CONTENTS

CURRENT AFFAIRS
The Challenging Changes 04
Preface to a New Economic Story 06
Political Stakes 08
A Key Frontline State 10
Peace-building and Transitional Justice 12
Economic Priorities 14
Strategic Stability 16
A Nuanced Partnership 18
Diplomacy of Connectivity Plus 20

SOUTH ASIAN DIASPORA
Citizenship and the Challenge of ‘Glocalisation’ 16
A Unique Convention 18
The Bright Story 20

SOUTH ASIAN SOFT POWER
Feel-Good Sentiments 22
Global Resonance 24

SINGAPORE SYMPOSIUM
Partnering India 32

EVENTS
Photographs of Key Events 34

From the DIRECTOR’S DESK

Over a decade has passed since the Institute of South Asian Studies (ISAS) was created as an autonomous research institute within the National University of Singapore (NUS) in 2004. The ensuing years have seen ISAS play a leading role in promoting understanding of the South Asian region, and to communicate knowledge and insights about this vital region of the world to policy makers, the business community, academia and civil society, in Singapore and beyond. Our mandate to study contemporary South Asia from a global perspective reflects the increasing economic and political importance of South Asia, and the strong historical links between South Asia and Southeast Asia. As South Asia’s resilient markets and strong economic performance continue to buck the global trend of sluggish economic growth, ISAS will endeavour to remain at the forefront of cutting-edge academic and policy research of the region.

With its 35 research and administrative staff ISAS is able to draw on considerable in-house expertise in the domains of trade & industry, foreign affairs, governance and civil society of South Asia along with significant area expertise on Afghanistan, Pakistan, Nepal, India, Bangladesh and Maldives. As ISAS sets its targets for the forthcoming year we will continue to add to the strong intellectual foundations that were laid during the previous decade, but will also broaden the scope of our research to mirror the dynamic growth and evolution that this region is witnessing.

To meet these challenges we have developed a rich and varied agenda that include new focus areas such as The Indian Ocean Region: Connectivity, Geo-Politics and Development; China in South Asia and South Asia in China; Skill Development in India; and Land and Business: Challenges and Opportunities for India.

This year will also see ISAS host the 3rd South Asian Diaspora Convention (SADC) which will bring together 1000 distinguished guests and more than 50 of the region’s leading policymakers, business leaders, academics and civil society actors. The two-day programme will include a dialogue with Prime Minister Lee Hsien Loong and the Keynote Speech will be given by Mr Ranil Wickremesinghe, Prime Minister of Sri Lanka.

Finally, Singapore forms one end of a crucial bridge between Southeast Asia and South Asia and we at ISAS are committed to forging a deeper understanding of the relationship between these two sub-regions of Asia. ISAS will continue to expand conversations and promote dialogue across these sub-regions with a view towards bringing them closer together.

PROFESSOR SUBRATA KUMAR MITRA

Editorial Information

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South Asia is in the cusp of changes. Democracy is taking root in almost all South Asian countries; most of them are progressing along a path of economic reforms, overall growth and development. So far the youth bulge has proved to be a boon rather than a bane. The economic slowdown of China and sub-Saharan Africa in terms of indigent and swathes of poverty often surpasses challenges remain. First, development by and large been stable and steady. TheChallenging

CURRENT AFFAIRS: SOUTH ASIA

The Challenging

CHANGES

IFTEKHAR AHMED CHOWDHURY

South Asia is in the cusp of changes. Democracy is taking root in almost all South Asian countries; most of them are progressing along a path of economic reforms, overall growth and development. So far the youth bulge has proved to be a boon rather than a bane. The economic slowdown of China and sub-Saharan Africa, violent during a period of insurgency, peace reigns in Bhutan, and economy back on track. The war-wounds are too deep to heal easily, however, and the wish to bring the war-criminal perpetrators to book appears to be burgeoning, not just among the expatriate Sri Lankan Tamils but also at the Geneva-based Human Rights Commission. In neighbouring Maldives, the fledgling democracy is under strain. Religious pluralism did not exist earlier, no other faith but Islam can be practised there. 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Preface to a New ECONOMIC STORY

AMITENDU PALIT

Two years of the Narendra Modi Government have passed in India with the country’s economic outlook brighter than what it was when he assumed office on 26 May 2014. Nonetheless, several challenges remain for the government in the remaining years of its tenure.

The pick-up in GDP growth of the Indian economy is probably the best indicator of improvement in the overall outlook. While confusion continues to prevail among many over the new methodology adopted by the Central Statistical Organisation (CSO) for estimating the Gross Domestic Product, there is little doubt over the conspicuous expansion of economic activity in the last couple of years. Many, however, do argue that the Indian economy is not functioning like one that is growing at around 7.5%, primarily in terms of more robust consumer behaviour and higher private investments. This observation, however, needs to be evaluated in the context of the Indian economy growing at a 7%-plus rate at a time when the rest of the world is growing at a much slower pace. Clearly, sectors and industries, which benefit from a greater outward orientation of the economy, are not doing very well, which is again evident from the persistent contraction in exports. Export-oriented industries are certainly not performing well. This is where worries remain over the prospects of new jobs in these industries. Employment in industries like textiles is tending to stagnate. The manufacturing sector, on the whole, is not doing too well in terms of generating jobs, largely because private investment is not picking up due to the cautious lending outlook of Indian banks, which are still burdened by large bad assets that were created by previous loan defaults.

What then is keeping the economy growing? Clearly, the sectors focused on the domestic market and services. Highways construction is proceeding at a rapid pace thanks to large investments by government. This has helped in sustaining domestic demand to a certain extent. The emphasis on expanding broadband connectivity has continued to catalyse the growth of communication services. Large expenditures on rural employment guarantee programmes have helped in stabilising rural incomes despite successive droughts. Furthermore, large state investments in railways and seaport expansion have helped significantly. However, private investment revival remains the key challenge for the government. This is unlikely to happen till the banking sector turns around and is able to fund more projects, particularly the public-private partnerships. The government hopes to catalyse investment through its emphasis on start-ups, which, while being a move in the right direction, might still take time to take off due to the health problems of banks. The enactment of the bankruptcy law has been a particularly significant reform and is expected to yield long-term benefits.

The government has taken advantage of the low global oil prices to significantly reduce the budgetary current account deficit and also rationalise the domestic retail prices of petroleum products. Transfer of subsidies on cooking gas has been more successful than expected, with many giving up the subsidies voluntarily. These subsidies are now entirely directed towards the poor- and low-income households and are being administered through the unique biometric ‘Aadhar’ (citizen-identity) number. At the same time, the prices of domestic petrol, diesel and aviation turbine fuel have been consistently aligned with their global levels for deleting subsidies from the balance sheets of public sector oil-refining companies. Domestic services have been the focus of government attention, with new regulations like the real estate regulatory act and the civil aviation policy expected to introduce greater transparency and create wider business in both the housing and aviation industries.

The Modi Government’s signature ‘Make in India’ initiative has been drawing a lot of attention among global investors. The attention has been sustained by the Prime Minister’s repeated call to investors to make use of the initiative. There are investors, who have responded, with sectors like defence, aircraft, smartphones, renewable energy and urban infrastructure development (smart cities scheme) getting the most attention. Foreign Direct Investment inflows to India have also improved significantly over the last couple of years. However, the response to the initiative would certainly have been better had the government been able to implement the much-awaited Goods and Services Tax (GST) and minimised the difficulties in acquiring land for commercial and industrial use. The outlook for GST has considerably brightened, with most sub-national states now agreeing to its implementation. Amendment of the earlier government’s land acquisition act, however, remains an unresolved issue.

The Prime Minister’s robust foreign policy has produced some economic dividends for the ‘Make in India’ programme and got large global corporates interested in long-term investments in India. There has also been some improvement in regional business prospects following the signing of transport transit agreements with Bangladesh, Bhutan and Nepal. However, one area of major disappointment has been India’s inability to move ahead on its trade negotiations. Not one of the on-going bilateral trade negotiations, particularly those that have been going on for several years such as with the European Union, Australia and Canada, has been finished. The lack of a proactive trade policy is probably inhibiting India from utilising the benefits of a robust foreign policy, including possible membership of important regional organisations like the Asia-Pacific Economic Cooperation (APEC) forum. Trade policy must be tackled on a priority basis by the government for expanding India’s share in the global market and also enhancing the country’s strategic influence of the economic kind.

Panellists and a section of the audience at the ISAS Discussion on ‘India Budget 2016 & The Indian Economy’ held in Singapore on 3 March 2016. Dr Amitendu Palit, author of this article, is at extreme right among the panelists.

This research article is an ISAS Brief. The author, Dr Amitendu Palit, is Senior Research Fellow and Research Lead (Trade and Economics) at ISAS. He can be contacted at isasap@nus.edu.sg.
Political STAKES

RONOJOY SEN

Following the Bharatiya Janata Party (BJP)’s convincing win in the 2014 Indian national elections, many had predicted a period of political dominance for the BJP and Prime Minister Narendra Modi. But a little over two years after Mr Modi was elected Prime Minister, the dominance of the BJP has not come to pass both in electoral politics as well as in Parliament.

In the first few state elections following the 2014 national election, the BJP carried its momentum forward and won handily in the three states of Maharastra, Haryana and Jharkhand. While in Haryana and Jharkhand the BJP won a majority on its own, in Maharashtra it formed a government with its long-time ally, the Shiv Sena. It also formed a government for the first time in Jammu and Kashmir in 2015 as part of an alliance. But a stunning defeat at the hands of the Aam Aadmi Party (AAP) in the 2015 Delhi Assembly elections halted the winning run of the BJP. The sweep by AAP – where it won 67 out of 70 seats in the Delhi Assembly – punctured the aura of invincibility around Mr Modi and his close aide and BJP president Amit Shah.

Mr Modi’s and Mr Shah’s aura was further dented by the BJP’s loss in Bihar, where the party had invested plenty of political capital. The party followed a strategy, used in states like Haryana, where Mr Modi was made the face of the party campaign. Indeed, no Indian prime minister had campaigned so extensively for an Assembly election, and it was Mr Modi and the BJP president Amit Shah who dominated the election campaign in Bihar. This strategy of banking on Mr Modi and not projecting a chief ministerial candidate, which had worked in Maharashtra, Haryana and Jharkhand, backfired in Bihar. Disproving the findings of most opinion- and exit-polls, a grand alliance (mahagatbandhan) led by two rivals-turned-allies, Bihar Chief Minister Nitish Kumar and Lalu Prasad Yadav, won what was the most eagerly watched elections in India in 2015. The grand alliance, which also included the Congress, won 178 of 243 seats in the Bihar Assembly compared to only 58 for the BJP-led National Democratic Alliance (NDA).

The Assembly elections in 2016 in the four states of Tamil Nadu, West Bengal, Kerala and Assam were more encouraging for the BJP. The BJP won, as part of a coalition with regional parties, resounding electoral victory in the north-eastern state of Assam. This was the first time that the BJP, which has historically been seen as a north-Indian party, formed a government in eastern India. The party’s leadership has touted its success in Assam as evidence of the BJP’s expanding footprint across India. The BJP’s strategy, which differed from Bihar, of choosing a chief ministerial candidate in former Union Minister Sarbananda Sonowal also paid rich dividends. While the BJP’s victory in Assam was significant, it would be misleading to see the results in the four states as merely a narrative of the BJP’s expansion under Prime Minister Modi. The results in Tamil Nadu and West Bengal, where incumbent Chief Ministers Jayalalithaa and Mamata Banerjee respectively returned to power, were proof of the continued resilience of regional parties. In Tamil Nadu and West Bengal the BJP performed much worse, in terms of vote share, than in 2014. The Kerala verdict, however, was a bright spot for the BJP where it won a seat in the state Assembly for the first time ever. Unlike in West Bengal and Tamil Nadu, in Kerala the BJP also marginally increased its vote share in 2016.

In Parliament, the BJP has not been able to use its majority in the Lok Sabha (Lower House) to push through important legislation. This has been partly due to the party’s lack of majority in the Rajya Sabha (Upper House) and partly due to the inability of the BJP to reach out to the Opposition. Right after the national elections in May 2014, the BJP had only 43 out of 245 seats in the Rajya Sabha. By mid-2015, the BJP’s strength in the Upper House had increased marginally to 48 whereas the principal Opposition party, the Congress, had 68. This meant that important legislation on the government’s agenda, such as amendments to a land acquisition act passed by the earlier Congress-led United Progressive Alliance government in 2013, were stalled in Parliament. At the time of writing, another important legislation, the Goods and Services Tax (GST) Bill, is also stuck in Parliament. At the same time, however, the government has shepherded legislation on black money, real estate, bankruptcy and the unique identification card (Aadhaar).

The elections to 57 Rajya Sabha seats on 11 June 2016, where the BJP won 11 seats, has further improved the strength of the party in the Upper House. But it is still well short of a majority even if one adds its allies. If the government effectively reaches out to the regional parties, such as the AIADMK and the Trinamool Congress, there is a good chance that many of the pending legislation will go through in Parliament.

In terms of the electoral cycle, a crucial state poll is coming up in Uttar Pradesh (UP) — the biggest state in India which sends 80 members to Parliament – in 2017. It could be an early pointer to the 2019 national elections since over a third of the BJP’s MPs in the current Lok Sabha were elected from UP. A year before the polls are to be held, the BJP had already gone into campaign mode in UP signifying the high stakes there.

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A Key
FRONTLINE STATE
AASIM SAJJAD AKHTAR

Sir Olaf Caroe, the last Governor of the North West Frontier Province (NWFP) under the British Raj and an imperial-policy buff second to none, wrote soon after the end of colonial rule that Britain – and the Western world at large – would continue treating the north-western regions of the Indian subcontinent as a strategic buffer zone vis-a-vis hostile countries outside the Western sphere of influence, and particularly communist states like Russia and China.

Caroe’s views were hardly renegade – indeed the manner in which the state of Pakistan came to effectively function as a Western garrison soon after its creation suggests that Caroe very much had a finger on the pulse of the British Establishment. For most part of the Cold War, Pakistani rulers – and especially its omnipotent generals – remained important collaborators of Western military establishments, most notably the Pentagon. However, the relationship was never a seamless one – the Pakistan Establishment remained conscious of the rents it could generate from its strategic location, and was ever-willing and able to extract them from the highest bidder. By the mid-1960s, China had emerged as a patron of Pakistan to rival the United States.

An impression has been created since the onset of the so-called ‘war on terror’ that Pakistan has become increasingly untrustworthy, that its commitment to the interests of the ‘civilised’ countries has decreased with time. Such analyses are misleading insofar as they are based on an overly romanticised reading of the past. Certainly the end of the Cold War has altered the strategic calculus in South and West Asia; India now seeks a relationship with Washington that would have been unthinkable three decades ago, while China has established its credentials as the preeminent regional power. But no matter how much the wider geostrategic environment has changed, Pakistani officials’ underlying tendency to cynically cash out from any and all bilateral relationships is as pronounced today as it was since the very early years of its existence.

Of course this attitude does not set Pakistan apart from the vast majority of states around the world. Indeed the history of colonialism – as well as contemporary forms of imperialism – betrays the notion that the ‘civilised’ countries act in the interests of humanity. It is now common knowledge, for instance, that the menace called ‘terrorism’ has its roots in the explicit policies of Western countries and their allies in the Gulf sheikhdoms to nurture Islamic freedom fighters (mujahideen) in Pakistan and Afghanistan from the late-1970s onwards.

To the extent, then, that Pakistan is today doing its share of strategic posturing in South and West Asia, it is playing by the rules of a game that was originally conceived of in London and continues to play out in Washington and other Western capitals. As was the case with the original Great Game, countries outside the pale of Western ‘civilisation’ – Russia and China foremost among them – also remain central actors.

Indeed, the current geopolitical wrangling in South and West Asia has much to do with the growing Chinese influence in the region. The recently-signed China-Pakistan Economic Corridor (CPEC) pact signals a new phase in relations between the two countries, and also has significant implications for wider regional dynamics. Through the pact, China hopes to secure access from its southernmost Xinjiang province down to the warm waters of the Arabian Sea and Persian Gulf, where the Pakistani authorities are pitching the once-nondescript coastal fishing outpost Gwadar as the world’s next Dubai.

The Pakistani Establishment has historically conceived of its foreign policy almost exclusively through an Indo-centric lens, and to a large extent continues to do so – whereas past strategy focused almost exclusively on bleeding India through jihadist proxies, the CPEC represents a more-evolved approach whereby capitalist development is being seen as a route to emancipation from Indian hegemony. This is not to suggest that the older methods have been laid by the wayside; the long-held perception that India seeks to encircle Pakistan by influencing goings-on in Afghanistan to the west is intact and explains why certain religious militant organisations continue to be patronised by the army.

Washington has of course tried without great success to wean Pakistan off this worst of habits, but it appears that Beijing is driving a harder bargain than the Americans – China has a religious militancy problem of its own in Xinjiang and has therefore made it clear to Pakistan’s generals that its money will only flow into the latter country if the policy of exporting jihad is used with much more discretion than has been the case for the past many decades.

In the final analysis, the evolving geostrategic situation has reinforced the power of Pakistan’s long-powerful army, and so long as the generals exercise a veto over major decisions, religion will continue to be a political weapon. The Pakistani Army’s power is ultimately based on its claim to being the guardian of the so-called ‘ideology of Pakistan’. While the intimate relationship of jihadist proxies to the Establishment can be traced back to the 1970s, the ideological affinity between them has much deeper roots. There can be no rollback of political Islam in Pakistan until and unless such fundamental political and ideological questions become the subject of a wide-ranging public debate.

Unfortunately the country’s mainstream political forces remain ill-equipped to spearhead this task. The Pakistan Muslim League–Nawaz (PML-N) Government, which has occupied the seat of political power since the May 2013 general elections, has progressively surrendered policy space to the army. Most other contenders for power are crippled by internal cleavages whereas the Tehrik-e-Insaf party of cricketer-turned-politician Imran Khan, which appears to be the strongest contender for victory in the next general elections, is little more than a front for the Establishment.

Quite aside from the hue and cry about Pakistan’s role in exporting ‘terrorisms’, it is the country’s long-suffering ordinary people that continue to be the victims of the Great Game. While the Pakistani state harbours the greatest responsibility for the politics of hate that eats away at society’s insides, foreign countries that continue to proclaim themselves defenders of peace, development and democracy – both of the Western and Eastern variety – are the least concerned with the well-being of Pakistan’s people.

For them, Pakistan is a frontline state, a buffer which serves strategic interests – it is these interests that have motivated their interventions in the past, and will continue to do so for the foreseeable future.

This research article is an ISAS Brief. The author, Dr Aasim Sajjad Akhtar, is Visiting Research Fellow at ISAS. He can be contacted at isasaas@nus.edu.sg.
Peace-building and TRANSITIONAL JUSTICE

AYESHA WUIJAYALATH

Emphasising the unity of Sri Lanka, President Maithripala Sirisena re-named the Victory day to Remembrance Day in May 2015. Since the end of the long civil war in 2009, 19 May was being celebrated as Victory Day to mark the defeat of the separatist Liberation Tigers of Tamil Eelam. However, the celebration was seen more as day of mourning in the North and East of the country – home to the minority Sri Lankan Tamils. By changing the name to Remembrance Day, the President acknowledged the memory of all those who sacrificed their lives – from both the Sinhalese majority and the Tamil minority, in the past brutal years of the war. In 2016, a further step was taken by putting an end to military parades on the Remembrance Day, emphasizing the rationale that Sri Lanka fought a civil war – a war between the people of the same land, and that elaborate victory day celebrations could be inimical to long-term reconciliation in the island.

As opposed to the previous government’s stance on ethnic reconciliation, the Sirisena administration is much credited for its thoughtful gestures including the historic event of singing the National Anthem in Tamil at the Independence Day celebrations this year, for the second time after 68 years of independence.

Furthermore, the Government of Sri Lanka has demonstrated its commitment to address the pressing problems of reconciliation and accountability for the alleged human rights violations during the final phase of war by co-sponsoring the UN Human Rights Council (UNHRC) Resolution on Promoting Reconciliation, Accountability and Human Rights in Sri Lanka. The government took the initiative to abide by the UNHRC’s recommendations despite domestic criticism that this would hamper Sri Lanka’s national interests. By shoddening the responsibility to look into the alleged atrocities, Sri Lanka successfully won the international community’s approval to implement a Sri Lankan judicial mechanism based on four components: a Truth and Reconciliation Commission, an Office for Missing Persons, a judicial mechanism with Special Counsel and an Office of Reparations. Furthermore, an Office for National Unity and Reconciliation was established last year. In addition, the Secretariat for Co-ordinating Reconciliation Mechanisms has now launched a Consultation Task Force made up entirely of representatives of the civil society that conducts focus-group discussions, meetings and structured interviews. Presently, the Task Force is obtaining submissions from stakeholders via its website to design the transitional justice process. The Sri Lankan government ratified the International Convention for the Protection of All Persons from Enforced Disappearances’ on 25 May 2016 and set up the Office for the Missing Persons to trace over 20,000 missing people and, thereby, seeking to bring solace to the affected families. This measure will also provide an opportunity to take legal action against anyone responsible for the disappearances, and for compensation for the next of kin.

The government has also embarked on drafting a new constitution with the aim of granting Tamils more political power and protection against discrimination. However, seven years after the war ended, reconciliation and the issue of addressing demands for transitional justice at ground reality pose formidable challenges. It is widely believed that many Tamils in the North and East continue to be homeless, find it hard to secure employment and are desperately in search of their missing family members.

On the Remembrance Day this year, the Brussels-based International Crisis Group released its report emphasising the immediate need for the Government of Sri Lanka to jump-start the reform process. It also recommended interalia that the government reaffirm publicly its commitment to the full implementation of the UNHRC resolution of 1 October 2015.

The UN Special Rapporteur on Torture and Other Cruel, Inhuman and Degrading Punishment or Treatment, Juan E Mendez, in his preliminary findings published on 7 May 2016 subsequent to his visit to Sri Lanka, indicated that “torture is a common practice in Sri Lanka” and that it still exists both in the forms of physical and mental coercions during interrogations (Asian Human Rights Commission, 13 May 2006). He strongly stressed the immediate necessity to repeal the controversial Prevention of Terrorism Act (PTA) which permits the detention of suspects for as long as 18 months without filing charges against them and to release those detained for many years without sufficient evidence for a charge.

On the transitional justice front, there seems to be a lack of coherence about the role of the foreign judges and experts. Given the enormity of the crimes, it is impossible for the government to ignore the exigency of a credible judicial mechanism. Yet, by reassuring the Sinhala nationalists on the international involvement, the government may lose credibility amongst the Tamils.

Another paramount factor on the path to reconciliation is the release of occupied land in the North and the East. Although the government receives credit for some efforts made to address the land issues, the report of the Centre for Policy Alternatives demonstrated that about 12,700 acres of land remain occupied by the military (‘Land Occupation in the Northern Province: A commentary on ground realities and recommendations for reform’, CPA, March 2016). Restitution of land is pivotal for peace-building as it puts an end to the travails of thousands of Internally Displaced Persons. The tussle over power-sharing between the Centre and the Provinces is another factor that adversely affects the reconciliation process. Recently, the elected members of the North objected to the Central Government’s initiative of building 65,000 houses for the North and the East, as the project is said to affect the people’s lifestyle. The cost, durability and suitability of the planned houses were also subjects of dispute. In fact, the Northern Provincial Council passed a resolution seeking a federal framework for the new constitution, creating havoc in the South where federalism is equated with separatism. This brings forth another drastic obstacle towards reconciliation as the majority of the Sinhalese are hardly aware of the importance of guaranteeing political power and rights to the Tamils.

Since January 2015, the Sirisena administration is facing a constant struggle with the faction loyal to former President Rajapakshe within their party, particularly in the face of the upcoming local government elections. Moreover, confronted with soaring foreign debt, the Sirisena administration has more pressing issues.

In a welcome change from the past years, Sri Lanka has embarked on an ambitious plan. Sri Lanka now has to act fast but wisely to bring about economic empowerment of all, address corruption and acts of impunity, safeguard human rights and most importantly create public awareness by effective methods of communication on the importance of transitional justice which intersects with the process of reconciliation.
Sri Lanka has the makings for an expansive long-term economic growth due to the country’s strategic location along one of the busiest shipping routes in global trade, potentially enabling it to be a regional hub for international trade and finance. Sri Lanka’s Colombo Port is already a premier South Asian shipping hub. When completed, the southern Hambantota Port can become the biggest port in South Asia, with a 4,000-acre service area and the capacity to service 33 vessels at a time.

The Chinese-funded US$ 1.4 billion Colombo Port City project will contribute to Sri Lanka’s continued growth. Sri Lanka’s growth rate for 2016 to 2018 is projected by the World Bank to 2016, which is expected to rise further to 7.3% by 2018 (driven by the strong growth of India and Bangladesh). However, Sri Lanka, a frontier economy, remains a high-yielding market for investors.

In May, HSBC revised Sri Lanka’s stock market outlook to “positive” from “negative,” mainly due to the country’s booming tourism sector and the resumption of several major infrastructure projects. Some important incoming foreign investments indicate continued investor confidence in these and related sectors, as well as in the growing information technology/business process outsourcing (BPO) sector. These include the London Stock Exchange Group (LSEG)’s decision to establish its global business services arm in Sri Lanka in May 2016, and in June, the global South Korean conglomerate, AFKO Group showed readiness to invest a minimum of US$ 450 million in the Kankeanthulai Cement Project (located in the Northern Province next to large limestone deposits used in cement production). Sri Lanka is attractive to investors mostly due to its potential as a hub, skilled labour force, comparatively high growth rates, and government incentives for investments.

In April, the United States and Sri Lanka adopted a five-year joint action plan to boost trade and investment, including greater use of US tariff preference arrangements for Sri Lanka, whose largest export destination is the US market. A free trade agreement (FTA) between Sri Lanka and Singapore is also anticipated in the near-term. Sri Lanka also stands to gain greater access to the Association of Southeast Asian Nations (ASEAN) markets, and Singapore companies may also profit from Sri Lanka’s external economic links with countries in South Asia and others. Government-led business delegations from many Asian, European and other countries continue to visit Sri Lanka to explore business and investment opportunities since the end of the civil war in the island republic in 2009.

Overall, foreign direct investment into Sri Lanka has been limited despite the many fiscal incentives being offered. Arguably, this has not been the catalyst for growth in the post-civil-war economy as hoped for by the Sri Lankan government. According to Sri Lankan Central Bank reports, Sri Lanka continued to experience a net foreign capital outflow in 2016, just as in the previous year. For example, in the first two months of 2016, there was a cumulative outflow of US$ 235.6 million from the government securities market, and foreign investors sold approximately US$ 10.1 million in equity investments. The present depletion in the country’s foreign exchange reserves is also due to a large foreign capital outflow (approximately US$ 2 billion since October 2014 according to Reuters reports), as well as decreased exports resulting from the global economic downturn and lower remittances from the Sri Lankan workers in the Middle East. Sri Lanka’s rate of inflation continues to rise, while the Sri Lankan rupee has depreciated sharply since the government floated it in September 2015. The depreciation of the rupee has made the repayment burden on foreign loans even larger (and external debt amounts to over 40% of total government debt). Global credit rating agencies Fitch and Standard and Poor’s downgraded Sri Lanka’s international sovereign rating with a negative outlook in February and March 2016 respectively, in light of the country’s balance of payments risks, fiscal vulnerabilities and sluggish growth prospects.

The recent loan from the International Monetary Fund has also come with tough conditions. The Sri Lankan Government’s emergency post-budget tax measures, announced in March 2016 to meet such conditions, substantially increased corporate income tax and value-added tax (VAT) and reintroduced income tax on capital gains, among other measures. The Sri Lankan people and government and many businesses in most parts of the island are also grappling with the devastating consequences of the recent torrential rains and floods which caused an estimated US$ 2 billion in damage, in addition to claiming the lives of over 100 people, causing injury to hundreds of others, and displacing hundreds of thousands of people.

Attracting FDI and catalysing investments by the private sector are two primary objectives of the government. So, the government’s overall economic policy and fiscal measures must be suitably tailored to meet these objectives. Some commentators hold the view that the government lacks a clear sense of direction on economic policy. A state of uncertainty also prevails in the economy due to a perceived policy gridlock caused by the political landscape, which features a coalition government comprising of the right-leaning United National Party and a segment of the more socialist Sri Lanka Freedom Party. The strength of this alliance will continue to be acutely tested in Sri Lanka’s challenging years ahead.

This research article is an ISAS Brief. The author, Ms Iromi Dharmawardhane, is Research Associate at ISAS. She can be contacted at iromi@nus.edu.sg.
Citizenship and the CHALLENGE OF ‘GLOCALISATION’

SUBRATA KUMAR MITRA

The election of Mr Sadiq Khan as the Mayor of London has caused much jubilation in South Asian circles. It has also raised complex questions about citizenship, the nation-state and public policy. What is the general significance of this extraordinary event for the nature of citizenship in the age of globalisation? Does an iconic electoral success signify the victory of inclusive British citizenship over the narrow definition of Englishness as the sole criterion of belonging? That the son of a Muslim bus driver of Pakistani origin was elected to one of the most visible public offices in the United Kingdom, is, in its own right, a significant political development. But, could it be the signifier of a new form of citizenship which conflates global connectivity, territorial citizenship and local roots of an extra-territorial kind?

Does this new concept permit British citizenship which conflates global and particular roots? Mr Khan has answered the question with delectable candour. His rights? Mr Khan has answered the question with delectable candour. His reply: “I’m a Londoner, I’m a European, I’m British, I’m English, I’m of Islamic faith, of Asian origin, of Pakistani heritage, a dad, a husband (“Sadiq Khan vs. Donald Trump”, Opinion, in The Straits Times, Wednesday May 4, 2016, p. A25)

This strategic juxtaposition of identities, when feasible, offers the best chance for sons of the soil and the immigrant to live in perfect, mutual, harmony. The challenge for the policy maker is to provide a level playing field – in housing, education, recruitment and representation – which provides all with the best possible chances. The denial might lead to resentment which finds its way to extremist ideologies among the alienated migrant, and disempowered native; the latter with its own escape into racialist ideologies of the extreme right. How to balance conflicting claims of diverse stakeholders is a challenge, as much for the policy maker, as for political representatives. Some solutions include institutional arrangements, shifting discourses, constitutional, political and economic reforms as well as the use of architectural space, symbols and design, leading to inclusive public domains.

These issues are part of the research agenda at ISAS. Beyond the immediate challenge of everyday politics, we are engaged in researching how the concept of citizenship travels between and within cultures, the hybridization of imported concepts of citizenship and its entanglement with indigenous notions of personhood and, how to devise appropriate public policies to promote citizenship.

As a crucial interface between state and society, citizenship is the third space, where rights and entitlements germinate to membership in a political community need to converge with a moral commitment to society as a whole. Strategic reform, incorporation of core social values into constitutional norms underpinning the institutional arrangements of any state and firm, fair and transparent management of law and order, have deep implications for policies and their success in creating citizens and political stability. Citizenship is the basic building block of political order.

Turning to India, the country’s relative success in turning aliens and subjects into citizens is a function of political structure, process and memory. Woven together in an institutional arrangement that draws its inspiration from the modern state and traditional society, federalism and consociationalism, individual rights and group rights are protected in the Indian constitution. One can argue, that the absence of similar policies have led to the collapse of political order and the atrophy of modern political institutions in India’s neighbourhood.

The Indian experiment provides important insights not only for other changing societies and multi-cultural nations but also for Western countries. Currently confronted with unprecedented waves of migration, slowing economic growth and a rise in populist political movements, European states are facing a renewed debate about the meaning and importance of the nation-state. Our research on cultural flow and the conflation of conflicting norms leads us to strongly caution against the use of watertight categories and implicit dichotomies. Instead there is a need for a politics of citizenship that recognises myriad local and regional usages and practices and the enduring entanglement of political, historical and cultural processes.

The emergence of ‘flexible citizenship’ (Aihwa Ong, Flexible Citizenship: The Cultural Logics of Transnationality, Duke University Press, 1999) – a liminal category that joins the sons of the soil and the immigrant – holds the potential both to stretch the accommodating capacity of the political system and blunt the edges of anti-system behaviour. Such new notions of differentiated and multi-level citizenship can lead to new conceptual tools with relevance for policy-making. This can help old, established democracies like France, cast in the Westphalian mould, as well as transitional societies, looking for their own, endogenous models of democratic governance. That makes citizenship and Diaspora a significant area of research and analysis of public policies, institutions and political processes.
A Unique CONVENTION

A sense of belonging to the South Asian Diaspora, an integrative identity, is a welcome trend, especially now when the Brexit-buffed world begins to figure out how to sustain globalisation as well as multi-state regional integration.

The idea of South Asian Diaspora is surely innovative. As a resonant reality, this idea does not negate the root- or original national and sub-national identities of the diaspora communities from the various South Asian countries – India and its neighbours in the subcontinent. Indeed, the logic is to foster, as also harness, a sense of common purpose that already exists among the overseas citizens of South Asian origin in different parts of the world including Singapore.

The South Asian Diaspora Convention 2016 (SADC 2016), being organised by ISAS in Singapore on 18 and 19 July 2016, is intended to facilitate interactions that could lead to projects of economic and social benefits to the people in various South Asian countries. The inaugural SADC, held in 2011, set the stage for giving expression to this sense of belonging and, in fact, for doing so at a politically neutral venue like Singapore. The next edition of SADC, organised in 2013, took this process forward. Now, SADC 2016 – the third in this series – is being held after an interval of three years instead of the earlier two years, because 2015 was a particularly busy period in Singapore as well as an interval of three years instead of the earlier two years, because 2015 was a particularly busy period in Singapore as well as the city-state celebrated 50 years of its independence.

Singapore's Prime Minister Lee Hsien Loong, who inaugurated the first SADC in 2011, will be the Guest of Honour at the Gala Dinner of SADC 2016 on 18 July. Mr Lee will present the Outstanding Member of the South Asian Diaspora 2016 Award: 'This will be followed by a conversation between Mr Lee and India's former Foreign Secretary, Mr Shyam Saran.

Such an award was presented for the first time at SADC 2013. When Mr Murali Kevlakam Chamrai received the Award from Singapore's President Dr Tony Tan Keng Yam, the event was hailed as a celebration of enterprise among the South Asian Diaspora. The presentation of the latest Outstanding Member of the South Asian Diaspora 2016 Award is expected to be momentous in the emerging annals of overseas citizens of South Asian origin.

At the Inaugural session of SADC 2016, Singapore's Deputy Prime Minister and Coordinating Minister for Economic and Social Policies, Mr Tharman Shanmugaratnam, will be the Special Guest. Sri Lanka's Foreign Minister, Mr Mangala Samaraweera, and a top official from the United States’ Department of State are also likely to participate in this session.

Briefing the media on 29 June, ISAS Chairman and Singapore's Ambassador-at-Large, Ambassador Gopinath Pillai, said an India-Singapore Convention will feature the launch of the South Asian Diaspora 2016 Award. This will be followed by a conversation between Mr Lee and India's former Foreign Secretary, Mr Shyam Saran.

By Special Arrangement

Former President of Sri Lanka, Mrs Chandrika Bandaranaike Kumaratunga receiving a copy of ISAS publication, Geopolitics of the Sri Lankan Diaspora, from ISAS Chairman and Singapore's Ambassador-at-Large, Ambassador Gopinath Pillai, in Singapore on 24 June 2016.

Photo: By Special Arrangement

Group Chief Executive Officer, Ascendas-Singbridge Pte Ltd in Singapore, drew attention to the very positive outlook for decisions about investments in India.

A plenary session on diaspora and citizenship will be chaired by ISAS Director and Visiting Research Professor, Professor Subrata Kumar Mitra. After the conclusion of SADC 2016, there will be follow-on panel discussions, on 20 July, on the Dynamics of the diaspora landscape and diaspora citizenship.

Besides the many opportunities for meaningful discussions at the plenary and parallel sessions of SADC 2016, and perhaps also project-specific discussions on the margins of the meetings, the Convention will feature the launch of two books. These are Engineered for Success (Biography of Dr A Vijayaratnam, Singapore’s first engineer), and Who Moved My Interest Rates by Dr Duvvuri Subbarao, Distinguished Visiting Fellow at ISAS and former Governor of the Reserve Bank of India.
Etymologically and historically, the term diaspora is evocative of a sense of loss and the accompanying feelings of anxiety, homelessness and displacement from one’s native land. However, it has now acquired a highly positive connotation, used to celebrate the achievements of a community away from its original home. This has been most vibrantly showcased with the Indian diaspora which has been in the limelight as one of the most successful, measured for example in terms of per capita income, in multi-cultural settings such as those of the United States and Britain. The Indian diaspora, as a result, is today associated with highly positive attributes such as entrepreneurialism and innovation, enhanced social status, cerebral achievements and celebrity. From the United States, high-profile Indian-born Chief Executive Officers are regularly lauded, such as Microsoft’s Satya Nadella, Adobe Systems’ Shantanu Narayen, PepsiCo’s Indra Nooyi and Google’s Sundar Pichai, Pulitzer Prize-winning novelists such as Jhumpa Lahiri, and income level. They have worked and successful in terms of education level and conferring near-citizenship-like status to that country. Such a substantive diplomatic gesture has been attributed to the Diaspora Effect of the people of that Indian state in the US.  And in September 2013, when India’s then Prime Minister Manmohan Singh met US President Barack Obama in Washington, Mr Obama said “Indian-Americans make extraordinary contributions to the United States every single day – businessmen, scientists, academics, now Miss America is of Indian-American descent, and I think it’s a signal of how close our countries (the US and India) are”. Miss America of that year – Miss Nina Davuluri, a Graduate in Brain bee champions. They are your strength. They are also the pride of India”.

In January 2016, the Indian diaspora announced the merger of the Ministry of Overseas Indian Affairs, created in 2004, with the External Affairs Ministry. The move aims at creating a more-targeted outreach to the diaspora. Other recent decisions include a prioritizing of the OCI programme for near-parity with Non-Resident Indians in economic, financial, and educational benefits. The Outreach has sought to address the whole gamut of interests of the various sub-sets of the diaspora, be they Indian citizens living and working abroad or the émigré.

The case of the Indian diaspora is at times extended to the South Asian Diaspora as a whole, because of the fact that it encapsulates so many overlapping identities relating to religion, language, region, and the additional layer of home-host-land. The Indian languages are the second most-commonly spoken in the US, greater than even Chinese and Tagalog. In fact, the Indian diaspora speaks a number of languages from across the South Asian subcontinent, evidence of the immigrant group’s diversity.

It has been posited that both individual and collective identities are deeply shaped by what has been described as a ‘state of multiplicity, of being ‘abroad’, and of being a particular kind of national” (Sandyha Shukla, 2003). Celebrating the diaspora, its success, and for the opportunities provided by the host country, is a mechanism that can help build bridges between nations and showcase the value of diversity in societies.

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**‘Diaspora Effect’**

Two successive US Presidents, Bill Clinton and George W Bush, travelled to the sub-national state of Andhra Pradesh in India during their high-level visits to that country. Such a substantive diplomatic gesture has been attributed to the ‘Diaspora Effect’ of the people of that Indian state in the US. And in September 2013, when India’s then Prime Minister Manmohan Singh met US President Barack Obama in Washington, Mr Obama said “Indian-Americans make extraordinary contributions to the United States every single day – businessmen, scientists, academics, now Miss America is of Indian-American descent, and I think it’s a signal of how close our countries (the US and India) are”. Miss America of that year – Miss Nina Davuluri, a Graduate in Brain Behaviour and Cognitive Science – has her ‘Indian roots’ in Telugu-speaking Andhra Pradesh, as also the pioneering computer scientist Raj Reddy who is a former Co-Chair of the US President’s Information Technology Advisory Committee, and Microsoft chief Satya Nadella. The US-India civil nuclear agreement is attributed to the influence of the Indian-American community among other factors. Indeed, a number of people of Indian (and South Asian) Diaspora from across various sub-national states in the subcontinent have made their original and new homelands proud.

– Editor’s Note
South Asia is one of the most dynamic regions in the world. However, it is one of the least economically integrated regions. A shared history and culture among the countries of this region should have helped promote economic integration. However, political tensions and mistrust have dampened the prospects.

There is a silver lining, the exchanges of art and culture across the India-Pakistan border are heart-warming indeed. While an India-Pakistan cricket match does raise the temperature, the music and art and culture across the border. Pakistani TV shows, featuring realistic serials coming in from across the border, have travelled the world together for concerts. Several mainstream movies in India have also proven to be strong in nurturing close ties between the peoples of these two countries. Indian and Pakistani musicians; this has successfully gone on for five seasons.

However, even before the age of internet, Indo-Pakistani friendship had begun to blossom through the medium of music. Pakistani's Ustad Nusrat Fateh Ali Khan, Ghulam Ali, Mehdi Hassan made their way into Indian households and lent their voices to many a Bollywood song. Nazia Hassan, from Karachi sang the popular song Aap Jaisa Koi Meri Zindagi, at the age of 16 years, for the movie Qurbani (1980). Her album song Disco Deewane was adopted recently for the Indian movie Student of the year. In more recent times, Atif Aslam, Adnan Sami, Shafqat Amanat Ali, Rahat Fateh Ali Khan have established themselves in the Indian music firmament. Similarly, Harshdeep Kaur, Rekha Bhardwaj – singers of Indian origin – have sung for Pakistani movies like Bin Roye recently. Ali Zafar-Sunidhi, Aamir Khan, Atif Aslam, and Zohaib Mansoor have sung for Pakistani movies like Dil Dil Pakistan and Half Girlfriend. Indian films have always been released in Pakistan, and Bollywood actors have a huge fan-base in Pakistan. Recently, some of the big Pakistani movies have been released on as many as 81 screens in India. Recently, Bin Roye was the first Pakistani movie to have been released on as many as 81 screens in India. Bachaana (a Pakistani movie based on cross-border love), released in India earlier in 2016, and the music-score for this film featured cross-border collaboration.

The Indian small-screen television got a breath of fresh air away from the usual Saas-Bahu drama that stretches for several family generations, with more realistic serials coming in from across the border. Pakistani TV shows, featuring similar real-life drama but with a limited number of episodes, are becoming an instant hit with the Indian audience. Even TV commercials from companies such as Coca-Cola (Small World Machines), Google (Reunion) are going ‘viral’ on the social media, based on the theme of bringing together the youth of India and Pakistan.

Apart from the film and music industry, India’s Yoga has brought the countries closer. A delegation of 16 Pakistanis in Ajatpur, Maharashtra, participated in a 10-day Vipassana meditation programme. Yoga centres have been established in 90 countries around the world, except in Pakistan; this delegation included Yoga instructors in Pakistan, who chose to cross the border. The testimonies of hospitality and affection they received from Indians inspire hope.

India and Pakistan share a common heritage since the ancient Mohenjodaro and Harappa era. There are several monuments which would greatly attract tourists from each side; a general lack of awareness and a low probability of getting visas, however, make even the most zealous explorer overlook these tourists destinations. In the overall Indo-Pakistani ambience, therefore, the positive initiatives taken through art should instil hope for brighter people-to-people interactions.

This research article is an ISAS Brief. The author, Ms Chandrani Sarma, is Research Assistant at ISAS. She can be contacted at isaschsa@iium.edu.my.

Feel-Good SENTIMENTS

CHANDRANI SARMA

South Asia is one of the most dynamic regions in the world. However, it is one of the least economically integrated regions. A shared history and culture among the countries of this region should have helped promote economic integration. However, political tensions and mistrust have dampened the prospects.

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Apart from the film and music industry, India’s Yoga has brought the countries closer. A delegation of 16 Pakistanis in Ajatpur, Maharashtra, participated in a 10-day Vipassana meditation programme. Yoga centres have been established in 90 countries around the world, except in Pakistan; this delegation included Yoga instructors in Pakistan, who chose to cross the border. The testimonies of hospitality and affection they received from Indians inspire hope.

India and Pakistan share a common heritage since the ancient Mohenjodaro and Harappa era. There are several monuments which would greatly attract tourists from each side; a general lack of awareness and a low probability of getting visas, however, make even the most zealous explorer overlook these tourists destinations. In the overall Indo-Pakistani ambience, therefore, the positive initiatives taken through art should instil hope for brighter people-to-people interactions.

This research article is an ISAS Brief. The author, Ms Chandrani Sarma, is Research Assistant at ISAS. She can be contacted at isaschsa@iium.edu.my.
“More Americans bend for Yoga than to throw a curve ball,” said India’s Prime Minister Narendra Modi while addressing the United States Congress in June 2016. About a year ago, on 21 June 2015, the world observed the ‘International Day of Yoga’ for the first time. The yoga industry grew by 87% in the last 5 years and currently has over 30 million practitioners in the US alone, with nearly US$ 27 billion being spent annually on yoga products (according to the 2016 Yoga in America Study, conducted by Yoga Journal and Yoga Alliance; 2014 Outlook for the pilates and yoga studios industry, Shews and IBISWorld’s Pilates & Yoga Studios market research report). From professional yoga studios, individual-initiated community yoga classes to online tutorials and courses – yoga has spread across the American economy, generating around half a billion dollars in revenue each year. The growth; as well as sparking interest in the American economy, generating around half a billion dollars in revenue each year.

Dance is a conversation between the body and soul. It is perhaps the oldest source and disseminator of knowledge about inter-country cultures and civilisations. Tagore music and dance (‘Rabindrasangeet’ and ‘Rabindranatya’) were among the early windows on Indian culture for the rest of the world. There is now a whole vista of eight major Indian classical dance forms (Bharatanatyam originating in Tamil Nadu, Kathak – North India, Keshodhali –Kerala, Kuchipudi – Andhra Pradesh, Manipuri – Manipur, Mohiniyattam – Kerala, Odissi – Odisha, and Sattriya – Assam) and numerous folk dances (like Bhangra, Bihu, Ghumura Dance, Sambalpuri, Chhau and Garba) that are recognised as the epitome of heritage, grace and power. In vogue, too, are PhD dissertations and Master’s theses on Indian classical dance forms in American universities. Over 500 Indian dance academies in the US make this quite evident.

Choreographing Indian classical moves to hip-hop, or Western songs is also quite common today. The flourishing concept of Fusion Dance in itself is testimony to the East meeting the West on the dance floor. ‘Bharatnatyam’ and ‘Kathak’ are among the most popular Indian classical dance forms abroad. These and other Indian dance forms have been propagated through scholarships to artists, funding to organisations, better publicity of exchange programmes, vigorous initiatives in organising dance festivals, workshops by reputed practitioners, inculcating a sense of pride and better representation on the international dance stage. It has been in India’s best interest to support the endeavours of international institutions besides dance gurus like Rukmini Devi, Yamini Krishnamurthy, Birju Maharaj, Sitara Devi, Mrinalini Sarabhai, Savitha Sastry, who have kept Indian dance forms alive both at home and overseas. As a result, dance pages, performances by renowned artists, workshops and festivals representing Indian classical dance have become quite common, with several dance forms such as Kathak, Bharatanatyam, and Odissi gaining popularity in the United Kingdom and the United States. India’s film industry, Bollywood surpassing Hollywood with an annual output of over 1000 movies, can be easily identified as the largest and most influential carrier of India’s profile to the farthest corners of the world. Zee TV’s USA Edition of the most popular Indian Dance reality show – Dance India Dance – has been a huge success. In 2013, Miss Nina Davuluri, who became the first Indian-American to win the titles of Miss America and Miss New York, credited her Indian roots for her triumphs.

Social media has also played an indispensable role both in the widespread rejuvenation of these dance forms, awareness of initiatives, accessibility as well as the infusion of renewed vigour among the Indian youth. India’s film industry, Bollywood and its dance-industry have introduced a blend of Bollywood workout and a fusion of Bollywood dancing and Zumba moves to keep the classes more energetic. Bollywood is associated with soulful playfulness. A new type of Bollywood-inspired dance-fitness called ‘Doonya dance’ was showcased in the Oprah last year, which is a big deal as the Oprah show is a staple for many American households, and is watched globally. Bollywood superstars’ debuting in Hollywood – Aishwarya Rai, Irfan Khan, Anil Kapoor, Deepika Padukone, and Priyanka Chopra after ‘Quantico’ – are well-known names in the West and East alike.

Indeed, the unsung heroes of Indian soft power are the overseas Indians who form the largest English-speaking diaspora. Each of the overseas Indian communities raise awareness and better-represent India abroad in ways one-off ‘India festivals’ cannot. People are attracted to and want to imitate the cultures they are impressed by. India’s Project MUSAAM is among the new initiatives for the propagation of culture. Mastering the prime strategic usage of soft power is the next big challenge that nations like India and China should rise up to in order to gain global influence that matches economic clout. This research article is an ISAS Brief. The author, Ms Rinisha Dutta, is Research Assistant at ISAS. She can be contacted at isasrd@nus.edu.sg.
The more the world changes, the more it seems to remain the same. A contemporary reality in South Asia is the China-Pakistan factor in India’s foreign policy calculus. All three countries, each possessing a potent nuclear arsenals, are neighbours, thereby complicating the calculus. China and India have had a chequered and competitive relationship. Pakistan arms itself constantly, with China's substantive help, by citing the 'India-threat'. Beijing and Islamabad are also ‘all-weather partners’.

The Barack Obama Administration in the United States, still a premier superpower worldwide, designated India as “a major defence partner” in June 2016. So, Pakistan, always wanting to challenge India despite New Delhi’s consistently higher power-coefficients, began to lean more heavily on China than before. For its part, China, despite being ahead of India in macroeconomic terms, does not tire of playing the Pakistani card against New Delhi. Beijing is adept, too, at thinking of innovative ways of doing so. The latest example is how China has helped Pakistan in developing nuclear weapons and their delivery-systems (missiles).

To the theorists, all this is esoteric diplomacy. But it is not so in the real-world. Take the efficacy of atomic energy, unencumbered by international sanctions. Nonetheless, India requires the full-fledged membership of the NSG for two reasons: (1) to be on par with the NPT-designated nuclear powers, i.e. states with legitimate atomic arsenals, and (2) to engage in regular nuclear commerce into the unforeseeable future.

What about Pakistan? Zealousof its genesis as a South Asian country distinct from secular-democratic India, Pakistan does not align its policies with those of India. As a general rule, the NSG does not permit such supplies to countries like India that have not signed the Nuclear Non-Proliferation Treaty (NPT). India tested its indigenous nuclear weapons in 1998 – long after the NPT had come into force in 1970. In 2008, however, the NSG waived the NPT criterion for India by recognising its non-proliferation credentials. The waiver was meant to allow India to access the full spectrum of civil-nuclear supplies worldwide.

In 2008, too, China had at first opposed the US-piloted waiver for India. But the then US President George W Bush telephoned his Chinese counterpart Hu Jintao, and obtained Beijing’s eventual consent. As a result, India gained freedom to harness the civil energy, as well as military potential of nuclear weapons, unencumbered by international sanctions. Nonetheless, India requires the full-fledged membership of the NSG for two reasons: (1) to be on par with the NPT-designated nuclear powers, i.e. states with legitimate atomic arsenals, and (2) to engage in regular nuclear commerce into the unforeseeable future.

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A Nuanced PARTNERSHIP

SINDERPAL SINGH

India’s Prime Minister Narendra Modi’s visit to the United States in June 2016 has been heralded as a game-changer of historic proportions within the context of India-US bilateral relations. To situate this specific visit within a broader contest, this was Mr Modi’s fourth visit to the US in two years while Mr Barack Obama visited India twice (incidentally the first US President to do so during his term in office). These high-level visits have generated three different sets of responses from those within India observing the India-US relationship closely.

The first response is one of triumph. Mr Modi, in this view, has radically transformed India’s relationship with the US, with clear and significant advantages to India. They contrast his energy and single-mindedness with the earlier United Progressive Alliance (UPA)’s legacy of inertia and confusion in executing foreign policy. Some of these views come from those ideologically aligned to the BJP and their celebration of his foreign policy ‘success’; this is part of a broader discourse about the success of Prime Minister Modi and the BJP-led government since coming to power.

The second response is that of cautious optimism, sometimes descending into mild frustration. This section of opinion views the improved relations with the US as advantageous to India. They believe that the long-held notions of ‘non-alignment’ and ‘strategic autonomy’ within Indian foreign policy have hampered Indian interests because they formed impediments to a stronger relationship with the United States. Their analysis, however, is not as optimistic as that of those who celebrate the triumph of Mr Modi’s foreign policy. They see this bilateral relationship improving at a pace slower than the ideal and/or possible speed. They reckon that the media frenzy and lofty language used by both sets of leaders actually mask the slow progress in vital areas of benefit to India within the bilateral relationship.

Within several instances, these commentators attribute this slow progress to that perennial scapegoat in India – the slow and inefficient bureaucracy, specifically the Ministry of External Affairs in this instance but also other ministries involved in the areas of economic cooperation.

The third and last response originates from a fundamentally distinct starting point. Closer relationship with the US, they argue, is not necessarily in India’s interests. A significant proportion of this section of opinion still views ‘non-alignment’ and ‘strategic autonomy’ as important principles for pursuing contemporary Indian interests when dealing with the US. There are broadly two sets of reservations in favor of closer relations with the US, specifically in the security and geopolitics realm. Firstly, closer relations with the US will increasingly circumscribe India’s options when dealing with its traditional allies, Iran and Russia, being two important contemporary examples. Aligning too closely with Washington, they argue, will increasingly make India’s relations with these friendly countries proxy to US’s relations with them at any moment in time. Secondly, closer relations with the US will lead India into an increasingly confrontational position with China. They believe that the US will impact adversely on the bilateral relationship over the past two years. While some of these initiatives were begun under the earlier UPA administration, Mr Modi’s attention and commitment to the bilateral relationship seem to have facilitated their realisation.

There is also some room for frustration. Despite the seeming progress in several areas of the bilateral relationship, some aspects of the engagement have not seen similarly clear results. The economic domain is one such area. The bilateral investment treaty, an agreement both governments have been attempting to work on since 2008, shows no sign of being realised. More broadly, the two countries continue to clash over issues related to intellectual property protection, and there is little to suggest that a resolution that will satisfy both countries is in sight.

Finally, there is scope for some introspection about the effects of this bilateral relationship on India’s broader foreign policy. The deteriorating US-Russian relationship has been a cause for some apprehension within India. In parallel with the US replacing Russia as India’s leading military equipment supplier, many in India fear that a closer strategic-military relationship with the US will impact adversely on the historically close relationship between Russia and India. More crucially, India’s complex relationship with China cannot be insulated from its growing ties with the US. India has been identified as a major pillar of America’s ‘re-balancing’ strategy in Asia, with the aim of countering China’s seemingly growing assertiveness. Mr Modi’s need to continue to balance the benefits of stronger India-US ties without indulging in confrontation with China on issues where the benefits to India are less than clear.

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Diplomacy of CONNECTIVITY PLUS

RAJEEV RANJAN CHATURVEDY

India’s Prime Minister Narendra Modi’s historic visit to Iran on 22 and 23 May 2016 underscores a new beginning, providing a fresh impetus to their bilateral and regional cooperation. They signed 12 agreements/memoranda of understanding covering a range of issues. The two leaders agreed to “build a strong, contemporary and cooperative relationship that draws upon the strength of the historical and civilizational ties between the two countries, leverages their geographical proximity, and responds to the needs of an increasingly inter-dependent world”.

The development of the Chabahar Port, and trilateral energy and transit agreement between India, Iran and Afghanistan, were the most important accomplishment of this visit which could radically alter the geopolitics of the region. The India-Iran bilateral agreements could help both sides to leverage an increased strategic access to the landlocked resources and markets of Eurasia. At the Chabahar connectivity event on 23 May 2016, Mr Modi declared: “We stand together in unity of our purpose. To carve out new routes of connectivity and the Chabahar Free Trade Zone, both governments have decided to establish a Bilateral Ministerial Task Force. More importantly, it reinforces the Modi Government’s comprehensive framework for India’s naval engagement, underlining the significance of maritime affairs in foreign policy discourse and promoting regional mechanisms for collective security and economic prosperity.

Religious extremism and cross-border terrorism are very serious concerns for India. Getting Iran’s support and cooperation to deal with such a menace is very significant. Both the countries stressed “the need to completely eradicate all forms of terrorism and called upon all States to have zero tolerance towards terrorism, explicitly reject and stop the use of terrorism against other countries, dismantle terrorism infrastructure where it exists, and forthwith all support and financing to terrorists using their territories to harm other countries and ensure that all perpetrators of terrorism who are in their jurisdiction are brought to justice.” This was a strong message to Pakistan without naming it.

Mr Modi has shown zeal and vigour in engaging India’s neighbours at the highest political level, which could be seen as an effort to build political connectivity. He called on the Iranian Supreme Leader Sayyed Ali Khamenei, who has the final say over matters related to Iran’s foreign policy and key issues, and gifted him a rare 7th Century manuscript of the Holy Quran written in Kufic script and attributed to the Prophet’s son-in-law Hazrat Ali.

Furthermore, New Delhi is also actively engaging India’s sub-national state governments in foreign policy manoeuvres and encouraging them to engage with India’s partners in a meaningful way. While, there were consultation with state governments in the past, centralised foreign policy making is facing resistance from various state governments. Hence, federalisation of foreign policy could be very helpful in advancing India’s national interests. The joint statement clearly reflects this by underlining shared desire “to develop an Information and Communication Technology Zone in Chabahar and promote cooperation between States of India and Provinces of Iran” (emphasis added).

Cultural connectivity and people-to-people links seem to be other important priorities of the current Indian Government. India and Iran have long influenced each other in the fields of culture, art, architecture and language. India and Iran have announced several measures to improve cultural and people-to-people contacts, including Cultural Exchange Programme, MOU on Policy Dialogue between foreign ministries and interactions between think tanks, and most importantly, religious tourism. Both countries have directed their energies concerned to take swift actions in this regard.

Mr Modi’s Iran sojourn was a great success. The growing strategic convergences between India and Iran, and the signs of determined leadership by Mr Modi, are expected to consolidate, expand and diversify this bilateral relationship in a time-bound manner.

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Partnering INDIA

P S SURYANARAYANA

In a policy-relevant political snap-shot of India’s economy, Singapore’s Deputy Prime Minister and Coordinating Minister for Economic and Social Policies, Mr Tharman Shanmugaratnam, has captured a macro-profile of the Indian scene, and spoken about partnership between the two countries. He did so at the Singapore Symposium, organised by ISAS in collaboration with the Confederation of Indian Industry (CII) in Mumbai on 7 April 2016. He also participated in an interactive session with the Governor of the Reserve Bank of India, Dr Raghuram Rajan. The session was moderated by Business Standard Chairman, Mr T N Ninan, while Ambassador Gopinath Pillai, ISAS Chairman and Singapore’s Ambassador-at-Large, set the tone for discussions on the theme of ‘Partnering for Growth in Uncertain Times’.

In Mr Shanmugaratnam’s words, as excerpted here, “India itself is on the cusp of major change… Macroeconomic stability is back, both on the monetary side as well as the fiscal side. Something has been achieved in the last few years – that is impressive in the face of challenging global environment. … Second, something is being achieved with regard to the efficiency of implementation of policies. … It is still a long journey ahead”. Recognising India’s “remarkable feat” of making efforts at issuing the all-purpose AADHAR identity cards to a billion-plus population, he emphasised that “this second factor is [one of] injecting efficiency into the bureaucracy. The third factor that gives hope is, I think, the kick-starting of infrastructure”.

On India’s Budget-2016 allocations for infrastructure development, he said: “There is still a lot of work ahead, particularly to catalyse private investment”. And the fourth reason, particularly important in the last few years, is “devolution, the way in which [India’s sub-national] states are being empowered”. He emphasised that “there is tremendous potential there as well”.

Overall, Mr Shanmugaratnam noted that the new level of confidence about India is not based merely on the country’s “GDP growth being above 7 per cent” in recent years. In fact, in his view, it is a matter of “confidence that, this is now a new journey, a journey that we in Singapore want to be part of, want to contribute to, and want to benefit from at the same time”. “The potential”, he said, “can best be summarised by looking at productivity.” Noting that “the level of productivity in India was for a long time stuck at about five to six per cent of the level in the United States”, he said “that even until the 1990s, and even in the early 2000s, it was barely at about 6 to 7 per cent.” While today “it’s about 12 per cent, there’s still a long way to go”. This, in his view, “illuminates the potential”. Obviously, Mr Shanmugaratnam’s optimism about the scope for Singapore-India collaboration in productivity is based on this city-state’s expertise in imparting skills-training, something that India has already begun to tap into.

Envisioning Singapore-India partnership for the future in this climate, Mr Shanmugaratnam set a few markers. “India is actually now, at least from our perspective, a very significant partner of Singapore. It is well-known that we are [a] major investor in India”. In his view, a continuation of such a partnership with India “makes sense from the point of view of Singapore that is still internationalising… still trying to achieve its full promise”. Under the rubric of this partnership, he identified India’s infrastructure sector as “a major opportunity” for Singapore. Amplifying the opportunity, he said: “We can still do more to catalyse private finance in infrastructure; it is not a problem unique to India… We [in Singapore] are working on developing infrastructure as an asset class. … It means we [need] good data on risks, on returns from a whole range of countries… That is not yet in place for infrastructure as an asset class”. Clenching the argument, he spoke of “making infrastructure an asset class so as to catalyse the flow of investments from the institutional investors, meaning pension funds, insurance and sovereign wealth funds”. Widening the window of opportunity, Mr Shanmugaratnam said: “We [Singapore and India] have scope to collaborate on air connectivity… In the case of India, it also offers potential for Delhi and Mumbai to be major hubs for West Asia on a broader landscape… It is an opportunity for what are now world class airports in Delhi and Mumbai to be major hubs for West Asia”. He further underscored that “when we think of critical mass of business that flows through India itself, that’s a very strong foundation to build a larger international hub out of air connectivity. Here again Singapore can play a role. I think, this makes eminent sense for India, and it’s something which we like to play a role”.

Dr Rajan waded into a raging debate over the so-called Panama Papers regarding the alleged ill-gotten wealth of the high and mighty of many different countries. Dr Rajan said: “[An] earlier [global financial] crisis built up the idea that the bankers were illegitimate, that crony capitalism was illegitimate, all of which made sense. … Now, increasingly, there is talk about … whether self-made people, whether they should have what they have … this is dangerous… I think that what [Mr] Tharman is talking about – improving the opportunities across the board – is extremely important to sustain legitimacy of wealth… Finance is handmaiden to entrepreneurship”.

In New Delhi, later on the same day – 7 April 2016 – Mr Shanmugaratnam and India’s Minister of State for Power, Coal, New and Renewable Energy, Mr Piyush Goyal, launched a book titled Looking Ahead: India & Singapore in the New Millennium – Celebrating 50 Years of Diplomatic Relations. The book has been edited by Professor Tan Tai Yong, Executive Vice President (Academic Affairs) Yale-NUS College in Singapore, and Member of ISAS Management Board; and Mr A K Bhattacharya, Editor, Business Standard.

Outlining the scope of the book, Professor Tan Tai Yong said: “This volume focuses on the themes that have undergirded India-Singapore relations – strategic interests, diplomatic relations, trade and commerce, innovation and entrepreneurship, educational, cultural and heritage links, as well as the roles played by the Indian diaspora. The chapters are organised around those themes”. The new book, he emphasised, “will provide a nice complement to the volume [Singapore and India: Towards a Shared Future] that was published from ISAS last year [2015]. When read together, the two commemorative volumes offer useful insights on a historically and strategically significant relationship”.

Launch of a collaborative work of ISAS and Ananta Aspen Centre – Looking Ahead: India & Singapore in the New Millennium – Celebrating 50 Years of Diplomatic Relations. The book was launched by Singapore’s Deputy Prime Minister, Mr Tharman Shanmugaratnam (fourth from left); and India’s Minister of State, Mr Piyush Goyal (second from left). Others in the picture are Mr N K Singh (extreme left), Chairman, Steering Committee, The Growth Net Summit; Professor Tan Tai Yong (third from left), Executive Vice President, Academic Affairs Yale-NUS College in Singapore, and Member of ISAS Management Board; Mr A K Bhattacharya (fifth from left), Editor, Business Standard; and Mr Jamshyd Godrej (extreme right), Chairman, Ananta Aspen Centre, India.

This report is an ISAS Brief. The author, Mr P S Suryanarayana, is Editor (Current Affairs) at ISAS. He can be contacted at isasbps@nus.edu.sg.
Key Events

Photographs of Key Events

1. Singapore's Minister for Finance, Mr Heng Swee Keat, delivering the keynote address at the ISAS' 10th Annual International Conference in Singapore on 29 October 2015. Photo: By Special Arrangement

2. A view of the participants at the ISAS 10th Annual International Conference in Singapore on 29 October 2015. Photo: By Special Arrangement

3. Director and Visiting Research Professor at ISAS, Professor Subrata Kumar Mitra (centre, at the main table), flanked by Associate Professor Rajesh Rai of the South Asian Studies Programme at NUS (extreme right in the photo) and Dr Amitendu Palit (at the far side of the main table), Senior Research Fellow and Research Lead (Trade and Economics) at ISAS, addressing a team of students and staff from the Indian Institute of Management, Bangalore, during their visit to ISAS in Singapore on 1 December 2015.


5. India's former Foreign Secretary, Mr Shyam Saran, addressing the ISAS International Workshop on India's Integration with Asia-Pacific: Economic and Strategic Aspects, in Singapore on 14 January 2016. ISAS Chairman and Singapore's Ambassador-at-Large, Ambassador Gopinath Pillai, presided.

6. Speakers (from right) at a collaborative workshop organised by the Burki Institute of Public Policy and ISAS, in Lahore (Pakistan) on 7 March 2016: Director and Visiting Research Professor at ISAS, Professor Subrata Kumar Mitra; Pakistan's former Foreign Secretary, Ambassador Shamshad Ahmad Khan; and Mr Shahid Javed Burki, Visiting Senior Research Fellow at ISAS.

7. Chief Minister of the Indian State of Madhya Pradesh, Mr Shivraj Singh Chouhan, answering questions at an interactive session in the ISAS Chief Ministers' Series, in Singapore on 13 January 2016. Dr S Narayan, Visiting Senior Research Fellow at ISAS, presided. The image of a section of the audience is reflected in the glass window. Photo: By Special Arrangement

8. India's President, Mr Pranab Mukherjee presenting the Padma Bhushan Award to Mr Vinod Rai (left), Visiting Senior Research Fellow at ISAS and a former Comptroller and Auditor General of India, at the Rashtrapati Bhavan (presidential palace) in New Delhi on 28 March 2016. Photo: By Special Arrangement

9. Singapore's Sports Hub Chief Executive Officer, Mr Manu Sawhney (left) launching Nation at Play: History of Sport in India, authored by Dr Ronojoy Sen (centre), Senior Research Fellow and Research Lead (Politics and Governance) at ISAS, in Singapore on 23 March 2016. ISAS Chairman and Singapore's Ambassador-at-Large, Ambassador Gopinath Pillai, presided over the function.

10. NUS President Tan Chorh Chuan presenting the FASS STARS AWARD 2016 to ISAS Chairman and Singapore's Ambassador-at-Large, Ambassador Gopinath Pillai, in Singapore on 15 April 2016. FASS is the Faculty of Arts & Social Sciences at the National University of Singapore. Photo: By Special Arrangement
The Institute of South Asian Studies (ISAS), established in July 2004, is an autonomous research institute at the National University of Singapore. ISAS is dedicated to the study of contemporary South Asia. Researchers at the Institute conduct long-term and in-depth studies focused on social, political and economic trends and developments in South Asia and their impact beyond the immediate region. In addition, ISAS produces regular up-to-date and time-sensitive analyses of key issues and events in South Asia. ISAS disseminates its research output to policy makers, the academia, business community and civil society.

The authors, not ISAS, are responsible for the facts cited and the opinions expressed in the articles in this publication.

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