

SOUTH ASIA

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Singapore's President, Dr Tony Tan Keng Yam, (Right) presenting the *Outstanding Member of the South Asian Diaspora Award* to Mr Murli Kewalram Chanrai (Centre) at the ISAS-organised South Asian Diaspora Convention in Singapore on 21 November 2013. ISAS Chairman, Ambassador Gopinath Pillai, shares the special moment.



Top: Singapore's President, Dr Tony Tan Keng Yam, (second from Left) launching the *Encyclopedia of the Sri Lankan Diaspora*, an ISAS publication, at a Gala Dinner on the occasion of the South Asian Diaspora Convention, organised by the Institute of South Asian Studies in Singapore on 21 November 2013. Others present are (from Left): Chairman, Council of Presidential Advisers (Singapore) as well as Member of the *Encyclopedia of the Sri Lankan Diaspora's International Advisory Panel*, Mr J Y Pillay; High Commissioner of Sri Lanka to Singapore, Mrs Feriat Ismail Ashraff; ISAS Chairman, Ambassador Gopinath Pillai; and ISAS Director, Professor Tan Tai Yong.

Photo Courtesy: By Special Arrangement

Bottom: India's President, Mr Pranab Mukherjee (fifth from Right) with the leaders of South Asia and Mauritius soon after he administered the oath of office to Mr Narendra Modi (fourth from Right), India's 15th Prime Minister, at the premises of *Rashtrapati Bhavan* (presidential palace) in New Delhi on 26 May 2014. Others gracing the occasion are (from Left): Prime Minister Sushil Koirala of Nepal; Speaker of Bangladesh Parliament, Dr Shirin Sharmin Chaudhury; President Mahinda Rajapaksa of Sri Lanka; Mauritius' Prime Minister, Dr Navinchandra Ramgoolam; Prime Minister Nawaz Sharif of Pakistan; India's Vice-President, Mr M Hamid Ansari; President Hamid Karzai of Afghanistan; President Abdulla Yameen of Maldives; and Prime Minister Tshering Tobgay of Bhutan.

Photo Courtesy: facebook.com/MEAINDIA (MEA is the Ministry of External Affairs of the Republic of India).

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Opinions expressed in the articles in this publication, based on research by the authors, do not necessarily reflect the views of ISAS.

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From the DIRECTOR'S DESK



Dear Readers

Marking a solemn moment in contemporary history, South Asian leaders came together to witness the swearing-in of Mr Narendra Modi as India's 15th Prime Minister in New Delhi on 26 May 2014. For us at the Institute of South Asian Studies (ISAS) in Singapore, the event in New Delhi was doubly significant. Let me amplify the point.

ISAS had successfully organised the second South Asian Diaspora Convention in Singapore in November 2013. These conventions have by and large demonstrated the evolving reality of a collective Diaspora of people with links to different countries-of-origin in South Asia. Interestingly in this context, the growing aspiration for a collective South Asian identity has apparently inspired the elected leaders of different states in that region to assemble, at Mr Modi's invitation, and participate in a national ceremony of just one country in May this year. Over the years, surely, a number of summit-level meetings have been held under the banner of South Asian Association for Regional Cooperation (SAARC). However, no SAARC-related agenda could have governed the decisions of these leaders to be present at Mr Modi's prime ministerial inauguration. It was, instead, a matter of fraternal South Asian spirit that prevailed. The positive message here cannot be missed, and we at ISAS have taken note of this nuance.

This should explain the choice of photos on the Front Cover of this issue of *South Asia*,

a slim twice-a-year publication from ISAS. The South Asian Diaspora Convention, graced by Singapore's President, Dr Tony Tan Keng Yam – as well as the South Asian bonhomie on the occasion of Mr Modi's prime ministerial inauguration – are featured on this Cover Page. The idea is to harmonise the Diaspora spirit and the South Asian goodwill that permeated the summer ambience in New Delhi on 26 May 2014. ISAS would like both these aspects of the South Asian spirit to flourish.

As an autonomous research institute at the National University of Singapore, ISAS seeks to understand and interpret contemporary developments in South Asia that may have national, regional and global implications. This is done through our research publications as well as this newsletter. The Current Affairs section in this issue briefly covers the political, economic and foreign-policy dimensions of Mr Modi's ascent to the helm of affairs in India. This is essentially a mid-2014 review.

The economic challenges that Pakistan faces, as it finds itself at the crossroads in its re-democratisation endeavour, are captured, too. The political 'status quo' in Bangladesh as of June, and the grim economic realities in Afghanistan as it prepares for the withdrawal of American troops, are narrated as well. As for Sri Lanka, whose post-conflict situation is still far from settled, the focus here is on the country's Diaspora which is both diverse and vibrant. In parallel, attention is drawn to

the launch of *Encyclopedia of the Sri Lankan Diaspora*, an ISAS publication.

ISAS moved to its present premises in January this year. Singapore's Minister for Foreign Affairs and Minister for Law, Mr K Shanmugam, formally opened the premises on 22 April. More significantly, he has actively encouraged ISAS by participating in its dialogue sessions in Colombo on 3 April and in Singapore on 22 April. We are also pleased that Mr Shanmugam led a Ministerial Dialogue at our South Asian Diaspora Convention on 21 November 2013. As a token of our appreciation, this issue focuses on his association with ISAS in a one-page photo-feature.

Some aspects of the collaborative research activities of ISAS, undertaken in association with institutes outside Singapore, are covered under the Research section in this issue. I hope this issue of *South Asia* will give the readers a good idea of our focus areas and activities. I also take this opportunity to wish the readers a happy multi-cultural and multi-religious festive season that is about to begin.

TAN TAI YONG

MR MODI AS INDIA'S PRIME MINISTER

Great EXPECTATIONS

RONOJOY SEN

The strong mandate for the Bharatiya Janata Party (BJP) in the 2014 national elections in India has ensured that Prime Minister Narendra Modi has not been constrained by demanding regional allies, in the manner the Congress-led United Progressive Alliance (UPA) was, as well as detractors from within his own party. He has thus been relatively free to appoint a team of his own liking. With fewer allies to appease, Mr Modi has expectedly downsized his cabinet to 45 from a 77-member Cabinet during the UPA's second term. At the time of writing it is expected that the cabinet will be expanded at a later stage since several ministers are holding multiple portfolios.

Photo Courtesy: facebook.com/MEAINDIA (MEA is the Ministry of External Affairs of the Republic of India)



India's President, Mr Pranab Mukherjee, (extreme Left, at the ceremonial table) administering the prime ministerial oath to Mr Narendra Modi (extreme Right, in the foreground) in the premises of Rashtrapati Bhavan (presidential palace) in New Delhi on 26 May 2014.

The union cabinet, which was sworn in on 26 May 2014, had some familiar faces who had served in the BJP-led National Democratic Alliance (NDA) Government under Prime Minister Atal Behari Vajpayee from 1999 to 2004. The two senior-most Ministers, Arun Jaitley and Rajnath Singh, are seen to be close to Mr Modi. Mr Jaitley holds the crucial portfolios of Finance and Defence; the BJP President Rajnath Singh has been given Home. Sushma Swaraj has been given the External Affairs portfolio.

Some appointments have raised eyebrows because of the inexperience of the ministers. A common thread though is that most of the crucial ministries have gone to Modi-loyalists, which means that the Prime Minister will exert tight control over them. It also indicates a larger role for the Prime Minister's Office.

The two notable omissions in the cabinet were L K Advani, who was effectively the number two in the Vajpayee Government

holding the position of Deputy Prime Minister and Home Minister, and Murli Manohar Joshi who was the Human Resource Development Minister under Mr Vajpayee. Both were kept out ostensibly on the ground that no person above 75 years of age would be appointed to the cabinet. Mr Advani reportedly wanted the post of Speaker of Lok Sabha (India's powerful Lower House of Parliament), but that too was denied to him.

The new government has to grapple with several challenges. On the economic front, Mr Modi has inherited a stagnant economy, high inflation, stalled projects and policy paralysis. Topping Mr Modi's list of priorities would be pulling India from its present 4-5% growth rate up to something close to its peak 8-9%, and taming inflation. The former requires higher levels of investment, particularly in infrastructure, which had sharply tapered off during the second term of the UPA. During his tenure as Chief Minister of the Indian state (province) of Gujarat before he became Prime Minister, Mr Modi had built up a business-friendly reputation. This is likely to encourage investment, both domestic and foreign. The stock markets have already cheered the election results and the appointment of Mr Modi as Prime Minister. On inflation, Mr Modi has to take a call on whether to back the tight monetary policy of

central bank governor, Raghuram Rajan, who has resisted cutting interest rates.

A low-hanging fruit would be to put in place a national goods and services tax to replace the multiple state-level taxes. This would bring in more money to the government coffers. But a bigger challenge for Mr Modi is the long-term structural reform of the Indian economy which would involve lowering the government deficit, trimming subsidies and radically reforming state-run entities in the power, coal and gas sectors as well as the railways, which is India's largest employer. To do this, Mr Modi is likely to face several obstacles including protests from the beneficiaries of subsidies, a stubborn and often corrupt bureaucracy and labour unions.

An even bigger challenge is the creation of employment opportunities for India's

youth — 10 million of them enter the job market every year — many of whom have voted for Mr Modi. This requires turning India into a labour-intensive manufacturing hub. Since manufacturing contributes to only 11% of jobs in India, it's a tall task for Mr Modi. With a majority in the Lok Sabha, the BJP Government will have no problem in pushing through legislation in the Lower House. But in the Rajya Sabha (Upper House of Parliament), the BJP is well short of a majority, which will require it to reach out to regional parties.

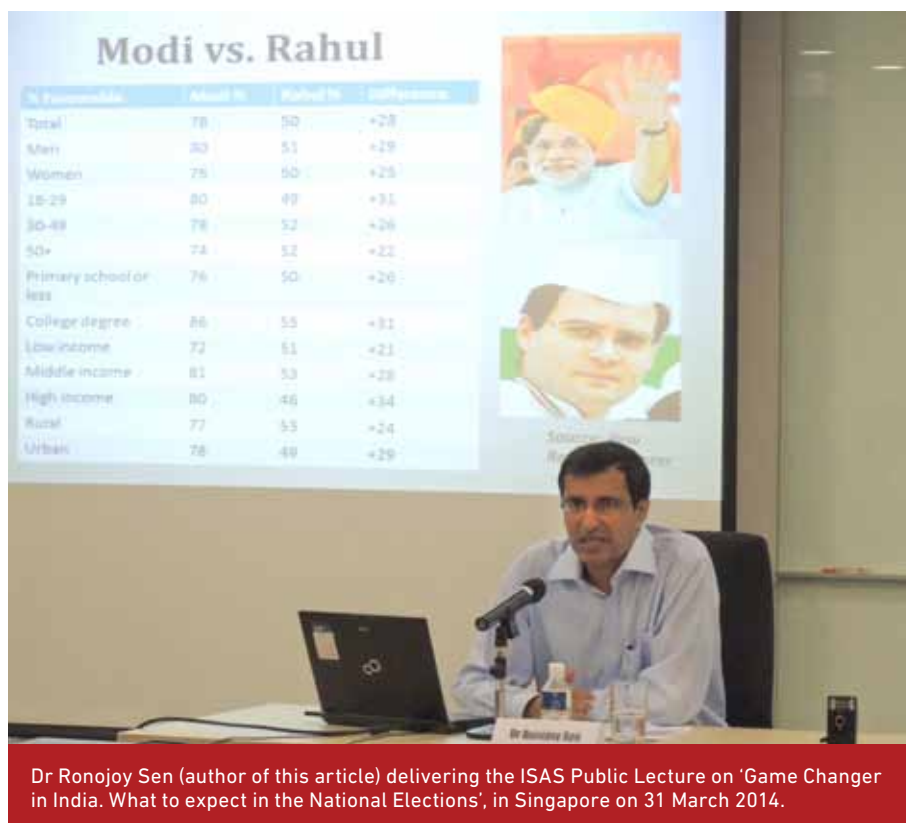
On foreign policy, the BJP Government has begun on a bright note. In an unexpected move Mr Modi invited the elected heads of India's immediate neighbours, including Afghanistan, to attend his swearing-in on 26 May. Most importantly, Pakistan Prime Minister Nawaz Sharif not only attended the event but also held talks with Mr Modi.

Though largely symbolic, the meeting signalled intent on Mr Modi's part to talk to Pakistan despite the BJP's hard-line stance on acts of terrorism originating from Pakistan. The focus on India's immediate neighbourhood was evident from the fact that Mr Modi's first bilateral trip was to Bhutan and Foreign Minister Swaraj's to Bangladesh.

Finally, Mr Modi will also be closely watched on how much he decides to push the *Hindutva* agenda of the BJP and if he is willing to rein in the more radical Hindu nationalist organisations. During electioneering Mr Modi largely eschewed the Hindu nationalist rhetoric and focused on governance, which was the theme of his campaign. The record of the Vajpayee Government, which had allies to contend with, shows that the BJP has tended to become centrist in power. But Mr Modi



Mr Shyam Saran, India's former Foreign Secretary, (sixth from Left) chairing the discussion during the ISAS-organised Corporate Leaders Forum on 'Indian Elections 2014', in Singapore on 9 May 2014.



has also said nothing significant, except a mention of the welfare of minorities in his maiden speech in Parliament, to assuage the sentiments and fears of minorities. Indeed, one of the worrying aspects of the BJP's convincing victory is that not a single Muslim Member of Parliament has been elected on a BJP ticket. It might not be easy, too, for Mr Modi to ignore the Rashtriya Swayamsevak Sangh (RSS), an organisation in which he was schooled, and which mobilised its considerable cadre to ensure the BJP's win.

In his initial days as Prime Minister, Mr Modi has taken a CEO-like approach. While the flurry of activity was meant to signal the intent of the government, the biggest test before Mr Modi is to manage the sky-high expectations of those who voted him to power. Having given Mr Modi a convincing mandate, the Indian voter is going to be demanding. Mr Modi's durability will depend on how quickly he can deliver on the promises that he has made.

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MR MODI'S ECONOMIC CHALLENGES

Crafting BETTER TIMES

AMITENDU PALIT



An ISAS-The University of Sydney discussion on some aspects of the Chinese and Indian economies, in Singapore on 5 December 2013. Seated third from Left is the author of this article.

Narendra Modi is probably the first Indian Prime Minister whose election campaign had a pronounced economic overtone. His emphatic victory points to the electorate's expectation of his engineering an economic turnaround.

Mr Modi has inherited an economy with weak macroeconomic fundamentals. As he assumed office, the fiscal situation was particularly a major source of concern. The earlier government's inability to rein in expenditure had severely spoilt the fiscal health of the economy. Restoring the fiscal health would be Mr Modi's top priority. This would require administering some 'bitter pills' that he had already cautioned the electorate about.

As this is written, the medication has begun with an increase in the travel fares of rail passengers and an upward revision of petroleum product prices.

Mr Modi and his Bharatiya Janata Party have the luxury of an absolute majority in the Lower House of India's Parliament. They would not be constrained by coalition-obligations in taking hard economic decisions, unlike some of their predecessors. While this is a distinct advantage, the economic outlook has been hurt by a couple of downside risks within a month of Mr Modi's assuming office.

Poor monsoons and the possibility of drought in some parts of the country are an unexpected development, as of mid-2014. It has forced the government to take contingency measures for addressing potential crop failures and supply shortages in agriculture. The other unexpected development is the hardening of international oil prices following the escalation of political turbulence in Iraq. Harder oil prices would exacerbate the

pressure on the current account in the balance of payments by increasing trade deficit through higher imports.

Both developments point to the vulnerability of the Indian economy from natural and external aberrations. Though the economy has become more resilient to these shocks over time, greater policy measures are required for minimising adverse impacts.

The long-term economic challenge for Mr Modi and his team will be to minimise the impacts of supply-side shocks. Exogenous developments like deficient rainfall and volatile oil prices influence the supply of essential commodities and raise their prices. These inflationary impacts can be reduced by building better infrastructure for moving goods within the country and opening up the economy to greater imports.

The first, apart from investments, will require effective federal coordination. The second will require convincing a protection-hungry domestic industry about the benefits of cheaper imports for consumers. Both are difficult tasks and would require Mr Modi to be at the top of his political and administrative skills.

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MR MODI'S FOREIGN POLICY

Anticipatory ASSERTIVENESS

P S SURYANARAYANA

The rise, fall, and the potential rise of India on the international stage within less than 15 years in the 21st Century should rank as an unusual story. When India's growth rates were robust for several years in this period, compared to the then averages around the world, the country was seen as a major 'emerging economy'. During that phase, India's dramatic civil-nuclear pact with the United States in 2005, and the Sino-Indian agreement in the same year to foster 'Strategic and Cooperative Partnership', added lustre to New Delhi's profile as an emerging power, not just an emerging economy.

Around 2010, India fell prey to the diplomatic variant of Newton's law against anti-gravity rise. Far from attaining a stable apogee, the 'India-rising story' of the 2000s began to unravel, as the country's growth rates dipped for a variety of reasons, as corruption became a big issue, and as the

national mood turned into despondency. In a new turn, however, India's national elections in April-May 2014 have now resulted in a 'stable' government in New Delhi under Narendra Modi's leadership of anticipatory assertiveness.

Mr Modi's political track record, as also his poll-time stand against powerful China's 'expansionist' mindset, impelled world leaders to anticipate assertiveness on his part as India's new Prime Minister. Unsurprisingly, US President Barack Obama lost no time after Mr Modi's poll-victory to invite him for summit talks. This signalled a U-turn from America's previous policy of denying him a visa on grounds of his alleged anti-minority mindset at home.

Exuding similar sentiments, the invited leaders of all of India's neighbours graced the 26-May open-air ceremony in front of the imposing presidential palace in New Delhi, at which Mr Modi assumed office.

Anticipatory-image diplomacy was writ large on Mr Modi's talks with Chinese Foreign Minister Wang Yi in New Delhi on 9 June. In a deft move, Chinese President Xi Jinping had sent Mr Wang as a Special Envoy to explore Mr Modi's mind.

In a further display of sovereign choices, Mr Modi visited Bhutan on 15 and 16 June. Bhutan nestles along the mighty Himalayan Range as a modest neighbour of the mega-states of China and India. His talks with the entire Bhutanese establishment were aimed at conveying a message to China. The aim was to underscore that India would seek Sino-Indian stability along the Himalayas through smart diplomacy of exploring goodwill towards common neighbours in the region.

Mr Modi let China know, too, that India was even now wary of effusive references to the Five Principles of Peaceful Coexistence (*Panchsheel* in India's parlance) as the leitmotif of Sino-Indian relations. India's Vice-President Hamid Ansari visited Beijing in late-June to represent India at the Chinese-choreographed celebrations of the 60th anniversary of the Sino-Indian-Burmese enunciation of these Principles. Mr Ansari drew attention to the psychological scar that India had so far endured in the context of the brief but bitter war along the disputed Sino-Indian border in 1962. The war, which India lost, had poignantly followed the enunciation of these Principles of Peaceful Coexistence; and Mr Ansari was, therefore, seeking, now, to apply a 2014-reality-check on future Sino-Indian engagement.

The simple but profound fact is that the future of India's equation with China will be determined by their respective comprehensive national power. It is now fashionable to view the China-US relations as the most important bilateral paradigm in global affairs; and the Sino-Japanese equation is seen as the most important factor for stability or its absence in Asia. However, it is insightful to recognise that the relationship between nuclear-armed and space-faring China and India, with or without their respective friends on either side, will be equally relevant to global affairs. So, Mr Modi's core test in foreign policy, as of mid-2014, may well be China – and Pakistan as China's "all-weather friend".

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India's Vice-President, Mr M Hamid Ansari, (Left) calling on Chinese President, Mr Xi Jinping, in Beijing on 30 June 2014.

PAKISTAN AT CROSSROADS

ECONOMY ECLIPSES

India Factor

SHAHID JAVED BURKI

Photo Courtesy: facebook.com/MEAINDIA
(MEA is the Ministry of External Affairs of the Republic of India)



Pakistan's Prime Minister, Mr Nawaz Sharif, (Left) being greeted by his Indian counterpart, Mr Narendra Modi, in New Delhi on 27 May 2014.

Economists now believe that there are strong links between political progress and economic development, with the causality running from politics to economy. Pakistan's progress towards creating a democratic order has been a halting exercise. Short periods of quasi-democratic rule were interrupted by long spells of rule by the military. However, in 2008, more than 60 years after the country's birth, a durable democratic order appeared to be in sight. Pakistan's progress has not been linear; positive movement was often interrupted by backward slides.

Largely because of the political roller-coaster Pakistan has ridden, its economy has often performed much below its potential. The economic record during 2008-2013 was dismal. The Gross Domestic Product (GDP) growth rate – a little over 3 per cent per annum – was the slowest of any five-year period in the last half-century; and it seriously compounded

the country's unemployment situation. Inflation, whether measured by the GDP-deflator or the consumer price index, had clearly accelerated, while the sharp rise in food inflation hit the urban poor, the middle classes, and rural non-farm workers.

In the context of the last 25 years, Pakistan has had one of the slowest growth rates in per capita income among large developing countries, and has fallen seriously behind. Its lagging social indicators have improved only to a limited degree, and it will not be able to achieve the Millennium Development Goals for education and health.

The deterioration in the macroeconomic situation was reflected in a large, unsustainable fiscal deficit – averaging well over 7 per cent of GDP – and in the halving of gross foreign exchange reserves to US\$ 6 billion in five years despite substantial net use of resources provided by the International Monetary Fund (IMF).

An especially troubling aspect of the fiscal situation in the 2008-2013 period was that an increasing portion of the deficit reflected negative government savings (averaging at least 3 per cent of GDP). Current expenditures far exceeded current revenues, given that the tax-to-GDP ratio had stagnated, while real public consumption – reflecting energy subsidies, administrative expenditures, security spending, and public enterprise losses – grew by 32 per cent over this period. Perhaps the most worrying economic development, from the point of view of future growth, was the decline in the ratio of gross fixed capital formation to GDP from 17.9 per cent in 2007-2008 to 12.6 per cent in 2012-2013 – the steepest decline on record.

Despite the difficulties and obstacles ahead, 2013-2014 could prove to be an important turning point in Pakistan's turbulent history. As this is written, the one-year-old new government, led by Mr Nawaz Sharif, has begun to tackle some of the numerous problems it inherited. It lost no time in eliminating the large "circular debt" that was responsible for aggravating the acute energy shortage and causing large-scale load-shedding. It introduced an austerity budget and committed itself to fiscal adjustment.

It surprised the International Monetary Fund with an early request for assistance and was willing to accept a stabilisation programme that required not only a major reduction in the fiscal deficit and energy price adjustments but also significant structural changes such as the large-scale privatisation of state enterprises, phasing out of statutory regulatory orders, and widening the tax net.

By and large, the IMF programme, subject to quarterly reviews, has remained on

track. The government is following plans to increase the country's power-generating capacity, with special focus on coal and hydroelectric power. It has made a bold move to successfully enter the international bond market and raised a multiple of the original offering – though admittedly, the long-term cost to the economy will be high. International confidence in Pakistan seems to be increasing, notwithstanding serious security concerns.

More importantly as of mid-2014, four moves are underway that could prove crucial for Pakistan to shape up as a fast-growing, modern, and moderate country. One, a new political order is being established that will facilitate the launching of a well-thought-out programme for economic revival. Two, the country is defining its external relations by focusing on the economic benefits that could accrue to it rather than remaining fixated on the perceived threat from India. Three, an effort is being made to stem the tide of extremism and to bring into the state's fold those groups that have defied the government's authority. Four, a serious effort is being made to encourage the private sector to play a greater role in reviving the economy and moving it onto a sustainable, high-growth trajectory.

However, some fundamental problems remain. Domestic resource mobilisation

for development is still very weak. The domestic savings rate and tax-to-GDP ratio are among the lowest by international comparison. External finances are vulnerable because of heavy dependence on workers' remittances and other external inflows. Export development and diversification have long been neglected, with Pakistan having missed many opportunities offered by the almost explosive international growth in the manufacture of goods. As a result, it has a much lower exports-to-GDP ratio than either China or India – continental economies that were once believed to be too large to use exports as an engine of growth.

There has also been an almost-steady decline in institutional capacity and governance, which, when combined with financial constraints, has adversely affected both the quality and quantity of public service delivery, especially in education. But for the most-dynamic private-sector involvement in education at all levels – from primary education in rural areas to higher education, with a growing female participation – the education system would be in an even more dire state than it is. To a certain extent, the same applies to the health sector.

At a more basic level, the economic model that Pakistan has followed for more than half a century has been flawed in several respects. It often focused too closely on short-term gains as against strategic long-

term goals and imperatives such as sustained and inclusive growth, expanding exports, reducing energy import dependence, remedying the lags in education and skills development, and improving governance. It has encouraged a culture of consumption rather than savings and investment.

The large volume of resources available through foreign aid and investment, workers' remittances, and foreign currency deposits was used at the margins to support consumption, both public and private, rather than to enhance capital formation and develop human resources. The result was that the high growth rate of around 7 per cent per annum over relatively brief periods during the 1960s, 1980s, and 2000s was followed not only by much slower growth but also by financial difficulties.

An economic turnaround and a move towards high, sustained, and more-inclusive growth are still possible – indeed likely – if past policy mistakes are avoided and if the new government resolutely deals with its multifaceted challenges while treading a new path. By and large, the new government has responded positively to a most difficult economic situation and appears to be focusing on the opportunities that exist for reviving growth, improving governance, strengthening the energy sector, curbing extremism, and making full and effective use of external relations to advance the growth agenda.

There are indications that the new government may indeed be presiding over an economic turn-around. The rate of growth in GDP is expected to be slightly above 4 per cent in the 2013-2014 financial year; the fiscal deficit is likely to decline to 6 per cent of GDP; and exports have begun to pick up. But this recovery may once again be because of external capital flows. To sustain it, the policy makers will need to generate greater amounts of domestic savings.

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Pakistan's former Finance Minister, Mr Shahid Javed Burki, who is a Visiting Senior Research Fellow at ISAS and the author of this article, speaking at the ISAS-organised South Asian Diaspora Convention in Singapore on 21 November 2013.

NEW NORMAL IN BANGLADESH

‘STABLE’ Status Quo

IFTEKHAR AHMED CHOWDHURY

Photo Courtesy: facebook.com/MEAINDIA
(MEA is the Ministry of External Affairs of the Republic of India)

India's External Affairs Minister, Ms Sushma Swaraj, (Left) being greeted by Bangladesh's Prime Minister, Sheikh Hasina, in Dhaka in late-June 2014.

After almost a yearlong political turmoil, Bangladesh appears to have returned to a modicum of political normalcy. Following the 5 January 2014 polls and the accompanying controversies, the Government led by Sheikh Hasina and the Awami League seems to have ensconced itself in power.

Somewhat exhausted from months of strife, the people appear to be gradually returning to their everyday lives. As this is written, the new normal appears to be reflecting a measure of calm and stability.

Ms Hasina has made some changes in government, seeking to broaden its appeal and acceptance. After a period of hesitation, foreign governments, including Western powers, have returned to doing business as usual with the authorities in Dhaka.

There has not been a warm-up with the United States in any marked fashion, but that has not necessarily impacted upon the usual matters of aid, trade and travels. All

sides, domestic and foreign, are gradually getting reconciled to the status quo. The government, having presented a somewhat ambitious budget, pitched the GDP (Gross Domestic Product) growth rate at 7.3% whereas the International Monetary Fund predicted a more modest 6.3% as a possibility. This did not deter a confident Finance Minister from announcing that “the economy is back to its robust best”.

As of mid-2014, what is on the nation's focus is the relationship with India. The defeat of the friendly Congress-led Government of Manmohan Singh in India's national elections in April-May was perceived with disappointment on the part of the Awami League. But, wisely, there were quick moves to win the favour of the new victors in Delhi, the Bharatiya Janata Party and its preeminent leader Narendra Modi. Ms Hasina was unable, unlike Pakistan's Nawaz Sharif and other South Asian governmental heads, to attend Mr Modi's inaugural, as she was on an ‘economics-driven’ pre-arranged trip to Japan at that time. But there seems to have been an understanding of this sad scheduling issue; and while Mr Modi chose Bhutan as his first destination for his foreign tour, he had no qualms about deputing Foreign Minister Sushma Swaraj to Dhaka, on her maiden stand-alone foreign trip in her new role.

The Swaraj visit was basically a ‘goodwill’ one, and did not address substantive apples of discord like the Teesta waters and the land boundary. But it was not wasted on cosmetic protocols. Lower-hanging fruits like some visa issues, the raising of status of the Bangladesh consular office in Agartala in India, and the opening of the Dhaka-Shillong-Guwahati Indo-Bangladesh bus route,

besides an understanding on electric power purchase by Bangladesh from the Indian state of Tripura, were mooted and agreed upon. Ms Swaraj was at pains, however, to maintain equidistance from the famously antagonistic protagonists of Bangladeshi politics and met with all three ladies separately: Ms Hasina; the formal leader of the pliant opposition Raushan Ershad; and the extra-parliamentary but main opposition leader, Khaleda Zia of the Bangladesh Nationalist Party. The message signalling neutrality from Delhi's side was clear.

But it is natural that the Awami League's essential democratic predilections would impel it to seek comfort in a more acceptable political ambience at home with much greater credibility than is the case now. This would mean a clearer and a cleaner electoral triumph. So, are fresh elections on the cards? This is the million-dollar question (by mid-2014). That indeed may be the case, but the government will want to consolidate its position further before that happens. The authorities will want to address the weak points: reduce corruption, stabilise the economy, and restore law and order. A government that calls elections will want to win. That has been the axiom of politics since the dawn of the electoral age. That will, has to be, the government's goal. St Augustine's call to Heaven, when he was a somewhat-wayward youth, comes to mind: “O God, make me chaste”, he had prayed, “but not just yet!”

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AFGHANISTAN'S PROSPECTS

Grim ECONOMIC REALITIES

SHAHID JAVED BURKI

Afghanistan finds itself in a precarious economic situation as the Americans prepare to leave the country. Economic growth in the 2003-2012 period averaged 9.4 per cent a year. This appears impressive but it should be seen in the earlier context of the sharp decline in economic activity that occurred in a quarter-century of political turmoil.



Afghanistan's President, Mr Hamid Karzai, (Right) being greeted by India's President, Mr Pranab Mukherjee, at the Rashtrapati Bhavan (presidential palace) in New Delhi on 27 May 2014.

From 1979, when the Soviet Union invaded the country, to 2002 when the American invasion led to the establishment of a new government, the country's economy had either stagnated or actually declined.

Contributing to the economic revival from 2003 to 2012 was the large flow of external resources. Official development aid and military assistance grew continuously from US\$ 404 million in 2002 to more than US\$ 15.7 billion. The amount of aid received in the period of 2010-2013 was equivalent to 98 per cent of country's Gross Domestic Product (GDP).

As a result, the development outcomes achieved between 2002 and 2012 were impressive: GDP per capita increased from US\$ 186 to US\$ 688. Gross primary school enrolment rose from 19 per cent to 72.4 per cent; the percentage of Afghans with access to water sources increased from 22 per cent to 45.5 per cent; maternal mortality has almost halved, and life expectancy increased from 45 years to 48.7 years.

There were significant structural changes in the economy. The need for post-conflict reconstruction changed the areas in which large investments were made, and that in turn altered the structural composition of the economy. There was a marked decline in the share of agriculture from 38.5 per cent of the National Product in 2002-2003 to 24.6 per cent in 2012-2013. The share of industry also declined in the same period from 23.7 per cent to 21.8 per cent.

Most worrying was the decrease in the share of manufacturing from 18.7 per cent to 12.8 per cent. The main contributory cause was the decline in private investment. However, two industrial sub-sectors did well – the share of mining increased ten-fold from 0.1 to 1.0 per cent, while that of construction increased from 4.8 per cent to 8 per cent.

The entry of China into the mining sector was the main reason for the increased activity in that area, while reconstruction of the assets destroyed during the wars was the main reason for the increase in the share of construction in National Product. The share of services increased from 37.8 per cent to 53.5 per cent. This could be partially attributed to investments in mobile phones – value-add in communication and postal services increased at the extraordinary rate of 55 per cent a year; government services increased at the rate of almost 20 per cent; while financial services and the real estate sector expanded by 17 per cent a year in this period. However, much of the increase in the share of services could be attributed to low-productivity activities.

Even with these changes, the economy remained primarily agricultural; that limited the export-base to such products of agriculture as dried nuts and fruits, other derivatives of agricultural production, and carpets. Exports amounted to only 5.5 per cent of GDP in 2012-2013. However, there was large unreported and unrecorded export of opium, which was estimated at 7 to 8 per cent of GDP. For a country at Afghanistan's stage of development, the export-to-GDP ratio should be of the order of 30 per cent.

What should be the country's strategy to climb out of the extreme stress in which it finds itself as the American withdrawal of both soldiers and funds picks up pace. The security situation, after showing improvement for half-a-dozen years following the fall of the Taliban, began to deteriorate in 2009. This was the result of the consolidation of the insurgent groups in several parts of the country.

The increased pressure from the insurgents contributed to a significant deterioration in the quality of governance. While the officially reported rates of unemployment are low, under-employment is high. Labour participation is low, at 60 per cent, largely because of the very low presence of women in the work force. Female labour participation was only 18.5 per cent compared to 80 per cent for men. It was even lower in the urban areas, only 12 per cent compared to 72 per cent for men. The rate of participation in the countryside was slightly higher for women and for men, 19.3 per cent and 82.1 per cent respectively.

These developments combined to affect the poverty situation in the country. The significant increase in the rate of GDP-growth did not have much impact on the poor; most of the gains were captured by the well-to-do. In 2011-2012, an estimated 36 per cent of the population was living below the poverty-line, while more than 50 per cent were considered to be vulnerable at the brink of this line. These two estimates combine to suggest that 86 per cent of the population is living under or just above the poverty-line.

There are four segments of the population that were largely excluded from the growth process. They were: the low-skilled workers; the rural poor; youth; and women. Literacy levels are very low, particularly in the countryside. This is the case, in particular in the geographic areas in which the Taliban have a strong presence. It is clear by mid-2014 that volatility could return to the country with the impending American departure.

Mr Shahid Javed Burki is Visiting Senior Research Fellow at ISAS. He can be contacted at sjburki@gmail.com

A HOUSE OF RESEARCH

Access to VISTA OF KNOWLEDGE

After having spent nearly six months during the latter half of 2013 in New Delhi, I arrived at ISAS in February 2014, brimming with excitement about all things South Asian. ISAS in Singapore seemed the natural destination for me to sustain my research interest in India, in particular its youth and middle class today.

My vision of South Asia quickly expanded at the first ISAS Researchers' Meeting that I attended, as my senior colleagues talked freely about their work and the latest developments in Bangladesh, Pakistan, Afghanistan, and Myanmar, amongst others. India, while remaining the central focus of work at ISAS, could not be understood fully without a proper appreciation of the South Asian region as a whole. Such an approach encouraged me to develop a broadness of mind that challenged my initial understanding of India and its neighbours.

Without a doubt, the greatest resource of ISAS is in its people, and their wealth of experience and expertise proved to be extremely valuable in the course of my research. I particularly enjoyed and benefited from my conversations with the researchers at ISAS as they were often warm and generous in sharing their knowledge. They would openly talk about the latest happenings in the field that would otherwise not have been easily available in the newspapers or journals. This was especially useful during the months leading up to the General Elections in India that began in April 2014. In this respect, my time at

ISAS was extremely productive, as it helped me decipher and navigate through the innumerable acronyms and names of parties and politicians that would characterise any election of such a scale.

In addition, the many workshops and closed-door discussions that ISAS organised opened my eyes to the latest scholarship emerging not only from Singapore and South Asia but also from further afield – Canada, the United States, and Australia. These events featured participation by high-level politicians and bureaucrats from South Asia, young Members of Parliament and Members of Legislative Assemblies from India, as well as researchers from across the world. I particularly enjoyed the sessions on 'India's Employment Challenges' and 'Youth, Social Change and Politics in India Today'. The frank discussions took place with little formalities and hierarchy, encouraging me to participate through queries and comments. It was precisely this close access to knowledge that made my internship experience intensely personal and fruitful.

These events also provided opportune sounding boards for my ideas and research

findings. I was fortunate that my work on youth aspirations and higher education coincided with a few of the research focus-areas of the Institute.

Yet my exposure to ISAS has made me more confused about the intricacies of politics and society in South Asia. However, it is only through such confusion that I will be provoked to become more inquisitive about the region and ultimately gain greater confidence when speaking on issues relating to the sub-continent.

LAU YEE LER

26 years

ISAS Intern from February to June 2014

DIALOGUE – In Visuals



Singapore's Minister for Foreign Affairs and Minister for Law, Mr K Shanmugam (prominently seen on the screen at Top Left) at the Ministerial Dialogue of the South Asian Diaspora Convention organised by ISAS in Singapore on 21 November 2013.

Minister Shanmugam (third from Left) with Sri Lanka's External Affairs Minister, Professor G L Peiris (second from Right); ISAS Chairman, Ambassador Gopinath Pillai (second from Left); ISAS Director, Professor Tan Tai Yong (Left); and Lakshman Kadirgamar Institute for International Relations and Strategic Studies' Director, Mr Asanga Abeyagoonasekera (Right) at the ISAS Colombo Colloquium on 3 April 2014.



A view of the audience at an interactive session with Minister Shanmugam, organised by ISAS in Singapore on 22 April 2014.



Minister Shanmugam lighting a traditional lamp during his visit to the new office-premises of ISAS on 22 April 2014. ISAS Chairman, Ambassador Gopinath Pillai, (Centre) and ISAS Director, Professor Tan Tai Yong (Left) share the special moment.



Minister Shanmugam (seated seventh from Left) with ISAS Chairman, Director, Board Members, and Staff, at the new premises of ISAS on 22 April 2014.

All photos on this page Courtesy: By Special Arrangement



Photo Courtesy: By Special Arrangement

Singapore's President, Dr Tony Tan Keng Yam, (Centre, near the banquet table) presenting the *Outstanding Member of the South Asian Diaspora Award* to Mr Murli Kewalram Chanrai (seated at the banquet table) at the ISAS-organised South Asian Diaspora Convention in Singapore on 21 November 2013. ISAS Chairman, Ambassador Gopinath Pillai, (Left near the table), ISAS Management Board Member, Dr S Nasim, (Far Right), and Mr Chanrai's daughter, Mrs Kanta M Masand, share the moment.

A CELEBRATION of Enterprise

South Asian Diaspora Convention 2013 remains memorable for breaking new ground in an emerging domain. SADC 2013 was organised by the Institute of South Asian Studies in Singapore on 21 and 22 November last year. Gracing the mega-event, Singapore's President, Dr Tony Tan Keng Yam, presented the inaugural *Outstanding Member of the South Asian Diaspora Award* (OMSADA) to Mr Murli Kewalram Chanrai, Chairman of

the Kewalram Chanrai Group, a US\$ 1-billion global company.

The President also launched the *Encyclopedia of the Sri Lankan Diaspora*, an ISAS publication.

Mr Chanrai was honoured for his distinguished service as a pioneer-businessman with deep social sensitivity. Hailing from a family with cultural roots

in South Asia, especially India, Mr Chanrai is not only a Diaspora leader but also an entrepreneur with an international business and philanthropic impact.

Singapore's Deputy Prime Ministers – Mr Teo Chee Hean and Mr Tharman Shanmugaratnam – as well as Singapore's Minister for Foreign Affairs and Law, Mr K Shanmugam, shared their views



Singapore's Deputy Prime Minister, Mr Teo Chee Hean, delivering the Keynote Address on 21 November 2013.

Photo Courtesy: By Special Arrangement

with over 1,000 delegates from across the world. India's then-Finance Minister, Mr P Chidambaram, amplified his country's credentials for absorbing investments from its Diaspora.

The true significance of the SADC 2013 is that a brainwave – the very idea of a pan-South Asian Diaspora – promises to become a heartbeat or a living reality. In this emerging reality, entrepreneurs in the collective South Asian Diaspora are willing and able to engage with South Asia. A Visiting Senior Research Fellow at ISAS, Mr Shahid Javed Burki, who was formerly a top World Bank official, cites a few instances of the willingness of such entrepreneurs to consider South Asian countries other than their original homelands for this purpose.

For decades, high-intellectuals or knowledge-entrepreneurs from the South Asian Diaspora – Har Gobind Khorana, Abdus Salam, S Chandrasekhar, Raj Reddy, Venkatraman Ramakrishnan, and Satya Atluri, to name a few – have made international impact. And more recently, when Satya Nadella became Microsoft Chief Executive Officer, it appeared that the niche-business domain, qualitatively different from that of eminent economists like Amartya Sen, has also come within the grasp of the South Asian Diaspora. In this perspective, the Award presented to Mr Chanrai at SADC 2013 is a celebration of business enterprise laced with his philanthropic record.

At the Convention, Mr Burki proposed that the World Bank could be accessed as

an expert facilitator of the flow of funds and skills from the South Asian Diaspora to South Asia. The idea, as he explained, is that the World Bank could serve either as a partner of the Diaspora entrepreneur(s) or as a guarantor against some forms of risk associated with investing in South Asia. For the Bank, with expertise in partnerships and risk-abating insurance elsewhere in the world, such an endeavour in regard to South Asia will count as development mandate. For the Diaspora investors, this will be a lower-risk service to a region they have emigrated from. The idea is worth a deep study and suitable follow-up.

P S SURYANARAYANA
Editor (Current Affairs) at ISAS

NE INDIA-SE ASIA LINKS

Search for SYNERGY

LALDINKIMA SAILO

Photo Courtesy: By Special Arrangement



Chief Minister of Assam (a state, i.e. province, in India), Mr Tarun Gogoi, addressing the plenary session on 'South Asia-ASEAN Land Connectivity' at the ISAS-organised South Asian Diaspora Convention in Singapore on 22 November 2013.

Speaking at a plenary session of the South Asian Diaspora Convention (SADC) held under the auspices of ISAS in Singapore on 21 and 22 November 2013, Mr Tarun Gogoi, Chief Minister of Assam (a state, i.e. province, in India), invited the Indian diaspora members as well as investors from Singapore and other parts of Southeast Asia to invest in his state.

Alluding to the strong cultural connection that the people in his state and the people of East and Southeast Asia share, Mr Gogoi said, "My forefathers came from Yunnan through Myanmar".

Historians have traced the route that the Ahoms of Assam, known as the Tai Shans in Myanmar, took to arrive in the present-day Assam around 1252 AD. The route traverses through the Patkai range in the Hukong valley in Upper Burma and reaches Tipam near the coal town of Mergherita

in the eastern Brahmaputra valley. The Tai people, as we now know, were in residence all over from Yunnan to the southernmost extremity of Thailand. Connections between the Tai Shans and people from Southeast Asia continue to be maintained: Just a few months ago, a Kathina robe offering was made on behalf of the royal family of Thailand to the Buddhist monastery in Namphake village in Assam's Dibrugarh district. Other than the Tais, the connection between the hill tribes of Northeast India and those of the upper regions of

Myanmar, Thailand and Vietnam is well-established; and an increasing number of scholars are engaged in understanding these connections. At the border regions of Northeast India and Southeast Asia such as in Manipur, Nagaland and Mizoram, inhabitants have families across the border and engage in cross-border trade on a daily basis.

Assam, with a population of over 31 million, dominates the Northeast Region (NER) of India, and is rich in natural resources: 56 per cent of India's tea gardens are in the NER; and out of this, Assam alone produces about 98 per cent of the regional output.

Since colonial times, Assam enjoyed a monopoly position in India's tea exports. Investments associated with tea and coal, petroleum and saw mills and also infrastructure such as railways, roads, telecommunications and steamer services were rather substantial in Assam at a point in time then. Those investments were valued at approximately 20 per cent of the then prevailing national income of India.

Crude oil was discovered in Digboi in Assam in the late-19th century when the first oil well in Asia was drilled. A refinery was started here as early as 1901. Today, Assam supplies a considerable amount of India's petroleum needs.

While Assam has been open to investments in several sectors as well as in the development of infrastructure, Mr Gogoi was also keen to seek investors' help to develop tourism, health and education sectors.

During his visit to Assam in 2013, Singapore's Foreign Minister K Shanmugam had noted that Assam and Singapore



A panoramic view of a section of the participants at the ISAS-organised South Asian Diaspora Convention in Singapore on 21 November 2013.

Photo Courtesy: By Special Arrangement

could cooperate in several sectors including tourism, oil, tea, food-processing, bamboo, and information technology. And earlier, Permanent Representative in Thailand Prime Minister's Office, Nalinee Taveesin, met Chief Minister Tarun Gogoi and said that Thailand and Assam could have exchange programmes for increasing productivity in the agriculture sector and tourism.

Despite the NER's image of being engulfed in insurgency, the Chief Minister said that the law and order situation had improved drastically and there was evidence to show that business houses from other parts of India had also started tapping the opportunities in the state.

Retail and consumer-goods companies have started taking advantage of Assam's and the NER's increasing consumer market. Earlier in 2014, a diamond-jewellery brand-leader launched a showroom in Guwahati, its third flagship store in Assam, and chalked out an aggressive retail plan to tap the Northeast market.

The brand's founder Rajendra Deorah said, "Guwahati being the gateway to the Northeast has a huge potential for fine diamonds. Women here are no longer

confined to gold and silver jewellery. On the contrary, many are adding diamonds to their repertoire".

Further reflecting a change in the business landscape of the region, a long-time importer of cement has now become an exporter. West Bengal-based Cement Manufacturing Company Limited, which enjoys a share of more than 20 per cent in the Northeast market, recently commissioned state-of-the-art cement plants at Jaintia Hills in Meghalaya and Guwahati, increasing its production capacity to 4 million tonnes per annum. By late-2014, the NER is also expected to get its first five-star hotel.

In the present era of heightened consumerism and urbanisation, Assam and the rest of the NER will see a move towards that direction; and demands for services and infrastructure to meet those trends are likely to grow. While the NER's current rate of growth of urbanisation is one of the lowest in India, the counter-argument is that it is for this very reason that demands for urban migration and therefore urban facilities will increase. The provision of various services, including planning, and the need for infrastructure, logistics, renewable energy, urban transport solutions, waste

management solutions and allied sectors are expected to spur growth in the NER. These are also areas where Singapore and other Southeast Asian countries have expertise and indeed registered success. This was noted at the South Asian Diaspora Convention 2013.

Skills development, the setting-up of high-quality technical education institutions and of agro-food processing facilities – domains in which Singapore and Thailand have succeeded – are also areas of opportunity for investors in Assam, it was noted. Yet, these are only some of the areas of synergy that can bring enormous benefits to both sides.

A unique moment of engagement between Assam and the Association of Southeast Asian Nations (with Thailand and Singapore in the lead) has come about, and the momentum generated needs to be taken forward. This was the key message that emerged during the session at SADC 2013 in which Mr Tarun Gogoi had charted a course of opportunities for both sides.

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SRI LANKANS IN 'HOST-LANDS'

Not Far from HOMESIDE DREAMS

RAJESH RAI



Photo Courtesy: By Special Arrangement

A group photo taken after Singapore's President, Dr Tony Tan Keng Yam, (fourth from Left) launched the *Encyclopedia of the Sri Lankan Diaspora*, an ISAS publication, at a Gala Dinner on the occasion of the ISAS-organised South Asian Diaspora Convention in Singapore on 21 November 2013. Others on the stage are (from Left): Assistant Editor of this ISAS publication and formerly ISAS Research Assistant, Ms Hema Kiruppalini; the Editor of the *Encyclopedia of the Sri Lankan Diaspora* and the author of this article, Dr Rajesh Rai (now, ISAS Assistant Director and Senior Research Fellow); Chairman, Council of Presidential Advisers (Singapore) as well as Member of the *Encyclopedia of the Sri Lankan Diaspora's* International Advisory Panel, Mr J Y Pillay; Singapore's Deputy Prime Minister, Mr Tharman Shanmugaratnam; Sri Lanka's High Commissioner to Singapore, Mrs Ferial Ismail Ashraff; ISAS Chairman, Ambassador Gopinath Pillai; and ISAS Director, Professor Tan Tai Yong.

In North London a Sinhala-run cafe-cum-grocery shop is commonly called *Kopi Kade* (literally Coffee Shop in Sinhala) by its Sri Lankan clientele. The epithet has currency: *Kopi Kade* is also the title of a Sri Lankan comedy-drama that has a following amongst emigrants from the island. The shop is not just a locale where specialised Sri Lankan food items or discounted calling cards are purchased, it is a meeting point for Sri Lankans living in the vicinity, where, possibly over a cup of Ceylon tea, all manner of information, rumour and gossip pertaining to Sri Lanka and to everyday life in the diaspora is discussed and debated.

As the locus for such social exchanges, *Kopi Kade* has gradually transformed from being a space for transient encounters into a place where new support networks and novel kinships are being forged – a prelude,

possibly, for a new 'community' of Sri Lankans living in a distant land.

In recent years, many Sri Lankan-run cafe-cum-grocery shops like *Kopi Kade* have sprouted in London, adding to the long-ubiquitous South Asian minimarts in the British capital. Similar developments have been evident elsewhere in metropolitan cities in the Western hemisphere. In Scarborough, east Toronto, there is now a full-fledged bazaar – Yal Market – dedicated to selling Sri Lankan foods and spices, serving the culinary needs of what is acclaimed as the largest Sri Lankan Tamil community in North America. In Paris, a significant part of the historical Boulevard de la Chapelle's landscape has also veritably transformed into a 'Little Jafna', complete with two Hindu temples, an annual Ganesh procession that draws a multicultural audience, and Tamil

shops that now comprise over 80 per cent of commercial activity in Rue Phillippe.

The growing visibility of the Sri Lankan diaspora in European and North American cities is partly the outcome of the near-three decade long civil war in Sri Lanka, which ended in 2009. The exodus from the war-torn north and east of the island saw movement to other parts of Sri Lanka, and as well refugees fleeing to neighbouring Tamil Nadu in India and beyond – especially to developed countries [then] open to taking in asylum-seekers. The concomitant economic malaise in Sri Lanka also pressed others, including Sinhala-speakers, to migrate in search of better job prospects. As developed countries grew reticent to taking in even-more asylum-seekers, Sri Lankans found new ways to secure a place in the diaspora – through transnational marriages, and by drawing on support from existing kinship networks so as to take advantage of the existing family 'reunion' policies.

While large-scale emigration from the island over the duration of the civil war has added a new layer, the roots of the Sri Lankan diaspora can be traced to an earlier period. Indeed, the first major stream of Sri Lankan emigration dates to the mid-19th century. Tamils made up the majority of this early wave from Sri Lanka, alongside smaller numbers of Sinhalese and Burghers. Amongst the pioneering voyagers were religious missionaries and entrepreneurs.

The rapid advance of English education in the Jaffna Peninsula also facilitated the emigration of civil administrators, teachers and professionals venturing to South and Southeast Asia – a movement so substantial that Ceylonese personnel came to be recognised as an important pillar of British rule in Malaya and Singapore. Indeed, in the late-19th and early-20th centuries, Sri Lankans

featured in nearly every branch of the colonial administration, particularly transportation, plantations and education. Collectively, over this period, the Ceylonese diaspora was widely acclaimed as the most-educated Asian community in Malaya and Singapore.

A second migrant trajectory followed soon after Sri Lanka's independence in 1948. Although the ethnic composition of emigrants was more heterogeneous when compared to the previous period, concerns over Sri Lanka's majoritarian turn after independence ensured that nervous minorities still constituted a disproportionate constituent of those who left the island. The post-independence dispersion was more widespread. Alongside (former) British colonies, Sri Lankans moved directly to the United Kingdom, particularly after the Commonwealth Immigration Act was passed in 1962. From the 1950s, many Burghers who could prove that they had 'unbroken European ancestry' moved to Australia. They were joined by other Sri Lankans as the 'White Australia' policy was gradually rescinded in the late-1960s and early-1970s. By that time, top-tier Sri Lankan professionals and scholars had ventured to the United States, even as a small number of Sri Lankan women capitalised on their connections with Catholic institutions to migrate to Italy, where they secured employment in the elderly-care sector.

Collectively, diverse emigrant streams now account for the approximately three million people who make up the Sri Lankan diaspora. That number is small in comparison to the Indian, Pakistani and Bangladeshi diasporas. That being said, the magnitude of Sri Lankan emigration can be better understood when one takes into account the size of the diaspora as a proportion of the island's total population, which in 2012 stood at only about 20.3 million. To make matters clear, an addition of the diaspora to the island's inhabitants would increase Sri Lanka's population by well over 10 per cent. That statistic immediately draws attention to the tremendous potential for Sri Lanka's diaspora to influence developments in the homeland. The gross annual income of Sri Lanka's diaspora matches, or certainly comes close to matching, Sri Lanka's total annual Gross Domestic Product (US\$ 59.42 billion in 2012). In 2010, Sri Lanka received over US\$ 4 billion in

'PRODUCT OF MANY JOURNEYS'

A thousand distinguished guests at the South Asian Diaspora Convention's 'Gala Dinner', organised by ISAS in Singapore on 21 November 2013, witnessed the launch of the *Encyclopedia of the Sri Lankan Diaspora*. The volume, jointly published by the Institute of South Asian Studies and Editions Didier Millet, is the first comprehensive survey of the global Sri Lankan diaspora.

Introducing the *Encyclopedia*, Mr J Y Pillay lauded the study for its vast coverage and comprehensive analysis of the demographic, political and socio-cultural history of Sri Lanka and its diaspora. Under the guidance of General Editor Professor Peter Reeves and an International Advisory Panel led by Sir Professor Arulkumaran Sabaratnam, the *Encyclopedia* brings together contributions from over 50 scholars from across the globe, the majority of whom are from the diaspora.

Approximately two-thirds of the book is dedicated to revealing the specific experiences of the diaspora in more than 20 countries/regions. In addition, the book deals with important themes, including segments that contextualise the development of popular culture, cuisine, religious networks, sports and literature in the diaspora. Richly illustrated, the *Encyclopedia* includes more than 500 archival and contemporary images, and highlights a range of important maps, tables and documents.

The volume is especially significant for its all-encompassing representation of the multi-ethnic diaspora, providing an overview of the development of diasporic communities of Tamil, Sinhala, Muslim, Christian and Burgher people who ventured abroad from the island of Sri Lanka. It highlights their achievements, depicting the contributions of members in various fields including public service, academia, the professions and business, and as well analyses of the challenges that these communities face in the contemporary period. Given the meticulous nature of the study, the *Encyclopedia* is expected to remain an important reference for future works on the Sri Lankan diaspora.

(Dr Rajesh Rai, Assistant Director and Senior Research Fellow at ISAS)



Sri Lanka's Deputy Minister of Finance and Planning, Dr Sarath Amunugama, (third from Left, at the long table in the background), flanked (on the Right) by ISAS Chairman, Ambassador Gopinath Pillai, and (on the Left) by ISAS Director, Professor Tan Tai Yong, at the ISAS-organised Closed-Door Dialogue in Singapore on 21 January 2014.

remittances just from its transient and cyclical labour migrants based abroad. The end of the civil war has also seen an influx of capital from Sri Lanka's more settled diasporic communities, an inflow that is certainly expected to accelerate further if peace prevails.

The diaspora's potential influence on Sri Lanka is not limited to the economic arena. Politically, the dream of a separate Eelam remains alive, especially amongst some Tamil communities who left the island in the midst of the civil war. Notwithstanding the end of overt hostilities, their activism continues unabated, both in the 'host-land' and as well in wider international forums. Hard-line Sinhala groups also have an established presence in the diaspora, sometimes encouraging an even sharper rightward shift in the Sri Lankan polity. That being said, there are several groups that have emerged in the diaspora, such as Sri Lanka Unites (SLU), which have worked assiduously to foster reconciliation and unity amongst Sri Lanka's diverse ethnic groups.

Beyond the [potential] influence on Sri Lanka, the diaspora needs to be recognised for its significance in and of itself. Notwithstanding the desperate circumstances that may have informed departure, Sri Lankans have availed well of the opportunities they have found in their new 'host-land'. Education remains a cornerstone of success, as evident from the fact that this diaspora continues to produce a disproportionately large number of individuals who have made significant contributions to science, economics, the arts, academia, law and public administration. Its top entrepreneurs now feature regularly in the Forbes magazine's billionaire list. The 'voice' of the diaspora, captured in literary works, has also come to be globally recognised as a valuable corpus. Collectively these achievements underpin the diaspora's success as a social and cultural ambassador of Sri Lanka – bringing its heritage, cuisine, religious ideas and social norms to the world.

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ON THE HOME TURF

On 3 April 2014, ISAS organised a multi-faceted event titled 'ISAS COLOMBO COLLOQUIUM' in the Sri Lankan capital. The proceedings involved the Sri Lankan release of the *Encyclopedia of the Sri Lankan Diaspora*. Following ISAS Director Professor Tan Tai Yong's introduction of the book, Mr K Shanmugam, Singapore's Minister for Foreign Affairs and Minister for Law, launched the *Encyclopedia* by presenting a copy of the volume to Professor G L Peiris, Minister of External Affairs (Sri Lanka). During the colloquium, both Ministers addressed several aspects of Singapore-Sri Lanka relations. Sri Lanka's Minister of External Affairs underscored that the *Encyclopedia* was a 'timely initiative', and emphasised that Singapore and Sri Lanka had 'strong bonds'.

A lively interactive question-and-answer session saw members of the distinguished audience query the Ministers on a wide range of issues including how Sri Lanka could better integrate economically with the Association of Southeast Asian Nations (ASEAN); what aspects of Singapore's world-class education system could be relevant to Sri Lanka; and which areas of investment would be of interest to Singaporean companies in Sri Lanka.

The colloquium also witnessed the signing of a Memorandum of Understanding (MOU) between ISAS and the Lakshman Kadirgamar Institute for International Relations and Strategic Studies (LKIIRS). The MOU, the first between ISAS and a Sri Lankan think-tank, promotes the exchange of visits by eminent persons, the conduct of joint-workshops, and research collaboration in areas such as politics, international relations, trade and security.

(Dr Rajesh Rai, Assistant Director and Senior Research Fellow at ISAS)



Singapore's Minister for Foreign Affairs and Minister for Law, Mr K Shanmugam, (Left) and Sri Lanka's External Affairs Minister, Professor G L Peiris, evincing interest in the *Encyclopedia of the Sri Lankan Diaspora* after it was launched at the 'ISAS COLOMBO COLLOQUIUM' in the Sri Lankan capital on 3 April 2014.

AN EXERCISE IN ECONOMICS

PRICES and PUBLIC FINANCE

S NARAYAN



ISAS-Brookings India seminar on energy issues, in New Delhi on 5 March 2014: Participants included ISAS Director, Professor Tan Tai Yong, (Right); Director, Research at Brookings India, Dr Subir Gokarn, (second from Right); Head (Partnerships & Programmes) and Senior Research Fellow at ISAS, Dr Amitendu Palit (Left); and Head (Research) and Visiting Senior Research Fellow at ISAS, Dr S Narayan, (second from Left) who is also the author of this article.

Photo by Ms Rekha Manoharan, Assistant Manager at ISAS

An attempt was made, in a presentation at the ISAS-Brookings seminar in New Delhi on 5 March, to analyse the impact of gas pricing on the power, fertiliser and the CNG sectors. Data for generation from two power plants were taken up for analysis, and the fixed and variable costs determined, projecting the sensitivity of output tariff on the basis of the pricing of gas. The proposed increases (as at that time) would take the price of power above the average purchase price of power as determined by the regulators, and hence make the generation of power from these plants unviable.

A similar exercise was made for the fertiliser sector as well. With the proposed new pricing formula (as of March), the base price of gas was expected to increase by US\$ 4.2/MMBtu. At this level, the cost of production for 1 MT of urea was likely to increase substantially. At the national level, the overall cost of 23 MMT of urea production was estimated to increase by Rs. 14,990 crore.

A study was done for the CNG sector as well, and it indicated that, if the price of gas increased from US\$ 4.2 per MMBtu to US\$ 8.4 per MMBtu, the price of CNG might increase by Rs. 13.23 per kg. Such price increases would likely have an inflationary impact on the economy. Further, since these products have been traditionally subsidised, there would be a policy impact on whether to raise subsidies to match these price increases, and there would be consequential fiscal burden in the event of increases in these subsidies.

The study was an attempt to highlight the complex interrelationship between gas prices and product prices, and the resultant impact on inflationary pressures and public finances.

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Natural Gas contributes 11% of energy mix and ranks third among energy sources in India. The total gas demand was 70.81 billion cubic meters (bcm) in 2012-13 and is expected to reach 172.64 bcm by 2017. This growth is expected to be primarily driven by the demand in the power sector. Currently power (40%) and fertiliser (22%) account for the bulk of natural gas consumption, with domestic gas and CNG (compressed natural gas) accounting for around 16%.

Production has been stagnant from domestic fields (there are varying figures of annual production due to the disputes over production from certain privately-owned fields), but there is a gap between domestic production and demand of close to 30% that is currently being met from imports. There is little likelihood of domestic gas supply improving over the next three to five years, and the gap between demand and supply will have to be increasingly met from imports. These imports would mostly be in the form of Liquefied Natural Gas (LNG), as there is little progress in the development of transnational gas pipelines into India.

The pricing of natural gas acquires considerable significance due to heavy dependence on imported gas. At present, there are several prices that are prevalent

for indigenous gas. These have been decided at different points of time, and the contractual obligations of the producers vary. As a result, the market is quite fragmented. This is exacerbated by the fact that prices in the fertiliser and consumer gas sectors are highly subsidised and do not reflect the true value of the delivered gas. Finally, imported gas is also priced differently depending on whether it is based on a long-term contract or whether it is a spot cargo purchase.

These price distortions would have an effect on the consumer prices of the products – power, fertilisers and also domestic gas. In the power sector, there is a further complication that end-prices for electricity are fixed by independent regulators. Working backwards, the price of gas, that would be the feedstock fuel, needs to be at a level where it is economical for the producers to continue production. In this scenario, the price sensitivity of gas has a great impact on gas consumption and demand.

At the time of writing, in May 2014, there was an attempt at the policy level to increase the price of gas from off-shore gas fields from US\$ 4.2 per MMBtu to US\$ 8.4 per MMBtu. This would have considerable impact on the price of power and fertiliser.

A VIEW FROM MYANMAR

India's Gateway to ASEAN

ZAARA ZAIN HUSSAIN



Photo by Ms. Zaara Zain Hussain of ISAS

At the workshop on 'Connecting India to ASEAN: Opportunities and Challenges in India's Northeast and Myanmar', organised by ISAS and the Myanmar Institute of Strategic and International Studies in Yangon on 18 February 2014.

Pursuing a research initiative to study connectivity between India and the Association of Southeast Asian Nations (ASEAN), ISAS held a workshop, in partnership with the Myanmar Institute of Strategic and International Studies (MISIS), in Yangon on 18 February 2014.

Previously, workshops under the same research purview were organised by ISAS in Singapore, India, and Indonesia, where various scholars, academics and policy makers discussed a multitude of ideas on bringing the two dynamic regions – India and ASEAN – closer. One of the more prominent ideas being explored is to leverage the contiguous geography of India and ASEAN through Northeast India and Myanmar. Myanmar's relationship with India takes on added significance given that Myanmar is the only ASEAN country to share both land- and maritime-borders with India, making it New Delhi's gateway to ASEAN.

After decades of isolation and economic sanctions, Myanmar is making impressive progress in reshaping its political and economic outlook. After Myanmar's

national elections of 2010, the stage has been set for reforms and economic liberalisation. A palpable sense of change is evident in the environment. During a recent visit to Myanmar's commercial centre, Yangon, members of the Singapore-based Institute of South Asian Studies (ISAS) were struck by the positive mood that the city and its people were exuding. With Myanmar chairing the Association of Southeast Asian Nations (ASEAN) in 2014 and with constructive economic reforms taking place in that country, it is indeed an exciting time there.

The ISAS-MISIS workshop explored the mutual economic interests of India and Myanmar, such as border area development, trade, and tourism. Academics and policy makers spoke of various opportunities as

well as challenges in enhancing connectivity – starting from leveraging the geographical contiguity to tackling security issues at the border. Many problems at the Indo-Myanmar border are common to both – insurgency, arms smuggling, low economic and social development. These could be mitigated with concerted efforts from the two governments.

Mr Ajit Doval, the then-Director of Vivekananda International Foundation, India, stated in his presentation at the workshop that, in the absence of an adequate sense of security and stability in the border [interface] area between the two countries, the relationship “will not deliver the expected outcome”.

Presentations were made by retired and serving Myanmar government officials as well as former dissidents. They spoke in unison regarding the country’s development aspirations. Voicing expectations, they regretted the unrealised nature of the Indo-Myanmar relations. An emphatic point made was that India had started talking about its ambitious connectivity plans since 2001, but the lack of progress would put its political will and capacity into question. Unlike China, which invested heavily in the Yunnan province to strengthen overland linkages with Myanmar, the Indo-Myanmar border trade was not yet noteworthy, with many infrastructure projects having been delayed, it was further pointed out. In fact, of all the countries Myanmar shares borders with, the lowest amount of trade was with India as of now.

The expectation of a deeper Indo-Myanmar engagement, matched by disappointment regarding India’s ‘slowness’, was also echoed at the meeting between ISAS and the Union of Myanmar Federation of Chambers of Commerce and Industry, held on 19 February, 2014. Representatives from the Union expressed their desire that India enhance its trade with Myanmar, increase investments, as well as provide support for Myanmar’s

capacity-building exercises in education and information technology.

An interesting counter-point was also heard from the Myanmar side. In recent times, it was said, the Chinese investments in Myanmar had in fact come under much scrutiny, criticism, and even opposition, threatening even the viability of some strategic projects such as the oil and gas pipelines. With increased urgency on the part of Myanmar to engage with its South Asian neighbours, this context could now be the perfect window for India to establish a stronger relationship with Myanmar, it was said.

Also discussed were the efforts being made to build a combination of road- rail- water- and air-links between Northeast India and Myanmar to facilitate the flow of people and goods; ensure greater market access and enhance trade, investment, and the overall economic growth of the region. To that end, bilateral as well as multilateral projects between India and Myanmar as also ASEAN as a whole have already taken off. The examples cited include Kaladan Multi-Modal Transit Transport Project and Trilateral Highway for connectivity from Moreh (Manipur) in India to Mae Sot in Thailand

via Myanmar. Much has been written about the economic and social benefits of these joint infrastructure projects. What was brought into focus during the discussions that ISAS had in Yangon was that, in order for Northeast India and Myanmar to optimise their linkages, domestic connectivity and economic development on either side of the international border was no less *sine qua non*.

A follow-up workshop, looking more deeply at the perspectives from India, was held in Shillong on 4 March. The workshop, held in collaboration with Indian Institute of Management (IIM) Shillong and the Federation of Indian Chambers of Commerce and Industry (FICCI), focused on development and connectivity issues in Northeast India. Some “negative drivers” in Northeast India – poor governance, inadequate transportation networks, poor communication links, economic backwardness and political problems – were brought to light.

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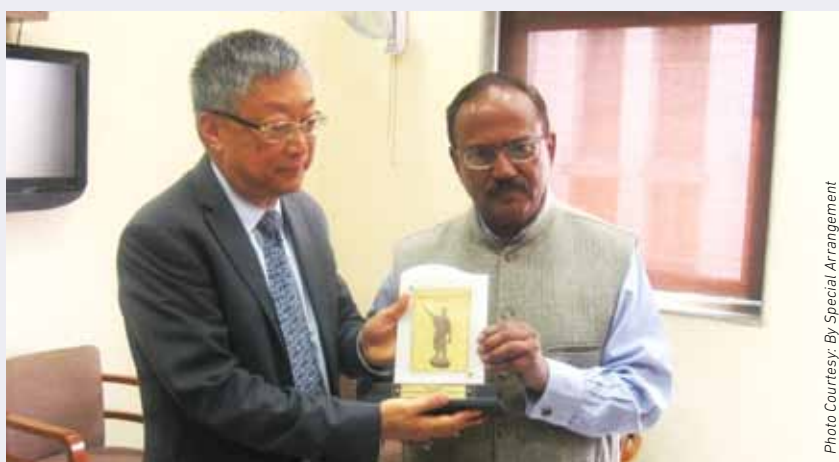


Photo Courtesy: By Special Arrangement

Mr Lin Chung Ying, (Left) Diplomat-in-Residence at ISAS, and Mr Ajit Kumar Doval in New Delhi on 24 March 2014, over two months before Mr Doval assumed office as the National Security Advisor to the Prime Minister of India, Mr Narendra Modi. Mr Doval had addressed the workshop on “Connecting India to ASEAN”, which ISAS, in association with MISIS, had held in Yangon (Myanmar) on 18 February 2014.

INDIA'S LOOK EAST POLICY

Cross-Currents that SHAPE CONNECTIVITY

LALDINKIMA SAILO



ISAS Director, Professor Tan Tai Yong, (Right) with Chief Minister of the Indian state of Meghalaya, Dr Mukul Sangma, (second from Left) at the workshop organised by ISAS, in collaboration with the Rajiv Gandhi Indian Institute of Management (IIM)-Shillong and the Federation of Indian Chambers of Commerce and Industry, in Shillong (India) on 4 March 2014.

Photo Courtesy: By Special Arrangement

In his keynote address at a workshop titled 'Looking East through Northeast: Development and Connectivity', held in Shillong (Meghalaya state, India) on 4 March 2014, the state's Chief Minister Mukul Sangma stressed the need for the provinces in Northeast India to work towards economic dynamism that will enable the region to become less dependent on New Delhi, India's federal power-centre. For that to happen, he said, it was essential that the political leaderships of the states move from a posture of being self- or state-centred to one of seeking win-win solutions that would benefit the entire region.

Dr Sangma was also focused on the need for an early resolution of inter-state issues such as the border disputes within India. He stressed the importance of changing the mindset in the region from pessimism to one of anticipation. In his view, policy planning in the region must anticipate both the good and the bad, especially in relation to plans regarding the opening of the region to greater integration with Bangladesh and the Southeast Asian economies.

The workshop organised by the Institute of South Asian Studies, Singapore – in collaboration with the Rajiv Gandhi Indian

Institute of Management (IIM)-Shillong and the Federation of Indian Chambers of Commerce and Industry (FICCI) – brought together policy makers, scholars, media persons and businessmen for dialogue on the challenges of connecting Northeast India to Southeast Asia. The deliberations also centred on the ways in which the constraints could be overcome.

This was the fourth ISAS workshop exploring the issue of Northeast's connection with Southeast Asia. The first held at the India International Centre in New Delhi in 2012 featured a keynote address by Paban

Singh Ghatowar, the-then Minister for the Development of North East Region (DoNER). This was followed by a workshop in Singapore in 2013 where General (Retired) J J Singh, India's former Chief of Army Staff and the-then Governor of Arunachal Pradesh, was the main speaker. The third was held in Yangon in February 2014 in collaboration with the Myanmar Institute of Strategic and International Studies.

The first panel at this Shillong workshop, looking at the economic and business drivers in Northeast India, was chaired by Ranjit Barthakur, Chairman of FICCI's Northeast Advisory Committee. Highlighted was the necessity of India having to learn from Southeast Asian economies like Singapore in areas such as economic planning, investment attraction and risk management, and like Thailand in the field of tourism development. Keya Sengupta of IIM-S spoke about the need to find ways of timely implementation of projects and to explore other avenues of business-collaboration such as franchising and licensing besides direct-trade in goods and services. India's Northeast region also needs to develop advanced competencies through on-the-job training, as those without the required skills could learn them over time.

C J Thomas of the Indian Council of Social Science Research mentioned the significance

of taking advantage of the changes now occurring in Myanmar. In his view, a vital India-Myanmar relationship, which should be 'pragmatic' and based on 'geo-strategic', 'geo-economic' and contiguous-geography considerations, must also be sensitive to the ethos and economic needs of the communities living on both sides of the border. Sectors such as education and health care could be developed in tandem, in the face of similar concerns across the border.

The second session, presided by Falguni Rajkumar, Chairman of IIM-S, had speakers like M P Bezbaruah of the North East Council, Samudra Gupta Kashyap of the *Indian Express* and Sanjeeb Kakoty of IIM-S. Highlighted were key issues related to the Northeast India's relationship with New Delhi and how this could impact on the interaction of the various states in this region among themselves and with India's neighbour-countries. Mr Rajkumar stated that though costs were higher in the region than in other parts of India, the problem was the capacity to utilise the funds coming from New Delhi rather than the absence of resource flows from the Indian Government. Mr Bezbaruah drew attention to the fact that there was no major contradiction between the roles and functions of the states on one side and the Centre, on the other, as laid out in the Constitution of India. But projects often got held up in some areas of functional interface

that involved state- and central-agencies. He lamented the fact that there was no cogent articulation of the felt-needs and expectations of the Northeast as a whole. Mr Kashyap highlighted the neglect of the region in India's mainstream media and how such a knowledge gap affected the relevant decision-making in New Delhi. Prof Kakoty was, however, optimistic that, given the provision of bottom-up development and autonomy for the states, the region would find a way to develop within the Indian union and also interact with neighbouring countries.

The third panel of the workshop – chaired by Sinderpal Singh from ISAS and with ISAS Director Tan Tai Yong as also Patricia Mukhim of the *Shillong Times* as speakers – analysed how the security-overhang affected economic development in the region. Ms Mukhim also suggested that there was a sense among states that the roll-out of central government schemes was eroding the autonomy of states at some levels and, in some cases, relegated the role of the state governments in developing plans specific to their areas.

The session also explored the possibility of developing an information database, which could be hosted by the North East Council or FICCI, on the premise that information was key to getting states to work together or involving either the non-governmental organisations or the business sector in the development of the region.

Before concluding, the participants also raised other important issues such as the need to explore the development of the river system as a mode of transport, the need to leverage the Northeast MPs Forum in Parliament, the necessity of aligning the strategic interests of the country and the development needs of the region. Also suggested were innovative projects such as a ring road connecting all the states of Northeast India. All these are subjects for meaningful discussions and research.



Participants at the collaborative workshop organised by ISAS in Shillong (India) on 4 March 2014: Seated in the front row (from Left to Right) are India's North East Council Member, Mr M P Bezbaruah; IIM-Shillong Director, Professor Amitabha De; Chief Minister of Indian state of Meghalaya, Dr Mukul Sangma; IIM-Shillong Chairman, Mr Falguni Rajkumar; and ISAS Director, Professor Tan Tai Yong.

Photo Courtesy: By Special Arrangement

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'DELHI DIALOGUE VI'

A Call for NEW MINDSET

RAJEEV RANJAN CHATURVEDY



Photo by Ms. Rekha Manoharan, Assistant Manager at ISAS

Recognising India's need for greater engagement with the Association of Southeast Asian Nations, the India-ASEAN Delhi Dialogue is organised to chart issues and dynamics in the region. The Delhi Dialogue, which was started in 2009, is an annual international conference of political and economic leaders, officials, academics and opinion-makers from ASEAN countries, and their Indian counterparts. The aim is to discuss how to intensify and broaden the political, strategic, economic and civil-society interactions between the two regions.

Over a period of time, this dialogue has become a Track II process, and it is getting the attention and support of the Government of India and the ASEAN countries. Delhi Dialogue VI, held on 6 and 7 March 2014, began on a note of hope that it would provide an opportunity for ASEAN and India to turn a combined community of 1.8 billion people, with a Gross Domestic Product of about US\$ 4 trillion, into a vibrant constituency of inclusive growth, development, and prosperity.

The event was hosted by the Ministry of External Affairs, Government of India, in partnership with the Institute for Defence Studies and Analyses (IDSA), Indian Council of World Affairs (ICWA) and the Federation of Indian Chambers of Commerce and Industries (FICCI). It was supported by the Institute of South Asian Studies (ISAS), Singapore, the SAEA Group Research, Singapore, and Economic Research Institute of ASEAN and East Asia (ERIA), Jakarta.

India and ASEAN are in the vortex of change, as new strategic and economic trends shape the Indo-Pacific region. As a period of power transition, marked by the rise of China and the economic dynamism of the Asia-Pacific region, it generates its own set of uncertainties and anxieties among the countries of this region. This is evident in China's assertion of territorial claims in the South China Sea and the East China Sea, which impacts Vietnam, Philippines and Japan respectively. China has also asserted territorial claims in Ladakh in the India-China border areas. Another concurrent development has been the democratic

transition in Myanmar which was heralded by the installation of a 'civilian government' in March 2011 and the improved relations with the United States (following President Barack Obama's visit in November 2011). It was in such circumstances that the United States announced its 'pivot' or 'rebalancing' strategic shift to the Asia-Pacific.

There are many potential conflict zones in Asia Pacific, as nations have competing claims of sovereignty especially in the South China Sea, besides the internal fissures in many countries which threaten peace. To keep abreast of the many challenges confronting the region, and to retain its centrality, ASEAN has set for itself the target of achieving an ASEAN Community (Political, Economic, and Socio-Cultural) by 2015. In the face of fundamental changes that are being effected in the political, economic and strategic domains, the challenge before ASEAN today is to shape the future or be shaped by it.

As the pace of change in the region gathers momentum, India's Look East

Policy that was initiated in 1991 has led to the maturing of relations with its eastern neighbourhood. This yielded good results in political and economic terms. India's dramatic economic liberalisation in 1991 established the framework for enhanced India-ASEAN trade which has grown exponentially: it is now worth almost US\$ 80 billion. About 12 per cent of India's exports and 9 per cent of India's imports are on account of trade with ASEAN during 2011-2012.

The Framework Agreement on a Comprehensive Economic Cooperation Agreement (CECA) between India and ASEAN (October 2003), followed by the Trade in Goods Agreement (TIG) (signed in August 2009) between the two, have created an enabling environment for the smooth development of multilateral as well as bilateral economic cooperation. With the TIG coming into force in 2010, and the subsequent passing of the free trade agreement (FTA) on services and investments (December 2012), the India-ASEAN relationship is slated to grow faster than with rest of the world, due to factors such as a favourable demographic profile and a growing market for goods and services. In over two decades, the Look East Policy, which has in its ambit a wide geographical expanse, has proved to be mutually beneficial.

The Look East Policy itself is in transition. The over-two-decades' experience of implementing the policy has imparted valuable lessons along the way. There is a felt-need for a greater involvement of India's Northeast in India's Look East Policy. As the Indian Ocean issues gain prominence, greater dialogue on the Indian Ocean is called for, in

addition to greater focus on India's Andaman and Nicobar islands. India's cultural ties with the CLMV countries (Cambodia, Laos, Myanmar and Vietnam) could profitably be grounded in contemporary concerns including those over river systems, mountain ranges, agrarian patterns etc. Given this context, dissemination of information about the India-ASEAN relationship becomes critical, and the Delhi Dialogue has been an active exercise for the past six years.

"Realizing the ASEAN-India Vision for Partnership and Prosperity" was the theme of the Sixth Delhi Dialogue. The conference was organised in four sessions in which the participants deliberated on issues such as Translating the Vision Statement, Role of Northeast India in India's Look East Policy, India-ASEAN Role in Regional Architecture in Asia-Pacific, and the Way Forward for the Delhi Dialogue.

The deliberations emphasised the "common commitment from all countries" to strengthen connectivity, both inward and outward. Lack of understanding and delivery-deficit are major impediments in improving relationships. "Reducing the delivery deficit" is a prerequisite for India if it wants to be a credible and responsible player in the region. Connectivity of minds and ideas could play an important role in cementing ties between India and ASEAN. Several areas of cooperation were highlighted in the field of security, trade and commerce, and soft power.

On regional security, it was suggested that 'Indo-Pacific' should be taken as a basic concept of regional security architecture. It is a concept of India and ASEAN in all

aspects. An "Indo-Pacific Treaty of Peace and Security" was proposed during the Dialogue. It was suggested that a Track 2/1.5 'Task Force' be set up to work out the details of the possible nuts and bolts of this architecture. The geographical area from 'Bay of Bengal to East Asia Sea' could be a starting-point for such treaty, it was suggested.

Some important elements, as suggested, are: issues related to regional security and internal turbulences that spill over into regional affairs; no-use of force; transparency in defence expenditures and military doctrines; other confidence building measures; conflict and dispute resolution – bilateral, trilateral, and multilateral within the framework of international law (freedom of navigation, UNCLOS...); and the inclusion of the existing institutional mechanisms as building-blocks of this proposed treaty of peace and security. It was emphasised that this process must be "ASEAN-driven". Some pre-conditions were also suggested for ASEAN to be in the driver's seat. One, ASEAN must resolve its own intra-regional conflicts, and two, ASEAN also needs a broader security consensus on the future nature of threats.

Questioning the purpose of the Delhi Dialogue, it was also suggested that the Dialogue should be an engagement followed by concrete actions. India and ASEAN could develop a series of core issues and track the progress. Indeed, the Delhi Dialogue could be a stock-taking exercise, i.e. what has changed from the last Dialogue to this. It also requires inter-session projects and the commitment of resources to implement them. It was underlined that collaboration between businesses and governments should be accelerated. Another important point made was that the Dialogue must shift from Delhi to the region, namely India's Northeast and the ASEAN region. It was also suggested that India would need to change its mindset. There is an urgent need of a genuine Northeast policy in India to strengthen its Look East Policy. It is essential for India to address the rising inequality between different regions. India's Northeast requires more attention and action.

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The inaugural session of the 'Delhi Dialogue VI', in New Delhi on 6 March 2014.

Photographs of KEY EVENTS



A snap-shot of all participants at the 8th Regional Workshop for Judges, Prosecutors and Police Officers in South Asia on Effectively Countering Terrorism: The event – organised by ISAS and the Global Center on Cooperative Security – was hosted by the United Nations Counter-Terrorism Committee Executive Directorate, with the support of the Governments of Denmark and the United States of America – in Singapore from 15 to 17 April 2014.



Secretary (East) in India's External Affairs Ministry, Mr Anil Wadhwa, (Centre) flanked by India's High Commissioner to Singapore, Ms Vijay Thakur Singh, and ISAS Chairman, Ambassador Gopinath Pillai, at ISAS Closed-Door Dialogue in Singapore on 14 February 2014.



Bangladesh's Cabinet Secretary, Mr Muhammad Musharraf Hossain Bhuiyan, (Left) and ISAS Principal Research Fellow, Dr Iftekhar Ahmed Chowdhury, at ISAS Closed-Door Discussion in Singapore on 12 March 2014.



Photo by Ms Rekha Manoharan, Assistant Manager at ISAS



Dialogue on India-Singapore Relations in progress at a collaborative event organised by ISAS in New Delhi on 6 March 2014.

An Experts' Seminar on 'Cities Under Stress', organised by ISAS and the International Peace Institute – in Singapore on 25 and 26 March 2014.



Photo Courtesy: By Special Arrangement



An ISAS Student Outreach Event in Singapore on 29 April 2014: Indian musician and composer, Mr A R Rahman, (Inset) answering questions from students of the National University of Singapore.



Australian National University Scholar and a Fellow with the Australia India Institute, Dr David Brewster, (Left) and ISAS Senior Research Fellow, Dr Sinderpal Singh, at an ISAS Seminar in Singapore on 16 June 2014.



India's High Commissioner to Singapore, Ms Vijay Thakur Singh, and ISAS Principal Research Fellow, Dr Iftekhar Ahmed Chowdhury, at ISAS Ambassador's Lecture, held under Chatham House Rules, in Singapore on 14 May 2014.

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