremost the national interest of a country (Baldwin, 1966) Hence, the same conclusion can be drawn when it comes to the policy of foreign aid or development cooperation. Scholarly research has shown how foreign aid has been used to further the foreign policy goals of a country. The provision of foreign aid has been successfully connected with the fulfillment of "change-seeking behaviors" of the recipient countries in favor of the donor countries. (Palmer, Wohlander & Morgan, 2002) This establishes a strong connection between foreign aid and foreign policy and, legitimizes the above statement. In fact, it can be clearly seen how foreign aid can be an effective foreign policy tool when dealing with a donor in need. The same has been said regarding development assistance policies. Therefore, self-interest is the over-arching motive for the provision of foreign aid. Several other motives, which complement national interest follow suit. In his research article, Robert A. Pakenham seeks to find out the importance and position of foreign aid in the United States' foreign policy structure. He concluded that foreign aid is a significant part of foreign policy. Moreover, for every policy, foreign aid or otherwise, there will be typically a set of goals to be achieved, instead of any single one. (Pakenham, 1966)

In fact, the term national interest will be a better alternative to be explained as the primary motive of foreign aid or development cooperation. It is only from the national interest that different categories of motives and purposes are drawn. National interest is the root from which they grow. These motives range from political motives to military motives to economic motives.

National Interest



Figure 2.4: The image shows how various purposes and motives are generated from national interest at the helm. Notice how ‘image promotion’ has been included with other general purposes. This is in tune with India’s motives for the propagation of DPA.

Understandably, these motives range in their relative significance with reference to the donor’s capacities and position in the international arena. For example, the motive for the United States to provide aid to various recipient countries involves the maintenance of the status quo of the international political system, namely, the protection of its status as a superpower. Carol Lancaster, in *Redesigning Foreign Aid* refers to four principles of United States’ diplomacy of values, which are (i) providing relief, (ii) promoting development and reduction of poverty, (iii) improving the quality of life abroad, and, (iv) expansion of democracy and human rights abroad. According to Lancaster, the United States utilizes its policy of foreign aid towards furthering each of these values (Lancaster, 2000). These principles demonstrate the beliefs that the United States as a country highly values. It is also an illustration of its leadership in international affairs. In contrast to this, a much smaller European country providing aid will have different motives, crucial to its own national interest, but nevertheless, less significant than those of the former. Having said that the importance of motives is specific to every country and in that way, they cannot be compared. Furthermore, motives have changed and augmented through the course of the century. Prior to the Second World War, foreign aid was not much of a commonality among countries. It was usually contributed towards humanitarian and relief causes during World War I. The end of the Second World War formally established foreign aid in international politics in the form of the Marshall Plan. Used for the reconstruction of war-

torn Europe, the provision of foreign aid soon developed political overtones. Foreign aid soon became a diplomatic tool of Cold War politics. The Marshall Plan was followed by aid provision towards developing countries, in order to bring them under the USA's sphere of influence. European colonial countries (France, and Great Britain) even sought to extend aid to their colonies in order to retain influence in those parts of the world where their authority was declining quickly. USSR could not stay behind when its Cold War enemy was gaining influence fast and started extending aid itself. However, aid provision by the socialist bloc was not a long-term plan. This owed basically to their limited capabilities. Nevertheless, the political connotation of foreign aid was most visible during the Cold War era. This also comes into conflict with the economic motive of foreign aid provision. Highlighted as one of the biggest objectives of foreign aid, the latter has been a failure in strengthening the economies of weaker developing and underdeveloped countries. As has been discussed earlier in the present chapter, there is a whole line of arguments against the idea of pumping capital into the country as a way of helping its economy. The goal of trickle-down economics has mostly been a failure in the case of foreign aid. According to Hans J. Morgenthau, the transfer of capital and technology is not enough for the development of primitive societies; this is basically a popular assumption not backed by historical experiences. There can be other deficiencies, like human deficiencies can be the cause of such underdevelopment, and the inability to effectively utilize resources and opportunities can be the reason; hence the transfer of capital and tech is not the solution. There can even be counter-productive economic results in the process, as has been amply exemplified in the recent past (Morgenthau, 1962).

Moreover, foreign aid as a political tool was utilized by developing countries as well, albeit on a much smaller scale, in order to consolidate themselves in their own regions, or even due to specific political events. In the 1970s, double bouts of Oil Crises, a rising number of NGOs in the USA, and repeated famine situations in Africa revealed how as one part of the world prospered, the other half remained in poverty. All these reasons shifted the focus of aid provision toward fulfilling basic human needs. The end of the Cold War and the incoming globalization which spread across the world brought with it changes in the way the countries of the world viewed each other. In this state of transformation global problems around the world; those of prolonged civil conflict, poverty, environmental degradation, disease, globalization, and promotion of democracy, came into the limelight. Hence, now we are witnessing a proliferation of purposes of aid provision. Yet, it still

stands true as ever that foreign aid is administered with political motives. Purposes and motives are two different concepts and often fulfilling certain purposes aid in furthering motives. Founding any foreign policy with a political motive in mind does not need to have a belligerent angle to it. Since at the root of anything and everything countries will always seek to safeguard their interests first. Humanitarian motives aside, this will always be the case as far as foreign policy goes. It is similar to the case of developing countries' provision of foreign assistance.

An Analysis of Traditional Donors and Emerging Donors

There are certain criteria that set apart foreign aid models of the West, including the OECD-DAC and Southern form of aid assistance; particularly the Indian development partnership. Rani D. Mullen refers to certain factors that set apart Indian DP from the rest, especially from the OECD-DAC type of foreign aid provision. Firstly, the Indian DP is demand-driven. This essentially means that the assistance that India provides is determined by the developmental requirements of the recipient countries. The recipient countries make their developmental needs known to Indian embassies, which then pass on the message to the Ministry of External Affairs (MEA) of India, which processes these requests (Mullen, 2013). This aspect is unique and accommodating to the Indian situation at the same time. India maintains its principles of being egalitarian and non-interference in the domestic affairs of other countries through this aspect. Furthermore, the idea of demand-driven assistance or partnership upholds India's vision of helping fellow developing countries with their development needs and assisting them in their path of growth. The West and the OECD-DAC on the other hand usually extend loans and grants based on their own calculations and decisions and not the recipient countries. Secondly, the other factor which sets Indian DP apart is that it is not based on conditionality. Indian DP or assistance does not require any binding agreements or commitments on the part of the recipient countries. This is in stark contrast to the OECD-DAC form of aid providers which give loans and grants with conditionality attached. The SAPs, for example, required a certain economic environment and structural changes on the part of the recipient countries in order to receive Western assistance (Mullen, 2013). Additionally, Indian DPA aids in sectors of the recipient countries, where the traditional donors (the West/OECD-DAC) have not made many inroads. This includes the areas of health, education, and infrastructure. The traditional donors' aid and assistance are mostly limited to concessional loans and grants.

Hence, the Indian DPA has a personal touch when it comes to foreign assistance. Being a developing country itself, its DPA program shows that it has captured the essence of the needs of other developing and under-developed countries.

This can be attributed to the fact that the economic beliefs regarding development are different from the others. Indeed, the traditional donors and India follow two different economic principles when it comes to the provision of foreign aid and assistance. The OECD-DAC follows monetarist principles and its aid program is based on that. According to monetarist principles, macroeconomic stability in a country is necessary for its growth. For example, according to this principle, inflation is the main obstacle to growth. On the other hand, Indian DP is based on structuralist principles which believe that in a country growth is possible with a certain level of macroeconomic instability. For example, according to the structuralist model, a little inflation does bring growth in its wake (Mohanty, 2016). Hence, the focus of both models is different when it comes to stimulating growth and development in a country and this gives a clear reflection in their aid and development policies. However, in recent times there is a clear indication that aid and development models of the South, which includes that of India, are becoming highly acknowledged in international circles.

In fact, they have become more and more popular as the traditional donors seek to imbibe certain characteristics of the aid models of the South in their own foreign aid structures. The many aid effectiveness conferences that have transpired in recent years bear witness to this fact. However, another important part of this argument is the limitations of the Southern aid model, particularly that of India. The developing countries, including India, do not have the same volume of resources that the traditional donors possess, which acts as a limitation on their part. Also, the issue of lack of transparency between the donor country (India) and recipient countries, in this process has become another hurdle.

Comparison of ODA and DPA

Official Development Assistance (ODA) by OECD-DAC member countries	India's Development Partnership Administration (DPA)
1) Based on the monetarist model	Based on the structuralist model
2) Categorized as traditional donors	Categorized as an emerging donor
3) Multilateral organization consisting of 30 member countries	An initiative by the Government of India, under the Department of Ministry of External Affairs
4) Established on 13 th January 1960	Established on January 2012
5) By nature, these contributions are obligatory. The members provide assistance keeping their commitments in mind	By nature, India's assistance program or partnership program is voluntary.
6) Contributions and allocations are made on the basis of deliberations and commitments of the OECD-DAC member countries	Assistance to any partner country is initiated based on demands made by the latter (demand-driven approach)
7) Contributions and allocations made are not restricted to developmental needs	The partnership is mainly along the lines of the developmental needs of the partner country.
8) This is an assistance program, made up of donors and recipients	This is a partnership program and the countries involved are partners
9) Contributions made mostly consists of capital grants, loans and tied aid	Includes several programs apart from grants and loans, including technical cooperation, capacity-building programs, etc.

Figure 2.5: This chart is a representation of the comparisons between the aid program of the Organization of Economic Cooperation and Development – Development Assistance Countries (OECD-DAC) countries and India's program of Development Partnership Administration (DPA). The comparisons are based on arguments presented in this Chapter.

One of the most significant underlying aspects of foreign aid provision is the influence of ideas associated with it (Lancaster, 1992). In other words, the thoughts, beliefs, and perceptions that become associated with the donor country based on their arrangement of aid provision define their role in world politics. For example, the system of aid provided by the USA, offering concessional loans or grants with conditionality attached, presents a certain image of the country. The huge resources that the country has to offer combined with certain preconditions before acceptance of such aid demonstrates a perception of a powerful and rather dominating country. In fact, when analyzed theoretically, foreign aid has been referred to as a form of 'symbolic domination'. The act of provision and acceptance of material resources between donor and recipient countries itself establishes

the presence of a weaker and stronger power, thereby confirming and consolidating the existence of a social hierarchy. The continuation of this process naturalizes this situation of material inequality and reinforces the status quo (Hattori, 2003). According to this theoretical point of view, foreign aid by itself perpetuates symbolic domination and social hierarchy; the moral aspect of aid provision is not considered here. In other words, the very functioning of foreign aid connotes the existence of a weak country and a more powerful country. The process of giving and receiving solidifies the strong-weak condition. Whether it is good or bad, useful or not, is not of concern to this particular theory, it only focuses on the system that it propagates. Moreover, the provision of aid has been one of the oldest systems although it has existed in different forms. It existed in the form of giving gifts and part and parcel of this was the expectation of reciprocity. In fact, this method was popular due to the ease of understanding the way it works for parties, the giver and the receiver. Hence, it is one of the most primitive tools of politics. It can be said that these ideas and perceptions are crude and unsophisticated, given the varying objectives and uses of foreign aid. There are a multitude of reasons that have proliferated and evolved over the years and the strong-weak link is just too simplistic. However, the idea of foreign aid does boil down to the existence of material inequality and hence social hierarchy; maybe not as its objectives, but as its consequence. This cannot be ignored. Following that idea, one can also make the judgment that a country may want to exploit this strong-weak link to its advantage. Having said that, can it now be assumed that Indian DP or its earlier version of foreign assistance also falls in the same category? In the above understanding of foreign aid as symbolic domination, the examples of USA's foreign aid, the Soviet Union's foreign aid structure, and OECD-DAC's foreign aid model were provided. One of the most basic concepts of constructivism is the idea of the creation of social constructs and consequently reaction to circumstances or events based on the understanding of such constructs. Social constructs are essentially how different events and circumstances are viewed and understood and finally defined in interaction with others. According to that logic, everything has meaning because we assign it a judgment based on our comprehension and interpretation. These are social constructions of reality. The world that exists, and its associated politics, does not exist independent of the ideas and perceptions made by humans amongst them. By extension, international relations also and their structures do not exist independent of the ideas, perceptions, and judgments made about them. The famous words of Alexander Wendt, "Anarchy is what states make of it," further solidify the constructivist angle (Jackson and Sorenson, 2016). The function of

foreign aid has been consistent over the years, transfer of resources from country A to country B. However, it has been utilized differently based on different situations and circumstances. The use of foreign aid during the Cold War by the two superpowers has been majorly referred to as to attain political motives. OECD-DAC's aid administration is seen as symbolic domination because of the type of aid it provides; mostly the transfer of capital which is tied and accompanying conditions. It does not have the personal touch of India's DPA.

The form of aid and assistance provided by India and other emerging countries has been seen as mostly concentrated in their respective regions to which they belong. This is done because they are motivated to assume dominance in their region (Lancaster, 1992). However, the Indian form of development assistance has been different from that of the traditional donors, as has been discussed at length above. As a consequence of providing foreign assistance, the Indian DPA establishes the existence of material inequality. In fact, not all Indian assistance provided has been free of any prerequisites. India does have some form of tied aid that would require the partner country (recipient) to comply with India's requirements such as Indian exports to the partner (recipient) country, or some form of exchange. But the main idea is that by involving the partner (recipient) countries in the process and asking them their preferred area of assistance, India is basically forging local capacity and goodwill (Chanana, 2009). That is why, India has from the very beginning sought to describe its foreign aid as a partnership with fellow developing countries. It is a partnership and not aid and assistance. It is this notion of partnership that defines how India views other countries and how it views itself amongst them. The ambition of greater recognition in the international arena is there and so recognized by other countries, especially in the South Asian sub-region. But, the voluntary nature of assistance it provides, without any obligation, the sectors it targets in assisting the recipient country in its developmental path, and the absence of any conditionality associated with such assistance, puts Indian DPA in a very different light. India wishes to be viewed as a champion and leader of the developing countries and not as a power that is different from them and dominates them. Its program of development partnership is evidence of that. There is a thin line between leadership and domination, and India is walking towards the former path. India has charted out an alternative avenue for itself, in terms of providing foreign assistance, and this explains a lot about how and where it sees itself in world politics.

Conclusion

So far, we have seen how different countries have managed their respective foreign aid administration and how they have evolved it over the years. Now, the evolution of foreign assistance policy mostly comes in response to external and international conditions. Tracing the history of foreign aid administration from the post-Second World War period to current times has revealed how the character of foreign aid and assistance has changed in response to outlying conditions. Furthermore, these conditions did not evoke the same kind of response, in terms of foreign aid programs, from different countries. This is because the external conditions did not impact all the countries in a similar way. The Marshall Plan, which was catapulted into the world, rebuilt Europe and hence started America's foreign aid administration in the new world. As with everything else during the Cold War era, American and Soviet foreign aid has been seen as explicitly serving their political motives of consolidating influence during this time. Subsequently, there has been the proliferation of foreign aid provision by several other countries and there was a shift in focus to its target: developmental needs. At the same time, foreign aid policies of developing countries had also started gathering speed in the other part of the world.

However, here we can also say that not only the external conditions but also the resources available to a country have played an overwhelming role in defining its foreign policies. These different policies have in turn exemplified their difference from each other. Thus, for a policy that is understated than other aspects of international relations, it explains a lot about a country's equation with other countries. OECD-DAC and South-South Cooperation describe two different world views or at least the two different poles of a world. Their respective policies may not be completely opposite to each other, but the dissimilarities that exist shows the two institutions in opposite lights. For India, its foreign aid administration, which she refers to as Development Partnership Administration, reflects how it views itself among the countries to which she extends the policy. An analysis of India's foreign assistance program over the years has shown changing instruments, means, and policies. However, consistent in all these has been India's initial vision of viewing fellow developing countries as partners. This is proved in the way India has conducted foreign assistance programs earlier and now as well as verbalized similarly

by national leaders and diplomats at different points in time. This does not mean that Indian aid and assistance to other countries has been completely selfless; as has been pointed out previously in the chapter, Indian assistance is in certain cases a type of tied aid. However, this does not overshadow the inclusion of recipient countries that India allows in the process, nor the sectors that have been targeted. As a developing country, India is aware of the significant requirements to fulfill the development needs of a country. It can be said that in such a case India can be a more reliable partner for developing countries.

Chapter 3

India's Development Partnership with South Asian Neighbors: Nepal & Bhutan

Introduction

South Asia is the least integrated region in the world. Despite the shared history, culture, religion, and socio-political background, the countries of South Asia have failed to come together in any concrete way. The existence of India-Nepal relations is centuries old. Nepal had political relations with India since when it was under the colonization of the British. Since 1947, India-Nepal relations have further developed and proliferated. However, the bond has been marred by various misunderstandings and misperceptions which continue to hold India-Nepal relations, hostage, even today.

As is the case of most countries of the world, the geographical position of Nepal has played a determining factor in largely shaping it as a nation. This fact becomes imperative when we talk about India-Nepal relations. Nepal is a landlocked country in South Asia with India to its east, west, and south and Tibet to its North. Nepal is a smaller nation as compared to its humongous neighbors in terms of geographical size, political influence, and economic volume. Nepal has been aware of this quandary since the beginning of the 19th century when two centers of power had started emerging on either side, the British East India Company to its east, west, and south, and, increasing Chinese influence in Tibet (Singh, 2009). Nepal foresaw a predicament that would continue in the future and a solution to this heavily determined its foreign policy direction. The present chapter deals with India-Nepal relations by focusing on the treaties signed between the countries and their respective responses to them. Foreign/development assistance, which has later converted to a development partnership, has played a significant role in maintaining India's equation with Nepal. A thorough explanation of India's development assistance to Nepal helps in getting an idea of the former's involvement in the country. A constructivist analysis of India-Nepal relations will help understand the chief reasons for using subsequent foreign policy measures as well as the probability of their success in the future. However, the history of India's development assistance in Nepal paints a favorable picture and it is expected to only mature with time. The present Chapter is essentially divided into two parts. The first part studies India-Nepal relations in the background of treaties signed between the two countries. The Chapter then concentrates on India's development assistance in Nepal and its implications and ends with a constructivist analysis of the entire situation. The second half of the Chapter studies India's relations with Bhutan since independence. Bhutan is India's closest ally and that makes this relationship much more

stable as compared to that with other countries of the subcontinent. Bhutan is also one of the biggest recipients of Indian aid and assistance which is well realized through a study of India-Bhutan development cooperation/partnership. The Chapter attempts to establish the existing conflicts between India and its neighbors and how development cooperation/partnership as a tool of foreign policy has helped, or not, India gains a footing in these countries.

India-Nepal Relations: Understanding Implications of the Treaties

To start at the beginning, India and Nepal have historical linkages. Nepal is the birthplace of Prince Siddhartha, who later went on to establish one of the most influential religions in the world and an integral part of Indian history. The adjoining border of the two countries allowed for the establishment of Buddhism as a common factor for them. The highest exchange of pilgrims between the two countries came when Asoka, Emperor of the Mauryan Empire of India, erected four stupas in Kathmandu. Trade did take place amid the kingdoms of Nepal and India. These factors together led to an interflow of ideas, culture, and social and economic relations between the two countries. Later, during the 18th century, the relations between Nepal and India achieved a more formal structure. Since India at the time was ruled under Britain's colonial government, the treaty was concluded between the British and Nepal. The Treaty of Sugauli (1816) and the subsequent treaties between India and Nepal demonstrate the perceptions and expectations that either country had/had of each other. The magnitude of these perceptions and expectations increases when we realize that these two factors determine foreign policy actions and reactions between the two countries. The very basis of any decision-making process in any corner of the world hinges on these insights in addition to relevant facts. The subcontinent of South Asia is a place where suspicion and anxieties run high among the neighbors. Quite understandably then, in such a scenario, these treaties have made it possible for the countries to know where they stand with each other.

The various kingdoms of Nepal often sought help from across the border to gain leverage or defeat the other party in the war. King Prithvi Narayan Shah of Nepal, during the early 18th century, is rendered the main leader under whom Nepal walked into the modern era. Nepal was divided into several groups based on ethnicity and religion. Even though this fragmentation of Nepal into several principalities existed quite long before he came to the throne, King Shah understood this as a problem and sought to unite these groups under a

single head. He went about this task by defeating several kings in battle and as a result bringing these principalities together under one unit. King Shah was also able to defeat British forces in an instance, where the latter's help was sought by a Nepali king to defend his territory (Devi, 2011). However, the defeat of British forces was a rare situation and soon King Shah realized that he had made an enemy out of the East India Company and had to protect Nepal against their intrusions, which became quite a regular affair. The Nepalese army finally lost to the British force in 1814, (also known as the Anglo-Gorkha War of 1814) when the British force of the East India Company attacked the westernmost territory of Nepal, which is Nalapani. This was when the Treaty of Sugauli was signed between Nepal and East India Company (Devi, 2011). The Treaty of Sugauli of 1816, between Nepal and India, ruled by the East India Company at the time, became the earliest treaty that set the ball of boundary limitation between the two countries rolling. Nepal felt highly disappointed by the demarcations made by this Treaty as it lost out on lands to its eastern, western, and southern sides, to the East India Company. The boundary between Nepal and India has changed numerous times since then. To be exact, the boundaries between the countries have been changed in 1816, 1860, 1882, 1885, 1906, 1930-31, and 1940-41 (Baral, 2018).

The Early Treaties

The idea that was set in motion in 1816 was that Nepal needed to protect itself against Indian intrusions. This feeling had been there already among the leader of Nepal, especially, King Shah had put into words how Nepal needed to protect itself against the giants on either side of its borders. However, the treaties with India sealed this mood in Nepal. The high-handedness with which Nepal was handled made it more cautious than ever in its dealings with India. Indeed, as we will see later in this chapter, this apprehension on Nepal's part continues to date. The East India Company and later on the British saw Nepal as the important Himalayan Kingdom forming a barrier to the north of India. Britain understood that China loomed just a little farther ahead and bringing Nepal under its influence if not control, was a good option for it. The treaty of Sugauli especially came at a time when Nepal had been more unified than it had been earlier, which again posed a threat to the British.

Several exchanges were entailed between the two countries, before the culmination of the Treaty of Sugauli (1816), and most of them were based on boundary considerations. The

Treaty of Sugauli, signed in 1815 and ratified in 1816, is a kind of peace treaty at the end of a war. The British East India Company went to war with Nepal over disagreements over ownership in the western region of Terai. Nepal lost the war to the East India Company's superior weapons and bigger army (Devi, 2011). This Treaty was responsible for establishing a boundary line between British India and Nepal. The draft of the Treaty was drawn by the British and the terms were not acceptable to Nepal. The Treaty mentioned all the areas that Nepal was to hand over to British sovereignty and that the King of Nepal shall renounce all his claims on such territories.

Article 2 of the Treaty of Sugauli reads:

“The king of Nepal will renounce all claims to the lands which were the subject of discussion between the two states before the war and will acknowledge the right of the company to the sovereignty of those lands” (Kumari & Kushwaha, 2019, p.42)

The territories ceded to the East India Company, according to the Treaty included: lowlands between rivers Kali and Rapti, lowlands between rivers Rapti and Gandaki, lowlands between rivers Mechi and Test, and the hilly areas east of the Mechi River. Apart from this, the King of Nepal was also forbidden to ever lay claim on Sikkim as well as on countries that fall west of river Kali. The terms of the Treaty were not acceptable to the King of Nepal. However, since Nepal was coerced to sign the Treaty or face another war, an official of the then government of Nepal, Chandra Shekhar Upadhyay, was sent to sign the Treaty. The King of Nepal never signed nor ratified the Treaty (Kumari & Kushwaha, 2019). This became the first example of condescending and dominating behavior that Nepal received from India. Although the treaties signed before India's independence were made null and void later, boundary disagreements continue to hamper relations between the two countries even today which originate from the boundary delineation of the Treaty of Sugauli.

The next important treaty that was signed by the two countries is the Treaty of 1923. This was the last major treaty between the two before India achieved independence. The treaty entailed the continuation of relations between British India and Nepal. The Treaty of 1923 was a formal agreement of friendship between the two. This shows a move towards the normalization of relations between British India and Nepal. The manipulative attitude that Nepal received from the East India Company was not a good precedent to be set. When the British government took control of India from the East India Company, they had even

offered annual compensations to Nepal for the territories ceded to British India and their unwillingness to do so. The Peace and Friendship Treaty of 1923 was meant to be a balm on the damage done by the East India Company to Nepal. However, this was not another treaty imposed on Nepal. A lot of diplomacies went behind drafting the Treaty of 1923. Nepal supplied troops to the British to fight in World War I. The Rana government in Nepal at the time, with Prime Minister Chandra Shamsher Rana at the helm, was quite content with the Treaty and welcomed it with much celebration in the country. Nepal had much cause for celebration in signing the Treaty of Peace and Friendship in 1923. This is because the Treaty would then portray Nepal as an independent country and not as India's princely state. This acknowledgment of independence was given to Nepal by the British. Nepal later utilized the Treaty to ask the British to subdue the pro-democracy forces in India to which the latter responded positively (Magar, 2021). The articles of the 1923 Treaty bear resemblance with the articles of the treaties signed between independent India and Nepal, later, and have been the cause of much criticism.

The Treaty of Sugauli (1816) and the Treaty of 1923 defined and determined the relationship between British India and Nepal. When India became independent in 1947, she felt the need to outline the relationship with Nepal with its sovereign self freshly. Hence, the Indo-Nepal Treaty of 1950 was signed by both countries. The 1950 Treaty started a new era in Indo-Nepal interactions and exchanges and was one of the earliest foreign policy initiatives of independent India.

Indo-Nepal Treaty of 1950: Political context surrounding the Treaty

The circumstances and context surrounding the Treaty of Peace and Friendship between Nepal and an independent India in 1950 are crucial to understanding its implications and meaning. The international environment was such that the political backdrop had completely transformed. Firstly, India was now a sovereign, independent nation and it had also paid the price of partition for its newfound freedom. This new status implied that its foreign policy will no longer be decided by its erstwhile colonial masters. This naturally meant that any treaties it would have earlier entered into with Nepal, and other countries as well, will now be null and void and there will be freshly forged relations. Hence, the 1950 treaty between India and Nepal was an expected step in this process. India made particularly clear its intentions of utilizing its independence to the utmost. This brings us to the next point of context in the international political environment. The Cold War was

raging at this point and had made its presence felt across Europe by now. Countries were gradually getting inducted into either of the two camps (that of either the USA or the Soviet Union), politically. While India was clear about opting out of the Cold War camps, the region of South Asia could and did get inducted into it. Therefore, the Cold War and the status quo it created were important factors to be kept in mind during this time in terms of foreign policymaking. Thirdly, India could hardly celebrate its freshly won independence, as it was already facing to face with a national security threat owing to its partition. The element of instability in the borders of the country had already arrived. Apart from this, India confronted the challenges of economic development of a country left impoverished by its colonial masters, a highly diverse societal order, and the daunting task of nation-building in this vast expanse. Hence, the security factor and the many challenges associated with it were important points to be considered in the making of foreign policy decisions, especially with neighboring countries.

Nepal, during this time, was facing internal instability as well. Disaffection against the Rana government had bubbled up quite high and India became a party to it. King Prithvi Narayan Shah of Nepal, during the mid-18th century, is credited as the leader who led the unification of Nepal, otherwise divided up into several principalities. However, following his death in 1775, Nepal once again descended into fragmentation. This was attributed to the conditions that King Shah was unable to complete this unification drive during his thirty-year rule over Nepal. To be fair to King Shah, thirty years is not enough time for a highly disjointed kingdom to become unified. Even though a certain degree of unification had been achieved, this could not be established in society. The kind of government that followed in the country was a highly centralized and absolute one. In this political framework, the main power centers were the king and several influential Brahmin families who advised the king. At the beginning of the nineteenth century, the prime ministers of Nepal started gaining more power than the king and since then had started an era of rule by prime ministers from the Rana family (Singh, 2009). This period of rule by prime ministers of the Rana family has been described as autocratic, despotic, oppressive, and damaging to the social, economic, and political fabric of the country. When the 1950 treaty between India and Nepal was signed, the anti-Rana sentiment was at an all-time high. There are several reasons why such emotions flare up.

The Ranas were allies of the British government in India and favored them. This was because the Ranas derived support for their government from the British in Nepal.

Understandably, they were against the people of their own country gaining any kind of share in the governance of Nepal. They were firm believers in family oligarchy and did much to distinguish themselves from the common masses. The withdrawal of the British from India cut off the support that the Ranas had banked upon for legitimizing their rule. Secondly, communism coming to power in China, Nepal's other neighbor, was another factor that did nothing to strengthen the Rana regime in Nepal. With differing conceptions of power and authority, opposite to the values of the Rana regime, this was bound to put pressure on them (Singh, 2009). The Indian freedom movement heavily influenced this disaffection against the prevailing government in Nepal. Especially youngsters from Nepal who lived in India participated in the Indian freedom struggle. They found inspiration in the Indian freedom struggle and sought to replicate this in their own country to escape oppression from the Rana government or at the least bring in changes in the existing system of government. The All-India Nepali National Congress or Nepali Rashtriya Congress (NRC) is an organization that was founded in India in 1946 and they started a struggle against the Rana government by leading demonstrations in India. India thus got embroiled in this conflict in two ways. While, the Rana government derived support from the British, anti-Nepali government organizations were formed in India and the rebels also derived support from Indians, especially the socialists (Singh, 2009). As the conflict between the two sides worsened (rebels and the Rana government) both sought Indian intervention to not only put an end to this dispute but also to provide a probable solution. The newly independent nation under the leadership of Prime Minister Pandit Jawaharlal Nehru supported a liberal and democratic form of government in Nepal. India mediated the Delhi Accord between three parties in 1951: King Tribhuvan, members of the Nepalese government, and representatives from the Nepalese Congress (NC), in the hope of creating by consensus, a democratic government in Nepal. Before this, we witnessed the signing of the Treaty of Peace and Friendship between the two countries.

Thus, we find both India and Nepal dealing with uncertainty and instability during the time of the signing of this Treaty. Independent India had been handed a poor economy, an impoverished society, and the humungous task of governing a geographically large and culturally diverse nation. Added to its internal security, economic, and nation-building concerns, was a highly volatile international political environment, in the throes of the Cold War. China, which was on the rise, had started expanding fast and it soon became another factor to be taken into consideration in India's foreign policy goals. Nepal was

facing internal instability as well in the form of low economic and social development and demands for change in the existing governmental structure. This became India's problem when Nepalese rebels were influenced by the Indian independence struggle and established the Nepali National Congress, the rebel group, in India. Prime Minister Pandit Jawaharlal Nehru had voiced his opinion of Nepal establishing a democratic order. This was in tune with the type of government that was visualized for India and this also demonstrates Prime Minister Nehru's idea of a liberal and democratic order existing in the South Asian subcontinent. Moreover, India's role in Nepal's internal instability cannot be referred to as interference on the former's part, as both leaders of Nepal, as well as those of the Nepali Congress, invited India's opinion in this matter. This is an important point to be mentioned as India has been well accused of dominating and intervening in the affairs of its neighbors.

The Treaty

The Treaty of 1950 between India and Nepal entailed three main points:

- 1) In case of any serious conflict with neighboring countries, either country will have to inform the other about such conflict
- 2) For the security of Nepal, its government was provided access to import weapons, ammunition, and the like from India
- 3) Both countries provided the nationals of either country similar privileges as the citizens for participation in industrial and economic development as well as providing the same opportunities for residence, ownership of property, movement, and other matters of the same nature in both countries. (Ministry of External Affairs, Government of India, n.d.)

The security dimension of this treaty is quite overwhelming. This is particularly due to the geographical position of the two countries in South Asia. South Asia as a region had already proven its volatility. The treaty stated that the neighboring countries of India and Nepal would not tolerate aggression by any other power on either of them and they will, moreover, assist each other in such a situation. The threat posed by China was quite real. India sought to help Nepal in strengthening its borders by sending military missions to the latter subsequently in 1952, 1958, and 1962 (Thapliyal, 2012). Providing access to imported weapons from India was an added measure toward security cooperation between the two countries. Similar opportunities for movement, residence, and industrial and

economic prospects given to citizens of both countries in India and Nepal demonstrated the deep relationship that the two countries sought to forge. India being geographically bigger and Nepal being landlocked, the clause meant that the former was offering further cooperative gestures to the latter. India, which had favored a constitutional democratic government in Nepal, has been inclined towards the economic and social development of the country from early on. This is validated by not only the treaty but also by aid being provided by India to Nepal since the 1950s.

The context surrounding the Friendship Treaty of 1950 between India and Nepal was signed is crucial for understanding India- Nepal relations, especially when the Treaty has come into much criticism and debate today. The Treaty of 1950 has been viewed as a document utilized by India to dominate Nepal. It can be easily said and understood that any piece of diplomacy cannot get acceptance from all viewpoints. Still, it is also important to remember that with time and the fluctuations that it causes, both in internal and external conditions, a treaty can fall into disrepute and face challenges. What makes this case important is not the treaty itself, but rather the expectations, behavior, and arguments surrounding the treaty. These, along with other facts and instances, bear witness to the type of relationship experienced by the two neighbors. The time during which this treaty was signed shows a very complex relationship between the two countries, rocked by internal instability. Nevertheless, it also demonstrated a close and cooperative relationship between the countries, with Nepal seeking India's intervention to solve its political dispute and India offering a liberal and democratic way out of their situation.

Criticism of the Treaty

The way India is perceived in its neighborhood is made well apparent in the critique of treaties that India has forged with the countries of South Asia. This does not mean that any of those treaties, past or present, have not been welcomed by the partner countries. Yet, the way treaties are perceived in the partner countries, especially the disapproval or dissatisfaction attached to them if any, shows the notions that are nurtured about India. This becomes vital when viewed in the light of Indian interests in the South Asian neighborhood to consolidate itself here. These observations then translate into foreign policy decision-making. Relations between countries, especially among the countries of South Asia have never really taken a drastic turn. They have transitioned over some time and have been hardly extreme. Apart from Pakistan, Indian relations with its neighbors

have mostly moved along the scales of good to not-so-good and rarely to very bad. While Indian consolidation in South Asia has not been completely recognized by the neighboring countries, it has not been completely disregarded either. It is a case of the South Asian countries anticipating more from India and India, on its part, is unable to meet those expectations.

The Friendship Treaty of 1950 between India and Nepal has received a lot of flak from various circles in Nepal. The Treaty started receiving disapproval soon after it was signed.

The first charge of an unequal treaty being signed between the two countries came from Nepal when it was pointed out that representatives of the signatory countries were not of similar designation. On the 31st of July, 1950, was Prime Minister of Nepal, Mohun Shamsher Jang Bahadur Rana, and the Indian ambassador to Nepal, Chandreshwar Prasad Narain Singh, signed the Treaty in Kathmandu (Ministry of External Affairs, Government of India, n.d.). This was seen as an insult and humiliation on Nepal's part that India deemed it reasonable to send an envoy for signing the Treaty, especially when the Prime Minister was representing the other party to the agreement. It was seen as an act of display of superiority on India's part (Timalsina, 2019). A treaty that started on the wrong foot was bound to encounter complications in the long run.

Secondly, the Rana Prime Minister in power at the time the Treaty was made was not viewed as the true representative of the majority sentiment in Nepal (Thapliyal, 2012). Prime Minister Mohun Shamsher Jang Bahadur Rana's government dissolved in November 1951, a little over a year after the Friendship Treaty was signed. It is believed that Prime Minister Jang Bahadur Rana signed the Treaty due to the extremely pressurizing situation at the time. His opinions differed widely from those of the subsequent government and the people at large in the country. A treaty signed at a time when an unpopular government was in power strongly implies that the treaty itself will not be widely accepted or liked. Hence, unpopularity, quite understandably, exists against a Treaty that many in Nepal feel has been imposed on them. This has further perpetuated a view in Nepal of India's colonial attitude towards it. Nepal landlocked between two big landmasses, has viewed this Treaty as being similar to that of the 1923 Treaty between Nepal and British India. The article which requires both Nepal and India to inform each other in case of conflict is one such clause that provokes annoyance among many in Nepal,

who perceive this as an attempt to impinge on its sovereignty. Erstwhile Prime Minister of Nepal, Kirti Nidhi Bista expressed serious concerns over the Treaty and referred to it as outdated and inoperative (Thapliyal, 2012). These references to the Treaty being outdated are a clear indication that Nepal feels that India seeks to hold on to the imperial position of the British.

Thirdly, although not exemplified in the Treaty itself, the presence of China was a common cause for concern for both India and Nepal. Following the consolidation of the communist government in China in 1949, it sought to claim other independent territories as part of its own. However, duality can be seen on India's part in this context. On one hand, the then-prime minister, Pt. Jawaharlal Nehru was quite soft in his approach toward the Chinese. Prime Minister Nehru's idealism is highlighted in terms of his foreign policy orientation. He did not believe China to be an aggressor, giving recognition to communist China at the United Nations. This line of thinking was further validated when India signed the Panchsheel Agreement with the People's Republic of China (PRC) in 1954. It was Prime Minister Nehru's idealist worldview that made him turn a blind eye to China's expansionist tendencies and instead sought a hand of friendship from the latter. This approach persisted even in the face of contrary counsel from various other leaders in the government at the time. Sardar Vallabhai Patel, who was India's deputy prime minister at the time, expressed in a letter to prime minister Nehru, in 1950, that communists (meaning China) were as bad as imperialists and that was well understood with the annexation of Tibet. He implored that China's interests were opposite to India's security concerns (Ghoble, 1995) Prime Minister Nehru did not heed this or the other criticisms that came from the opposition and the media against his policies with China. However, on the other hand, in his dealings with Nepal, the concern over China and its expansionist tendencies was quite visible. Clause 2 of the Treaty reads:

“The two governments hereby undertake to inform each other of any serious friction or misunderstanding with any neighboring State likely to cause any breach in the friendly relations subsisting between the two Governments” (Ministry of External Affairs, Government of India, n.d.)

The reference to China as the neighboring country in the Treaty is obvious. Moreover, the reciprocity of these perspectives by Nepal was exemplified in the correspondence

exchanged between the two countries during the signing of the 1950 Treaty, where Nepal expressed its agreement to work on measures to counter any such probable instances of friction (Thapliyal, 2012). However, criticism in Nepal of the 1950 Treaty has found India guilty of using the country as a security buffer against China to take care of its security interests. India has been accused of imposing conditions on Nepal, via the Treaty, which impinges on its sovereignty, by requiring Nepal to inform India of its relations with other countries. Nepal views this as hegemonistic, colonial, and a superiority complex on India's part.

Fourthly, the economic and social development of Nepal has been a subsisting cause of concern for India. The present chapter will subsequently deal with the huge amount of aid and assistance that Nepal has received from India since the 1950s. It is a clear demonstration of the fact that India is interested in the economic and social development of the neighboring Himalayan country. The development of Nepal was important for India since a progressive and developed neighbor would mean that India will not have to face problems originating in the former, which could later leak into the latter's territory. Moreover, a weak and underdeveloped Nepal, at the time, was equivalent to an easy victim of Cold War politics. Clauses 6 and 7 of the Treaty, deal with how the citizens of either country can participate in the economic development of the other countries has been a major issue of contention against the Treaty in Nepal. It has been referred to as being highly unfair and unequal.

Clauses 6 and 7 of the Treaty state that, in the spirit of 'neighborly friendship', both countries agree to give the nationals of the other permission to participate and access the economic and industrial development, trade, and commerce, as well as, similar privileges of residence, possession of the property in its territory (Ministry of External Affairs, Government of India, n.d.) The criticism is to the effect that since Nepal is a poorer country concerning India, the former stands to lose rather than gain from this arrangement. India's economic clout, in terms of the size of the market, trade, industries, and the private sector, is much bigger as compared to that of Nepal. This means that Nepal will not be able to withstand competition from its neighbor. Moreover, Nepal's law states that outsiders will not be able to buy or sell property in the country (Timalsina, 2019). Being a landlocked country, Nepal is aware of its potential and, it feels it got handed the raw part of a deal that was an unequal one, to begin with.

India's Response

In April 1989, Nepal came to a halt. There were protests by the citizens which took the shape of both anti-Government and anti-India demonstrations. Fuel was in short supply and because of this, markets had closed in the Himalayan kingdom. Protests took the form of riots and any kind of transportation had completely shut down. Forests were being cut down for fuelwood at such a rate that it endangered the country (Crosette, 1989). The reason for this situation: India closed 19 of 21 border routes between India and Nepal in March 1989.

Nepal is a landlocked country. These routes allowed Nepal channels to ports in India, for purposes of trade, and routes for demand and supply. Due to the blockade of these routes, Nepal had descended into complete chaos. Both the people of the country and the government were disappointed and helpless for being held hostage like this. India, on its part, felt betrayed by its neighbor to whom it had extended assistance since the early years of independence. Nepal had developed deep relations with China. In 1988, Nepal bought aircraft guns from China. On behalf of Nepal, Chinese contractors were working near the Nepal-China border under World Bank and government projects. Moreover, Indian goods in Nepal's markets were reduced to a great extent and Chinese goods took their place. The immediate reason for the blockade was disagreement over the renewal of trade and transit treaties between the two countries. While Nepal wanted two separate new treaties detailing trade and transit ties to India and trade based on most-favored-nation status instead of any special concessions, India on the other hand was not in agreement with this (Crosette, 1989). Trade and consequently transit routes are sensitive issues for India and Nepal. Nepal provides a big market for Indian goods and India allots transit routes for Nepal to trade with the rest of the world. Hence, whenever there is serious discord between the two, this aspect gets directly affected. For India, rather than the Rajiv Gandhi regime at the time, a comprehensive reconsideration of India-Nepal relations was felt to be necessary while Nepal was adamant only on separate trade and transit treaties (Shukla, 2006). This certainly showed ignorance on Nepal's part towards its neighbor's concerns. Moreover, for India, this also was a display of inconsideration by Nepal, to whom it had extended assistance and special relations since the early years of its independence. So, while Nepal's increasing closeness to China irked India, the latter sought to remind Nepal of the special arrangements it had with India. This scenario demonstrates the neighbors' attempts to secure their interests, which do not agree with the concerns of the other. This event brought

India-Nepal relations to an all-time low and has often been cited as an example of a display of highhandedness by India toward its neighbors.

The Kalapani region, part of India's district of Pithoragarh, and sharing a border with Nepal is one of the highly contested territorial disputes between the countries. Conflict over the territorial origin of the region flared up as recently as 2019. After changing the status of Jammu and Kashmir in the country and creating two new union territories of Jammu and Kashmir (together) and Ladakh, India published its new map which showed the Kalapani region as part of the country. Nepal countered this with its move of publishing its map which included the Kalapani region and sealed it with a constitutional amendment (Bhattacharjee, 2020). The bordering area of India and Nepal is a highly strategic and sensitive point for India in terms of security. The argument that the Himalayas have geopolitical importance when it comes to securing India's borders in the north, has reduced in value with the rapid and colossal improvements and changes in technology and weaponry over the decades. Nevertheless, having no influence or presence in the region will effectively leave it bare and open and will not amount to a good situation for India. There are several passes along this border where India needs to have its presence for security concerns. Hence, India's need to securitize the region is well understood. Nepal, however, has felt sidelined and taken for granted in this scenario of India-China politics which in turn has led to misunderstandings and deteriorating relations between the two.

In terms of India's security interest with special reference to China, along the northern region bordering the Himalayan kingdom, Nepal too had shared these concerns earlier (Upreti, 2016). However, with time, regional politics has transitioned and this concern has receded much farther back into the background and has been replaced by the increasing closeness between Nepal and China. Subsequent changes in the Nepalese government transformed its equation with China. However, the Treaty of 1950 between India and Nepal today indicates a rapport that is as far from reality as it could be. However, this does not mean that Nepal has made an enemy out of India and completely backs China. Nepalese diplomats and erstwhile prime ministers continue to assure India that it should not worry regarding its relations with China which can in no way impact the bond that it shares with India. The relations between the countries have not been completely disrupted but are held hostage by several problems. Erstwhile Prime Minister, Baburam Bhattarai said in an interview,

“I will like to dispel this misperception that Chinese influence has grown out of proportion in Nepal. Of course, Chinese influence has grown, it is a rising power, it is a neighboring country but not to the extent that it should worry India” (Basu, 2021)

He also emphasized the fact that India and Nepal have shared ancient historical, economic, cultural, and social relations. Such shared experiences do not allow China to become a replacement for India for Nepal (Basu, 2021).

India believes that the Treaty of 1950 between Nepal and itself defines relations between the two and, any deviation from and violation of the Treaty is harmful and detrimental to their bond. The economic arrangement and trade and residence permits as outlined in Clauses 6 and 7 of the Treaty, were formed in the spirit of togetherness and brotherhood between the neighbors. India had been invested in the requirement of development in Nepal since the beginning. The criticisms of the Clauses are simply generated out of anti-India sentiments in Nepal. Even though the cry for revision of the Treaty has been heard widely and often in Nepal, no government has seriously pursued such said revision (Upreti, 2016). In India, the response to such opinions has been asked. While some sections believe that there is no problem with such revision, another section is appalled at what can be said as a betrayal of India’s advances of assistance to Nepal (Thapliyal, 2012). Any conclusion to this episode of revision of the Treaty of 1950 has been elusive due to the absence of any solid decision from either side. The vagueness surrounding this issue reflects the indecisiveness of the neighbors.

There can be and there are several arguments and disagreements regarding the various clauses of the Treaty, where it can be said that both the parties have taken advantage of loopholes or catered to their interests through it. The Treaty is just one of the instruments which explain the complications that both countries have with each other. It does not mean that simply renewing the Treaty can solve all problems between India and Nepal, indeed the renewal of the Treaty itself will be a difficult task to accomplish. In the meantime, the Treaty serves as a vent for the countries to express their dissatisfaction and opinions regarding each other.

A total reconsideration and renewal of the Treaty of 1950 will be a step toward rebuilding ties that have ruptured. It will make Nepal feel more heard and included in the regional politics of South Asia and in turn, a healthier relationship with Nepal will be highly welcome for India. However, the relations between India and Nepal are complicated and in need of serious direction. On the one hand, Nepal seeks to benefit from both India and

China and manipulates the conflictual dynamic between the two to its advantage. India has global power ambitions and seeks to consolidate itself in the neighborhood as well for which it needs to generate a leadership status itself. It is in the pursuance of these aspirations that the relations between India and Nepal have taken a backseat.

Indian Foreign Aid and Development Partnership in Nepal: A Panacea to the Problems?

An understanding of the India-Nepal relations till now demonstrates a situation in which India desperately requires to rebuild and transform its relations and understanding with its northern neighbor. Nepal feels sidelined by India and that the former is regarded only as a buffer state by the latter and not given enough recognition. The question that now stands is what can India do to mend and further develop its relations with its neighbor?

In politics in general, there is no permanent enmity nor any eternal friendships. Relations between and amongst countries transition based on modifying situations. Diplomacy is the apparatus utilized by countries to address the changing status quo. Foreign aid is a foreign policy mechanism by which the donor countries assist the recipient countries with financial assistance or technological assistance, human resources, benefits, loans, food aid, and the like. This instrument of diplomacy is an age-old tradition among countries and centers of power that existed earlier, as has been explained at length in the previous Chapter. India has been extending foreign aid since the early years of its independence. The significance of this point arises from the fact that India herself had the huge task of nation-building, in all aspects, after it won freedom. Yet, even then, India was well aware of her neighbors and sought to establish a bond with them in many ways, one of them being by extending her hand of support.

India-Nepal Economic Relations: An Overview

In some ways, the influence and importance of the geographical situation, features, and surroundings of a country on its foreign policy decisions and hence policies have reduced a great deal. Especially, in sectors where the advancement of technology has compensated for barriers that existed in the past. An example close to home would be the Himalayan Mountain range in India. Students of Indian foreign policy are introduced to the great importance that the Himalayan range has in terms of protecting the country and acting as a natural barrier against foreign invasion (Bandyopadhyaya, 1970) However, today the relevance has gotten highly reduced. War with China in 1962 exposed the truth about the

indomitable presence of the mighty range. Technological progression has empowered individuals as well as countries in maintaining and defining their relations with other countries in the world. Yet, there are certain areas of domestic and foreign policy concerns that are still held hostage to geographical conditions.

Nepal is a landlocked country, sandwiched between two geographically big, politically powerful, and economically fast-developing countries. The operation of trade and business has always been a challenge to the small Himalayan kingdom. When a country lacks outlets or transit routes it consequently becomes dependent on neighboring nations to provide pathways for trade. India offers 22 land border points between itself and Nepal as agreed routes for India-Nepal trade and transit, including 15 routes for third-party country imports and exports with Nepal (Pohit, 2009).

The Treaty of Trade and Commerce between India and Nepal was first signed in July 1950 after which it has been subsequently revised and reformulated over the years to adapt to the realities of the time. This demonstrates on India's part a willingness to recognize Nepal's opinions and requirements and the number of modifications to the treaties is an example of India's proactive nature. The Treaty allowed the complete and uninhibited right of commerce and transit of all goods from Nepal through the territory of India (Singh & Mamta, 2011). It was modified for the first time in 1961. The 1961 revision allowed the exemption of customs duties on goods that were produced in Nepal and bought for consumption in India. (Treaty of Trade and Transit, Ministry of External Affairs, Government of India, n.d.). Moreover, as these modifications progressed, more accommodations were made keeping in mind Nepal's trade concerns. In 1971 the Treaty was revised and a new clause giving Nepalese imports duty-free access to India was included. It was further revised in 1978 when the Treaty was divided into three separate agreements (a treaty for trade, a treaty for transit, and another treaty to handle the increasing illegal trade happening between the two countries) and signed. With time, new complications arrived in Indo-Nepal relations and the Treaty became a bone of contention between the countries. After huge upheaval, the conflict mentioned above, the Treaty underwent revision again in 1991 when two separate treaties of trade and transit were formulated. The Indo-Nepal Treaty of Trade provided considerable concessions to Nepal (Singh & Mamta, 2011). It was then reformulated in 1996, 2000, 2009, 2016, and 2020. The number of revisions while pointing out increasing complications between the countries, also demonstrates Nepal's heavy dependence on India which is its largest

trading partner. These revisions have further facilitated the ease of trade between the two countries.

India has an enormous share of the Nepalese market and the former has also invested heavily in the country. However, Nepal continues to struggle with certain challenges in this trade relationship, where it feels India can compensate more for its neighbor. Also, Nepal has a huge trade deficit when it comes to bilateral trade with India. Nepal's bilateral trade with India constituted approximately 42 percent of total trade in 2000-2001, which increased to roughly 65 percent in 2018-19 (Kharel & Chalise, 2020). This increase in the share of trade has continued with a widening gap in trade deficit between the two countries in favor of India. Bilateral trade between the two countries grew from 107 US\$ million in 1991-1992 to approximately 2,135 US\$ million in 2007-2008 (Taneja, Chowdhury & Prakash, 2011). In the recent past, the bilateral trade amount went as high as 8,274 US\$ million in 2018-2019 before it slowed down due to the global pandemic to 7512 US\$ million in 2020-2021 (Ministry of Commerce and Industry, Department of Commerce, Government of India).

Despite the concessions that India provides, including making the import most of Nepalese products duty-free in Indian markets, various obstacles to bilateral trade between the countries remain. For Nepal, it is overcoming barriers to transport and transit, weak infrastructure, low funds, and a failure to provide good quality or quantity of products. For India on the other hand, the failure has been the failure to effectively implement treaties and the failure to make this arrangement mutually beneficial (Pyakuryal & Chaturvedi, 2016).

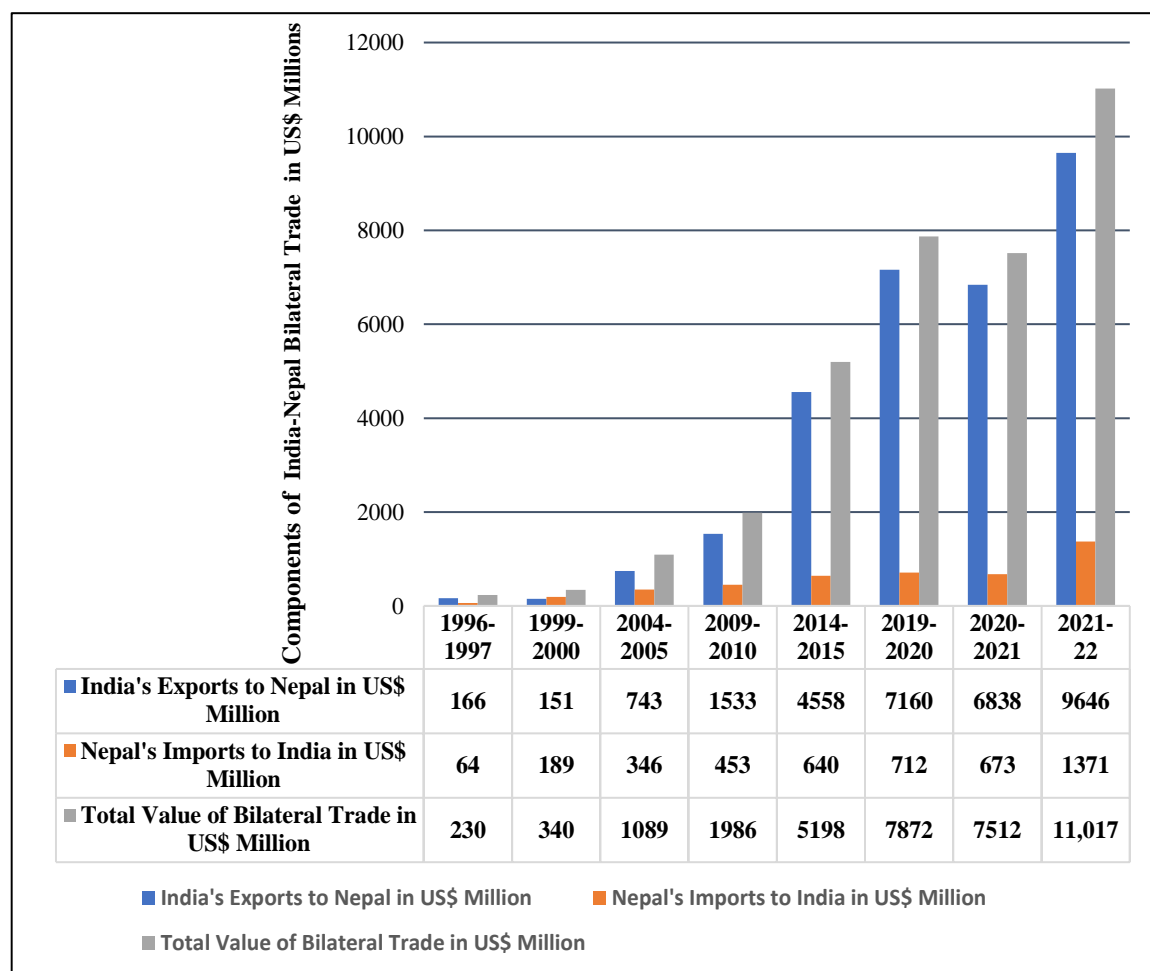
To address this issue, India has also suggested the signing of a Comprehensive Economic Partnership Agreement (CEPA) with Nepal which will enable a more far-reaching trade arrangement including exploring Nepal's hydropower resources. CEPA would cover not only goods but also the area of services and investments (Chowdhury, 2008). However, no conclusion has been reached in this regard yet. While India-Nepal relations may seem complex and subject to disruptions, trade has remained an all-time important issue between them as both sides venture to address the barriers associated with bilateral trade

India's Foreign Aid to Nepal

India's visions of a developed South Asia, or even the desire for it, became visible in the early days of its Independence. Just like the political atmosphere directly impacts foreign

relations between and amongst countries, foreign assistance was impacted by the international politics of the time. The Cold War status quo had set in and India did not want to lose its foothold in countries where it was already making an impact. Weak economic structure and highly volatile domestic politics made the various countries of South Asia easy targets of Cold War politics. Nepal wedged between India and China, seemed to be even more susceptible to becoming a victim of Cold War politics. However, Nepal never really became embroiled in the Cold War bipolarity because of its geographical distance and as well as its position between the two Asian giants. India, which was already politically involved with the Himalayan kingdom, started forging a keen interest in its development and this initiated India's foreign assistance to Nepal.

Fig. 3.1: Value of Bilateral Trade between India and Nepal (1996-2022)



Source: Data compiled from Government of India, Ministry of Commerce and Industry Official Website.

Note: Data presented above is an approximation

The Colombo Plan for Cooperative and Economic Social Development of Asia and the Pacific was an initiative in the post-war era for the technological and economic

development of Asia and the Pacific. India's association with the Plan initiated its path toward development assistance. The Plan allowed its members to forge bilateral ties with fellow developing countries, which India utilized to use as a channel of foreign assistance to other countries. There were two types of assistance under the Colombo Plan by the donor countries towards recipient developing countries, capital aid, and technical cooperation and assistance. India was both a receiver and donor of assistance under the Plan. The term 'aid' in India's foreign assistance schemes soon changed into the term 'cooperation' which echoed its perspectives and attitudes towards fellow developing nations.

South Asia, as a region, receives the highest amount of foreign assistance from India, followed by Africa. Nepal is one of the biggest recipients of foreign assistance provided by India. This relationship was forged around the time India joined the Colombo Plan. The primary type of assistance provided to Nepal under the Plan by India was technical assistance and cooperation. This took the shape of assistance towards Nepal's developmental efforts. This involved building of roads, bridges, canals, irrigation networks, dams, highways, airports, residential colonies, universities, hydroelectric projects, communication lines, and so on. Between 1951 and 1971, under the Colombo Plan, India extended approximately Rs. 9663 lakhs to Nepal on developmental projects. Some of these include the Tribhuvan Rajpath project, East-West Highway Sonauli-Pokhara project, Biratnagar, Tribhuvan, Bhairwa, Janakpur, Pokhara, and Simla airports, and Chatra Canal among other irrigation projects, Trichandra College Science Block, development of Tribhuvan University, Phewatal irrigation, and hydroelectricity project, and Patan Industrial estate (The Colombo Plan's Contributions for the Member Countries, n.d). India has also extended facilities of training to Nepalese personnel in different technical institutes in India. For example, in the years 1954-1955, India gave training facilities to 200 Nepalese nationals in India (Ministry of External Affairs India Annual Report, 1954-1955). The numbers have increased manifold today and currently, India trains Nepalese nationals such as professors, teachers, technicians, engineers, coaches, and professionals from varied aspects of life, in the country. Early assistance to Nepal focused on helping Nepal put together the building blocks of the country. From repairing and maintaining the Gauchar airfield to the installation of lines of the telephone exchange, India also sanctioned programs in Nepal for the establishment and development of educational institutions during this time. For the construction of Adarsh Mahila Vidyalaya

and Tribhuvan Adarsh Vidyalaya India sanctioned approximately Rs. 3.5 lakhs to Nepal in the year 1957-58, among other projects. India also sanctioned a village development program worth Rs. 2.5 crores during this year (Ministry of External Affairs India Annual Report, 1957-58). Infrastructural development and human resource development were clearly emphasized as the main sectors for receiving assistance during this time.

Water Resources

Water as a resource occupies a significant position in Nepal's political, economic, and social life. It is one of the richest countries in terms of water resources and its all-around development hangs on the development of the water resources it possesses. Not only is water important for the growth of agriculture but also industrial development as harnessing water resources will produce hydroelectricity which then acts as a fuel. Water hence becomes an important issue in politics, domestic and foreign, as well. Water also holds importance in terms of the tourism industry in Nepal, which is one of its major sources of income.

India has tapped into this potential and has engaged Nepal in various hydroelectric projects, irrigation projects, and drinking water programs through the medium of foreign assistance and cooperation. Initially, assistance in this sphere was done in the form of irrigation projects and drinking water programs. By the late 1960s, over 400 handpumps and 7 waterworks were built, and over 1,12,000 acres of land were irrigated in Nepal, with India's help. Nepal's irrigation program which has been developed by India accounts for 2,32,000 hectares which is a share of about 24% of Nepal's total irrigation potential, as developed up to 1990 (India-Nepal Economic Cooperation, n.d.). The Kosi Barrage project at Hanuman Nagar was agreed upon by the two countries in 1954 and its foundations were laid by King Mahendra of Nepal on 30th April 1959. The Kosi project was one of the first projects which marked the beginning of mutual trust and cooperation between the countries (Ministry of External Affairs India Annual Reports, 1957-1958). Although this project initially started as a measure to control floods, it later branched out into several other sectors building canals, roadways, power generators, irrigation systems, and a barrage, amounting to Rs. 100 crores (India-Nepal Economic Cooperation, n.d.). The 1960s witnessed several other hydroelectric and irrigation projects in Nepal where Indian aid and cooperation were utilized including the Trisuli Hydroelectric project, Kathmandu Water Supply, construction of Chatra Canal, Manusamra Irrigation project, Hardinath

Irrigation project, Phewatal Dam, among others (Ministry of External Affairs India Annual Reports, 1973-74). India-Nepal cooperation on the Kosi, Gandaki, Trisuli, and Mahakali rivers is significant for Nepal as it depends on hydroelectric projects in these rivers for distributing electricity to the country. The Trisuli hydropower project (constructed in the 1970s), the Devighat Hydropower project (constructed in the 1980s), and cooperation on river Mahakali (cooperation on this started in the 1990s, are crucial instances for feeding Nepal's fuel and electricity needs as well as a symbol of India-Nepal cooperation. Other important hydroelectric and irrigation/flood control projects, assisted by India, in Nepal include Gandak Hydel Scheme, Pokhara Hydroelectricity Project, Gandaki Barrage, Chandra Canals Modernisation Schemes, and, Tanakpur Barrage (India-Nepal Economic Cooperation, n.d.).

Development of Indian assistance to Nepal over the years

India's assistance towards fellow developing countries was channelized in different formats, especially through the Colombo Plan, during the 1950s. With the establishment of the Indian Technical and Economic Cooperation (ITEC) in 1964, India stepped forward by streamlining this assistance under a single head. The ITEC was India's attempt at starting its assistance program and as the name suggests, this involved India sharing its technical, research, and development expertise with other developing countries. This is India's form of bilateral assistance and it was developed along with SCAAP or the Special Commonwealth African Assistance Program (SCAAP). Nepal is a major receiver of ITEC benefits, which has helped the country in terms of infrastructural assistance, training, deputing Indian experts to Nepal, aid, and assistance in disaster relief.

Under the ITEC, senior leaders of Nepal belonging to various ministries have received training. The program has been crucial for skill and human resource development in Nepal. Nepali nationals as well as leaders of the Government are trained in premier Indian institutions in fields as varied as engineering, information technology, journalism, remote sensing, etc. (Pradhan, 2020). Assistance in the building of roads, communication, and infrastructure in Nepal has been a central point of focus for India. Roads constructed through Indian assistance in Nepal over the years include the Tribhuvan Rajpath, East-West Highway, Sonauli-Pokhara Highway, Janakpur Town Road, Lumbini Road, and, Kathmandu-Trishuli Road, amongst others. Airports and airfields were constructed in Kathmandu, Biratnagar, Bhairahawa, Janakpur, Pokhara, and Simra. Janakpur Railway

and Birgunj-Raxaul Railway were also constructed with Indian assistance (India-Nepal Economic Cooperation, n.d.).

Up to the year 1974-1975, India had extended financial and technical assistance to Nepal amounting to Rs. 113.6 crores. Financial and technical assistance to Nepal averaged about Rs. 10 crores every year to Nepal during the 1970s, which has amplified to Rs. 1050 crores in the year 2019-2020 alone, declining during the pandemic to Rs. 800 crores in 2020-2021 (Ministry of External Affairs India Annual Reports, 2020-2021).

With time, India's institutional structure of development assistance evolved and became more organized. Aid and assistance provided by India have grown manifold, with the growth and development of its economy and we find that India is faced with a growing need of establishing a solid framework for its foreign development assistance initiatives. With the turn of the century, we find new institutions that were formed in this structure of development assistance. The India Development Initiative (IDI) was established in 2003 as an agency to extend capital grants and project support to fellow developing countries (India Development Initiative to Aid Developing Nations, 2003). The IDI also sought to promote India's image globally as a center of production as well as an attractive destination for investment. Indian Development and Economic Assistance Scheme (IDEAS) was launched in 2005, especially with the view to extend credit/loans on concessional terms through the Export-Import (EXIM) bank to developing countries. This was concerning the developmental projects that the developing countries sought to work on and required assistance with. India's development assistance, as explained in length in the previous chapter, has always been need-based, i.e, the developing countries make their developmental requirements known to the Indian embassy based on which grants and assistance are provided by India to them. To this day, lines of credit (LoCs) from India are channelized through its EXIM bank. In August 2019, the Indian embassy in Nepal and the National Reconstruction Authority in Nepal organized a 2-day seminar around the guidelines and workings of the EXIM bank's lines of credits system which sought to impart knowledge on the identification of projects, qualification process, appraisal of documents, and future implementation and monitoring of projects (EXIM Bank of India's LoC guidelines, 2019).

Fig. 3.2: An example of India-Nepal collaboration in hydropower.

Arun-3 Hydroelectric Project

The Arun-3 Hydropower Project is one of the biggest collaborations between India and Nepal and the largest hydroelectric venture in Nepal. It is a run-of-the-river type of hydroelectric project, meaning, electricity is harnessed from the flow of the river.

Location: The Arun-3 Hydropower Project is being constructed on the river Arun, which is a tributary of Kosi River. It is situated in the Sankhuwasabha district, more than 650 kilometers east of Kathmandu

Components: It will have a capacity of 900 megawatts. It will consist of 466 meters long and 70 meters high concrete dam, four underground desilting chambers, a headrace tunnel, a surge shaft, an underground powerhouse with four 225 megawatts Francis turbine-generator units, and, a tailrace tunnel (**Arun-3 Hydropower Project, n.d.**).

History of the Project: The Arun-3 Hydropower Project has been in the works since the 1990s when Nepal was undergoing political regime change. The project was stalled due to a number of political clashes and indecisiveness around the project itself. In the late 2000s, the hydropower venture gathered momentum as Nepal started looking for international investors for what it decided to be an export-oriented project. In 2012, the project was given to Sutluj Jal Vidyut Nigam (SJVN) Limited, a joint venture between the Indian central government and the state government of Himachal Pradesh. The project is being executed through a subsidiary company of SJVN, the SJVN Arun-III Power Development Company Limited (SAPDC), which is established in Nepal (**CPSE under Ministry of Power bags project under leadership of Union Power Minister, Shri R K Singh, n.d.**) After concluding various surveys and making final decisions regarding the project, in May 2018, Indian Prime Minister Narendra Modi and Nepali Prime Minister, K.P. Sharma Oli laid the foundations of the project. The Arun-3 Hydropower Project accounts for India's largest investment in Nepal, estimated at Rs. 7000 crores. The project is estimated to be completed by 2023.

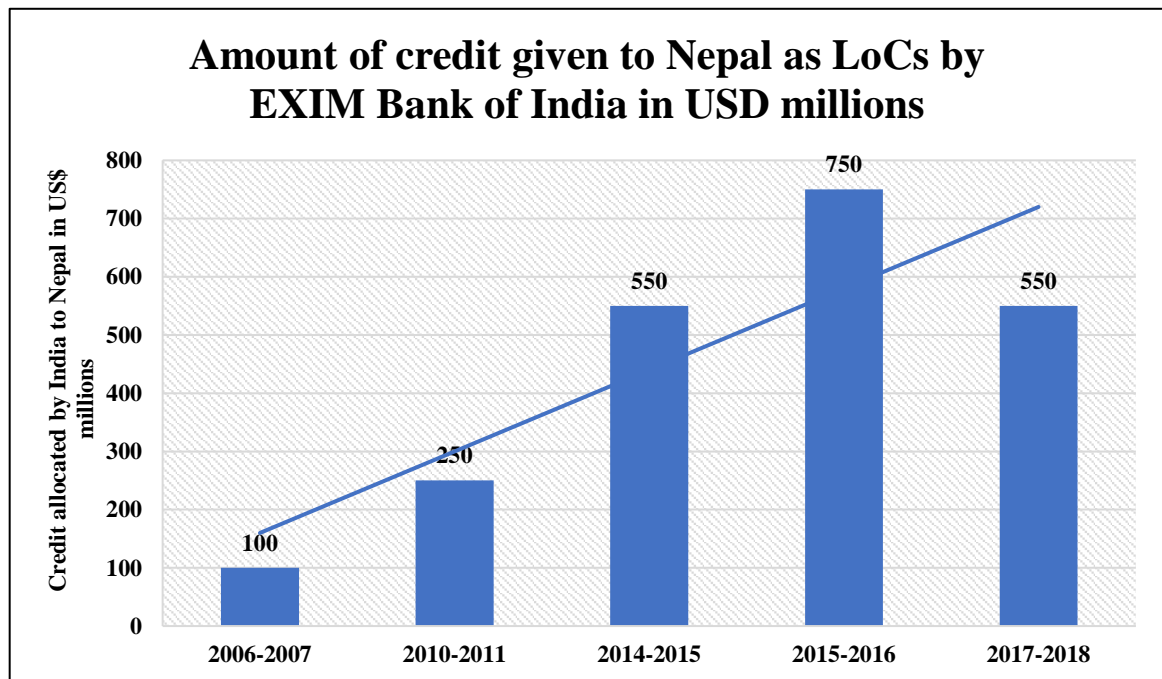
Type: This project is a public-private partnership venture, one in which a private entity or entities take up the financial responsibilities and risks of large development projects of a public sector entity. The project will be conducted based on BOOT, i.e., Build, Own, Operate, Transfer. This means that the SPDC will operate it by commercially producing electricity for 25 years, excluding the 5 years required for building it, and then transfer Arun-3 to the Government of Nepal. Nepal will also receive 21.9% of the electricity generated for free during the initial 25 years.

Progress: In August 2020, the construction of Arun-3 received a boost when five Indian banks (including State Bank of India, Canara Bank, Punjab National Bank, Exim Bank, and UBI) and 2 Nepali banks (Everest Bank and Nabil Bank) agreed to provide debt to the project amounting to over Rs. 8500 crores and Rs. 1500 crores respectively. In July 2021, the Nepal Investment Board signed an agreement with the Indian SJVN Limited for the development of the Lower Arun Hydroelectric Project. This project will not consist of building any dam or such, rather it will be a channel or tailrace development of the Arun-3 Hydropower Project.

How will it benefit both countries? The Arun-3 Project is not only a hydroelectric power project giant; it also has spillover benefits for both countries. The project is set to generate employment for over 3000 people. Since this is a run-of-the-river type project, it is comparatively less expensive, takes a shorter time to complete, and, most importantly, will contribute much less to environmental damage. The project will also benefit those living near the area by generating employment for them and upgrading their socioeconomic condition. Communication links like roads and bridges are also sought to be built as well as schools and hospitals for the local populace. India will benefit from the project as electricity generated will be transported to India, to Muzaffarpur in Bihar. The private industries in India, who were able to bag contracts in this project have gained as well. All in all, the successful completion of the Arun-3 Hydropower Project will boost the bilateral ties between India and Nepal.

India's LoCs to Nepal funds 46 road projects, of which 22 have been completed, and 4 Power Transmission Line projects, of which one has been completed. These projects have been undertaken with a vision of regional connectivity, which not only enhances regional trade and development in general but also encourages people-to-people contacts (Lines of Credits for Development Projects, n.d.).

Fig. 3.3: Line of Credits extended to Nepal via EXIM Bank of India for infrastructural projects, developmental programs, and disaster relief work



Source: Data compiled from official websites of India EXIM Bank and MEA Annual Report, India

In 2007, the Finance Ministry of India did away with the IDI and in its place installed the India International Development Cooperation Agency (IIDCA) in an attempt to bring India's development assistance activities under one umbrella. However, this initiative, unfortunately, failed (Chaturvedi, 2021).

India's development assistance schemes are spread out amongst various ministries including the Ministry of Finance and the Ministry of External Affairs. In 2012, another attempt was made to streamline this framework and bring all development assistance activities under a single head.

Fig. 3.4: An example of Indian assistance to Nepal in Infrastructure Building

Terai Roads Project

The Terai Roads project is an example of infrastructure/road construction in Nepal through the help of Indian grant assistance.

Location: The Terai region is a huge landmass and is present both in India (in the states of Haryana, Uttarakhand, Uttar Pradesh, Bihar, and the northern part of West Bengal) as well as in Nepal. The road project in question here belongs to the Terai region of Nepal. The Terai region is in the southern part of Nepal. The roads are situated in seven of the border districts, including the districts of Bara, Dhanusha, Mahottari, Dang, Morang, Saptari, and, Parsa, of Province 1, 2, and 5 (**Himalayan News Service, 2021**). Further, these roads connect Nepali towns which are present along the India-Nepal border.

Components: 10 roads have been built in the Terai region, which had been divided into 14 projects. Other structures built apart from the roads under the project include seven meters of carriageway and two shoulders on each road, 111 kilometers of the drainage system, over 652 culverts, footpaths with railings along the roads, road signage, markings, and other road furniture (**Hulaki Road Packages, 2021**).

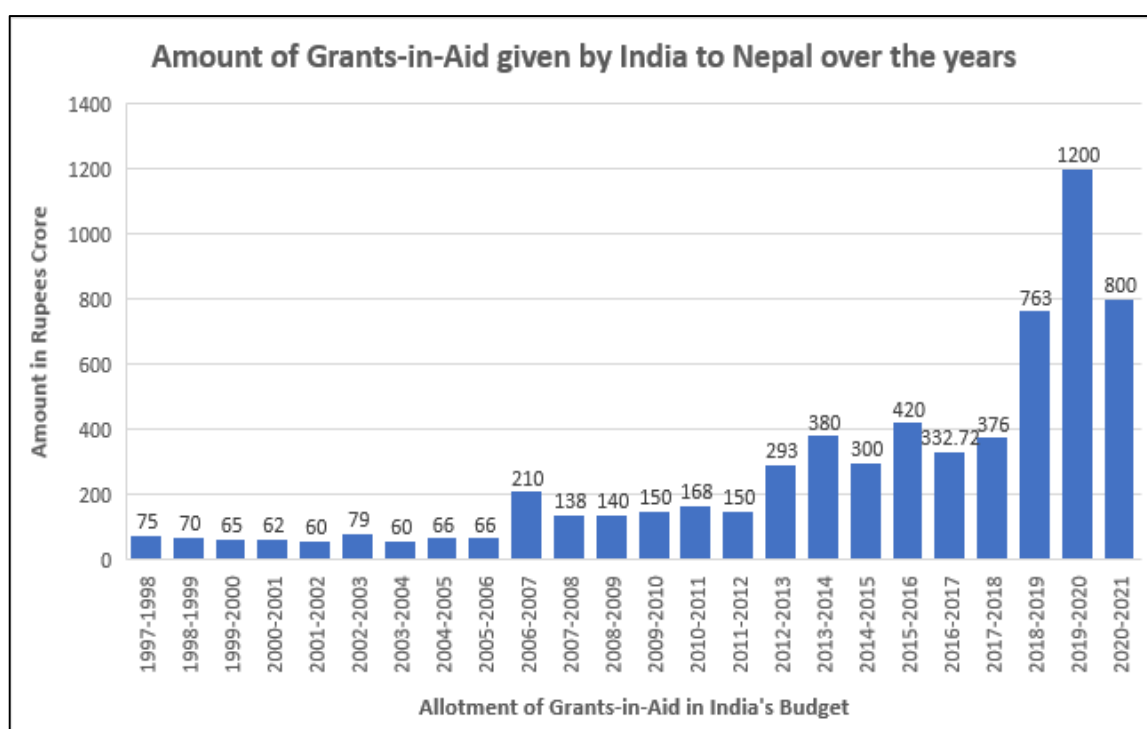
History of Project: The building of road infrastructure in the Terai region of Nepal has been in the works since 2006 when an agreement was reached between India and Nepal concerning the same. In 2010, representatives of both countries met at a Project Steering Committee where it was decided that 1,450 kilometers of all-weather roads will be constructed in the Terai region of Nepal, adjoining India. The project, which was to be completely funded by India was estimated to cost Rs. 687.5 crores and will provide connectivity to lakhs and lakhs of people (**India to provide Rs. 700 cr to Nepal, 2010**). The consultant for this project was the Indian consultancy firm, Rail India Technical and Economic Service (RITES), which is an engineering consultancy corporation and is owned by the Ministry of Railways, Government of India. However, for various reasons the project did not take off and remained at a standstill. In 2016, a new Memorandum of Understanding (MoU) was signed between the countries to kick start the project once again. This time the consultant for the project was changed to the National highways and Infrastructure Development Corporation Limited (NHIDCL), which was set up in 2014 and is owned by the Ministry of Road, Transport and Highways, Government of India, to supervise the construction of 600 kilometers of postal roads in the Terai region of Nepal (**Nepal to get Indian help, 2016**). On 31st, March 2021, the Governments of India and Nepal announced the completion of the building of 10 roads (13 of 14 projects) in the Terai region (also known as Hulak Raj Marg) covering an area of over 271 kilometers, a cost of Rs. 800 crore grants given to Nepal by India for the completion of the project. The successfully completed roads were dedicated to the people of Nepal.

Type: This project was completely funded by the Government of India and implemented by the Government of Nepal. Nepal's Department of Roads formed detailed reports on the roads to be constructed and then handed out the contracts between 2016 and 2017 for which NHIDCL was made the project consultant.

How did it benefit both countries? The roads of the Terai region offer a huge network of communications that is not only boosts connectivity but will also help in the growth and expansion of trade and industries in the region. These roads have further acted as a complement to other important border infrastructure, such as integrated check posts, developed by India in Nepal. The generation of employment for the duration of the project and even in its aftermath is another added benefit. For India, the completion of the Terai roads project has boosted ties with Nepal. Moreover, this road network has boosted people-to-people communication across the borders of India and Nepal. India has received much acknowledgment for its assistance and this is but another example of a long line of infrastructural works, that it has assisted in construction in Nepal.

The Development Partnership Administration (DPA) was created to supervise and manage projects funded by India in developing countries, beginning from project identification and formulation to the last stage of implementation. The DPA is further divided into three parts: DPA I is concerned with LoC projects under IDEAS (Ministry of Finance, GoI) and LoCs for Bangladesh, Nepal, and Bhutan; DPA II focuses on capacity building and training provided for defense personnel and civilians under ITEC and, DPA III looks after grant assistance projects in India’s neighborhood. Today, all projects and assistance towards Nepal are carried out under the DPA. The official website of the Indian embassy in Kathmandu displays a total of 510 projects (474 small and 36 intermediate and large projects), till the year 2015, based on India-Nepal development cooperation. Depending on the interest and needs of Nepal, as a partner country, India’s DPA has covered sectors ranging from commerce, engineering, energy, IT, and science to sports, culture, health, housing, disaster aid, and humanitarian assistance.

Fig. 3.5: Aid extended to Nepal by India as development assistance between 1997-2021



Source: Data is compiled from the official website of the Government of India, Ministry of Finance. **Note:** The data provided is as mentioned in the Annual Budget Reports available on the website.

The Small Developments Projects (SDPs) scheme was launched based on an MoU signed by India and Nepal in 2003. It has been renewed every three years since and focuses on projects which are worth less than Rs. 5 crores under infrastructure development and

capacity building in the education, health, and, community development sectors. These projects are handled by local authorities and financial assistance is received from India based on developments in the said projects, in phases. 273 schools have been constructed all over Nepal, at a cost of about Rs. 336 crores under SDP. Another successful example of the SDP scheme is the B.P. Koirala Institute of Health Sciences at Dharan was constructed for Rs. 120 crores. In 2010, India and Nepal signed an agreement for the construction of Terai Roads, 19 roads in a total of which many have been already built. Apart from education, health, infrastructure, and communication, the SDPs have also focused on areas such as electrification projects, drinking water projects, flood control, security initiatives, and culture programs. (About Development Partnership, n.d.). However, after the introduction of the new Constitution in Nepal, the SDPs were kept on hold as local bodies were denied to receive assistance from foreign governments. In 2020, listing for developmental, infrastructural, and capacity-building works commenced once again as the Ministry of Federal Affairs in Nepal asked local bodies to file proposals under SDPs (Shreshtha, 2020).

Small Development Projects have been a great program that not only directly impacts the people at the local level but has also helped in boosting ties between India and Nepal. Programs such as safe drinking water, building educational institutions, hospitals, and various other measures have been able to not only produce concrete results but also effectively complete said projects in a short amount of time. The success of these projects has generated goodwill for India in Nepal. This is another factor that is dear to India, especially in the present climate when anti-India sentiments tend to run frequently in the Himalayan nation.

Overall, we can see that development assistance to Nepal from India has increased by many folds over the decades. What started as just an Indian Aid Mission and technical assistance has now proliferated into various types and forms of programs. Although India has tried to streamline its foreign assistance program, now known as Development Partnership Administration (DPA), yet, India's assistance to other countries is provided by various heads. It is in the form of grants-in-aid, concessional loans, technical assistance, training, disaster relief, partnership programs, and so on. It is for this reason that Indian assistance/partnership to Nepal, or any other country or region for that matter, can be quantified under a single head. It must be kept in mind that India's development partnership is a needs-based initiative. While targeting developmental requirements,

development partnership allows Nepal to decide and list projects it needs to fulfill. They then communicate these to the Indian embassy from where the process of undertaking such projects sets in motion. This is done to ensure partnership in the true sense of the term and makes it attractive to prospective countries. Nevertheless, an account of India-Nepal interactions from the standpoint of development assistance/partnership exhibits how such assistance has magnified with time. This demonstrates India's growth and its developing clout in the South Asian region. On the other hand, it also shows India's continued interest and presence in Nepal, which has existed since 1947.

A Constructivist Analysis

Constructivism is an approach to the study of international relations, rather than a theory in itself. An approach is a manner or process through which various situations/topics can be dealt with. A theory, on the other hand, gives us a particular view of any situation, event, or state of affairs in world politics. Constructivism was introduced in international relations theory (IRT) in the aftermath of the Cold War and has since then been a highly popular alternative to the explanation of events in global politics. The core concept of constructivism is quite simple to understand, however, its problematization and its concepts are what give it its complex character. To all the other existing theories of IRT, particularly the positivist ones, it asked a humble question to their explanations: why? It is through digging deep into the question of why that constructivism has come up with its main tenets. Definitely, like any other theory of IRT, constructivism too has within itself various divisions, where its proponents have focused on different aspects. But these divisions are based on varying degrees or levels.

The main tenets of constructivism have been expounded in earlier chapters, hence, the same is being avoided here. Alternatively, we can try to illustrate how constructivism looks at foreign policy. It utilizes its main tenets/components to study foreign policy as well. However, there are certain central points from where this explanation starts.

Society is made up of individuals and individuals are driven by their identities and interests. Ted Hopf (2002), in his books, *Social Construction of International Politics: Identities and Foreign Policies, Moscow, 1955 and 1999*, explains how when individuals interact with each other, they do so based on their own identities. These identities are derived from the society itself and are hence socially constructed. Based on these identities, individuals participate in several 'discursive formations. The structure of

society, hence, is made up of these identities and the interactions it generates. The importance of ideas takes center stage. It is another constructivist strain of thought that ideational factors are more important than material factors when it comes to the explanation of various events or themes of world politics. This is because material factors derive their meaning from social constructions. Alexander Wendt (1999), had, in a very famous analogy, suggested that during the Cold War, nuclear weapons built by Britain will pose less of a threat than when the Soviet Union does the same, to the United States of America. If material factors had dominated reasoning, then the very fact of building nuclear weapons would pose a similar threat to the USA. However, it is the meaning, interests, and ideas attached to the Soviet Union in interactions with the USA that has given a separate meaning to its construction of nuclear weapons. Hence ideational factors are more important than material factors. Consequently, in the same analogy, we find the next important component of constructivism: behavior. It is based on identities and interests those countries interact with other countries and offer a certain kind of behavior.

It is through the consolidation of recurring behavior that foreign policy stances are constructed. It works in a manner like this:

Society -- Identities -- Interests -- Interactions -- Behavior – Foreign Policy Initiatives
– Identities

It continues to work in a circular motion, where behaviors tend to consolidate identities which further gives rise to interests, and on it goes. Individuals, societies, organizations, and, countries, all function within this framework. No one can be completely objective while also being present in a social structure, everyone is part of this framework and receive their orientations accordingly.

Constructivism tends to explain the connecting dots leading to an event rather than explaining the event itself per se. It fills up the gaps in why and how rather than the what. In doing so it renders the world, or at least the phenomena it is studying as nothing more than a social phenomenon, one in which the most crucial instances are interactions and behaviors. Countries are social actors and they intermingle with each other on a social level which is subject to change and variation by changing behaviors. Foreign policies then, put quite simply, respond to one's interests and changing behaviors. Constructivism believes that foreign policy decisions are essentially a consequence of sociocultural

construction, what is the history of relations that existed, and how countries reacted to each other thereby creating certain ideas and emotions surrounding their interactions.

Individuals are the unit-level components that form part of the explanation for constructivists. The present thesis does not look into individual-level analysis but goes a couple of steps ahead to country-level understanding.

Understanding India-Nepal relations and the situation of Development Assistance in it

It is through behavior that the trend of international politics changes and, an analysis of the history and reason for such behavior allows for a better explanation of subsequent policies and their possible impact.

India-Nepal relations were quickly mired in complications post-India's independence. The evolution of such problems was inevitable due to two reasons: a) India's intervention in Nepal's domestic politics and, b) Nepal's geographical position.

Owing to the two countries being neighbors and even sharing borders, the interflow of ideas, trade, and culture between them is rather expected. Nepal was heavily influenced by India's freedom struggle and this provided a point of entry for India into Nepal's domestic politics. After a short period of bonhomie, the anti-India sentiment was made apparent in Nepal. When King Mahendra acceded his throne in Nepal, anti-India sentiment further grew. The Treaty of 1950 between India and Nepal is looked at as an unequal one by many Nepalis, as has been expounded upon earlier in the Chapter. The Treaty demonstrated India's need to keep Nepal in its security loop. The increasing number and presence of Indian politicians in Nepal caused anxiety to grow, especially when it was combined with a big brother attitude by the former. India is guilty of excessive intervention in Nepal's domestic politics. This was not well received by the kings succeeding King Tribhuvan and they made that known by moving closer to China. Due to the existence of anti-India sentiments, not only in Nepal's political circles but also among the Nepalese citizens, any act by India in Nepal or even in the subcontinent was seen as an attempt by India to gain clout there. For example, when King Mahendra imprisoned Nepal's Prime Minister B.P. Koirala, India started claiming this instance as the murder of democracy since PM Koirala had been close to India (Adhikari, 2012). However, India has raised its voice whenever there have been undemocratic practices in the subcontinent. That is quite

apparent if we look at the history of the subcontinent post-India's independence. The attempt of linking any act as an attempt by India to capitalize on its interests in Nepal can be quite simplistic. In another instance, India is said to have given the offer to support the monarchy in 1990, when the panchayat system was overthrown by the people's uprising if the latter agreed to its demands. India even forwarded a draft treaty proposal to this end where it forbade Nepal to enter into any military alliance without its approval. However, King Birendra supported multiparty democracy in Nepal, rather than giving in to India's demands (Adhikari, 2012). However, India continues to invest heavily in Nepal to date. These projects in Nepal in which India heavily invests are not always ones that benefit both countries in all instances. Hence, the attempt of viewing every action of India as a way of domineering Nepal is not fully convincing. As far as India's concerns in Nepal go, there are some points of self-interest. India's need to consolidate itself in South Asia and to be seen as a leader by its fellow neighbors is very much there as part of its ambitions to become a major power in world politics. To this end, it also needs to stave off other big powers in the continent from interfering in what seems to be its neighborhood. For these political and security reasons, India seeks to gain leverage in South Asia. However, its visions of being a developmental partner and offering leadership to the countries of South Asia to this end are also very much there. Consequently, interests cannot be rigidly divided into right or wrong; there are varying levels of explanation for different actions. Nevertheless, the existence of anti-India sentiment in Nepal, especially with the incoming communist parties, is the truth that India faces today.

King Prithvi Narayan Shah famously talked about Nepal being "a yam between two boulders" (Devi, 2011). He was of course alluding to Nepal's geographical position between the two Asian giants, India and China. Nepal's geographical location and its surrounding is a huge part of its reality. Being in between two countries, which are massive in terms of their size, economies, and global political clout, it has always been interesting to witness Nepal's behavior/interactions concerning India and China. While India has been accused of not being generous enough towards Nepal and trying to dominate it, India feels that Nepal has played the 'China card' often when dealing with its southern neighbor. According to Nepal, its foreign policy orientation towards both India and China has been defined by a policy of maintaining equidistance. With China, Nepal has maintained diplomatic relations since the 1950s and has also signed a Panchsheel agreement with it. China has invested heavily in Nepal's infrastructural and other developmental projects

since the early days of their relationship. Nepal recognizes China's one-China policy and seeks to prevent any kind of anti-China activities in the country. During 1962 when the Sino-Indian war broke out, Nepal maintained its neutrality. However, after King Tribhuvan's demise, the succeeding monarchs of Nepal sought to decrease Nepal's dependence on India and inclined toward China.

Now whenever we look at the India-Nepal-China axis, we can witness a power play ensuing in the region. China's interests in Nepal have grown manifold in the recent past. This has resulted from China's concerns in Tibet which border Nepal and the latter is also home to a sizeable Tibetan population. China's interests in securing its legitimacy over Tibet have remained and even strengthened over the decades while Nepal steadfastly tries to prevent any kind of anti-China activity on its soil. Nepal's monarchy has sought to gain brownie points from both India and China. During the emergence of Maoists in Nepal's political circles, China had given tacit support to the monarchy while remaining in the background. India, on the other hand, was openly anti-Maoist given its domestic problems with Naxals. Maoists in Nepal believe India's relations with Nepal to be unequal and cite the various agreements that the two countries have signed as examples. However, their views against India were strengthened by India's antagonistic views against them. Chinese support for the Maoists expressly came only when they were in power, yet the Maoists have leaned towards them. This shows that China's closeness with Nepal is not in terms of ideology but rather is quite pragmatic (Adhikari, 2012).

China's increasing presence in Nepal has been viewed by India as the former's attempts to sideline its clout in the region. China has given India enough reasons to be anxious about such challenges. Furthermore, the India-China tussles have much larger implications in world politics. China's intent of blocking India is based on interference in the continent by extra-regional powers, which seek to limit its ever-growing influence. It is in this context that Nepal has sought to derive advantages from both Asian giants. This has led to situations when India has blockaded Nepal for leaning too close to China, buying military technology and weapons from it, which have triggered India's security interests.

India has been an integral partner of Nepal in terms of its development since the 1950s. In the current century, India gets the highest number of contracts for Nepal's developmental projects, and its expenditure as grants to Nepal is at an all-time high. For India, Nepal is a significant country that it cannot afford to lose its influence for these reasons. The present

Indian government's "Neighborhood First Policy" is an example of India's needs and intentions to further entrench itself in the region. The Belt and Road initiative by China and Nepal's involvement in it can further sideline India. Thus, Nepal, India, and China are two countries that can aid its development, while being in a competitive relationship themselves. Both countries have deep interests attached to Nepal and India has a complex problem of dealing with an anti-India sentiment there.

Development partnership is a significant foreign policy tool by India to maintain its presence and earn goodwill in the Himalayan kingdom. An analysis of India-Nepal relations is crucial for understanding the impact of the development partnership. Whether the development partners will have any impact on India-Nepal relations can be appreciated by understanding why India is focusing on the target areas, assistance for which is mentioned under DPA. Small Developmental Projects (SDPs), infrastructure and connectivity projects, etc. are integral to Nepal's overall development. India's need to gain goodwill and minimize complications with Nepal is an important interest. The construction of major roads, highways, and other developmental works by India has obtained much appreciation from Nepal. Nepali politicians have gone on record to state that Nepal's relationship with India continues to be one of the highest priorities. For India, the vision of development of the South Asian region is closely linked to its policy of development partnership. Our first prime minister, Pandit Jawaharlal Nehru, had visualized the overall development of South Asia and India providing leadership to the same cause. Subsequent governments have followed in their footsteps and even today South Asian developmental progress continues to be a foreign policy priority for the country. The development of Nepal, and that of South Asia are both philosophical as well as based on national interest.

India-Bhutan Relations: The Other Himalayan Sister

Relations between India and Bhutan are quite different from the rapport the former shares with the other Himalayan kingdom/sister in the sub-region of South Asia, Nepal. This comparison is essential as the geographical location of both Nepal and Bhutan is similar to a good degree of India. It then becomes interesting to see how, despite the similarities, the two Himalayan kingdoms share almost diametrically opposite understandings of India.

The age-old relationship between India and Bhutan was initiated with trade ties. Bhutan provided India access to Tibet and hence, this trade route was perceived as strategically important. In fact, for British India and Bhutan, it is this issue that became a point of

contention which subsequently led to the creation of several treaties between them. As has been witnessed previously in the case of India-Nepal ties, treaties have played an important role in defining India-Bhutan relations as well.

As has been an identifying feature of international politics/relations, wars, and conflicts have developed between and amongst countries due to tussles over geographical areas. For India, the Himalayan countries of Nepal and Bhutan have always represented a natural security barrier to its north. Hence, both these countries have been seen as play as playing an important role in this regard. What is interesting is the fact that Nepal and Bhutan have responded quite differently to this mentioned situation.

The Early Treaties

The earliest treaties between the two countries were signed between British India and Bhutan. As has been indicated above, the British viewed the geographical position of Bhutan as being a favorable area from where trade with Tibet could be established. The British viewed Bhutan itself as an ideal market to trade and hence wanted to develop relations with it.

Cooch Behar, presently a district of West Bengal, had sought help from Bhutan during the 1700s, against Mughal encroachment in its area. After providing such assistance, the Bhutanese perceived Cooch Behar as an area under its influence and posted a garrison force there as well as supervised its administration. A few decades later, however, the tables turned and the ruler of Cooch Behar sought British help to push the Bhutanese out of his territory. British Indian forces further invaded Bhutan soon after removing their presence from Cooch Behar. The conflict ended with the defeat of Bhutanese forces and the signing of a peace treaty between the two. The peace treaty between British India and Bhutan was signed in 1774 and it concluded the first Anglo-Bhutan war as Bhutan relinquished its hold in Cooch Behar (Savada, 1991).

The East India Company was initially looking at trade prospects in India and went about capturing territories accordingly before the political motive came into the picture. The British did not want a hostile relationship with Bhutan. They saw Bhutan as a good market, an important trade route, and as well as an important factor in maintaining India's security in the northeast. In fact, after the end of the first Anglo-Bhutan war, the British held several fairs in the north of Bengal, where people from Nepal, Bhutan, Tibet, and Sikkim could

come together, and interact and boost trade ties (Sarkar & Ray, 2007). The second Anglo-Bhutan war was fought in the mid-1800s over the Assam *duars*. For the British, Assam and its soil were perceived as extremely profitable, where they could build tea and cotton plantations and earn from timber as well. This was another market that they were not willing to let go of. The British annexed Assam in 1826, extending their area of influence in India. The Assam *Duars* became a point of conflict between British India and Bhutan as the latter conducted trade through the *Duars* region. To end this conflict, the British annexed the Assam *duars* in 1841. The second Anglo-Bhutan war was fought between 1864-65, after which a peace treaty was brought in place to put an end to hostilities in 1865. This is known as the Sinchula Treaty (Joseph C, 2007). The Sinchula Treaty was an important piece of diplomacy because henceforth India-Bhutan relations would be defined in terms of this Treaty. Before this, British India and Bhutan relations were mostly established in terms of trade. However, politically Bhutan now came under British suzerainty, essentially becoming a buffer zone. Bhutan was not annexed, as Sikkim was, and made part of India. Rather its autonomy was maintained while at the same time, its supervision was in the hands of the British.

In 1910, a third treaty was signed between British India and Bhutan known as the Treaty of Punakha. With the turn of the century, the British started realizing threats to the north of India emanating from Russian and Chinese expansion. While the Russians did not come as far as South Asia, limiting themselves to Central Asia, to establish their influence, it was Chinese expansion that became a cause for concern. With China inching closer every moment, the British sought to go to Tibet to negotiate with it. In this mission, the British were aided by a governor of Bhutan, Ugyen Wangchuck. Wangchuck would subsequently go on to establish monarchical rule in Bhutan (Joseph, 2007). The British were glad to receive help from Bhutan and readily agreed on such a hereditary monarchical system of governance. It served British purposes as while Bhutan would be free to rule itself, it would remain under British supervision. Hence, by establishing strong relations with Bhutan, the British effectively secured its security interests in the northeast of India. With the establishment of hereditary monarchical rule in Bhutan in 1907, the Treaty of Sinchula was sought to be revised, resulting in the Treaty of Punakha of 1910. The Treaty expressly mentions that while the British will not interfere in the domestic sphere of Bhutan, the latter will be guided by British advice in the conduct of its foreign relations. Hence, while

Bhutan did not come under direct British rule, it was completely bound in terms of external interactions (Joseph, 2007).

The Treaty of Perpetual Peace and Friendship, 1949

In the face of several threats emanating around South Asia, Bhutan sought to follow a policy of isolation, politically. It had essentially become a buffer zone between India and other powers to its north and continued to be so for the next couple of decades. With the withdrawal of the British from India, the latter sought to re-establish ties with the countries that the British had forged with. India and Bhutan signed the Treaty of Friendship in 1949 in Thimpu. The Treaty reiterated the points of the Treaty of Punakha, with Bhutan now coming under the influence of the Government of India. Bhutan, which had so far sought to maintain a policy of isolation in terms of its external relations, was getting weary of the fast incoming of Chinese expansionism. The annexation of Tibet by China was the last straw, in the aftermath of which Bhutan came out of isolation. Since its dealings with China were not quite amicable and the area adjoining Bhutan in Tibet and China was less developed as compared to its southern counterpart, Bhutan sought to come under Indian influence and security during this time (Chowdhury, 2005).

It is quite interesting to note how India's dealings with the two Himalayan sisters at around the same time had such opposing immediate and long-term responses from them. Geographically, the three countries share a similar location. Both Nepal and Bhutan's significance for India lies in the security that these countries provide in the latter's north-eastern region. It is this factor that stimulated India to acquire a degree of influence in Nepal and Bhutan, as is apparent from the treaties signed with both after 1947. In turn, both Nepal and Bhutan also sought to and have continued to seek advantages for themselves out of this relationship. In all fairness, this is a mutually beneficial association for all three parties involved, in the context of the bilateral treaties. Yet, they have emanated differing reactions from Nepal and Bhutan. It is due to the differing perception that lies in these countries concerning India as well as their geopolitical concerns that have been responsible for the varied responses.

India-Bhutan Trade Relations

Trade relations between independent India and Bhutan had been formally established since the Friendship Treaty of 1949. According to Article 3 of the Treaty:

“There shall ... be free trade and commerce between the territories of the Government of Bhutan and the Government of India. Both the Governments shall provide full cooperation and assistance to each other in the matter of trade and commerce.”(Treaty of Perpetual Peace and Friendship, n.d.)

The aspect of trade relations has been a priority for India and Bhutan since the early days when the British colonized India. Trade was an important factor in the treaties conducted between them during the 18th and 19th centuries. It was based on these treaties that trade between British India and Bhutan was then conducted. The 1949 Friendship Treaty mentions free trade and commerce between the two countries, yet it was only in 1972 that trade relations between them were formally established.

For Bhutan, India has been an important trading partner not only in Asia but also in terms of the former’s worldwide trade quota. India is Bhutan’s largest trading partner. India has provided immense financial assistance to Bhutan ever since its first five-year plan in 1962. India had fully financed Bhutan’s first five-year plan by contributing Rs. 10.7 crores to the latter. The amount provided for Bhutan’s five-year plans had amplified through the years, amounting to Rs. 900 crores in Bhutan’s eighth five-year plan. (Institute of Developing Economies IDE-JETRO, 2004). The importance that India places on Bhutan’s development is quite understandable. Firstly, and most importantly, Bhutan is crucial to the security of the northeastern part of India. Bhutan’s development will ensure better relations between the two countries, safer borders, and, less probability of Bhutan falling under the influence of any other powerful country seeking to invest and gain influence in it. Secondly, India has always demonstrated an initiative to promote development in the region of South Asia, as a sort of responsibility.

The Agreement on Trade, Commerce, and Transit was first signed by India and Bhutan in 1972 and has since then been modified and amended five times, the last one in 2016 (Press Information Bureau Government of India, 2016). The agreement underlined the terms of free trade between the countries, as well as measures for boosting bilateral trade between them. The agreement also spoke about facilitating Bhutan’s trade with countries other than India through various measures including providing entry-exit points via Indian territory.

Article 5 of the Agreement on Trade, Commerce, and Transit between India and Bhutan, as renewed in 2006, states:

“All exports and imports of Bhutan to and from countries other than India will be free from ad not subject to customs duties and trade restrictions of the Government of the Republic of India. The procedure for such exports and imports ... may be modified by mutual agreement from time to time.” (Indian Trade Portal, n.d.).

A total of 21 entry-exit points for Bhutan through India had been decided by this agreement. In 2016, when the Agreement on Trade, Commerce, and Transit was revised another Protocol was added to this Agreement which added 7 new entry-exit points for Bhutan to carry on trade with India (Indian Trade Portal, n.d.). This is an acknowledgment of the good trade relations and trade output that India and Bhutan enjoy bilaterally and goes towards further boosting these ties.

Between 1981 and 2001, out of Bhutan’s total exports, 86.5% included exports to India, while its imports from India are calculated at 79% of its total imports. India is considered the single most important trading partner and investor in Bhutan owing to the overwhelming amount of trade conducted between these two countries. Moreover, the nature of goods exported to India from Bhutan has changed over the decades. While earlier the main goods exported to India were agricultural or forest-based products, they have changed later on to mineral products, goods from chemical industries and mining, and, wood-based products. Electricity is another major product exported from Bhutan to India from its hydropower projects (Institute of Developing Economies IDE-JETRO, 2004). In the new millennium, trade between India and Bhutan has expanded by almost 50 times. India has consistently remained Bhutan’s largest trading partner (in terms of exports and imports) from 2014 to 2018 (Taneja, Bimal, Nadeem & Roy, 2019). In 2020, the percentage of Bhutan’s total trade with India as compared to the rest of the world, stood at 82.6% including electricity, and 77.1% excluding electricity (Embassy of India Thimpu, Bhutan, n.d.).

India and Bhutan are also working on other multilateral platforms to boost trade relations including the Bay of Bengal Initiative for Multisectoral and Technical Cooperation (BIMSTEC) and the Bangladesh-Bhutan-India-Nepal (BBIN). Particularly concerning BBIN’s Motor Vehicle Agreement, the countries are aiming at the improvement of transport infrastructure through these countries.

Development Cooperation between India and Bhutan

India has a well-recognized interest in Bhutan's developmental concerns and the latter has, therefore, become reliant on such provisions of aid and assistance. Prime Minister Pandit Jawaharlal Nehru's vision of India acting as a developmental leader in South Asia, translated into reality early on since India's independence. Prime Minister Nehru also invited Bhutan, which had mostly tried to keep to itself and avoided forging external relationships, to the Asians Relations Conference in 1949 (Das & Chakrabarti, 2007). The holding of the Asians Relations Conference was another example of India setting itself up as the outspoken champion of the newly independent, economically backward, socially, and politically underdeveloped nations in Asia. As has been mentioned before, India fully financed Bhutan's first two five-year plans. While the First five-year plan focused on the construction of roads in Bhutan, the Second five-year plan sought to develop public works, education, agriculture, and health facilities. (Institute of Developing Economies IDE-JETRO, 2004). As an underdeveloped country, Bhutan's development was determined based on the financial aid it receives and India was the first on the scene to help out Bhutan in this area.

The development strategy in Bhutan aims to be a holistic one, seeking to bring all-around development in the social, economic, political, cultural, and environmental areas. Culture and tradition are deep-rooted in Bhutan and they believe in sustainable development without going over their limitations. They believe in material progress not just for the sake of development but primarily for progress allowing them to increase their ability to make choices and enhance self-reliance. The well-being of the people of Bhutan is at the core of its development strategies, including a good amount of significance placed on the protection of their environment in this process (Institute of Developing Economies IDE-JETRO, 2004). Protection of their sovereignty and independence in their quest for development, even though they largely depend on foreign assistance for their progress. While Bhutan now receives foreign assistance from various multilateral sources, India continues to play a major role in its journey toward development.

India's assistance to Bhutan in its development is widespread in various sectors ranging from the country's physical infrastructure, transportation routes, agriculture, and investment for economic development to the health sector, public works, education system, technical training, and human resources.

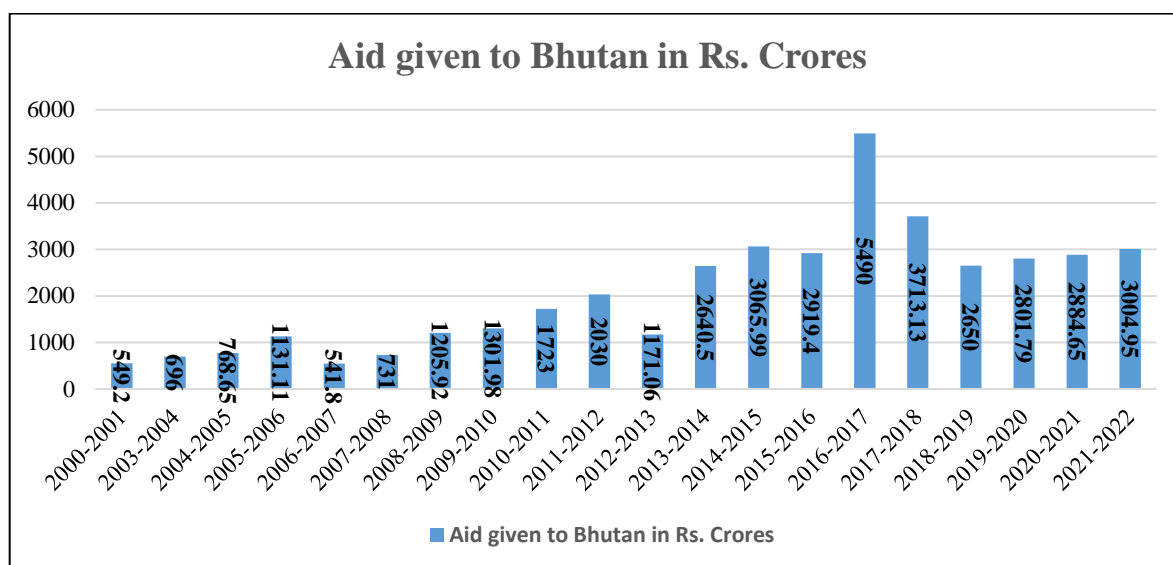
Two events in Bhutan marked the decade of the 1960s. Before 1961, there was hardly any form of development in Bhutan. It was only with the start of its five-year plans and Indian assistance coming into the picture, that Bhutan commenced on the journey toward development. Firstly, Bhutan came out of an isolationist foreign policy with an increase in Chinese expansionism finally resulting in the annexation of Tibet. Bhutan believed now it had to choose a side to protect its independent status. Secondly, with India completely financing Bhutan's first two five-year plans, the first one beginning in 1961, the latter experienced a boost in its economy. Both cases set the ball rolling on Bhutan's development trajectory.

For the last century since the start of Bhutan's first five-year plan, the focus has been to strengthen Bhutan's social and political structure including improving the quality of life among the citizens, ensuring good governance, strengthening cultural traditions, preserving the rich environment that Bhutan possesses and ensuring an overall sustainable growth (Rajput, 2014). In a significant gesture, the Indian Border Roads Organisation (BRO) has constructed roadways in Bhutan for all of its districts. Apart from this India has also built some important highways in Bhutan and carried out other infrastructural activities like building the Paro airport, the Penden Cement Plant, Bhutan Broadcasting Station, Electricity Distribution, and Transmission System and, the Indo-Bhutan Microwave Link. The Paro airport was inaugurated by then External Affairs Minister of India, Jaswant Singh in 1999 (Institute of Developing Economies IDE-JETRO, 2004). In the education sector, India has provided teachers to Bhutan, amounting to 43% of the total existing faculty in the Himalayan kingdom as of 1990 (Rajput, 2014). Health and education are priority sectors for the overall development of Bhutan and hence, assistance in this area is welcomed, helping India win goodwill in Bhutan. Bhutanese students receive annual scholarships to study in India and they have progressed from the offer of 50 scholarships in 2001 to 4000 scholarships today. These scholarships, which have multiplied over time, today include, the Ambassador's Scholarship, the Nehru-Wangchuck Scholarship, the Nalanda University Scholarship, the AYUSH Scholarship, the India-Bhutan Friendship Scholarship, and, the IIT Gandhinagar Global Fellowship, among others (Embassy of India Thimpu, Bhutan, n.d.). In 2012, India contributed Rs. 25 crores to Bhutan, to build the Bhutan Institute of Medical Sciences in Thimpu (Ministry of External Affairs, Government of India, n.d.). When Prime Minister Dr. Manmohan Singh visited Bhutan in 2008, he was honored in the country by asking him to address Bhutan's

first elected parliament. As a gesture of goodwill, Prime Minister Singh promised Rs. 10 crores to Bhutan for its development for the next five years. Apart from signing several Memorandums of Understanding (MoUs), he also announced the construction of the first-ever railway line connecting India and Bhutan, the Golden Jubilee Rail Line. (Sarkar, 2012). This project eventually collapsed, as the requirement for building the train line involved the displacement of indigenous people and problems relating to land acquisition. In its place, an alternative railway link project has been initiated, however, this has not seen much progress either. India has extended grants to assist Bhutan to deal with domestic issues such as Rupee Liquidity shortages in 2008-09 when India extended Rs. 300 crores Standby Credit Facility as grants and assistance of Rs. 25 crores to the victims of the 2009 earthquake in Bhutan (Ministry of External Affairs, Government of India, n.d.). Apart from this, India extends assistance for the development of smaller local-level projects in Bhutan, i.e for the Small Development Projects (SDPs). Like India carried out this in Nepal, local-level projects are brought to the Indian notice from where these projects are granted assistance by India. In 2014-15, the Prime Minister of India, Shri Narendra Modi inaugurated the Supreme Court building developed by India, worth Rs. 79 crores in Bhutan. In the same year, the development of three Government of India (GoI) assisted projects in Bhutan was declared: School Reform Programme (calculated at Rs. 348.72 crores), Double laning of the East-West Highway (calculated at Rs. 463.657 crores), and, the Jigme Wangchuck Power Training Institute (calculated at Rs. 33.7 crores) (Ministry of External Affairs, Government of India, n.d.).

India holds annual Development Cooperation talks with Bhutan, in which they deliberate and discuss Bhutan's developmental progress and India's role in it. During the annual Development Cooperation talks held in 2017, both the countries discussed the progress made and ongoing under Bhutan's 11th five-year plan (2013-2018), to which India had contributed assistance of Rs. 4500 crores. 675 projects, including 595 small developmental projects (SDPs) were completed and executed under this plan (South Asia Subregional Economic Cooperation, 2017). The Third India Bhutan Development Cooperation Talks were held in 2021 in virtual mode. India and Bhutan discussed the latter's 12th five-year plan, for which India contributed Rs. 4900 crores for the execution of various development projects in Bhutan, including Rs. 400 crores for the Trade Support Facility.

Fig. 3.6: Aid Given to Bhutan Over the Years



Source: Above data is compiled from the Annual Reports of the Ministry of External Affairs of India website

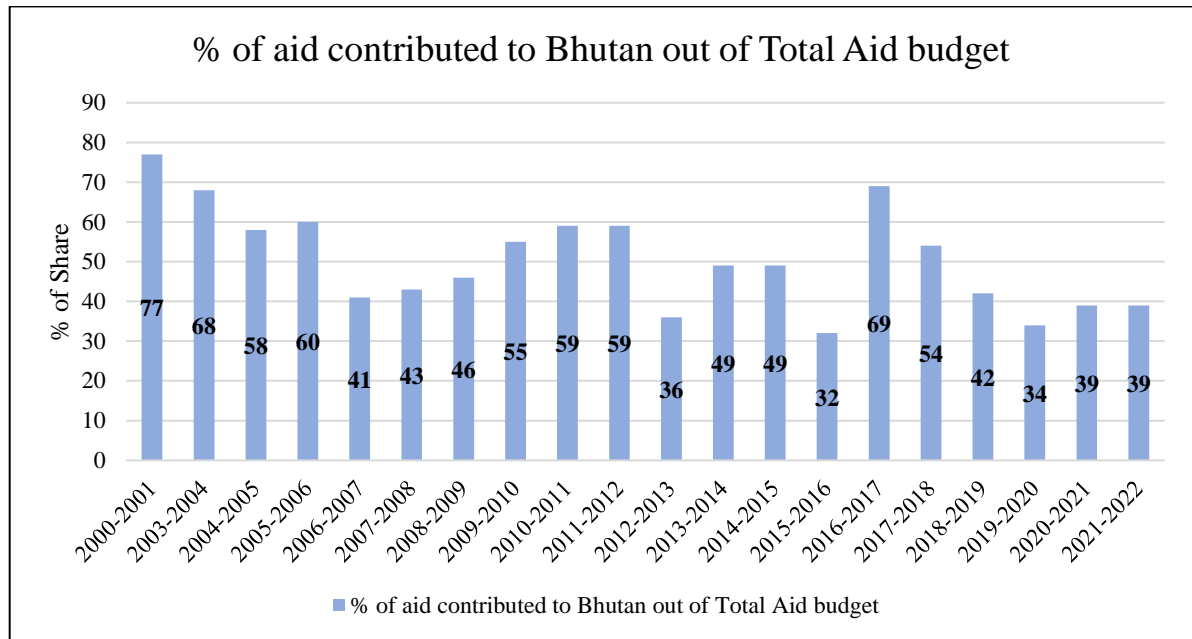
Note: The data for the years 2001-02 and 2002-03 are unavailable on the website.

Cooperation in Hydropower Projects

Bhutan is a country with limited resources. This is a crucial reason why it had to depend on assistance from other countries for its development. Agricultural land is a minute portion of the forest-covered Himalayan nation. Although Bhutan today has developed itself yet it has not given up the lush green environment it possesses in that pursuit. Bhutan today is the only country in the world that is carbon negative. While it does lack resources, it is another resource available in the country that has greatly helped Bhutan's economy as well as allowed it to maintain its extensive flora and fauna. Bhutan has a hydropower potential of 30,000 megawatts (MW), and only a minuscule portion of it (5%) has been utilized to date (Asian Development Bank, 2014).

Since India is the first and the biggest provider of development aid and assistance to Bhutan, the former has helped the latter to build several of its hydroelectric projects.

Fig 3.7: Bhutan has received the highest share of aid contributed to other countries by India, consistently over the years. This has fluctuated and declined in the last ten years, as Indian aid to other countries and agencies has multiplied. Yet, despite the decline in share, Bhutan continues to be the highest recipient of Indian aid.



Source: Above data is compiled from the Annual Reports of the Ministry of External Affairs of India website

Note: The data for the years 2001-02 and 2002-03 are unavailable on the website.

On Jaldhaka, a small river in south Bhutan, a 15 MW Hydroelectric Project, owned by the West Bengal State Electricity Board, was commissioned and has been working since the 1960s (Dhakal, 1990). Up till now, 4 hydropower projects have been fully completed and operationalized based on India-Bhutan cooperation. The Chukha Hydroelectric Project (336 MW) was the first project to be completed and commissioned in 1986-88. Thereafter, three more projects have been completed and operationalized after 2000, including the 60 MW Kurichu Hydroelectric Project (commissioned 2001-2002), the 1020 MW Tala Hydroelectric Project (commissioned 2006-2007), and, the 720 MW Mangdechhu Hydroelectric Project (commissioned 2019-2020). The Punatsangchu Phase I Hydroelectric Project is set to have the biggest capacity calculated at 1200 MW and is set to be completed by 2024-2025.

Fig 3.8: An example of Indian Assistance to Bhutan in boosting hydroelectric power

The Mangdechhu Hydroelectric Project (HEPP)

Location: The Mangdechhu Hydroelectric Project (HEPP) is a 720 MegaWatts (MW), hydropower project undertaken jointly by the Governments of India and Bhutan. The Project is in the Trongsa Dzongkhag district of central Bhutan. Since Bhutan has immense hydropower resources and at the same time has been able to utilize only a minute portion of it, both India and Bhutan have committed themselves to the exploitation and development of Bhutan's hydropower resources, to a much greater degree (10GW of hydropower by 2022). The HEPP is part of the same initiative.

Components: The completion of the Mangdechhu Hydroelectric Project has been estimated at a cost of US \$ 602.7 million, financed by India in 70% loan and 30% grant. It is a run-of-river hydroelectric project, with a 101.5 m concrete gravity dam, two intake tunnels, and one headrace tunnel. Four 180MW Pelton turbines have been provided to the Project by Bharat Heavy Electricals Limited (BHEL). Contracts for the construction, electrical supply, design & engineering, and so on have been handed out to a range of Indian and Bhutanese state-owned and private companies (<https://www.power-technology.com/projects/mangdechhu-hydroelectric-project-trongsa-dzongkhag/>).

History of Project: Cooperation in the development of hydropower resources has been a key area of collaboration between India and Bhutan, especially given the huge amount of hydropower resources present in the Himalayan country. This initiative was formalized in 2006 when India and Bhutan signed the Agreement on Cooperation in the Field of Hydroelectric Power (HEP). In the later years, protocols have been signed between them for further creation and implementation of projects for harnessing hydropower resources in Bhutan (<https://www.mfa.gov.bt/rbedelhi/bhutan-india-relations/bhutan-india-hydropower-relations/>). The cost of the hydropower project, financed by India, is estimated at Rs. 4500 crores. It is referred to as the India-Bhutan Friendship Project and is built on the Mangdechhu River in Bhutan. Both countries jointly established the Mangdechhu Hydroelectric Project Authority (MHPA), to oversee the implementation of the project. Work on the building of the project began in 2012 and was completed within a period 7 seven years. In August 2019, the Mangdechhu Hydroelectric Project was jointly inaugurated by Indian Prime Minister Narendra Modi and Bhutanese Prime Minister Lotay Tshering. This occasion coincided with five decades of India-Bhutan hydropower cooperation and Prime Minister Modi released stamps to celebrate it (<https://energy.economictimes.indiatimes.com/news/power/pm-modi-inaugurates-mangdechhu-hydroelectric-power-plant-in-bhutan/70723091>).

Current Progress: The Mangdechhu Hydroelectric Project is a landmark project for India-Bhutan relations and has received international recognition for its efficiency and sustainable design. The Project has been awarded the Brunei Medal in 2020. The Brunei Medal is awarded by the Institute of Civil Engineers (ICE), London, for engineering excellence in projects like these around the world. Apart from superior engineering, the Project will also help reduce 2.4 million tonnes of greenhouse gases annually. The Project has also helped in the creation of employment and hence helped socially (<https://zeenews.india.com/india/india-assisted-mangdechhu-hydroelectric-project-in-bhutan-gets-brunei-medal-2382040.html>). The Project has been handed over to the Druk Green Power Corporation (DGPC) in Bhutan in 2022.

How will it benefit both countries? The Project has generated employment and reduced harmful gas emissions in Bhutan. Significantly, Bhutan's hydropower capacity has almost doubled, by 44.8%, from 1,606 MW to 2,326 MW after the completion of this Project. The Project generates 3008 mega units of energy annually. It fulfills Bhutan's energy consumption requirements completely, leaving a huge surplus which is then exported to India (<https://www.nsenergybusiness.com/features/mangdechhu-hydroelectric-project-bhutan/>). India has received widespread praise for the successful completion of the Project and she herself has broadcasted the benefits of successful collaboration with a genuine partner, which can lead to overwhelming results. The Mangdechhu Hydropower Project has been a benchmark project, an engineering marvel, completed within a quick time frame and at a comparatively lower financial cost.

The Punatsangchu Phase II Hydroelectric Project with a capacity of 1020 MW is set to be completed sooner, by 2022-2023. While up to the Tala Hydroelectric Project, these were financed with Indian assistance on a basis of 60% grants and 40% loans, the more recent projects are given a lower amount of grants while the loans are comparatively increased (70% loans and 30% grants) (Central Electricity Authority, n.d.).

As Development Cooperation in India progressed in nature and structure, so did the newer forms of collaborative projects between India and Bhutan. An agreement for the first joint venture between India and Bhutan for the development of a hydroelectric project was signed in 2014. The 600 MW Kholongchhu project will be the first 50:50 joint venture between the JV partners Sutlej Jal Vidyut Nigam (SJVN), a public sector company in Himachal Pradesh, and the Bhutanese Druk Green Power Corporation (DGPC). The Kholongchhu Project, which is to be completed by 2026, will be the first run by the SJVN for 30 years, during which Bhutan will receive power from the project for free. After this period the ownership will be fully transferred to Bhutan (Haidar, 2020).

Bhutan produces hydroelectricity in a much greater amount than it needs and hence exports a major part of it. 70% of surplus electricity is exported by Bhutan to India, and the revenue generated from it accounts for a major portion of Bhutan's annual income. Other hydroelectric projects to be built under this form of Joint Venture (JV) arrangement, between India and Bhutan, include the Dagachhu Hydropower Corporation Limited, the Bunakha Hydropower project, and the Wangchu and Chamkarchu Hydroelectric Plants (Taneja, Bimal, Nadeem & Roy, 2019)

A Constructivist Analysis: Why Does Development Cooperation Work in India-Bhutan Relations?

A constructivist understanding of foreign policy decisions will focus on how the social construction of reality based on ideas about itself and the outside world, informs the national interest of a country. It is based on such realities that a country decides on policy formulations. It is the world of ideational factors rather than material aspects, based on which a country seeks to interact with another one. Perception becomes central to the constructivist analysis and understanding. The importance of ideational factors over material ones would explain differing bonds and rapports between countries belonging to the same geographical area, sharing religious, cultural, historical, social, and economic similarities. It is not the effectiveness of a policy, but the factors leading up to the need for

the creation of such a policy, that would aid in the understanding of its success or effectiveness.

If we look at India-Bhutan relations over the years, several factors over the years have been responsible for strengthening the positive relationship that both these countries share.

For Bhutan, the number one reason for its closeness with India is the threat it perceived from China. Bhutan, a buffer country between India and China, had historically faced incursions into its territory from both sides of the border. Sandwiched amongst the politics of major powers, Bhutan embarked on an isolationist policy, which, however, did not last long. After India achieved independence and rising Chinese expansionism, Bhutan was left in a dilemma. It had to come out of its self-imposed isolation to protect its sovereignty and territory from outside expansion (Chowdhury, 2005). India, which had already established friendly relations between itself and Bhutan, was seen as the obvious ally. India had also encouraged Bhutan's participation in world affairs when it invited the latter to the Asian Relations Conference in 1947. Chinese threat in Tibet became too real for Bhutan, and it joined hands with India thereby signing the Friendship Treaty of 1949. With China, Bhutan continues to have problems regarding border negotiations, just like the ones India faces on its northeast borders. To this day Bhutan and China do not share diplomatic relations. Bhutan claims that such diplomatic relations will be established once its boundaries are well established with China after proper negotiations. Their relations have thawed, albeit without any formal establishment of diplomatic recognition.

Secondly, Bhutan's geographical location has been a major impediment to its growth. A landlocked mountainous country, Bhutan depends on external help for its development. India, especially after the end of British colonialism, has been eager to help countries in the South Asian neighborhood for the overall development of the region. With Bhutan too, it shares a similar notion. Moreover, this has not only been just financial assistance, rather the aid has been directed at establishing the building blocks of the country. India's assistance and now development cooperation continues to be the highest in Bhutan, as compared to the other countries of the region of South Asia. This dependency is well established and India has encouraged Bhutan to open itself to receive aid and recognition from external powers. It has helped Bhutan build foreign contact, starting from the end of the 1960s. Bhutan began by establishing ties with the Colombo Plan to receive aid and assistance from it, followed by its entry into the International Postal Union (in 1969), the

United Nations (in 1971), becoming a member of the Economic and Social Council for Asia and Pacific (in 1972), and a member of the Non-Aligned Movement in 1973 (Chowdhury, 2005).

India signed a Free Trade Agreement (FTA) with Bhutan in 2016, adding to the Trade and Commerce Agreement it signed with the same in 1972. Bhutan enjoys a total of 28 entry-exit points through India to conduct trade with the latter as well as other countries. The Peace and Friendship Treaty of 1949, between India and Bhutan, was also revised in 2007. This was an important piece of diplomacy because it further strengthened Indo-Bhutanese trust and solidarity. Since the Treaty of Punakha in 1910, between Bhutan and British India, Bhutan's conduct of external relations was supervised by India. This was reiterated in the Treaty of Peace and Friendship, 1949, between the two countries. Article 2 of the 1949 Treaty states:

“The Government of India undertakes to exercise no interference in the internal administration of Bhutan. On its part, the Government of Bhutan agrees to be guided by the advice of the Government of India regarding its external relations.”(Ministry of External Affairs, Government of India, n.d.)

Taken as a measure to maintain India's security to its north, this article never became a point of conflict between the two countries. In 2007, the Treaty was revised and Article 2 was completely altered and India-Bhutan relations along the lines of cooperation were affirmed. Article 2 of the now-revised Treaty reads as:

“... the Government of the Kingdom of Bhutan and the Government of the Republic of India shall cooperate closely with each other ... Neither Government shall allow the use of its territory for activities harmful to the national security and interest of the other.”

This revision demonstrated a greater degree of understanding and faith in Bhutan India and has only worked to further strengthen their bond.

For India, the need to become a developmental leader for other developing and underdeveloped countries in Asia and Africa, but particularly to consolidate itself in South Asia, has been a strong motivation to establish ties of aid and assistance with these countries. This aligns with its ambitions of becoming a great power.

More importantly, Bhutan and Nepal act as natural security barriers to India's northern borders. This was acknowledged even by the British, who sought to consolidate ties with these two countries and garner influence there. Independent India reaffirmed this need and re-established ties with both Nepal and Bhutan. However, the borders between India and Bhutan have run into other problems, as these areas have become manifested with terrorism, militant, and even trafficking activities. Militants from North East India often operate from these borders and India has sought Bhutanese assistance in flushing them out and preventing them from carrying on anti-India activities in Bhutan. Militant groups like the United Liberation Front of Assam (ULFA), the National Democratic Front of Bodoland (NDFB), and the Kamtapuri Liberation Organisation operate from south Bhutan. In a mission known as 'Operation All Clear', the Bhutanese army, with the help of the Indian army flushed out militants hiding in Bhutan in 2003. India is also responsible for the security of Bhutan and, a team known as the Indian Military Training Team (IMTRAT), offers training to Bhutanese security forces (Sarkar, 2012).

The two countries have a dependency on each other and essentially positive relations, through the decades have allowed them to further strengthen this bond. Development Cooperation as a policy has helped seal this positive relationship. Bhutan does enjoy external relations and financial aid and assistance from other multilateral sources. Even with China, Bhutan has started developing rapport although there is no diplomatic recognition between them yet. However, India continues to be Bhutan's biggest trading as well as a development partner.

Conclusion

India and Nepal share a rich cultural, religious, economic, and, political history. Despite the shared background the relationship between the two countries is not without its complications. Further, these impediments have amplified in the closing decades of the last century and the present century as well. An unequal and dominating attitude on the part of India, as viewed by Nepal, has been a major point of hindrance in the improvement of relations between the two countries. India and Bhutan on the other hand, share a positive rapport, and their interactions through the years have not witnessed any major conflict or disaffection.

Despite complications, India's development assistance to Nepal has continued over the decades, interrupted at times, temporarily, by a few snags and glitches. In the arena of international politics, such disruptions are common and even expected. This is not only due to the volatile nature of politics itself. Countries are social actors interacting with each other through the medium of foreign policies. Other actors, crucial to international politics, have proliferated however, they are not the focus here. Actors interact with each other based on their own identities and the ideas that they constructed of other fellow countries. Their behavior and attitudes further build new identities or consolidate existing ideas. It is this that gives meaning to the structure of international politics. India's interactions with Nepal are borne out of its perception of the South Asian region, as well as its security interests. Nepal's behavior towards India is derived from its geopolitical position in South Asia. It is in the clashes of these interests that India-Nepal relation has deteriorated. However, such relations are not at an all-time low. Despite accusations and political or economic disagreements, India has developed an extensive program of development partnership with Nepal. Nepal has positively responded to this approach and has appreciated India for its development assistance. Chinese development partnership also exists in Nepal; and it has been working quickly as India builds infrastructural projects in the southern part of Nepal, while China does the same in the northern part. In Bhutan, the impediments to the efficient execution of developmental projects consist of mostly border security issues, regarding militant groups who have made it a haven for their illegal activities. Chinese concern in Bhutan is relatively low as compared to that in Nepal, although their presence is being gradually and increasingly established. In such a scenario, it seems that India should continue its program of Development Cooperation with both these countries steadfastly and more efficiently. Since this policy, in its varied forms, has stood the test of time and allowed India to gain goodwill in these countries, it will only aid India further to consolidate its influence here.

Although development partnership is a soft power approach, it holds the potential of mending relations and changing perceptions. In fact, over the years of misunderstandings and conflicts between India and Nepal, it has been the former's grants and development assistance to the latter that has kept their relations alive. Hence development assistance in South Asia, as a foreign policy tool, has been successful for India in the past and its revamped framework in the form of the Development Partnership Administration (DPA) will continue to play an important role.

Chapter 4

India's Development Partnership with South Asian Neighbors: Afghanistan, Bangladesh & Pakistan

Introduction

Development cooperation/partnership, as a tool of foreign policy, is viewed as a soft power approach. Development cooperation/partnership has the potential to consolidate a country's presence in the partner country/countries. As a foreign policy, it has evolved through the decades, expanding and at the same time streamlining. India started, immediately post its independence, giving foreign aid and financial assistance to its neighbors in South Asia.

Pandit Jawaharlal Nehru, India's first Prime Minister, had envisioned India's special role in South Asia and the world in general. India's responsibility as a regional power was decided by its leader early on. However, the South Asian neighborhood has not been a fertile ground where India could fulfill its destiny. Seeds of animosity, hatred, underdevelopment, rivalries, suspicions, and doubt were sown over the years. The wariness of a geographically bigger country transformed into anti-India feelings which were further entrenched by certain Indian actions. For India to realize its role as a regional power, it requires a proactive approach towards its neighbors, to demonstrate that while India wants to expand and grow it also desires the overall development of the South Asian subcontinent. Development cooperation/partnership fits in perfectly as a strategy to help India achieve those objectives. Although development cooperation alone will not help India to gain the trust of its neighbors, it nevertheless is a crucial piece of diplomacy. In the present Chapter, India's relations with three of its neighbors, and the extent of development cooperation/partnership are analyzed. India's rapport with Afghanistan, Bangladesh, and Pakistan, all demonstrate varying patterns and challenges. It is interesting to witness how their political relationship and their view regarding each other have shaped their diplomatic relations.

It is attempted here to see how India's development cooperation/partnership with the aforementioned countries has helped it gain trust and goodwill with them. The Chapter also includes a constructivist explanation of their relations and the role of development cooperation in it.

India-Afghanistan Relations: Rebuilding a Nation

Afghanistan, in modern times, for the most part, has been a fighting ground for bigger regional and extra-regional powers. Situated at a highly strategic location, Afghanistan's

domestic politics has been heavily influenced by great-power rivalries as well. At the same time, a strong tribal presence in the society has demonstrated an aversion to modernity and its associated institutions. Becoming involved in the proxy wars during the Cold War sealed its fate and the country became a breeding ground for insurgencies and terrorism and its government swung between democratic rule and the Taliban regime. After the fall of the Taliban regime in the mid-1990s, several external and regional powers have converged to help rebuild Afghanistan and make it more secure. India, Afghanistan's immediate neighbor, has shown a propensity to help reconstruct it. This has led to growing friendship and closeness between these two countries, as India sought to play a leading development role in the war-ravaged nation.

The present chapter seeks to trace a historical timeline of relations between India and Afghanistan and the former's strategies toward the latter, especially in the backdrop of South Asian politics. India has also extended immense developmental assistance to Afghanistan since its independence. This was lesser in degree in the early days and came to a complete standstill when the Taliban took over the Afghan government in the mid-1990s. After 2001, life was breathed into India's development assistance program in Afghanistan. Not only so, Afghanistan soon became one of the major receivers of Indian developmental assistance. Therefore, India has garnered goodwill and favor from not only the Afghan government but its people as well. It is attempted here to outline these events and find out the strategies and interests behind them. A constructivist understanding of these circumstances helps in appreciating the role of ideas behind strategies in general and Indian developmental policies in Afghanistan in particular.

The first part of the chapter deals with India-Afghanistan relations through a study of treaties between them, tracing them to current times. The chapter then moves on to the study of the impact of India's development assistance on Afghanistan. Subsequently, the present chapter also deals with India-Pakistan and India- Bangladesh relations.

Early Treaties between Afghanistan and India

Not unlike India, Afghanistan has had its fair share of invasions during the ancient and medieval periods of history. The land has been occupied by Aryans, Mongols, and Arabs among other powers. Islam, as a religion, had been introduced in Afghanistan by the Arabs.

Ever since the British colonization of India, the land of Afghanistan has been a crucial component in keeping away other imperial interests from spreading and consolidating themselves in South Asia. The Great Game, a political and militaristic confrontation between the British and the Russians over Afghanistan, is quite an appropriate nomenclature given to the phenomenon. It played out like a game of chess where an altercation occurred between two great powers over gaining influence in a region, in which the control of a much smaller country was a decisive way of winning.

The British presence in India started in the form of the East India Company seeking to capture Indian markets and expand and consolidate its trade in the region. It was the same interests that stimulated the British to safeguard and maintain their presence in Afghanistan. This would also enable them to reach the Central Asian markets. They wanted a permanent British mission and military presence in Afghanistan to ensure this. The advancing Russians seeking to spread themselves in Central and South Asia became another factor for the British cause. Differing opinions and rivalries among rulers ultimately led to the three Anglo-Afghan wars fought between British India and Afghanistan over the 19th and early 20th centuries.

The 1st Anglo-Afghan War was fought between 1838 and 1842. At the very heart of this war was a geopolitical question that whether the ruler of the seas (the British) or the ruler of lands (the Russians) emerge victorious. As Russia targeted certain areas in Afghanistan and befriended its ruler, Dost Mohammed, the British sought the help of the king of the Sikhs, Ranjit Singh, to reach an understanding with the Afghan ruler. However, unable to convince Dost Mohammad to stop his association with the Russians, the British finally declared war on Afghanistan. It was in 1838, that the British in the Simla Manifesto declared war on Afghanistan for non-compliance to their interests. An army was sent to Afghanistan, known as the Army of Indus, as the occupying force and they were successful in restoring Shah Shuja to the Afghan throne. However, due to several reasons, in 1841, an uprising revolted against the invading army and for a large part crushed them. In 1842, the British in return sent an Army of Retribution to take revenge for the massacre and were successful. This brought an end to the 1st Anglo-Afghan war, the culmination of which ultimately became rather meaningless. This is because the British army after avenging the Army of the Indus and thus settling scores did not install any pro-British government there.

The Second Anglo-Afghan War (1878-1880), on the other hand, resulted in some successes for British interests. During this time, there was a tussle between British interests in installing a military and advisory presence in Afghanistan and Afghan sentiments of preserving their independence while at the same time gaining security from the British. This ultimately led to clashes between the two when the Afghan ruler at the time, Sher Ali, received a Russian envoy but denied the same to the British mission that was sent to the kingdom. This confirmed British fears of Russian intervention in Afghanistan and sparked off the Anglo-Afghan war in late 1878, concluding in the defeat of Afghanistan. The Treaty of Gandamak was signed between British India and Afghanistan in 1879, officially bringing an end to the war. By this Treaty, Afghanistan ceded certain areas to British India, as well as accepted the permanent stationing of a British envoy in the country (Norris & Adamec, n.d.). The British essentially took control of Afghan foreign relations then and it led to a growing resentment against the foreign presence in the country. Certain regions in Afghanistan, including Swat, Khyber Pass, and, Kurram were ceded to the British as part of this Treaty (Toriya, 2017). Unrest erupted again and led to further clashes with the British and this continued till 1881. However, the British presence in Afghanistan remained.

The Third Anglo-Afghan War (1919), was a month-long war between May and June of that year. Bitterness towards British control of and presence in Afghanistan was felt not only amongst the people but also by the rulers. In the wake of the end of the first world war, Afghanistan believed that the time was right to gain back its independence from the British and do away with the latter's presence in the country. British unwillingness to leave led to war and this time Afghanistan won and declared itself independent both domestically and in terms of the conduct of foreign relations. The Treaty of Rawalpindi (1919) was one of the three treaties concluded with British India to secure Afghanistan's independence. The British would no longer maintain a military presence in Afghanistan and at the same time, Afghanistan would have to give up any subsidy it got from British India in turn for its submission. Afghanistan also gave up the right to import weapons from India as well as the areas earlier ceded to the British were returned to the Afghans. Another treaty signed between them was the Anglo-Afghan Treaty of 1921, through which, the British formally recognized Afghanistan's independence and made other diplomatic arrangements (Norris & Adamec, n.d.).

The Treaty of 1921 continued to be in effect and define relations between the two countries, till 1947, after which fresh treaties with all South Asian neighbors were signed to establish diplomatic links with independent India. The Treaty of Friendship between independent India and the royal government of Afghanistan was concluded in January 1950. The Treaty recognized the establishment of peace and cooperative relations between the countries as well as the peaceful diplomatic solution of disputes by the governments if the need arose (Ministry of External Affairs: Government of India, n.d.).

India and Afghanistan were and have been to the greatest extent, without any massive bilateral dispute. In other words, the kind of diplomatic and territorial issues that India faces with Nepal, since the beginning of the establishment of their diplomatic relations, has been absent here. That does not necessarily mean that Afghanistan, as a war-torn, unstable country, is not a cause of concern for India. However, the two countries do not nurse any rivalries. The British did bring cause for dispute with Afghanistan during the period of colonial rule, as it did with other South Asian and Asian neighbors. The Durand line, drawn by the British to separate British India and Afghanistan, is now a point of contention between Afghanistan and Pakistan. For India however, security concerns feature in its need to see Afghanistan develop, politically and economically, in the neighborhood.

India-Afghanistan Relations during the Cold War and Beyond

To understand India's relationship with Afghanistan through the years, it is imperative to comprehend the complex political landscape that existed and continues to do so today, in Afghanistan.

Afghanistan's domestic political setting has been essentially monarchical. King Amanullah who had wrested Afghanistan's independence from the British in 1919, was subsequently replaced by Nadir Shah in 1929. His son, Zahir Shah took over the reins of power after his father was assassinated in 1933. Zahir Shah, then still young, was heavily influenced by his relatives, particularly Daoud Khan, in ruling the country. During the 1960s, Zahir Shah sought to come out of the shadow of Daoud Khan and introduced a new form of government in Afghanistan. He established a government ruled by a democratic constitution, although power was still traced back to him as the President of the government. In 1973, Daoud Khan ousted Zahir Shah in a coup and assumed the position of President himself (Barfield, 2018). Through all these political fluctuations, what

remained consistent was that the main control of power continued to remain in the hands of hereditary royal families. This continued side by side with several other rural elites that existed in Afghanistan. As has been referred to earlier in the Chapter, Afghanistan consists of several heterogeneous tribal communities, with their leadership, and the monarchies could not capture all their attention.

During the 1960s, another section of society started gaining influence. The educated class was quickly advancing on the social and political scene, even though they accounted for a relatively smaller portion of the population. Influenced by the Soviet Union and its ideology, they sought to establish a brand of socialism in Afghanistan itself, culminating in the People's Democratic Party of Afghanistan (PDPA). The PDPA overthrew and assassinated Daoud Khan in a coup in 1978 and had hoped to establish Afghanistan as a socialist republic in its place. However, the people of Afghanistan, who had for so long remained mostly disinterested in the political process, were now completely against a government that essentially rejected religion. They formed a rebellion against the PDPA, and within a short period developed an insurgency against it. In 1979, the Soviet Union itself invaded Afghanistan to save the Government (led by PDPA), against the rebellion and reinstated the socialist republic (Barfield, 2018). What happened after the Soviet invasion is a matter of well-recorded history.

Post-independence, one of the biggest foreign policy initiatives of India was the policy of the non-aligned movement (NAM). India sought to achieve twin objectives through the implementation of non-alignment, not only domestically but in the international sphere as well. On the domestic front, non-alignment helped India maintain an independent foreign policy. On the international front, India was seen as a leader of the newly independent developing world, as head of NAM. Afghanistan too was and continues to be a member-state of NAM. Hence, both countries were on the same as far as political ideologies go. However, as witnessed before, although Afghanistan started as non-aligned, it soon got heavily enmeshed directly in great power politics.

A Range of Actors

Not only did Afghanistan become one of the main centers of Cold War rivalry, but the involvement of Pakistan in Afghanistan's political turmoil also brought greater security concerns for India. India's policy in Afghanistan, during this time, was incoherent, and largely reactive (Pant, 2012). India being non-aligned and closer to the Soviet Union at the

same time, during the Cold War, did not have the option to condemn the Soviet Union's invasion of Afghanistan. During the voting process against the invasion, at United Nations, India abstained from the process altogether. This was understood as amounting to India's support of the Soviet Union. With India going into the Soviet camp, the United States was quick to recruit Pakistan on its own. Pakistan was the passageway of the supply of arms from the US to the Mujahideen of Afghanistan. Pakistan, glad to be on the receiving side of US arms, sought to also use these weapons in its offensive against India (Chauhan, 1988).

Pakistan's involvement in the Afghan political crisis had two repercussions. On the one hand, the Mujahideen, the main rebel group against the Soviets in Afghanistan, were now being trained and armed by Pakistan. Winning the favor of the Mujahideen would enable Pakistan to bring them over to its side, essentially gaining an upper hand over India in the region. On the other hand, by being involved in keeping the political crisis alive and burning, Pakistan would also continue to enjoy the support and patronage of the United States, which again will give Pakistan an edge over India in South Asia (Chauhan, 1988). With the United States already hostile to India, and Pakistan gaining not only a superpower ally but also the possible support of Afghanistan as well, India's security aspect in South Asia looked quite bleak.

The Soviet Union wanted to establish its brand of socialism in Afghanistan and the resulting socio-economic progress would become an ideal situation for India as well. A developed and socialist democratic Afghanistan would be an asset for India in South Asia and not a security concern. However, the United States' strategy of complete support to Pakistan to weaponize the Mujahideen in Afghanistan succeeded. As the Durand line became a point of contention between Afghanistan and Pakistan early on, the latter responded by organizing and supporting the Islamist rebels in Afghanistan. Pakistan utilized this opportunity to completely destabilize Afghanistan so that it can then bring the defeated country to its side. To prevent a possible going back of power to the monarchies in Afghanistan after the Soviet Union left, Pakistan worked to cast aside the elite and royalists and their propaganda (Barfield, 2018). By setting aside the elite classes, space was made for the Mujahideen insurgency in Afghanistan which received aid, support, and patronage from the United States, via Pakistan as well as weapons and funding from Saudi Arabia as well.

Post-1996 the Taliban government coming to power in Afghanistan created a new political dimension in South Asia as a whole and Afghanistan in particular. India was steadfast in its commitment to not showing any kind of support to the Taliban-led government and hence, the Indian presence in Afghanistan was the least during the Taliban years. What continued to happen was India's reliance on external powers to support its policies on Afghanistan. Russia and Iran were hostile to a Taliban government in Afghanistan for reasons of their domestic interests at the time. Indian bonhomie with Russia and Iran regarding Afghanistan during this period is hence understandable (Paliwal, 2017). Together, India, Russia, and Iran supported the Northern Alliance (NA), consisting of Pashtun Islamic groups, as the main rival force to the Taliban. It was the Northern Alliance that played a major role alongside US forces while toppling the Taliban government a few years down the line. India's policy in Afghanistan however, continued to rely on support from major external powers.

Thus, for India, this was a period when it was completely blindsided, even more so with Soviet Union's failure to hold on to Afghanistan. Indian presence in Afghanistan at this time was, for the most part, reactionary in nature, rather than being any concrete policy-oriented decision. Additionally, the Indian presence in Afghanistan during this time could be of any consequence only when it was backed by an external major power. The emerging United States-Pakistan-China axis only served to push India's anxiety and its close relationship with the Soviet Union. This situation demonstrated India's immense security concerns in South Asia. The years of Taliban rule in Afghanistan were also the period when India-Afghanistan relations were at their lowest. It would be only when the Taliban were toppled from power in Afghanistan that India once again would make its presence felt in the war-torn country, in a major way.

A Post-Taliban World

As part of the Cold War working equation, the United States had offered its support to the Taliban regime, only as a counter to the presence of the Soviet Union in Afghanistan. Growing wary of the friendship between Al-Qaeda and the Taliban groupings, the US pushed the United Nations to take necessary action against them (Council on Foreign Relations, n.d.). The first domino had been pushed and this ultimately culminated with the September, 11 attacks on the Twin Towers. Thus, in the aftermath of 9/11, the US viewed the Taliban as necessary to be eliminated from the Afghan government. This initiative

happened to be in tune with Indian interests. India was resolute on its stand of not interacting with the Taliban government, which it considered to be illegitimate. India could now once again renew its efforts in the country; it could now forge and implement new policies with Afghanistan.

Indian interests with Russia and Iran regarding Afghanistan, which had earlier aligned, were no longer the same in the post-2001 period (Paliwal, 2017). The United States was a major player in Afghanistan until recently. United States' close relationship with Pakistan during the years of the Soviet invasion of Afghanistan, had allowed Pakistan to utilize Taliban forces in its war against India. This was merely a display of how terrorist outfits lack ideology and can be manipulated and used to wage personal wars. This was also a reason why India could not play an active role in Afghanistan.

India-Afghanistan Relations in the 21st Century

Although a lot has been written and debated on India-Afghanistan relations and Afghanistan in general, there are a few points that will be relevant in understanding the scope of the present chapter, that is India-Afghanistan relations in the backdrop of development cooperation. Firstly, why did India play mostly a developmental role in Afghanistan? Secondly, the nature of India's awkward relationship with the Taliban.

Even before the Taliban takeover of the Kabul government in 1996, Indian involvement had been through the means of development-oriented assistance in Afghanistan. In the then-present scenario, with several external actors playing an important role in Afghanistan, India believed that assistance will be its best policy in Afghanistan. India has maintained a no-negotiation policy with the Taliban forces, although this position has seen some amendments in recent times. In 1996, when Taliban pressure was let loose in Afghanistan, India closed down its embassy in Kabul for the security of its personnel there. It was a demonstration that India did not recognize the Taliban government. In December 2001, the embassy was reopened indicating that the Indian government could now function under the legitimate Hamid Karzai government (Mahapatra, 2008). After 2001 India renewed its efforts and took on a more proactive stance in the war-torn country. However, there were several reasons why India did not and could not engage militarily in Afghanistan and mostly concentrated on developmental efforts there during this time. These will be discussed as follows:

- Uncertainty in policy to send in or not to engage Indian defense forces in Afghanistan – There has been much debate, both in domestic and international circles, about the requirement of Indian military presence in Afghanistan. On the one hand, an Indian military presence was thought to be representative of its growing power as well as to secure Indian citizens and missions in Afghanistan. While on the other hand, the policy-makers found it more prudent to not be involved militarily. While on the other hand, the policy-makers found it more prudent to not be involved militarily in Afghanistan. India did have an indirect military presence in the form of para-military ITBP troops to guard the Indian embassy in Kabul. After the Strategic Partnership Agreement (SPA) with Afghanistan in 2011, the Indian military started training the Afghan security forces. A full-fledged, direct military presence in Afghanistan was not desirable to the Indian policymakers, as they believed it would be detrimental to the goodwill that India enjoyed there for its developmental efforts. Also, if Indian troops had joined the United States-led coalition then it would create the probability of possible backlash by Taliban terrorist forces in India (Routray, 2013). Hence Indian policy in Afghanistan concentrated on incremental and indirect military presence there.
- India’s focus on developmental efforts and assistance in Afghanistan – India has always sought to deal with problems between itself and any other country in South Asia bilaterally. India believes South Asia to be its sphere of influence and is highly anxious about external intervention in the region. However, in Afghanistan, India has always and continues to rely on support from external powers to rebuild the war-torn country or to keep terrorist forces there at bay. Post-2001, India started pro-active involvement in Afghanistan in the form of infrastructure projects, small development projects, capacity development, and, humanitarian assistance (Routray, 2013) Before this India employed developmental projects and assistance to other countries in South Asia, as seen in previous chapters. This kind of intervention in South Asian countries has seen positive results for the Indian image in these countries. This is not to say that India does not clash with other countries in South Asia, but that a positive side of relations between India and other South Asian countries is the goodwill and positive image it has received owing to its developmental efforts in these countries.

- Afghanistan's need for a developmental partner – Afghanistan, for reasons quite well known and understood is in dire need of external assistance for its development. It falls between the region of both South Asia as well as Central Asia. Afghanistan wants to renew its old trade route with Central Asia, i.e. the Silk Route which will be a very big step towards development (Jha, 2015). The establishment of links with Central Asia is a point of common concern for both India and Afghanistan. Moreover, the nature of Indian developmental assistance is such that it reaches down to the community level and hence is well appreciated. Therefore, this policy has worked out better than that of direct military intervention in Afghanistan.
- India's responsibility as a regional power – India is placed in a hostile neighborhood that it believes to be its backyard. India has immense security concerns in the region and direct military intervention in South Asian countries had raised those concerns higher. A developed Afghanistan would be an ally which could also reduce India's security concerns concerning Pakistan. It is well known how Pakistan used and continues to use a faction of the Taliban to further its violent interests in India. A developing Afghanistan, recovering through Indian assistance, among others, can reduce these fears for India. Moreover, as a regional power, it is India's responsibility to contribute to Afghanistan's development. In 2011, India entered into a bilateral Strategic Partnership Agreement (SPA) with Afghanistan. The SPA was not just forged to establish a link between South Asia and Central Asia with Afghanistan and India at its center but to also engage Afghanistan in several other areas (Ashraf, 2011).

India always believed in an Afghan-owned and Afghan-led and Afghan-controlled peace process. It was because of this that India did not interact with or did not give recognition to the Taliban government after it came to power in 1996. India did not believe in the legitimacy of that government. However, India was not strong enough a power to militarily intervene in Afghanistan at the time, or even today. When India sent peace-keeping forces to Sri Lanka, it still had the support of a legitimate government in power at the time. India did receive backlash for its intervention, but it did not take a similar approach to Afghanistan. India's antagonism towards the Taliban stemmed from its anxiety about Pakistan's connections with the latter. US' "Af-Pak policy," designed in 2009 to bring peace to Afghanistan, gave great significance to Pakistan in the process. Pakistan was

believed to be crucial in the peace-settlement process of Afghanistan. India saw this as a warning bell of the possibility of external interference over its bilateral problems in South Asia, as well as, did not accept Pakistan's involvement in the process given its intimacy with terrorist forces and tendency to use them against India (Jha, 2015). Alternatively, India set up a bilateral arrangement with Afghanistan in 2011, the Strategic Partnership Agreement.

India's awkwardness with the Taliban has been criticized in various forums, and India's policy toward Afghanistan is not concrete enough. That it is incoherent. Yet, considering these various factors, India's developmental efforts in Afghanistan have possibly been the best strategy it could follow. Today, when the Taliban is again in power, the same strategy might not be completely viable. Today, equations have changed and South Asian politics has changed as well from what it was 20 years back. But the present situation will not be expounded upon here as it is outside the scope of this chapter.

Indian Development Assistance in Afghanistan

India and Afghanistan have enjoyed cordial relations post-1947. India has provided financial and especially technical assistance to Afghanistan in the past. During the 1950s, 60s, and 70s, India trained Afghan nationals in various sectors. Indian trade with Afghanistan was well established. According to the Annual Report, 1955 of the Ministry of External Affairs (MEA) India, India had set up 6 training facilities in various sectors.

However, the period from the Soviet invasion of Afghanistan till the end of Taliban rule has witnessed the least interaction between these two countries. Post-2001 witnessed an explosion of Indian developmental assistance in Afghanistan as various powers converged to rebuild the war-ravaged country. In 2001, India pledged an amount of Rs. \$750 million for Afghanistan's reconstruction (Pant, 2012).

According to the MEA (India) report of 2012 (Ministry of External Affairs, 2012), the Indian Development Partnership in Afghanistan can be broadly divided into 4 areas. These are infrastructure projects, humanitarian assistance, small and community-based development projects, and, education and capacity development. Various transmission lines, highways, and roadways have been built as part of the infrastructural development in Afghanistan. Certain important institutional buildings in Afghanistan have also been part of this initiative. The Afghan Parliament was completed in the year in 2015 and was

inaugurated on December 25 of the year by Indian Prime Minister Narendra Modi and Afghan President Ashraf Ghani. The project was initiated in 2007 and was finally finished eight years later, costing over US\$ 90 million (Modi inaugurates the Afghan parliament building, 2015). The building and inauguration of the Afghan parliament is a demonstration of India's faith in the Afghan ability to carry on a democratic political process in the country (Subramaniam, 2021). The following year, India inaugurated another major project in Afghanistan, ie, the Friendship Dam or the Salma Dam at a cost of approximately US \$ 17.7 billion (Revised Cost Estimates of Salma Dam Project in Afghanistan, 2015). India's most expensive investment in Afghanistan, the Salma Dam was completed in 2016. It has a capacity of 42 megawatts (MW) and is a multipurpose dam. It is utilized for generating electricity as well as irrigation of land (Ministry of External Affairs India Annual Report, 2019). Apart from this the other significant infrastructural project by India in Afghanistan is that of Route 606 or the Zaranj-Delaram Highway. The Highway was built by Indian Border Roads Organisation and handed over to Afghanistan in 2009. This nearly 220 km long highway was estimated at US\$ 150 million. This route was also to connect India and Iran's port of Chabahar, bypassing the need to use Pakistan's Gwadar port. The building of this highway is not only a step toward Afghanistan's infrastructural development but will also enhance India's access to Central Asia as well as avoid skirmishes with Pakistan. In Afghanistan, the Zaranj-Delaram Highway, or Route 606 connects the Afghan cities of Kabul, Kandahar, Mazar-e-Sharif, Herat, and Kunduz. (Chabahar Port will boost India's connectivity with Afghanistan, Central Asia, 2016). The Zaranj-Delaram Highway is of significance also because the highway is also a medium of India's commitment to food security in Afghanistan. In 2017, Chabahar Port became operational for the first time and India transported wheat to Afghanistan as a gesture of what was to come (Ministry of External Affairs, 2019). Moreover, the Highway will also enhance trade ties among the three countries (India, Afghanistan, and Iran) and for such purposes is a significant development. After the Taliban took over Afghanistan once again in 2021, it has taken control of the Salma Dam (Afghan Parliament, Salma Dam, Zaranj Delaram Highway- India's many contributions to region in last 20 years, 2021). India has also engaged in infrastructural development in Afghanistan for electricity consumption in the form of building transmission lines. One such significant example is the 220 KV (kilowatts) Transmission Line from Pul-e-Khumri across to Kabul for the electricity consumption of the residents in Kabul. This project was completed in 2009 (Ministry of External Affairs India Annual Report, 2009-2010).

Humanitarian assistance involves sending food (in the form of grains, etc) as well as medical supplies to Afghanistan. Community-based development projects are a way of connecting to local needs and in turn, receiving a positive response from them. India also supplies vitamin biscuits to be fed to school-going children in Afghanistan (Mullen, 2017). Community-based projects have enabled India to win favor from countries, especially as such countries where India has extended this assistance has needed development at the grassroots level.

Fig. 4.1: An Example of Indian Assistance to Afghanistan's Infrastructure

The Salma Dam or the Afghan-India Friendship Dam (AIFD)

Location: The Afghan-India Friendship Dam, formerly known as the Salma Dam is located on the Hari River, in the Chisti Sharif District of the Herat Province in Afghanistan. It is situated in the western sector of the country.

Components: The approximate volume of the dam is 63 million cubic meters. The Dam is 104.3 meters in height, 540 meters in length, and the width of the Dam is 450 meters. The water reservoir runs for about 20 kilometers and is 3.7 kilometers in width (<https://www.financialexpress.com/economy/salma-dam-inaugurated-by-pm-modi-one-of-indias-most-expensive-infrastructure-projects-in-afghanistan/273789/>). Encardio Rite, an India based Geotechnical and Structural Monitoring Company has conducted monitoring and data literacy provision services to the project. Apart from this, WAPCOS (Water and Power Consultancy Services) Limited, an Indian public sector undertaking under the Ministry of Water Resources, GoI, was the main body in charge of the completion of the project.

History of the Project: The Salma Dam is not an entirely new creation in Afghanistan. It was first built in 1976 in the war-torn country by the Afghan government, which in turn handed over the contract to the India-based WAPCOS Limited. However, it was damaged due to the invasion of 1979 and ongoing conflicts of the civil war. In 1988, India sought to initiate reconstruction work in the Dam, but could not progress due to the existing violent conditions. Finally, in 2006, India once again committed to sponsor and construct the Salma Dam, which will produce 42 MW of power and have the capacity to irrigate 75,000 hectares of land. Originally, the project was estimated to cost US\$ 300 million. It finally cost about US\$ 275 million at the completion of the Project (<https://indianexpress.com/article/what-is/what-is-salma-dam-taliban-attack-afghanistan4721346/>). Working on the Project was not a smooth process. Due to security factors, Indian workers would go to the site only once a month via helicopter services offered by the Government of Afghanistan. Materials required for construction were imported through and from the neighboring countries. The project was completed after a span of ten years. In 2016, the project was inaugurated by Prime Minister Narendra Modi and President Ashraf Ghani (<https://economictimes.indiatimes.com/news/politics-and-nation/pm-to-inaugurate-salma-dam-in-afghanistan-tomorrow/52575186.cms?from=mdr>).

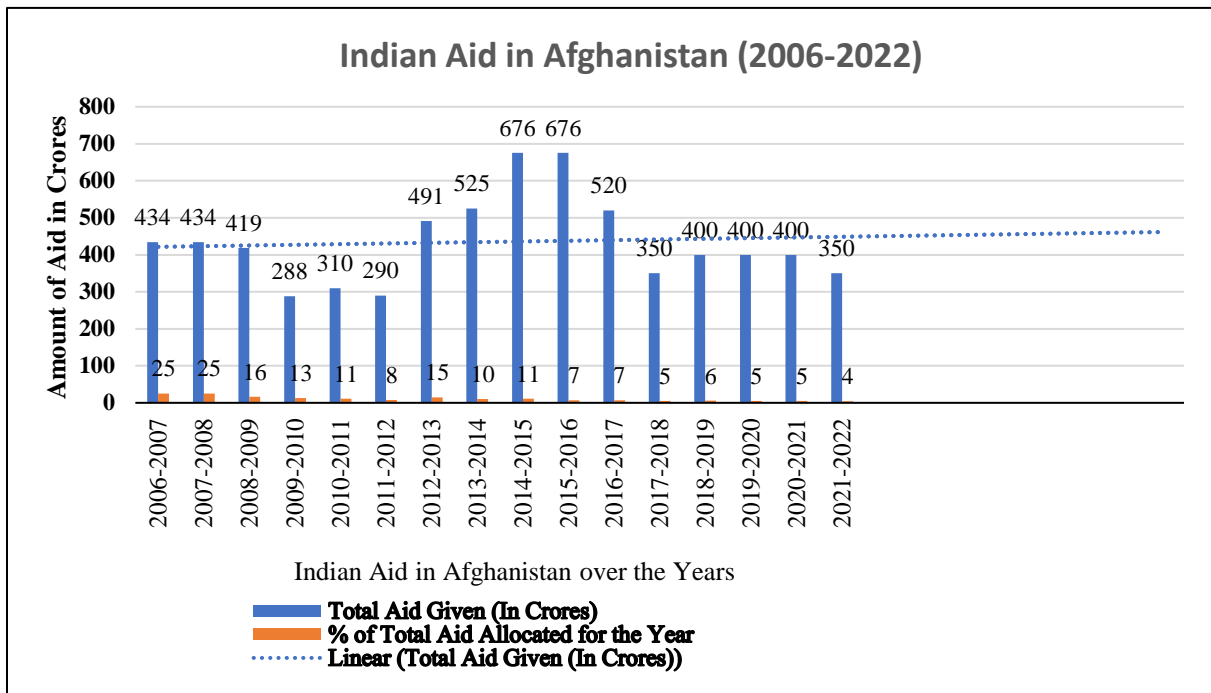
Current Progress: After the Taliban takeover of the government in Afghanistan, its resources and constructions were also passed on to them. The period of the incoming Taliban forces and the withdrawal of US forces from the country, was the most charged and it seemed that constructions built with foreign help might be the receiving end of hostility. But the Taliban forces have stated that they were only in conflict with the Afghan national forces and would not damage existing dams, buildings, etc. After the takeover, the Taliban have also urged foreign powers, including India, to continue to invest and build in the country.

How will it benefit both Countries: The Afghan-India Friendship Dam is yet to attain its full potential, as over half of the canals for the supply of irrigation waters have not been built yet. However, the building of the AIFD has created social and economic opportunities for the people of Afghanistan, and the development of the region. The availability of power and irrigation water will help in the development of Afghan society and better conditions for agriculture. Overall, the AIFD has been referred to as a landmark project in India-Afghanistan relations. In fact, the Salma Dam, as it was formerly known, was renamed as the Afghan-India Friendship Dam, by the Afghan Parliament, as a mark of its appreciation towards India and to continue their good relations. For India, its footprint in the rebuilding of a war-torn country, which is its neighbor, will massively boost India's image as a responsible power. Moreover, while being surrounded by hostilities in the South Asian region, developing good ties will always be an added advantage for India.

As part of its 'New Development Partnership' in Afghanistan, India has put into motion 116 High Impact Community Development Projects in various provinces of Afghanistan. This involves projects in various sectors of Afghan society, including health, agriculture, education, renewable energy, as well as protection from natural calamities. India provides scholarships every year under ICCR Special Scholarship Scheme to Afghan students while also offering training facilities in various sectors. Projects such as the building of the Shatoot Dam, housing projects, road connectivity, water supply network, the building of polyclinics, and assistance in remote-sensing technology, all form part of the HICDPs. At present, Phase IV of HICDP has started which will include more than 100 projects in its agenda amounting to a total of US\$ 80 million (Ministry of External Affairs India Annual Report, 2020-2021). Small Development Projects (SDPs) have also been carried out in Afghanistan in the sectors of education, health, rural development, and labor. These projects are smaller in degree and are carried out by the local bodies and even the non-governmental institutions in Afghanistan. The SDPs have been carried out in three phases in Afghanistan between 2006 and 2012, with a total of over 300 project proposals. (Ministry of External Affairs, 2019). The Air Freight Corridor, another important infrastructure project in Afghanistan, was completed and launched in 2017, from which 5000 tonnes of cargo have already been transported (Ministry of External Affairs Annual Report 2019-2020).

By 2017, India has contributed over US\$ 3 billion to Afghanistan since 2001 in development assistance projects. Apart from infrastructural projects and other assistance directed at the development of the country, India has also made contributions of a different nature. For example, in 2014, India gifted Afghanistan a supersized 97 by 65 Afghan flag. Since 2015, India has also granted Afghanistan a home cricket field for the Afghan cricket team in India (Mullen, 2017). These are like gifts rather than development assistance as such, aimed at gaining popularity. Such contributions enable India to connect not only with the Afghanistan government but with the people of Afghanistan as well.

Fig. 4.2. Indian Aid in Afghanistan over the Years.



Source: The above data has been compiled from the Annual Reports of the Ministry of External Affairs, India, available at https://www.mea.gov.in/annual-reports.htm?57/Annual_Reports

Note: Aid given to Afghanistan before this has not been properly furnished in the annual reports before 2006. The annual report for 2022-2023 has not yet been published. The numbers presented above are an approximation.

India has offered a range of scholarships to Afghan nationals. There is a scholarship scheme for dependents of the Afghan National Defence and Security Forces (ANDSF) offered by the Indian Council for Cultural Relations (ICCR). India has also set up a university for agricultural sciences in Afghanistan known as the Afghanistan National Agricultural Sciences and Technology University (ANASTU). Under the Indian Technical and Economic Cooperation (ITEC) Programme, India has enabled Afghan nationals access to get education in India. In this process, India has provided vocational training as well as training to Afghan bureaucrats, civil servants as well as police workforces in India. The Ex-President of Afghanistan, Hamid Karzai received an educational scholarship under the ITEC program in India (Mullen, 2017). Capacity-building programs include the training of the Afghan National Army (ANA) as well as the Afghan Air Force (AAF), as had been decided by the Strategic Partnership Agreement.

Apart from the above-mentioned major works, India has been carrying out various small-scale developmental ventures and upgrading the ones already built by it. For example, in 2015, India set up a diagnostic center at the Indira Gandhi Institute of Child Health

(IGICH) which itself was set up via Indian assistance and inaugurated in 1972. It is a one-stop place for child health and checks in Afghanistan and its current upgradation is a display of Indian commitment to the former.

After the Taliban takeover and the collapse of the existing Afghan government, Indian development assistance in Afghanistan has received a shock and abrupt halt. India closed its embassies in Afghanistan soon after as it had done in the mid-1990s. However, it seems that there is a change of tactics in India's policies towards Afghanistan this time around. India's belief in the need for a democratic political process in Afghanistan and complete defiance of Taliban rule had cut it out from negotiations regarding the future of Afghanistan, in which the Taliban was gradually and increasingly becoming a major stakeholder. Although India still does not recognize the Taliban administration as the legitimate government in Afghanistan, it has not completely cut off its ties with the latter today. In June 2022 India sent its team to Afghanistan for the supply of humanitarian aid, in the form of food and medicines, vaccines, and warm clothing in Afghanistan. Moreover, it has not cut off or stopped the projects it initiated in Afghanistan. India even allocated Rs. 200 crores of aid to Afghanistan for the annual year 2022-2023 (Laskar, 2022). The amount of aid allocated is less as compared to the previous yet it has not completely stopped. There is no complete breakdown of communication either. This changed stance demonstrates India's new policy direction towards Afghanistan, one which might in the future involve engaging the Taliban in some form. This is a stance, the lack of which earlier had been much criticized in India's policy circles. Only the future will tell how this new endeavor will pan out.

Indian Development Assistance in Afghanistan: A Constructivist Explanation

Constructivism as a theory of international relations does not present itself as an alternative to the other existing theories. Rather, it is an all-encompassing explanation and account of society at large and the various factors that constitute and run it. In that process, it does not hold ideologies as rigid, instead focusing on the variables that modify or solidify actions, decisions, and their repercussions. It especially believes in how our surroundings derive their identities from the meanings that we assign to them.

The concept of ideas is central to the constructivist thesis. Rules, norms, structures, agents, policies, strategies, etc, emanate from ideas. If rules, norms, structures, agents, policies, and strategies emanate from ideas, it will not be wrong to say that social construction is a

result of the same. In international society, where different countries interact, their relations are established majorly through rules, agreements, and policies. Such agreements and policies in turn have been formed from orientation regarding oneself, one's surroundings, and the international society at large, and the same regarding the other.

According to Nicholas Greenwood Onuf:

“Speech and its derivatives (rules, policies) are the media of social construction” (Onuf, 2013, p. 29)

It is not attempted here to dissect the role of language as a variable in social construction or international relations amongst countries, per se. Rather, it is attempted here to show how policies and agreements demonstrate the ideas and strategies of an actor in international politics.

Policies as beliefs/intentions – Policy statements or agreements essentially are a consequence of intentions. When a country seeks to carry out a task about another country or country, it does so by formulating a plan and presenting it as policies or agreements. More importantly, it is the aim of fulfilling certain objectives that enhances the significance of policies as variables in international relations (Onuf, 2013). In other words, if one does not have the intention of fulfilling certain objectives, declarations or policy statements would not be made at all. This is not to ignore the fact that policies or agreements have been dishonored. However, for the sake of the argument here, it is considered how stated policies and agreements demonstrate a willingness to carry out certain purposes. Such intentions will arise out of strategic considerations. Indian development assistance and partnership in Afghanistan have similarly resulted from strategic factors and calculations.

For India, an economically and politically stable Afghanistan is of great importance not just for the security of the neighborhood but also for its security. It is for this reason that India had minimal relations with Afghanistan while the Taliban was in power during the mid and late 1990s. It was also for this reason that after the fall of the Taliban government, India was quick to not only restore but also enhance its assistance to Afghanistan. India also started engaging with other countries in bringing Afghanistan out of ruins. India has been part of the Bonn Agreement (2001), which focused on rebuilding Afghanistan and strengthening its security. The Bonn process included several international players, along

with anti-Taliban factions from Afghanistan. India felt it necessary to be part of this initiative because it felt it is a direct stakeholder in the future of Afghanistan. Subsequently, Afghanistan's inclusion into SAARC in 2007 (Ahmadzai, 2017) was welcomed by India. Against the backdrop of the United States initiating its withdrawal from Afghanistan, India felt it more necessary than ever to consolidate relations with the war-ravaged country. The Strategic Partnership Agreement was signed between India and Afghanistan, by Prime Minister Manmohan Singh and President Hamid Karzai respectively, in 2011. The Strategic Partnership Agreement is a bilateral mechanism between the two countries to significantly enhance their cooperation and ties along the sectors of political and security cooperation, trade and economic cooperation, capacity development and education, social, cultural, civil society, and people-to-people relations (Ministry of External Affairs Media Center, 2011). India also signed a multilateral mechanism to promote Afghanistan's security, and economic and political cooperation in the region with the Heart of Asia – Istanbul Process in 2011. These instances demonstrate India's intentions and enthusiasm for being directly invested in Afghanistan's rebuilding process. Although India's insistence on an Afghan-led, Afghan-owned, and Afghan-controlled peace has brought it into conflict with the Process as the Taliban is now an inevitable stakeholder.

India's development assistance in Afghanistan is another medium of expressing the former's insistence on being a vital player in the country. India has garnered immense goodwill by completing infrastructural projects and reaching down to local Afghan communities through community and capacity-development ventures. Development assistance and partnership as a policy have enabled India to address Afghanistan's root concerns. Afghanistan itself envisioned a regional order where it will be engaging economically, politically, and especially in terms of trade with other countries. Many opportunities were and are available for Afghanistan to be integrated into the regional order. However, Afghanistan requires India's help in rebuilding itself first only after which it can successfully fulfill its vision. Afghanistan is today one of the biggest recipients of Indian aid and assistance. Hamid Karzai in a speech in New Delhi, post signing the Strategic Partnership Agreement in 2011 stated how India has helped Afghanistan after 2001.

“In this whole exercise for the rebuilding of Afghanistan ...India, as it was a contributor in the past, became even more of a significant contributor in the past 10 years. It never said no to any of Afghanistan's requests.” (Karzai, 2011, p. 274)

Now with the Taliban government in power, it will be interesting to see how the interests of both countries play out concerning each other. India's slightly changed stance, being a little but not completely accommodative of the Taliban is evidence of the fact that India sees the latter as an important, if not the main, stakeholder in the future of Afghanistan and consequently in the future of the region of South Asia.

India-Bangladesh Relations: A Work in Progress

India's relations with the countries of South Asia figure as an important aspect of the former's foreign policy objectives. The Neighbourhood First Policy of the present government is an illustrative example of this assertion. A general overview of India's interactions with other South Asian neighbors will demonstrate that India needs to display a commitment toward them to strengthen relations and consolidate itself in the subregion. Indian relations with Bangladesh are riddled with several factors that need to be considered and affordable solutions to overcome them. With the passage of time and changes in the political and economic structures of countries, perceptions have changed which translated into changed foreign policy stances and initiatives. The changed circumstances offer a promising environment, especially in the case of India-Bangladesh relations, where opportunities for cooperation and integration can be explored and worked upon. Similarly, increased interaction and changed priorities are equally important components that have enabled the two countries to work together despite existing irritants. India's development cooperation/partnership is a crucial foreign policy tool that will enable it to engage South Asian neighbors and particularly Bangladesh. Development cooperation/partnership as an initiative directly impacts the developmental concerns of a country, in a way that can be monitored by both partners. Such engagement allows India to generate goodwill in these countries and build on its image which has suffered quite a lot, due to perceptions of domination and patronizing attitude formed over the years and also due to India's activities.

Historical Background

The initiation of relations between India and Bangladesh started when Bangladesh was still an idea and not a country. India was closely associated with Bangladesh's liberation movement from West Pakistan. This close association forged between the two countries, especially when one of them was in dire need of support, should have cemented their bond. However, it is a well-known fact that there are no permanent friends or enemies in

international relations. Over the years, changes in the governments of both countries and the evolution of international diplomacy have brought consequent variations in the relations between them.

India-Bangladesh relations at its conception were a result of an understanding between two leaders; Indian Prime Minister Indira Gandhi and leader of Bangladesh's liberation movement, Sheikh Mujibur Rehman. Sheikh Mujibur Rehman was rebelling against West Pakistani dominance at the expense of East Pakistani interests, especially when his Awami League (AL) was not allowed to form government in East Pakistan even after it won an overwhelming majority at the national polls. Even though at the time, West and East Pakistan were part of the same country, West Pakistan was seen as the main half, politically steering the country. Moreover, an issue developed around ethnic differences between the people of West and East Pakistan. The Bengalis of East Pakistan witnessed a stark comparison between themselves and their counterparts in the other half of the country. East Pakistan had been marginalized by its other half, both in economic and political terms. Since East Pakistan predominantly consisted of an ethnic Bengali population, Mujibur Rehman along with his party rallied the people around the Bengali identity and discrimination faced at the hands of the West Pakistani forces. It was this difference in ethnicities that fuelled disaffection in East Pakistan. Sheikh Mujibur Rehman's 6-point formula effectively elucidated the solution that was sought to bring East Pakistan out of unequal circumstances. Formed in 1966, the six-point formula would go on to become a manifesto for Bangladesh's freedom five years later. In 1966, the six-point formula asked for the structure of government to be federal in character, at the same time granting East Pakistan greater autonomy in the form of a separate currency and separate military (Shawon, 2020). The continuation of such practices by West Pakistan ultimately led to an all-out war between the two halves.

Then Prime Minister Indira Gandhi's impetus to assist Sheikh Mujibur Rehman and his party in the Bangladesh liberation movement was two-fold. Firstly, the ongoing discrimination and atrocities in East Pakistan had led to an exodus of refugees, especially the minority Hindu population in East Pakistan, fleeing into India. According to the Indian Ministry of External Affairs Annual Report 1970-1971, between January to mid-December of 1970 approximately 2.5 lakhs of refugees crossed over from East Pakistan to India (Ministry of External Affairs Annual Report, 1970-1971). Combined with that, Prime Minister Gandhi faced internal pressures to extend support to the Awami League.

Secondly, and more importantly, the Awami League represented a political body that was much more liberal in character than the government in West Pakistan based on Islamic nationalism and anti-India identity. In Bangladesh's original constitution of 1972, the words socialism, democracy, secularism, and nationalism were included to represent its nature. These were subsequently removed from the constitution in 1975, following a military coup. (Habib, 2011). Hence, ideologically India was drawn towards the Awami League and its cause of Bangladesh's liberation. This would also render a situation in which India's neighbor would be one that identified with it rather than harbor rival tendencies based on religious considerations.

The assistance to Bangladesh's liberation movement that India forwarded was not only in terms of diplomatic support. India provided much-needed financial support to Bangladesh, which had inherited a range of economic issues from West Pakistani rule. The newly formed country of Bangladesh was face to face with famine as well as an administrative structure that had to be built from the ground up. Moreover, the United States had backed Pakistan during the 1971 war and therefore its stance towards Bangladesh was far from being friendly. China too did not offer any support or recognition to the newly formed country. The onus fell on India to back Bangladesh and help it come out of the crisis. In the aftermath of the war, India provided an amount of Rs.18.58 crore for refugee relief works. To overcome food shortages and lack of other necessities, India granted an additional Rs. 25 crores for the purchase of resources such as food items, steel products, cement, petroleum products, and power generation equipment, among others. Rs. 10 crores additional assistance for immediate infrastructural work in Bangladesh, that is railway network reconstruction, was contributed by India. A loan amount of foreign exchange was also granted to look after urgent needs (Ministry of External Affairs Annual Report 1971-1972). An economic aid relief package of Rs. 200 crores were given to Bangladesh in 1971 for its reconstruction, which was utilized subsequently by 1975. Other relief measures such as food assistance were replaced with measures of solidarity and cooperation between the two countries after the initial shock was over. Trade relations were also established by 1973. (Ministry of External Affairs Annual Report 1973-1974). India and Bangladesh enjoyed a sense of solidarity and friendship during this time, while both faced criticism from various external powers.

However, this India-Bangladesh bonhomie was short-lived. The spurt of secular ideals and camaraderie around Bengali identity could not be upheld for long. Various issues which

led to anti-India feelings in Bangladesh soon emerged as the country fell into shambles, economically and politically, from Sheikh Mujibur Rehman's hands.

In the first case, there exists an idea of India's big brother attitude in South Asia. India's actions towards its much smaller neighbors are often viewed with ambivalence and suspicion. In other words, there were fears of Indian dominance in the newly formed country, especially given its economic and military intervention in Bangladesh.

Secondly, the anti-West Pakistan wave on which Awami League rode toward Bangladesh's liberation, began subsiding after 1971. This especially hastened due to the deteriorating condition of Bangladesh's economy and political structure combined with the famine that the country faced during this time. Islamic nationalism started resurfacing in the vacuum that was created by Awami League's failure. Moreover, pro-Pakistan forces already existed in the society and were only overshadowed by the Awami League during the wave of the liberation struggle. Sections of the Awami League broke away to form separate political parties due to ideological differences within the party. Sheikh Mujibur Rehman could not ignore the realities of the time and it was not long before Pakistan gave formal recognition to Bangladesh. In 1974, Bangladesh joined the Organisation of Islamic Countries (OIC), where it was given patronage by Pakistan. Essentially this demonstrated the normalization of relations between the two countries. A couple of years later, Pakistan established full diplomatic relations with Bangladesh. Although this did not disrupt relations between India and Bangladesh, the next events in Bangladesh further distanced the two neighbors. In 1975, Sheikh Mujibur Rehman was assassinated, bringing in an era of Pakistan-style military rule in Bangladesh, which lasted till 1990. Subsequently, the terms socialism and secularism were removed from the country's Constitution and polity (Jha, 2000). This exhibited not only a change in the domestic political structure of the newly-formed country but was also a precursor to a change in relations between Bangladesh and India.

Domestically, there was a revival of Islamic nationalism by pro-Pakistani elements in Bangladesh. This trend had started even before Mujibur Rehman's assassination took place and in the post-Mujib period, it became the norm in Bangladesh's society and politics. It was a representation of Pakistan's political stance. Lieutenant General Ziaur Rahman became the first President, in 1977, of the subsequent military dictatorships in Bangladesh. Secular ideals and Bengali nationalism were replaced by Islamic nationalism and anti-

India rhetoric. Hindus were excluded from various military services and several restrictions were put on their ability to earn a livelihood. As a result, over the years this led to a massive exodus of Hindus from Bangladesh into India (Jha, 2000). Anti-India sentiments were utilized to garner political support in the country. This became the rallying point for Bangladeshi nationalism and any kind of Indian activities or overtures was seen with deep suspicion and mistrust. Moreover, the Awami League itself started losing popular support at home as far left and far right parties gathered momentum and started broadcasting tough criticism against Mujibur Rehman's government. Although the Awami League government did not fall till Mujibur Rehman's assassination in 1975, nonetheless his government started facing challenges of rising prices, inability to distribute necessities to the masses, as well as increasing corruption and bias in the party itself (Jahan, 1973).

Externally, there was a growing closeness between Bangladesh and Pakistan. Pakistani political leadership and Bangladeshi political leadership harbored similar interests, during the years of military rule, and viewed India as their common enemy. India, on its part, viewed Bangladesh's changed position as a sign of ungratefulness and forgetfulness of Indian support during the 1971 war. Bangladesh has not limited itself to maintaining relations only with India. Its induction into IOC only 3 years after the war, especially with Pakistan's backing, demonstrates its pragmatism. However, it was the anti-India position that was getting consolidated in Bangladesh that had become a cause of concern for India.

Treaties signed between India and Bangladesh

Official diplomatic relations were established between India and Bangladesh following the signing of the India-Bangladesh Treaty of Friendship, Cooperation, and, Peace in March 1972. It was signed by the heads of state of the two countries, Indira Gandhi and Sheikh Mujibur Rehman, and subsequently, the Treaty came to be known as the Indira-Mujib pact.

Signing a Friendship Treaty within a matter of three months of achieving liberation demonstrated the need to legitimize its existence on Bangladesh's part and the need to consolidate itself in the newly formed country and prove itself a close friend of the former on India's part. For India, a friendly neighbor with similar principles and ideas as itself (Bangladesh under Sheikh Mujibur Rehman subscribed to secular ideals) was a welcome phenomenon. Issues of refugees, border negotiations, and water sharing could all be discussed in due time. However, Bangladesh was not completely pro-India after the liberation of December 1971. As discussed above, pro-Pakistani elements existed in

Bangladeshi society in addition to other different political parties as well as breakaway political groups from the Awami League. The India-Bangladesh Treaty drew suspicion and flak in Bangladesh immediately after it was signed as well as later in Bangladeshi politics.

The Treaty, to be renewed after twenty-five years by mutual consultation, entailed the general principles of a Friendship Treaty. It spoke about mutual respect independence and sovereignty as well as cooperation along the lines of similarity of ideals of both countries, for example in the ideals of anti-racism, anti-colonialism, non-alignment, and so on. Articles 8, 9, and 10 talk about the security perspective between the two countries (Food and Agriculture Organisation of the United Nations, n.d.).

According to Article 8 of the Treaty:

“... each of the high Contracting Parties solemnly declares that it shall not enter into or participate in any military alliance directed against the other party ... shall refrain from any aggression against the other party ... shall not allow the use of its territory for ... military damage to or constitute a threat to the security of ... the other high contracting party.”

According to Article 9 of the Treaty”

“... shall refrain from assisting with any third party taking part in an armed conflict, against the other party. In case either party is attacked or threatened ... immediately enter into mutual consultations to take appropriate effective measures to eliminate the threat ... ”

According to Article 10 of the Treaty”

“... shall not undertake any commitment secret or open ... which may be incompatible with the present Treaty.”

It was these articles, especially Article 9, that became a cause of contention and suspicion in Bangladesh against India. India’s attitude was seen as domineering and seeking to establish the same in Bangladesh. The exclusion of the term external third party in the article gave rise to the suspicion that any domestic upheaval or disturbance against the ruling government might also allow the latter to invoke the Treaty and allow India’s entry into Bangladesh’s domestic political arena (Hossain, 1981). Anti-India feelings already

existed in Bangladesh and these ideas only added to the existing suspicions and further entrenched the view of India's dominating attitude. In other words, the Friendship Treaty was perceived with anxiety and caution due to the existing apprehensions regarding India in Bangladeshi society. It was not strictly because of any clause as it was made out to be. Rather it was the doubts and curiosities and possibly because of Mujibur Rehman's insistence on protection of the status quo in Bangladesh post-1971 that led to the concerns surrounding the Treaty. Rehman had forged diplomatic relations with Pakistan not long after 1971, to further entrench his political legitimacy and acquire the favors of other Islamic countries which we know it got through Pakistan. It was pragmatism on Mujibur Rehman's part that sought to establish relations with other countries and give recognition to the newly liberated country.

Nevertheless, the India-Bangladesh Friendship Treaty of 1972 became highly politicized in the domestic politics of the latter. It became such a point of contention that the Treaty was not renewed after its expiry of 25 years. Relations with India started deteriorating after 1975 and they worsened in the next couple of decades. With Sheikh Hasina's Awami League forming government in 2008, India-Bangladesh relations took a turn for the better and the two countries forged various agreements for cooperation, development, and mutual benefit. However, the Friendship Treaty of 1972 was never renewed.

Trade treaties and their criticism

India and Bangladesh forged their very first trade agreement in 1972, which was a border trade pact. While agreements may be successful or unsuccessful after their implementation, this trade pact became a raging fiasco after its enactment and had to be canceled quite early on to prevent further damage. Additionally, the failure contributed to the deepening anti-India feelings in Bangladesh.

The border trade pact was operational for the length of 16 km on either side of the borders between Bangladesh and the neighboring states of India, including West Bengal, Tripura, Assam, Mizoram, and Meghalaya. Permits were issued to the people in the mentioned area to carry on trade, mostly of essential goods and a limit was placed on the goods that can be purchased and money that could be handled daily (Ahmed & Gupta, 2014). While limits were placed to prevent unlawful trade practices, the agreement led to smuggling practices across the border. Smuggling activities led to declining relations between the two countries and eventually, the Bangladesh army was sent in to deal with it. Soon thereafter the trade

pact was canceled (Jahan, 1973). Not only did smuggling led to economic damage, but the failure of the trade pact also led to deepening suspicion of Indian interests in Bangladesh. Firstly, the middle classes in Bangladesh started demanding protection against invasive Indian practices in the already weak business community. Elements in Bangladeshi society, particularly the media, exaggerated particularly the involvement of Indian smuggling activities while almost ignoring the fact that smuggling had happened both ways and was an outcome of a not-thought-out, ill-equipped trade pact, rather than it being a purposeful tactic by India (Jha, 2000). Secondly, it was believed that Mujibur Rehman had been in a hurry to cement relations with India and in the same hasty manner had signed the trade agreement, as it did with the Friendship Treaty. In such haste, the Mujibur Rehman government failed to get a fair deal from India (Hossain, 1981). Thus, the initial agreements between the two countries created tensions instead of forging their relations.

A problematic beginning of trade relations between India and Bangladesh did not define a similar future for them. According to the Ministry of External Affairs, Government of India publication, India-Bangladesh trade surpassed US\$ 5 million in a year, in 2013 (Ministry of External Affairs, 2013). While trade India's trade in South Asia accounts for less than 4% of total global trade, Bangladesh has remained India's largest trading partner in South Asia (Sinha & Sareen, 2020).

The fiasco of the India-Bangladesh border trade pact led to its termination within a matter of months from its implementation in 1972, especially at the insistence of Bangladesh. Rampant smuggling had caused a lot of damage to the latter, which had continued to take place even after the border pact was scrapped. After numerous consultations, a new Trade Agreement between India and Bangladesh came into effect in 1980, and its renewal was subject to consultations between the two countries every three years. This agreement continued to be in existence with renewals in regular intervals till 1995 (Parliament of India, Rajya Sabha, 1995). After this, the two countries felt that there was a need to further explore new areas of cooperation, and hence a revision to the existing trade agreement was required in 2003. Talks of a free trade agreement, a look at existing trade barriers, and missed opportunities between them became topics of frequent discussion (Ministry of Commerce and Industry, Government of India, 2003). Post this, the trade agreement between the two countries has continued to be renewed, with the latest one being in 2015, valid for a period of five years (Trade Agreement between India and Bangladesh, 2015). As India-Bangladesh trade has improved in recent times, the two countries have sought to

further develop their relations and engage in a more broad-ranging trade agreement. The Comprehensive Economic Partnership Agreement (CEPA) is an initiative of India and Bangladesh along the lines of cooperation in the trade of goods, services, and investments. The CEPA is designed to resolve problems of trade gap, tariff, and non-tariff barriers, cooperation in production, and as well as enhance connectivity and infrastructural development (Proposed Bangladesh-India Comprehensive Economic Partnership Agreement: Prospects and Future, 2022).

Problems in Trade relations

India and Bangladesh, the two biggest economies in South Asia, have suffered quite a few setbacks in their trade relations with each other. One of the oft-quoted drawbacks of India-Bangladesh trade relations is a massive trade deficit for Bangladesh in this equation. In 2008, the trade deficit stood at \$3.18 billion (Zahoor & Gupta, 2014). With showing no signs of slowing down, the trade deficit for Bangladesh peaked at \$14 billion in 2021 (Ghosh, 2022). However, the value of trade between the two countries has equally continued to increase. Nonetheless, this trade deficit has been pointed out as a major irritant due to numerous reasons.

Firstly, a one-sided comparative advantage has caused the trade deficit to continue to grow. It is understood that in a market economy, the existence of comparative advantage between trade partners is viewed as a plus in conducting trade relations and growing trade value between them. However, while India finds this advantage in Bangladesh, which typically gets translated in the form of the huge number of exports from the former to the latter, the same cannot be said about Bangladesh (Zahoor & Gupta, 2014). In 2020, exports from India to Bangladesh were valued at \$7.91 billion while the same from Bangladesh to India was estimated at \$1.01 billion (The Observatory of Economic Complexity, n.d.).

Secondly, India-Bangladesh trade relations are afflicted with a huge volume of illegal trade. India and Bangladesh already suffer from various border problems and illegal trade are one of the major components of such border issues. Interestingly, the quantity of illegal imports to Bangladesh from India is much higher as compared to illegal exports from Bangladesh into India. While various reasons can be considered and cited for this anomaly, some of the obvious reasons for such illegal trade activities include trade barriers, lengthy customs processes, and the existence of terrorist groupings and organized criminal groups along the India-Bangladesh borders (Islam, 2004).

Moreover, these problems have existed consistently for quite some time and although trade between India and Bangladesh continues to increase every year, the problems are far from being over.

To that end, both countries have tried to introduce and successfully implement measures that will enable them to improve their trade relations and do away with hindrances. What has been cited in government and scholarly circles as a sure way of progressing trade relations is the signing of a Free Trade Agreement (FTA) by the two countries. An FTA will not only bring benefits but also help towards eliminating existing problems. An FTA will help Bangladesh to increase its exports to India while at the same time will enable the elimination of non-tariff barriers, the existence of which has slowed down trade. The benefits of an FTA between India and Bangladesh will be more advantageous for Bangladesh, but overall, it will be favorable for both. Having said that, there is a need for proper infrastructure and efficient administrative mechanisms for trade to operate smoothly. Increased investment from India to Bangladesh is another important criterion to minimize the trade gap (De & Bhattacharyay, 2007). While an FTA is still far from a reality, several bilateral trade initiatives have been taken to work on existing problems. An agreement was signed between India and Bangladesh in 2009, which aimed at increasing trade and investment between the two. This was the Bilateral Trade Agreement and Investment Promotion Agreement. Apart from this, some other joint agreements were signed that sought to handle the infrastructural liabilities which made trade difficult (Datta, 2013). A Joint Consultative Commission (JCC) has been set up to deliberate on various topics of cooperation, including trade and investment (Pattnaik, 2015). Energy trade is another important point of cooperation between the two countries (Datta, 2013). This includes not only the trade of energy or gas but also the setting up of hydroelectric projects as both countries share 54 river systems. A tri-national pipeline project running through Bangladesh, Myanmar, and India had been envisaged in early 2000, however, it ran into problems soon and talks fell through. It was renewed once again in 2017 when the political environment was found to be more favorable (Chowdhury, 2017). In 2017, the two countries launched a six-point agenda to further boost trade and investment relations. The agenda incorporated, among others, Joint Task Forces on tariff and non-tariff barriers as well as on boosting investment (Six-point Agenda to boost India-Bangladesh Trade and investment ties, 2017). These bilateral initiatives have come to a head as India and Bangladesh are now set to sign the Comprehensive Economic Partnership Agreement

(CEPA), their version of a free trade agreement. Successful implementation of CEPA will not only increase the volume of trade for both countries but will also bring spillover positive benefits to other multilateral initiatives in South Asia (Mishra, 2022).

India is now dealing with a friendly government in Bangladesh and must make the most of this opportunity to improve their trade relations and overcome past barriers.

Indian Development Partnership with Bangladesh

Indian foreign assistance to Bangladesh, now understood as Development Cooperation/Partnership, commenced under different conditions as compared to other neighbors in South Asia. According to the political circumstances, Bangladesh was born out of a war in South Asia and it took some time to gain diplomatic recognition from other countries. India, which had helped Bangladesh to be liberated from West Pakistan, aided the newly-formed country since the early days of its freedom. According to its economic circumstances, Bangladesh was emerging out of a full-fledged war with an already weak economy ravaged by famine. Thus, Bangladesh was in dire need of assistance and India fulfilled its requirements.

In the financial year 1972-73, India allocated a total of Rs. 200 crores in the form of grants, concessional loans, foodgrains, and aid materials to Bangladesh. India supplied 930,000 tons of food grains to Bangladesh that year. Such assistance from India enabled Bangladesh to maintain its currency and resume trading relations even in the face of such economic instability (Ministry of External Affairs Annual Report, 1972-73). Post-1975, even as India-Bangladesh relations took a nose dive with the assassination of Sheikh Mujibur Rehman and heightened anti-India stance in the latter country, India continued its assistance under various forms. Now that Bangladesh had recovered from the war, India started directing its aid towards its other sectors like infrastructure, water management, trade, and the supply of goods and services (Abrol, 1989). In 1985 when Bangladesh was struck by a cyclone, India contributed assistance in the form of building cyclone-proof shelters estimated at Rs. 1.5 crores (Ministry of External Affairs Annual Report, 1985-86). Over the years even though issues of refugees and river water sharing and demarcation continue to dampen relations between India and Bangladesh, the latter sustained a steady line of assistance in the form of credits and technical assistance to the latter. In 2000 Bangladesh faced another natural calamity, floods in its southwestern region, and India

contributed an amount of Rs. 5 crores to the Prime Minister's Relief Fund (Ministry of External Affairs Annual Report, 2000-01).

With the turn of the century, Indian assistance to Bangladesh focused more on infrastructure building and lines of credit (LoCs). Indian development cooperation/partnership operates under the wider blanket of south-south cooperation. The development of India's foreign assistance regime, both in terms of volume as well as an institution, has enabled India to become a bigger regional player through increased contribution and cooperation in South Asia. An enhanced development cooperation/partnership regime allows India to fulfill its regional aspirations and Bangladesh as a country is extremely important for India's security along its eastern region and other geo-strategic goals.

A healthy India-Bangladesh relationship is also beneficial to India as it will have positive repercussions on the development of the northeastern region of India and provide its entry to East Asia (Mullen & Arora, 2017). Apart from this, India also needs to prove itself as a regional leader/champion, to fuel its global power ambitions. In South Asia, with India being the big power with a bigger economic capacity, the neighbors already expect increased support and assistance from it. India's foreign assistance and its now advanced Development Partnership Administration (DPA) will prove to be of immense importance to secure that position.

Fig 4.3: An example of India-Bangladesh development cooperation project.

Agartala-Akhaura Railway Project

The Agartala-Akhaura Railway Project is an international railway connectivity project between India and Bangladesh, opening northeast India and aimed at boosting communication. It will be the first railway line to be established between northeast India and Bangladesh.

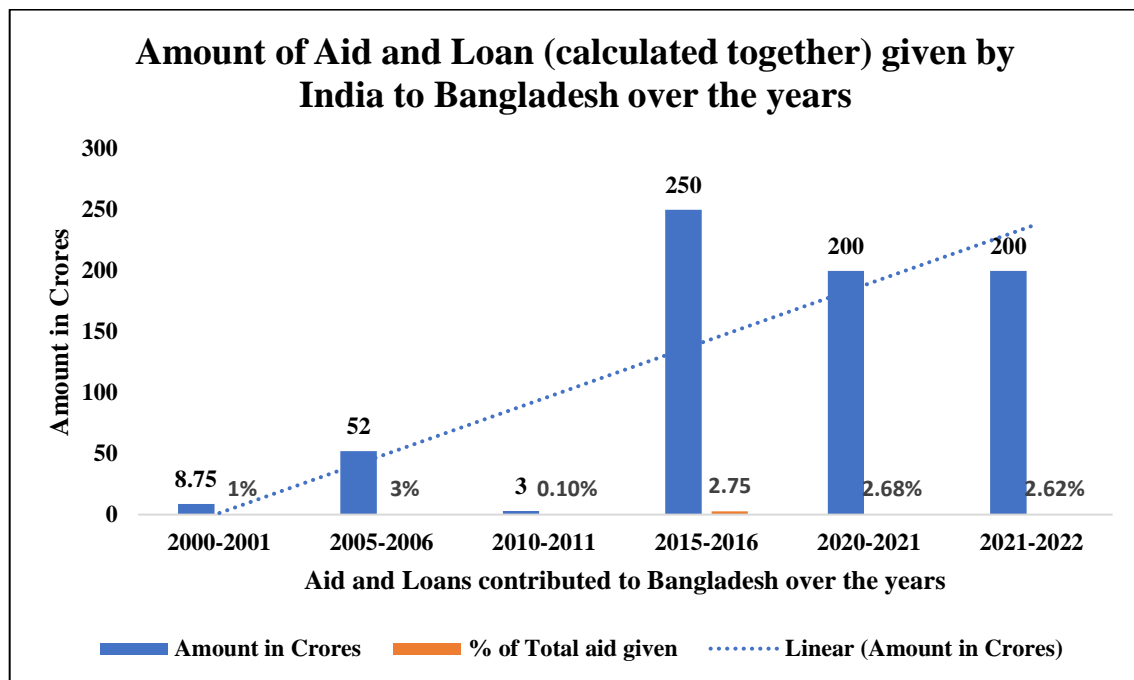
Location: The Project will link India's Agartala to Bangladesh's Ashuganj and Chittagong port and is set to reduce the distance between Kolkata and Bangladesh by 1000 kilometers. This railway line will pass through Nishchintapur (in India) which is an international immigration yard that is being developed to facilitate the movement of both goods as well as passengers (**North East Frontier Railway, 2022**)

Components: The railway track stretches at a length of 15,054 kilometers with 10.6 kilometers in Bangladesh and 5.46 kilometers in India. Apart from the railway line, the project will include the construction of five stations, nine level crossings, and fifteen bridges. The Nishchintapur immigration yard is also under development as part of this Project (**South Asia Subregional Economic Cooperation, 2016**). Travel time between Kolkata and Agartala via Bangladesh will be reduced from 31 to 10 hours. While some accounts mention a reduction of the length of the railway line to 10 kilometers, others continue to maintain the 15,064 spans.

History of the Project and Current Progress: Historically, a railway link between Agartala, India, and Akhaura, Bangladesh, existed during the British colonial era, which served as a link between the two countries. The construction of the Agartala-Akhaura railway line was confirmed in 2010 during a meeting between Prime Minister Manmohan Singh and Prime Minister Sheikh Hasina. The project was implemented in 2012, with the passing of India's railway budget as it is completely funded by India at the value of Rs. 968 crores (**Foundation stone of India-Bangladesh rail project laid, 2016**). While the project was set to be completed by 2019, the dates have been repeatedly shifted from 2021, to the end of 2022 (**'Agartala-Akhaura rail link to take another year', 2022**). Slow progress in the completion of the Project has been attributed to the Covid-19 pandemic and the restraints it put in place. Bangladesh officials have, however, expressed disappointment over the deacceleration in the pace of the project, the deadline of which has been renewed three times (**Bangladesh Minister warns construction company over slow progress of Agartala-Akhaura railway project, 2022**). Construction is being carried on by Ircon International Limited, earlier known as Indian Railway Construction Limited.

How will it benefit both countries? The Agartala-Akhaura railway link is the first railway project that will link India's northeast to Bangladesh. The project is a significant example of Indian development cooperation in Bangladesh as the project is fully funded by India. The completion of the Project will enable infrastructural development in Ashuganj (where another project of highway upgradation through Indian development cooperation is underway) as well as Chittagong port, both of which are important areas for the facilitation of trade activities. Consequently, trade relations between India and Bangladesh, which are already developing at a fast pace, will receive further stimulus. Moreover, this will encourage socio-cultural exchange owing to the international immigration yard at Nishchintapur, part of the Project, where passengers from Bangladesh can arrive, along with offloading of goods. For India, the completion of the Project will enable an opening of the northeast to Bangladesh which in turn will boost the socio-economic development of the region and the country. Apart from the mutual trade benefits, the Agartala-Akhaura railway link will be a shining example of Indian development cooperation in Bangladesh.

Fig. 4.4: Amount of Aid extended to Bangladesh by India between 2000 and 2022



Source: Data is compiled from the official website of the Government of India, Ministry of External Affairs. The data provided is as mentioned in the Annual Budget Reports available on the website.

Lines of Credit (LoC) via the EXIM Bank became routinized after 2003, with the development of India’s foreign assistance scheme. LoCs to Bangladesh were conducted in two forms, under commercial terms, and concessional terms. There is a clear line of connection between the LoCs given and infrastructural development in Bangladesh. The process of providing LoCs by India entails a detailed report on its investment in developmental projects and over the years, Indian LoCs in Bangladesh has enabled it to build and complete several important infrastructural projects.

Fig. 4.5: An example of India-Bangladesh energy cooperation/project

India-Bangladesh Friendship Pipeline Project (IBFPL)

The IBFPL is a major initiative by India and Bangladesh to develop cross border energy transfer system, laying the foundations for energy cooperation, trade, and transfer and a possible energy grid in the subcontinent.

Location: The India-Bangladesh Friendship Pipeline will involve the construction of a 130-kilometer-long oil pipeline, connecting Siliguri (West Bengal) in India to Parbatipur (Dinajpur district) in Bangladesh (**India-Bangladesh Friendship Pipeline could be inaugurated next year: Harsh Vardhan Shringla, 2021**).

Components: The 130-kilometer oil pipeline is divided into a couple of sections. Only 5 kilometers of the pipeline will be in India and the rest will be in Bangladesh, that is 82 kilometers in Panchgarh, 35 kilometers in Dinajpur, and the rest in districts of Rangpur, Bangladesh. The Pipeline will enable the transportation of one million tonnes of diesel in a year. Apart from the Pipeline, five sectionalizing valve stations (SVs) must be developed for the purpose of isolating the Pipeline in case of emergencies. The valves have been placed 30 kilometers from each other (**Karmaker, 2022**)

History of the Project and Current Progress: Though already under discussion in 2017, the inauguration of the construction of the India-Bangladesh Friendship Pipeline Project took place during a video conference between Prime Minister Narendra Modi and Prime Minister Sheikh Hasina in 2018. The length of the Pipeline is mentioned in different numbers, with some estimating it at 131 kilometers and some at 136 kilometers. The supply of high-speed diesel will be from Numaligarh Refinery Limited (NRL), which is a Bharat Petroleum Corporation Limited or BPCL subsidiary, in Assam to Parbatipur in Bangladesh. The two parties involved in the sale and purchase of diesel are the NRL and Bangladesh Petroleum Corporation (BPC). The Project is estimated at a cost of Rs. 364 crores, with the NRL financing the 5-6 kilometers in India and the rest of the pipeline in Bangladesh is to be financed through the grant assistance given by India to it (**Siddiqui, 2019**). Bangladesh was facing the inconvenience of transportation of diesel from its Chittagong port and then its distribution in the country through tankers. This was a costly and cumbersome process. NRL started exporting Euro III diesel to Bangladesh in 2016 and the entire procedure was simplified through this cross-border sale (**Bose, 2018**). By August 2022, the project has been completed almost to its fruition. According to the contract, Bangladesh will import 2.5 lakh tonnes of diesel initially and then 4 to 5 lakh tonnes in upcoming years for a period of 15 years.

How will it benefit both countries? The completion of the project will be an example of a successful cross-border energy development project. For Bangladesh, the Friendship Pipeline is significant for the supply of its energy needs at a cheaper rate and a more convenient route. For India, the energy trade on its part will be boosted. Moreover, this will open the possibility of opening up this pipeline to be shared by other countries in South Asia which may ultimately result in the possibility of setting up an energy grid in the subcontinent with greater ramifications.

In 2010, India contributed US\$ 1 Billion to Bangladesh for developmental projects in various sectors (Ministry of External Affairs Bilateral Brief, 2018). On 25th June 2022, Bangladesh inaugurated the Padma Bridge, which has multipurpose infrastructural facilities which will boost connectivity not only within the country but also across borders with India. This is the biggest infrastructural project in Bangladesh to date (<https://www.thehindu.com/news/international/padma-bridge-project-was-entirely-funded-by-bangladesh-government/article65541034.ece>). In 2012, India had extended US\$ 200 million of grant assistance out of the US\$ 1 billion to embark on building the Padma project. In 2016, another LoC was extended, amounting to US\$ 2 billion for the development of further infrastructural projects, including roads, railways, and shipping, along with the advancement in the health sector and technical assistance. (Ministry of External Affairs Bilateral Brief, 2018). Development assistance to Bangladesh has been growing in leaps and bounds from India, as the latter is facing stiff competition in the same area, which is a huge Chinese investment in Bangladesh's infrastructural development. Even though countries in South Asia have come to realize how China's investment in developing countries like Bangladesh often results in these countries getting riddled with debt in the long term (Bangladesh Finance Minister warns developing nations of Chinese loans strapped with debt trap, 2022), yet the reality of their active engagement cannot be denied. In 2020, India and Bangladesh agreed to upgrade the Ashuganj river port and Akhaura land port into a four-lane highway under the US\$ 2 billion LoC extended by India to Bangladesh in 2016. The work will be carried out by the Bangladesh Roads and Highways Department (RHD) and an India-Bangladesh joint venture firm, Afcons Infrastructure Limited (South Asia Sub Regional Economic Cooperation, 2020). According to a Ministry of External Affairs, India report of March 2021, India has extended 3 LoCs amounting to US\$ 8 billion in the last eight years to Bangladesh. These LoCs, along with grant assistance from time to time, have been utilized in infrastructural development in different sectors. India has assisted in the building of 68 High Impact Community Development Projects (HICDPs) to date while 16 more HICDPs are underway (Ministry of External Affairs Bilateral Brief, 2021).

There are a total of 31 infrastructural projects under development in Bangladesh financed through Indian LoCs, out of which 13 have been completed. The completed projects include nine rail, three roads, 1 port, and, 1 airport. Other important ongoing projects include three power transmission lines, one telecom project, and significantly, the

development of power transmission facilities of Bangladesh's first nuclear power plant in Rooppur (worth US\$ 1 billion) (Overview of India's Development Partnership, n.d.). The rate of interest for Bangladesh on the accumulated LoCs is one percent per annum in a repayment period of twenty years and a further grace period of five years (Mullen & Arora, 2017).

Indian development assistance to Bangladesh benefits both. On Bangladesh's part, crucial infrastructural development will enable it to function more effectively. On India's part development in Bangladesh will boost connectivity and interaction with India, especially when the former is its biggest trading partner in the subregion. Both countries have realized the significance of cooperation amongst themselves for their mutual benefit. India and Bangladesh have undertaken and continue to work on agreements and cooperative measures to deepen their existing ties. In 2010, a Framework Agreement on Cooperation for Development between India and Bangladesh was discussed (Singh, 2014). This was supplemented with another agreement in 2022 when India signed seven more agreements/MoUs on India-Bangladesh cooperation. These include river-water sharing, cooperation in space technology, information technology, technical education, and television broadcasting among others (Laskar, 2022).

Indian development cooperation/partnership in Bangladesh is a burgeoning area of mutual development and its progress, apart from some snags and delays, looks promising.

India-Bangladesh Relations: A Constructivist Analysis

As mentioned previously in this and the earlier chapters, one of the main concerns of constructivism as a theory is the centrality of ideas in the formation of perceptions and consequences of actions. In understanding foreign policy analysis, constructivism follows the same road.

While it is not attempted here to scrutinize and understand the identities and ideas that have shaped decision-makers and then later embark on various policies, an understanding of the environment in which the countries existed and interacted will help in understanding the ideas and perceptions formed about each other and the resulting evolution of foreign policy initiatives.

It is evident from the above explanation and other instances of development cooperation/partnership by India in other South Asian countries, that Indian aid and credit

to Bangladesh is much less. This is also because Bangladesh is at a higher stage of development than the other countries and Indian aid is directed to countries that require it more. India and Bangladesh are the biggest trading partners in South Asia, even though the balance of trade is overwhelmingly in favor of India. However, it cannot be denied that there exist some serious impediments to India-Bangladesh relations which have found their expression in foreign policy initiatives or the lack of them. After an initial spurt of warm and friendly relations between India and the newly independent Bangladesh, relations degenerated as the political situation in the latter country changed, post-1975, and it started an era of military rule. Moreover, it was the anti-India sentiment in Bangladesh that drove a wedge in the relations between the two countries. The two countries witnessed a breakdown of effective diplomatic communication during this time.

Bangladesh was heavily influenced by the formation of ideas and perceptions regarding India – Anti-India sentiments in Bangladesh emerged essentially to support certain political agendas. Sheikh Mujibur Rehman’s political stances were compatible with that of India, featuring the principles of socialism, secularism, and democratic ideals. The conservative forces, although defeated continued to remain in social and political circles and were far from being democratic. Ziaur Rehman, who came to power as President and formed the Bangladesh National Party (BNP), after Sheikh Mujibur Rehman’s assassination belonged to the conservative, pro-West Pakistan, and anti-India forces. Anti-India sentiments and rhetoric have been utilized as a tool to gain political popularity in Bangladesh. The BNP represented ideas of the Muslim League and anti-Mujib sections. The Bengali identity that was propagated during the liberation was quickly removed from the political and social environment. While the people of East Pakistan sought to be brought together by the Bengali identity by Mujibur Rehman, successive governments of Bangladesh strived to gain political leverage by harping on anti-India stances. With the backing of the military, they continued to remain in power, and in 1988 Islam was made the state religion under General Ershad’s government. Indian assistance and activities were viewed with much suspicion as efforts to dominate the much smaller nation. These ideas were reflected in the lack and failure of foreign diplomacy between the two countries over the years (Pattnaik, 2005). Indian advances and motivations were viewed with great suspicion. A fear psychosis operates in Bangladesh of being surrounded by India as geographically it is landlocked on three sides by the latter (Bharadwaj, 2020). It is these

perceptions that have governed foreign policy diplomacy between the two countries for a long time.

Some major irritants between India and Bangladesh have held progress and cooperation, hostage. These problems in turn are a consequence of entrenched identities and perceptions regarding the other. One of the major issues is that of Farakka Barrage and Ganga water sharing between the two countries. Water-sharing agreements are quite commonplace between or amongst countries that share rivers. Ganga water sharing became an issue of dispute as neither country could effectively decide upon how much it is to be shared by both. Bangladesh being the lower riparian country in this case expected that it should be entitled to the entire share. India on the other hand believed that India should receive the majority share since most parts of the Ganga existed in India. This became an issue of huge contention, the equivalent of the Kashmir dispute, between India and Bangladesh. While Bangladesh tried to raise this issue at the United Nations, India pressed for bilateral solutions. Subsequent agreements were made between India and Bangladesh in 1977, 1982, and 1985, ultimately leading to the Ganga Water Sharing Treaty of 1996. This turned out to be an area of trade and economic cooperation for both countries and has been an example of successful diplomacy (Jha, 2000). Nevertheless, it was a long-drawn-out process that required quite a lot of persuasion and negotiation to allay feelings of mistrust and suspicion.

Another example of a crucial issue held out due to a lack of trust between the two countries is the Land Boundary Agreement (LBA) of 1974. The LBA was essentially a mechanism for the demarcation of borders and the exchange of territories between India and Bangladesh. This Agreement was adopted by Indira Gandhi and Sheikh Mujibur Rehman in 1974 and entailed an amendment in the Indian Constitution for the process of demarcation and exchanges to be completed. After Sheikh Mujibur Rehman's assassination, any progress of the Agreement came to an abrupt halt as relations between the two countries deteriorated rapidly. There was no development of the LBA for the next two decades. It was only when Sheikh Hasina's Awami League government came to power in Bangladesh in 1996, that talks regarding LBA were renewed. As discussions got underway, maps were exchanged, and finally, in 2001 there was a breakthrough when the West Bengal government settled to give citizens of Bangladesh passage between two enclaves, Dahagram and Angarpota, through the Tin Bigha Corridor in Siliguri. With continuing negotiations, a protocol to the 1974 LBA was signed in 2011 by Prime Minister

Manmohan Singh and Prime Minister Sheikh Hasina. Since a constitutional amendment was required, the coalition government in power during the time faced stiff opposition and could get enough support to pass the amendment. This was finally rendered possible in 2015, under the present government via the 100th constitutional amendment (Bharadwaj, 2015).

Illegal migration into India and Bangladesh harboring terrorist elements, including Pakistani terrorist outfits, are other instances that fuel disaffection on India's part. While on the other hand, Bangladesh too has called out India for allowing insurgents of the Chittagong Hill Tracts (CHTs) to operate from India, essentially protecting them.

It is mostly believed that India and Bangladesh enjoy a favorable relationship with each other when the liberal Awami League (AL) is in power and runs into trouble with Bangladesh when Bangladesh National Party (BNP) forms the government. These two parties essentially represent two different identities; the AL signifies the Bengali nationalist identity with a more secular and democratic outlook and the BNP portrays the conservative Islamic nationalism, radical in nature with an anti-India outlook. However, even though it may look like two different opposing perceptions and standpoints, India has not gained any overwhelming support or advantages from the AL as compared to the BNP. Bangladeshi politics is in essence a mixture of the two stances, a mixture of "the spirit of 1947 and the spirit of 1971" (Majumdar, 2014). Bangladesh's foreign policy diplomacy about India is determined by its domestic political outlook, however, the differences between the ALs and BNP's policies towards India are not as much as ideological as it is driven by pragmatic concerns and national interests. For example, it was during Sheikh Hasina's regime in 1996 that the India-Bangladesh Friendship Treaty was not renewed as it was seen as patronizing and dominating. It is a new burgeoning class of rational youth that view India-Bangladesh relations to be handled in a manner to maximize their potential mutual benefits and advantages. They believe in more active engagement in sectors of health, education, infrastructure, and trade for positive political action (Bharadwaj, 2020).

Indian development cooperation/partnership in Bangladesh is an effective foreign policy tool to repair and develop relations between the two biggest economies in South Asia. Indian cooperation/partnership opens up its resources to its partner countries in a way that the latter's developmental interests are directly and positively impacted. Even lines of credit are aimed at developmental projects and taking care of crises. Although India faces

stiff competition here from China's checkbook diplomacy, its policies are quite effective if implemented properly. This is a challenge that India faces in this sector, delays in the implementation of projects, due to which some projects have taken up a much longer time than their due dates. The goodwill earned for the successful work on and implementation of developmental works will enable India to alter its big brother and dominating attitude, so perceived by geographically smaller countries in the region. Moreover, unilateral assistance will find more appreciation and recognition of India's role in Bangladesh as well as in South Asia in general.

India-Pakistan Relations: Troubled Waters

Relations between India and Pakistan are much more complex and quite different as compared to other South Asian countries; India-Pakistan relations are much more personal in nature, like a torn household which makes their rivalry even more strong. Deep mistrust added to existing practical challenges like economic stagnation and political instability, especially on the part of Pakistan, has created a recipe of enduring enmity between the two neighbors. This equation has been a strong reason for the lack of cooperation and unity in the South Asian subcontinent. Its persistent nature has allowed extra-regional powers to intervene in this area which in turn has multiplied complications instead of solving them. Despite India's overtures for peace and cooperation, Pakistan continues to hold a rigid uncooperative, and hostile stance towards the former which has made any progress in relations futile.

India-Pakistan Treaties through the decades

The Indian Independence Act, of 1947 entailed not only the provisions of self-government but also the specifications of areas divided between the newly independent country of India and the newborn country of Pakistan. Although agreed upon by the leaderships of both nations, nothing could have prepared them for the large-scale migration and violence that ensued. It was believed that partition would be the decisive action that would create two separate nations and finally bring an end to the continuing contention between Congress and Muslim League. Ironically, while partition did create two separate independent self-governing entities, it also was the final nail in the coffin of the unending India-Pakistan enmity. The repercussions of the partition are still being dealt with by both countries even as international and domestic political environments have gone through tremendous

transformations in the last seventy-five years. Partition, while dividing had also bound them together.

The Nehru-Liaquat Pact

The conflict over Kashmir has been one of the earliest and long-persisting causes of contention between India and Pakistan. A range of other matters that needed to be handled post-partition included water distribution, settlement of assets and evacuee property, and questions of financial nature (Raghavan, 2016). Another issue that was equally significant and disastrous in nature was migration and its resultant effects. The partition of the Indian subcontinent caused a huge displacement of the people, one of the largest in history, and consequent large-scale violence. There was close cooperation between the governments of India and Pakistan at the time, to make the partition as smooth as possible for administrative efficiency. A significant number of inter-governmental dealings were carried out to ensure that the partition did not negatively affect the state structure of either country. This cooperative attitude arose out of an urgent desire for the finalization of the process of partition and not for any other commonality of interest (Raghavan, 2016). As the partition was done based on religion, its consequences included sectarian violence. Displacement and its following carnage quickly got out of the hands of the leaders who had carefully crafted the process. Migration into West Bengal and Assam was of such magnitude that it was believed that if the influx was allowed to be continued then it would surely lead to the defeat of the administrative and economic machinery of eastern India (Raghavan, 2016). Violence against Muslim minorities in India and Hindu minorities in Pakistan had caused this exodus, with each community fleeing to escape torture. Concerns were voiced by both Indian prime minister Jawaharlal Nehru and Pakistan's prime minister Liaquat Ali Khan to put an end to this ongoing inflow of refugees. Matters came to a head in February 1950, when provocative congregations and processions sparked off riots that claimed ten thousand lives and an influx of approximately twelve lakh refugees into West Bengal (Ghosh, 2007). The Nehru-Liaquat Pact was signed on 8th April 1950 to tackle this situation. It was understood that the Indian and Pakistani governments had to take up the responsibility of protecting the minority communities in their respective countries to put a cork on the continuing exodus. Under this Pact both governments sought to provide equal citizenship rights to all communities in the country and create an environment of security, particularly in the context of the property. The Pact sought to ensure freedom and convenience of movement across borders and prevent harassment in transit. The Pact

recognized offenses committed on both sides of the border and recommended actions to prevent any further damage. Copies of the Pact were disseminated widely amongst the public on both sides of the border which was well received by the people (Agreement between the Governments of India and Pakistan Regarding Security and Rights of Minorities, n.d.). Commissions had been set up to ensure proper implementation of the various provisions of the Pact. Despite the governments being aware of the continuing violence and taking measures to deal with them, it was seen that migration into either country continued to take place in huge numbers, and even increased, pointing to the fact that the people did not have much confidence in their government's actions (Ghosh, 2007).

Several accords and treaties were attempted and signed by the two countries following partition to deal with its various consequences. It was also done so that India and Pakistan can move on to focus on their individual development and growth needs and put a stop to constant hostilities. Another issue that India and Pakistan had to deal with because of the geographical partition of the subcontinent was the question of the distribution of waters between them. This was an urgent need as both countries were held hostage due to the unavailability of water on one side and the loss of agricultural land on the other. The Indus Waters Treaty is another example that demonstrates that while both countries sought to deal with a persisting problem and which was successful in nature, it failed to allay suspicions in the minds of the people of either country.

The Indus Waters Treaty (IWT)

The Indus River basin became a matter of conflict between India and Pakistan given its geographical position post-partition. Owing to the partition of Punjab, its irrigation and agricultural lands fell prey to division, creating a situation where India turned out to be the upper riparian country, with the headworks of irrigation structure and Pakistan was now the lower riparian country. The majority chunk of agricultural land went to Pakistan while India retained a very small part of it. The massacre in the wake of partition and its resultant paranoia had created deep suspicion among the people of India and Pakistan. The latter felt that India might use its upper riparian position as leverage during hostilities and cut off the crucial water supply. In fact, in 1948 India had indeed cut off the water supply to the canals in Pakistan when both countries were involved in a diplomatic disagreement (Sharma, 2012). Hence the need for a settlement or agreement on water division became the need of the hour. Interestingly, the Indus Waters Treaty was signed much later in 1960,

when the World Bank acted as the mediator. This was due to the failure of fruitful diplomacy between the two countries and ongoing conflictual relations. The water-sharing treaty essentially divided the use of the six rivers water of the Indus basin between India and Pakistan. Complete use of the rivers situated in the east, that is, Ravi, Beas, and Sutlej was given to India, while the use of the rivers situated in the west, that is, Indus, Jhelum, and Chenab was given to Pakistan. The treaty allowed India access to the western rivers for domestic, agricultural, and non-consumptive use. It also allowed India to construct a hydropower station as well as a store of water, subject to a few limitations. The treaty further entailed the set-up of a Permanent Indus Commission (PIC) to enable cooperation between the two countries in the development of the Indus basin and exchange information on developmental projects in the area and the rivers. Under the PIC two Commissioners for each country will be appointed who would hold annual meetings and visit the other country. The treaty, importantly, also provides for a dispute settlement mechanism for issues related to the Indus basin and the sharing of waters (Indus Waters Treaty 1960, n.d.). While for the most part, the treaty has operated successfully throughout the years, it has run into problems that originated from the issue of construction in this area. In the 1970s, the Salal Hydroelectric project, constructed in Jammu and Kashmir in India, became a point of contention between the two countries and it was ultimately resolved. The Wular barrage project in the Indus Basin is an unresolved dispute while the dispute regarding a run-of-the-river project in Baglihar, Jammu, and Kashmir, was resolved in 2010. Pakistan has time and again complained about how India is violating the treaty in several ways while India continues to maintain that it is well within its rights in the Treaty concerning constructions in the Indus basin. There were even talks of abrogation of the Treaty by India or the latter opting out of the Treaty in the face of Pakistani violence in Indian territory in 2001 (Iyer, 2002). However, the Treaty has continued to survive even in the face of overwhelming challenges.

The IWT is a significant piece of diplomacy that demonstrates the very essence of the India-Pakistan relationship, that which is based on fear and suspicion. Pakistan is well aware of its lower riparian location and the negative possibilities associated with it. To make matters worse, India stopped the flow of water into the canals of Pakistan during a bilateral tussle in 1948. This fear keeps Pakistan on its toes whenever there is any construction by India in the Indus basin, where the former keeps voicing its concerns. Pakistan fears that India might utilize its location to divert water and use it as a geostrategic

weapon. India remains wary of Pakistan's constant objections to *various* Indian projects in the Indus basin which in turn delays them, making negotiations and ultimately relations between the two countries, problematic (Sharma, 2012).

The Tashkent Declaration

Kashmir became a point of contention in all the conflicts and wars that have ensued between India and Pakistan. In 1965, a second war, the first one being in 1948, erupted between the two neighboring countries. Political clashes in Jammu and Kashmir since 1963 made Pakistan believe that in case of war between the latter and India, the people of Kashmir would end up supporting the Pakistani forces. Moreover, after its devastating defeat by China, Pakistan was expecting to surprise a tired Indian army with its trained forces. The outcome of the war demonstrated how wrong Pakistan and its leadership were in their assumptions. The two countries met at Tashkent in 1966 for a settlement, which was mediated by the Soviet Union. While the ceasefire spoke of returning to normalcy, it also included provisions for continuing normal diplomatic relations, non-interference in each other's domestic problems, as well as carry out discussions on the issues of repatriation of prisoners of war, resumption of normal trade relations, problems relating to immigrants and refugees and other common problems. While all these provisions had an element of ambiguity with no definite stipulations, the only concrete clause was that of the withdrawal of armed forces (Bahadur, 2007).

According to Article II of the Declaration:

"... have agreed that all armed personnel of the two countries shall be withdrawn not later than 25 February 1966 to the positions they held prior to 5 August 1965, and both sides shall observe the cease-fire terms on the cease-fire line." (Tashkent Declaration signed by Prime Minister of India and President of Pakistan, n.d.)

Even though troops were withdrawn and hostilities came to an end, disaffection, especially on Pakistan's part remained. The 1965 war had made it quite clear that Pakistan would always take advantage of India's vulnerability by attacking it at its weakest. It was also made quite clear that Pakistan was not satisfied with the Tashkent Declaration and wanted to arrive at a definite settlement on the question of Kashmir, and on the other hand, it was quite clear that India did not want any settlement on Kashmir at that moment. The Tashkent Declaration received much condemnation among the Pakistani population as well adding

to the country's anger against its neighbor (The Tashkent Spirit, 1967). Thus, although the 'Tashkent Spirit' had been much talked about, major lingering challenges remained between the two countries and they found expression in their subsequent wars and their corroborating peace treaties.

The Simla Agreement

The Simla Agreement was signed in 1972 in the aftermath of the India-Pakistan war, which culminated in the liberation of East Pakistan and its subsequent formation as Bangladesh. Starting as domestic disaffection against autocratic governmental tendencies by West Pakistan, East Pakistan soon started seeking liberation when the former failed to recognize the overwhelming victory of the Awami League in the other half of the country. With thousands migrating into Indian territory to escape violence, India declared an all-out war against Pakistan to bring an end to the ongoing violence and hostilities. A major turning point at Simla was the changed posture in terms of the diplomatic solution to conflicts between the two countries. Point ii of Article 1 of the Simla Agreement reads that the two countries "... are resolved to settle their differences by peaceful means through bilateral negotiations or by any other peaceful means mutually agreed upon between them." Then Indian Prime Minister Mrs. Indira Gandhi believed that India at that moment had an upper hand in the negotiations and hence pressed for an overall settlement of the Kashmir issue once and for all, bilaterally. Conversely, then President of Pakistan and signatory to the Simla Agreement, Mr. Zulfikar Ali Bhutto felt that the clause on the bilateral settlement was viewed quite liberally by India and did not agree on any comprehensive settlement on Kashmir. Thus, India's insistence to not allow any external intervention in the Kashmir question was not accepted by Pakistan and it was far from being settled. India agreed to give up more than 5000 miles of Pakistani territory in Punjab and Sindh that the former had occupied during the war hoping that in return Pakistan will accept India's settlement in Kashmir. However, the two countries could only agree on recognizing the new ceasefire line post-1971 as the new line of control (LOC) as the valid international borders. The ceasefire lines of 1965 had been wiped out by the war in 1971, hence new international borders were drawn. Pakistan, the defeated party, was willing to take small steps like withdrawing troops and recognizing borders but remained adamant on no comprehensive solution to the Kashmir question (Bhargava, 1973). A few other points of conflict ensued, namely the delay in the withdrawal of troops and the return of prisoners of war (POWs) to Pakistan. Withdrawal of troops took a long time as compared to the withdrawal of armies

after the 1965 war. The Simla Agreement was signed on July 2, 1972, and it was only on December 7 of the same year that both countries agreed to the new cease-fire lines and completed withdrawal thirteen days later. On the question of the return of the POWs, India maintained that it can only do so after consultation with Bangladesh and will agree to it only if Pakistan recognizes her. President Bhutto believed and expressed that recognizing Bangladesh would be in Pakistan's interest. Pakistan recognized Bangladesh in 1973, quicker than expected. India had aimed to use the POWs as leverage to exact the settlement on Kashmir as well as unwilling to let go of trained soldiers too quickly, as they could pose security concerns on its part (Burke, 1973). Thus, the Simla Agreement again culminated in dissatisfied parties on both sides, without any concrete resolutions apart from recognition of ceasefire lines and the return of POWs. Additionally, Pakistan felt that the Simla Agreement was largely unequal in character and that India, taking advantage of its position, had dumped it on Pakistan which was the defeated power. Indeed, if any comprehensive settlement had been reached between India and Pakistan via the Simla Agreement, it would have allowed the two countries to move ahead in terms of collaboration and cooperation in other fields and contributed towards forging a better diplomatic relationship. But as mentioned earlier, when fear and mistrust are the basis of any bond, it is not easy to arrive at mutually acceptable solutions.

The international LoC outlined by the Simla Agreement was interpreted in varied manners by either country and soon clashes broke out along the border based on them. Operation Meghdoot, launched by the Indian army in April 1984 was a pre-emptive move to capture the highest points of the Siachen Glacier. The operation was pre-emptive since India was tipped off that Pakistan was going to send in its troops to capture major points of the Glacier, in the same month. The LoC along this region was deciphered differently by the two countries and hence this ambiguity created space for occupying territory. India-Pakistan negotiations after the Simla Agreement grew worse with Pakistan refusing to negotiate in any other field unless there was any acceptable resolution to the Kashmir dispute. Border clashes and violations increased and before long Pakistan unleashed another weapon on India, that of cross-border terrorism. This was also a time when India sought to develop positive relations with Pakistan, essentially to engage it in dialogue so that there can be meaningful negotiations between them. A Composite Dialogue was started by India with Pakistan in 1998, a continuous process of negotiations, in which various issues, including Kashmir, would be discussed and a possible solution will be

arrived at. Initially, the Composite Dialogue identified eight subjects: peace and security, Jammu and Kashmir, Siachen, Tulbul Navigation Project, Sir Creek, trade and economic cooperation, terrorism and drug trafficking, and friendly exchanges. The highly optimistic Prime Minister Atal Bihari Vajpayee traveled to Lahore in 1999 where he reiterated India's commitment to positive dialogue, cooperation, and a bilateral effort to discuss the Simla Agreement. Both Prime Minister Vajpayee and Prime Minister Nawaz Sharif committed to bringing an end to terrorism, according to the Lahore Declaration (Shukla, 2008).

The Lahore Declaration and Agra Summit

Pakistan's actions post the initiation of the Composite Dialogue and Lahore Declaration were viewed not only by India but also by the international community at large as aggressive, untrustworthy, and duplicity. The Kargil incursion and hijacking of Indian Airlines IC814, and the attack on the Indian Parliament, demonstrated Pakistan's disinterest in peaceful negotiations and prolific use of terrorism to bring pressure on India. Despite this, Indian leadership continued to press for dialogue for the peaceful resolution of disputes as was seen in the Agra Summit of 2001, where Prime Minister Vajpayee met with the orchestrator of the Kargil incursion and President of Pakistan, General Pervez Musharraf. However, there was no meaningful outcome of this Summit as India was intent on discussing the issue of cross-border terrorism and the need for Pakistan to put a stop to it, along with other issues mentioned in the Composite Dialogue. Pakistan, on the other hand, refused to discuss any issue unless a settlement on the Kashmir question is reached that is acceptable to them. Moreover, discussions on the Simla Declaration and Lahore Declaration were not acceptable to Pakistan. President Musharraf thought that fresh talks should be initiated and refused to acknowledge the earlier declarations. The question of the nuclear program was also supposed to be discussed, however, Pakistan refused to be swayed and did not want to work towards normalization of relations (Dixit, 2001).

India and Pakistan met once again on the sidelines of the SAARC Summit in 2004, in Islamabad and once again there was a resumption of dialogue with both sides agreeing to discuss the issue of Kashmir settlement as well as that of cross-border terrorism and putting an end to it. Although President Musharraf assured India that steps will be taken to curb cross-border terrorism in India and not allow Pakistani soil to be used for terrorist campaigns in India, border incursions and terrorist acts have continued to take place (Dixit, 2001). While the two countries are trying to move forward in trying to normalize relations,

frequent skirmishes along the border and terrorist activities put an end to diplomatic relations.

India and Pakistan need to find a common ground to move their relations forward. India even presented to Pakistan that normalization of relations can be attempted without first settling the Kashmir question and border dispute, stating the example of India-China relations. However, to make any progress India will have to actively discuss Kashmir as well as Pakistan will have to consider cooperation on other comprehensive bilateral issues (Raja Mohan, 2004). However, continued violence in the form of border conflicts and cross-border terrorism in India has paralyzed any real development of diplomatic relations between the two countries. The composite dialogue has operated in an on-off manner, coming to an end whenever there is an act of terrorism sponsored by Pakistan in India. Even though the development of India-Pakistan relations holds potential for the overall development of the subcontinent, the two countries have hardly made any real progress. Moreover, they have even held hostage the success of organizations where India and Pakistan have accessed membership.

Economic relations between India and Pakistan

Economic relations between India and Pakistan have hardly been spared by the influence of their rivalries. India-Pakistan economic relations today are much better, given their diplomatic standpoints. They are not the best but not the worst either. To begin with, however, the partition had dealt a quite bad and unfair hand to both countries.

This was mainly due to two factors associated with the partition process. Firstly, partition was executed based on religious division. During the colonial period, the British carried out economic activities in India without the idea of partition in their minds. As a result, in the aftermath of partition, it was found that both countries had been left with contradictory economic resources. The newly created Pakistan was left without a banking system and hence had to rely on India for its financial services till it had created its own. Irrigation facilities were majorly developed in the western sector of India, particularly the Indus Valley. Here, out of the 37 million acres of land, 31 million acres went to Pakistan post-partition. However, the irrigation system began on the Indian mainland, feeding canals into Pakistan. Hence while India was left short of irrigated land, Pakistan lacked irrigation headworks and was dependent on India. Pakistan also lacked reserves of energy resources which were present in India. India lost out on huge quantities of foreign exchange-earning

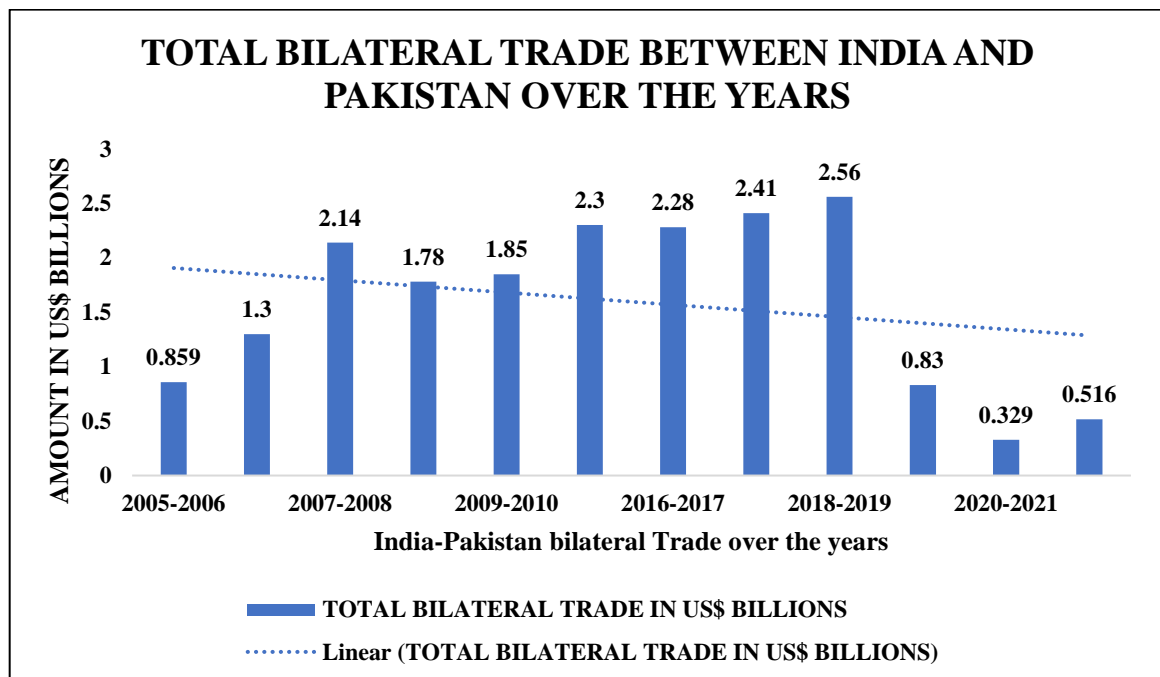
cash crops (Wilcox, 1964). Thus, instead of making a clean break, partition brought forth several contradictory challenges for India and Pakistan. Secondly, the partition was carried out in a hasty process. It is a well-recorded historical fact that the reckless way the Indian partition was done by the British colonial power resulted in a highly chaotic environment and exacerbated violence to a huge degree. It also left two newly appointed governments practicing self-government for the first time to handle their polity and economy in a shorter time than expected. Economic relations between the two countries thus suffered additionally due to the political crises between the two that often led to the breakdown of diplomatic and economic relations.

Trade relations between the countries have been on the lower side of the spectrum since the days of partition. They have picked up pace only from the beginning of the century (Taneja, Prakash & Kalita, 2011). Trade relations between the two neighbors were hampered due to outbreaks of wars and other such political conflicts for several decades post-partition. In the 1990s, with the end of the Cold War in the international sphere, India lost out on a major ally and was forced to come up with a new diplomatic strategy. The collapse of the Soviet Union made India rethink its South Asia policy. The Gujral doctrine⁹⁹⁶ announced India's unilateral support to its South Asian neighbors without the expectation of reciprocity. In the same year, India granted the Most Favored Nation (MFN) status to Pakistan. MFN status allows a country to offer the removal of trade barriers and the most favorable terms of trade, essentially non-discriminatory trade access with itself to its partner country (Taneja & Kalita, 2011). India realized it had to step up its economic game with its liberalization and sought to adopt and enact positive economic strategies in the South Asian subcontinent, particularly in Pakistan.

In exchange Pakistan too tried to match India's positive measures. In 2004, Pakistan increased the number of items to be allowed to be imported from India. In 2005, India and Pakistan amended the 1975 Maritime Protocol, to allow both countries to use each other's ports for the transportation of goods to and fro, from third countries. The Attari-Wagah route was also opened in 2005 for the transport of commodities, which had been closed since partition. Such positive trade strategies continued to be adopted for the next few years, ultimately culminating in 2011 when Pakistan announced its decision to give the MFN status to India (Taneja, Prakash & Kalita, 2011). Indeed, India and Pakistan shared a few barriers in trade. Both countries lacked complementarities in trade and were rather competing instead of cooperating in the early decades post-partition. Wars disrupted

diplomatic and economic relations between them. The list of items for export and import was limited and their bilateral trade was much less as compared to trade with other countries in South Asia. Due to these restrictions informal trade and a black market formed and flourished between them. The amount of informal trade going on between India and Pakistan was like the amount of formal trade that takes place between them (Taneja, Prakash & Kalita, 2011). The Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project which aims at transporting energy resources from Central Asia through Afghanistan, Pakistan to India was formulated in the 1990s and ultimately construction started in 2015. This is an ideal example of energy cooperation between India and Pakistan, as the project seeks to benefit both as well as the rest of the participating countries in terms of gaining access to Central Asian energy reserves (Dash, 2013).

Fig 4.6: Trend of bilateral trade between India and Pakistan between 2005 and 2022



Source: Data is compiled from the official website of the Government of India, Ministry of External Affairs. The data provided is as mentioned in the Annual Budget Reports available on the website.

There are several advantages to improved and expanded India-Pakistan trade relations. It will enable both countries to expand their markets, and this is especially true for Pakistan. Life will be breathed into SAARC, whose growth and development have been held hostage by the rivalry between the two neighboring countries. Furthermore, India’s regional prestige in South Asia will receive a boost if it can develop good economic relations with

Pakistan. However, even though developments in the 2000s and early 2010s looked promising, relations between the two countries took a nosedive soon after. Following the Pulwama terrorist attack in India, the latter called off its MFN status to Pakistan. Although India has not imposed any tariffs or trade-restrictive measures against Pakistan, calling off the MFN status is India's signal that it will not tolerate terrorism sponsored from across the border, even as Pakistan refuses to take any steps to prevent this (Suneja, 2019). The TAPI pipeline project has been stalled on India's end as well as India has not yet recognized the Taliban government in Afghanistan and is cautious of Pakistan owing to worsening relations at present (Basu, 2022).

Bad political relations have hampered the development of the economy and trade between India and Pakistan once again. Unless both countries work on getting out of this psyche, and Pakistan abandons sponsoring terrorism in India, growth in economic and trade relations cannot be expected.

India-Pakistan Development Cooperation/Partnership

Indian foreign aid and assistance have hardly made any inroads in Pakistan. Ever since the partition, India and Pakistan have been locked in a struggle with each other. The impact of this rivalry has been forceful due to their common history as well as their present geographical position. While Indian foreign aid and assistance have been prevalent, and growing widespread with time, since its independence, Pakistan has rarely been touched by its presence. This inconsistency becomes starker when compared to Indian foreign aid and assistance in the other countries of the South Asian subcontinent. The South Asian subcontinent is the biggest receiver of foreign aid and assistance from India. With Pakistan, the continuing conflictual relationship has prevented these cooperative and collaborative efforts to gain ground in the country.

Fig 4.7: The Peace Pipeline: will it succeed?

The Turkmenistan-Afghanistan-Pakistan-India (TAPI) Pipeline Project

Location: The TAPI Pipeline Project, also known as the Peace Pipeline or the Trans-Afghanistan pipeline, will be a 1,814 kilometers long transboundary pipeline starting from the Galkynysh gas fields in Turkmenistan, through Afghanistan, across Pakistan, and finally into India. It is built to be operational for a period of 30 years and will transport 33 billion cubic metres (bcm) of natural gas annually (<https://www.hydrocarbons-technology.com/projects/turkmenistan-afghanistan-pakistan-india-tapi-gas-pipeline-project/>).

Components: The TAPI Pipeline Project is set to be constructed jointly by the 4 countries, through the TAPI Pipeline Company (TPCL). It is formed by the state-owned gas companies of the 4 countries, namely, Turkmenistan Gas (Turkmenistan), Afghan Gas (Afghanistan), Interstate Gas Service (Pakistan), Gas Authority of India, and Indian Oil (India). The Project is also financed by the Asian Development Bank and the Islamic Development Bank, the latter providing capital resources for the construction of the pipeline in Turkmenistan. While India and Pakistan will purchase 42% of the year annually, Afghanistan will do the same at 16%. Moreover, both India and Pakistan will be paying an annual transit fee to Afghanistan (<https://www.nsenergybusiness.com/projects/turkmenistan-afghanistan-pakistan-india-tapi-natural-gas-pipeline/>).

History of the Project and Current Progress: This Project was initially proposed in 1995, comprising only Turkmenistan and Afghanistan at the time. Pakistan became a part of the project in 2002 and India came into the scene in 2008. After a long time of back-and-forth inter-country and intra-country negotiations, construction finally started in 2015. The construction of the pipeline in Turkmenistan was finished in 2019. In Afghanistan, construction began and then was suspended and works have resumed under the new Taliban government (<https://www.firstpost.com/world/the-long-and-troubled-history-of-tapi-pipeline-what-you-need-to-know-about-ambitious-gas-pipeline-project-10328721.html>). India is also treading the project quite cautiously and as of the current situation, construction of the pipeline is stalled in the country. The India-Pakistan rivalry has been a primary cause of stalling of the project in the past. However, India at present has two other concerns. Firstly, India has not yet recognized the Taliban government in Afghanistan, which is a major party in the project now. Secondly, India is not enthusiastic about depending on Pakistan for the supply of gas to the country, especially when the latter will be able to cut off the flow of gas. Hence, the construction is yet not complete and the pipeline is yet operational (<https://theprint.in/diplomacy/turkmenistan-afghanistan-push-tapi-gas-pipeline-again-but-this-is-why-india-is-being-cautious/823185/>).

How will it benefit both countries? The TAPI pipeline project is a project that could enable India and Pakistan to collaborate with each other on an important case of energy resources. Not only will this feed the resource need of both countries, but it will also boost trade and transportation between them. However, both countries are unable to move forward due to the existing fears and apprehensions between them.

A look through the Annual Reports of the Ministry of External Affairs of India holds testament to the facts stated above. Neither have there been any India-led projects or collaborative infrastructural ventures in Pakistan post-2000s when development cooperation/partnership gained ground with the other countries of South Asia. The only circumstances under which India has contributed aid and assistance to Pakistan has been when the latter has been struck by disaster. There are a handful of examples in which India has extended relief assistance to Pakistan over the years. In 1963, India contributed Rs. 60,000 in the form of medicine and clothing when the country was struck by floods. In 1970, India provided Rs. 1 crore to East Pakistan which was hit by floods. In 2006, India supplied 1300 tonnes of relief goods and assistance of US\$ 25 million, as a violent earthquake-ravaged Pakistan. In the annual year 2007-08, India contributed Rs. 1.3 crores to the North West Frontier Province as aid due to the impact of floods. In 2010, India gave US\$ 25 million to Pakistan for the victims of floods (Ministry of External Affairs Catalogue Reports, n.d.). Apart from these, India has consistently tried to improve relations with Pakistan and solve problems between them bilaterally. In this pursuit, India has engaged in Composite Dialogue for the diplomatic resolution of conflicts. In addition, both countries have collaborated to enable pilgrims from either side of the country to visit shrines in the other. The latest example is that of the Kartarpur Corridor, which will allow Sikh pilgrims in India to travel without a visa to the Dera Baba Nanak shrine in Pakistan. This was inaugurated in 2019 (Ministry of External Affairs Annual Report, 2020). Apart from this people-to-people contact has been encouraged by both countries through joint sporting events and the creation of bus services like the Lahore-Delhi-Lahore bus route.

These few attempts at collaboration have been hampered by political disruptions between the countries, mostly caused by Pakistan sponsoring terrorism in India and the former refusing to prevent those occurrences or even acknowledge them.

India-Pakistan Relations: A Constructivist Explanation

Fear, doubt, and suspicion have been the basis of India-Pakistan relations, even 75 years after the partition. It is important to establish this fact as India and Pakistan are influenced by these factors in the conduct of diplomacy with each. They have not moved forward from this position because of several factors. Firstly, the consistent nature of conflicts that occur between these countries, especially the use of terrorist tactics by Pakistan against India, has prevented positive developments to gain ground. The positive efforts made have

eventually fizzled out due to the lack of a suitable environment. Secondly, a host of unresolved issues has been a major barrier to the progress of their relationship. These issues have cropped up persistently in any interactions between the two neighbors. Even though measures have been taken to deal with them by including them in their bilateral treaties, they have proved to be unsuccessful. Finally, a deep-seated psyche of mistrust and caution exists in the minds of both countries which has been further entrenched by recurring conflicts.

In the past, Pakistan has referred to bilateral treaties like the Simla Agreement as an unfair treaty and one which has been imposed by India on it. On India's part, it sought to eliminate any third-party involvement in India-Pakistan issues, by negotiating a peaceful and bilateral settlement of the dispute clause in the Agreement. The Agra Summit and Lahore Declaration was again a deadlock scenario as Pakistan refused to talk on anything apart from a resolution on Kashmir, on terms acceptable to it. High-level meetings on the Composite Dialogue continue to take place, however, they did not have much success. Using terrorism on Indian soil as a weapon to bring it down on its knees has put a nail in the coffin of India-Pakistan relations. Even in the aftermath of terrorist events India has tried to reopen a fresh chapter of positive diplomatic relations between the two, which again was unfruitful.

Even though the India-Pakistan partition took place on religious grounds, their continuing predicament is not due to religion. Islam as a religion has been practiced in the South Asian subcontinent for centuries. India houses a substantial Muslim population. Jammu and Kashmir itself are home to Muslim, Hindu, and Buddhist populations. It is the intervention of opposing and highly charged political ideologies in religious space that has heightened the Kashmir issue in India-Pakistan diplomacy (Menon, 2009). Additionally, Pakistan views India's secularism as highly hypocritical, in that it essentially supports policies that are favorable and subscribes to a Hindu-majority population (Bajpai, 2003). Moreover, India's geographical and economic size in the subcontinent has been viewed with caution, and its big-brother attitude is often proclaimed by the smaller countries here, including Pakistan. To counter this, Pakistan, ironically, has sought support from larger external powers like the United States and China. Pakistan's views of India's superiority complex have also been established above. All these factors combined have created an identity crisis which has led to the persistently worsening relations between the two.

Thus, ideational rather than physical or material factors have played an important role in defining India-Pakistan bilateral relations. Its biggest example is in the sphere of India's development cooperation/partnership which reveals the stark absence of Pakistan. India's development partnership and financial assistance are highest in the South Asian subcontinent and Pakistan is completely absent from it. There is no collaboration on any projects between the two countries. Only in the Indus Basin, are India, and Pakistan required to furnish each other with details of any construction that they would like to carry out, by the IWT. Even here there has been much controversy over Pakistan's objections to India's constructions in the Basin.

Conclusion

Among the three countries studied in the present Chapter, Afghanistan is the biggest development partner and assistance receiver from India while Pakistan is the least assistance receiver from the same. While Afghanistan ranks amongst the highest in South Asia, as a receiver of Indian aid and development partnership, Pakistan is not a development partner of India at all, and assistance is only extended in the aftermath of natural disasters.

Afghanistan's fate is crucial to India, as an economically and politically stable Afghanistan will be a boon while an unstable, underdeveloped, and violent Afghanistan will become a liability. Moreover, to prove its mettle as a regional power, Indian participation in the process of rebuilding Afghanistan is inescapable. India's role in building infrastructure and extending lines of credit to Afghanistan is proof of this fact. India's active participation in multilateral forums for Afghanistan's reconstruction such as the Bonn Agreement and Heart of Asia process further confirms this. India has earned goodwill in Afghanistan for its assistance and collaboration. Development cooperation/partnership as a tool of foreign policy has enabled India to win this positive development as well as boost its role as a regional power. India is a bigger power in South Asia as compared to its neighbors, in terms of geographical and economic size. The policy of development cooperation/partnership and assistance enables it to utilize its resources for the mutual benefit and development of itself and its partners.

India-Pakistan relations are caught up in such conflict and suspicion regarding each other that there has been no development partnership/cooperation between them. Identity and

ideational factors have prevented their diplomatic relations to develop. The use of terrorism as a weapon by Pakistan to weaken India has further blocked any progress in diplomatic relations.

India-Bangladesh relations feature somewhere in the middle of India's relations with its developmental partners. Bangladesh too has been influenced by anti-India sentiments during its regime of military dictatorships. India-Bangladesh relations have improved quite a lot since then and both have been active development partners. Nevertheless, certain issues continue to threaten this peace. India also faces competition from powers like China in the field of development cooperation.

Development cooperation/partnership as a tool of foreign policy has enabled India to improve its relations with its neighboring countries. Every country in South Asia has a unique relationship with India, which in turn has defined their diplomatic relations with each other. The policy of development cooperation/partnership has enabled India to not only earn goodwill with its neighbors but also improve its position as a regional power as well. The image of a big brother, when countered by this policy bodes well for India.

Chapter 5

India's Development Partnership with South Asian Neighbors: Sri Lanka & Maldives

Introduction

To India's south, lie two of its most important neighbors, Sri Lanka, and the Maldives. Both being island countries, they hold significance in India's southern security interests as well as that of the Indian Ocean. Indian development assistance/partnership has been extensive in both countries. At the same time, India has faced immense backlash from Sri Lanka and the Maldives, owing to its dominating attitude. Coupled with this is the apprehension of Chinese presence in the Indian Ocean region through their investments in Sri Lanka and the Maldives. The present Chapter is divided into two parts: India-Sri Lanka relations and India-Maldives relations. The purpose of this Chapter is to establish the nature of India- Sri Lanka relations and how that has affected the role of Indian development assistance/cooperation in the island country. A historical and present understanding of the complications in India-Sri Lanka relations will be studied under two heads: ethnic conflict and other strategic concerns, including India's southern security needs, fishermen dispute between India and Sri Lanka, and, India-Sri Lanka trade relations. This will be followed by a study of India's foreign assistance and development assistance with Sri Lanka. India-Sri Lanka relations will end with a constructivist analysis of their bilateral relations, in the background of India's development assistance. India-Maldives relations are discussed in the subsequent part of the Chapter. Although a good ally of India, the bilateral relations between the two countries have gone through turbulence since the turn of the century. Indian development assistance/cooperation has made impressive inroads in the archipelagic nation. Despite the ups and downs in diplomatic relations, India continues to feature as an important country for the Republic of Maldives.

India-Sri Lanka relations present another facet of challenging association for India in South Asia. Sri Lanka's geographical position in the South Asian subcontinent makes it a significant power. Students and scholars of Indian foreign policy have studied how the Indian Ocean is geopolitically a vital area for India on account of strategic and security concerns. However, India-Sri Lanka relations are not limited to such considerations. Both countries share a rich history of culture, religion, and diplomacy. Theravada Buddhism, followed by an overwhelming majority of the population in Sri Lanka, can be said to have spread from India to its southern neighbouring country. They did not harbor any animosity at the time of their independence (Sri Lanka achieved independence in 1948 from the

British). Their main conflict grew later. However, despite having gone through challenging phases, India-Sri Lanka relations have not suffered tremendously as has been the case with certain other countries in the South Asian subcontinent. In terms of development assistance and cooperation, there has been much collaboration between the two countries. Having said that, disputes have also cropped up in this matter, which has been more apparent in Sri Lanka than in any other country in South Asia. This section explores the development of India-Sri Lanka relations over the decades, perceptions that have been built between the two countries due to their diplomatic interactions, and the role played by Indian development assistance/cooperation in it.

Sri Lanka is the leading country in South Asia in terms of the human capital index, which involves the measurement of the level of knowledge, skill, and health of individuals in a country, as per World Bank 2018 reports (The World Bank, 2018). Post-independence, that is 1948, Sri Lanka started as quite promising, even appearing as an example of a successful country for other developing countries that sought to emulate it. For example, Prime Minister Lee Kuan Yew of Singapore 1956, in his visit to Sri Lanka referred to Sri Lanka as a model of a British commonwealth country with superior infrastructure as compared to Singapore. According to Prime Minister Yew, Sri Lanka was a better city than Singapore at the time (Perera, 2022). However, history is witness to the events and problems which led Sri Lanka to a downward spiral, which were mainly ethnic in character.

India and Sri Lanka have old historical connections, which is evident given their proximity to each other. It was King Ashoka of the Mauryan dynasty, who had sent representatives from his kingdom to Sri Lanka, and owing to this Buddhism crossed borders and spread rapidly in the island country. In the modern era, Indian and Sri Lankan independence took place side by side, one year after the other. But, the conditions around which independence was achieved by both countries were rather different. While India experienced a bloody partition and its turbulent effects, as a by-product of independence, Sri Lankan independence was peaceful and without any violence. This peaceful nature of achieving independence was a strategy in play to bring Sri Lanka closer to other British commonwealths and distance itself from India (Trivedi, 2008). Sri Lanka itself was apprehensive of getting dominated by an independent India.

Although Sri Lanka sought to maintain distance, it soon got involved directly with India on an ethnic issue. The Tamil population in Sri Lanka, the center point of Sri Lanka's ethnic conflict, was not newly introduced in Sri Lanka post its independence. During the days of British colonialism, Indians migrated or were sent to work as laborers in the Sri Lankan plantations. This migration was well negotiated with the governments of both countries, ensuring their proper living conditions. However, the Indian settlers, mainly Tamils, continued to move across the borders and back, which became a point of concern post-Sri Lankan independence. To satisfy its indigenous population and preserve the Sinhalese identity, the Sri Lankan administration initiated discriminatory legislation against the Indians in the country. While India was an example of the inclusivity of plural cultures, Sri Lanka decided to go along the path of ultra-nationalism. The Indian government's interest in the question of the rights of Indian settlers in Sri Lanka grew with time. The nature of this dispute was milder and both countries interacted through the next two decades, to come to a solution concerning the problem at hand. This issue took a violent turn in the 1970s, which complicated bilateral relations further. A long protracted civil war ensued, coming to an end finally in 2009. Post-civil war, relations between India and Sri Lanka received a fresh breath of life, and trade relations between them received an impetus.

Ethnic Conflict

The civil conflict in Sri Lanka is a complicated mixture of ethnicity, religion, and language. This conflict has been a defining factor of India-Sri Lanka relations for most of its diplomatic history. It had a sociological facet and its protracted nature can be attributed to the inability of leaders, in both India and Sri Lanka, to bring an end to the conflict.

The onus fell majorly on Sri Lanka since this issue was strictly a domestic matter. For India, it presented another challenge since the Tamil population, part of whom formed one-half of the contesting parties, was deeply linked to the crisis. India's engagement in Sri Lanka's domestic problem hence arose out of the need to defend the Tamil population there. The Tamil population in Sri Lanka had migrated to the island country since the time of British colonialism in India, to work on the plantations and estates in the former colony. The Sinhala Buddhists, the majority population in Sri Lanka, are the indigenous population. Despite being the majority population in Sri Lanka, and Sinhalese being the majority language, this ethnic clan is a minority when seen from a global perspective. The

Tamil population on the other hand enjoys a wide presence across the Sri Lankan borders, as well as in terms of its existence in other countries (Jayatilleka, 2015). It will not be incorrect to say that Sri Lanka is ethnically isolated. Thus, the need to preserve the Sinhalese identity and language was felt quite strongly. However, the way the Sri Lankan government went about this task was far from perfect and it eventually led to the extreme discomfiture of the minority population, that is, the Tamils. What adds complication to the bilateral relations of India and Sri Lanka is the fact that their domestic issues and foreign policy initiatives have gotten mixed up due to the crisis. That has created pressure on the functioning of either government as well as in their diplomatic relations. This in turn had acted as a barrier to the resolution of this crisis, lending to its stretched-out nature.

One of the earliest pieces of legislation that contributed to Sinhala-Tamil disaffection was the Sinhala Only Act of 1956, which replaced English as an official language in the island country. Initially, the aim behind the motive of creating a new official language post-independence in the country was to replace English as a medium with Sinhala and Tamil as official languages. This claim was made before its independence, which was in 1948. However, post-independence this demand changed. The focus was transferred from discrimination in favor of the English-speaking elite to discord between the Sinhala and Tamil communities. This grew from the belief that pre-independence, the Tamil population was already at an advantage since their easier access to learning the English language had enabled them to capture most of the government jobs and administrative services. Making Sinhala the official language would be a step forward in correcting this injustice. Apart from this preserving the Sinhala language, as mentioned above, was another major reason for pushing this unequal legislation (Kearny, 1978). Thus, the Sinhala-Tamil discord started based on discrimination due to self-preservation.

Several pacts were finalized, between the governments of India and Sri Lanka, and implemented regarding the presence of the number of Tamils in the island country. The evolution of these pacts essentially exhibits the emergence and showdown of the Sinhala-Tamil civil strife.

The Nehru-Kotlewala Pact of 1954

Disaffection by the Sinhalese against the Tamil population in Sri Lanka had started much earlier since its independence. This hostility was crystallized in the form of several legislations passed with the intent of attributing prominence to the native Sinhala

population and discriminating against the Tamils there. As explained above, there was a general feeling among the populace that the Tamil population in Sri Lanka had an upper hand in terms of access to employment opportunities, including government appointments. While the Tamil population was essentially seen in the category of British subjects before 1948, after independence, it was felt necessary to repatriate most of the Tamil population from Sri Lanka to India, if they were to preserve and sustain the native Sinhala population. It was felt that Sri Lanka would be unable to sustain the added pressure of another population who were not natives and maintained regular contact with its home country. Hence, post its independence in 1948, Sri Lanka introduced a citizenship act in the same year, known as the Ceylon Citizenship Act of 1948. The Ceylon Citizenship Act of 1948, granted citizenship and its associated rights to individuals born in Sri Lanka, and of a father of Sri Lankan origin. The Tamils, who formed a sizeable proportion of the population, had made inroads into the political space as well. The citizenship act not only deprived them of their associated rights but also succeeded in disenfranchising them from the government. The Indian and Pakistani Residents (Citizenship) Act of 1949, sought to enable the people of Indian origin in Sri Lanka to regain citizenship, subject, however, to certain rigorous conditions which were hard to fulfill (Mukherji, 1957).

The Indian response was lukewarm to the harsh policies imposed by the Sri Lankan government on Indian settlers. This is evident from the Nehru-Kotelawala Pact of 1954. Under the Citizenship Act of 1948, a sizeable portion of Indian settlers in Sri Lanka was rendered without a country, essentially relegated to the status of stateless people. While communication between Congress leaders in India and Sri Lankan leaders had been ongoing since before independence, on the question of citizenship of Indian settlers in Sri Lanka, nothing concrete came out of them. The discussions resulted in only a back-and-forth between the two parties. While hundreds and lakhs of applications were submitted by Indian settlers in Sri Lanka for citizenship, not all were considered and citizenship was granted to only a few thousand. This created a huge group of essentially stateless population in Sri Lanka. While the Indian government made it quite clear that it would not absorb the entire stateless population from Sri Lanka, it was ready to negotiate with Sri Lanka on the fate of Indian settlers there. Under the Nehru-Kotelawala Pact of 1954, any immigrant whose mother tongue was Indian and was not registered as an adult was considered an immigrant. A system of separate electorates for the Indian settlers in Sri Lanka was to be created under the Pact. Moreover, the obligation to prove one's citizenship

was on the individual. India was only successful in requesting the Sri Lankan government to accelerate the application and consideration process of Indian settlers. Thus, the fate of the Indians in Sri Lanka was still not resolved. While the Sri Lankan government at the time forwarded an economic justification for the non-absorption of all the Indian settlers in Sri Lanka, their biases toward this entire issue were well apparent. This is because the Indian settlers in Sri Lanka had come to inhabit the island country on the assurance of the host government that they will be well taken care of and awarded rights if labor was to be transported across the border. Moreover, Indian labor in Sri Lanka contributed enough to the advancement of its economy. There was Indian representation even in the legislatures of Sri Lanka. The real issue was the preservation of the Sinhala identity, which was felt that it could be swamped by the Indian community, consisting mostly of Tamils (Mukherji, 1957).

The Sirimavo-Shastri Pact of 1964

The negotiations between the governments of India and Sri Lanka went back and forth regarding the status of the number of Indian settlers in the latter country post the pact of 1954. Pandit Jawaharlal Nehru and Prime Minister Bandaranaike were negotiating a numerical formula for the number of Indian settlers to be absorbed by India and the remaining that was to be integrated into Sri Lanka. Neither leader was able to agree on a particular number, resulting in a stalemate. Moreover, Pandit Nehru was strongly against any compulsory or coerced repatriation of Indians from Sri Lanka to India.

The stalemate in talks on the status of Indian settlers in Sri Lanka was on three fronts. Firstly, between 1950 and 1964, the number of Indians to be absorbed by Sri Lanka had evolved from 50,000 to 4,00,000, under successive leaderships. Toward the end of Pandit Nehru's regime, the number of Indian settlers to be integrated into India stood at 3,00,000 while India was ready to accept only 2,50,000. Secondly, the compulsory repatriation of those who refused to go to India was another cause of concern. This was opposed not only by Indian leadership but also by successive Sri Lankan counterparts as well. Thirdly, the clause on separate electorates, as mentioned under the Nehru-Kotelawala, was highly unpopular. This was again denounced by both Indian and successive Sri Lankan leadership. Since the electorate system was strictly a matter of domestic governance, India could not do much apart from expressing its apprehension about the measure. After Pandit Nehru, Prime Minister Shastri had expressly denounced the system of separate electorates

while mentioning that India itself had a ready and unfortunate experience with this highly divisive measure (Phadnis, 1967).

The Pact of 1964 was supposed to take place between Pandit Nehru and Mrs. Bandaranaike. However, due to Pandit Nehru's death, the obligation fell on Prime Minister Shastri. The new Indian Prime Minister, while continuing with the same form of diplomacy, made certain changes to the Indian stance on the pressing issue. The government of Tamil Nadu in India on previous occasions, on the issue of Indian settlers in Sri Lanka, was not involved in the bilateral process of India-Sri Lanka diplomacy. Prime Minister Shastri now brought them into the fold of the bilateral negotiations. He believed that since the Tamil population formed a sizeable portion of the Indian settlers in Sri Lanka and hence the deep association of the Tamils in India with the cause at hand, their association was necessary. After a turbulent few day of negotiations, both leaders agreed on the number to be integrated and repatriated. While Sri Lanka agreed to give citizenship to 3,00,000, India agreed to integrate 5,25,000 stateless Indian settlers from Sri Lanka. It was believed that new leadership on both sides was more enthusiastic than previous regimes to bring about a solution to the issue, with concessions from either of them (Phadnis & Kumar, 1964). Implementation of the above pact was another ball game, which required further bilateral negotiations.

The Civil War and the 1987 Indo-Sri Lanka Peace Accord

Sentiments, emotions, insecurity, and political convenience all played important functions leading up to the ultimate showdown of a full-fledged civil war in Sri Lanka. The early legislation between India and Sri Lanka regarding Indian settlers in the latter demonstrates a genuine concern on the part of both administrations. However, amidst such efforts, the overwhelming discriminatory practices against the Indian population in the island country were taking place side by side.

Anti-Tamil riots began in the island country in the late 1950s. The north and eastern part was mainly inhabited by Indian settlers and whenever discriminatory legislation was passed; this area witnessed protests by the Tamils. For example, during Prime Minister Sirimavo Bandaranaike's regime, developmental efforts in the country were concentrated elsewhere, especially in the Sinhala-inhabited areas whereas the northeastern area was ignored. There was the imposition of the Sinhala language on the Tamil population, which required the latter to gain knowledge of the Sinhala language as a prerequisite for getting

access to higher education, government employment and, even establishing courts that functioned with only Sinhalese as the medium of transaction in Tamil-inhabited northeast area of Sri Lanka. The civil administration in the northeast was conducted in a manner where the civil servants appointed there would converse only in Sinhalese creating a barrier for the people to interact with them. Moreover, explicit policies for discouraging the promotion of Tamil culture and philosophy like banning Tamil publications or programs were also initiated. Thus, a form of Sinhalese colonization was in effect in the island country. A manner of political convenience was also at play here. It was not that every regime in Sri Lanka was prejudiced against the Indians there. There was pressure from the powerful Sinhala Buddhist lobby in the successive governments that required the passing of such explosive legislation for their placation. Tamil protests and violence started in response to these practices (Devodatta, 2009).

Hence, such explosive and discriminatory attitudes and maneuvers by the Sri Lankan government soon created a situation that created havoc in the country. While the Sinhala population considered the Tamils outsiders and vehemently sought to protect their identity and culture, the Tamils believed themselves to be legitimate citizens of the country facing an oppressive government. The recipe for devastating conflict created over the decades finally resulted in a full-blown civil war.

The demands by the Tamils in Sri Lanka evolved from demands of devolution of power in the north and eastern parts of the country, which were Tamil-majority areas, in the 1950s to demand a separate state for the Tamils, “Eelam”, in the 1970s. The Liberation Tigers of Tamil Eelam (LTTE), a militant Tamil organization was formed in 1976. Aggression by the LTTE further entrenched opposition by the Sinhala Buddhists who now felt that their actions were justified. Violence by the LTTE soon led to the imposition of the 1979 Prevention of Terrorism Act, which allowed arrests and imprisonments of Tamils to be made on an arbitrary basis (Devodatta, 2009). This was the final nail in the coffin for Sri Lanka. The situation had progressed so far that there was no coming back to normalcy from here.

Relations between India and Sri Lanka in the early 1980s deteriorated on two fronts. Firstly, increasing LTTE violence and the Sri Lankan forces lashing back created a war-like situation in the country. Sri Lanka sought help from Britain, the United States, China, Pakistan, and Israel to handle the LTTE and a probable Indian intervention to restore

normalcy to the country. Foreign intervention in the neighborhood was unacceptable to India and Prime Minister at the time Mrs. Indira Gandhi conveyed so. Secondly, Sri Lanka believed that India was hosting Tamil militants who freely moved across borders and were wreaking havoc in the island country. Despite these developments, both governments sought to bring about a solution to the ethnic crisis through talks and negotiations. (Rao, 1988). However, a solution to this dispute seemed elusive as either party was highly suspicious of the other.

Things took a turn for the better between the two countries with the incoming Rajiv Gandhi government. For one, sincere efforts were made to put a stop to hosting and encouraging Tamil militants on Indian soil. The Tamil political organization in Sri Lanka, Tamil United Liberation Front (TULF), was also involved in the process of the political settlement of the ethnic crisis. But, Pandora's box was now open and there was no coming back from this place. The LTTE was now firmly bent on a separate state for the Tamils, by merging the northern and eastern parts of Sri Lanka. This stance was not acceptable to Sri Lankan or Indian government resulting in a stalemate. In 1987, the LTTE started conducting its form of civil administration in the north and east, in response to the stalemate. The Sri Lankan government, to protect its sovereignty, opened a full-fledged military operation against the LTTE (Rao, 1988). This violence went on for a couple of months with the Indian government threatening intervention to protect the Tamil interest. In July 1987, the military operation ceased and India and Sri Lanka signed the India-Sri Lanka Accord or the Rajiv-Jayawardene Pact.

The India-Sri Lanka Accord or the Rajiv-Jayawardene Pact of 1987

The India-Sri Lanka Accord of 1987 is a significant milestone in the bilateral diplomatic relations of the two neighbors in South Asia. The Accord and its aftermath exposed both the domestic and external dynamics of India and Sri Lanka. The events led up to a situation where the domestic and external relations of both countries had become muddled. The Rajiv-Jayawardene Pact was essentially a ceasefire agreement and it also confirmed India's intervention in the island country. The Tamils in Sri Lanka did not agree to the elements of the Accord, as India was completely against a separate Tamil nation in Sri Lanka. Neither was the Accord successful in keeping the peace. The components of the Accord itself led to its failure. What the Accord did recognize was rather significant.

- The Accord conceded that Sri Lanka is a multi-ethnic and multilingual country, including the populations of Sinhalese, Tamils, Muslims, and Burghers (Indo-Lanka Accord, 1987).

While some concessions were being made to the Tamils in Sri Lanka since the 1970s, those had failed to bring back Tamil hostility from its advanced stage. The Accord mentioning the plural character of Sri Lanka was an international declaration of acceptance of Sri Lanka's acknowledgment of the same.

- The Accord recognized the Northern and Eastern parts of the country to be majorly inhabited by the 'Sri Lankan Tamils'.

This was a further reiteration of Sri Lanka's acceptance of the reality of the ethnic distribution of Sri Lanka. This is noteworthy as such acceptance of the situation would now lead to the solution of the problem at hand.

- The Accord provided for the unification of the Northern and Eastern areas into one province, that is one administrative unit, for which there will be an elected provincial council. Also, a referendum was suggested to be held by the end of a year for the Eastern province to become separate from the North, with its own elected provincial council (Indo-Lanka Accord, 1987).

This was another example of too little too late, as the promise of elected provincial councils for the Tamils did not cause much excitement.

- The Accord guaranteed not only mere Indian involvement but also Indian support in the execution of the Accord. India also offered military assistance in case Sri Lanka required it and, also to stop anti-Sri Lanka activities on its soil (Indo-Lanka Accord, 1987).

The involvement of the Indian military in Sri Lanka's, essentially domestic, problem under this Accord solidified India's participation in Sri Lanka's civil war.

The Accord was a failure as it failed to stop hostilities. The LTTE was pressurized into accepting the Accord and surrendered weapons partly and half-heartedly to the Indian Peacekeeping Forces (IPKF). Soon enough, the LTTE violated the peace and a full-fledged war broke out between the LTTE and the IPKF (Premdas and Samarasinge, 1988). The rest is history, a long stretched-out civil war in Sri Lanka that ended in 2009. India's IPKF

intervention got its hands burned and, three years after its initial deployment to Sri Lanka in 1987, India got its troops back and refused to militarily engage in the civil war again. However, Indian intervention in Sri Lanka, which was underlined by the Accord, was a diplomatic defeat for the former. Pushed by domestic lobbies to involve themselves in the protection of the Tamil population in the island country, India diplomatically succeeded but lost due to practical complications. This resulted in a situation where India received criticism both from domestic circles for its failure to protect Tamil interests in Sri Lanka, as well as a reproach from the domestic Tamil population in Sri Lanka for its failed intervention.

India's Southern Strategic Security Needs and Indira Doctrine

The civil war in Sri Lanka revealed another challenge for India, its southern strategic security needs. Sri Lanka's strategic geographical position has already been referred to earlier in the present chapter. For India, the independence of the Indian Ocean and its freedom from hostilities is crucial for its foreign policy interests. In its northern, western, and, eastern borders, India's security is already challenged by hostile forces. India's strategic needs towards its south were tested when Sri Lanka decided to seek foreign intervention in its domestic crisis.

This was also catalyzed by India hosting Tamil militants within its borders at the time. Sri Lanka sought assistance from the United States, Britain, China, Israel, and Pakistan, to bring leverage on its side. Pakistan and Israel had helped Sri Lanka by providing them with arms as well (Rao, 1988). The United States and Britain did not want to intervene in the subcontinent and refused. India however, was absolutely against any foreign intervention in its neighborhood, just like it had refused to give foreign inroads to any bilateral conflict in the subcontinent. This was further reiterated by the Indira Doctrine, formed during the early 1980s. The Doctrine was an Indian proclamation that it will not tolerate any foreign intervention in the subcontinent during any crisis, nor will it intervene without any invitation from its neighboring countries (Rao, 1988). This was an insistence on the bilateral solution to any conflict in the subcontinent as well as a projection of India's power status in South Asia. Kashmir had become an international issue, even by India's own making, and India realized that it cannot afford foreign intervention in the subcontinent anymore if it had to keep its regional pre-eminence intact. The Indira

Doctrine has been compared to the Monroe Doctrine, as a piece of diplomacy to demonstrate India's role in South Asia.

The IPKF itself was invited into Sri Lanka by its government under the Accord, hence upholding the Doctrine. India's traditional security challenges mostly came from its northern and western borders. Post-1970s, a more rigid and realpolitik Indian foreign policy demonstrated how it was quite serious in not only protecting its borders but also in developing and preserving its image as a regional power and security provider in South Asia. Nevertheless, a security challenge, a new front, for India had been now exposed and this required its concern in further diplomatic relations with Sri Lanka.

The Fishermen Dispute

Another dispute of major concern to India-Sri Lanka bilateral relations is the fishermen dispute, which emerged in the aftermath of the civil war in Sri Lanka in 2009. The fishermen dispute between India and Sri Lanka is not a unique circumstance but can be seen among a lot of countries, internationally, that share water boundaries. It can be said that the fisheries dispute is one of the offspring of the civil war in Sri Lanka.

Indeed, this dispute flared up post-2009, even though the basic outline of the problem existed long before that. The water body in question is the Palk Strait with territorial borders on either side and the International Maritime Boundary Line (IMBL) between them. Five Indian districts and three districts from Sri Lanka fall on the borders. The ties between the fishing communities of India and Sri Lanka led to an intermixture of cultural, social, and ethnic relations between them, creating a close relationship. However, during the civil war, this route was being used by another community for hostile purposes, that is the Sea Tigers or the naval militant arm of the LTTE. To prevent this Sri Lanka imposed a ban on the Sri Lankan territorial waters and as a result, many Tamil militants and Tamil fishermen sought and received refuge in India. This also created a space for fishing on the Sri Lankan side of the maritime border which was soon occupied by the Indian fishing community. Sri Lanka's ban on their fishermen also included the deployment of the Sri Lankan navy to this area to capture LTTE's Sea Tigers and prevent them from obtaining arms and ammunition (Manoharan & Deshpande, 2018). This dynamic was bound to change in the post-civil war phase and along with that, it brought its own set of fresh problems.

The Tamils of Sri Lanka were now faced with competition from Indian fishermen in their territory as the latter had refused to give up on the additional space for fishing activities. Moreover, these territories by the coast had the presence of the Sri Lankan military. Soon fishermen from either side were crossing into the other's maritime space and were being caught by the patrolling armies, particularly the Indians were getting caught by Sri Lankan navy. The grievance related to the conflict was two-pronged: regarding the status of the Kachchatheevu island on Palk Strait and the damage caused by trawling (Suryanarayan, 2016). According to the 1974 Maritime Agreement between India and Sri Lanka, the disputed, uninhabited Kachchatheevu island in Palk Strait was handed over to Sri Lanka. This was not a popular decision as the Tamil Nadu government was not included in these negotiations and they severely criticized the Indian government for ceding territory. While the Indian government chose to ignore this to promote its relations with Sri Lanka, this issue became a bone of contention in the fishermen's dispute (Suryanarayan, 2016). Amidst the fishing crisis, the Tamil Nadu government blamed the government of India that ceding the island as the main reason for the misfortune and lack of opportunity of the Indian fishermen. The second issue, which was the main complaint by Sri Lankan fishermen against its counterpart in India was the introduction of trawling activities in the waters. Due to a vested economic interest to increase exports of fish, the Indian fishing community introduced trawlers that would scrape the bottom of the ocean and as a result, massively deplete sea resources and increase wastefulness. This rapidly exhausted marine resources on the Indian side. Sri Lanka had banned trawlers on its side and as a result, the marine resources on that side were comparatively more and which attracted the Indian fishing community. The traditional fishing communities were overtaken by merchants to make quick profits. The latter even introduced trawlers on the Sri Lankan side of the maritime border at times (Manoharan & Deshpande, 2018). Arrests by the navies of either side, whenever fishermen venture into the other's territory, have kept this discord alive.

A solution to this dispute is required on two fronts. Firstly, a resolution on trawling is required to put an end to grievances and, another way out is required to put an end to arrests being made by both sides of innocent fishermen. Between 2002 and 2004, fishing communities of both sides met to discuss the dangers of trawling and this ultimately led to India accepting the need to ban the activity of bottom trawling. Despite this, the Indian side flouted these negotiations and continued trawling activities. There have been instances when they crossed the border into Sri Lankan maritime territory with trawlers and now,

the Sri Lankan fishermen responded by sinking these trawlers. There have been no concrete negotiations on this dispute since. Regarding the second issue of fishermen straying into the other's border, a Joint Working Group (JWG) was created in 2004. The JWG met in intervals to negotiate on not arresting fishermen within a certain negotiated area of maritime boundary, since it is quite difficult for common folk to understand when they are or not straying into the other's territorial borders. The JWG also sought to prevent the arrest of small fishing boats or the use of force against them. Under the JWG, fishing communities from both countries were urged to interact and negotiate with each other, to increase their understanding of each other (Manoharan & Chakravarthy, 2016). Nevertheless, this continues to be an unresolved dispute. Indian trawling activities and their interference along the Sri Lankan territorial waters, even when such activities have been banned, display a type of dictating attitude by the former in this bilateral relationship. The enduring nature of this crisis is an example of the continued annoyance of Sri Lanka and India's indifference to it.

Additionally, the fishermen's dispute between the two countries once again demonstrates that India is under pressure from its domestic component, the Tamil Nadu government, in its dealing with Sri Lanka. Chief Minister Jayalalitha's call to take back the Kachchatheevu island is proof of the intimacy and emotions that Tamil Nadu has concerning Sri Lanka (Orland, 2011). Indian policy toward Sri Lanka holds an important position in Tamil Nadu politics, given its populist and sensitive character. Subsequently, they have a strong hold on Centre foreign policy formation regarding the island country.

India-Sri Lanka Trade Relations

India's trade relations with Sri Lanka can be traced back to ancient times in the 4th century BC. Given the proximity of Sri Lanka and the Indian coastline, it is expected that trading relations had developed much early between the two countries. In modern times, India-Sri Lanka trade relations were solidified once again after the countries achieved independence in 1947 and 1948 respectively.

In 1949, a trade agreement was signed between the two neighbors for the first time since their independence. This agreement entailed an arrangement for the fixing of quotas of goods to be exported and imported between India and Sri Lanka. The next trade agreement was signed in 1953, which outlined certain goods for mutual trade. In 1961, a wide-ranging Indo-Sri Lanka trade agreement was signed. This essentially laid in place a mechanism,

by which annual interactions would be conducted where more details of trading for mutual benefit could be hashed out. In 1969, bilateral economic diplomacy was further enhanced by the setting up of the Joint Committee on Economic Cooperation. This Committee would be concerned not only with the development of economic but also cultural and technical relations between India and Sri Lanka (Gopalakrishnan, 1977). The bilateral trade between the two neighbors swung from bad to good and back and forth again over the years, with the balance of trade mostly in India's favor. Bilateral trade even declined in the 1960s and 1970s.

A distinction can be made in the trend of India-Sri Lanka trade relations before and after the opening or liberalization of their economies. Post their independence, the two countries focused on domestic development as against foreign trade and hence the volume of trade had been low through those decades. With Sri Lanka liberalizing its economy in 1978 and India following in 1991, their trade volume skyrocketed. The bulk of trade doubled and quadrupled in a short amount of time, by 1995 (Orland, 2011). However, the balance of trade was still in India's favor and this drew criticism from across the border. India was viewed as trying to dominate the bilateral economic relationship. To overcome these inequities India and Sri Lanka agreed to sign a free trade agreement together. The India-Sri Lanka Free Trade Agreement (ISFTA) of 1998, is a landmark not only in their bilateral relations but also in the region as this was the first free trade agreement in South Asia.

A couple of instances led to the signing of the first free trade agreement in South Asia:

- Firstly, with the liberalization of the Sri Lankan economy in 1978, the exclusive focus on domestic development came to an end, and its foreign trade relations that had earlier stagnated now received a fresh impetus. With India's economic liberalization in 1991, trade relations between the two neighbors now looked promising. What had worked to the advantage of India-Sri Lanka bilateral relations is the fact that despite highly complicated political interactions and the presence of a protracted ethnic crisis in Sri Lanka, with direct implications on India, relations between the two had not degraded beyond repair. Both countries were committed to cooperation in economic development and diplomacy.
- Secondly, India and Sri Lanka were committed to utilizing regional frameworks for bilateral economic diplomacy. The establishment of the South Asian Association for Regional Cooperation (SAARC) in 1985, witnessed enthusiasm

and commitment from both countries. Although the introduction of the South Asian Preferential Trade Agreement did not bring about rapid transformations in the regional economic framework, it did boost the formation of bilateral economic agreements. India already had economic agreements with Nepal and Bhutan, however, they were one-sided or non-reciprocal in character. The ISFTA was the first of its kind, which finally came into operation in 2000 (Institute of Policy Studies in Sri Lanka, 2013).

The ISFTA concretely established India and Sri Lanka's cooperation in their mutual economic development, taking into consideration the changing international framework of economic diplomacy. The ISFTA document mentions its objectives as follows:

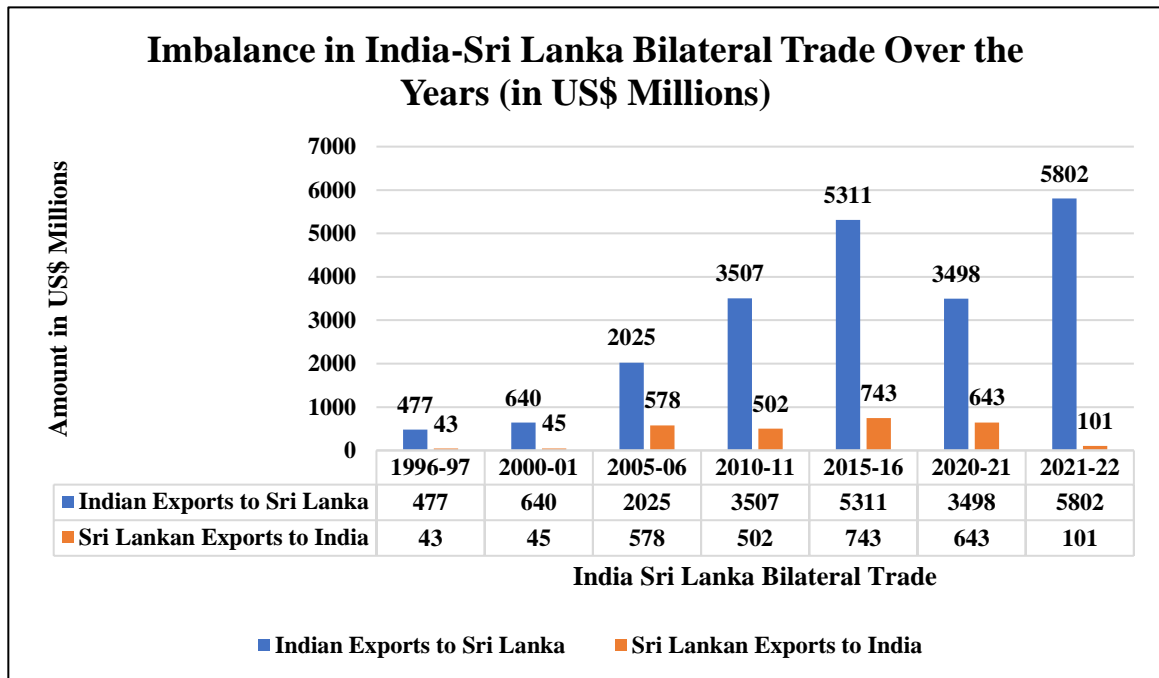
- *“To promote through the expansion of trade the harmonious development of the economic relations between India and Sri Lanka*
- *To provide fair conditions of competition for trade between India and Sri Lanka*
- *In the implementation of this Agreement the Contracting Parties shall pay due regard to the principle of reciprocity*
- *To contribute in this way, by the removal of trade barriers, to harmonious development and expansion of world trade”* (Government of India: Ministry of Commerce and Industry, 1998).

Several mutually beneficial outcomes were anticipated with the adoption of the FTA. As mentioned earlier, certain inconsistencies and trade barriers existed between India and Sri Lanka, and the FTA was expected to smoothen those crinkles in their economic relations.

Firstly, given the asymmetries in trade relations between India and Sri Lanka, the ISFTA sought to eliminate tariffs on several agreed commodities. Secondly, the ISFTA was a positive measure in the sense that it promoted South-South trade. Trade between developing countries is ascertained as more beneficial. South-South trade enables developing countries to share and develop their skills and proficiency, hence increasing their competitive ability with developed industrialized countries in the long run. Hence, South-South trade is not only advantageous on its own but also boosts the capability of developing countries in North-South trade relations. Thirdly, in the absence of an FTA, informal trade had proliferated between India and Sri Lanka to escape the high tariffs and complicated measures in trading endeavors. The ISFTA would not only eliminate these

hindrances to trade but also bring a huge amount of informal trade within its fold, thereby increasing the volume of trade overall. Finally, the implementation of the ISFTA was expected to increase Indian investment in Sri Lanka, and in doing so solidify the former's presence in post-conflict Sri Lanka (Institute of Policy Studies in Sri Lanka, 2013).

Fig 5.1: Imbalance in India-Sri Lanka Bilateral Trade in favor of India, over the years.



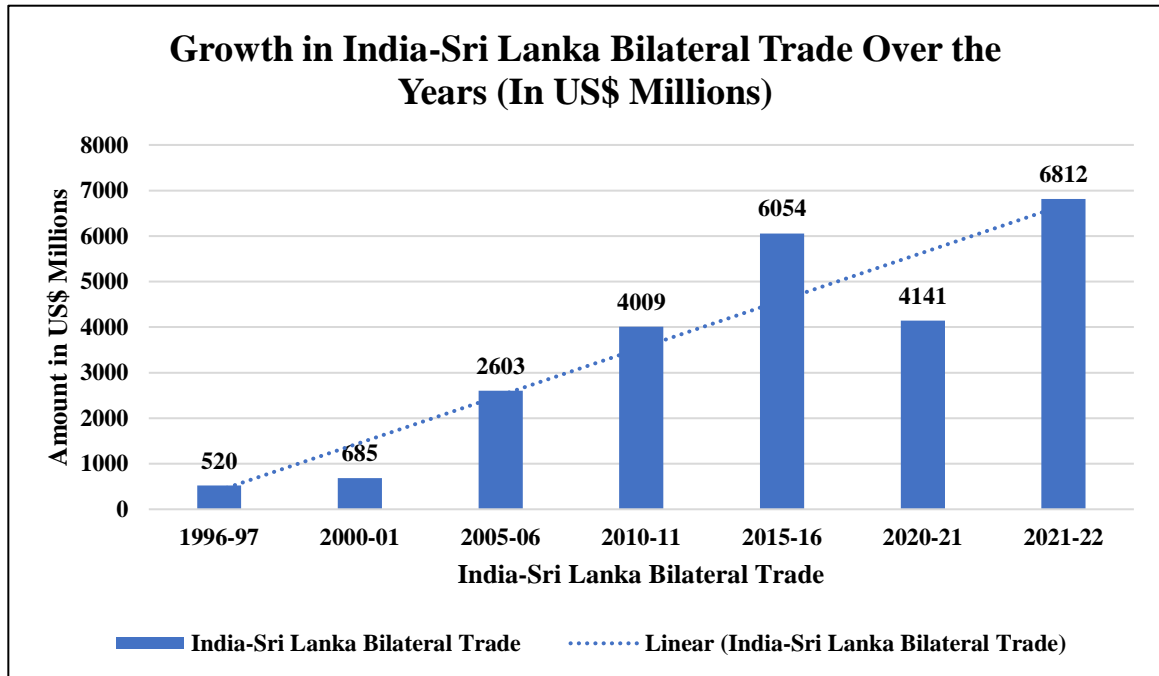
Source: Above data has been derived from the Government of India, Ministry of Commerce and Industry; Department of Commerce Official Website (tradestat.commerce.gov.in/eidb/ecnt.asp)

Note: The data shown above are an approximation.

The ISFTA had wide-ranging positive impacts on India-Sri Lanka relations. An increase in the volume of trade was not the only plus that resulted from the agreement. It also solidified India's position in Sri Lanka, especially given India's failure in bringing an end to the ethnic issue there. The ISFTA is not a perfect piece of diplomacy. Indeed, there has been disapproval regarding the agreement in both countries. There are commonalities in the goods that are exported by both India and Sri Lanka, resulting in the imbalance of trade in India's favor, which has existed for a long time. To overcome this India, by the ISFTA, has allowed certain means of correcting this. For example, while India will remove barriers within three years of the FTA's implementation, Sri Lanka would do so in eight years. Moreover, Sri Lanka will export more to India, as compared to the latter's exports in its country, to reduce the imbalance. This annoyed states like Kerala in India, which believed that they will accrue competition and loss from this mechanism (Regunathan, 2002). There

have been complaints from Sri Lanka as well that despite the implementation of the FTA, certain non-tariff barriers continue to exist, reducing the effectiveness of the agreement (Sultana, 2017).

Fig 5.2: Evolution of India-Sri Lanka Bilateral Trade over the years.



Source: Above data has been derived from the Government of India, Ministry of Commerce and Industry; Department of Commerce Official Website (tradestat.commerce.gov.in/eidb/ecnt.asp)

Note: The data shown above are an approximation.

Hence, the two countries decided to evolve their economic relations by signing another document that would rectify the existing inconsistencies of the ISFTA. In 2003, India and Sri Lanka decided to negotiate another agreement, known as the Comprehensive Economic Partnership Agreement (CEPA), under a Joint Study Group. The CEPA is expected to remove existing barriers, increase Indian investment in Sri Lanka and overall trade, and was supposed to be signed in 2008 (Orland, 2011). However, the CEPA has run into problems where it has faced much opposition, especially from Sri Lanka. In 2015, Prime Minister Ranil Wickremesinghe made it clear in the Sri Lankan parliament that the CEPA was not acceptable to Sri Lanka, as the components of the agreement were not agreeable and even went against their interests. Instead, they were ready to sign the Economic and Technical Cooperation Agreement (ETCA) which was set to increase employment in the island country (India will never sign CEPA with India: PM Wickremesinghe, 2015).

The evolution of economic relations between India and Sri Lanka is a shining example of bilateral economic diplomacy between two neighbors in South Asia. Both countries were able to come out of the economic rut that they were in and emerge as well-functioning units together. At present, India ranks second as Sri Lanka's trading partner. In 2020, India-Sri Lanka's bilateral trade in goods stood at an amount of US \$ 3.6 billion (Ministry of External Affairs: Government of India Bilateral Brief, 2019). For India, good trade ties with Sri Lanka are not only important for its economic well-being but also for strategic purposes. Moreover, India's image as a regional bully in Sri Lanka is getting reversed via its economic policies. The Gujral doctrine here requires special mention, as it was a crucial piece of diplomacy in changing India's image in the subcontinent. In post-conflict Sri Lanka, India has a big role to play in its development, and good economic diplomacy is a way forward in that direction.

India-Sri Lanka Development Cooperation

Indian foreign assistance to Sri Lanka over the decades has mirrored the former's evolution of foreign aid policy. Both countries followed an economic policy focused on domestic needs and development after independence and as a result, India had hardly made any investment in Sri Lanka before it signed the ISFTA in 1998. As far as Indian foreign aid/assistance to Sri Lanka goes, these were made mostly in the form of line of credit (LOC) facilities. Moreover, these LOCs were provided to enable Sri Lanka to buy goods from India. For example, in the annual year 1966-67, India extended an amount of Rs. 20 million to Sri Lanka based on short-term credit, for buying consumer goods from India (Ministry of External Affairs Annual Report, 1966-67). In the annual year 1969-70, India forwarded a line of credit worth Rs. 50 million, once again to Sri Lanka (Ministry of External Affairs Annual Report, 1969-70). In 1981, it was declared that a microwave link between India and Sri Lanka was to be built via Indian financing. In the same year, India forwarded another LOC worth Rs. 100 million to Sri Lanka for buying goods from India (Ministry of External Affairs Annual Report, 1981-82). Post 1991, with India's economic liberalization, greater attention was now being directed toward improving trade relations and removing associated barriers. In 1995, India extended a credit line of US \$ 30 million to Sri Lanka and efforts were made for cutting back customs duties (Ministry of External Affairs Annual Report, 1995-1996). In 2003, US \$ 31 million had been extended as credit for Sri Lanka to buy wheat from India. Another credit line of US \$ 150 million had been given in the same year to Sri Lanka for purchasing petroleum from India. A total of US \$

381 million had been extended to Sri Lanka by India as LOC till 2004 (Ministry of External Affairs Annual Report, 2003-2004). After this, a discernible change was witnessed not only in the amount of LOC being given to Sri Lanka but also in the purposes of these credit lines. India's assistance has mostly been in the form of LOCs to Sri Lanka to purchase goods from the former. Since 2009, the objective of these LOCs has changed to project-based investments in Sri Lanka. Indian aid and assistance program changed and so did its objectives. India started playing more of a developmental role in the subcontinent in general and in Sri Lanka in particular.

Thus, a clear line of demarcation is visible in India's foreign aid/assistance policy in Sri Lanka, over the decades. Post-independence, India played a limited role in terms of foreign aid/assistance in Sri Lanka. This has to do with a change in India's overall policy decisions in terms of foreign aid. It was only in 2003, that India's policy of development partnership was implemented in the subcontinent and beyond, in addition to LOCS, grants, and, technical cooperation. Moreover, a couple of decades after independence, India was already engaged in its northern and western sectors in terms of political and security crises. With Sri Lanka as well, since independence, India was engaged in a diplomatic quarrel regarding the status of Tamils in the island country. These complications prevented India from developing its foreign aid/assistance policies, especially in Sri Lanka.

After the IPKF-LTTE fiasco, India adopted a hands-off approach concerning Sri Lankan domestic issues. In the aftermath of the civil war in Sri Lanka, India made heavy inroads into the island country, in the form of assistance to rebuild it and hence directly taking part in its development. Sri Lanka required foreign assistance in its reconstruction efforts and welcomed India's initiatives. In fact, western aid donors were apprehensive of the continuing violence, during the last couple of years before the end of the civil war, and were slowly withdrawing from Sri Lanka. On the other hand, donors like India, as well as China, did not pay attention to these circumstances and hence their footprint in Sri Lanka grew (Mel & Silva, 2012). Sri Lanka was dealing with a twin crisis scenario at this point: the aftermath of the civil war and the aftereffects of the tsunami in 2004. The civil war had displaced a massive number of people in the country, and a lot of infrastructural damage had been left in the wake of the crisis. To ameliorate the situation, in 2009 India advanced \$ 100 million. To build shelters for internally displaced people, India provided 10,400 tonnes of galvanized steel sheets to Sri Lanka. The railways had borne the brunt of the damage caused by the tsunami. India advanced \$ 800 million for the reconstruction of

railway lines and another \$ 167.4 million for the repair of the Colombo-Matara railway link (Manoharan & Chakravarthy, 2016).

The project on building housing in Sri Lanka, known as the Indian Housing Project is India's leading grant project in the island country and even ranks as one of India's biggest foreign projects. In 2009, a commitment was made for building 50,000 houses for internally displaced people all over Sri Lanka. Till 2019, an amount of Rs. 1327 crores have been dedicated to the completion of this project. Around 49,300 houses have been built and in 2017, Prime Minister Narendra Modi announced the building of another 10,000 houses under this project, for Rs. 453 crores. In addition to other smaller housing projects in Sri Lanka, India has pledged to build around 62,500 houses (Ministry of External Affairs: Government of India Bilateral Brief, 2019).

Indeed, in the post-conflict scenario, India's foreign assistance has mainly been in the form of financing development projects in Sri Lanka. These have been in the form of offering LOCs, capacity-building assistance, technical assistance, or technology transfer and issuing grants. Moreover, development cooperation has not only been in the area of infrastructural and other big developmental projects, but also in the local sectors including health, education, housing, poverty alleviation programs, and disaster management. This has been referred to as Indian development finance, whereby Sri Lanka classifies projects which are then undertaken with the help of Indian credit (George & Gunaweera, 2018).

In terms of infrastructural development, India has assisted Sri Lanka in building its railway infrastructure through its development program. India has pledged US \$ 318 million for the implementation of various projects on railway upgradation, construction, and reconstruction. Several other railway-related projects have already been completed and financed by Indian LOCs. These include the renovation of the Colombo-Matara railway link, the building of railway tracks on the Omantha-Pallai route, and, the refurbishment of the Pallai-Kankesanthurai railway link, among others. The Kanakesanthurai Harbour is also being renovated through a US \$ 45.27 million LOC by India. India has also supplied related equipment like engine kits, diesel locomotive railways, fuel tank wagons, and so on (. The National Water Supply and Drainage Board (NWSDB) of Sri Lanka, has received a LOC of over US \$ 400 million from India for the planning and implementation of three water supply projects. Other infrastructural projects include the rebuilding of the Kankesanthurai port and a civilian airport in Sri Lanka. An example of a developmental joint venture program between the government of India and the government of Sri Lanka

is the building of a 500MW power plant close to the Trincomalee harbor, in Sampur, conducted by India's National Thermal Power Corporation and Sri Lanka's Ceylon Electricity Board (Ministry of External Affairs: Government of India Bilateral Brief, 2019). Some of the completed India-financed projects in Sri Lanka include the renovation of the Palaly international airport at Jaffna, the reconstruction of a temple in Mannar, the transformation and reconstruction of the KKS harbor, the establishment of an industrial zone in Atchchuvely, the setting up of faculties of Engineering and Agriculture at the University of Jaffna, and, the supply of a Diesel Multiple Unit (DMU) trains (Consulate General of India: Jaffna, Sri Lanka, 2022).

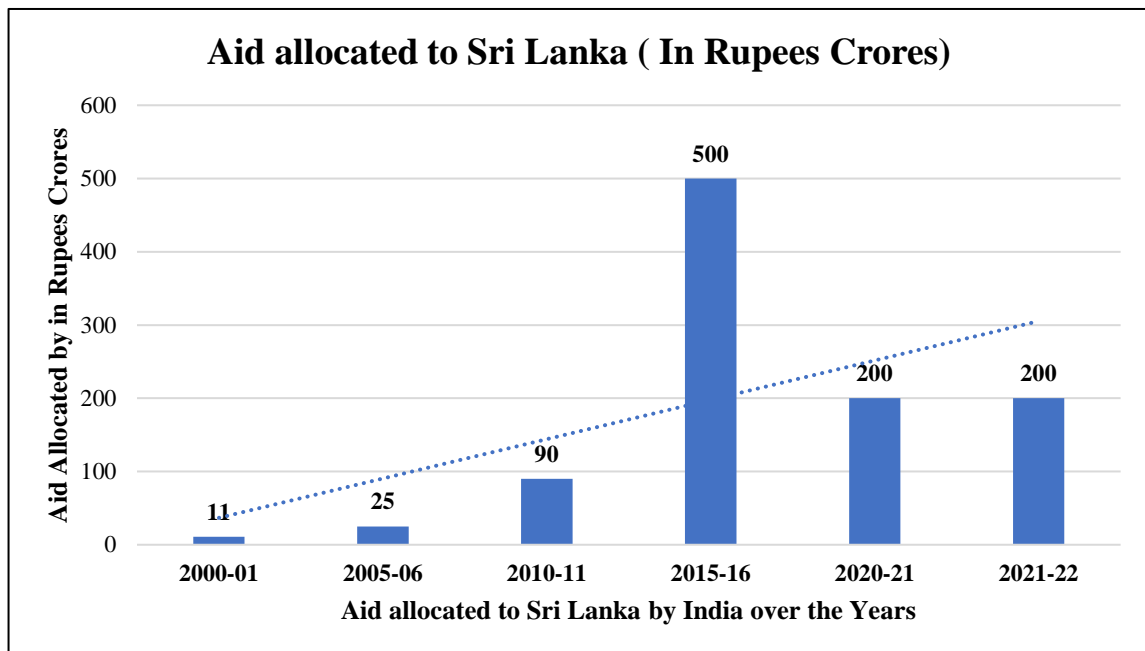
Apart from the infrastructural projects, Indian development assistance in Sri Lanka has also made inroads in the education, health, training, and cultural sectors. These include both High Impact Community Development Projects (HICDPs) as well as local projects. In the health sector, India has completed building a 150-bed Dickoya Hospital and supplied medical equipment to Varuniya Hospital. Among the projects that are yet to be completed under Indian grants include the Jaffna Cultural Center, infrastructural development in ShobithaThero village, Kandian Dancing school at Kandy, and, hundreds of transit housing units among others (Ministry of External Affairs: Government of India Bilateral Brief, 2019). Over 1000 scholarships to Sri Lankan nationals in Indian schools, colleges, and universities and in training programs conducted by the Indian Technical and Economic Cooperation (ITEC) and the Colombo Plan jointly. People-to-people contact is carried on through exchange programs of performing cultural troupes and even students of both countries (George & Gunaweera, 2018). Under the 'Study in India' program, India offers scholarships to Sri Lankan students, among other countries, where a range of courses from Ayurveda to Yoga is offered. From 2018 onwards India has made provisions for Sri Lankan students to appear for the National Eligibility cum Entrance Test (NEET) in Indian centers and opened IIT-JEE Advance centers in Sri Lanka for Sri Lankan students there. This is part of the India-Sri Lankan Foundation, established in 1998, which was created for cooperation in technical, educational, and associated sectors, by bringing together students and civil societies of both countries (Ministry of External Affairs: Government of India Bilateral Brief, 2019). For the improvement in lives and sustainability of the internally displaced people (IDPs) in Sri Lanka, the Government of India has completed projects like the delivery of fishing boats and fishing equipment in the Mannar district, provision of 500 tractors and other agricultural types of equipment to Sri Lanka's Northern province, rehabilitation of 79 schools and demining in the Northern province, and

assistance to small businesses among others (Consulate General of India: Jaffna, Sri Lanka, 2022).

Another notable Indian project in Sri Lanka is the 1990 Emergency Ambulance Service project, which commenced in 2016 and now over 300 ambulances have already been given to Sri Lanka. However, this project, among others, has faced difficulty in completion due to the opposition it faces in Sri Lanka. The Sampur 500MW coal power plant near Trincomalee harbor has been closed due to stiff opposition from the people (Sultana, 2017).

India has committed a staggering amount of US \$ 3.5 billion to Sri Lanka, in terms of development assistance/cooperation, including US \$ 570 million in grants. Up till now, 11 lines of credits have been pledged to Sri Lanka since 2004, by India for developmental purposes. The latest signed between the two countries was in June 2021, during which the EXIM Bank of India has undertaken to give US \$ 100 million to Sri Lanka for the implementation of solar projects (Ministry of External Affairs: Government of India Bilateral Brief, 2019).

Fig 5.3: Total Annual Aid allocated to Sri Lanka by the Government of India over the Years



Source: Data presented above is taken from Annual Reports available at the official website of the Ministry of External Affairs, Government of India.

A change in the character of the LOCs from India to Sri Lanka demonstrates the changing nature of Indian development assistance/cooperation. For example, while in 2003 Indian

LOCs were advanced to Sri Lanka for purchasing wheat and petroleum products, the purpose of LOCs now has considerably changed. This is reflective of India's growing developmental role, not only in Sri Lanka but in the South Asian subcontinent as well. Indian LOCs are now directed toward the implementation and completion of development-based projects and activities. Indian development assistance/cooperation is a need-based approach. For example, countries would list projects which are developmental in nature and require assistance, and the Indian government, or the EXIM bank of India, would consider and advance funds as grants or loans for the execution of those projects. In a post-conflict country like Sri Lanka, this kind of role is significant for India to mark its presence, consolidate itself and earn goodwill from the former.

However, India faces opposition concerning the completion of Indian projects or ventures financed by India in Sri Lanka. While one of the reasons is the slow and steady movement of the LOCs and the projects, a strong anti-India sentiment exists in Sri Lanka which has opposed the execution of India-funded projects in the country. As mentioned above the Sampur power plant has already been abandoned due to public pressure and sentiments against India. Particularly, the Sinhala nationalists are wary of the Indian developmental role as the latter's way of trying to impose itself in the island country and hence they object to these projects. Additionally, India faces competition from another power, in terms of developmental projects in Sri Lanka, as will be discussed subsequently.

China's role in Sri Lanka

India and China are referred to as non-traditional donors because their foreign assistance is based on financing and aid towards developmental projects in recipient countries. Moreover, the loans advanced by these two countries are based on fewer conditionalities and are need-based. The issue of competition between India and China, in terms of their development roles in other countries, is not a very big concern for India given the reality of China possesses immense resources as compared to the former. What is of interest to India, is that increasing Chinese presence in South Asia might present strategic and security challenges to it.

Fig 5.4: The IHP Program in Sri Lanka: A panacea for the internally displaced people.

The Indian Housing Project (IHP) in Sri Lanka

The Indian Housing Project (IHP) in Sri Lanka is India's biggest developmental project in the island country, seeking to re-establish order in a post-conflict space.

What is the IHP: The Government of India and the Government of Sri Lanka signed a Memorandum of Understanding (MoU) in 2010. Under this MoU, India pledged to construct 50,000 houses in Sri Lanka, in response to the creation of IDPs as a result of the destruction caused by the civil war in the northern and eastern parts of the island nation. This project started in 2012 and since then has been extended to include the future construction of added housing projects (**Habitat for Humanity Sri Lanka East, n.d.**).

Components: This Project is the Government of India's initiative in Sri Lanka and is completely funded by the former, under its program of Development Cooperation. Although the IHP started as the construction of houses only in the northern and eastern sectors of Sri Lanka, an extension of the project includes the construction of houses in the Central and Uva provinces of Sri Lanka as well. The GoI has involved beneficiaries like Habitat for Humanity Sri Lanka, the Estate Workers' Housing Cooperative Societies (EWHCS), Plantation Human Development Trust (PHDT), and, Regional Plantation Companies (RPCs), in the implementation of the Project in the Central and Uva provinces. The Project received assistance from the UN-Habitat Agency and other implementing agencies for technical assistance. This is a people process and a homeowner-driven process (**Habitat for Humanity Sri Lanka Central, n.d.**). By making the national and local beneficiaries of Sri Lanka a part of this Project it has been successful in associating the locals with it thereby enhancing their sense of responsibility and participation in their rehabilitation.

History of the Project and Current Progress: The project has been divided into four phases. The GoI announced the construction of 50,000 houses in Sri Lanka in 2010 under an MoU with the island country. Work started with the construction of 1000 houses in the northern province as a pilot project, in 2010 and was finished by 2012. The second phase of the project commenced working on the occasion of Mahatma Gandhi Jayanti in 2012. 45,000 houses were pledged to be built in this phase, in the northern and eastern provinces of Sri Lanka. The second phase was successfully completed in 2018. 4000 houses for estate workers have been pledged to build in the Central and Uva provinces under the third phase. This is yet to be completed and is a little more than halfway through. Under the fourth phase of the Project, an additional 10,000 houses have been proposed to be built for estate workers in Sri Lanka by Prime Minister Narendra Modi in 2017 (**High Commission of India, Sri Lanka, 2023**). This Project is based on a beneficiary and owner-driven model, meaning that the beneficiaries will be handed money, 5.5 lakhs LKR each, for the construction of their houses. Money will be disbursed from the Indian High Commission in phases, parallelly in tune with the completion of phases of construction. India receives assistance from four agencies, including the United Nations, the Red Cross, the National Housing Development Agency of Sri Lanka, and Habitat for Humanity for better implementation of the Project (**India launches 1,300 crore housing project in Sri Lanka for Tamils, 2012**). Till now India has pledged a total of Rs 1327 crores, toward the completion of the IHP and has completed the construction of almost 63000 houses in Sri Lanka (**Ministry of External Affairs: Government of India Bilateral Brief, 2019**).

How will it benefit both countries? India's role as a regional leader in South Asia can only be substantiated when the former takes on a leadership role that will be accepted and appreciated by its neighbors. The purpose of the Indian development cooperation/assistance policy is to play a developmental role in the recipient/partner countries. The success of an India-developed or India-funded project will bring it goodwill as well as boost its image. The completion and handing over of houses under the IHP program have also helped India gain support from the Tamil community in Sri Lanka. Given the presence of other traditional and non-traditional aid donors in Sri Lanka, India's IHP program has played a significant role in the reconstruction of post-conflict Sri Lanka.

China's presence in Sri Lanka has been substantial since the last phase of the Eelam war after India retracted its presence from the island country following Prime Minister Rajiv Gandhi's assassination. China and Pakistan supplied arms to the Sri Lankan government to assist it in fighting the LTTE rebels. Chinese presence and investments have grown since then in Sri Lanka, making the latter the biggest investor in the island country. It must be reiterated that India's concern in Sri Lanka is not due to its investment in the latter's development. What is significant is the security compulsion.

Sri Lanka and Maldives are crucial to India's strategic concerns in the Indian Ocean region (Subachandran, 2019). The building of the Hambantota port through the Chinese loan, which India lost out on previously, at the southern point of Sri Lanka has realized these concerns for India. Added to this the inability of the Sri Lankan government to repay the loan and the resultant leasing control of the port along with the adjoining Mattala Rajapaksa International Airport to China for ninety-nine years, has brought Chinese presence within alarming proximity to India and in the Indian Ocean (Roy-Chowdhury, 2019). The Mattala airport in Sri Lanka was built through Chinese investment as well. This is viewed by India as China's attempt to complete to encircle India and give it competition in the Indian Ocean region, which India views as its area of control. Realpolitik demands India to be apprehensive about China's efforts in closing proximity in the South Asian subcontinent. For China, its Belt and Road Initiative (BRI), requires it to build communication lines, as an alternative to the Malacca Strait. While South Asian countries feature heavily in this project, India has opted out of it due to security concerns. This is a situation where neither India nor China can back out and countries like Sri Lanka have been caught in the middle. Although India does not oppose the BRI, per se, whenever it impinges upon Indian sovereignty and areas of concern, India has voiced its displeasure.

India cannot counter this in any way apart from increasing its ability to efficiently carry out projects, smoothly implementing loans and grants, and gaining goodwill in Sri Lanka.

Indian Development Assistance/Cooperation in Sri Lanka: A Constructivist

Analysis

There is various competing analysis of constructivism as a theory to study international political events. They, however, share certain core presumptions on which further evaluation is done. One of the core assumptions of constructivism is how identities are created by the socio-political environment one lives in. According to Ted Hopf, these

identities in turn, through interaction and further construction, shape the structures in that system. Moreover, these identities assign meanings to the domestic and external structures and make the entire system more 'intelligible.' They bring some organization to the understanding of world politics (Houghton, 2007). By extension, foreign policy initiatives will be undertaken while keeping these identities and order in mind. A further question that can be asked is how these constructions, identities, or structures come to be formed in the first place. Identities are not formed in a vacuum. They are developed through the taking place of events and reactions to them.

How India and Sri Lanka achieved independence holds significant value in their subsequent stances toward each other. For India, its independence had cost it a partition, resultant war, immense loss of life and property, and, a newfound enmity that continues to haunt it today. For Sri Lanka, independence was a much smoother process. The British sought to keep Sri Lanka in the commonwealth and away from the influence of an independent India. Sri Lanka itself did not want to be overshadowed by the huge country to its north and kept its distance. Sri Lanka's need to uphold and preserve its indigenous culture was demonstrated soon enough in the island country. While the existence of a settled population, that has kept ties with its home country can be a cause for alarm for a new nation, the range of discriminatory legislation that Sri Lanka unleashed on their Tamil population does betray a sense of threat perception on their end. In the 1970s when the Sinhala-Tamil ethnic crisis took a violent turn, India sought to take a more involved approach concerning its southern neighbor. A high-handed stance from earlier prime ministers in India had strengthened Sri Lanka's belief in India's big-brother attitude toward itself. Prime Minister Rajiv Gandhi's intervention, although well-intentioned but late response, came at a time when the reality of the ethnic crisis had gone much further. India's hands-off approach post its prime minister's assassination, brought further animosity, this time from the Tamils due to the former's failure in protecting them. Adding to this, the Sinhala nationalists in Sri Lanka's political circles have always had a negative stand against India, due to the latter's intention of protecting the Tamil population. The play on nationalist sentiments to gain political favor and convenience in Sri Lanka has created the existence of an anti-India force there.

At present, these sentiments have taken the form of opposition to India-financed development projects in the island country as a sign of domination. Although for a while, it seemed Sri Lanka was favoring China's investments over India's, Sri Lanka has no

favorites and welcomes and needs both Indian and Chinese investments in their country. This is a realpolitik move since Sri Lanka knows its delicate economic position and cannot afford to let go of either traditional developmental partner. Interestingly, Sri Lanka has heavily depended on Indian aid and assistance to rise its current economic crisis. Between January and July 2022, India gave US \$ 4 billion as assistance to Sri Lanka in various forms to help Sri Lanka tide over its economic and political crisis (Jayasinghe & Ghosal, 2022). For India, on the other hand, good relations with Sri Lanka are imperative due to strategic/security concerns as well as, India's image of the leading developmental power in South Asia. With changes in India's foreign political and economic stance since the 1990s, India's hegemonic attitude has faded to a degree.

Thus, to overturn certain identities and forge new ones in their place, the efficient functioning of India's policy of development assistance/cooperation can play a crucial role. India is one of the biggest investors in Sri Lanka and the success of the completion of various developmental projects will help it in gaining goodwill in the island country. Although India-Sri Lanka relations are on a better scale, as compared to India's relations with other neighbors, nevertheless India needs to upscale its developmental role to gain influence in the country and the neighborhood.

India-Maldives Relations: Security Imperatives

The Republic of Maldives is not only the smallest country in South Asia but also in Asia as a whole. Consisting of over a thousand islands, the population of Maldives resides in only about 200 of them and geographically the individual islands do not cover a lot of ground. Maldives is a homogenous country in terms of the religion of its population, for the most part. Politically, the island country has experienced its fair share of instability and even a coup. It is located in a highly strategic location, in the Indian Ocean region. This has significance for India, in terms of security in its southern hemisphere as India considers the Indian Ocean region as its sphere of influence.

The Maldives was never colonized a nation by the British. Due to its geographical location and structure, it was and is very difficult to establish and conduct administration in the Maldives. Even today not even a quarter of the total number of islands in the Maldives is inhabited. Therefore, the British did not colonize the island country. The Maldives was used by the British as a base for stationing their troops and hence controlled the foreign affairs and defense of the country, leaving the domestic administration in the hands of the

Sultan. This setup started in 1887 and continued till 1965 when the control by the British of the foreign affairs and defense of the Maldives was scrapped (Phadnis & Luithui, 1981). The sultanate in the Maldives was a loosely formed political administration owing to the geographical inability to administer the entire island country. The existence of Islam acted as the unifying force amongst the people of the island resulting in the homogeneity and social equality evident even today (Phadnis, 2000).

India-Maldives relations have not experienced either an extremely tumultuous equation or absolute serenity in their foreign policy interactions. Their relations have risen and fallen in small waves. However, both countries have considerable expectations from each other. Island countries in the Indian Ocean region share some common interests owing to their similar geographical shape and situation. Amongst them (the other Indian Ocean Island countries include, Sri Lanka, Madagascar, Mauritius, and Seychelles), Maldives is resource-challenged. Like Sri Lanka, Maldives heavily depends on its tourism industry, apart from fisheries and agriculture, to maintain its economic stability. For this and many other motives and needs, the Indian Ocean countries have come to display a dependence on regional and extra-regional bigger powers. Due to this reason, these countries share certain comparable foreign policy tendencies. Firstly, the Indian Ocean region is not only a strategic location but also a zone of rampant smuggling, trafficking, piracy, and other illegal activities. For their maritime security concerns, these island countries have come to rely on regional and extra-regional big and great powers, to help them out. For example, India has played a crucial role in Maldivian defense and security requirements, which will be discussed in greater detail later in the present chapter. Secondly, while these countries expect assistance from bigger powers, in interests of their security, they also seek independence in forming and implementing their foreign policy interests. They have often spoken out against the misuse of their territories and do not perceive unwanted intervention with favor. Lastly, these countries, owing to their strategic locations and ability to be of importance to great powers, have often played one great power against the other (Samaranayake, 2014).

For India, the Indian Ocean region is significant in terms of its southern security perimeter and due to its vitality in international politics. India's ability to control and influence this region is directly proportional to its growth as a great power. Hence, it is only probable that India would like to play an instrumental role in Sri Lanka and Maldives, as far as South Asia is concerned. India's interests in its maritime security concerns range from the

need to prevent illegal activities in the Indian Ocean to protect trade routes and economic zones and to prevent extra-regional powers from intervening in its area of influence.

Hence, India-Maldives relations, while not being the most important bilateral relationship in South Asia, cannot be ignored either.

India-Maldives Political Relations

The Republic of Maldives followed an isolationist foreign policy up to its independence in 1965. Being a protectorate of the British, it had no control over its foreign affairs and policy. However, India-Maldives relations initiated in 1965, as India became one of the first few countries to extend diplomatic recognition to the island country. India established its first mission in 1972, and the High Commission in 1980, in Maldives (Ministry of External Affairs, Government of India, 2012).

Historically, India and Maldives did not suffer from any difficult or complex political or security problems. As Maldives is India's maritime neighbor, the India-Maldives maritime boundary was established in 1976, demarcating and defining their maritime border and their respective economic zones. India and Maldives did disagree on the ownership of the Minicoy islands at the time. This dispute was settled at this very 1976 maritime boundary agreement, whereby the Maldives recognized the Minicoy Island as part of India (Sovereign Limits, n.d.). Also known as Maliku island, Minicoy Island is a part of the Lakshwadeep archipelago. The lack of political dispute between India and Maldives post its independence is quite a unique feature in India's bilateral relations with its other neighbors. Maldives' isolation is one of the strongest reasons for the absence of political dispute, as well as its urgent need for assistance owing to its poor condition.

India and its other neighbors in South Asia also experienced the need for assistance from extra-regional and multilateral agencies after their independence, due to their economically impoverished and politically unstable status. However, for the Maldives, the need for assistance and urgent development was on a much higher scale as its standing was that of a least-developed country (LDC). Declared a republic in 1968, Maldives experienced political instability in the form of coups. In economic terms, the island country is resource deficient. Its main industries at the time were fisheries and agriculture. Maldives, during the early years, post-independence, shared features of the LDCs, including surviving on subsistence agriculture, extreme political instability, lack of human

resources, lack of infrastructure, lack of health and education services, and an underdeveloped industrial base (Phadnis & Luithui, 1981). For India, on the other hand, the independence of Maldives opened the opportunity to establish its influence in the island country, which became part of its southern security design. India would not want an unstable and difficult neighbor in the Maldives, and hence it extended assistance and development initiatives to the latter quite early on.

India-Maldives relations across various governments

Indian interests in Maldives have been hampered from time to time in rotation, that is under different governments. These have been based on two important factors. Firstly, anti-India rhetoric has existed in Maldives, concerning its presence and intervention in the island country. Secondly, India not only faces competition from China here but also Maldives uses the China card to either block India or as leverage.

The Maldives became a republic in 1968, with President Nasir at the helm of its affairs. President Nasir is often known as the one to transform and modernize the archipelago, including laying the foundation of the tourism industry, which is an economic backbone for the Maldives. Indian foreign policy towards the Maldives was not one of intervention and control. The security and political stability of the Maldives was and is an important factor for India due to its maritime security interests and the independence of the Indian Ocean region. Nevertheless, India has faced criticism in the Maldives for exerting too much influence and control in the latter.

President Maumoon Abdul Gayoom governed the Maldives between 1978 and 2008. It was during this period that the Maldives witnessed Indian mediation in the island country on two major occasions, the 1988 coup and the 2004 tsunami crisis. In 1988, President Gayoom himself asked for Indian intervention to prevent the coup from taking place and offer protection. India subsequently received international praise for thwarting violence and offering protection in the island country. This was not the only time that the Gayoom administration was challenged by a coup and the former went on to experience several challenges in the following years. In 2004, after the tsunami devastated the island, India was quick to offer aid and assistance to pull the country out of the crisis. However, the Gayoom presidency saw the Maldives being ambivalent to India and growing closer to China. The Gayoom presidency was successful in developing the Maldivian economy. However, it was not without its fair share of corruption and authoritarianism. The Gayoom

government grew closer to China believing that India will not be a party to its anti-democratic nature and started handing out developmental projects to the former (Kumar, 2016).

Following President Mohammed Nasheed coming to power in 2008 in the Maldives, there was an improvement in India-Maldives relations, with the Maldives opting for an India-first policy. According to President Nasheed, an India-first policy will involve not following an anti-India domestic policy, not performing defense exercises with other countries, and to prevent the Maldivian bases from being used by external powers, especially China, and not give out significant infrastructural projects to other countries. President Nasheed was quite vocal about the Maldivian government following a pro-China and anti-India policy in the preceding regime and undertook to reverse the same. With the change of government in 2012, once again the Maldivian stance against India became negative. During President Waheed's short tenure in the Maldivian government (2012-2013), there was a rise against India's mediation and intervention in the island country's domestic politics, especially in its presidential elections. India-Maldives relations under the subsequent Abdullah Yameen regime did not witness major improvement, nor a complete breakdown of relations. This period was instead focused on Maldives forming closer ties with China and Saudi Arabia. However, Maldives agreeing to be part of the Belt and Road Initiative and adopting a law that would allow foreigners to lease and own land in Maldives, become causes of concern for India (Kumar, 2016). Thus, India-Maldives relations have not completely deteriorated, but continue to have some serious concerns, especially on India's part. Anti-India rhetoric based on India's domineering attitude, which is common among other South Asian neighbors, has been utilized here as well to counter its presence in the island country. Another significant part of India-Maldives bilateral relations is their security and defense partnership, which will be subsequently studied.

For India, its main concerns in relation to the island country are political, economic, and security related. Politically, India will always want its neighbors to share its political values and mirror them in their respective countries. This has happened in relation to other South Asian neighbors and even in the Maldives, India has an important stake in the maintenance of democratic values. For this reason, India has intervened and voiced its opinions whenever the democratic process has been hampered in the Maldives, the most recent one being in relation to President Nasheed, which in turn has been viewed by the Maldives as an act of control on India's part. The Maldives has time and again expressed

its appreciation for Indian assistance on various issues, however, anti-Indian stances owing to its excessive intervention have created a space for itself in Maldivian politics. The biggest manifestation of this is the 'India Out' campaign which started in the Maldives in retaliation to the perception of increasing Indian intervention, presence, and the attempt to control domestic affairs in the island country. In the economic sphere, India and Maldives enjoy favorable relations, with their bilateral economic relations being formalized in 1981. Maldives being not so rich in terms of resources has always looked toward its neighbors and other extra-regional powers and multilateral agencies for economic assistance. A natural consequence of this equation is a gap in the balance of trade in India's favor. Another obstacle in relation to good economic relations with the Maldives is the presence of China as one of the biggest economic partners of the island country. The presence of Chinese investments in India's neighborhood has always been viewed with suspicion by India as a strategy to encircle it. This also poses a security risk for India in terms of Chinese presence in its sphere of influence, especially in the Indian Ocean. The growing trend of terrorism in the Maldives is posing another problem for India in the form of a threat to the disruption of the security of the sea lanes and trade routes in the Indian Ocean.

In order to counter these concerns, India has maintained a high degree of economic assistance in the form of bilateral trade and a massive amount of aid and assistance to the Maldives (Manoharan, 2014). Increasing development assistance and partnership, infrastructure building, and increasing connectivity have been other policy options for India to maintain and build its ties with the island nation.

India-Maldives Defense and Security Relationship

The Maldives has faced several conventional and non-conventional threats that come along with being an archipelagic nation, situated in an important geostrategic location and isolated to a great extent from other countries. The Maldives has relied on Indian support in case of domestic turmoil in the form of coups. In 1988, Maldives had appealed to Pakistan, China, the US, and the UK for sending in troops to thwart the attempted coup. When the Maldives realized help was not coming, it appealed to India, which sent in help in a matter of hours. After the Indian troops had successfully established control in the island country, they were quick to depart while leaving behind only a small number of forces. This was Maldives' first realization of the importance of having a strong reliable neighbor in its vicinity, that will not take advantage of any weakness. Subsequently, the

Maldives has often relied on Indian assistance for its domestic security, be it in the case of coups or water crises.

There are several other threats that challenge the island country. These include the menaces of piracy, smuggling, trafficking, and the recent trends of terrorist activities. The Maldives has always felt it difficult to maintain and secure its borders, especially when most of the geographical space of the island country is not inhabited. Mercenaries have been brought in from the UK and Sri Lanka to take part in coups to destabilize ruling governments. The requirement for secure borders and sea lanes has grown manifold since the Indian Ocean region has been named a crucial route for the transit of energy supplies. All of this makes the need for the security of Maldives' borders extremely important and strong, which is a formidable task for the resource-challenged island country (Sathiya Moorthy, 2010). India appears to be the most logical and correct option to assist the Maldives in this task. This is even more so when India has already proved itself to have succeeded in bringing stability to the island country as well as increasingly becoming a major power acting to secure the Indian Ocean region. As a regional player, it is in India's interests to step up and take hold of the security imperatives in the Maldives and the Indian Ocean region.

India's stakes in the political and security stability of the Maldives are tied to its interests in the Indian Ocean region. For India, the security of the Indian Ocean region and keeping conflicts out of that space is crucial to protect India's sea lanes of communications (SLOCs). Global trade has expanded exponentially in the past years in this area. India imports an overwhelming majority of its energy requirement through these SLOCs and it cannot afford to not involve itself in the security of this region. The combined factors of trafficking, piracy, and maritime terrorism have grown and developed along with the growing trade in the region. Apart from protecting its own economic interests, as a regional player India has an important stake in keeping these menaces at bay. Moreover, the existence of continental and extra-regional powers in the Indian Ocean region is another significant reason that India cannot be left behind in terms of the preservation of the security of this region. (Suri, 2016). India has implemented several security and training measures in the Indian Ocean region as part of its initiative to take active steps toward securing this area. In the Maldives, Indian security presence has existed since India's invited intervention in the island country in 1988, and a security partnership has developed between the two countries since then.

India has stepped up as a regional power and developed a cooperative security and defense partnership with the Maldives. It has considered the island country's lack of human resources and advanced defense training to the Maldivian armed forces as well as the transfer of defense equipment.

India and the Maldives have performed a number of joint military and training exercises, the first one being in 1991 named DOSTI, which was a joint training exercise of the Coast Guards of the two countries. In 2014, a trilateral joint military and training exercise was conducted among India, the Maldives, and Sri Lanka, known as DOSTI-XII. In 2009, another joint military exercise was started between the two countries, which would be henceforth conducted annually, to increase cooperation and collaboration between the defense forces of the two countries. In the aftermath of the 26/11 attacks in Mumbai, India, and the Maldives have adopted anti-terrorism mechanisms to prevent the use of maritime lanes for violent activities (Kumar, 2016).

The Maldivian National Defence Force (MNDF), receives an overwhelming proportion of its defense requirement from India. Indian and Maldivian defense forces have jointly performed several exercises together in the form of joint patrols in the Exclusive Economic Zone (EEZ), joint anti-narcotic operations, joint assistance and disaster management exercises like the Humanitarian Assistance and Disaster Relief (HADR) exercises, and many others. India has deployed Mobile Training Teams (MTTs) for the MNDF in order to train them for UN peacekeeping missions. India has provided the Maldives with defense equipment for aerial surveillance and created defense infrastructure like a Composite Training Center (CTC), Coastal Radar System (CRS), and a Ministry of Defence Headquarters. To further consolidate their defense partnership, in 2016 India and the Maldives started an Annual Defence Cooperation Dialogue at the level of Defence Secretary (Ministry of External Affairs, Government of India, 2022).

India-Maldives defense and security cooperation is a comprehensive one including military, training, anti-terrorism, and disaster management joint exercises and patrols. Indian infrastructural and material assistance in terms of Maldivian security and defense further deepens this relationship. Despite the existence of anti-India rhetoric in the island country, Maldivian leaders have often expressed the importance of Indian cooperation and assistance in the Maldives.

India-Maldives Trade Relations

India and Maldives have enjoyed good bilateral trade relations through the years. When the Maldives started out its independent economic journey, it was mostly a subsistence economy, with fisheries, agriculture, and later tourism being the most important sectors. The landscape has not transformed drastically today, but India's economic cooperation and partnership have grown exponentially. In the Maldives, there is a large discrepancy in income distribution between its capital in Male and the rest of the islands. Since its independence, the Maldives has faced a number of economic challenges, poverty being the most destructive. Agriculture was of the subsistence type, without much scope for export. There was a dearth of health and education services. The main source of income for the Maldivians before 1975, was from leasing the Gan atoll to the British. Income was earned by servicing itself as a free port and from the Maldives Fishing Lines, a company that owned and leased trading ships for conducting trade in the Indian Ocean. Tourism was another budding industry at the time of independence that was bringing in earnings (Maloney, 1976).

Thus, the establishment of full-fledged trade relations between India and the Maldives, immediately after independence, could not be expected. In 1981, India and Maldives signed a trade agreement, which enabled the countries to export and import essential commodities. The Agreement sought to initiate and develop trade relations between the two countries in a formal way (Trade Agreement between the Government of The Republic of India and the Government of The Republic of Maldives, 1981). While exports from Maldives have consisted mainly of non-essential goods, Indian exports to the island nation have comprised food items, pharmaceutical products, cement, and so on. Today, India-Maldives trade has grown exponentially, with India becoming Maldives' one of the biggest trading partners. However, although bilateral trade has expanded, there is a gap in the balance of trade in India's favor (Poplin, 2013)

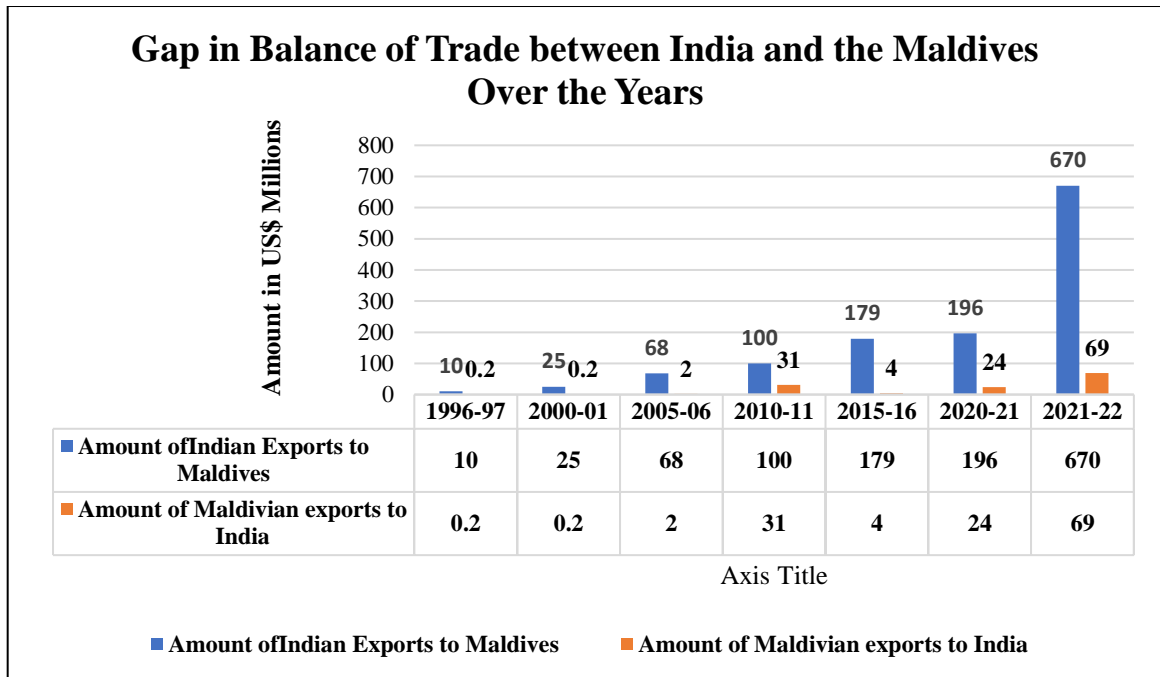
India and Maldives were founding members of SAARC and both signed the SAFTA as well. India has played a major role in contributing to the health services and education sector in the Maldives. The State Bank of India has been playing a crucial role in the Maldives since the 1970s, by extending loans for the development of resorts, and other economic ventures (Ministry of External Affairs, Government of India, 2022). Tourism has developed to a much higher degree than it was when it initially started. The tourism

sector is a major contributor to Maldivian income and forms a significant part of its GDP. Additionally, the tourism sector accounts for about 70 percent of employment in the Maldives. India offers a significant portion of the tourists that arrive in the Maldives annually and they continue to increase every year. For example, in 2018, India stood at the fifth spot for the largest number of tourist arrivals in the Maldives from any country. In 2019, India climbed to the second spot and in 2021 and 2022, India reached the top position as the biggest source of tourists arriving in the Maldives (India-Maldives Bilateral Relations, 2022).

Fig. 5.5: Maritime Exercises Conducted Between India and the Maldives Over the Years

	Name of the Exercise	Starting Year	Nature of the Exercise
1.	DOSTI	1991	Joint Training exercise of the Coast Guards of the two countries
2.	DOSTI XII	2014	Trilateral exercise among India, the Maldives, and Sri Lanka to increase cooperation and interoperability between the Coast Guards of the three countries
3.	EKUVERIN	2009	Building cooperation between the Armed Forces of both countries in terms of understanding and combating international terrorism
4.	EKATHA	2017	Joint training exercise between the Indian Navy Marine Commandoes and the Maldivian National Defence Force (MNDF), for capacity building of the latter and increase interoperability of the forces
5.	Indian Ocean Naval Symposium (IONS) Maritime Exercise: IMEX	2022	Established in 2007, the IONS has 25 member countries, which are Indian Ocean littoral states, committed to cooperation in the Indian Ocean Region. The IMEX exercise was held in order to increase interoperability amongst the member countries in Humanitarian Assistance and Disaster Management (HADR) operations

Fig 5.6: Gap in Balance of India-Maldives Trade, in favor of India, over the Years

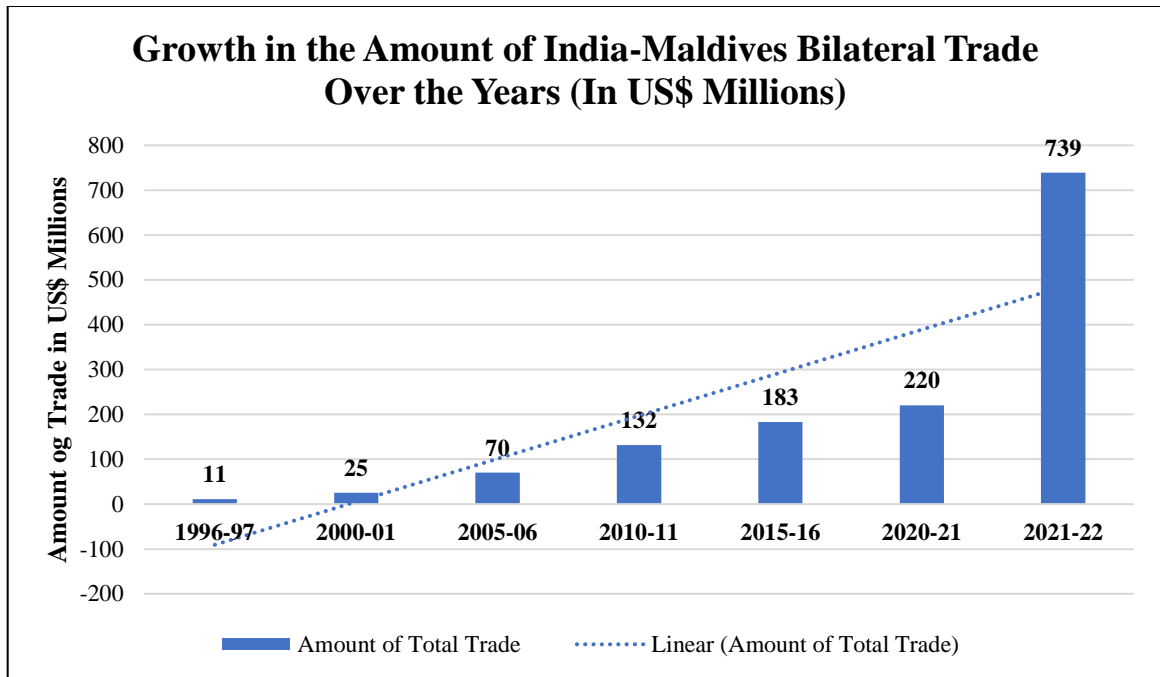


Source: Above data has been derived from the Government of India, Ministry of Commerce and Industry; Department of Commerce Official Website (tradestat.commerce.gov.in/eidb/ecnt.asp)

Note: The data shown above are an approximation

Thus, due to the absence of industrial development in the resource-challenged island country, the Maldives has continued to depend on external sources for maintaining the health of its economy. It depends majorly on investments and assistance from other countries and multilateral agencies to meet its needs. India has helped its southern neighbor to maintain its economic health and continues to be a major trading partner.

Fig. 5.7: Evolution of India-Maldives Bilateral Trade Over the Years



Source: Above data has been derived from the Government of India, Ministry of Commerce and Industry; Department of Commerce Official Website (tradestat.commerce.gov.in/eidb/ecnt.asp)

Note: The data shown above are an approximation

India-Maldives Development Cooperation

Owing to the geography and resource-related challenges, the Maldives has depended on foreign investment, aid, and assistance for its own development. With fisheries, agriculture, and tourism being its major industries of bringing in income, the vagaries of nature have often posed obstacles in the growth and development process of the island country. Due to poor management of population growth, there is a lack of housing and opportunities for the development of the youth, which in turn has resulted in the emergence of gang culture in the Maldives. Another challenge for the lack of human resources is the dearth of health and education services. Added to this, political instability and corruption have increased the woes of the country (Niyaz, 2012). The tsunami of 2004 and the subsequent water crisis have further hindered the process of development.

Nevertheless, the Maldives has been able to improve its socio-economic status through its industries and external assistance. Especially in terms of the development of services for its people, the Maldives has shown drastic improvement. Since joining the United Nations in 1972, when the Maldives was declared as a least developed country (LDC), to reaching the halfway mark in the ranking of the Human Development Index, it has come a long

way. In 2021, the Maldives ranked 90 on a list of 191 countries and territories in the United Nations Human Development Index (Human Development Report 2021/2022 Launched, 2022). The island country ranked second, after Sri Lanka, in the Human Development Index in South Asia. This is demonstrative of both the bulk of assistance that the Maldives receives and the effectiveness with which it has been able to utilize this aid given to it by bilateral and multilateral sources.

Indian aid and assistance to the Maldives evolved slowly since the latter's independence and achieved a full-fledged status in the 1980s. Indian aid and assistance toward the Maldives, like toward other neighbors, has been oriented towards enhancing its development capacity. Certain key sectors can be recognized here. Indian assistance in the form of projects, capital loans, and grants has been provided to the Maldives for infrastructure building. Health and education sectors are other key sectors toward which India has made major contributions and formed development partnerships. Local projects like big and small community development projects and housing projects have also been initiated and completed by India in the Maldives.

Indian aid and assistance in the Maldives commenced in the 1960s through the Colombo Plan. Indian aid and assistance program was not fully developed at the time and under the Plan, students were invited from the island country to study in India. Technical cooperation was and continues to be a significant sector in India's aid program and technical aid was given to the Maldives under this. The first major developmental project for India in the Maldives was in the form of the renovation of the runway of Maldives' Hulhule airport, work on which began in 1978 and ended in 1981. This project was granted to India via a bid on an international tender (Kumar, 2016). Indian infrastructure and connectivity projects in the Maldives are relatively new. Indian investments in the form of LOCs and infrastructural development in the Maldives essentially started out post the 2008 elections which made the Maldives a republic. The EXIM Bank of India issued a line of credit worth US\$ 800 million to the Maldives in 2019 for the development and implementation of various infrastructural projects in the island country. A water supply and sanitation project has been started on 34 islands in the Maldives while promoting and protecting sustainable water source management (India-Maldives Bilateral Relations, 2022). Infrastructural development in the Addu City of the Maldives was the first project to be signed under the US\$ 800 million LOC, between the Ministry of National Planning, Housing and Infrastructure of Maldives and Afcons Infrastructure Limited. Afcons Infrastructure

Limited is an Indian infrastructure development company with tenders and projects across continents. The project is focused on building roads and enhancing connectivity in Addu City as well as reclaiming land and installing stormwater drainage systems. The Addu City in the Maldives is a development hub and this project is significant in capacity building of the island country (Zunaam, 2022). The Gulhifalu Port project is another venture under the US\$ 800 million LOC, which aims at reducing the pressure on Male Commercial Harbour by building another more modern and innovative port. Other projects under the US\$ 800 million LOC includes the building of the Hulhumale Cricket Stadium, the reconstruction of airports in Hanimaadhoo and Gan, the building of a state-of-the-art cancer hospital, the building of Maldives Industrial Fisheries Company (MIFCO) Limited in two other cities of the Maldives and, the Greater Male Connectivity Project (GMCP). The GMCP is India's largest investment project in the Maldives and it aims at building a network of roads, bridges, and causeways to enhance interconnectivity (India-Maldives Bilateral Relations, 2022).

India's development assistance and cooperation in the Maldives initially was aimed at developing the island country's health and education sectors. For instance, in 1986 India committed to entirely financing the building of a hospital in Male at a cost of US\$ 13.1 million. This is known as the Indira Gandhi Memorial Hospital, which was completed in 1995. In 2011, India refurbished the same hospital at a cost of US\$ 7.76 million. A Faculty of Engineering Technology in Male was built by India in 1996, fulfilling the Maldives' lack of technical institutions (Poplin, 2013). Other Indian projects in the education sector include the building of the India-Maldives Faculty of Hospitality and Tourism Studies (started in 2002 and completed in 2014 at a cost of 64.5 crore rupees), the Technology Adoption Programme in the Education Sector in Maldives to train the Maldivian youth in ICT (starting in 2011 and completing in 2013 at a cost of US\$ 5.3 million), and, the building of a National Centre for Police and Law Enforcement (NCPL) through a GoI grant of 30 million dollars (largest grant project offered by India and initiated in 2022) (India-Maldives Bilateral Relations, 2022). India also offers a huge number of scholarships every year to Maldivian students under ICCR scholarships, SAARC Chair fellowship, ITEC training and scholarship, Technical Cooperation scheme under Colombo Plan, and, medical scholarships (Ministry of External Affairs, Government of India, 2014).

Local projects such as housing, via buyer's credits by the EXIM bank of India, are aimed at relieving the pressure of inadequate housing in the island country. The Hulhumale Social

Housing Project involves the building of a total of 6000 social housing units, built in two phases. The social housing units are being built jointly by the National Buildings Construction Company (NBCC) and JMC Projects (India) Limited, at the cost of approximately US\$ 360 million in Buyer's credits. High-Impact Community Development Projects are also implemented via local bodies on the basis of grants given by India. A popular restoration project being carried out by India in the Maldives is refurbishing the Hukuru Miskiiy in Male, a 17th-century mosque, which has been declared a world heritage site by UNESCO, by an Indian grant of Rs. 8.95 crores. (India-Maldives Bilateral Relations, 2022).

In the aftermath of the tsunami of 2004, India helped Maldives not only with immediate relief and assistance but also with later reconstruction and rebuilding efforts. During the crisis, India extended relief materials and assistance at a cost of US\$ 8.8 million and then later on provided extra support grants of Rs. 10 million twice, each in 2005 and 2007 (Poplin, 2013).

Indian development assistance grew in the Maldives in the aftermath of the 2008 elections, which established the island country as a republic. The increasing presence of China also motivated India to step up its aid and assistance program in the Maldives. Indian development assistance to the Maldives increased from 0.2% of its overall development assistance budget in 2002 to 18.7% in 2008. In 2008, India extended a Standby Credit Facility worth US\$ 100 million for imports and other assistance. In 2010, India extended its first LOC to the Maldives worth US\$ 40 million for the implementation of a housing project (Poplin, 2013). Over the years several LOCs and cash grants have been provided by India for various developmental projects in the Maldives.

Fig. 5.8: The GMCP Project in Maldives: Building Connectivity

The Greater Male Connectivity Project (GMCP)

The Greater Male Connectivity Project (GMCP) is India's largest investment venture in the Maldives, and one of its biggest in the neighborhood. Aimed at boosting connectivity, it is also the largest infrastructural project in the island country.

Components: The GMCP is significant in the economic development of the island country as the Project will link the four major islands of the Maldives which house half of the Maldivian population. Solar power will be utilized in the Project as a source of renewable energy. The GMCP will connect Maldivian capital city Male to the international airport at Gulhaifalhu, Vilingli, and, Thilafushi, which is an industrial area. These three points will be linked by a 6.74 km long bridge and a causeway link. The GMCP will further include the construction of three 140 m long navigation bridges, each in all three islands. Additionally, two marine viaducts, 1.41 km long in deep water and 2.32 km long in shallow water will be constructed, along with 2.96 km long at-grade roads. The Project is being conducted by AFCONS Infrastructure Limited, India (<https://newsonair.com/2021/08/27/india-maldives-ink-largest-ever-infrastructure-project/>).

History of the Project and Current Progress: The initiative of the GMCP materialized in 2019, during the visit of the Indian External Affairs Minister to the Maldives. The project is being entirely financed by the Government of India. In 2020, India extended US\$ 100 million in grants and US\$ 400 million in LOC for the GMCP in the Maldives. Following this, another US\$ 100 million in LOC was given to the Maldives for infrastructural development. The construction of the GMCP project commenced in 2022, with Indian Prime Minister Narendra Modi and Maldivian Prime Minister Solih performing the concrete laying ceremony, virtually, in August 2022 (<https://www.outlookindia.com/national/modi-solih-virtually-kick-start-work-on-greater-male-connectivity-project-in-maldives-news-213714>). The GMCP will not only boost interconnectivity in the island country but also provide an impetus to employment generation and overall economic development of the Maldives. The Project is well underway and it has been already declared that the bridge connecting Male and Villimale will be completed and ready to use in mid-2023 (<https://psmnews.mv/en/103650>).

How will it benefit both countries? The successful completion of the GMCP is crucial for the enhancement of the Maldivian economy. For the Maldives, infrastructural development is an urgent need for the developing island nation. Before the GMCP, the biggest infrastructural project in the Maldives was completed by China, the 1.4 km long Sinmale bridge also known as the Maldives-China Friendship bridge. The GMCP will link four important islands of the Maldives, which are industrial hubs of the archipelago. LOC loans are given at concessional rates without any hidden costs. For India, the successful completion of the GMCP is vital for strengthening relations and increasing influence and footprint in the Maldives. More important than overshadowing Chinese projects in the Maldives, the GMCP is a shining example of India's 'Neighborhood First' policy and Maldives' 'India First' policy. Maldives' 'India First' policy is a reiteration of its appreciation and policy preference towards India. This is in direct contrast to the 'India Out' campaign in the Maldives, which expressed displeasure against India's controlling presence in the island nation. Indian leaders have time and again pointed out the strong and healthy relations that both countries enjoy and its manifestation has been in the form of signing developmental projects between India and the Maldives.

India has faced some challenges in the Maldives in the process of implementing development projects. Often Indian presence has been viewed as dominating and unwanted by a certain section of the government and society and this has been evident in the attitude of different governments in the Maldives toward India. This is also due to China's developmental role in the Maldives which has been utilized by certain Maldivian governments as a counter to Indian developmental projects. The biggest example of this is the 2012 cancellation by the Maldives of a project involving the development and operation of the Ibrahim Nasir International Airport, near Male capital city. While the Maldives pointed out the charging of \$25 per passenger as an airport development and insurance charge, as the main source of opposition against the agreement, India believed the decision was made in accordance to suit the existing political agenda. The cancellation of the agreement was a huge loss of face for the GMR company, an Indian infrastructure giant that bids internationally for getting infrastructure tenders in different countries. The airport project in the Maldives too was won in an international bid and was accepted by the earlier government in the Maldives, that is the government of Mohammed Nasheed. India believed, that the current Maldivian government of Mohammed Waheed, which had canceled the project, consisted of a number of stakeholders, including anti-India groups, a number of Islamist political groups, pro-Pakistan, pro-Saudi Arabia, and pro-China groups (Bagchi, 2012).

However, keeping aside these few blips in the process, India and Maldives share promising and genial development partnership relations, as is periodically confirmed by Indian and Maldivian leaderships.

India-Maldives Relations: A Constructivist Explanation

India-Maldives relations are defined by their perceptions of each other. The ups and downs in their relationship are consequently subject to these assessments.

The Maldives was never fully colonized by the British, who controlled the foreign affairs of the country and did not venture into its domestic polity. The Maldives was ruled by a sultanate for most part of its history. The first stable government started in 1978, under President Gayoom, which continued to be an authoritarian regime until the multiparty elections in 2008. Following this, the Maldives continued to be rocked by political instability, corruption, and controversies. Such instability is quite understandable given the short amount of time that the island nation had any experience with genuine

democracy. Certain factions within the political sphere have used anti-India sentiments to gain popular attention. Anti-India sentiments are nothing new in the neighboring countries of South Asia. The perception of the Indian big brotherly attitude is also quite prevalent amongst the same. However, it is also true that anti-India slogans have been used by political factions that have grown closer to China when they were in power. Now growing closer to one nation to counter the other is not exclusively a feature of a politically unstable country. However, it is akin to the policies of small countries seeking to gain leverage from big powers by pitting them against each other. In the Maldives, the anti-India, pro-India, pro-China, pro-Pakistan, and pro-Saudi Arabia attitudes are deeply ingrained in particular political blocs. The biggest example of this is the two opposing policies of the ‘India Out’ and ‘India First’ campaigns. The ‘India Out’ campaign started in 2020, based on doubts and apprehensions over Indian projects and investments in the Maldives. These projects and defense cooperation is viewed as impinging on the sovereignty of the island nation. Mohammed Nasheed’s pro-India government was charged with selling out the country to India in the garb of investments. The ‘India first’ policy was started by Mohammed Nasheed in 2008, and it expressed Maldives’ priorities in its dealings with other countries. Indian assistance and early response were noted as making India undeniably the Maldives’ biggest partner, hence offering to protection to Indian interests in the Indian Ocean. This translated into not allowing Chinese presence in the Maldivian ports and other strategic places in the island country. In fact, Mohammed Nasheed, who is the Speaker at the moment, condemned the earlier government’s involvement with China’s BRI project, citing the example of Sri Lanka, now burdened by huge loans. Two extremes in the perception of India exist in the Maldives. However, India-Maldives relations have been good overall.

For India, its presence in the Maldives is essential for the maintenance of security and independence of the Indian Ocean. For this, it has engaged other Indian Ocean littoral countries as well. Moreover, as a regional player, India needs to establish its presence in South Asian countries, especially small and resource-challenged countries, to demonstrate its capability of assisting them in their path toward development. The Gujral doctrine of the 1990s, set the ball rolling in India’s growing investment and presence in the countries of South Asia. In the Maldives, with the coming of multi-party democracy, Indian investments here have exploded. India’s Neighborhood First policy continues to hold the lamp ignited by the Gujral Doctrine.

Thus, India's aid, assistance, and investment in the Maldives and the Maldives' India First policy are complementary to each other's motives. Despite the existence of pro-China and anti-India forces within the island country, the Maldives cannot deny India's capability of being an early responder and one of its biggest developmental partners.

Conclusion

Good relations with Sri Lanka and the Maldives are vital to India's security interests in its southern sector as well as in the Indian Ocean. India's relations with both these island countries have had their fair share of turbulence, however, India has not experienced extremely bad relations with either of them. Both these countries have depended, and continue to do so, on Indian help and cannot afford to antagonize the latter to a great degree.

The presence of Chinese in the Indian Ocean becomes more striking to India when the same is seen in Sri Lanka and the Maldives, in the form of investments and projects. For Sri Lanka and the Maldives, their priority is to take care of their developmental needs. As a result, a division of stances, in terms of development partners, among different political parties in both these countries is apparent. For India, to gain influence in Sri Lanka and the Maldives has higher stakes in order to keep the Indian Ocean zone problem-free and conflict-free, and, to promote itself as a regional player. Given the existing challenges, India has tried to gain leverage by enhancing development assistance/partnerships and investments. Not only this, but India also deeply believes in the developmental potential of the South Asian countries and its role as a leader which will aid them in achieving those goals. Moreover, India is closer to Sri Lanka and the Maldives as compared to other regional and extra-regional powers and, has acted as the first responder to crisis situations in the two countries, especially so in the Maldives. Successful development projects have brought goodwill to India and diminished the image of a bigger country trying to intervene too much in the affairs of its smaller neighbors.

India's presence as a regional player in South Asia needs to be backed up and justified by adequate reasons and the policy of development assistance/partnership provides the much-required support.

CHAPTER 6:
CONCLUSION

CONCLUSION

India's presence as a major international player and as a regional leader is a well-established phenomenon. The image of an India that leads the developing world and holds a unique position in world geography has been visualized by Indian leaders through the decades after independence. While studying major or emerging powers, an important point of analysis is the nature and types of its foreign policies. What gives authentication to a country's status and power is not just its power and resources but its acceptance and perception by other countries. It is ultimately the nature and type of foreign policies a country conducts, that shape and builds these perceptions. In the present political environment, where war has taken a backseat and economy and cooperation have gained importance, soft power policies like foreign aid and development assistance have the potential of making a deep impact on a country's bilateral relations.

Although the Indian history of foreign aid and assistance is quite old, since independence, its current form is radically transformed and comprehensive. India describes its foreign aid and assistance policy as developmental assistance and partnership which it officially refers to as Development Partnership Administration (DPA). Rather than a foreign aid donor, India wants to be seen as a partner in the process of development among the recipient countries. Moreover, the evolution of India's development assistance/partnership has been directly influenced by variations in its foreign policy, especially concerning South Asia.

India's relations with other South Asian countries (Afghanistan, Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka, and, the Maldives) have not been an entirely smooth experience. Historically, politically, and strategically, India has often found itself face-to-face with hostilities emanating from its neighbors against it. While some of these conflicts have resulted from unsolved differences, an underlining factor has been perceptions of the South Asian countries (Afghanistan, Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka, and, the Maldives), towards this regional behemoth (India) and their expectations from it. Additionally, placing the onus of these conflicts on India alone will be unfair, to say the least. One of the most prevalent assessments of India by its South Asian neighbors has been that of a regional bully, which seeks to dominate the smaller countries of the sub-region through its big brother attitude and activities. It will be wrong to say that this observation is completely baseless. But the South Asian neighbors have not given due credit to the impact of their shortcomings and convenient tactics on such conflicts.

India has since its independence viewed itself as a champion of the developing world. Its role in world politics, particularly at the United Nations, during the second half of the 20th century, carries evidence for this claim. In South Asia, however, where its foreign policies should have had the maximum impact to give credence to its claims, India has lagged. Indian foreign aid and assistance policies, which do not have adequate recognition in Indian foreign policy literature, play an important role in the development of India's bilateral relations.

The present research thesis has attempted to find, establish, and, demonstrate this connection between India's foreign aid and assistance policies, which it refers to as the Development Partnership Administration (DPA), and the development of bilateral relations with its South Asian neighbors.

A Review of the Hypothesis and Research Questions

A policy does not operate in a vacuum. One can only study a policy by first reviewing the relations established and enjoyed by the country making the policy and the one where it is being deployed. The key to understanding India's relations with her South Asian neighbors is through a grasp of the nature and character of the region. Common political, economic, and, social experiences among the countries of South Asia have resulted in an abnormal situation. The countries of South Asia, instead of being a cohesive unit trying to work through common adversities, have diverged due to existing and elusive differences among them. Added to this, the stresses and strains of international and domestic politics have also taken a toll on these countries.

It is hypothesized in the present thesis, that India's foreign aid policy, which it refers to as the Development Partnership Administration (DPA), has enabled it to develop its relations with the countries of the South Asian region; namely Afghanistan, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka, and the Maldives. This hypothesis is further sourced from the understanding of India's global power ambitions. In order to prove its capability as a global force, India must firmly establish itself in the South Asian region. Moreover, the response from the other countries of South Asia toward India is a determining factor of how the latter and its policies are perceived in the region. It has been ascertained, over the course of the thesis, that India's foreign aid and assistance policy has enabled it to build and develop relations and its presence among the countries of South Asia. A robust foreign aid and assistance policy holds the potential to present the country in question, in a positive

and responsible light. The nomenclature of India's foreign aid policy, that is Development Partnership Administration, displays India's intentions of building developmental bonds with its partner countries, and seeking overall growth of the region. The developmental character, demand-driven approach, and absence of conditionalities, of the Indian DPA further strengthen this assessment. The developing countries of South Asia have responded favorably to India's foreign aid policy and later DPA, and there are numerous examples of Indian developmental activities in the South Asian countries, as has been extensively exhibited in the present thesis. Hence, it can be said that India's DPA has helped India develop its relations with its South Asian neighbors. But, DPA is one of the many foreign policy initiatives taken by India toward South Asia to improve and build bilateral equations. Additionally, several challenges and conflicts persist that threaten these relations. Therefore, India's DPA has been successful in developing relations in some aspects while other enduring conflicts remain.

The relations among the South Asian countries have been marred by various conflicts, misunderstandings, threat perceptions, and, the challenges of globalization in a still developing region. Hence, the experience of the countries of South Asia in terms of cooperation has not been quite satisfactory. Keeping these factors in mind, the present thesis has sought to question and answer the following:

- The first question of the present research thesis is whether there is a connection between the Indian foreign aid/assistance policy, or development cooperation (referred to as Development Partnership) and its bilateral relations with the South Asian neighbors.

It has been well-established throughout the thesis that the Indian policy of aid and assistance has a deep significance concerning its bilateral relations with its South Asian neighbors. The Indian aid and assistance policy has tailored itself intricately to fit the requirements of the countries of South Asia. This realization and its implementation into the designing of a policy that would cater to the needs of these countries have helped India to become a responsible power, and, also to be viewed as such. Given India's current status in regional and world politics and its political aspirations, the foreign aid/assistance policy has added credibility to it.

- The second research question takes a cue from the answer of the first, that if the connection is established then what impact does the same policy have on India's bilateral relations with its South Asian neighbors?

The format of the thesis involves the study of India's bilateral relations with its South Asian neighbors and the role of development cooperation in it, divided into three chapters. An analysis of India's bilateral relations with each neighbor has been conducted. An analysis of major treaties (except in the case of the Maldives), political relations, economic relations, and the role of Indian aid and assistance has been done in this regard. It has been found that India's bilateral relations in South Asia have ranged from good to bad to worse.

For example, with Bhutan, India has enjoyed good relations since it has guided the former's foreign policy since 1949. Bhutan, a landlocked country that had followed isolationism for a very long-time, looked for support in the conduct of its foreign relations. When India rose to the occasion, Bhutan readily acknowledged such advances. This dependency that Bhutan had established on India did not mean that it gave up trying to forge relations with other powers. Bhutan today receives aid and assistance from a few bilateral and multilateral sources, and for India, Bhutan figures at the topmost position of its list of foreign assistance. India has completed, and quite several of them are under operation, developmental projects in Bhutan. Its investments, LOCs, grants, and, partnerships have supported Bhutan's developmental process. As a result, India has been able to back up its role in Bhutan's foreign affairs with its contribution to the Himalayan nation. Interestingly, concerning Nepal India has undergone a tumultuous relationship. Bhutan and Nepal are the Himalayan sisters, yet they have responded quite differently to Indian policies. Anti-India sentiments exist in Nepal, as it is viewed that India has an overbearing presence in the country and tries to dictate the former's foreign policies. Chinese presence and influence have added further fuel to the fire, and relations between the two countries have deteriorated. However, Nepal was and continues to be one of the biggest assistance receivers and development partners of India. Indian aid and assistance policy in Nepal has not completely transformed bilateral relations for the better. Indian developmental presence in Nepal has acted as a balm on tense relations and gained appreciation due to the nature of such assistance.

Afghanistan is the newest addition to Indian developmental partners in South Asia. However, Indian aid and assistance towards this war-torn country have quickly grown,

making it one of the major recipients in South Asia. There is not much political dispute between India and Afghanistan. But an economically underdeveloped and politically unstable neighbor poses different security risks for India. India already faces several conflicts and hostilities in South Asia. An opportunity to be a major development partner in a war-ravaged country will always be welcomed by India. A weak ally is better than an unstable enemy. Afghanistan recognizes and greatly appreciates India's developmental efforts and an attempt to include it in the regional order. The creation of Bangladesh is another example of a situation that India tried to win in its favor. Sheikh Mujibur Rehman's government initially mirrored India's political philosophy, including socialist and democratic principles. The tables soon turned and the Awami League government was replaced by the government of the Bangladesh National Party, whose political philosophy was radically different from that of India. Hence followed a period of unstable and conflicting bilateral relations, that continued till the end of the 20th century. Indian aid and assistance to Bangladesh have been contributing factors toward building trust and goodwill between the two countries. Bilateral relations with Pakistan paint a very different picture from India's equation with other South Asian neighbors. The enduring India-Pakistan rivalry and the latter's sponsoring of terrorism in India have led to a breakdown of relations between them. India does not operate any development projects in Pakistan and assistance has been extended only during the occurrence of natural disasters. India's foreign aid and assistance policies have no impact on bilateral relations in this regard.

Sri Lanka and the Maldives are the two island countries situated toward India's southern security corridor. Moreover, they are also important players in maintaining peace and stability in the Indian Ocean area. Both countries possess weak resources, especially the Maldives, and require external help for their development. Regarding Sri Lanka, India has had some political clashes which dampened their bilateral relations. However, India's main concern here is the presence of China's developmental projects and investments. China's presence in South Asia, especially in strategic locations like the Indian Ocean, has been vehemently criticized by India as an intervention in its sphere of influence. Additionally, China's extensive resources have led countries like Sri Lanka to incline towards it. In the Maldives, India has experienced an undulating relationship, oscillating between good and bad depending upon different governments. Bilateral relations here, however, have not deteriorated. Indian aid and assistance in the form of developmental cooperation have been crucial to protecting India's southern security concerns. Both Sri

Lanka and the Maldives realize and appreciate India's presence as the first responder to crisis and its significance as a neighbor. India's developmental presence in Sri Lanka and the Maldives has played a vital role in their development process, which in turn has had a positive effect on their bilateral relations.

India's policy of foreign aid or DPA has played a positive role in the development of relations with its South Asian neighbors, as has been mentioned above and more extensively so in the Chapters of the present thesis. The perception of the South Asian countries regarding India is another aspect that majorly impacts their bilateral relations. For a very long time, there was an expectation of the South Asian neighbors, from India to be more involved unilaterally in the development process of the region. This was answered by the Gujral doctrine of the mid-1990s, which took note of this prospect and sought to engage South Asian countries. India is a much bigger country as compared to its South Asian neighbors, and hence this is a natural expectation. Even more so given India's ambitions to achieve great power status, it needs to present itself as a responsible power capable of understanding and acting upon, if not fulfilling, the developmental needs of the countries of the region. India's overall foreign policy orientation has received a massive boost, with the turn of the century, in terms of dealing with South Asia and the DPA is an important component of that. With Pakistan, however, there have been more setbacks than progress in bilateral relations with India. DPA has not been extended to it, apart from relief and assistance in the event of unforeseen crises.

Thus, the impact of India's aid and assistance in the form of development cooperation has had a positive impact on the individual countries of South Asia, and consequently, it has given shape to positive relations.

- The third question refers to the benefits India and the partner countries accrue from the former's aid and assistance policies.

This question has been answered adequately in each of the three chapters devoted to the study of bilateral relations between India and its South Asian neighbors. To acknowledge the benefits, one must first understand the needs and motivations of a country. Rivalries and political conflicts aside, the study of bilateral relations has revealed a common thread of motivation for all the countries in South Asia. These countries are in different stages of development. They are much smaller in size as compared to India and are, in one way or the other, dependent on it. Nepal and Bhutan are landlocked countries and have transit

routes through India for the transport of goods. In Afghanistan, India plays an important role in its rebuilding process and in including the war-ravaged country in the regional institutions. Bangladesh is India's largest trading partner in South Asia. Although the volume of Indian aid and assistance is lower here than in the other countries of South Asia, the Indian role in Bangladesh cannot be ignored or denied. Sri Lanka and the Maldives continue to have unstable economies, relying on their tourism industry as the main source of income. Both countries require external help for their development and cannot disregard India in this process.

For India, there are multiple motivations for gaining favor with the countries in South Asia. India's political ambitions of being a major power require it to become a regional leader in the first place. Several challenges have acted as impediments for India to realize this objective. Apart from bilateral conflicts, these challenges can be broadly divided into two parts. Firstly, anti-India sentiments are prevalent among most of the South Asian neighbors. This has manifested in the form of treaties (for example, the India-Nepal Friendship Treaty of 1950, which Nepal refers to as unequal), the form of strategic issues that went through a long-drawn-out process to be resolved (for example, the sharing of waters of the Ganges between India and Bangladesh), India's intervention in a country that has led to further domestic conflicts (for example, the Sinhala-Tamil crisis and Indian intervention), and, anti-India rhetoric being utilized by political parties to manipulate popular sentiments (for example, the India-Out campaign in the Maldives). Although India's contributions toward these judgments cannot be nullified, it is also true that the South Asian countries have utilized convenient tactics to shift blame. Secondly, the ever-increasing Chinese presence in the South Asian neighbors is a challenge and threat to India. In terms of getting developmental projects and making investments, India has healthy competition with China in South Asia. But when China chooses to intervene in strategic areas in South Asia (for example, the Hambantota port in Sri Lanka) to build developmental infrastructure or impinges on Indian sovereignty (for example, the Belt and Road initiative which passes through Pakistan-occupied Kashmir), China's presence becomes a threat. While India cannot do anything to counter China's deep pockets, it has spoken out when the latter's intervention threatens India's security. Apart from these political and strategic concerns, stable and developing South Asia and India's positive role in it is an important requirement to preserve India's security along its borders. In terms of principles, the Indian aspiration of leading the countries of South Asia along the road to

development is embedded in its policy of development cooperation and development partnership. These political, strategic, philosophical, and, security factors are very important for Indian considerations regarding its relations with the countries of South Asia.

The Indian policy of aid and assistance in the form of development cooperation/partnership has enabled both the countries of South Asia as well as India to realize their expectations of each other. Indian aid and assistance in the form of grants, credits, concessional loans, developmental projects, investment, human resource development, exchange of technical information, disaster management, and, building infrastructure, has made massive inroads into the process of development in the countries of South Asia. This aspect has been studied extensively in the thesis. For India, its aid and assistance policy has enabled it to rectify its perceived overbearing role and instead has made it a power that is directly involved in the developmental process in South Asia. A politically stable and economically developed South Asia is also crucial to Indian security interests.

Nevertheless, there continue to exist anti-India sentiments in most countries of South Asia. Events, situations and, behaviors, over the decades, have forged these opinions and this is a reality that India must exist with. Having said that, it is also a reality that leaders, politicians, economists, and even local citizens, of South Asian countries, have appreciated and lauded India's developmental efforts in their countries and welcome more efforts from the same. In Afghanistan, where India had closed its embassy at one point in time, due to a political takeover by the Taliban, today it continues to allot a developmental budget in the war-torn country even though it has not formally recognized the present Taliban government in Afghanistan. Political leaders of Nepal, Sri Lanka, Maldives, and Bangladesh may criticize Indian policies and actions but do not shun their developmental overtures, but welcome them. Indian investments, constructions, and partnerships, have also created scope for social and economic development with its partner countries. Chinese investments and developmental works in South Asia are not an alternative to Indian DPA, but sometimes competition and on other occasions even an added prospect.

Thus, India's DPA has enabled it to develop relations with the countries of South Asia, and moreover, it has impacted these relations in a positive manner. Although the policy of development cooperation/partnership cannot alone solve all problems and conflicts, it is an important piece of diplomacy designed to address them.

A Review of the Theoretical Understanding

The theoretical part of the present thesis involves a constructivist understanding of the impact of India's aid and assistance policy (in the form of development cooperation/partnership) on its bilateral relations with the countries of South Asia.

According to constructivism, foreign policy making and foreign policy decisions cannot be objective. This is because countries are mainly social actors and throughout their history of relations with other countries, they have built up a framework of interaction that has in turn informed their behavior toward each other. These interactions have created a range of ideas, emotions, and, perceptions regarding each other. Furthermore, the framework of ideas and perceptions has been subject to change as a result of changes in the pattern of interaction. In view of this understanding, it can be said that changed foreign policy interactions can have a direct impact on the behavior of countries.

The Indian policy of aid and assistance has been in place since the early days of Independence. India had even sponsored the first two five-year plans in Bhutan. However, Indian resources at the time were low and its aid and assistance policy was not well formed. India extended assistance through the Colombo Plan initially. The Indian Technical and Economic Cooperation (ITEC) was the main source of foreign assistance. Indian foreign policy in South Asia in the 1970s and 1980s heightened India's image as a regional bully among its South Asian neighbors. In the mid-1990s, India implemented a foreign policy toward its South Asian neighbors, that marked a radical shift from its earlier foreign policy orientation toward the subcontinent. The Gujral doctrine exemplified the seriousness of its approach towards the South Asian neighbors and India's wish to maintain pleasant relations with them. The Gujral doctrine also demonstrated the responsible role that India sought to undertake toward the region. Among other features, the principle of non-reciprocity in terms of assistance extended by India to any South Asian neighbor was well received among the neighbors. This change made way for changes in the Indian aid and assistance policy, that now came to be known as development cooperation and eventually as Development Partnership Administration (DPA). The volume and nature of Indian development assistance expanded and South Asia was and continues to be, its major recipient. The spirit of the Gujral doctrine has continued to exist in Indian foreign policy and is further entrenched by the Neighborhood First policy, which was launched in 2014, under Prime Minister Narendra Modi's government. The Neighborhood First policy

reiterated India's commitment to well-being and improved relations with the countries of South Asia to be of primary significance in its foreign policy goals. India's present development assistance policy is demand-driven, does not include conditionalities, is based on mutual gains, and, seeks to be inclusive. Hence, India's change in its foreign policy orientation towards the region saw an expression in its foreign aid and assistance policies.

Main Findings of the Thesis in Brief: The Research Questions and Its Brief Answers

Is there a connection between Indian foreign aid/assistance policy and its bilateral relations with the countries in South Asia?

Yes, it has been well-established in the chapters of the present thesis that there exists a strong connection between India's foreign aid/assistance policy (referred to as development assistance or development partnership) and its relations with the countries in South Asia (which includes Afghanistan, Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka, and, the Maldives).

If yes, then what is the impact of this policy on such bilateral relations?

Enhanced Indian development assistance policy has had a positive impact on its bilateral relations with its South Asian neighbors. India's responsible role, initiative, and, welcomed intervention to promote and implement developmental work in these countries has been well received and is a major factor in their improved relations.

How do India and its partner countries in South Asia benefit from this policy?

The Indian development/partnership policy has been able to ameliorate one of the prime concerns of the countries of South Asia, that is, the promotion of development. For India, the successful implementation of this policy has won goodwill for itself and boosted its image as a reliable regional power. This policy, which is in tune with Indian foreign policy doctrines like the Gujral doctrine and the Neighborhood First policy, also conforms with India's ideal of a developmental leader of the South Asian region.

Moreover, the relationship between a foreign aid donor and a foreign aid receiver has at times been viewed as some form of leverage that the former has over the latter. India terms its foreign aid and assistance policy as development cooperation/partnership because it wants to establish India's relations with its South Asian neighbors as developmental partners and not just a recipient. This change of perception brought a consequent positive change in India's bilateral relations with its neighbors. India taking up the role of a responsible power has been well-received by the countries of South Asia. India is a much bigger country as compared to the others in the South Asian region and due to this reason, the neighbors wanted India to contribute towards their development. India's changes and expansion in its development assistance policy have rightly caught hold of the popular sentiments of the region. Resulting better relations can be seen in the form of the expansion of bilateral trade and cooperation in political, security, and, strategic fields between the countries. The main problem in making India's development assistance policy a success is the delay in the implementation of projects in partner countries. This is an area that India needs to investigate, to prevent its policy from being seen as hollow and without teeth.

The present thesis has attempted to make a study of India's policy of development cooperation/partnership and its impact on bilateral relations with the South Asian neighbors. Existing literature on this topic is not abundant as India's soft power policies are hardly given priority in the study of foreign policy impact on diplomatic relations. The present study does not seek to disprove any existing relevant literature, it only adds to the existing body of knowledge. The DPA, as a soft power tool, has enough potential to further enhance India's image and realize its dream of not only being the champion of the developing world but also a major international power. Several scholarly books have been written on India's relations with its South Asian neighbors, however, how its foreign development assistance policy has impacted these relations, has not been studied. This is what the present research thesis has attempted to study. Nonetheless, there is room for further research on India's soft power policies and their impact on its foreign relations.

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