



INDIA AND SOUTH ASIA: OCTOBER 2016 DOSSIER

The October 2016 Dossier highlights a range of domestic and foreign policy developments in India as well as in the wider region. These include analyses of the ongoing confrontation between India and Pakistan, the measures by the government against black money and terrorism as well as the scenarios in India's mega-state Uttar Pradesh on the eve of crucial state elections in 2017, the 17th India-Russia Annual Summit and the Eighth BRICS Summit.

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Part I India - Domestic developments

Dr. Klaus Voll analyses the confrontation between India and Pakistan, the measures by the government against black money and terrorism as well as the scenarios in India's mega-state Uttar Pradesh on the eve of crucial state elections in 2017 and the extreme pollution crisis in Delhi, the National Capital Region and northern India.

Modi: Struggle against black money + terrorism: 500 and 1000-Rupee notes invalidated

Prime Minister Narendra Modi addressed on the 8th of November 2016 the nation in Hindi and English. Before he had spoken to President Pranab Mukherjee and the chiefs of the army, navy and air force.

Modi emphasized, that his government is in favour of the poor and enumerated all programmes dedicated to this purpose. He announced with immediate effect from midnight, that all the 500 and 1000 rupee notes would be invalidated.

„They are worthless paper, which is stashed in huge numbers by anti-nationals. The black money destroys our economy.“ He described this measure, which came completely as a surprise for everyone, as a *„surgical strike on black money. It is a festival of integrity.“*

Modi stated, that the increase of corruption and black money by certain segments of society requires this measure, particularly since India is still on rank 76 of the corruption index. He referred to the connection of black money – also channelled from across the borders via Pakistan and Nepal – and terrorism. Since his government has taken over in 2014, it succeeded to get back 125 000 crores (1 crore is about 130 thousand Euros) of illegal money, according to Modi.

„The poor and the middle classes have to carry the main burden. The high circulation of black money strengthens the 'Hawala' trade and influences elections,“

Citizens have 50 days time till the end of the year, in order to exchange the invalidated banknotes against newly issued 500 and 2 000 Rupees notes – which can be read by blind people in Braille – provided they show their identity and can make sure, that it is no black money. After this there is a further possibility till 31. of March to exchange in special offices of the *Reserve Bank of India* (RBI).

In the days to come, bank customers can withdraw at one day 10 000 Rupees (about. 135 Euro) and in one week a maximum of 20.000 from their accounts. From ATM's on a daily basis 4 000 Rs. can be withdrawn between 10th to 24th of November, afterwards the amount will be increased.

Shortly after Modi's speech long queues formed in front of ATM's and petrol pumps. In West Bengal's capital Kolkatta complete chaos evolved.

Dr. Urjit Patel and other top civil servants stated in a press conference, that the security of the existing bank notes had not been breached but that the fake notes emanating from Pakistan have been very similar compared to the originals.

Black money and the illegal notes had fuelled the inflation and created a *„long shadow of a ghost*

parallel economy,” according to the RBI. The circulation of 500 Rupee notes had increased by 76% and of 1000-notes even by 109%, completely disproportional to the growth of the economy.

In the foreseeable future also new coins and notes between 10 and 1000 Rupees will be brought into circulation.

Indians use mostly cash compared to other citizens in the world. 80% of payments are done in cash. Experts expect as a result of this measure a great change in consumer behaviour and it will be interesting to observe which new methods and potentially also tricks will be used in future by those who indulge in the black economy. Finance Minister Arun Jaitley pleads for a cashless economy.

Congress-spokesperson Sanjay Jha opined, that the exchange time till 30. 12. 2016 respectively till 31. 3. 2017 would be sufficient to permit the holders of black money to wash 'black' into 'white' money through 'Hawala'-trade via so-called „*participatory notes*' by *Foreign Institutional Investors* in a legal manner by bringing them back to India via Mauritius and Singapore.

Other opposition politicians spoke about a manoeuvre of the government, in order to deviate from the promise during the electoral campaign 2014, which said, that after the repatriation of illegal money from abroad to transfer 1.5 million Rupees into everybody's bank account. The economist and economic journalist Dr. Surjeet Bhalla stated that one should simply ignore the statements of politicians during these times.

The immense amounts of black money are especially flowing into the building industry, where up to 50% and more are paid in black while purchasing houses and apartments and into agricultural land, which will be afterwards used for other purposes. Perhaps in future these transactions will only be possible by cheque.

Are these measures of the government the beginning of a kind of '*currency reform*', in view of the background of a very high amount of so-called „*non-performing assets*“ of public sector banks?

Will these measures lead to more tax compliance in a country of only 1.6 % tax payers out of a 1.3 billion population and therefore to higher income for the state?

How will all this affect the Indian economy with currently the highest growth rate among all major economies? What consequences will these measures have for the common man, who works to a large degree in the informal sector and in agriculture and uses only in a limited way the banking system, irrespective of the efforts by the government to integrate them more and more?

According to information, people in villages and small towns can deposit the old and now outdated bigger notes in post offices and banks. Yet this requires several visits and long queues, since they can withdraw only on a daily basis 2 000 rupees, till the amount is fully replaced in new notes.

Sitaram Yechury, general secretary of the *Communist Party of India – Marxist* (CPI/M) anticipates especially a negative fallout for small- and medium scale industries, which most of the time don't receive bank loans.

In the current 'marriage season' families are facing quite big problems in financing these events, besides the financial requirements for the prevailing system of dowry.

Besides builders, political parties, which are keeping huge amounts of black money for their elections expenditures, are affected.. Therefore this could have tremendous consequences for the upcoming Assembly polls in 2017.

Finally, it will be interesting to observe, how far these measures will affect the terror outfits in Jammu & Kashmir and particularly in India's Northeast.

The ironical sentence, „*that Americans count their votes whereas Indians count their notes*“ is currently popular in India's social media.

Confrontation between India and Pakistan

In the ups and downs of history, India and Pakistan have entered into a fairly dangerous phase in their bilateral relations. This year's attacks on an airforce base in Pathankot/Punjab and an army camp in Uri in Jammu & Kashmir by terrorists hailing from Pakistan have led to India's '*surgical strikes*' on terrorist camps along the *Line of Control* (LoC) or even inside the territory in *Pakistan occupied Kashmir* (PoK), which Pakistan calls *Azad Kashmir* ('Free Kashmir').

These events have led to a further escalation in heavy firing between the two armies and to quite a number of military and civilian victims, including women and children along the border. On the first of November 2016 alone, there have been 8 civilian deaths, amongst them two children and four women, the highest number in a single day.

The cease-fire between India and Pakistan - signed during the Musharaff regime in 2003 - has practically come to an end. Brutalities between the two armies don't know any limits, including the beheading of an Indian soldier.

The situation in Jammu & Kashmir

Dr. Farooq Abdullah, the former chief minister of Jammu & Kashmir opined, „ *that the death of Burhan Vani was only the spark, which ignited the developments of the last months in Kaschmir. The rural South Kaschmir can't even be controlled by the army.*

The forthcoming elections – particularly in Uttar Pradesh and Punjab - don't permit a follow-up of the ideas formulated by BJP-Generalsekretär Ram Madhav some time ago. The time is not far, were nobody in Kashmir will accept even autonomy. They want independence. There is a danger for India to loose the Kashmir Valley. The not anymore popular People's Democratic Party betrayed the electorate by entering into a coalition with the BJP. It is high time, that we talk with the Hurriyat and Pakistan.

The Kaschmir valley is getting out of control and the national parties are getting reduced to zero.

Under all circumstances I want to meet with Prime Minister and discuss the situation.“

Farooq Abdullah appealed to the government, „*in the midst of hyperbolic noise about the targeted strikes of the Indian army*“, to deescalate under all circumstances and posed the basic question, „*if a weak Pakistan is really good for India*.“ Also the Mehbooba Mufti, Chief Minister of J & K, pleads for talks with the Hurriyat and Pakistan.

Perspectives

In view of the cold and hot „*war*“ between India and Pakistan there are only a few hopes, that something will move before the upcoming state elections in Uttar Pradesh and the border state of Punjab. The BJP uses the targeted strikes as a means to foster nationalistic sentiments.

On the other side, China is blocking all Indian attempts to bring the Pakistani terrorist organisations to book, also at the UN.

An escalation of the current situation would endanger peace in South Asia. One should not forget, that both India and Pakistan are nuclear weapon powers and theorems, that „*a conventional war is possible under nuclear conditions*“, indicate the potential for a more than dangerous escalation.

Power Struggle in Uttar Pradesh

Electoral strategies of the main contenders

Some experts on UP politics expect, that the BJP leadership of Narendra Modi and Amit Shah might 'communalize' the election campaign in UP in 2017, in order to allegedly create a positive atmosphere with a chance for the BJP to win these elections.

In the meantime it seems that this will be one element of a multi-layered BJP-strategy, which will use besides the 'development card' also the recent '*surgical strikes*' as a propaganda means.

'*Soft Hindutva*' – a *Ramayana* museum and a *Ramleela* theme-park in Ayodhya – will accompany the campaign, but most probably not an official endorsement of the Ram-Janmabhumi-movement.

Communal incidents

Since the 2012 elections in Uttar Pradesh there have been more than eleven thousand communal incidents. Numerous insinuations, amongst them the alleged slaughtering of cows, the so-called '*love-jihad*' and religious intolerance – they consisted of more than half the complaints – antagonized the Hindu and Muslim parts of the population.

Communal incidents did rise from 592 in 2010 to 3 708 in 2015. In the first four months of 2016 there have been already 1.262 incidents, especially in the agriculturally productive western Uttar Pradesh – in 2013 the brutal '*Muzzafanagar riots*' occurred there – with its religiously mixed population.

These figures indicate, that the BJP and the front organisations of the *Sangh Parivaar* have already succeeded – through local agitations and confrontations – to create a socio-political polarisation not

only in cities but also in the rural parts of UP, although the central and eastern parts are religiously more balanced than the western UP.

According to experts, these developments lead to a consolidation of Hindus with the BJP and of Muslims with the Samajwadi Party. Contrary to this assumption, others envisage a drift of Muslims towards the BSP.

What are the major strategies of the main contenders Bharatiya Janata Party (BJP), Samajwadi Party (SP) and Bahujan Samaj Party (BSP) as well as the clear outsider Congress?

Electoral strategy of the BJP

The BJP banks strongly on the support of the upper castes and especially the Brahmins, which are now increasingly wooed by the Congress and its chief ministerial candidate Sheila Dikshit.

The BJP-leadership is aware, that the party has to expand its social base. It sets its sight on the '*Non-Yadavs*' amongst the *Other Backward Castes* (OBC's) – particularly the castes of the Maurya, Kurmi und Nishad – as well as the *Most Backward Castes* (MBC's). In view of the crisis in the SP, the BJP even hopes to receive support from discontented parts of the farmer caste of the Yadavs, which forms the backbone of the SP.

The landslide victory of the BJP in Uttar Pradesh in the *Lok Sabha* elections in 2014 with a very high vote percentage of 42,6% (2009: 17.5%) was possible, because sizeable parts of Dalits - constituting 20% of the population - voted for the BJP. The BJP could win 71 out of 80 seats in UP.

Yet, it is questionable, that after the incidents at the university of Hyderabad and the brutal public whipping of Dalit youth in Una/Gujarat by so-called 'Cow vigilante', such inroads into the Dalit community will be any longer possible.

But the BJP is ahead of all the parties with regard to its systematic preparation for the 2017 election, with alone 200 meetings for OBC's. Women and the seven million first-time voters also draw special attention on the part of the BJP.

Party Presidentt Amit Shah: „*Uttar Pradesh sees such a systematic and scientific approach for the first time in its electoral history.*“

Election Strategy of the SP

The Samajwadi Party – a result of the *Mandal* – movement initiated in 1989 by the government of V. P. Singh promoting reservations for members of the OBC's – mixed with so-called „socialist“ thoughts (Ram Manohar Lohia) – presented at the eve of its 25th foundation day a picture of absolute disunity. Observers don't rule out, that the SP could either implode or split.

At the *Lok Sabha* election in 2014 with 22.3% only five members of the family clan of Mulayam Singh Yadav, former Chief Minister of UP and erstwhile defence minister, could still enter Parliament.

In hindsight, the patriarch Mulayam Singh Yadav sees the responsibility for this defeat with his son Akhilesh Yadav, whom he chose as UP-Chief Minister after a decisive electoral victory in 2012 with 29.1% of the votes and 224 of the 403 Members of the Legislative Assembly.

Recently Mulayam Singh Yadav replaced Akhilesh Yadav as President of the SP in UP by his uncle Shivpal Singh Yadav. These faction fights are connected with the giving of tickets for the forthcoming Assembly election, but also with corrupt ministers dismissed and then, due to pressure, reinstated, besides the merger of the SP with the Quami Ekta Dal (QED), led by the criminal gangster Mukhtar Ansari, and the not yet officially decided question, who will lead the SP into these elections.

It seems to be a revolt by the 'old guard' – reimposition of the highly disputed Amar Singh as general secretary against the will of Akhilesh – against the younger followers of the Australia educated Akhilesh and his modernisation programme. The SP-youth has been boycotting the silver jubilee celebrations of the SP in Lucknow.

Sudhindra Bhadoria, BSP-spokesperson with a „socialist“ background, describes the SP as a „divided house“ and Akhilesh Yadav as „a weak chief minister, similar to Dr. Manmohan Singh as Prime Minister.“ The knowledgeable UP-Journalist Sharat Pradhan sees the SP „at the verge of a split“.

150 SP-MLA's signed a resolution against Amar Singh, who entertains good contacts with the BJP and hates allegedly Akhilesh Yadav, But Mulayam Singh Yadav stands by Amar Singh, who allegedly in earlier times made sure, that he had not to go to prison.

Akhilesh Yadav declared, that he would not split the party. Ram Gopal Yadav, who advises him and is a kind of intellectual advisor, as well as younger followers of Akhilesh, amongst them *Members of the Legislative Council* (MLC's), have been expelled by the new party leadership.

In view of this situation some SP-MLA's are considering shifting their loyalties to the BJP. Even if after this 'full-blown war' a 'cease-fire' can be achieved, it would be only of a temporary nature, according to knowledgeable observers. They argue, if Amar Singh should not leave the SP, then Akhilesh would be forced to form his own party.

Is this battle of two factions in full public view an example, that they are themselves „the architects of their own downfall“? The experienced journalist Manisha Priyam anticipates a new political formation in UP, because in her opinion Akhilesh can gain a lot from a split. She draws comparisons between him and Nitish Kumar in Bihar.

On the 3rd of November Akhilesh Yadav started his 'Samajwadi Vikas Rath Yatra' at the occasion of the 302 kilometer long Lucknow-Agra Expressway. It is expected to show, which resonance the chief minister will receive from the population and what will be his future strategies. Akhilesh Yadav wants to present himself as a promoter of modernity, development and good governance to the electorate.

The SP will probably form an electoral alliance with the *Rashtriya Lok Dal* (RLD) and the *Janata Dal United* (JDU) of Nitish Kumar, which has only a presence in a few pockets in UP. The RLD, led by the former Union Minister Ajit Singh, who is only a pale shadow of his father Charan Singh – a well-read

leader of farmers and for a short while Prime Minister - has support amongst the farmers caste of the *Jats* in the western parts of Uttar Pradesh.

But the RLD is since quite some years declining, not the least because of the excessive opportunism of Ajit Singh, one of the most unprincipled Indian politicians. There are indications, that the Congress might join such an alliance, particularly since Akhilesh Yadav is not attacking Rahul Gandhi in his speeches at all. Prashant Kishore, the chief strategist of the Congress, met recently for several hours Mulayam Singh Yadav in Lucknow.

Electoral strategy of the BSP

After its absolute majority at the 2007 Assembly Elections with 30.4% of the votes – this is sufficient in a multi-cornered contest for an absolute majority - and 206 of the 403 seats, the BSP entered into a seemingly unstoppable downturn in the 2009 (27.5%), 2012 (25.9%) up to 19.8% without a single seat in the *Lok Sabha* in 2014.

Another defeat for the BSP in 2017 could mark the end or at least an increasing loss of importance for this party as a serious regional and even national political force.

Party chief Mayawati has therefore returned to the original ideology of the '*Bahujan Samaj*', e. g. concentrating on Dalits, OBC's, Adivasis and Muslims.

The BSP woos intensively Muslims and projects Naseemuddin Siddiqui as its „*Qaid*“ ('leader'). Quotations from the Koran and references to the times of the Red Fort and the Taj Mahal are supposed to contribute to more solidarity amongst Muslims. Of all the parties the BSP nominated by far the largest number of Muslim candidates.

Mayawati hopes, that the Congress could succeed in withdrawing Brahmin and other upper castes votes from the BJP. But she will not form a pre-poll alliance with the Congress, because the Congress is not in a position, to transfer parts of its already weak electoral base in favour of BSP-candidates. The empirical proof was delivered in the 1990's, when the then Prime Minister P. V. Narasimha Rao – in accordance with the BSP-founder Kanshi Ram – agreed to a junior role for the Congress in Uttar Pradesh and it resulted exactly in this effect.

Yet, should it come to a so-called '*hung Parliament*', then there are good chances – provided the numbers would tally – that the BSP would try to enter into a coalition with the Congress. -

Interestingly, the BJP is country-wide the party with most Dalit-legislators. This is to a large degree the result of the RSS cadre work, Nevertheless, after the events in Hyderabad and Gujarat it will be most probably difficult for the BJP respectively nearly impossible, to gain the confidence of large parts of Dalits. But the BJP does not give up and is sending thousands of Buddhist monks to the villages, in order to win over especially Dalits.

The possibility, to use the secret service CBI as a political weapon because of allegations of corruption against Mayawati, in order to force her into an alliance with the BJP, seems to be outdated as an

instrument, since the various parties face such allegations.

How far the statements by the RSS-chief Mohan Bhagwat with regard to the 'cow protection movement' and his implicit critique of Prime Minister Narendra Modi in this regard will have a fall-out in the campaign, is currently difficult to assess. Possibly this will not be a major campaign topic, provided the *Vishwa Hindu Parishad* (VHP) and its youth organisation *Bajrang Dal* – which worships the monkey god *Hanuman* – with their provocative interventions don't play a bigger role in the election campaign.

In her recent campaign speeches in front of several hundreds of thousands of people in various cities, Mayawati criticised vehemently Modi and the RSS. Irrespective of rumours spread by the SP, that the BSP will enter as a junior partner into a BJP-led government, there are no indications for this at all.

Electoral strategy of the Congress

The Congress enters the race as a clear outsider. Will the country-wide receding party – which lacks also financial means in UP – succeed to improve its vote-share in the Assembly Elections of 2012 with 11.7 % and only 7.5% in 2014 substantially?

Rahul Gandhi ended his nearly one month and 2 500 kilometer long *Yatra* in Uttar Pradesh, during which he attacked sharply Prime Minister Narendra Modi, insinuating that Modi supports big industrialists and permitted the highly indebted entrepreneur Vijay Mallya to leave the country, whereas the Congress would stay with farmers and small shop owners and traders. Rahul Gandhi promised a so-called '*loan waiver*' for farmers. It is expected, that the charismatic Priyanka Gandhi-Vadra – Rahul Gandhi's sister - will campaign intensively.

The Congress pursues a '*soft Hindutva-line*', which finds its expression in various temple visits by Rahul Gandhi. Irrespective of its distancing vis-à-vis the RSS the Congress wants to demonstrate, that it is not '*anti-Hindu*'.

Will the Congress succeed to draw the influential Brahmins with regard to opinion building and also the often land-owning 8% Thakurs (traditionally the '*warrior class*') increasingly on its side? Between 2007 and 2012 Vaishyas – the traditional trading caste within the upper castes - have been the biggest supporters of the Congress in UP.

In case this strategy should be successful – that means an undermining of the traditional upper-caste basis of the BJP – then the Congress could become a partner in a Mayawati-led BSP government – even also in a Akhilesh Yadav led SP coalition. But it is still a long way till such a situation arises, provided the BJP does not sweep the polls.

Perspectives

The BJP tries with all its power and existing means to repeat its extraordinary performance of 2014 in the forthcoming Assembly Elections. Without an own candidate for the office of Chief Minister, the BJP is banking on the huge popularity of PM Narendra Modi, but also on the divisions of its opponents.

The BJP has after its 2014 landslide victory of 2014 certainly good preconditions for a victory, especially if the party can use religious and patriotic appeals in order to overcome caste-differences, not the least with promises of an economic upswing. Modi wants to make UP the number one state in India.

Much will also depend, how the situation within the SP will develop. The BJP as well as the BSP - which now uses even social media – could gain substantially from the infighting within the SP.

If the Congress can literally rise from the '*political deathbed*', only the voters can finally decide.

In case none of the parties can reach an absolute majority, interesting combinations could arise and possibly lead even to political instability in UP. The stakes are high for all parties, especially for the BJP and Narendra Modi, since the elections in UP are considered as the 'semi-final' for the 2019 *Lok Sabha* elections.

Pollution: Delhi is a veritable gas chamber

Experts demand that the government declares a '*health emergency*' for Delhi, the *National Capital Region* (NCR) and northern India. The capital experiences the worst smog in 17 years. One can barely see two hundred meters. The acceptable pollution level is exceeded at various parts of the city between twenty and forty times. Altogether it is twelve times higher than the acceptable norm.

The air is unsuitable to breathe. Citizens breathe the equivalent of 23 cigarettes per day. Carbon enters the lungs. The toxic air damages the brains of children, their lungs get negatively affected in their growth. 44% of Delhi's children have low lung functions. Breathing problems, bronchial asthma, increasing heart diseases, chest and throat pains as well as skin allergies lead to full hospitals and doctor's clinics.

As short-term measures doctors advise the wearing of masks and the adjustment of doses for inhaling by asthma patients. The economically better placed citizens, also many foreigners, do install costly air filters in their houses and apartments.

One of many reasons for the high and consistent levels of air pollution is the burning of the harvest rests in the neighbouring agrarian states of Punjab and Haryana, besides street dust with 38% and vehicles with 20% in Delhi itself.

The central and state governments ignored the demands of experts and civil society and did literally nothing in the past, besides not anticipating these evolving developments. The action plan, presented by the *Center for Science and Environment* (CSE) in Delhi, was more or less ignored.

The *National Green Tribunal* (NGT) demanded the banning of all Diesel vehicles older than 10 years, now it has been declared for Diesel vehicles older than 15 years. A temporary building stop, the closures of a power plant, polluting industries, 1 800 schools for a few days and the banning of fire crackers are further temporary measures. But even power plants from states as far as Chhattisgarh are affecting the capital, which is the worst polluted city in the world. 13 of the 20 most polluted cities in

the world are located in India.

The renowned doctor Naresh Trehan calls on the citizens, to form pressure groups on a daily basis, in order to force politicians and parties to act. It is urgently required to involve the citizens. According to estimates, thirty thousand citizens in Delhi alone are dying annually as a result of air pollution.

Perspectives

Probably the situation will not significantly change till middle of February 2017. All schools have been closed between the 7th and 10th of November. The environment minister of the central government invited his colleagues from Punjab, Haryana, Uttar Pradesh and Delhi for a conference, in order to discuss the regional causes of pollution. Possibly also the chief ministers of these states will soon meet. In Delhi the *Lieutenant Governor* Najib Jung discussed with the relevant departments the situation.

„*Ticking time bomb*“, „*Medical emergency*“, or „*Apocalypse now: Delhi's killer air*“ are some of the headlines. Hundreds of thousands can die as a result of this situation in northern India. Practically all the cities in this '*pollution belt*' are equally affected.

The AAP-spokesperson Ashish Khetan pleads for a people's movement and a long-term plan for northern India, although the deputy head of CSE, Chandra Bhushan, accuses the AAP-government and the whole political class to do practically nothing. AAP-chief minister Arvind Kejriwal appeals to the citizens, to use less vehicles and argues, that the departments under the central government are blocking or delaying important planned measures, like the further expansion of bus traffic, by his government.

The overall pollution damages India's image globally. It hurts according to experts foreign investments, foreigners are retreating, for instance the families of Japanese diplomats return with their children to their country, and the numbers of the American School in Delhi are reducing. Well-to-do citizens are increasingly leaving Delhi in the winter months.

The demands are growing, that Prime Minister Narendra Modi should declare a „*national health emergency*.“ But given the immanent lethargy of the political system and its politicians – '*pay and pollute*' without real prosecution - this might remain wishful thinking, if not the described existential conditions lead to really fast and competent actions.

Part II India - Foreign Policy Developments

Dr. Joyce Lobo analyses the Indo-Russia summit in terms of the recent tension build up between both the countries. Also the BRICS Summit outcome is analyzed in the context of priorities that countries like Russia, China and India attach.

17th India-Russia Annual Summit

Prime Minister Narendra Modi held the 17th *India-Russia Annual Summit* with his counterpart President Vladimir Putin on October 15, 2016. The last summit was held in December 2015. The tradition of holding these annual summits began with the *Declaration of Strategic Partnership* signed between India and Russia in October 2000. The summit comes at a time when tensions have been rife between India and Pakistan. The matter has come to a point where major powers like the USA, China and Russia are playing their rivalries in the South Asian region.

The more India and the USA get closer in strategic terms Russia has pushed itself to Pakistan. Russia has already forged a strong partnership with China given the West's, particularly the USA's, interference in its former Soviet space (the recent being the Ukrainian crisis) and the latest terms of peace in Syria. This has had a spillover effect even in the Asian security space. Russia conducted its first ever military drill with Islamabad this September, despite the Uri attack by Pakistan based militants.

Re-set in defence cooperation: The outcome of the annual summit has been significant in defusing tensions that mounted between India and Russia over this military drill. Both sides signed about 16 agreements. Three major deals were announced. One was the *Inter Governmental Agreement (IGA)* for buying five *S-400 Triumf* surface-to-air missile defence systems from Russia. This missile system is a superior one, as it can engage any airborne targets with a range of 400 kms. This IGA is worth over USD 5 billion. These initiatives will strengthen the airpower of India in defending its borders.

Second IGA was the buying of four *Krivak* or *Talwar* class stealth frigates which will be a joint collaboration amounting to USD 3 billion. Two of these will be built in Russia while the other two will be built in India with Moscow's assistance. India had already procured six of these in earlier deals.

The third announcement was the joint production plan wherein 200 *Kamov226T* helicopters will be built by India's *Hindustan Aeronautics Ltd (HAL)* and *Rostec State Corporation* of Russia. The deal which is worth USD 1 billion is an attempt to replace the ageing Indian *Cheetah* and *Chetak* fleets. These can operate at an altitude of 20,000 feet and can be deployed to forward posts at the Siachen Glacier. This will neatly fit into Modi's initiative of '*Make in India*'. Both countries are also working on the joint development of *Sukhoi* super jets and passenger aircrafts. Russia still accounts for 70% of India's defence imports, while the USA stands at 14%. The above defence deals reset the '*special and privileged partnership*' between both the countries.

Energy cooperation and other outcomes: In terms of civil-nuclear cooperation, both leaders dedicated the *Kudankulam Nuclear Power Plant Unit II*, while laying the foundation for Units III and IV. A joint study for a gas pipeline route between the two countries was announced. In the last four months, Indian companies have invested close to USD 5.5 billion in Russia's oil and gas sector alone.

One of the important outcomes was Russia's understanding and support to India actions towards counter cross-border terrorism. The meeting has been an assurance to India that Russia will not let down India's interest in its relations with the latter's adversaries. The CEO of Russia's *ROSTEC Corporation*, Sergey Chemezov, a close associate of President Putin, assured in an interview that Russia has never and has no intention to deliver any military aircraft to Pakistan. The ones that have so far been delivered are transport related. An agreement was also signed on information security to tackle online security threats.

The other outcomes were the decision of setting up of a *Science and Technology Commission* with an aim for joint development, transfer and sharing of cutting edge technologies in different fields. In terms of economic cooperation both countries are attempting to fast track the *Eurasian Economic Union Free Trade Agreement*. Also both sides are attempting to set the Investment Fund of USD 1 billion between the *National Investment and Infrastructure Fund (NIIF)* and the *Russia Direct Investment Fund (RDIF)* for cooperation in infrastructure.

Both countries complete 70 years of diplomatic relations in 2017. Hence the meeting also focused on planning the celebrations to mark the occasion.

Eighth BRICS Summit

The 8th summit of BRICS, held in Goa from 15-16 October 2016, culminated in the *Goa Declaration*. The core theme of the summit was '*Building Responsive, Inclusive and Collective Solutions*'. BRICS has been successful in establishing the *New Development Bank (NDB)* as well as the *Multilateral Contingent Reserve Arrangement*. The NDB marks one year of its operations and the working of its *Africa Regional Centre*.

Recovery has been slow in terms of global economic growth, a glaring fact that was recognized during the eleventh G20 Summit in China last month. Prime Minister Narendra Modi laid stress during his opening remarks during the BRICS Summit that if growth has to regain momentum, then there has to be free flow of "*skilled talent, ideas, technology and capital across borders.*"

The member states of BRICS have had a common goal of having an equitable based global order be it in terms of governance or finance. The emphasis has been on security challenges facing the world. India, which has been a victim of terrorism, and the recent two attacks on its army camps clearly show that there are no signs of abatement. Modi came down heavily on terrorism that acts as a threat to economic prosperity. He indirectly pointed to Pakistan, from whose soil terrorist acts are perpetrated against India, by saying that "*the mother-ship of terrorism is a country in India's neighbourhood*". India has sought earlier and again reiterated at this forum, support from the member states for the early adoption of a *Comprehensive Convention on International Terrorism (CCIT)* as a collective solution to tackle terrorism. Russia and China referred to terrorism in a general way rather than extending support to India by making any mention of '*cross-border terrorism*' or pointing out any group based in Pakistan.

Modi informed the member states of the hope that lay in the realization of the *Sustainable Developmental Goals* and India's alignment of its development priorities in tandem with the same. On October 2, India ratified the *Paris Climate Agreement* as part of its commitment. Non-

conventional security challenges like piracy, human trafficking etc. were also raised as areas of concern by Modi. Agreements were signed for cooperation between diplomatic academies, between customs of the BRICS countries and on an agricultural research platform during the Summit.

Not much was achieved or collective solutions formed under the economic and financial sector. Amongst the BRICS countries the trade in 2014 stood at USD 297 billion which is not more than 5 per cent of the trade that the members have with the rest of the world. Brazil and South Africa are clear on the goal to improve the intra-BRICS investment. Though there is consensus on setting up a *BRICS Credit Rating Agency*, there is no unanimity on initiating the process. Other solutions to achieve growth were stressed on innovation, connectivity, etc.

Progress is still made on the implementation of the *Strategy for BRICS Economic Partnership* and the *BRICS Roadmap for Trade, Economic and Investment until 2020*. The institutional mechanisms of the BRICS countries have been called to establish closer cooperation. Also economic initiatives like e-commerce, “single window”, IPR cooperation, trade promotion and micro, *small and medium enterprises* (MSMEs) were to be enhanced while non-tariff measures, services sector, and standardization and conformity assessments were identified as future areas of cooperation. During one of the sessions, the annual report was laid by the *BRICS Business Council*.

One of the drawbacks of the BRICS group has been a shift in terms of the key issue for which it was created. India devoted more attention to its terror problems stemming from the soil of Pakistan while the other partners did not feel the need; Russia and China condemned terrorism in a general way while South Africa and Brazil did not feel the need as they are not affected by terrorism. India has been satisfied that the BRICS group collectively endorsed that terrorism was a key global threat. One can question as to which country refuses to acknowledge this aspect? Terrorism has been condemned in unequivocal terms in every forum that India participates or any bilaterals it holds. And the same language has continued in the *Goa Declaration* sans the important phrase of ‘*cross-border terrorism*’.

The lack of a common vision in terms of economic and financial aspects has been pointed by critics as undoing of the BRICS. The blame has been squarely laid on the rivalries played out by India and China, whose economies are performing much better compared to the other members. India and China need to work a way out of the rivalry in order to maintain the relevance of the BRICS group. The group has much potential as it comprises 23 % of world GDP, 17% of world trade and 43% of the world’s population.

The issue of terrorism in Asia has led to different ways of looking at the problem. China has refused to accept the problem of terrorism that stems from Pakistan seriously as it still continues to block the UN resolution to affect a ban on the *Jaish-e-Mohammad* chief Maulana Masood Azhar and list him as a terrorist.

With China India has a trade deficit of more than \$45 billion (2015). Also China’s investment in India, which was to bolster the narrowing of the trade deficit, since 2014 has been around US\$ 1 billion while the promise was US\$ 20 billion in five years. In fact China is in a hurry to roll out its US\$ 46 billion in its *China-Pakistan Economic Corridor* (CPEC) project with Pakistan. Apart from China claiming Arunachal Pradesh, parts of Leh and Ladakh, it is building infrastructure in the *Pakistan*

occupied Kashmir (PoK) through the CPEC. Within this corridor, China has now deployed the so-called non-combat security forces. Indirectly China shows support to Pakistan over the Kashmir issue and by accepting the PoK as Islamabad's territory.

In terms of this Asian rivalry that is being played out between India and Pakistan, China and Russia today support the latter. Russia despite the Uri attack continued to hold joint military exercises with Pakistan recently. Today India and the USA have forged a closer partnership in all areas particularly in strategic areas like defence, civil-nuclear cooperation, trade and investment etc. This partnership that blossomed particularly since 2005 has not borne well with the Russians. Therefore it's shift to Pakistan in terms of forging a new defence partnership with Pakistan. With tensions escalating between India and Pakistan a clearer picture emerges day by day as to what blocks are getting formed on either side of both the countries. Put in other ways where the USA and Russia rivalry stands in terms of the Asian security. Will these conflicts (between India-China and India-Pakistan) and convergences (China-Pakistan, China-Russia, Russia-Pakistan and India-USA) allow a better cooperation within the BRICS?

Despite Modi berating Pakistan during the BRICS Summit or the BIMSTEC outreach summit, China has refused to acknowledge correlating terrorism with Pakistan. In fact it maintains its position that tackling terrorism in all forms is important while not relating it to any religion or ethnicity or country. In fact it accepts Islamabad as a victim and combatant of terrorism. This position had been the punch-line of the USA till recently, now only to be borrowed by China. On the contrary, the USA Ambassador to India, Richard Verma, in a recent interview to *The Hindu* supported India on cross-border terrorism.

The *Goa Declaration* clearly shows that India is not able to draw China and Russia to its side on a serious threat like terrorism. The 17th India-Russia annual summit meet between Modi and President of Russia Vladimir Putin resulted in several agreements signed and three major defence deals announced. The assurances and the deals have shown signs of the tensions that mounted between both the countries to reduce.

Bilaterals and meetings on the sidelines of BRICS-BIMSTEC

Modi in his meeting with Chinese President Xi Jinping reiterated India's request for designating the *Jaish-e-Mohammad* chief Masood Azhar as a terrorist at the U.N. and for its entry into the *Nuclear Suppliers Group*. Azhar's case was raised by Modi with President Jacob Zuma too.

Modi held a bilateral meeting with President Michel Temer on October 17. Both sides decided to scale up the engagement. Brazil is an important partner for India in Latin America. Both sides have so far finalized the text of a bilateral investment agreement. While inviting Brazilian companies to invest in the country, Modi also beseeched Temer to allow access to Indian goods and investments. Drug regulation, agricultural research and cyber security have been identified as new areas of cooperation, apart from strengthening coordination in various international forums. Modi found support in Brazil towards combating terrorism and seeking membership of the *Nuclear Suppliers' Group* wherein it had earlier joined the Chinese block to disallow entry to India.

Foreign Minister and State Counselor of Myanmar Aung San Suu Kyi represented her country at the outreach summit. She acknowledged that rising terrorism was a common concern that her country shared with India. The Indian leadership reiterated its support for Myanmar's reconciliation efforts. Prime Minister of Bhutan Tshering Tobgay and Sri Lankan President Maithripala Sirisena unlike the BRICS members backed India's stand against cross-border terrorism.

Part III South Asia

Dr. Joyce Lobo briefly writes on the BRICS outreach summit with the member states of BIMSTEC.

Outreach Summit of BRICS Leaders with the Leaders of BIMSTEC

As part of the tradition that is being followed for the last two summits, this year the *Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation* (BIMSTEC) member countries were invited to the *BRICS Outreach Summit* on 16 October. While India has difficult relations with Pakistan at the moment, the former is focusing energies on its “*Act East*” policy. BIMSTEC is now touted as a potential replacement of SAARC. Founded in 1997, it comprises of India, Nepal, Bhutan, Bangladesh, Myanmar, Sri Lanka and Thailand. India shares much better relations with other members of South Asia, sans Pakistan, and other South-east Asian countries. Hence this group has been revived so as to re-start cooperation in the technological and economic fields.

The BIMSTEC has been rejuvenated after a period of two decades. It comprises of 1.5 billion people. The member states instructed on what needed to be done in terms of regional cooperation. Prime Minister Narendra Modi in his address laid down a series of tasks before the members that included coordination of law enforcement, trade and commerce and digital symmetry.

The *BIMSTEC Leaders’ Retreat Outcome Document* reserved the strong condemnation towards terrorism by pointing to the “*recent barbaric terror attacks in the region*” and stating that there should be “*no glorification of terrorists as martyrs*”. The last sentence was in reference to Pakistan’s glorifying the death of Burhan Wani as a ‘martyr’. What Modi could not do in the *Goa Declaration* towards terrorism affecting India, he could do so in the BIMSTEC document.
