

SOUTH ASIA

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Top: Singapore's Deputy Prime Minister and Coordinating Minister for Economic and Social Policies, Mr Tharman Shanmugaratnam (left), in conversation with Reserve Bank of India (RBI) Governor, Dr Raghuram Rajan, at the Singapore Symposium, organised by ISAS in association with Confederation of Indian Industry (CII) in Mumbai (India) on 7 April 2016.

Bottom: Photo taken after Mrs Chandrika Bandaranaike Kumaratunga (centre), former President of Sri Lanka, delivered ISAS Public Lecture in Singapore on 24 June 2016. Flanking Mrs Kumaratunga are: Ambassador Gopinath Pillai (second from right), ISAS Chairman and Singapore's Ambassador-at-Large; Professor Sukhdeo Muni (extreme right), Professor Emeritus at the Jawaharlal Nehru University in New Delhi and Distinguished Fellow at the Institute for Defence Studies and Analyses in New Delhi; Professor Vineeta Sinha (second from left), Head, Department of Sociology and Head, South Asian Studies Programme, Faculty of Arts & Social Sciences, National University of Singapore; and Professor Riaz Hassan (extreme left), Visiting Research Professor at ISAS.

Photos: By Special Arrangement

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

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The Challenging CHANGES

IFTEKHAR AHMED CHOWDHURY



Participants at a collaborative workshop, organised by ISAS and the New York-based Global Center for Counterterrorism Cooperation (GCCC), in Singapore on 15 and 16 October 2015. The author of this article, Dr Iftekhar Ahmed Chowdhury, is at centre in the front row. Others include Professor Subrata Kumar Mitra (fourth from left in the front row), Director and Visiting Research Professor at ISAS; Ms Naureen Chowdhury Fink (fifth from left in the front row), Head of Research at GCCC; and Mr Johnson Paul (extreme left in the top row), Senior Associate Director at ISAS.

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 than a bane. The economic slowdown of China and Japan, the travails of Europe, a violent Middle East and messy American domestic politics have combined to sharpen global focus on the vast subcontinent of South Asia, which hosts a fifth of humanity, and which has by and large been stable and steady. Challenges remain. First, development throughout the region is uneven, and swathes of poverty often surpass sub-Saharan Africa in terms of indigent populations. Second, the region remains

one of the least integrated in the world, paying the economic price for the lack of coherence and connectivity. Third, relations among the countries remain poor, with the two preeminent actors, India and Pakistan, both nuclear-weapon powers, constantly remaining on the verge of conflict. Finally threats of extremism and fundamentalism, emanating from both within and outside South Asia, are beginning to pose a huge governance challenge to the region and its countries.

In a world that is experiencing multiple challenges on economic and security counts, India is increasingly proving to be a sheet anchor of stability. Statistics in India do not always tell the entire story, there is doubtless an all-pervasive sense

of positive emergence. Prime Minister Narendra Modi has completed two years in office, and on average, the report card would show him as 'passed' rather than 'failed'. While he might not have pushed through all that he aspired for, such as the Goods and Services Tax, but several of his steps such as the insolvency and bankruptcy code, direct benefits-transfer scheme, the espousal of 'Make in India' and a 'market-friendly' disposition, are beginning to attract foreign and domestic investment interest, raising the perception of a greater ease of doing business in India. Through his many travels abroad he has been able to infuse the non-resident Indians with a spirit of patriotic fervour that has the potential of translating into political advantages for him and economic benefits for India.

Having embraced many leaders and nations physically and politically, Prime Minister Modi has brought India close to far-flung countries like the United States, Japan and Australia. A bigger role, along with the US, was seen by him for India, when he recently addressed the US Congress and spoke of a "new symphony in play" (quoting poet Walt Whitman). The result of the conviviality has been less marked closer to home in the region, though with Bangladesh friendship seems to have blossomed remarkably. China was very much a 'frenemy', with India responding to perceived Chinese assertiveness by intensifying naval exercises with the

US and Japan. With Pakistan, while the traditional rivalry continues unabated, a chemistry of sorts was indeed developed between Mr Modi and his Pakistani counterpart, Mr Nawaz Sharif, and any correlation notwithstanding, the fact remained that incidents such as the attack on Pathankot did not flare up into a bilateral armed conflict.

Within Pakistan itself, the 'National Action Plan' seems to have succeeded in at least getting the armed forces to bring the security-cum-terrorist situation to a large extent under control. China's planned US\$ 46-billion investment in the China-Pakistan Economic Corridor seems to have generated considerable enthusiasm and excitement. Any possibility of a direct military take-over seems well beyond the rim of the saucer, and any immediate threat to the government as from the mercurial leader of the Tehrik-e-Insaaf party, Imran Khan, spearheading the criticism against the Sharif family on the Panama leak scandal, appears to be dissipating. Allegations of corruption might give governments a bad name in South Asia, but are not usually sufficient to overturn them.

In Bangladesh political street violence has largely ceased, and the shrinking role of the Bangladesh Nationalist Party in opposing the Awami League-led government has also enabled Prime Minister Sheikh Hasina Wazed to refocus on development. A rather ambitious US\$ 43-billion budget has been unveiled, and the GDP growth target set at 7.2%, one of the highest among large developing countries, though domestic resource mobilisation may prove to be a challenge. In recent times some targeted killings of secular bloggers and

religious minorities have heightened concerns of a deepening dichotomy between the secularists and the religious zealots in this Muslim-majority country, but the government seems determined to maintain the values of social and political heterodoxy.

In Sri Lanka, a sense of post-civil war calm seems to be prevalent. President Maithripala Sirisena and Prime Minister Ranil Wickremesinghe are struggling to move on and to move the politics and economy back on track. The war-wounds are too deep to heal easily, however, and the wish to bring the war-crime 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 by law, but the extent of its purity of form seems to generate extremist thinking and action. President Abdullah Ameen has consolidated power, by mainly removing all opponents, some like former Vice President Ahmed Adeeb to jail (for allegedly conspiring to assassinate him, even though the CIA, invited to investigate, did not endorse the charges), or forcing them abroad, as ex-President Mohammed Nasheed who has now been granted political asylum in Britain.

In the northern subcontinent, among the Himalayas, peace reigns in Bhutan, rejoicing over the birth of a Crown Prince. The government is now happily propagating its idea 'Global happiness index' as a measure of human contentment. The situation is less idyllic, or even ideal in Nepal, where in the new

Republic (since 2008), a Constitution was promulgated after an arduous exercise, which immediately led to problems with India, which is accused of backing the disgruntled *Madhesi* who felt marginalised. Prime Minister K P Sharma Oli visited New Delhi in February 2016, and for a while things appeared on the mend, but then again soured with the cancellation of a planned visit to India by President Bhandari.

The South Asian Association for Regional Cooperation (SAARC) is due to meet at summit level in Pakistan come November. Its record so far has been dismal, but to be fair to it, it is severely constrained by the nature of relations among its member-states. Therefore there is a burgeoning tendency to attempt sub-regional alternatives, such as BCIM (Bangladesh, China, India and Myanmar), or BBIN (Bangladesh, Bhutan, India, and Nepal). Be that as it may, South Asia's size, demography, diaspora, and potentials, mark it out as meriting greater global attention than has been the case to date, as is being underscored by the South Asian Diaspora Convention 2016 in Singapore.

This research article is an ISAS Brief. The author, Dr Iftekhar Ahmed Chowdhury, is Principal Research Fellow and Research Lead (Multilateral and International Linkages) at ISAS. He can be contacted at isasiac@nus.edu.sg.

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



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 panellists.

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.

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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 Maharashtra, 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, a 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 Jayalithaa 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



Photo: By Special Arrangement

A panoramic view of the panellists and a section of the participants at the ISAS-organised discussion on 'India under Modi: A Midterm Appraisal of the BJP Government', in Singapore on 26 May 2016.

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.

This research article is an ISAS Brief. The author, Dr Ronojoy Sen, is Senior Research Fellow and Research Lead (Politics and Governance) at ISAS. He can be contacted at isasrs@nus.edu.sg.

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 Pakistani 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



Pakistan's former Foreign Secretary, Ambassador Shamshad Ahmad Khan (right) during a discussion on the China-Pakistan Economic Corridor, organised by ISAS in Singapore on 2 March 2016. ISAS Chairman and Singapore's Ambassador-at-Large, Ambassador Gopinath Pillai (centre), presided.

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 officialdom's 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 India-centric lens, and to a large extent continues to do so – whereas past strategy focused almost exclusively on bleeding India through *jihadi* 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 *jihadi* 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 government since the May 2013 general election, has progressively surrendered policy space to the army. Most other contenders for power are crippled by internal cleavages whereas the Pakistan 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 'terrorism', 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 isasasa@nus.edu.sg.

Peace-building and TRANSITIONAL JUSTICE

AYESHA WIJAYALATH

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, emphasising 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 shouldering 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 *inter alia* 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 Rajapakse 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.

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Economic PRIORITIES

IROMI DHARMAWARDHANE

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 at 5.3%, below South Asia's projected average of 7.1% in 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 Kankesanthurai 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\$ 253.6 million from the government securities market, and foreign investors sold approximately US\$ 10.1 million in equity investments. The present depletion in



Sri Lanka's Foreign Minister Mangala Samaraweera delivering ISAS Public Lecture in Singapore on 12 November 2015. The image of a section of the audience is reflected in the glass window.

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.

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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 citizens of diasporic origin to aim at high office without having to either conceal, or to flaunt their ethnic identity? Finally, is *glocalisation* – the conflation of universalisation and particularisation – the best solution for the contradictory forces released by the processes of globalisation?

A detailed discussion of these intricate issues is beyond the remit of this article

(see Subrata Mitra, *Citizenship and the Flow of Ideas in the Era of Globalization: Structure, Agency and Power*, 2012). Instead, we focus here on concepts and policies that may enable diasporic citizens to move towards a level playing field in their adopted countries.

Citizenship in the age of intrusive global media and social networks is no longer only a legal issue of rights and entitlements but is also the result of a moral construction of identity and obligation. This deeper meaning is not captured in its frequent use in public documents and political discourse. In India, attempts to give a concrete meaning to citizenship have been divisive, and become entangled with larger and darker debates on identity, political, social and economic exclusion, collective memory and violent inter-community conflict. In the UK itself, thanks to its famously unwritten constitution, such issues are kept implicit, and generally left to tradition. However, events like London's mayoral election force the analyst to raise this question in categorical terms. In our global times, who is a citizen and what are his rights? Mr Khan has answered this question with delectable candour. When asked to define his identity, he

replied: "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 racist 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 germane 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.

This research article is an ISAS Brief. The author, Professor Subrata Kumar Mitra, is the Director and Visiting Research Professor at ISAS. He can be contacted at isasmkr@nus.edu.sg.

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 the city-state celebrated 50 years of its independence.



ISAS Chairman and Singapore's Ambassador-at-Large, Ambassador Gopinath Pillai (second from right), addressing the media on SADC 2016, in Singapore on 29 June 2016. Others briefing the media are Mr Girija Pande (extreme right), Member of the ISAS Management Board; Mr Manohar Khiatani (second from left), Deputy Group Chief Executive Officer, Ascendas-Singbridge Pte Ltd; and Professor Riaz Hassan (extreme left), Visiting Research Professor at ISAS.

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 Murli Kewalram Chanrai 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 Prime Minister, Mr Ranil Wickremesinghe, is expected to deliver the keynote address. He will also participate in an interactive session with the delegates, under the chairmanship of Ambassador Gopinath Pillai, ISAS Chairman and Singapore's Ambassador-at-Large.

Other key highlights of the programme at SADC 2016 include a keynote address by Singapore's Minister for Trade and Industry (Industry), Mr S Iswaran,



Photo: By Special Arrangement

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

at the plenary session on 'Investing in Indian infrastructure'. At another plenary session, titled 'Geopolitics of South Asia', the keynote address will be delivered by Singapore's Minister for Foreign Affairs, Dr Vivian Balakrishnan. 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, emphasised that SADC 2016 would provide an opportunity for tangible interactions between representatives of financial institutions such as the World Bank, the new Asian Infrastructure Investment Bank (AIIB) and the Asian Development Bank Institute, on one side, and those policy makers and delegates who might be looking for funds for infrastructure development in India and other South Asian countries. Ambassador Pillai drew attention to the multi-faceted focus on a wide range of subjects at SADC 2016 – geopolitics of South Asia, infrastructure investment, regional integration, the role of captains of industry as catalysts for change, start-

ups and entrepreneurship, education, as well as law and business including dispute resolution.

Mr Girija Pande, Member of the ISAS Management Board, said an India-Silicon Valley-Singapore bridge for entrepreneurial innovations and start-ups could emerge over time. Events like SADC 2016 would serve a useful purpose. Mr Manohar Khiatani, Deputy

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 Vijiaratnam, 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.



Photo: By Special Arrangement

Dr Duvvuri Subbarao, Distinguished Visiting Fellow at ISAS and former Governor of the Reserve Bank of India, whose book, *Who Moved My Interest Rates*, will be launched at SADC 2016.

The BRIGHT STORY

JIVANTA SCHOTTLI

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, or, the Turing Award laureate Raj Reddy in Computer Science.

The diaspora from the South Asian region as a whole is notable both for its illustrious individual success stories and its expansiveness in reaching across the world. A number of successful Bangladeshi-Americans have emerged as national and global champions such

as Salman Khan who established the Khan Academy (an internet-based, non-profit educational platform) or Hansen Clarke, the first Bangladeshi-American Member of Congress. Across the Atlantic in Britain, the 2016 election of London Mayor, Sadiq Khan of Pakistani descent, was greeted with jubilation.

In 2000, US President Bill Clinton, explained the importance of his trip to South Asia in terms of the diaspora: "I think one of the reasons we've been able to play a meaningful role in Northern Ireland is we have so many Irish Americans here [in the US]. I think one of the reasons we've been able to play a meaningful role in the Middle East is we have a lot of Jewish Americans and a lot of Arab Americans. I think we forget that among all the some-200 ethnic groups that we have in our country, Indian Americans and Pakistani Americans have been among the most successful in terms of education level and income level. They have worked and succeeded stunningly well in the United States".

Statistics support the argument that the Indian diaspora has thrived in America. Although the Indian Americans constitute less than 1% of the country's population, it is estimated that they have founded more than one in eight Silicon Valley start-ups. In politics and public service, Indian Americans are

known: Louisiana's Governor Bobby Jindal and South Carolina's Nikki Haley or the US Attorney for the Southern District of New York, Preetinder Singh "Preet" Bharara. The Pew Research Centre reported that the median income for Indian-American families in 2010 was US\$ 88,000, nearly twice the national average and that 70% of Indian Americans had a bachelor's education or higher, compared with a national average of less than 30%.

At the same time that the host country has turned to extolling its diasporic citizens, the "home-land", in this case India, has also "re-discovered" the diaspora. Aside from introducing innovations such as the *Overseas Citizen of India* (OCI) to facilitate travel to India and conferring near-citizenship-like status in terms of the right to live and work in India, the current government under the leadership of Prime Minister Narendra Modi has taken to promoting and directly addressing Indian diaspora communities across the world in a big way. Urging the diaspora to invest money, time as well as technical knowledge and skills, Mr Modi has appealed to Indians living abroad to be part of his signature programmes. On 8 June 2016, Mr Modi, addressing a joint meeting of the US Congress, emphasised: "Today, they [Indian Americans] are among your best CEOs, academics, astronauts, scientists,

economists, doctors and even spelling bee champions. They are your strength. They are also the pride of India".

In January 2016, the Indian Government 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 a 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" (Sandhya Shukla, 2003). Celebrating the diaspora, for 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

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.

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 film industries of the two countries have softened the prejudices among the people on both sides.

Soulful music has the power to break boundaries like nothing else. When Coke Studio Pakistan opened in 2008, it took the South Asian subcontinent by storm. Seeing how popular the Pakistani show was in India, Coke Studio opened its India chapter in 2011. Both are extremely popular now, having brought several musicians to collaborate with each other across the border. This also led to the simultaneous launch of the Dewarists project for bringing together

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. Pakistan'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, Atif-Sonu Nigam are famous Indo-Pakistani duos who have travelled the world together for concerts.

Pakistani music bands like *Jal*, *Strings*, *Noori* and *Fuzon* are extremely popular among the Indian youth. Many Indians



Photo: By Special Arrangement

Ms Chandrani Sarma, author of this article, rendering a song at the Gala Dinner on the occasion of the ISAS-organised South Asian Diaspora Convention in Singapore on 21 November 2013.

actually don't look upon them as bands from across the Pakistani border since they are so deeply integral to the Indian musical scene.

Movies, a highly popular medium in South Asia, have also proven to be strong in nurturing close ties between the peoples of these two countries. Pakistani actors such as Fawad Khan and Ali Zafar are very well-known to Indians

through movies such as *Khoobsurat* and *Kill Dill* respectively, while India's Kiron Kher gave a stunning performance for *Khaamosh Pani* across the border. Several mainstream movies in India have revolved around cross-border love stories, such as *PK*, *Bajrangi Bhaijan*, *Ek Tha Tiger*, and the success of these themes at the box office clearly indicates the goodwill on both sides at an individual level. This goodwill is picking up pace in recent times; Indian movies have always been released in Pakistan, and Bollywood actors have a huge fan-base in Pakistan. 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 limit of 21 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 Igatpuri, 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 tourist destinations. In the overall Indo-Pakistani ambience, therefore, the

positive initiatives taken through art should instil hope for brighter people-to-people interactions.

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Global RESONANCE

RINISHA DUTT

"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*, *SNews* 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 100,000 jobs and catalysing business growth; as well as sparking interest in the rest of the world. According to industry reports, *Hot Yoga* is the most prevalent form, followed by *Bikram* and *Vinyasa*, mostly practised for health benefits and aesthetics than for spiritual attainment. It has even been developed as a sport by the United States Yoga Federation in 2015, with full support

from the Sports Ministry of India. An analogous predecessor, commencing as early as in 1999, is the global event of World Tai Chi & Qigong Day (commonly known as 'Chinese Yoga'). This reflects the worldwide popularity of India's ancient heritage of *yoga* and China's Qigong, underscoring their richness as a soft-power resource.

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 '*Rabindranitya*') 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, *Kathakali* -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 pageants, performances by renowned artists, workshops and festivals representing Indian classical dance have become quite common, with several

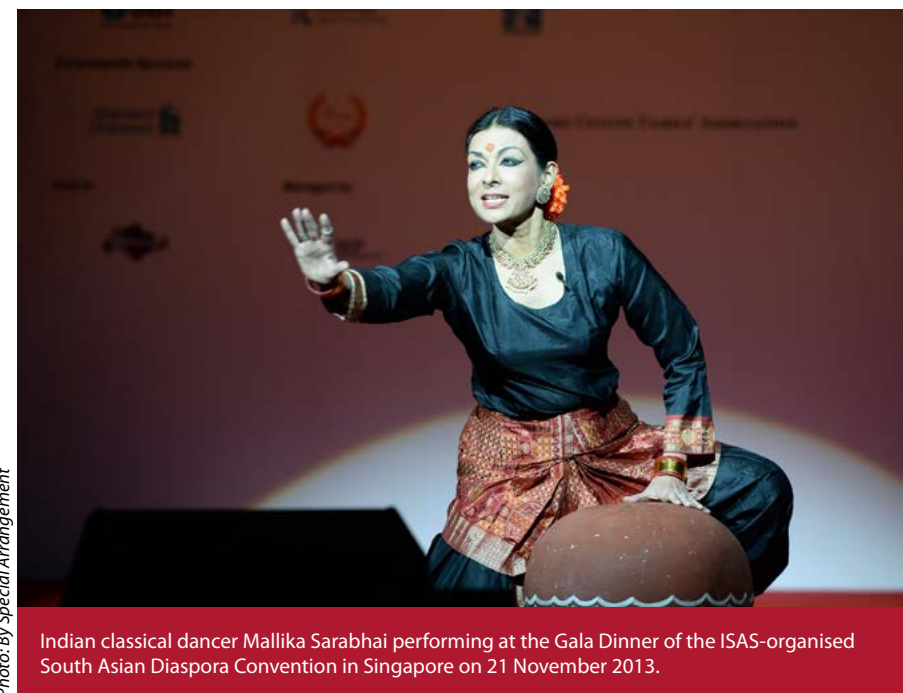


Photo: By Special Arrangement

Indian classical dancer Mallika Sarabhai performing at the Gala Dinner of the ISAS-organised South Asian Diaspora Convention in Singapore on 21 November 2013.

foreigners like Svetlana Tulasi, Sarah Sangeetha, Leela Samson, Kassiyet Adilkhankyzy (among numerous others) performing classical dances with native expertise.

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* 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, impressing the judges and the audience with her performance of Indian classical and Bollywood fusion dance. Several dance- and fitness-studios in the United States and the United Kingdom 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 *Mausam* 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 Dutt, is Research Assistant at ISAS. She can be contacted at isasrd@nus.edu.sg.

Strategic STABILITY

P S SURYANARAYANA

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 arsenal, 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 scuttled India's bid for membership of the Nuclear Suppliers Group (NSG) at its annual plenary sessions in Seoul on 23 and 24 June 2016.

China argued during these NSG sessions that a sheaf of criteria was yet

to be fashioned for the admission of new members to this suppliers' cartel. Beijing said that it would not, at this stage, go by the NSG's acceptance of India's credentials as far back as in 2008 – credentials as a responsible nuclear power. New Delhi now singled out Beijing as the stumbling block at the NSG, but China downplayed the issue by saying that India's membership bid was not even on the Group's agenda in Seoul in 2016. The Chinese assertion was disputed by India. More hurtful to New Delhi was the reality that Chinese President Xi Jinping did not respond positively to the personal plea from India's Prime Minister Narendra Modi for China's understanding and cooperation at the NSG. The two leaders met in Tashkent even as the NSG convened in Seoul. Mr Modi urged Mr Xi that China must make a "fair and objective assessment of India's application on its own merits".

To the theorists, all this is esoteric diplomacy. But it is not so in the real-world. Take the efficacy of atomic energy to produce not only nuclear weapons but also electricity in a potentially safe and non-polluting way. As a cartel, the NSG regulates and monitors the supply of nuclear reactors, the related knowhow and other equipment to countries around the world.

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 as well as military potential of nuclear 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? Zealous of its genesis as a South Asian country distinct from secular-democratic India, Pakistan does not align its policies with those of



India's Foreign Secretary, Dr S Jaishankar (left), speaking on 'India and a New Asian Equilibrium' at an ISAS Interactive Session in Singapore on 24 March 2016. ISAS Chairman and Singapore's Ambassador-at-Large, Ambassador Gopinath Pillai, presided.

New Delhi on major issues. However, Islamabad has ironically followed New Delhi's consistent path in opposing the discriminatory NPT. There is also a widespread belief in the international circles that China has helped Pakistan in developing nuclear weapons and their delivery-systems (missiles).

Authoritative Chinese sources have often told me that their adherence to the NPT is an open, clean book. This reflects an indirect acknowledgment by the Chinese that they were free to help Pakistan until they signed the NPT in 1992, long after this Treaty had come into force. No such finer points apply to Sino-Pakistani collaboration on missiles. China is not a signatory to the Missile Technology Control Regime (MTCR), which regulates the worldwide supplies of missiles and their knowhow.

Significantly, MTCR, where China is not a member, welcomed India as a new member on 27 June 2016, just a few days after New Delhi's membership bid at the NSG had failed. India has not been accused of exporting its nuclear weapons and ballistic missiles, as well as the relevant knowhow and equipment, to any country or non-state actor.

By contrast, Pakistan, whose image has been sullied by the internationally-chronicled clandestine-activities of the A Q Khan-network, does not have an India-like non-proliferation record. Nonetheless, Pakistan cites the need for "strategic stability in South Asia", and seeks membership of the NSG. The implicit argument is that Pakistan should have a more potent nuclear arsenal than India's to offset its superior military profile.

I think that strategic stability in South Asia can be conceived of only by taking note of China's conventional and nuclear profile. The reason is not far to seek: the Sino-Pakistani "all-weather partnership". China and India espouse independent policies of "no-first-use of nuclear weapons" towards each other and the rest of the world, including Pakistan. However, Islamabad has not publicly enunciated any such confidence-building policy even towards China.

Critics may pooh-pooh the very idea of a 'no-first-use' policy. They argue that it cannot easily be verified and it requires a sophisticated arsenal to be credible. However, even conventional confidence-building military measures involving two or more countries require mutual or multilateral trust or guarantees. So, one can think of strategic stability in South Asia only if China's military capabilities vis-à-vis India, not just India's with reference to Pakistan, are first considered. As a follow-up, South Asian strategic stability can be sought only through a triangular matrix of confidence-building measures among China, India and Pakistan.

This research article is an ISAS Brief. The author, Mr P S Suryanarayana, is Editor (Current Affairs) at ISAS. He can be contacted at isasps@nus.edu.sg.

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 context, 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 that 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. Others, less consciously aligned to the BJP, trace Mr Modi's 'success' – especially vis-à-vis India-US relations – to his lack



Panelists at an ISAS workshop on India's foreign policy, held in Singapore on 25 November 2015. Dr Sinderpal Singh (second from extreme left in the photo) is the author of this article.

of historical baggage with regards the United States. Mr Modi's predecessor, Dr Manmohan Singh, was seen as being weighed down by the Congress party's historical baggage of distrust when it came to dealing with the United States.

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. In

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 co-operation.

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 against pushing for 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. India, they tend to believe, will end up becoming an unwitting pawn in the broader US-China confrontation. This, they argue, is not in India's interests as India needs to manage its relations with China in order to pursue certain global

and regional interests.

All three perspectives make important observations. The current state of India-US relations, reflect, to a large extent important elements of all three perspectives. It is clear that the India-US relationship has both broadened and deepened since Prime Minister Modi assumed office. Resolving issues over liability compensation with respect to civil-nuclear co-operation and preparing the ground for Westinghouse to build six civilian nuclear reactors in India is a significant achievement. The advances in defence co-operation are also important. The US's open and strong support for India's entry into the Nuclear Suppliers Group (NSG) further demonstrates the advances in 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-Russia 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 needs 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.

This research article is an ISAS Brief. The author, Dr Sinderpal Singh, is Senior Research Fellow and Co-Lead (Security & International Relations) at ISAS. He can be contacted at isassss@nus.edu.sg

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 transport-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 peace, and prosperity is our common goal. We want to link with the world. But, better connectivity among ourselves

is also our priority. It is indeed a *new chapter for the region*" (emphasis added). Ever since the Partition in 1947, Pakistan had imposed geographic constraints on India's access to Afghanistan and beyond. The agreement on the establishment of a Trilateral Transport and Transit Corridor has the potential to "alter the course of history of this region". Indeed, India would be able to bypass the Pakistani blockade and rapidly open up new rail- and road-routes to Afghanistan and Central Asia from Chabahar. Further underlining the significance of the corridor, Mr Modi remarked, "The corridor would spur unhindered flow of commerce throughout the region. Inflow of capital and technology could lead to new industrial infrastructure in Chabahar. This would include gas based fertilizer plants, petrochemicals, pharmaceuticals and IT." He added that "economic fruits of the Chabahar Agreement will expand trade, attract investment, build infrastructure, develop industry and create jobs for our youth."

Trilateral energy cooperation between Iran, Oman and India is another significant development. The US\$ 4.5 billion project to pump Iranian natural gas to India envisages the export of

31.5 million cubic meters a day via an undersea pipeline originating from Chabahar Port, travelling through the Sea of Oman to Ras al-Jafan on the Omani coast, and after traversing the Arabian Sea, ending at Porbandar in South Gujarat in India. The project, known as the Middle East to India Deepwater Pipeline (MEIDP), is slated to be completed in two years.

To amplify the momentum of economic engagement, India and Iran further agreed to expedite the conclusion of a Preferential Trade Agreement (within a year) and to conclude Double Taxation Avoidance Agreement and Bilateral Investment Treaty before the end of 2016. Such strict timelines in a joint statement signal the seriousness of leaders of both countries. India's state-run Rashtriya Chemicals and Fertilizers (RCF), Gujarat Narmada Valley Fertilizers and Chemicals (GNFC) and Gujarat State Fertilizers Corporation (GSFC) have agreed to construct Chabahar's fertilizer plant jointly with Bank Pasargad as the Iranian investor. The plant, which will feed on natural gas, is expected to produce an annual volume of 1.3 million tons of urea. The Indian companies are reportedly set to invest US\$ 783 million on the project.

Connectivity is another key area of the Modi Government's foreign policy agenda. India-Iran Joint Statement clearly outlines that both sides "decided to give full play to the strategic location and unique role of Iran and India for *promoting multi-modal connectivity within and across region*", hoped that India's participation in developing Chabahar Port will open a new chapter in bilateral cooperation and regional connectivity, and encourage more maritime links and services between the two countries" (emphasis added). To harness mutual complementarities in the context 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 nautical 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, end 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 the authorities 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.

This research article is an ISAS Brief. The author, Mr Rajeev Ranjan Chaturvedy, is Research Associate at ISAS. He can be contacted at isasrrc@nus.edu.sg

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, "illustrates 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*". Clinching 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



Photo: By Special Arrangement

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* – at a function in New Delhi on 7 April 2016. 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 Centre, India.

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".

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

Photographs of KEY EVENTS



▲ 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



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

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.



▲ A session in progress during the collaborative International Workshop on 'Evolution of the Modern State in India: Comparing Kautilya, Machiavelli, Nizam-ul-Mulk, Barani and Sun-Tzu' in Singapore on 25 February 2016. The workshop was organised by ISAS and the Institute for Defence Studies and Analyses, New Delhi.



▲ 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.



▲ NUS President Professor Tan Chorh Chuan (left) 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



▲ 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



◀ 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.



▲ 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.
Photo: By Special Arrangement



▲ 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

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