



# DELHI POLICY GROUP

*Advancing India's Rise as a Leading Power*

## India and Connectivity Frameworks

***Project Director***

*Hemant Krishan Singh*

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*Sanjay Pulipaka*

*Antara Ghosal Singh*

*Saranya Sircar*

NOVEMBER 2017



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## Delhi Policy Group Report

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In keeping with the growing dynamism of India's foreign and security policy, the DPG has expanded its focus areas to include India's broader regional and global role and the strategic partnerships that advance India's rise as a leading power. To support that goal, the DPG undertakes research and organizes policy interactions across a wide canvas, including strategic and geo-political issues, geo-economic issues and defence and security issues.

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### Cover Photographs:

**Picture 1:** *An aerial view of the Dhola-Sadiya Bridge across River Brahmaputra, inaugurated by Prime Minister Shri Narendra Modi, in Assam on May 26, 2017.*

**Source:** *Press Information Bureau, Government of India*

**Picture 2:** *Prime Ministers Narendra Modi and Shinzo Abe at the Ground Breaking Ceremony of Mumbai-Ahmedabad High-Speed Rail Project at the Sabarmati Rail Station in Ahmedabad, September 14, 2017.*

**Source:** *Ministry of External Affairs Website, Government of India*

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# India and Connectivity Frameworks

## Foreword

Any discourse on India's role across the vast expanse of Asia, from ancient times up to the present, must start with the iteration of India's central location at the crossroads of Asia, which has defined its external interactions through the ages. Both the maritime and the continental realms of Asia have been conduits for the peaceful spread of Indian civilization, culture, religions and commerce for over two millennia. The pervasive influence of this radiated soft power is amply manifested today, particularly to India's east.

India's historical outreach suffered severe disruptions during the period of European colonization. Thereafter, after making a promising commitment in 1947 to lead Asia's resurgence, for a variety of reasons India remained a marginal player in Asia for three decades (1962-1992).

This trend was finally reversed with the advent of the Look East Policy in 1992 and made irrevocable in 2005, when India reclaimed its historic economic and strategic space by becoming a founder member of the East Asia Summit (EAS).

Today, India is extensively engaged across the Indo-Pacific from Russia to Japan, ASEAN to Australia. It is a member of both the Shanghai Cooperation Organisation (SCO) and the EAS. The objective of India's re-branded Act East Policy is not merely enhanced economic engagement and connectivity frameworks with countries of the Indo-Pacific. Rather, the core objective of this policy is to consolidate India's role in a multi-polar Asia.

A brief examination of India's multiple engagements across the Indo-Pacific will help set the stage for this policy report on India's approach towards regional connectivity frameworks.

Under the "neighbourhood first" policy, the intensity of India's engagement in its immediate periphery has increased. Prime Minister Narendra Modi's first visit was to Bhutan and the benefits are now clearly visible. In spite of numerous challenges and some temporary setbacks, India's engagement with Bangladesh, Sri Lanka, Nepal and the Maldives is progressing apace. Pakistan continues to pose familiar challenges, including the long-standing disruption of India's connectivity with its historical hinterland in West and Central Asia.

India-ASEAN relations were elevated to a "Strategic Partnership" at the commemorative summit held on December 20, 2012 to mark the 20<sup>th</sup> anniversary of ASEAN-India Dialogue Relations. In a timely reminder of the key role played by the Act East Policy in advancing India's rise as a leading regional and global power, all ten leaders of ASEAN countries will be

chief guests for India's Republic Day on January 26, 2018, marking the 25<sup>th</sup> anniversary of the India-ASEAN partnership.

Despite India's active participation in the BRICS framework and China-led initiatives like the Asian Infrastructure Investment Bank (AIIB), its relations with China are under some strain. The recent military faceoff at the India-China-Bhutan boundary tri-junction is a symptom of the larger challenge that confronts these two Asian giants. That this standoff was resolved through negotiations points to the success of India's resolute leadership, military restraint and diplomatic perseverance, hopefully setting a template for the future. China's steadfast opposition to India's membership of international high-table platforms like the Nuclear Suppliers Group (NSG) has been a source of considerable discomfort. China's intransigence, even where its "core" national interests are not involved, for instance the Chinese veto on classifying the Jaish-e-Mohammed (JeM) chief as a terrorist by the UN, has been another source of concern. The recent BRICS summit declaration, which contains references to Pakistan-based terror groups Lashkar-e-Taiba (LeT) and JeM, hinted at a possible shift in the Chinese stance on terrorism, which has since proved to be transient. Peace and tranquility along the India-China border and mutual respect for each other's interests and concerns are essential for the development of India-China relations.

India's strategic partnership with Vietnam is now more "comprehensive", with substantive defence cooperation. Strategic and security ties with Australia have deepened. Adding strategic depth to relations with Indonesia still requires greater attention. India's relations with island countries in the Indian Ocean such as Seychelles and Mauritius include a robust component of defence and security cooperation. On the Pacific end, a new institutional framework, the Forum for India-Pacific Islands Cooperation (FIPIC), has been created.

The Indian Prime Minister visited several African states along the western littoral of the Indian Ocean over the last year, including Mozambique, South Africa, Tanzania and Kenya. The India-Africa Forum summit held in New Delhi in 2015 witnessed the participation of 41 leaders of African Union countries.

India's strategic partnership with the United States has maintained its positive momentum following the bilateral summit between Prime Minister Narendra Modi and President Donald J. Trump on June 26, 2017. On August 15, 2017, the two leaders resolved to enhance peace and stability across the Indo-Pacific region by establishing a new two-by-two ministerial dialogue that will elevate their strategic consultations.

The Japan-India Special Strategic and Global Partnership constitutes a defining element in the shared vision of the two countries to promote peace, stability and prosperity in the Indo-Pacific region through this Asian century. With their latest bilateral summit held on September 14, 2017 Prime Ministers Modi and Abe have ramped up the strategic orientation of their "values based partnership" for a free and open Indo-Pacific, as well as cooperation in

the defence field. India's Act East Policy is being aligned with Japan's Free and Open Indo-Pacific Strategy. Japan is India's leading partner in building industrial corridors, high-speed railway and rail freight corridors, urban metro rail, as well as connectivity initiatives in India's North East. India and Japan are also discussing cooperation on infrastructure and capacity building in third countries and across the Indo-Pacific, including Africa. A Japan-India Act East Forum has been established to accelerate Japan-assisted connectivity initiatives in India's North East, which will also boost connectivity with Bangladesh and Myanmar.

The Asia-Africa Growth Corridor (AAGC), to be pursued by India in partnership with Japan, enables both countries to showcase their pursuit of connectivity based on the principles of equity, transparency and respect for sovereignty and territorial integrity. For India, AAGC is a platform for a people-centric growth and connectivity strategy that is demand-driven, locally owned and emerges from shared perceptions of nations around the region. AAGC will be progressed on the basis of broad consultative processes and universally recognized international norms related to good governance and financial sustainability.

The ministerial meeting of the India-Japan-US Trilateral held in New York on September 18, 2017 saw the closer alignment of the three countries for building a stable order and regional connectivity in the Indo-Pacific. The Trilateral endorsed the "importance of a free and open Indo-Pacific region underpinned by a resilient, rules-based architecture that enables every nation to prosper"; "emphasised the need for ensuring freedom of navigation, respect for international law and peaceful resolution of disputes"; and underlined the importance of basing connectivity initiatives on "universally recognised international norms, prudent financing and respect for sovereignty and territorial integrity." Based on these common principles, the three countries are to strengthen connectivity in the region and work together with strategically important littoral nations on maritime capacity building.

Finally, apart from mapping India's efforts to build connectivity frameworks in its immediate neighbourhood and beyond in the Indo-Pacific, as well as to leverage convergences with Japan's initiatives for quality infrastructure, this report includes a discourse analysis of India's vision for connectivity, as reflected in government statements.

The key elements of this discourse analysis indicate that India finds itself, both historically and geographically, well placed to champion the "connectivity" cause as a pivotal power of Asia. India's principled stand that connectivity initiatives must be based on "universally recognised international norms, good governance, rule of law, transparency and equality" and respect for the sovereignty and territorial integrity of nations dovetail the quest for physical connectivity with regional peace and stability.

India's official discourse rejects any connotation that its connectivity vision is premised on geopolitical competition. It follows that for Indian policymakers, connectivity initiatives must

be collaborative rather than exclusionary. For the present, Japan remains India's preferred and principal partner for translating its vision for greater Indo-Pacific connectivity into reality.

**Hemant Krishan Singh**  
**Director General**  
**Delhi Policy Group**

# India and Connectivity Frameworks

## India's Connectivity Vision: Summary

According to the official discourse in New Delhi, India finds itself, both historically and geographically, best placed to champion the 'connectivity' cause in Asia. Historically, India is "the inheritor of two powerful connectivity legacies: the message of the Buddha and the Spice Route."<sup>1</sup> Geographically, it sees itself as the pivotal power of Asia - "the western frontier of peace, and the eastern frontier of war."<sup>2</sup> This unique positioning enables India to shape its own narrative on connectivity.

India's broadest connectivity vision encompasses development partnerships extending from "the islands of the Indian Ocean and Pacific to the islands of the Caribbean and from the continent of Africa to the Americas."<sup>3</sup> For India, trade and transit routes are only the starting point, while the full spectrum of its connectivity vision spans "from culture to commerce; from traditions to technology; from investments to IT; from services to strategy; and from people to politics."<sup>4</sup> India's commitment is not just for better physical connectivity between different geographies but also the establishment of regional peace and stability, creating economic prosperity, curbing radicalism, combating terror and building people to people relations.<sup>5</sup>

Given its history, geography and the geo-political realities of today, India has taken a principled stand towards connectivity projects. It believes that any global connectivity initiative must be based on "universally recognized international norms, good governance, rule of law, openness, transparency and equality;"<sup>6</sup> follow principles of financial

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<sup>1</sup> "Speech by External Affairs Minister at the inauguration of Raisina Dialogue in New Delhi (March 01, 2016)", *MEA*, March 01, 2016, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/26432/speech+by+external+affairs+minister+at+the+inauguration+of+raisina+dialogue+in+new+delhi+march+01+2016>, accessed September 14, 2017

<sup>2</sup> "Welcome Remarks by Minister of State for External Affairs M.J. Akbar at the Inaugural Session of Indian Ocean Conference (September 01, 2016)", *MEA*, September 01, 2016, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/27355/welcome+remarks+by+minister+of+state+for+external+affairs+mj+akbar+at+the+inaugural+session+of+indian+ocean+conference+september+01+2016>, accessed September 14, 2017

<sup>3</sup> "Inaugural Address by Prime Minister at Second Raisina Dialogue", *MEA*, January 17, 2017, [mea.gov.in/Speeches-Statements.htm?dtl/27948/Inaugural\\_Address](http://www.mea.gov.in/Speeches-Statements.htm?dtl/27948/Inaugural_Address), accessed September 14, 2017

<sup>4</sup> "Remarks by Prime Minister at Chabahar Connectivity event (May 23, 2016)", *MEA*, May 23, 2016, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/26838/Remarks+by+Prime+Minister+at+Chabahar+Connectivity+event+May+23+2016>, accessed September 14, 2017

<sup>5</sup> Ibid.

<sup>6</sup> "Official Spokesperson's response to a query on participation of India in OBOR/BRI Forum", *MEA*, May 13, 2017 <http://www.mea.gov.in/media-briefings.htm?dtl/28463/Official+Spokespersons+response+to+a+query+on+participation+of+India+in+OBO+RBRI+Forum>, accessed September 14, 2017

responsibility, avoid unsustainable debt burden on target communities; ensure respect for ecological and environmental protection; function transparently; and facilitate skill and technology transfer to local communities.<sup>7</sup>

India also firmly upholds that connectivity projects must be pursued in a manner that respects the sovereignty and territorial integrity of nations. Only by respecting the sovereignty of countries involved can regional connectivity corridors fulfil their promise of mutual benefit and avoid differences and discord.<sup>8</sup>

India is particularly concerned about the security of connectivity routes from traditional and non-traditional challenges as well as natural disasters. These concerns shape India's emphasis on its role as a net security provider in the Indo-Pacific.<sup>9</sup>

There is a broad consensus in New Delhi that infrastructure connectivity to India's immediate and extended neighbourhood could be a "game-changer"<sup>10</sup> for all. India is not just focusing on terrestrial/land-based physical infrastructure development through roadways, railroads, transit/economic corridors etc., but is giving equal weightage to areas like digital connectivity and maritime connectivity.

India presently seems to have three broad policies addressing the theme of connectivity on its periphery: a Domestic Policy with a focus on the North East and Frontier Areas, the Act East Policy and the Neighborhood First Policy. In terms of projects, these policies have a substantial overlapping with each other.

Japan has emerged as India's key partner in its connectivity initiatives,<sup>11</sup> by providing crucial support for the development of critical infrastructure within India, including the strategically important North East India. From Africa to Iran, Myanmar, Sri Lanka and Vietnam, India and Japan are actively seeking to collaborate in regional connectivity projects.

Finally, India emphatically rejects any connotation that its connectivity vision is premised on the basis of geo-political competition or rivalry with other players in the region, and thus runs

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<sup>7</sup> Ibid.

<sup>8</sup> "Inaugural Address by Prime Minister at Second Raisina Dialogue, New Delhi (January 17, 2017)," *MEA*, January 17, 2017 [http://mea.gov.in/Speeches-Statements.htm?dtl/27948/Inaugural\\_Address\\_by\\_Prime\\_Minister\\_at\\_Second\\_Raisina\\_Dialogue\\_New\\_Delhi\\_January\\_17\\_2017](http://mea.gov.in/Speeches-Statements.htm?dtl/27948/Inaugural_Address_by_Prime_Minister_at_Second_Raisina_Dialogue_New_Delhi_January_17_2017), accessed September 14, 2017

<sup>9</sup> "Speech by External Affairs Minister at the inauguration of Raisina Dialogue in New Delhi (March 01, 2016)," *MEA*, March 01, 2016, <http://mea.gov.in/Speeches-Statements.htm?dtl/26432>, accessed September 14, 2017

<sup>10</sup> "Address by Foreign Secretary at East West Centre Conference (September 09, 2016)," *MEA*, September 09, 2016 [http://mea.gov.in/Speeches-Statements.htm?dtl/27372/Address\\_by\\_Foreign\\_Secretary\\_at\\_East\\_West\\_Centre\\_Conference\\_September\\_09\\_2016](http://mea.gov.in/Speeches-Statements.htm?dtl/27372/Address_by_Foreign_Secretary_at_East_West_Centre_Conference_September_09_2016), accessed September 15, 2017

<sup>11</sup> "Remarks by Prime Minister at the Joint Press Briefing with Prime Minister Shinzo Abe of Japan", *PIB*, September 1, 2014, <http://www.pib.nic.in/newsite/erecontent.aspx?relid=109222>, accessed September 14, 2017

the risk of creating disputes and controversies.<sup>12</sup> Indian policy makers are espousing a connectivity vision that is not exclusionary in nature but seeks collaboration with like minded nations to translate the vision into reality.

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<sup>12</sup> “India-Japan partnership to play key role in Asia-Africa corridor”, *Livemint*, May 25, 2017, <http://www.livemint.com/Politics/gfSbaVJjfHuoUKPTMxrU8L/IndiaJapan-partnership-to-play-key-role-in-AsiaAfrica-corr.html>, accessed September 14, 2017



# India and Connectivity Frameworks

## CHAPTER 1:

### India's Vision for Connectivity: A Discourse Analysis

Antara Ghosal Singh

*[Abstract: This paper comprises a discourse analysis of key pronouncements by India's top policy makers on the broad theme of 'connectivity'. Components of the analysis include: What is India's official narrative on connectivity? What are India's key concerns regarding cross-country connectivity projects? Is India's connectivity vision all about construction of physical infrastructure? What are the key policy choices made by the Indian Government to enhance connectivity within India and in its immediate and extended neighbourhood? Who are India's important global partners in this space? Can India, with its recent connectivity drive, overcome its chronic implementation-related challenges? Finally, can India safeguard its connectivity vision from being impacted by geo-political rivalries?]*

## I. Introduction

At a time when connectivity has become 'the New Great Game' across the globe, India too is exhibiting greater interest and a larger commitment to the concept. In recent years, connectivity in different forms - physical or digital - and at different levels - domestic, neighbourhood or regional - has become one of the dominant narratives in Indian policy making. Connectivity is not just being considered as the key driver of India's own development ambitions, but also the cornerstone of its vision for international cooperation.<sup>1</sup>

To quote Prime Minister Narendra Modi, India today is poised "to rebuild connectivity, restore bridges and re-join itself with its immediate and extended geographies...build development partnerships that extend from the islands of the Indian Ocean and Pacific to the islands of the Caribbean and from the great continent of Africa to the Americas, ...connect India's talented youth to global needs and opportunities, create Indian narratives on global challenges and help re-configure, re-invigorate and re-build global institutions and

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<sup>1</sup> "Speech by External Affairs Minister at the inauguration of Raisina Dialogue in New Delhi (March 01, 2016)", MEA, March 01, 2016, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/26432/speech+by+external+affairs+minister+at+the+inauguration+of+raisina+dialogue+in+new+delhi+march+01+2016>, accessed September 14, 2017

organizations by spreading the benefits of India's civilizational legacies, including Yoga and Ayurveda, as a global good.”<sup>2</sup>

External Affairs Minister (EAM) Sushma Swaraj further adds that whether it is domestic, external or regional, the government’s commitment to connectivity will be the key determinant of how successfully it will be able to live up to its promises on growth, employment and prosperity for India. Connectivity, she observes, has become the key enabler for PM Modi’s vision for India as well as India’s vision for the world, that is ‘*Sabka Saath, Sabka Vikas*’ (everybody’s cooperation and everybody’s development).

Similarly, Foreign Secretary S. Jaishankar notes that post 2008, India, as a country, has broadened its footprint and intensified its investment, trade and technical exchanges in an unprecedented manner. It has become more sensitive to regional cooperation, aggressively collaborating with other regional groupings and making growing commitments to broader connectivity efforts.<sup>3</sup> Under PM Modi, he says, India has been engaging with the world with greater confidence and assurance with the intent of ensuring stronger growth, greater connectivity, closer integration and deeper harmony. India is now all set to expand its commonalities, manage its differences, and shoulder greater responsibility in the present international scenario.<sup>4</sup>

## II. India’s Self-Image and Definition of ‘Connectivity’

According to the Indian official discourse, the country is, both historically and geographically, best placed to champion the ‘connectivity’ cause. Referring to India’s historical legacy, EAM Swaraj argues that “building connectivity is in India’s DNA...India is the inheritor of two powerful connectivity legacies - the message of Buddha and the Spice Route.”<sup>5</sup>

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<sup>2</sup> “Inaugural Address by Prime Minister at Second Raisina Dialogue”, *MEA*, January 17, 2017, [mea.gov.in/Speeches-Statements.htm?dtl/27948/Inaugural\\_Address](http://mea.gov.in/Speeches-Statements.htm?dtl/27948/Inaugural_Address), accessed September 14, 2017

<sup>3</sup> “Speech by Foreign Secretary at Second Raisina Dialogue in New Delhi (January 18, 2017)”, *MEA*, January 18, 2017, [http://mea.gov.in/Speeches-Statements.htm?dtl/27949/Speech\\_by\\_Foreign\\_Secretary\\_at\\_Second\\_Raisina\\_Dialogue\\_in\\_New\\_Delhi\\_January\\_18\\_2017](http://mea.gov.in/Speeches-Statements.htm?dtl/27949/Speech_by_Foreign_Secretary_at_Second_Raisina_Dialogue_in_New_Delhi_January_18_2017), accessed September 14, 2017

<sup>4</sup> “Speech by Foreign Secretary at Second Raisina Dialogue in New Delhi (January 18, 2017)”, *MEA*, January 18, 2017, [http://mea.gov.in/Speeches-Statements.htm?dtl/27949/Speech\\_by\\_Foreign\\_Secretary\\_at\\_Second\\_Raisina\\_Dialogue\\_in\\_New\\_Delhi\\_January\\_18\\_2017](http://mea.gov.in/Speeches-Statements.htm?dtl/27949/Speech_by_Foreign_Secretary_at_Second_Raisina_Dialogue_in_New_Delhi_January_18_2017), accessed September 14, 2017

<sup>5</sup> “Speech by External Affairs Minister at the inauguration of Raisina Dialogue in New Delhi (March 01, 2016)”, *MEA*, March 01, 2016, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/26432/speech+by+external+affairs+minister+at+the+inauguration+of+raisina+dialogue+in+new+delhi+march+01+2016>, accessed September 14, 2017

Geographically, from India, Asia appears to be split into two clear horizons, with India as the link in the middle. If one looks east from India to Japan, the dominant theme seems to be economic growth, peace, stability, order and cohesion. This, in the words of Minister of State for External Affairs, Mr. M. J. Akbar, is the “Phoenix Horizon”. However, looking west from India, the common factor seems to be conflict, with certain zones of relative calm. The situation in this part of the world is further complicated by large scale radicalisation, terrorism, religio-ethnic tensions. This, he calls the “Toxic Horizon”. Therefore, he argues that geopolitically, India is in the centre, the Pivotal Power of Asia – “the western frontier of peace, and the eastern frontier of war.”<sup>6</sup> This unique geographical positioning enables India to shape its own narrative on connectivity.

While in the contemporary global scenario the key focus and competition is on infrastructure connectivity, India’s approach towards connectivity is much broader based. In the words of PM Modi, the trade and transit routes are only the starting point of India’s journey to greater connectivity. The full spectrum of connectivity in the Indian vision spans “from culture to commerce; from traditions to technology; from investments to IT; from services to strategy; and from people to politics.”<sup>7</sup> He further adds that India’s connectivity pledge encompasses not just its commitment towards better physical connectivity between different geographies but also establishment of peace and stability, building of economic prosperity and new trade ties, curbing radicalism, removing shadows of terror and spreading familiarity among people.<sup>8</sup>

Therefore, in the Indian narrative, connectivity has diverse manifestations and India has been striving to address a broad range of connectivity related challenges, at different levels of complexity, all at the same time.<sup>9</sup> As elucidated by EAM Swaraj, at present India is simultaneously seeking to overcome basic challenges of physical connectivity, even as it endeavours to develop digital connectivity. Economic connectivity is yet another priority for India. Then there are the global commons of seas and space, where the theme of connectivity is finding much resonance. For instance, India recently gifted a satellite to its neighbours,

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<sup>6</sup> “Welcome Remarks by Minister of State for External Affairs M.J. Akbar at the Inaugural Session of Indian Ocean Conference”, *MEA*, September 01, 2016, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/27355/welcome+remarks+by+minister+of+state+for+external+affairs+mj+akbar+at+the+inaugural+session+of+indian+ocean+conference+september+01+2016>, accessed September 14, 2017

<sup>7</sup> “Remarks by Prime Minister at Chabahar Connectivity event (May 23, 2016)” *MEA*, May 23, 2016, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/26838/Remarks+by+Prime+Minister+at+Chabahar+Connectivity+event+May+23+2016>, accessed September 14, 2017

<sup>8</sup> “Remarks by Prime Minister at Chabahar Connectivity event (May 23, 2016)” *MEA*, May 23, 2016, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/26838/Remarks+by+Prime+Minister+at+Chabahar+Connectivity+event+May+23+2016>, accessed September 14, 2017

<sup>9</sup> “Speech by External Affairs Minister at the inauguration of Raisina Dialogue in New Delhi (March 01, 2016)”, *MEA*, March 01, 2016, <http://mea.gov.in/Speeches-Statements.htm?dtl/26432>, accessed September 14, 2017

South Asia satellite GSAT-9, to help regional partner countries in effective communication, better governance, better banking and education in remote areas, more predictable weather forecasting and efficient resource mapping.<sup>10</sup> The intangibles like cultural connectivity and people-to-people exchanges too figure high on the agenda of Indian policy-makers. In terms of the cultural connect, the present government has prioritised strengthening of links to the diaspora, accompanied by a serious endeavour to project Indian heritage globally.<sup>11</sup>

It is interesting to note that the concept of connectivity, in the Indian discourse, has a rather holistic interpretation – it is seen as much a driver of relationships, as its outcome<sup>12</sup>. For instance, economic activity is not just an outcome of connectivity, but a bond/connect in itself between nations and peoples. Similarly, a peaceful enabling environment, which facilitates stable economic connectivity, is seen as a factor in itself leading to multiplication of ties between countries and regions.

### III. Connectivity: India's Principled Stand

India shares the international community's conviction that better connectivity will bring greater prosperity to all in an equitable and balanced manner. However, India believes that any global connectivity initiative must be based on "universally recognized international norms, good governance, rule of law, openness, transparency and equality."<sup>13</sup> Connectivity initiatives, stress Indian officials, must follow principles of financial responsibility to avoid unsustainable debt burdens on communities, should demonstrate respect for ecological and environmental protection, involve transparent functioning, and facilitate skill and technology transfer to local communities.<sup>14</sup> Importantly, India believes that connectivity projects must be pursued in a manner that respects sovereignty and territorial integrity of nations, otherwise "political insecurity, mistrust may block traffic even on the roads that already exist."<sup>15</sup> In the words of PM Modi, connectivity in itself cannot override or undermine the sovereignty of

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<sup>10</sup> Elizabeth Roche, "India launches first South Asia satellite GSAT-9", *Livemint*, May 5, 2017, <http://www.livemint.com/Science/22j5cj3JH3H3wa5RqFqHJ/India-launches-first-South-Asia-satellite-GSAT9.html>, accessed September 14, 2017

<sup>11</sup> "Speech by External Affairs Minister at the inauguration of Raisina Dialogue in New Delhi (March 01, 2016)", *MEA*, March 01, 2016, <http://mea.gov.in/Speeches-Statements.htm?dtl/26432>, accessed September 14, 2017

<sup>12</sup> "Speech by External Affairs Minister at the inauguration of Raisina Dialogue in New Delhi (March 01, 2016)", *MEA*, March 01, 2016, <http://mea.gov.in/Speeches-Statements.htm?dtl/26432>, accessed September 14, 2017

<sup>13</sup> "Official Spokesperson's response to a query on participation of India in OBOR/BRI Forum", *MEA*, May 13, 2017, <http://www.mea.gov.in/media-briefings.htm?dtl/28463/Official+Spokespersons+response+to+a+query+on+participation+of+India+in+OBO+RBRI+Forum>, accessed September 14, 2017

<sup>14</sup> *Ibid.*

<sup>15</sup> "Speech by External Affairs Minister at the inauguration of Raisina Dialogue in New Delhi" (March 01, 2016), *MEA*, March 01, 2016, <http://mea.gov.in/Speeches-Statements.htm?dtl/26432>, accessed September 14, 2017

other nations. It is only by respecting the sovereignty of countries involved that regional connectivity corridors can fulfil their promise and avoid differences and discord.<sup>16</sup>

In its vision for connectivity, India has been strictly positioning itself as a development partner and not as a lender or leader. From Africa<sup>17</sup> to Afghanistan<sup>18</sup> and to CMLV<sup>19</sup> (Cambodia, Myanmar, Laos, Vietnam) nations, India has always prioritised and continues to prioritise projects in fields beyond mega infrastructure projects, like renewable energy, human resource development, capacity building, restoration of historical and cultural sites, exchange of scientific and technical personnel and information and data, cyber security and IT among others. India's association with partner countries is mostly centred on 'people' and in line with the priorities of the recipient government and its people.<sup>20</sup>

#### IV. India's Key Concerns about Connectivity and its Role as a Net Security Provider

Given India's history and geography, its key concern regarding its connectivity vision is the threat of disruption to connectivity. This threat particularly emanates from the spread of terrorism, which has mutated to become even more technologically advanced and lethal with time, notes EAM Swaraj. She further observes that the use or threat of use of force by nations in territorial disputes is yet another source of concern for India in the context of connectivity. Furthermore, nature itself may play the biggest challenger to connectivity initiatives. Therefore, to Indian policy makers, the issue of security of connectivity routes in its various

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<sup>16</sup> "Inaugural Address by Prime Minister at Second Raisina Dialogue, New Delhi (January 17, 2017)", *MEA*, January 17, 2017, [http://mea.gov.in/Speeches-Statements.htm?dtl/27948/Inaugural\\_Address\\_by\\_Prime\\_Minister\\_at\\_Second\\_Raisina\\_Dialogue\\_New\\_Delhi\\_January\\_17\\_2017](http://mea.gov.in/Speeches-Statements.htm?dtl/27948/Inaugural_Address_by_Prime_Minister_at_Second_Raisina_Dialogue_New_Delhi_January_17_2017), accessed September 14, 2017

<sup>17</sup> "Speech delivered by Narendra Modi, Prime Minister of India, at the Official Opening Ceremony of the African Development Bank Group Annual Meetings in Ahmedabad, India", *African Development Bank*, May 23, 2017, [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Speech\\_delivered\\_by\\_Narendra\\_Modi\\_\\_Prime\\_Minister\\_of\\_India\\_\\_at\\_the\\_Official\\_Opening\\_Ceremony\\_of\\_the\\_African\\_Development\\_Bank\\_Group\\_Annual\\_Meetings\\_in\\_Ahmedabad\\_\\_India\\_\\_May\\_23\\_\\_2017.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Speech_delivered_by_Narendra_Modi__Prime_Minister_of_India__at_the_Official_Opening_Ceremony_of_the_African_Development_Bank_Group_Annual_Meetings_in_Ahmedabad__India__May_23__2017.pdf) accessed September 14, 2017

<sup>18</sup> "No Indian Boots On Ground In Afghanistan," India Tells US, *NDTV*, September 26, 2017, <https://www.ndtv.com/india-news/no-indian-boots-on-ground-in-afghanistan-nirmala-sitharaman-tells-us-defence-secretary-james-mattis-1755320>, accessed September 29, 2017

<sup>19</sup> "Question no. 26 Act East Policy", *Ministry of External Affairs*, February 02, 2017, <http://www.mea.gov.in/rajya-sabha.htm?dtl/27982/QUESTION+NO26+ACT+EAST+POLICY>, accessed September 14, 2017

<sup>20</sup> "Development Partnership Administration", *Ministry of External Affairs*, <http://www.mea.gov.in/development-partnership-administration.htm>, accessed September 14, 2017

forms, assumes high priority. As a natural corollary from this narrative emerges the importance of India's role as a net security provider in its extended neighbourhood.<sup>21</sup>

Accordingly, India has been consistently taking the lead in humanitarian assistance and relief efforts in both natural and man-made disasters. For instance, India was one of the first responders during the earthquake in Nepal, evacuation of civilians from Yemen and during recent humanitarian crises in the Maldives and Fiji.<sup>22</sup> For the maintenance of international peace and security, India has increased its collaboration with different countries on coastal surveillance, white shipping information and fighting non-traditional threats like piracy, smuggling and transnational crimes.<sup>23</sup> India has also been taking the lead in combating pressing global challenges like global warming, by making ambitious commitments towards renewables and taking the lead on initiatives like the International Solar Alliance.<sup>24</sup>

## V. India and Infrastructure Connectivity

As noted above, infrastructure connectivity, in the Indian narrative, is a stepping stone towards realising India's broad-based connectivity vision. There is a broad consensus in New Delhi that infrastructure connectivity to India's neighbourhood and the extended neighbourhood region offers "game-changing possibilities" not only for India but also for the entire region.<sup>25</sup> Consequently, higher priority is being accorded to the timely completion of key infrastructure projects like the Kaladan Multi-modal Transport project, the India-Myanmar-Thailand Trilateral Highway Project, Rhi-Tiddim Road Project to India's east, and Chabahar Port, the Trilateral Transport and Transit Corridor, and the International North South Transport Corridor to the west.<sup>26</sup>

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<sup>21</sup> "Speech by External Affairs Minister at the inauguration of Raisina Dialogue in New Delhi (March 01, 2016)", *MEA*, March 01, 2016, <http://mea.gov.in/Speeches-Statements.htm?dtl/26432>, accessed September 14, 2017

<sup>22</sup> "Inaugural Address by Prime Minister at Second Raisina Dialogue, New Delhi (January 17, 2017)", *MEA*, January 17, 2017, [http://mea.gov.in/Speeches-Statements.htm?dtl/27948/Inaugural\\_Address\\_by\\_Prime\\_Minister\\_at\\_Second\\_Raisina\\_Dialogue\\_New\\_Delhi\\_January\\_17\\_2017](http://mea.gov.in/Speeches-Statements.htm?dtl/27948/Inaugural_Address_by_Prime_Minister_at_Second_Raisina_Dialogue_New_Delhi_January_17_2017), accessed September 14, 2017

<sup>23</sup> *Ibid.*

<sup>24</sup> *Ibid.*

<sup>25</sup> "Address by Foreign Secretary at East West Centre Conference (September 09, 2016)", *MEA*, September 09, 2016, , [http://mea.gov.in/Speeches-Statements.htm?dtl/27372/Address\\_by\\_Foreign\\_Secretary\\_at\\_East\\_West\\_Centre\\_Conference\\_September\\_09\\_2016](http://mea.gov.in/Speeches-Statements.htm?dtl/27372/Address_by_Foreign_Secretary_at_East_West_Centre_Conference_September_09_2016), accessed September 15, 2017

<sup>26</sup> "Remarks by Prime Minister at Chabahar Connectivity event (May 23, 2016)", *MEA* , May 23, 2016, , <http://www.mea.gov.in/Speeches-Statements.htm?dtl/26838/Remarks+by+Prime+Minister+at+Chabahar+Connectivity+event+May+23+2016>, accessed September 15, 2017

Taking its commitment towards physical connectivity to the next level, India has also ratified the International Road Transport (TIR) Convention. Joining this multilateral international transit treaty, which functions under the auspices of the United Nations Economic Commission for Europe (UNECE), is intended to integrate India with Myanmar and Thailand as well as Bangladesh, Bhutan and Nepal. On the west, it will enable India to move cargo along the International North-South Transport Corridor via Chabahar port in Iran, to access landlocked Afghanistan and the energy-rich Eurasian region.<sup>27</sup>

In addition to terrestrial/land-based physical infrastructure development through roadways, railroads, transit/economic corridors etc., India is giving equal weightage to areas like digital connectivity and maritime connectivity.

### *i) Maritime - Port Connectivity*

India's vision for maritime connectivity across the Indian Ocean has already been articulated by Prime Minister Modi as 'SAGAR' - 'Security and Growth for All in the Region'. India's official discourse on maritime connectivity is that "the vast sea space to India's south means that India's vision for connectivity is as much maritime as it is territorial. The oceans around India and the associated blue economy link security and prosperity strongly in the maritime domain."<sup>28</sup> Committed to "safe, secure, stable and shared maritime space,"<sup>29</sup> India is focusing on capacity building, both in the bilateral space and on regional platforms. For instance, with Seychelles, India has developed elaborate partnerships in areas like coastal surveillance, offshore patrolling, improvement of logistics and expanded hydrography.<sup>30</sup> Furthermore, India's approach towards maritime connectivity encompasses meeting traditional and non-traditional threats, contributing to a climate of trust and transparency, ensuring respect for international maritime rules and norms, and resolving maritime disputes without threat or use of force.<sup>31</sup> India's agreement with Bangladesh on the maritime boundary stands out as an example in this regard.<sup>32</sup>

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<sup>27</sup> Utpal Bhaskar, "India ratifies TIR Convention to access transnational multi-modal connectivity", *Livemint*, June 20, 2017, <http://www.livemint.com/Politics/dqvNmMJGbbqQAC8pYZPAYdl/India-ratifies-TIR-Convention-to-access-transnational-multi.html>, accessed September 14, 2017

<sup>28</sup> "Speech by External Affairs Minister at the inauguration of Raisina Dialogue in New Delhi (March 01, 2016)", *MEA*, March 01, 2016, [http://mea.gov.in/Speeches-Statements.htm?dtl%2F26432%2FSpeech\\_by\\_External\\_Affairs\\_Minister\\_at\\_the\\_inauguration\\_of\\_Raisina\\_Dialogue\\_in\\_New\\_Delhi\\_March\\_01\\_2016](http://mea.gov.in/Speeches-Statements.htm?dtl%2F26432%2FSpeech_by_External_Affairs_Minister_at_the_inauguration_of_Raisina_Dialogue_in_New_Delhi_March_01_2016), accessed September 14, 2017

<sup>29</sup> *Ibid.*

<sup>30</sup> *Ibid.*

<sup>31</sup> *Ibid.*

<sup>32</sup> *Ibid.*

India has yet another programme in the maritime space - the SAGARMALA programme - which aims at leveraging India's long coastline and natural maritime advantages.<sup>33</sup> Its goal, as stated by Foreign Secretary S. Jaishankar, is to increase coastal shipping five-fold, develop India's inland waterways and generate maritime logistics as will be required in the future by a more industrialised India. Much importance is being given to the development of India's east coast, which is believed to hold "a real potential for the structural re-orientation of Indian economy and society."<sup>34</sup>

## ii) Digital Connectivity

India finds cyber connectivity to be of particular importance in an increasingly digital world. Discussions are underway in Indian policy circles on the question of how the contemporary cyber world should be governed and regulated so that it remains a free medium, yet allows governments to protect their own citizens. In the words of EAM Swaraj, India espouses a multi-stakeholder approach aimed at preserving a free and integrated internet, but is also asking for a more democratic distribution of critical internet infrastructure and for closer international cooperation on cyber security and cyber-crime to build trust and stability among the various stakeholders.<sup>35</sup>

As a part of its commitment to digital connectivity, observes Preeti Saran, Secretary (East) in MEA, India has been working towards installation of a regional high-capacity fibre-optic network, supplemented by national rural broadband networks and digital villages in remote areas in ASEAN nations. It has extended a US\$1 billion Line of Credit to help finance these and other connectivity projects in the ASEAN region. Building upon its own experience of adding 800 million subscribers to the internet, primarily from rural areas, India now aims to strengthen digital connectivity in CLMV (Cambodia, Laos, Myanmar, Vietnam) countries as well.<sup>36</sup>

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<sup>33</sup> "PMs Inaugural Address at the Maritime India Summit, 2016", *Ministry of Shipping*, April 14, 2016, <http://sagarmala.gov.in/media/press-release/pms-inaugural-address-maritime-india-summit-2016>, accessed September 14, 2017

<sup>34</sup> "Address by Foreign Secretary at East West Centre Conference (September 09, 2016)", September 09, 2016, *MEA*, <http://mea.gov.in/Speeches-Statements.htm?dtl/27372/Address+by+Foreign+Secretary+at+East+West+Centre+Conference+September+09+2016>, accessed September 14, 2017

<sup>35</sup> "Speech by External Affairs Minister at the inauguration of Raisina Dialogue in New Delhi (March 01, 2016)", *MEA*, March 01, 2016, [http://mea.gov.in/Speeches-Statements.htm?dtl%2F26432%2FSpeech\\_by\\_External\\_Affairs\\_Minister\\_at\\_the\\_inauguration\\_of\\_Raisina\\_Dialogue\\_in\\_New\\_Delhi\\_March\\_01\\_2016](http://mea.gov.in/Speeches-Statements.htm?dtl%2F26432%2FSpeech_by_External_Affairs_Minister_at_the_inauguration_of_Raisina_Dialogue_in_New_Delhi_March_01_2016), accessed September 14, 2017

<sup>36</sup> "Keynote Address of Secretary (East) at the Joint Inaugural Session (Business & Academic) of Delhi Dialogue IX", *MEA*, July 05, 2017, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/28588/keynote+address+of+secretary+east+at+the+joint+inaugural+session+business+amp+academic+of+delhi+dialogue+ix>, accessed September 14, 2017

## VI. Connectivity at Domestic, Neighbourhood and Regional levels -- India's Policy Choices

As per the official discourse in New Delhi, India presently seems to have three broad policies addressing the theme of connectivity – a Domestic Policy with a focus on the North East and Frontier Areas, the “Act East” Policy and the “Neighborhood First” Policy. In terms of projects, these policies have substantial overlapping with each other. For instance, India's relations with Myanmar come under both the Act East Policy and the Neighbourhood First Policy, while Myanmar is also considered as North-East India's gateway to ASEAN.<sup>37</sup>

In addition, there are policy visions like ‘Think West’, “Connect Central Asia” among others. However, these visions are still in the process of being fully developed.

### *i) Domestic Connectivity Policy: Focus on North East and Frontier Areas*

The North East of India has been given top priority, not least as these connectivity projects are mostly aimed at serving as an interface between North East India and India's eastern neighbourhood region.<sup>38</sup> In the last budget, more than Rs.30,000 crores have been earmarked for the North East region.<sup>39</sup>

As mentioned by PM Modi in one of his speeches, India has already created a specialised highways construction agency – the National Highways and Infrastructure Development Corporation – in 2014 for better connectivity of the North East region. Since then, it has set up branch offices in each of the North Eastern States and is implementing 34 projects covering a length of 1001 kilometres, at a total cost of over Rs 10,000 crore.<sup>40</sup> The Bhupen Hazarika Setu connecting upper Assam with the Eastern part of Arunachal Pradesh, which was inaugurated by PM Modi in 2017, has been one of the flagship projects of the region.

The Indian Railways have also undertaken a major expansion exercise in the region at a cost of around Rs 10,000 crore<sup>41</sup>. As indicated by PM Modi, Arunachal Pradesh and Meghalaya have been placed on the rail map. Agartala in Tripura has also been connected with a broad

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<sup>37</sup> As a result, projects like Kaladan Multi Modal Transit Transport Project, the India-Myanmar-Thailand Trilateral Highway Project, Rhi-Tiddim Road Project and Border Haats etc. fall under Act East Policy, Neighbourhood First Policy and North East Development Policy, all at the same time.

<sup>38</sup> “Act East Policy”, *Press Information Bureau, Government of India, Ministry of External Affairs*, December 23, 2015, <http://pib.nic.in/newsite/PrintRelease.aspx?relid=133837>, accessed September 14, 2017

<sup>39</sup> “PM's Address at the Plenary Session of the North-Eastern Council”, *PIB*, May 27, 2016, <http://pib.nic.in/newsite/PrintRelease.aspx?relid=145734>, accessed September 14, 2017

<sup>40</sup> “PM's Address at the Plenary Session of the North-Eastern Council”, *PMINDIA*, May 27, 2016, [http://www.pmindia.gov.in/en/news\\_updates/pms-address-at-the-plenary-session-of-the-north-eastern-council/](http://www.pmindia.gov.in/en/news_updates/pms-address-at-the-plenary-session-of-the-north-eastern-council/), accessed September 14, 2017

<sup>41</sup> *Ibid.*

gauge line. All North East states are now to be incorporated on the rail map. The Indian Railways have already commissioned about 900 kilometres of broad gauge in the North East since 2014-2015, leaving only about 50 kilometres of meter gauge lines to be converted.<sup>42</sup> A third alternative connectivity route to the North East, that is New Maynaguri – Jogighopa, has been commissioned.<sup>43</sup>

In terms of power, the government has been making a heavy investment in the North East at a cost of around Rs 10,000<sup>44</sup> crore. The commissioning of Bishwanath-Chariyali-Agra transmission line has also brought 500 MegaWatt additional capacity to the region.<sup>45</sup> An improved internet connectivity project for the North East region is currently underway in collaboration with Bangladesh.<sup>46</sup>

India has also hastened the process of connecting the North East region with the larger ASEAN region through different projects.<sup>47</sup> A Myanmar-Thailand Motor Vehicles Agreement is presently under discussion and a task force for maritime connectivity and working groups on air services and shipping arrangements have been set up to enhance physical connectivity between North East India and ASEAN.<sup>48</sup> A specialised body called Inland Waterways Authority of India has been formed and given the responsibility for converting 106 rivers across the country into navigable rivers.<sup>49</sup> India is making efforts to harness the waterways of rivers such as Brahmaputra in Assam, Barak connecting India and Bangladesh and Irrawady in Myanmar for promoting trade and people-to-people connectivity.<sup>50</sup>

The active involvement of North Eastern state governments through cooperative federalism has added new dimensions to India's connectivity initiatives. According to government

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<sup>42</sup> Ibid.

<sup>43</sup> Ibid.

<sup>44</sup> Ibid.

<sup>45</sup> Ibid.

<sup>46</sup> Ibid.

<sup>47</sup> As highlighted by Secretary (East) Preeti Saran during the Delhi Dialogue, 2017, the India-Myanmar-Thailand Trilateral Highway project is presently being implemented. Once implemented it is expected to provide seamless connectivity from Moreh in Manipur to Mae Sot in Thailand via Myanmar. Work is also in progress on the Kaladan Multimodal Transport Project which will provide a road and riverine link between Myanmar and Mizoram as well as connect Indian ports to Sittwe port in Myanmar. India is also considering an extension of India-Myanmar-Thailand Trilateral Highway to Cambodia, Laos and Vietnam.

<sup>48</sup> "Keynote Address of Secretary (East) at the Joint Inaugural Session (Business & Academic) of Delhi Dialogue IX", MEA, July 05, 2017, [http://mea.gov.in/Speeches-Statements.htm?dtl/28588/Keynote\\_Address\\_of\\_Secretary\\_East\\_at\\_the\\_Joint\\_Inaugural\\_Session\\_Business\\_amp\\_Academic\\_of\\_Delhi\\_Dialogue\\_IX](http://mea.gov.in/Speeches-Statements.htm?dtl/28588/Keynote_Address_of_Secretary_East_at_the_Joint_Inaugural_Session_Business_amp_Academic_of_Delhi_Dialogue_IX), accessed September 14, 2017

<sup>49</sup> Ibid.

<sup>50</sup> Ibid.

sources, Assam is taking the lead in this space. It has already started taking measures to connect state level policies with India's Act East Policy. By setting up a dedicated Act East Department and by organising events like the Namami Brahmaputra event, Assam is striving to generate awareness about its untapped business potential, its culture and its people among neighbouring regions and thereby helping fast-track its own development process.<sup>51</sup>

## ii) Act East Policy

The Look East Policy, launched in 1992, has been a reflection of India's willingness to open up to the world, particularly to the ASEAN nations, developing ties with them and learning from their experiences, explains Foreign Secretary S Jaishankar. This led to India's participation in ASEAN-centric forums like the ARF, EAS, ADMM Plus, etc. Gradually India's initial agenda of trade, investment and economic exchanges with ASEAN nations grew into a larger strategic engagement.<sup>52</sup> India's Look East policy went beyond ASEAN to cover Japan, Republic of Korea, and China. In recent years, India's outreach in the Asia Pacific has extended to Australia and the Pacific Island Countries.

After PM Modi assumed office in 2014, the Look East Policy was upgraded to the Act East Policy. The key principles and objectives of "Act East Policy" were to "promote economic cooperation, cultural ties and develop strategic relationship with countries in the Asia-Pacific region through continuous engagement at bilateral, regional and multilateral levels thereby providing enhanced connectivity to the States of North Eastern Region with other countries in the neighbourhood."<sup>53</sup>

Under the Act East Policy, India now has strategic partnerships with a range of countries including Indonesia, Vietnam, Malaysia, Japan, Republic of Korea (ROK), Australia, Singapore and the Association of Southeast Asian Nations (ASEAN).<sup>54</sup> Further, apart from the ASEAN, the ASEAN Regional Forum (ARF) and the East Asia Summit (EAS), India has also been actively engaged in regional fora such as Bay of Bengal Initiative for Multi-Sectoral Technical and

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<sup>51</sup> Ibid.

<sup>52</sup> "Address by Foreign Secretary at East West Centre Conference (September 09, 2016)", *MEA*, September 09, 2016, [http://www.mea.gov.in/Speeches-Statements.htm?dtl%2F27372%2FAddress\\_by\\_Foreign\\_Secretary\\_at\\_East\\_West\\_Centre\\_Conference\\_September\\_09\\_2016](http://www.mea.gov.in/Speeches-Statements.htm?dtl%2F27372%2FAddress_by_Foreign_Secretary_at_East_West_Centre_Conference_September_09_2016)

<sup>53</sup> "Question no. 26 Act East Policy", *MEA*, February 02, 2017, <http://www.mea.gov.in/rajya-sabha.htm?dtl/27982/QUESTION+NO26+ACT+EAST+POLICY>, accessed September 14, 2017

<sup>54</sup> "Act East Policy", *PIB*, December 23, 2015, <http://pib.nic.in/newsite/PrintRelease.aspx?relid=133837>, accessed September 14, 2017

Economic Cooperation (BIMSTEC), Asia Cooperation Dialogue (ACD), Mekong Ganga Cooperation (MGC) and Indian Ocean Rim Association (IORA), among others.<sup>55</sup>

BIMSTEC<sup>56</sup> in particular has received a fresh lease of life under the Modi government. The BRICS-BIMSTEC outreach summit held in Goa in 2016 has marked a renewed effort by India for the rejuvenation of BIMSTEC. According to a report by Research and Information System for Developing Countries (RIS), the lack of investment in infrastructure development has remained a constant challenge for the grouping. India, therefore, has been taking the lead in establishing a linkage between BRICS and BIMSTEC and suggesting ways for funding some BIMSTEC connectivity projects through the New Development Bank.<sup>57</sup> In order to facilitate investments in infrastructure and industrial development, BIMSTEC is also considering setting up a Regional Fund for regional projects.<sup>58</sup>

### iii) *Neighbourhood First Policy*

One of the key agendas of the Modi government in the space of foreign policy has been the principle of 'Neighbourhood First'. It is widely recognised in New Delhi that a peaceful and stable environment is absolutely essential for India's development and that its future is closely linked with its neighbourhood region. The Modi Government, from its first day in office, has given the highest priority on advancing ties with India's neighbouring countries.

EAM Swaraj explains that India's vision for the neighbourhood region is based on factors like routinized exchanges, greater connectivity, and stronger economic linkages. It also involves leveraging common civilizational heritage to establish familiarity, build closer contacts and deepen the connect within the region. India's approach towards its neighbours has been essentially "consultative, non-reciprocal and outcome oriented" and its mantra for the region is of "shared prosperity through connectivity."<sup>59</sup>

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<sup>55</sup> Ibid.

<sup>56</sup> A report by Research and Information System for developing countries (RIS) mentions that through BIMSTEC, India is aiming at seamless connectivity between the North East of India and Myanmar and Thailand on one side and with Bangladesh, Bhutan and Nepal on the other. Around 165 projects connecting the region except Sri Lanka have been identified. The projects are either maritime projects or civil aviation or road projects or rail projects, such as the India-Myanmar-Thailand Trilateral Highway, the Kaladan Multimodal Transit Transport Project, the Asian Highway Network, and the ASEAN Master Plan for Connectivity. Some of these projects have been already implemented, some are on the halfway through, and some are waiting for the funding.

<sup>57</sup> "BIMSTEC, The Road Ahead", *RIS*, <http://ris.org.in/pdf/BIMSTEC%20Report.pdf> accessed September 14, 2017

<sup>58</sup> Ibid.

<sup>59</sup> "Speech by Minister of State for External Affairs at the Gateway of India Dialogue" (June 14, 2016), *MEA*, June 14, 2016, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/26910>, accessed September 14, 2017

PM Modi himself, followed by several ministers, has travelled to almost all the countries in the region. Many of the visits were, in fact, the first in many years – with Nepal after 17 years, with Sri Lanka after 28 years.<sup>60</sup> The landmark Land Boundary Agreement with Bangladesh, the inauguration of the new Parliament building in Kabul and the India-Afghanistan Friendship Dam, housing projects in Jaffna, a state-of-the-art trauma centre in Kathmandu, progress on power projects with Bhutan, practical cooperation in transit and connectivity with Bangladesh, the formation and functioning of the BBIN grouping (Bangladesh, Bhutan, India, Nepal), the progress on projects with Myanmar-Thailand<sup>61</sup>, lines of credit and scholarships for the countries in the region – all are representative of India’s commitment to its neighbourhood.<sup>62</sup>

## VII. Japan: India’s Key Partner in its Domestic Connectivity Initiatives

India considers Japan as its “closest and most reliable partner” in its connectivity programmes.<sup>63</sup> Right after assuming office in 2014, PM Modi made the first bilateral visit outside India’s immediate neighbourhood to Japan, which highlighted the high priority that Japan receives in India’s foreign and economic policies. Indian policymakers never fail to acknowledge Japan’s paramount importance in India’s vision for its own development and prosperity as well as in peace, stability and prosperity in Asia at large.<sup>64</sup> They argue that India and Japan, as two peace-loving and democratic nations, can play an influential role in shaping the future of Asia and the world.<sup>65</sup>

The India-Japan summit held on September 1, 2014 saw bilateral relations upgraded to a “Special Strategic and Global Partnership”. A significant expansion of India-Japan economic

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<sup>60</sup> “Opening Remarks by Gen. (Dr.) V.K. Singh (Retd.) Minister of State for External Affairs at Mid Term Press Conference (January 04, 2017)”, *MEA*, January 04, 2017, [http://mea.gov.in/Speeches-Statements.htm?dtl/27892/Opening\\_Remarks\\_by\\_Gen\\_Dr\\_VK\\_Singh\\_Retd\\_Minister\\_of\\_State\\_for\\_External\\_Affairs\\_at\\_Mid\\_Term\\_Press\\_Conference\\_January\\_04\\_2017](http://mea.gov.in/Speeches-Statements.htm?dtl/27892/Opening_Remarks_by_Gen_Dr_VK_Singh_Retd_Minister_of_State_for_External_Affairs_at_Mid_Term_Press_Conference_January_04_2017), accessed September 14, 2017.

<sup>61</sup> The Trilateral Highway and the Kaladan Multimodal Project etc.

<sup>62</sup> “Opening Remarks by Gen. (Dr.) V.K. Singh (Retd.) Minister of State for External Affairs at Mid Term Press Conference (January 04, 2017)”, *MEA*, January 04, 2017, [http://mea.gov.in/Speeches-Statements.htm?dtl/27892/Opening\\_Remarks\\_by\\_Gen\\_Dr\\_VK\\_Singh\\_Retd\\_Minister\\_of\\_State\\_for\\_External\\_Affairs\\_at\\_Mid\\_Term\\_Press\\_Conference\\_January\\_04\\_2017](http://mea.gov.in/Speeches-Statements.htm?dtl/27892/Opening_Remarks_by_Gen_Dr_VK_Singh_Retd_Minister_of_State_for_External_Affairs_at_Mid_Term_Press_Conference_January_04_2017), accessed September 14, 2017.

<sup>63</sup> “Remarks by Prime Minister at the Joint Press Briefing with Prime Minister Shinzo Abe of Japan”, *PIB*, September 1, 2014, <http://www.pib.nic.in/newsite/erelcontent.aspx?relid=109222>, accessed September 14, 2017

<sup>64</sup> “Prime Minister’s Departure Statement ahead of his visit to Japan”, *MEA*, August 29, 2014, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/23958/prime+ministers+departure+statement+ahead+of+his+visit+to+japan>, accessed September 14, 2017

<sup>65</sup> “Remarks by Prime Minister at the Joint Press Briefing with Prime Minister Shinzo Abe of Japan” *MEA*, September 01, 2014, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/23966/remarks+by+prime+minister+at+the+joint+press+briefing+with+prime+minister+shinzo+abe+of+japan>, accessed September 14, 2017

relations was also announced, ranging from connectivity and industrial corridors to high speed rail, next generation infrastructure and transport systems to development of industrial cities and townships, smart community projects to renewable energy.<sup>66</sup>

Key decisions of the 2014 bilateral summit included special emphasis on Japan's cooperation for enhanced connectivity and development in Northeast India and linking the region to other economic corridors in India as well as to Southeast Asia in order to catalyse economic development.<sup>67</sup> At the following bilateral summit held on December 12, 2015 Japan announced that it would provide ODA loans for the improvement of road connectivity in the North Eastern states of India.<sup>68</sup> These commitments were again reaffirmed at the bilateral summit held on November 11, 2016.<sup>69</sup>

At the latest bilateral summit held on September 14, 2017 the two Prime Ministers welcomed India-Japan cooperation on the development of India's North Eastern Region (NER) as a concrete symbol of developing synergies between India's Act East Policy and Japan's Free and Open Indo-Pacific Strategy. In this context, they also welcomed the setting up of the "India-Japan Act East Forum", which will enhance connectivity and promote development projects in India's NER in an efficient and effective manner.<sup>70</sup> This Forum is expected to be launched soon. The Japan International Cooperation Agency (JICA) has already signed agreements to provide approximately Rs. 4000 crores of ODA loans for the "Northeast Road Network Connectivity Improvement Project (Phase-1)" on March 31, 2017.<sup>71</sup> Following the recent

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<sup>66</sup> "Tokyo Declaration for India - Japan Special Strategic and Global Partnership", *MEA*, September 01, 2014, <http://www.mea.gov.in/bilateral-documents.htm?dtl/23965/Tokyo+Declaration+for+India++Japan+Special+Strategic+and+Global+Partnership>, accessed September 14, 2017

<sup>67</sup> Ibid.

<sup>68</sup> "Joint Statement on India and Japan Vision 2025: Special Strategic and Global Partnership Working Together for Peace and Prosperity of the Indo-Pacific Region and the World" (December 12, 2015), *MEA*, December 12, 2015, [http://www.mea.gov.in/bilateral-documents.htm?dtl/26176/Joint\\_Statement\\_on\\_India\\_and\\_Japan\\_Vision\\_2025\\_Special\\_Strategic\\_and\\_Global\\_Partnership\\_Working\\_Together\\_for\\_Peace\\_and\\_Prosperty\\_of\\_the\\_IndoPacific\\_R](http://www.mea.gov.in/bilateral-documents.htm?dtl/26176/Joint_Statement_on_India_and_Japan_Vision_2025_Special_Strategic_and_Global_Partnership_Working_Together_for_Peace_and_Prosperty_of_the_IndoPacific_R), accessed September 14, 2017

<sup>69</sup> "India-Japan Joint Statement during the visit of Prime Minister to Japan", *MEA*, November 11, 2016, <http://www.mea.gov.in/bilateral-documents.htm?dtl/27599/IndiaJapan+Joint+Statement+during+the+visit+of+Prime+Minister+to+Japan>, accessed September 14, 2017

<sup>70</sup> "India-Japan Joint Statement during visit of Prime Minister of Japan to India" (September 14, 2017), *MEA*, September 14, 2017, [http://www.mea.gov.in/bilateral-documents.htm?dtl/28946/IndiaJapan\\_Joint\\_Statement\\_during\\_visit\\_of\\_Prime\\_Minister\\_of\\_Japan\\_to\\_India\\_September\\_14\\_2017](http://www.mea.gov.in/bilateral-documents.htm?dtl/28946/IndiaJapan_Joint_Statement_during_visit_of_Prime_Minister_of_Japan_to_India_September_14_2017), accessed September 18, 2017

<sup>71</sup> "ICA Extends ODA Loan of approximately INR 4,000 Crores for the North-East Road Network Connectivity Improvement Project (Phase I)", *JICA*, March 31, 2017, [https://www.jica.go.jp/india/english/office/topics/press170331\\_01.html](https://www.jica.go.jp/india/english/office/topics/press170331_01.html), accessed September 14, 2017

bilateral summit, Japan is to extend further loans of Rs. 2239 crores for Phase-2 of the project.<sup>72</sup>

Finally, another significant outcome of the September 14, 2017 bilateral summit was the launch of the Mumbai-Ahmadabad High Speed Rail (MAHSR) project which is to be completed by 2023 and will make transformative contributions to the comprehensive upgradation of railway technology and systems in India. Japan is to provide soft loans totaling around Rs. 88,000 crores at an interest rate of 0.1% for the project, with repayment over 50 years.<sup>73</sup>

## VIII. India-Japan Collaboration for Regional Connectivity

In recent years, India and Japan have been actively seeking to collaborate in regional connectivity projects. One of the biggest areas of strategic convergence between Indian and Japanese interests is the Indo-Pacific region. Japan appreciates India's active engagement in the region under the "Act East Policy," and Prime Minister Modi has appreciated Japan's greater presence in the region under the "Free and Open Indo-Pacific Strategy."<sup>74</sup> As a result, both sides are planning to cooperate more closely to promote connectivity, infrastructure and capacity-building in the regions that occupy the inter-linked waters of the Indo-Pacific.<sup>75</sup>

As has been widely reported by Indian media, New Delhi and Tokyo are planning to collaborate on plans to develop/expand Iran's Chabahar port and the adjoining special economic zone. In eastern Sri Lanka, the two countries are working jointly to expand the

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<sup>72</sup> Dipanjan Roy Chaudhury, "Japan teams up with India for Northeast, to extend Rs 2,239-crore loans", *The Economic Times*, September 18, 2017, [http://economictimes.indiatimes.com/articleshow/60703906.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/60703906.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst), accessed September 14, 2017

<sup>73</sup> "Minister of Railways, Shri Piyush Goyal briefs Media about this High Speed Train Project", *PIB*, September 11, 2017, <http://pib.nic.in/newsite/PrintRelease.aspx?relid=170676>, accessed September 14, 2017

<sup>74</sup> "India-Japan Joint Statement during the visit of Prime Minister to Japan", *MEA*, November 11, 2016, <http://mea.gov.in/bilateral-documents.htm?dtl/27599/IndiaJapan+Joint+Statement+during+the+visit+of+Prime+Minister+to+Japan>, accessed September 14, 2017

<sup>75</sup> "Media Statement by Prime Minister during his visit to Japan (November 11, 2016)", *PIB*, November 11, 2016, <http://pib.nic.in/newsite/PrintRelease.aspx?relid=153525>, accessed September 14, 2017

Trincomalee port. They may also likely join hands to develop Dawei port along the Thai-Myanmar border<sup>76</sup> and infrastructure projects in South Vietnam's Mekong Delta region.<sup>77</sup>

India and Japan are collaborating on improving connectivity between Asia and Africa under the flagship initiative called Asia Africa Growth Corridor (AAGC).<sup>78</sup> India has been operating in Africa for many years, for trade as well as for capacity-building activities. Japan, which also has a considerable experience in the continent, together with advanced technology as well as finance, has agreed to jointly support development in Africa.<sup>79</sup> The aim of this collaboration is to establish an efficient and sustainable mechanism for linking economies, industries and institutions, ideas and peoples of Africa and Asia in an inclusive fashion.<sup>80</sup> According to the AAGC vision document, the corridor will focus on four areas: Development Cooperation Projects, Quality Infrastructure and Institutional Connectivity, Enhancing Skills, and People-to-People Partnership.<sup>81</sup> Skills, health, infrastructure, agriculture, manufacturing, connectivity and disaster management will be the defining features of this development cooperation.<sup>82</sup>

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<sup>76</sup> "Pushing back against China's One Belt One Road, India, Japan build strategic 'Great Wall'" *The Economic Times*, May 16, 2017, [http://economictimes.indiatimes.com/articleshow/58689033.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/58689033.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst), accessed September 14, 2017

<sup>77</sup> Malini Goyal, "Why Japan is pouring lakhs of crores in cut-rate loans to build infrastructure across India?", *The Economic Times*, September 17, 2017, [http://economictimes.indiatimes.com/articleshow/60712934.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/60712934.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst), accessed September 14, 2017

<sup>78</sup> "Speech delivered by Narendra Modi, Prime Minister of India, at the Official Opening Ceremony of the African Development Bank Group Annual Meetings in Ahmedabad, India", *African Development Bank Group*, May 23, 2017, [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Speech\\_delivered\\_by\\_Narendra\\_Modi\\_\\_Prime\\_Minister\\_of\\_India\\_\\_at\\_the\\_Official\\_Opening\\_Ceremony\\_of\\_the\\_African\\_Development\\_Bank\\_Group\\_Annual\\_Meetings\\_in\\_Ahmedabad\\_\\_India\\_\\_May\\_23\\_\\_2017.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Speech_delivered_by_Narendra_Modi__Prime_Minister_of_India__at_the_Official_Opening_Ceremony_of_the_African_Development_Bank_Group_Annual_Meetings_in_Ahmedabad__India__May_23__2017.pdf) accessed September 14, 2017

<sup>79</sup> "Ignoring OBOR, India and Japan forge ahead with joint connectivity project", *The Economic Times*, July 30, 2017, [http://economictimes.indiatimes.com/articleshow/59830218.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/59830218.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst), accessed September 14, 2017

<sup>80</sup> Maulik Pathak, "India-Japan partnership to play key role in Asia-Africa corridor", *Livemint*, May 25 2017, <http://www.livemint.com/Politics/gfSbaVJjfHuoUKPTMxrU8L/IndiaJapan-partnership-to-play-key-role-in-AsiaAfrica-corr.html>, accessed September 14, 2017

<sup>81</sup> "Asia Africa Growth Corridor Partnership for Sustainable and Innovative Development A Vision Document", May 22-26, 2017, <http://www.eria.org/Asia-Africa-Growth-Corridor-Documents.pdf>, accessed September 14, 2017

<sup>82</sup> "Speech delivered by Narendra Modi, Prime Minister of India, at the Official Opening Ceremony of the African Development Bank Group Annual Meetings in Ahmedabad, India", *African Development Bank Group*, May 23, 2017, [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Speech\\_delivered\\_by\\_Narendra\\_Modi\\_\\_Prime\\_Minister\\_of\\_India\\_\\_at\\_the\\_Official\\_Opening\\_C](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Speech_delivered_by_Narendra_Modi__Prime_Minister_of_India__at_the_Official_Opening_C)

Other than this, India along with other BBIN countries has been actively collaborating with the Japan-initiated and led Asian Development Bank (ADB), for infrastructure development in the South Asia Region. Countries like Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal, and Sri Lanka have come together in a project-based partnership, called South Asia Subregional Economic Cooperation (SASEC), with its secretariat at the ADB.<sup>83</sup> Since 2001, SASEC countries have implemented 46 regional projects worth more than \$9 billion in the energy, economic corridor development, transport, trade facilitation, and information and communications technology sectors with the help of the ADB.<sup>84</sup> A list of recent (since 2014) projects in the South Asia region which are being financed substantially by the ADB has been provided in Annexure 1.

## IX. Connectivity: Overcoming Challenges and Expanding Partnerships

Some of the common (and valid) criticisms regarding India's record on infrastructure development include funding constraints, delays in regulatory and environmental clearances, slow land acquisition processes and prolonged delays in implementation of projects. However, it also needs to be acknowledged that in recent years, serious efforts have been made by the government to initiate reforms. As a result, India's cost overruns in central-sector infrastructure projects came down sharply to 11% at the end of FY 2017 from 20% in 2015, indicating greater relative efficiency in the implementation process and faster, easier clearances.<sup>85</sup> The share of projects running behind schedule also saw a steep fall over the two years to FY 2016-17.<sup>86</sup>

In the words of PM Modi: "India's process of reform had just started... We are on a take off stage... However, we are committed to do more and more; in a faster and better manner...Never before, India was so much ready for business...the opportunities range from building millions of houses to setting up hundreds of smart cities; modernization of railway networks and stations to setting up of high speed rail corridors; generation of renewable energy to construction of transmission and distribution networks....ever growing need for

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eremony\_of\_the\_African\_Development\_Bank\_Group\_Annual\_Meetings\_in\_Ahmedabad\_\_India\_\_May\_23\_\_2017.pdf accessed September 14, 2017

<sup>83</sup> "South Asia Subregional Economic Cooperation", ADB, <https://www.adb.org/countries/subregional-programs/sasec>, accessed September 14, 2017

<sup>84</sup> Ibid.

<sup>85</sup> "Modi diktat paying off: India infrastructure projects on a roll", *The Economic Times*, May 11, 2017, [http://economictimes.indiatimes.com/articleshow/58624759.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/58624759.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst), accessed September 14, 2017, Prasanta Sahu, "Big boost to infrastructure by Narendra Modi government as time, cost overruns fall steeply", *Financial Express*, July 10, 2017, <http://www.financialexpress.com/economy/big-boost-to-infrastructure-by-narendra-modi-government-as-time-cost-overruns-fall-steeply/756451/>, accessed September 14, 2017

<sup>86</sup> Ibid.

national highways, bridges, and mass urban transport systems, schools, hospitals and skill training institutes.”<sup>87</sup>

It is noteworthy that India’s regional connectivity vision is not premised on the basis of geopolitical competition with other players in the region. Indian officials have stated in clear terms that the purpose of India’s connectivity plans is “not to compete with anyone but to work out a growth model that is inclusive for all.”<sup>88</sup> For instance, in the case of AAGC, which is often wrongly pitted against China’s BRI (Belt and Road Initiative) in public discourse, Indian policymakers have clarified that the two are completely separate in nature. Long before BRI, India and Japan were individually working in Africa, and since 2010 both have been talking to each other about collaborating more closely in Africa.<sup>89</sup>

India declined to participate in China’s BRI (Belt and Road Initiative) Forum held in May, 2017, but the key point of contention has been the ‘China-Pakistan Economic Corridor’, a flagship project of the BRI, which ignores India’s core concerns on sovereignty and territorial integrity.<sup>90</sup> India has been urging China to engage in a meaningful dialogue on the BRI and is still awaiting a positive response from the Chinese side.

Under its “inclusive” vision for connectivity, India is seeking collaboration with like-minded nations like Japan and the US. At the India-US-Japan Ministerial Trilateral Meeting at the Foreign Minister level held in New York on September 30, 2015 and again on September 18, 2017, the three partners have agreed to “capitalize on collective capacities in promoting regional economic linkages in South and South East Asia”<sup>91</sup> and base those connectivity

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<sup>87</sup> “Germany is among India’s most important partners in the global context: PM Modi” *NarendraModi.in*, May 30, 2017, <http://www.narendramodi.in/speech-by-prime-minister-at-the-business-meeting-in-germany-535664>, accessed September 14, 2017

<sup>88</sup> “India-Japan partnership to play key role in Asia-Africa corridor”, *Livemint*, May 25 2017 <http://www.livemint.com/Politics/gfSbaVJjfHuoUKPTMxrU8L/IndiaJapan-partnership-to-play-key-role-in-AsiaAfrica-corr.html>, accessed September 14, 2017

<sup>89</sup> “Ignoring OBOR, India and Japan forge ahead with joint connectivity project”, *The Economic Times*, July 30, 2017, <http://economictimes.indiatimes.com/news/politics-and-nation/ignoring-obor-india-and-japan-forge-ahead-with-joint-connectivity-project/articleshow/59830218.cms>, accessed September 14, 2017

<sup>90</sup> “Official Spokesperson’s response to a query on participation of India in OBOR/BRI Forum”, *MEA*, May 13, 2017, [http://www.mea.gov.in/media-briefings.htm?dtl/28463/Official\\_Spokespersons\\_response\\_to\\_a\\_query\\_on\\_participation\\_of\\_India\\_in\\_OBORBRI\\_Forum](http://www.mea.gov.in/media-briefings.htm?dtl/28463/Official_Spokespersons_response_to_a_query_on_participation_of_India_in_OBORBRI_Forum), accessed September 14, 2017

<sup>91</sup> “Inaugural U.S.-India-Japan Trilateral Ministerial Dialogue in New York” *MEA*, September 30, 2015, <http://www.mea.gov.in/press-releases.htm?dtl/25868/Inaugural+USIndiaJapan+Trilateral+Ministerial+Dialogue+in+New+York>, accessed September 14, 2017

initiatives on “universally recognized international norms, prudent financing and respect for sovereignty and territorial integrity.”<sup>92</sup>

Citing deeply rooted ancient Indian wisdom, PM Modi has defined India’s connectivity outlook as: “आ नो भद्रो : क्रत्वो यन्तु विश्वतः”, meaning "let noble thoughts come to me from all directions." In other words, India espouses a cooperative rather than unilateral approach and favours an environment of trust and confidence as the most essential pre-requisite for a more inter-connected world.<sup>93</sup>

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<sup>92</sup> “India Japan US Trilateral Foreign Ministerial Meeting”, *MEA*, September 18, 2017, [http://mea.gov.in/press-releases.htm?dtl/28957/India\\_Japan\\_US\\_Trilateral\\_Foreign\\_Ministerial\\_Meeting](http://mea.gov.in/press-releases.htm?dtl/28957/India_Japan_US_Trilateral_Foreign_Ministerial_Meeting), accessed September 14, 2017

<sup>93</sup> “Inaugural Address by Prime Minister at Second Raisina Dialogue, New Delhi (January 17, 2017)”, *MEA*, January 17, 2017, [http://mea.gov.in/SpeechesStatements.htm?dtl/27948/Inaugural\\_Address\\_by\\_Prime\\_Minister\\_at\\_Second\\_Raisina\\_Dialogue\\_New\\_Delhi\\_January\\_17\\_2017](http://mea.gov.in/SpeechesStatements.htm?dtl/27948/Inaugural_Address_by_Prime_Minister_at_Second_Raisina_Dialogue_New_Delhi_January_17_2017), “Speech by External Affairs Minister at the inauguration of Raisina Dialogue in New Delhi (March 01, 2016)”, *MEA*, March 01, 2016, <http://mea.gov.in/incoming-visitdetail.htm?26432/Speech+by+External+Affairs+Minister+at+the+inauguration+of+Raisina+Dialogue+in+New+Delhi+March+01+2016>, accessed September 14, 2017



# India and Connectivity Frameworks

## CHAPTER 2:

### India, Japan and Connectivity Frameworks

Sanjay Pulipaka and Saranya Sircar\*

#### I. Introduction

Historically, cultural and religious influence radiated out of India. India has also been a recipient of various religious traditions, such as Islam. The Indian sub-continent has had over 2000 years of people-to-people interactions with Southeast Asia, which have left deep cultural imprints on both the regions.<sup>1</sup> These imprints have resulted in the emergence of 'plural yet related cultures' in Indian sub-continent and Southeast Asia.<sup>2</sup> There is also enough evidence to suggest that Indian merchants and traders were engaged with Southeast Asian and East Asian countries as well as with the Indian Ocean coast of Africa.

The advent of colonialism ruptured India's historical connections and yet also created new networks of engagement within the British Empire. There was a huge movement of people from India to work for the economic and political interests of the British Empire. For instance, Indians manned the colonial administrative apparatus in neighbouring Burma (now Myanmar) and also worked in distant islands, such as Fiji. The emigration of Indians into Burma and Malaya amounted to approximately 25,80,981 between 1910 and 1935.<sup>3</sup> Britain prompted large-scale migration of Indians to Fiji, which was its colony since the late 19th century, to work on plantations. As a consequence, approximately 40 per cent of the population in Fiji today is of Indian Origin.<sup>4</sup>

Hundreds of thousands of Indian soldiers played a principal role in liberating large parts of Southeast Asia during the Second World War. As C. Raja Mohan has noted, the British Raj

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<sup>1</sup> "India-Indonesia Eminent Persons' Group Report – Report to the Leaders of India and Indonesia," *Ministry of External Affairs*, December 2016, available at [http://mea.gov.in/Uploads/PublicationDocs/28530\\_India\\_and\\_Indonesia\\_Report\\_HR\\_new.pdf](http://mea.gov.in/Uploads/PublicationDocs/28530_India_and_Indonesia_Report_HR_new.pdf)

<sup>2</sup> "ASEAN-India Eminent Persons' Report to the Leaders," *Ministry of External Affairs*, October 2012, available at [http://www.asean.org/storage/images/2012/documents/Asean-India%20AIEPG%20\(29%2010%2012\)-final.pdf](http://www.asean.org/storage/images/2012/documents/Asean-India%20AIEPG%20(29%2010%2012)-final.pdf)

<sup>3</sup> Amarjit Kaur, "Labor Crossings In Southeast Asia: Linking Historical And Contemporary Labor Migration", *New Zealand Journal of Asian Studies*, 1 (June 2009): 276-303, available at [http://www.nzasia.org.nz/downloads/NZIAS-June09/21\\_Amarjit\\_5.pdf](http://www.nzasia.org.nz/downloads/NZIAS-June09/21_Amarjit_5.pdf)

<sup>4</sup> Brij V. Lal, "Fiji Islands: From Immigration to Emigration," *Migration Policy Institute*, April 1, 2003, available at <https://www.migrationpolicy.org/article/fiji-islands-immigration-emigration>

“mobilised all the resources of the undivided subcontinent in the war against Germany and Japan.....In South-East Asia alone, 700,000 Indian troops joined the effort to oust Japanese armies from Burma, Malaya and Indo-China.”<sup>5</sup>

However, mercantilist colonialism also contributed to India’s impoverishment, undermined ancient transcontinental networks, destroyed the social fabric and resulted in the partition of the country. The emergence of independent India with a high incidence of poverty, coupled with the trauma of partition, ensured that for decades India's gaze remained inwards. Immediately after independence, India did explore the possibility of greater engagement with Southeast Asian countries under the rubric of anti-colonial movements and Afro-Asian solidarity. However, the advent of the Cold War and defeat in the 1962 war with China ensured that an inward outlook gained prominence in India. The influence of socialist ideas on economic policy making with an objective to achieve self-reliance further ensured that India acquired an insular attitude. The presence of two hostile neighbours curtailed possibilities of systemic thinking on the need for developing connectivity networks beyond South Asia.

The end of the Cold War, the emergence of vibrant economies in Southeast Asia and the recognition in India of the need to engage with Asia at large prompted the emergence of policy frameworks such as the Look East Policy in 1992. As the Look East Policy gained momentum, the absence of robust connectivity networks became evident. India's attempts to redress this problem faced many challenges. Its domestic track-record in building infrastructure was less than satisfactory. This lacuna continues to impact India’s attempts to build connectivity networks in the neighbourhood.

Externally, many of the Indian neighbours were going through painful and sometimes violent transitions. This meant that there was very little appetite for sharing the cost of building connectivity infrastructure. Moreover, the violence also undermined implementation of projects. Therefore, India’s attempt at building connectivity frameworks has gained relative momentum only in the recent past, due to the twin dynamic of growth in the Indian economy and stabilization of the neighbourhood. The recent shift in the policy framework, from Look East to Act East, has also stressed the need for developing connectivity networks with neighbours along with cultural and commercial interactions.

This paper makes an attempt to understand India’s initiatives to build connectivity networks to the East. These efforts have two dimensions: first, construction of connectivity infrastructure projects; and second, developing new regional frameworks of cooperation. In these endeavours, India has been receiving assistance as well as the collaboration of Japan. Therefore, this paper will also examine Japan’s contributions in conceptualising and assisting connectivity frameworks in India and its eastern neighbourhood.

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<sup>5</sup> C. Raja Mohan, “The Second World War: Time to Mark India’s Contributions”, *The Indian Express*, February 6, 2015, <http://indianexpress.com/article/opinion/columns/the-second-world-war-time-to-mark-indias-contributions/>

## II. Connectivity Projects

### *Northeast India*

The partition of the subcontinent left India with severe geopolitical disadvantages. To its west, India lost access to Afghanistan and Central Asia. The north-eastern part of India became landlocked with severe connectivity challenges. Prior to the partition, many riverine and road transport networks into north-eastern India used to flow through what became East Pakistan, subsequently Bangladesh. As a consequence, the centres of economic activity and trade routes of Northeast India were big cities, such as Calcutta and Dhaka. After the partition, the natural patterns of trade were disrupted. The formation of Bangladesh did not result in full restoration of these trade routes and connectivity frameworks, and Northeast India remained landlocked without easy access to the sea. The connectivity to Northeast India was now only through a narrow Siliguri corridor (approximately 27 kilometres wide).<sup>6</sup> As a consequence of these connectivity challenges, trade and investment in Northeast India were less than satisfactory. Northeast India ended up with an international boundary with five countries, viz., Bangladesh, Bhutan, China, Myanmar and Nepal. Sadly, till recently, Myanmar and Nepal experienced constant political strife. East Pakistan, and subsequently Bangladesh, were reluctant to provide transit facilities to Northeast India. The high Himalayas and lack of trust prevented Northeast India's interactions with China. In addition, the terrain of Northeast India and presence of insurgencies till recently posed challenges for hastening the developmental process. As a consequence, Northeast India remained a laggard in the developmental process.

In the recent years, India has been making sustained efforts to hasten economic growth in the Northeast through policy measures as well as by strengthening physical infrastructure. For instance, the Indian government has extended tax incentives to industries in north-eastern and Himalayan states till March 2027.<sup>7</sup> There have been persistent attempts to improve infrastructure in the Northeast. For instance, in 2016, the current government announced its intent to spend \$ 5.8 billion on infrastructure in Northeast India.<sup>8</sup>

*Railways:* There have been steady improvements in railway connectivity in Northeast India. The Indian government has expressed its intent to connect all state capitals in Northeast India with a broad-gauge railway network. Recently, Mizoram and Manipur were connected by

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<sup>6</sup> Report of the Working Group on Improvement and Development of Transport Infrastructure in the North East for the National Transport Development Policy Committee (NTDPC), *Planning Commission*, Government of India, June, 2012, available at [http://www.mdoner.gov.in/sites/default/files/silo3\\_content/general/Final\\_Report\\_13.6.2012.pdf](http://www.mdoner.gov.in/sites/default/files/silo3_content/general/Final_Report_13.6.2012.pdf)

<sup>7</sup> "Tax incentives to Northeastern, Himalayan states extended till March 2027", *LiveMint*, August 16, 2017 available at <http://www.livemint.com/Industry/uyc26PZ9xUxLhclNXA9P4H/Tax-incentives-to-northeastern-Himalayan-states-extended-ti.html>

<sup>8</sup> Tridivesh Singh Maini and Sandeep Sachdeva, "Japan's Outreach to Northeastern India", *The Diplomat*, June 12, 2017 available at <http://thediplomat.com/2017/06/japans-outreach-to-northeastern-india/>

broad-gauge railway lines.<sup>9</sup> Further, it is being estimated that by 2019, the broad-gauge line will reach Sairang (close to Aizawl).<sup>10</sup> Sairang will be a major transportation hub on the Kaladan Multi-Modal Project. There are plans for extending the railway line from Sairang to Hmawngbuhchhuah covering the north-south length of Mizoram.<sup>11</sup> The railway works pertaining to Bhairabi-Sairang (Mizoram), Dimapur-Zubza (Nagaland) and Sevok-Rangpo (Sikkim) are also progressing. In the coming years, approximately Rs 10,000 crore will be spent on improving rail connectivity in Northeast India.<sup>12</sup> The construction of the railway lines in the north-eastern region is a difficult enterprise because of the terrain. For instance, the proposed Bhairabi-Sairang New Broad Gauge Line would require 23 tunnels, 38 major bridges and 6 tall bridges.<sup>13</sup>



Samudra Gupta Kashyap, "North East on track to connect capitals by train", *The Indian Express*, August 19, 2016 available at <http://indianexpress.com/article/india/india-news-india/north-east-on-track-to-connect-capitals-by-train-2984267/>



Avishek G Dastidar, "Government gives go-ahead to 4 strategic rail lines along China border", *The Indian Express*, October 22, 2014 available at <http://indianexpress.com/article/india/india-others/government-gives-go-ahead-to-4-strategic-rail-lines-along-china-border/>

<sup>9</sup> "PM inaugurates passenger trains for Manipur, Mizoram", *The Times of India*, May 27, 2016 available at <http://timesofindia.indiatimes.com/city/shillong/PM-inaugurates-passenger-trains-for-Manipur-Mizoram/articleshow/52468846.cms>

<sup>10</sup> Samudra Gupta Kashyap, "Sanctioned in 2000, broad-gauge train reaches Mizoram after 16 years", *The Indian Express*, March 21, 2016 available at <http://indianexpress.com/article/india/india-news-india/sanctioned-in-2000-broad-gauge-train-reaches-mizoram-after-16-years/>

<sup>11</sup> Pratap Chhetri, "Foundation Stone of Sairang Railway Station Laid By Railways Minister in Presence of Governor and Chief Minister", *Directorate of Information & Public Relations, Government of Mizoram*, November 11, 2016 available at <https://dipr.mizoram.gov.in/press-release/foundation-stone-of-sairang-railway-station-laid-by-railways-minister-in-presence-of-governor-and-chief-minister>

<sup>12</sup> "Narendra Modi inaugurates passenger trains for Manipur, Mizoram", *Deccan Chronicle*, May 27, 2016 available at <http://www.deccanchronicle.com/nation/current-affairs/270516/narendra-modi-inaugurates-passenger-trains-for-manipur-mizoram.html>

<sup>13</sup> "Railway Minister Lays Foundation Stone of New Station Building of Sairang Railway Station at Sairang near Aizawl In Mizoram", *North East Frontier Railway*, November 18, 2016 available at [http://www.nfr.indianrailways.gov.in/view\\_detail.jsp?lang=0&id=0,4,268&dcd=1065&did=1479447611640197D492117728DFB70D56C7F7C35C6C4.web91](http://www.nfr.indianrailways.gov.in/view_detail.jsp?lang=0&id=0,4,268&dcd=1065&did=1479447611640197D492117728DFB70D56C7F7C35C6C4.web91)

In addition to these lines, the Indian government has conceptualised three strategic railway lines in Arunachal Pradesh viz., “Bhalukpong-Tenga-Tawang (378 km), North Lakhimpur-Bame-Aalo-Silapathar (247.85 km) and Pasighat-Tezu-Parsuram Kund-Rupai (227 km).” Among the proposed three lines, Pasighat-Tezu-Parsuram Kund-Rupai can be completed quickly because the terrain is relatively friendly for the construction of railway lines.<sup>14</sup> On the other hand, the Railway line to Tawang will have to pass through treacherous hilly terrain and will severely test Indian infrastructure capabilities. Tawang is located very close to the China border and is, therefore, strategically very important. A railway line will fundamentally alter the geo-political landscape. It will give India power-projection potential deep into Tibet.

*Roads:* In 2013, the Indian government announced a Special Accelerated Road Development Programme (SARDP-NE) with an intent of “providing road connectivity to all the district headquarters in the north eastern region by minimum two-lane highway standards apart from providing road connectivity to backward and remote areas, areas of strategic importance and neighbouring countries.”<sup>15</sup> An important component of the SARDP-NE is the ambitious Trans-Arunachal Highway. The mega two-lane 1,500 kms Trans-Arunachal Highway will seek to connect Tawang in the westernmost section of the state with Kanubari in the south-eastern tip of Arunachal Pradesh.<sup>16</sup>

In a positive development, in 2017, India’s longest bridge – Dhola-Sadiya bridge in Assam – was inaugurated. This bridge, on the mighty Brahmaputra, will improve connectivity between Arunachal Pradesh and Assam. While the feasibility study was cleared in 2003, construction began in 2011. The new bridge will reduce the distance between Tezu and Tinsukia by about five hours.<sup>17</sup> Further, the bridge will also be able to handle heavy military equipment and will enable rapid deployment of heavy weaponry to the India-Myanmar-China trijunction areas. The successful completion of the Dhola-Sadiya bridge seems to have imparted greater confidence to conceptualise other ambitious projects. In April this year, Union Minister of Road Transport, Highways and Shipping, Nitin Gadkari, announced a proposal to develop the 1,300 km-long Brahmaputra Express Highways project in Assam with an estimated Rs 40,000

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<sup>14</sup> "Final Location Survey of Tawang and Two Other Railway Lines in Arunachal Announced," *The Economic Times*, April 01, 2017 available at <http://economictimes.indiatimes.com/industry/transportation/railways/final-location-survey-of-tawang-and-two-other-railway-lines-in-arunachal-announced/articleshow/57963891.cms>

<sup>15</sup> "Special Accelerated Road Development Programme for Development of Road Network in the North Eastern States", *Press Information Bureau, Ministry of Road Transport & Highways, Government of India*, February 05, 2013 available at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=92040>

<sup>16</sup> "Trans-Arunachal highway to be completed before 2018", *Business Standard*, November 22, 2015 available at [http://www.business-standard.com/article/news-ani/trans-arunachal-highway-to-be-completed-before-2018-115112200267\\_1.html](http://www.business-standard.com/article/news-ani/trans-arunachal-highway-to-be-completed-before-2018-115112200267_1.html)

<sup>17</sup> "Dhola Sadiya bridge: 10 facts about India’s longest bridge on the Brahmaputra", *The Indian Express*, May 25, 2017 available at <http://indianexpress.com/article/india/sadia-dhola-bridge-10-facts-about-indias-longest-bridge-on-the-brahmaputra-4672683/>

crore.<sup>18</sup> India is also planning to seek the Asian Development Bank (ADB)'s assistance for the following projects: "Siliguri-Mirik-Darjeeling road; Kolkata to Bongaon (on India-Bangladesh Border); upgradation of road connections to Diamond Harbour in West Bengal; Ukhrul-Tolloi-Tadubi road in Manipur, NH 102 A; and split four-lane road on Kohima-Kedima Krong Imphal Section of NH 2 (old NH-39)."<sup>19</sup> These projects will have a positive impact in terms of enhancing eastward integration. In addition to building road infrastructure, passenger services are also being augmented. Till recently, there were four passenger bus services between India and Bangladesh: (1) Kolkata to Agartala via Dhaka; (2) Dhaka to Guwahati via Shillong (3) Kolkata-Dhaka; and (4) Agartala-Dhaka.<sup>20</sup> In 2017, a new passenger bus service between Kolkata–Khulna-Dhaka was added.

### *Japan and Northeast India*

As India is ramping up its connectivity projects in the Northeast, it is receiving valuable assistance from Japan. The 2016 India-Japan Joint Statement notes the necessity of developing synergies between India's Act East Policy and Japan's Expanded Partnership for Quality Infrastructure (PQI)<sup>21</sup> with Northeast India being the site of these collaborative endeavours. In the recent past, Japan has scaled up its Official Development Assistance (ODA) for various connectivity projects in Northeast India. For the North East Road Network Connectivity Improvement Project (Phase I), the Japan International Cooperation Agency (JICA) will reportedly provide 67,170 million Japanese Yen, which is approximately 4000 crores Indian Rupees, at concessional interest rates of 1.4% on project activities and 0.01% for consulting services, with a 30-year repayment period.<sup>22</sup> As a part of this assistance programme, two important highways – NH 54 and NH 51 – are to be upgraded. The NH 54 connects Aizawl to Tuipang in Mizoram<sup>23</sup> and is part of the Kaladan Multi-Modal Transport Corridor. The expansion of this highway will result in the strengthening of the Kaladan Multi-

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<sup>18</sup> "Nitin Gadkari Announces Rs. 40,000 Crore Expressway Project In Northeast", *NDTV*, April 05, 2017 available at <http://www.ndtv.com/india-news/nitin-gadkari-announces-rs-40-000-crore-expressway-project-in-northeast-1677378>

<sup>19</sup> Ministry of Road Transport and Highways, *Press Information Bureau* available at <http://pib.nic.in/ndagov/Comprehensive-Materials/compr5.pdf>

<sup>20</sup> "India-Bangladesh review progress of passenger bus services", *Ministry of Road Transport & Highways, Government of India*, May 06, 2016 available at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=144942>

<sup>21</sup> "India-Japan Joint Statement during the visit of Prime Minister to Japan", *Ministry of External Affairs, Government of India*, November 11, 2016 available at <http://mea.gov.in/bilateral-documents.htm?dtl/27599/IndiaJapan+Joint+Statement+during+the+visit+of+Prime+Minister+to+Japan>

<sup>22</sup> "JICA Extends ODA Loan of approximately INR 4,000 Crores for the North-East Road Network Connectivity Improvement Project (Phase I)", Press Release, *Japan International Cooperation Agency (JICA)*, March 31, 2017 available at [https://www.jica.go.jp/india/english/office/topics/press170331\\_01.html](https://www.jica.go.jp/india/english/office/topics/press170331_01.html)

<sup>23</sup> "Preparatory Study for Road Network Improvement in North-East States of India", Draft Final Report, *Japan International Cooperation Agency (JICA)* available at [https://www.jica.go.jp/english/our\\_work/social\\_environmental/id/asia/south/india/c8h0vm00009ijqki-att/c8h0vm00009pa853.pdf](https://www.jica.go.jp/english/our_work/social_environmental/id/asia/south/india/c8h0vm00009ijqki-att/c8h0vm00009pa853.pdf)

Modal Project. On the other hand, the NH 51 connects Tura to Dalu in Meghalaya.<sup>24</sup> This will strengthen India's road connectivity with Bangladesh. It is interesting to note that while these projects are being operationalised in India, they will have regional implications as they improve Northeast connectivity with Bangladesh and Myanmar. This is a very good example of deploying or operationalising bilateral projects with a broader regional vision. More recently, the Japan-India Coordination Forum (JICF) for Development of the North-Eastern Region was initiated, and its first meeting was held on August 3, 2017. The meeting witnessed the participation of the Secretary, Ministry of Development of North-Eastern Region (DoNER) and the Japanese Ambassador to India. The forum envisages participation of various ministries of the Government of India and developmental agencies of Japan.<sup>25</sup> Even if there are changes in personnel, the initiation of JICF will institutionalise cooperative engagement and will help in sustaining the momentum of the underlying vision. India has been hesitant to engage with external actors for the development of the north-eastern region. However, with Japan, it is scaling up collaboration on connectivity projects and is creating new institutional frameworks, which indicates very high levels of trust between these two countries. At their latest bilateral summit held on September 14, 2017 India and Japan also decided to set up a Japan-India Act East Forum to accelerate Japan-assisted connectivity projects in India's northeast. Another tranche of Japan's ODA assistance for these projects was also announced.<sup>26</sup>



**Source:** Major Road Development Programmes in Northeast India, MDONER, available at [http://mdoner.gov.in/sites/default/files/silo3\\_content/roads/mrdp.jpg](http://mdoner.gov.in/sites/default/files/silo3_content/roads/mrdp.jpg)

<sup>24</sup> Ibid.

<sup>25</sup> "First meeting of Japan-India Coordination Forum (JICF) for Development of North-Eastern Region held', Press Information Bureau, Government of India, August 03, 2017 available at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=169591>

<sup>26</sup> India-Japan Joint Statement during the visit of Prime Minister of Japan to India, September 14, 2017 available at: [http://www.mea.gov.in/bilateral-documents.htm?dtl/28946/IndiaJapan\\_Joint\\_Statement\\_during\\_visit\\_of\\_Prime\\_Minister\\_of\\_Japan\\_to\\_India\\_September\\_14\\_2017](http://www.mea.gov.in/bilateral-documents.htm?dtl/28946/IndiaJapan_Joint_Statement_during_visit_of_Prime_Minister_of_Japan_to_India_September_14_2017)

### *Kaladan Multi-Modal Transit Transport (KMTT)*

While connectivity networks will improve movement of goods and services within Northeast India, there is a need to offset the disadvantages that stem from the landlocked nature of Northeast India. It is to address this challenge that Kaladan Multi-Modal Transit Transport (KMTT) Project was initiated in 2003.

The KMTT has four components: (1) Shipping transit between Kolkata and Sittwe port (539 km); (2) Inland Water Transport component between Sittwe and Paletwa on River Kaladan (158 km); (3) Road component between Paletwa to Indo-Myanmar Border (110 km); and (4) Border to Lawngtlai road component (100 km).<sup>27</sup> The project experienced considerable delays in execution. However, in the recent past, the project seem to have acquired momentum. Works pertaining to the port and inland water terminal at Sittwe, trans-shipment facilities at Paletwa, improvements to navigation channel along the Kaladan river and deployment of inland transport vessels have been completed.<sup>28</sup> In 2017, contracts have been awarded to complete the road component between Paletwa and the Indo-Myanmar border, which would be linked to a four-lane highway connecting Aizawl-Tuipang.<sup>29</sup> The KMTT is now estimated to be completed in another three years. There are plans for operationalising a Special Economic Zone (SEZ) close to Sittwe.<sup>30</sup> Since the development of transportation networks are already in progress, the development of a SEZ will make the KMTT a comprehensive project. India has reportedly invited ASEAN countries also to participate in the proposed Sittwe SEZ.<sup>31</sup>

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<sup>27</sup> "Kaladan Multi-Modal Transit Transport Project," *Ministry of Development of North Eastern Region*, September 06, 2017 available at <http://www.mdoner.gov.in/content/introduction-1>

<sup>28</sup> Question No.6280 Kaladan Multi-Modal Transit Transport, *Ministry of External Affairs, Government of India*, April 12, 2017 available at [http://mea.gov.in/lok-sabha.htm?dtl/28382/QUESTION\\_NO6280\\_KALADAN\\_MULTIMODAL\\_TRANSIT\\_TRANSPORT](http://mea.gov.in/lok-sabha.htm?dtl/28382/QUESTION_NO6280_KALADAN_MULTIMODAL_TRANSIT_TRANSPORT)

<sup>29</sup> Pratim Ranjan Bose, "India awards road contract to complete Kaladan project in Myanmar", *The Hindu Business Line*, June 9, 2017 available at <http://www.thehindubusinessline.com/news/national/india-awards-road-contract-to-complete-kaladan-project-in-myanmar/article9723297.ece>

<sup>30</sup> Atsuko Mizuno, "Are India's plans in Myanmar a pipeline or a pipe dream?", *East Asia Forum*, March 31, 2017 available at <http://www.eastasiaforum.org/2017/03/31/are-indias-plans-in-myanmar-a-pipeline-or-a-pipe-dream/>

<sup>31</sup> Dipanjan Roy Chaudhury, "India planning to set up SEZ in Myanmar's Sittwe", *The Economic Times*, August 02, 2016 available at <http://economictimes.indiatimes.com/news/politics-and-nation/india-planning-to-set-up-sez-in-myanmars-sittwe/articleshow/53496839.cms>



**Source:** M. Ramesh, "Essar Hopes to Complete Work On Myanmar's Sittwe Port by June," *The Hindu*, December 13, 2013 available at <http://www.thehindubusinessline.com/economy/logistics/essar-hopes-to-complete-work-on-myanmars-sittwe-port-by-june/article5456409.ece>

In addition to implementation challenges, the KMTT will also be impacted by the spurt in sectarian violence in the Rakhine state of Myanmar. Particularly, if India decides to operationalise/implement the SEZ in Sittwe, the political turmoil in the region will need to be factored in. Moreover, China is also operationalising Kyaukphyu SEZ, south of Sittwe. The presence of two SEZs in close proximity on the Bay of Bengal coast of Myanmar may negatively impact each other's economic viability.

### **Trilateral Highway**

While the KMTT seeks to address the landlocked dimensions of Northeast India, there is a need to leverage Myanmar's geographic location as India's land-bridge to Southeast Asia. It was way back in 2002 that the India-Myanmar-Thailand (IMT) Trilateral Highway was conceptualised at a Trilateral Ministerial Meeting on Transport Linkages, and a decade later, in 2012, a Joint Task Force to operationalise the highway was created.<sup>32</sup> The 3200-km highway was to connect Moreh in Manipur (India) to Mae Sot in Thailand after traversing through large parts of Myanmar. The completion of the project will enable people to travel by road from Manipur to Mandalay and onward to Thailand. Interestingly, in the initial conception, Mandalay was not on the map of the trilateral highway. However, given the importance of commercial hubs such as Mandalay, it became imperative for the IMT Trilateral Highway to

<sup>32</sup> "India-Myanmar-Thailand Joint Task Force Meeting on the Trilateral Highway Project", *Ministry of External Affairs, Government of India*, September 11, 2012 available at <http://mea.gov.in/press-releases.htm?dtl/20541/IndiaMyanmarThailand+Joint+Task+Force+Meeting+on+the+Trilateral+Highway+Project>.

connect with Mandalay.<sup>33</sup> In November 2015, a trial run of passenger vehicles on the Imphal-Mandalay-Bagan-Naypitaw component of the IMT was completed.<sup>34</sup> While the current status of the IMT highway can handle passenger traffic, it was recognised that upgradation of 71 bridges would be required to handle/manage container traffic. It was decided that Myanmar will upgrade two bridges and 69 will be upgraded by the Indian government. In order to expedite the completion of the project, in 2015 the Indian government “approved the construction of 69 Bridges including Approach Roads on the Tamu-Kyigone-Kalewa (TKK) road section of the trilateral highway in Myanmar at a cost of Rs 371.58 crore”.<sup>35</sup> A year later, in June 2016, tenders for construction of bridges and approach roads were issued.<sup>36</sup> The Indian government has also expressed an intent to extend the trilateral highway to Cambodia, Lao PDR and Vietnam.<sup>37</sup> In order to facilitate easy movement of vehicles on the highway, India, Myanmar and Thailand are negotiating a Motor Vehicle Agreement (MVA). However, the conclusion of the MVA was delayed due to the political transition in Myanmar. The new government which came to power after the 2015 elections reportedly wanted to restart the negotiation process afresh.<sup>38</sup> The completion of the IMT highway and conclusion of the associated MVA will give a boost to transnational movement of people and goods between Northeast India, Myanmar and Thailand.

### *India and Myanmar*

The KMTT and the IMT Trilateral Highways will also increase India’s economic engagement with Myanmar. India had been a major player in Myanmar’s socio-economic landscape till the 1960s. The advent of military dictatorship and its autarkic economic policies greatly reduced India’s interactions with Myanmar. As the political transition in Myanmar picks up

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<sup>33</sup> BI-Lateral Projects with Myanmar & Indian Projects to Promote Connectivity & Trade with NER, *Ministry of Development of North Eastern Region, Government of India* available at <http://www.mdoner.gov.in/node/1505>

<sup>34</sup> Note by Ministry Of Road Transport And Highways, *Press Information Bureau*, available at <http://pib.nic.in/ndagov/Comprehensive-Materials/compr5.pdf>

<sup>35</sup> "Construction of 69 Bridges including Approach Roads on the Tamu-Kyigone-Kalewa road section of the Trilateral Highway in Myanmar", *Press Information Bureau, Government of India*, December 30, 2015 available at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=134013>

<sup>36</sup> Tender Notice for Construction of 69 Bridges including Approach Roads on the Tamu-Kyigone-Kalewa Road section of the Trilateral Highway in Myanmar, *Ministry of External Affairs, Government of India*, June 16, 2017, available at [http://mea.gov.in/Portal/Tender/3254\\_1/1\\_ADDENDUM\\_NO\\_1-1.pdf](http://mea.gov.in/Portal/Tender/3254_1/1_ADDENDUM_NO_1-1.pdf)

<sup>37</sup> Question No.2578 India-Myanmar-Thailand Highway, *Ministry of External Affairs, Government of India*, December 08, 2016 available at <http://www.mea.gov.in/rajya-sabha.htm?dtl/27794/QUESTION+NO2578+INDIAMYANMARTHAILAND+HIGHWAY>

<sup>38</sup> Nayanima Basu, "Govt looking at extending India-Myanmar-Thailand highway", *The Hindu Business Line*, July 27, 2016 available at <http://www.thehindubusinessline.com/economy/policy/govt-looking-at-extending-indiamyanmarthailand-highway/article8907574.ece>

momentum, it provides an excellent opportunity for India to explore new avenues of cooperation.

In the economic realm, bilateral trade between the two countries is around \$ 2.2 billion, and Indian public and private sector investment in Myanmar amounts to about \$ 750 million.<sup>39</sup> While India imports agricultural commodities, such as pulses, it exports pharmaceuticals and electrical goods to Myanmar. India's import of pulses and cereals is substantive. As former Indian Ambassador to Myanmar, Gautam Mukhopadhyaya, pointed out: "Indian imports of beans and pulses play a vital part in our food security and Myanmar's economy. Standing at around a million tonnes and \$1 billion in value, over 90% of which is exported to India, this is vital to Myanmar's farmers and foreign exchange earnings, greater even in the value of its exports of rice to China that are prone to periodic restrictions."<sup>40</sup> In bilateral trade as well as in public and private investments, there is scope for significant improvement. However, official statistics do not capture the informal trade on the India-Myanmar border. As the Myanmar government ushers in greater transparency in decision-making, India's economic engagement will register an increase. As already noted, the progress on the much delayed Kaladan Multi-Modal Transit Transport Project and the India-Myanmar-Thailand Trilateral Highway has picked up momentum in the recent past.

In terms of security issues, India shares approximately 1643 kms of land border with Myanmar and this border is critical for maintaining stability and peace in Northeast India. Some Northeast Indian insurgent groups operate out of bases across the border. Therefore, response to threats posed by these groups necessitates cooperation and consent of the Myanmar army. In 2015, India conducted a cross-border strike on insurgent groups operating out of Myanmar.

In the political domain, India has scaled up its engagement with all the important power centres in Myanmar. In the recent past, President Htin Kyaw, State Counsellor Aung San Suu Kyi and Myanmar military Chief Min Aung Hlaing have visited India. In an interesting development, the Chief Minister of Uttar Pradesh, Yogi Adityanath, visited Myanmar in August this year. During his interactions, he referred to Myanmar as 'Brahmadesh' and updated his hosts on the improvements to the Buddhist circuits in India. The fact that the Chief Minister of the most populous state chose Myanmar for his first overseas visit suggests that this neighbour has acquired a prominent position in the cultural map of the ruling party in India.

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<sup>39</sup> Transcript (uncorrected) of Media Briefing on upcoming visits of PM to China and Myanmar, *Ministry of External Affairs, Government of India*, September 01, 2017 available at [http://www.mea.gov.in/media-briefings.htm?dtl/28910/Transcript\\_uncorrected\\_of\\_Media\\_Briefing\\_on\\_upcoming\\_visits\\_of\\_PM\\_to\\_China\\_and\\_Myanmar\\_September\\_01\\_2017](http://www.mea.gov.in/media-briefings.htm?dtl/28910/Transcript_uncorrected_of_Media_Briefing_on_upcoming_visits_of_PM_to_China_and_Myanmar_September_01_2017)

<sup>40</sup> Gautam Mukhopadhyaya, "Making up for lost time", *The Hindu*, September 05, 2017 available at <http://www.thehindu.com/opinion/lead/making-up-for-lost-time/article19621257.ece>

In an important development, Indian Prime Minister, Narendra Modi, visited Myanmar in the first week of September 2017. In addition to infrastructure connectivity projects, both sides reviewed progress on the agreement to facilitate movement of petroleum products across the land border, easing the procedures pertaining to cross-border movement of people and starting a coordinated bus service between Imphal and Mandalay. They also stressed the importance of concluding an agreement on the movement of motor vehicles.<sup>41</sup> India has decided to scale up development assistance to strengthen socio-economic development in the Rakhine state, establish industrial training centres in Monywa and Thaton, and to grant gratis visas to all Myanmar nationals.<sup>42</sup> It should be noted that India has refrained from commenting on the ongoing sectarian violence in the Rakhine State of Myanmar. However, it has scaled up assistance aimed at improving socio-economic indicators precisely in those areas which are experiencing sectarian violence. All this indicates that Indian engagement of Myanmar is increasingly becoming multidimensional and also very nuanced.

### *Japan and Myanmar*

Historically, Japan has been an important development partner of Myanmar. In fact, the roots of Japan's Official Development Assistance (ODA) can be traced to its peace treaty with Burma. As Japan's Ministry of Foreign Affairs notes: "The launch of government-based financial cooperation, however, can be traced to October 1954 and the signing of the Japan-Burma Peace Treaty and Agreement on Reparations and Economic Cooperation."<sup>43</sup>

Many Western countries imposed sanctions on Myanmar because of its dictatorial form of government and poor human rights track record. On the other hand, Japan continued its trade and ODA engagement with Myanmar. After the 2010 elections and the advent of a semi-civilian government, Japan scaled up its economic engagement with Myanmar. This was evident when in 2013, Japan Bank for International Cooperation (JBIC) provided a bridge loan of approximately \$ 942 million to the Myanmar government to clear arrears of past loans from the Asian Development Bank and the World Bank.<sup>44</sup> During his visit in May 2016, Prime Minister Shinzo Abe wrote off nearly \$ 2 billion of Myanmar debt.<sup>45</sup> In November 2016, Abe

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<sup>41</sup> "India-Myanmar Joint Statement issued on the occasion of the State Visit of Prime Minister of India to Myanmar (September 5-7, 2017)," Ministry of External Affairs, September 06, 2017, available at <http://www.mea.gov.in/bilateral-documents.htm?dtl/28924/IndiaMyanmar+Joint+Statement+issued+on+the+occasion+of+the+State+Visit+of+Prime+Minister+of+India+to+Myanmar+September+5+2017>

<sup>42</sup> Ibid.

<sup>43</sup> "50 Years of Japan's ODA," *Ministry of Foreign Affairs of Japan*, available at <http://www.mofa.go.jp/policy/oda/cooperation/anniv50/pamphlet/progress1.html>

<sup>44</sup> "Bridge loans to the Republic of Union of Myanmar", *Japan Bank for International Cooperation (JBIC)*, January 28, 2013 available at <https://www.jbic.go.jp/en/information/press/press-2012/0128-7371>

<sup>45</sup> "Shinzo Abe ends Myanmar Visit with aid, debt write off", *Livemint*, May 26, 2016 available at <http://www.livemint.com/Politics/39JXmCDd7frnK3VbnpiVTJ/Shinzo-Abe-ends-Myanmar-visit-with-aid-debt-writeoff.html>

further promised to provide approximately \$ 7.73 billion in aid to Myanmar to support developmental activities.<sup>46</sup> In addition to Prime Minister Abe, the Deputy Prime Minister and the Foreign Minister of Japan have also been regularly engaging the leadership of Myanmar. These consistent high-level interactions between the Myanmar and Japanese leadership indicate the importance that Japan is according to Myanmar.

A major component of the proposed Japanese aid would be targeted towards building airports and power projects.<sup>47</sup> This substantive scaling up of development aid is not surprising as the Myanmar government has transitioned from a semi-authoritarian government to a semi-democratic government. After the 2010 elections, former military generals governed the country in civilian clothes with some sprinkling of civil participation. After the 2015 elections, the Myanmar government was headed by towering civilian personalities with the participation of military personnel. Recognising the shift from 'semi-authoritarian' to 'semi-civilian' government, the Japan government has scaled up development assistance. Nonetheless, acknowledging the challenges and importance of national reconciliation, approximately 40 billion Yen in aid would be spent in ethnic minority areas in Myanmar.<sup>48</sup>

A significant component of the Japanese ODA is targeted towards infrastructure development, in particular the Thilawa SEZ. In October 2013, a Special Purpose Vehicle - Myanmar Japan Thilawa Development Ltd. - was created to operationalise the project in about 2,400 hectares close to the Yangon city<sup>49</sup> and it has emerged as one of the most successful such projects in Myanmar.

A few years ago, there was a general apprehension as to whether the Thilawa SEZ would be successful in attracting investments as the neighbouring countries (for example, Thailand) had robust growth centres such as Bangkok. Moreover, Myanmar was a laggard in integration with the Southeast Asian economies. As a consequence, Myanmar was not part of the regional manufacturing supply chains. In spite of these challenges, Thilawa SEZ has proved to be very successful. As of July 2017, "79 companies (39 of which are Japanese) from 17 countries and regions around the world have decided to invest in Thilawa SEZ Zone A, greatly

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<sup>46</sup> Kiyoshi Takenaka, "Japan to provide 7.73 billion dollars in aid PM Abe says", *Reuters*, November 2, 2016 available at <http://www.reuters.com/article/us-myanmar-japan-idUSKBN12X16I>

<sup>47</sup> Ibid.

<sup>48</sup> Meeting between Prime Minister Abe and Myanmar State Counsellor Aung San Suu Kyi, *Ministry of Foreign Affairs of Japan*, November 2, 2016 available at [http://www.mofa.go.jp/s\\_sa/sea1/mm/page4e\\_000547.html](http://www.mofa.go.jp/s_sa/sea1/mm/page4e_000547.html)

<sup>49</sup> "Private Sector Investment Finance for the Thilawa Special Economic Zone (SEZ)," *Japan International Cooperation Agency (JICA)*, April 23, 2014 available at [https://www.jica.go.jp/english/news/press/2014/140423\\_01.html](https://www.jica.go.jp/english/news/press/2014/140423_01.html)

exceeding the initial projection, and 34 companies have already begun operation.”<sup>50</sup> It is estimated that the Thilawa SEZ has already attracted approximately \$ 1 billion in investment, which is expected to increase to \$ 1.8 billion in the next few years.<sup>51</sup>

In a related development, on March 1, 2017, JICA signed a loan agreement with Myanmar to fund projects, such as a bridge construction project on the Bago river and the Yangon-Mandalay Railway improvement project.<sup>52</sup> The Bago River Bridge Construction Project will increase connectivity between the Thilawa SEZ and Yangon. The upgradation of the Yangon-Mandalay railway line is aimed at improving transportation infrastructure between the largest and the second largest commercial cities in Myanmar. It is being done in two phases: in the first phase, the Yangon-Taungoo (166 miles) section will be upgraded and in the second phase Taungoo-Mandalay section (219.5 miles) will be upgraded. This upgradation will reduce the total travel time from the current 20 hours to about 8 hours.<sup>53</sup>

Within Yangon, the circular city railway is also being upgraded with assistance from the JICA. The upgradation will increase the frequency of local trains and also reduce the overall travel time.<sup>54</sup> With increased economic activity, Yangon would require improvements in transport infrastructure. JICA’s activities, such as upgradation of the Yangon Circular Railway, are aimed at reducing traffic congestion and improving passenger movement.

There have been reports suggesting that the Myanmar government is anticipating technical and financial assistance from Japan to build a new international airport at Hanthawaddy, close to Yangon.<sup>55</sup> The new international airport at Hanthawaddy with an anticipated capacity to

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<sup>50</sup> “Signing of Loan Agreement with Myanmar Japan Thilawa Development Ltd. for the Thilawa Special Economic Zone: Promoting investment climate and employment creation for socioeconomic development,” JICA, August 17, 2017 available at [https://www.jica.go.jp/english/news/press/2017/170817\\_01.html](https://www.jica.go.jp/english/news/press/2017/170817_01.html)

<sup>51</sup> Motokazu Matsui, "Myanmar's Thilawa industrial park draws near-\$1bn investment", *Nikkei Asian Review*, November 30, 2016 available at <https://asia.nikkei.com/Politics-Economy/Economy/Myanmar-s-Thilawa-industrial-park-draws-near-1bn-investment>

<sup>52</sup> “Signing of Japanese ODA Loan Agreements with Myanmar: Building basic infrastructure and alleviating regional poverty”, *Japan International Cooperation Agency (JICA)*, March 1, 2017 available at [https://www.jica.go.jp/english/news/press/2016/170301\\_01.html](https://www.jica.go.jp/english/news/press/2016/170301_01.html)

<sup>53</sup> “‘Death Railway’ to get a new lease on life”, *The Myanmar Times*, June 12, 2017 available at <https://www.mmtimes.com/national-news/mandalay-upper-myanmar/26342-death-railway-to-get-a-new-lease-on-life.html>

<sup>54</sup> Jordan Allen, "Yangon rail system to get upgrade", *The Japan Times*, December 31, 2016 available at [https://www.japantimes.co.jp/news/2016/12/31/business/yangon-rail-system-get-upgrade/#.WaV09\\_gjHcs](https://www.japantimes.co.jp/news/2016/12/31/business/yangon-rail-system-get-upgrade/#.WaV09_gjHcs)

<sup>55</sup> "Waiting for takeoff at the Hanthawaddy airport", *Frontier Myanmar*, February 3, 2017 available at <https://frontiermyanmar.net/en/waiting-for-take-off-at-hanthawaddy-airport>

handle 12 million passengers will ease congestion at Yangon airport which currently has a far smaller operational capacity of 2.7 million passengers.<sup>56</sup>

It is interesting to note that many of the Japanese infrastructure projects are getting operationalised on the Mandalay-Yangon axis. The Mandalay and Yangon urban agglomerations have relatively more numbers of skilled labour compared to other parts of Myanmar. Further, these two urban spaces also have a relatively greater number of Small and Medium Enterprises and constitute an important market-base in Myanmar. As a consequence, development of connectivity infrastructure will not only benefit a large number of people, but also increase the probability of higher returns on investment.

Further, most of Japan's infrastructure activities are interrelated. The success of Thilawa SEZ means that the population density in Yangon will witness an increase. As noted, this will result in associated challenges such as transportation and sanitation issues. Anticipating these urban challenges, the Japanese assistance is also being targeted towards upgrading the Yangon Circular Railway. Further, a new port in Thilawa has been operationalised with the largest fuel storage terminal in Myanmar.<sup>57</sup> The development of the Thilawa port is expected to ease the congestion at the Yangon port.

The Myanmar government has also requested Japanese assistance "in drawing up the Tanintharyi Region's development and master plan along with comprehensive development plan for the Dawei SEZ project."<sup>58</sup> It should be noted that unlike the Thilawa SEZ, the Dawei SEZ is still at the survey stage. Overall, compared to other SEZs - Khyak Phyu and Dawei - the Thilawa SEZ has made good progress and also has good prospects.

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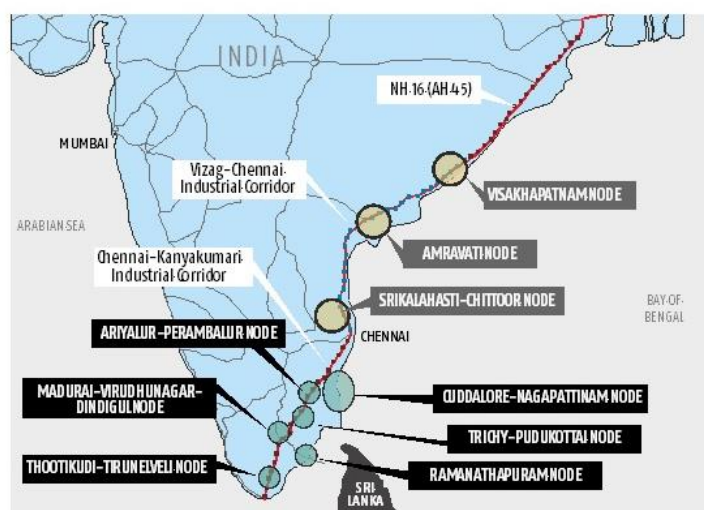
<sup>56</sup> Aye Nyein Win, "New Hanthawaddy airport to finalize plans in early 2018", *The Myanmar Times*, July 3, 2017 available at <https://www.mmtimes.com/business/26646-new-hanthawaddy-airport-to-finalise-plans-in-early-2018.html>

<sup>57</sup> Chan Mya Htwe, "Fuel storage terminal with US\$92m FDI to start operation at Thilawa port", *The Myanmar Times*, May 10, 2017 available at <https://www.mmtimes.com/business/25923-fuel-storage-terminal-with-us-92m-fdi-to-be-built-at-thilawa-port.html>

<sup>58</sup> Su Phyo Win, "JICA draws up development plan for Tanintharyi and Dawei SEZ", *The Myanmar Times*, June 28, 2017 available at <https://www.mmtimes.com/business/26576-jica-draws-up-development-plan-for-tanintharyi-and-dawei-sez.html>

## Coastal Corridor

In addition to Northeast India and improved connectivity networks with Myanmar, India's eastward regional integration will be determined to a large extent by strengthening of infrastructure on its Bay of Bengal coastline. The east coast of India (or the Bay of Bengal coast) is relatively less developed than the west coast, which lies along states such as Maharashtra and Gujarat with robust economic growth. In order to address this disparity, new economic initiatives are being conceptualised to spur growth in the domestic market as well as promote greater regional economic integration with the



Source: T E Narasimhan, "ADB to carry out feasibility study for East-Coast Economic Corridor", *Business Standard*, July 22, 2017 available at [http://www.business-standard.com/article/economy-policy/adb-to-carry-out-feasibility-study-for-east-coast-economic-corridor-117072001280\\_1.html](http://www.business-standard.com/article/economy-policy/adb-to-carry-out-feasibility-study-for-east-coast-economic-corridor-117072001280_1.html)

Southeast Asian countries. A step in this direction has been the Asian Development Bank (ADB) supported East Coast Economic Corridor (ECEC). According to Mr. Ronald Antonio Butiong, senior official with the ADB, the ECEC will run "along the entire east coast from Kolkata to Kanyakumari, is a multi-modal, regional maritime corridor that can play a vital role in unifying the large domestic market, as well as integrating the Indian economy with the dynamic global value chains of Southeast and East Asia."<sup>59</sup> The first phase of the ECEC will be building the corridor between Chennai and Vishakhapatnam, for which the ADB has approved a loan of \$ 631 million, and the Government of Andhra Pradesh will be spending about \$ 215 million.<sup>60</sup> The ECEC envisages port hubs as well as air cargo hubs to connect peninsular India with wider Bay of Bengal region.<sup>61</sup> Once fully operationalised, the ECEC will be the first coastal industrial corridor in India.

<sup>59</sup> "Economic Corridor Development (ECD) now at the forefront in promoting Sustained Growth in the SASEC Sub-region; India and Asian Development Bank (ADB) partnering on the economic corridor approach yields useful lessons on ECD, through their joint work on the East Coast Economic Corridor (ECEC)," *Press Information Bureau, Ministry of Finance, Government of India*, March 25, 2017 available at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=159935>

<sup>60</sup> "Coastal corridor: ADB approves \$631 mn. loan", *The Hindu*, September 21, 2016 available at <http://www.thehindu.com/todays-paper/tp-business/Coastal-corridor-ADB-approves-631-mn.-loan/article14991409.ece>

<sup>61</sup> Pritam Banerjee, "Development of East Coast Economic Corridor and Vizag-Chennai Industrial Corridor: Critical Issues of Connectivity and Logistics", No. 50, South Asia Working Paper Series, *Asian Development*

In consonance with the ECEC vision, the India government has simultaneously launched a comprehensive port and coastal development programme – the Sagarmala Programme. The programme proposes to take up approximately 415 projects with a focus on “port-linked industrialisation and coastal community development”, and it also envisages setting up of six new ports.<sup>62</sup> Four of the six ports - Sagar Island (West Bengal), Paradip Outer Harbour (Odisha), Sirkhazi (Tamil Nadu), and Enayam (Tamil Nadu) - will be on the Bay of Bengal coast.<sup>63</sup> The target of the government, by means of the Sagarmala project, is to harness the country’s 7,500-km coastline, 14,500 km of potentially navigable waterways, and strategic locations on vital international maritime trade routes.<sup>64</sup> The Sagarmala project also envisages operationalisation of Coastal Economic Zones (CEZs).<sup>65</sup> The Union Minister of Road Transport & Highways and Shipping, Nitin Gadkari, has stated that it is expected that besides saving Rs. 35,000-Rs. 40,000 crore as logistics costs annually, boosting exports by about \$ 110 billion and generating one crore new jobs, Sagarmala will also double the share of domestic waterways in the modal mix in the upcoming ten years.<sup>66</sup> He has added that "The idea is to industrialize the port areas by developing 14 coastal economic zones. This would be supported by modernization and augmentation of the port infrastructure, improving connectivity of ports with the hinterland through road, rail and waterways, and development of the coastal community."<sup>67</sup>

### *Mekong India Economic Corridor*

The Economic Research Institute for ASEAN and East Asia (ERIA) had conceptualised the idea of the Mekong-India Economic Corridor (MIEC) in 2011. The MIEC seeks to link Southeast Asia and peninsular India by connecting important ports such as Dawei in Myanmar and Chennai in India. Specifically, the corridor is proposed to connect Ho Chi Minh City of Vietnam with Dawei via Bangkok in Thailand and Phnom Penh in Cambodia and further onwards to

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*Bank*, February 2017 available at <https://www.adb.org/sites/default/files/publication/225626/sawp-050.pdf>

<sup>62</sup> "Sagarmala Programme", *Press Information Bureau, Ministry of Shipping, Government of India*, March 09, 2017 available at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=159037>

<sup>63</sup> *Ibid.*

<sup>64</sup> Megha Manchanda, "Sagarmala is the first port of call for specialised firms", *Business Standard*, August 18, 2017 available at [http://www.business-standard.com/article/economy-policy/sagarmala-is-the-first-port-of-call-for-specialised-firms-117081701128\\_1.html](http://www.business-standard.com/article/economy-policy/sagarmala-is-the-first-port-of-call-for-specialised-firms-117081701128_1.html)

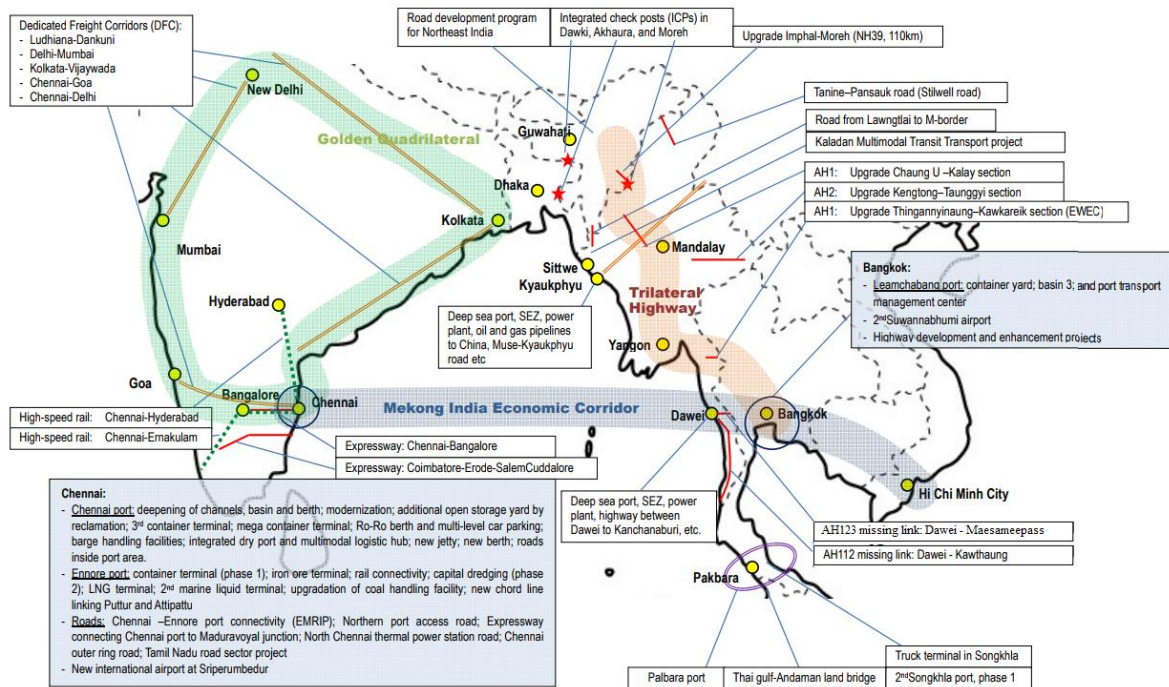
<sup>65</sup> "Sagarmala: Concept and implementation towards Blue Revolution", *Press Information Bureau, Government of India*, March 25, 2015 available at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=117691>

<sup>66</sup> "India's transport sector turning into world class infra: Nitin Gadkari", *Business Standard*, August 09, 2017 available at [http://www.business-standard.com/article/news-ani/india-s-transport-sector-turning-into-world-class-infra-nitin-gadkari-117080901469\\_1.html](http://www.business-standard.com/article/news-ani/india-s-transport-sector-turning-into-world-class-infra-nitin-gadkari-117080901469_1.html)

<sup>67</sup> *Ibid.*

Chennai.<sup>68</sup> The MIEC can also link up with the India-Myanmar-Thailand Trilateral Highway.<sup>69</sup> In terms of countries, the MIEC would be linking the Greater Mekong countries, such as Vietnam, Cambodia, Thailand, Myanmar and India. While the Mekong-Ganga cooperative framework has a strong cultural component, the MIEC has clearly articulated economic frameworks that seek to build connectivity between the Mekong countries and India.

### Selected infrastructure projects for ASEAN-India Connectivity



**Source:** Fukunari Kimura and So Umezaki (Eds.), "ASEAN - India Connectivity: The Comprehensive Asia Development Plan, Phase II," ERIA Research Project Report 2010-7, December 2011, p.25

Chennai is not the terminal point of the MIEC. On the contrary, the MIEC conceptualises a linkup with the Chennai-Bengaluru Industrial Corridor. In the Union Budget of 2013, the then Finance Minister had announced that "the Department of Industrial Policy and Promotion (DIPP) and the Japan International Cooperation Agency (JICA) are currently preparing a comprehensive plan for the Chennai-Bengaluru Industrial Corridor. The corridor will be developed in collaboration with Tamil Nadu, Andhra Pradesh and Karnataka. The next corridor will be the Bengaluru-Mumbai Industrial Corridor on which preparatory work has started."<sup>70</sup> The five crucial business hubs identified in the Chennai-Bengaluru Industrial

<sup>68</sup> Ibid.

<sup>69</sup> Chandrajit Banerjee, "Let's flow along with the Mekong", *The Hindu Business Line*, November 18, 2013 available at <http://www.thehindubusinessline.com/opinion/lets-flow-along-with-the-mekong/article5364665.ece>

<sup>70</sup> Anil Kumar M, "Union Budget: Mumbai-Bangalore-Chennai corridor sees huge business potential", *The Times of India*, Feb 28, 2013 available at <http://timesofindia.indiatimes.com/union-budget/Union-Budget-Mumbai-Bangalore-Chennai-corridor-sees-huge-business-potential/articleshow/18731342.cms>

Corridor are Hoskote and Bangarpet in Karnataka; Palamaner and Chittoor in Andhra Pradesh and Sriperambudur in Tamil Nadu.<sup>71</sup> The Joint Statement concluded between India and Japan during the official visit of PM Modi to Japan in 2016, in addition to references to the Delhi-Mumbai Industrial Corridor (DMIC), also referred to the Chennai-Bengaluru Industrial Corridor (CBIC).<sup>72</sup> With the operationalisation of the CBIC associated high-speed rail networks, the ECEC, in conjunction with the MIEC, will spur economic activity along the Bay of Bengal coast and boost India's engagement with Southeast Asian countries.

### *Bay of Bengal Industrial Growth Belt (BIG-B)*

Bangladesh, because of its location, can play an important role in strengthening the connectivity frameworks in India's eastern neighbourhood. In the recent past, India-Bangladesh relations have witnessed significant improvement. India and Bangladesh have now formalised the "Agreement Concerning the Demarcation of the Land Boundary between India and Bangladesh and Related Matters of 1974 (referred to as the 1974 LBA)".<sup>73</sup> Both countries today are members of the evolving BBIN framework and have also signed a coastal shipping agreement. Bangladesh has allowed Indian ships to dock at Chittagong port for trans-shipment of turbines to be used in power projects in the Indian state of Tripura. Tripura has been supplying power (100 MW) to Bangladesh since March 2016, and has recently agreed to supply an additional 60 MW of power.<sup>74</sup> In terms of railway connectivity between India and Bangladesh, the two countries are connected by the Maitree Express, which runs between Kolkata and Dhaka.<sup>75</sup> In April this year, the Prime Ministers of India and Bangladesh inaugurated the trial-run of the Khulna-Kolkata rail link between the two countries.<sup>76</sup>

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<sup>71</sup> Ibid.

<sup>72</sup> "India-Japan Joint Statement during the visit of Prime Minister to Japan", *Ministry of External Affairs, Government of India*, November 11, 2016 available at [http://www.mea.gov.in/bilateral-documents.htm?dtl/27599/IndiaJapan\\_Joint\\_Statement\\_during\\_the\\_visit\\_of\\_Prime\\_Minister\\_to\\_Japan](http://www.mea.gov.in/bilateral-documents.htm?dtl/27599/IndiaJapan_Joint_Statement_during_the_visit_of_Prime_Minister_to_Japan)

<sup>73</sup> "India & Bangladesh - Land Boundary Agreement", *Ministry of External Affairs, Government of India* available at [https://www.mea.gov.in/Uploads/PublicationDocs/24529\\_LBA\\_MEA\\_Booklet\\_final.pdf](https://www.mea.gov.in/Uploads/PublicationDocs/24529_LBA_MEA_Booklet_final.pdf)

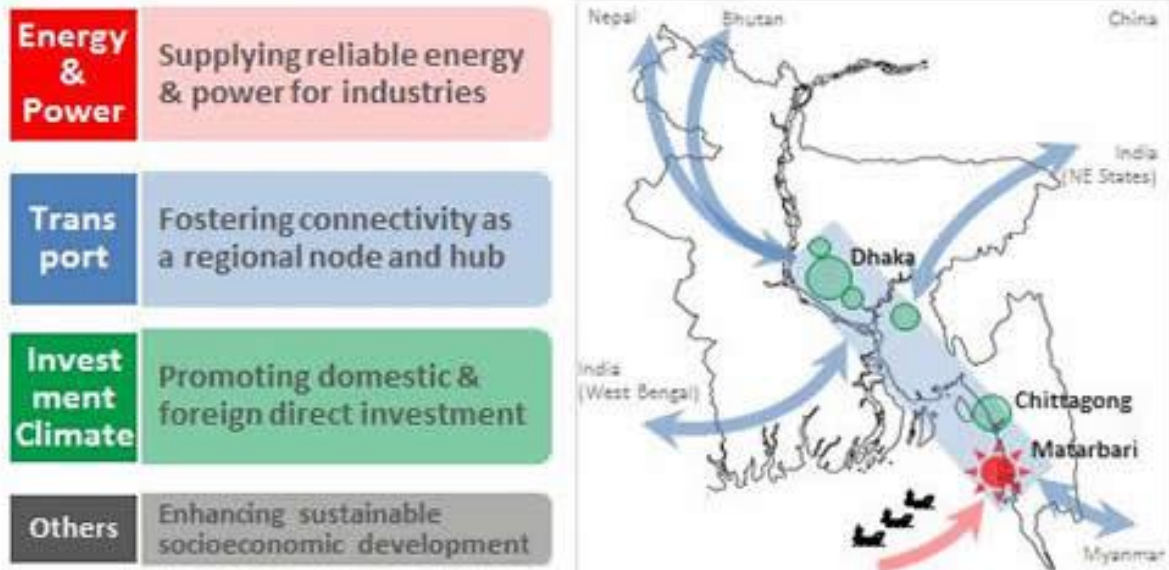
<sup>74</sup> "Tripura set to supply extra 60 MW to Bangladesh", *Business Standard*, April 6, 2017 available at [http://www.business-standard.com/article/news-ians/tripura-set-to-supply-extra-60-mw-to-bangladesh-117040600322\\_1.html](http://www.business-standard.com/article/news-ians/tripura-set-to-supply-extra-60-mw-to-bangladesh-117040600322_1.html)

<sup>75</sup> Rakhi Mazumdar, "India-Bangladesh ties: Indian railways to restore Kolkata –Khulna passenger train service", *The Economic Times*, April 07, 2017 available at <http://economictimes.indiatimes.com/industry/transportation/railways/india-bangladesh-ties-indian-railways-to-restore-kolkata-khulna-passenger-train-service/articleshow/58068828.cms>

<sup>76</sup> "Khulna-Kolkata train received with cheers, applause, bouquets at border", *The Economic Times*, April 08, 2017 available at <http://economictimes.indiatimes.com/industry/transportation/railways/khulna-kolkata-train-received-with-cheers-applause-bouquets-at-border/articleshow/58082435.cms>

## BIG-B Initiative (The Bay of Bengal Industrial Growth Belt)

*Accelerate industrial agglomeration in Dhaka–Matarbari belt and beyond to shape a value chain hub for South Asia and Southeast Asia*



**Source:** "The Initiative of BIG-B (The Bay of Bengal Industrial Growth Belt)," JICA, November 5, 2014, available at <https://www.jica.go.jp/bangladesh/english/office/topics/141105.html>

Japan has been at the forefront in conceptualising connectivity frameworks in Bangladesh, which will have economic as well as geopolitical implications. During his visit to Bangladesh in 2014, Prime Minister Shinzo Abe articulated the Bay of Bengal Industrial Growth Belt (BIG-B) framework. This framework recognises Bangladesh as a fulcrum for South Asian and Southeast Asian interactions. Specifically, BIG-B seeks to “accelerate industrial agglomeration along the Dhaka-Chittagong-Cox Bazar” axis.<sup>77</sup> In consonance with the articulated vision, Japan has agreed to give Bangladesh ODA loans to the tune of approximately \$ 1.59 billion.<sup>78</sup> This amount will be used for operationalising six infrastructure projects: (1) Hazrat Shahjalal International Airport Expansion Project (I); (2) the Kanchpur, Meghna and Gumti 2nd Bridges Construction and Existing Bridges Rehabilitation Project (II); (3) the Dhaka Mass Rapid Transit Development Project (Line 1); (4) Matarbari Ultra Super Critical Coal-Fired Power Project (III); (5) the Dhaka Underground Substation Construction Project; and (6) the Small Scale Water

<sup>77</sup> "The Initiative of BIG-B (The Bay of Bengal Industrial Growth Belt)", *Japan International Cooperation Agency (JICA)*, November 5, 2014 available at <https://www.jica.go.jp/bangladesh/english/office/topics/141105.html>

<sup>78</sup> "JICA signs \$1.59 Billion For Six Projects including Matarbari Power Plant", *Energy Bangla*, July 2, 2017 available at <https://energybangla.com/jica-signs-1-59-billion-for-six-projects-including-matarbari-power-plant/>

Resources Development Project (Phase 2).<sup>79</sup> The proposal to build a deep sea port in Bangladesh is also receiving serious consideration. While China wanted to develop the Chittagong port, it could not make significant progress. On the other hand, Japan's proposal of building a deep sea port in Matarbari along with power plants has moved forward. In comparison to Chittagong and Sonadia port (near Cox Bazar), the Matarbari port has a much better draft to handle heavy cargo.<sup>80</sup> The development of the Matarbari port falls along the Dhaka-Chittagong-Cox Bazar Axis as envisioned by the BIG-B initiative. Significantly, India is also building a bridge on River Feni, which would connect Agartala with Chittagong.<sup>81</sup>

### III. Regional Frameworks

It is interesting to note that two regional frameworks prompting India's eastward regional integration came to the fore in the late 1990s, viz., the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the Bangladesh-China-India-Myanmar (BCIM) Forum for Regional Cooperation. In June 1997, Bangladesh, India, Sri Lanka and Thailand Economic Cooperation (BIST-EC) was formed that evolved into BIMST-EC (Bangladesh, India, Myanmar, Sri Lanka and Thailand Economic Cooperation) with the admission of Myanmar, and subsequently into the BIMSTEC with the admission of Nepal and Bhutan in February 2004.<sup>82</sup> The BIMSTEC was conceptualised on the principles of open regionalism as it brought together countries from South Asia and Southeast Asia. The emergence of BIMSTEC was preceded by India becoming a sectoral partner of ASEAN in 1992 and full dialogue partner in 1995. India's economic reforms generated enthusiasm in Southeast Asian countries to enhance regional economic cooperation initiatives with New Delhi. The BIMSTEC, therefore, is a manifestation of such interest to promote economic engagement with India. Further, the countries in the BIMSTEC constituted the rim countries of the Bay of Bengal. Implicit in this regional framework is the assumption that countries in the Bay of Bengal region share cultural similarities as well as a shared economic destiny. Not surprisingly, the initial thrust of the BIMSTEC was "to accelerate the economic growth and

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<sup>79</sup> "Signing of Japanese ODA Loan Agreements with Bangladesh: Provision of Japanese ODA loans on the largest scale for accommodating an increase in demand for electric power and public transportation and for raising rural incomes", Press Release, *Japan International Cooperation Agency (JICA)*, June 29, 2017 available at [https://www.jica.go.jp/english/news/press/2017/170629\\_02.html](https://www.jica.go.jp/english/news/press/2017/170629_02.html)

<sup>80</sup> "Matarbarhi Deep Sea Port Work to Start 'next year'", *bdnews24.com*, June 24, 2015, available at <http://bdnews24.com/bangladesh/2015/06/24/matarbarhi-deep-sea-port-work-to-start-next-year>

<sup>81</sup> Utpal Bhaskar and Jyotika Sood, "Delhi steps up efforts to improve road links to Dhaka, Kathmandu", *LiveMint*, July 06, 2017 available at <http://www.livemint.com/Politics/fAfu0zE215MpqttdC5FqqN/Delhi-steps-up-efforts-to-improve-road-links-to-Dhaka-Kathm.html>

<sup>82</sup> Overview, Background, The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) available at <http://bimstec.org/overview/>

social progress in the sub-region through joint endeavours in a spirit of equality and partnership.”<sup>83</sup>

The BIMSTEC was neither subjected to benign neglect nor was it operationalised with great enthusiasm. Between 2004 and 2014, it held only three summit meetings. However, there were a plethora of foreign ministerial, economic ministerial and senior official meetings since its inception. For the first few years, BIMSTEC did not have a Secretariat and since 2011, the BIMSTEC Secretariat has been based in Dhaka.<sup>84</sup> In the recent past, there has been growing interest regarding the BIMSTEC framework. This was evident during the 2016 BIMSTEC Summit on the sidelines of the BRICS Summit in Goa (India). This renewed interest in BIMSTEC is a consequence of the following factors:

- i. Growing recognition of the importance of connectivity networks in sustaining economic growth. Given that the Kaladan Multi-Modal Transit Transport (KMTT) and India–Myanmar–Thailand (IMT) highways are nearing completion, there is enthusiasm regarding the sub-regional framework.
- ii. The progress in the Bangladesh, Bhutan, India, Nepal (BBIN) Motor Vehicles Agreement (MVA) has generated hopes for a possible BIMSTEC MVA.
- iii. Given the presence of natural gas resources in the Bay of Bengal, hydropower potential, and differential national time zones, the possibility of profitable energy cooperation looks promising.
- iv. Major countries in the BIMSTEC framework such as India, Bangladesh, Myanmar and Thailand have been victims of terrorism with varying degrees of intensity and face some common security challenges. Therefore, the need for a regional framework to address security issues was recognised.

In consonance with the above factors, the BIMSTEC Goa Summit stressed the need to enhance cooperation in the realms of transit, trans-shipment, movement of vehicular traffic, an early conclusion of a BIMSTEC Free Trade Agreement, cooperation on countering terrorism, and an annual meeting of National Security Advisors.<sup>85</sup> Subsequently, the first meeting of the

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<sup>83</sup> Ibid.

<sup>84</sup> "BIMSTEC Secretariat establishes headquarters in Dhaka", *Kaladan Press Network*, January 24, 2011 available at <http://www.kaladanpress.org/index.php/news/130-news-2011/january-2011/3001-bimstec-secretariat-establishes-headquarters-in-dhaka.html>

<sup>85</sup> Transcript of Media Briefing on BRICS-BIMSTEC Outreach Summit, *Ministry of External Affairs, Government of India*, October 17, 2016 available at [http://www.mea.gov.in/media-briefings.htm?dtl/27517/Transcript\\_of\\_Media\\_Briefing\\_on\\_BRICSBIMSTEC\\_Outreach\\_Summit\\_October\\_17\\_2016](http://www.mea.gov.in/media-briefings.htm?dtl/27517/Transcript_of_Media_Briefing_on_BRICSBIMSTEC_Outreach_Summit_October_17_2016)

National Security Chiefs of BIMSTEC member states was held in New Delhi on March 21, 2017.<sup>86</sup>

While the BIMSTEC framework regularly operates at the Track-I level, the BCIM framework is yet to become a regular Track-I framework. The Kunming initiative, which began as an interaction between scholars and experts, constituted the embryo of the BCIM framework. The BCIM framework is essentially a continental framework. The need to ensure greater international engagement for China’s Southwest provinces, such as Yunnan, is one of the reasons that seem to have guided the evolution of BCIM. There was also the thinking in some countries such as Bangladesh that engaging with an economically vibrant China will have positive developmental spin-offs. Simultaneously, there are also concerns that enhanced economic engagement with China may not result in equitable outcomes. For instance, in Myanmar, there is a strong public opinion that China’s economic engagement has led to exploitation of natural resources (which were shipped across borders) but has not contributed to sustainable employment opportunities for the local population. As a consequence of such apprehensions, the BCIM framework is yet to scale up into a full-fledged regional framework. There is no denying that the Kolkata-to-Kunming car rally organised in February 2013 and the reference to BCIM in India-China Joint Statements suggest the possibility of the BCIM graduating into a genuine Track-I forum. However, the absence of a summit meeting involving the BCIM heads of states indicates the distance that the regional framework needs to travel. The table below summarises arguments pertaining to the relative strengths and weaknesses of the BCIM and the BIMSTEC frameworks.

<b>BCIM</b>	<b>BIMSTEC</b>
Territorial disputes between India and China	Absence of territorial disputes
Continental regional framework	Maritime regional framework
Concerns about Chinese business practices	No such fears as yet about Indian economic engagement. Faster Indian economic engagement is welcomed.
Intense power asymmetry with the presence of China	While India is also a regional power, power asymmetry in BIMSTEC is less intense
Possibility of intense power politics as smaller countries may either seek to balance or bandwagon between China and India	Given the absence of territorial disputes, any power play in BIMSTEC will be relatively less

<sup>86</sup> First meeting of the BIMSTEC National Security Chiefs, *Ministry of External Affairs, Government of India*, March 21, 2017 available at <http://www.mea.gov.in/press-releases.htm?dtl/28193/first+meeting+of+the+bimstec+national+security+chiefs+march+21+2017>

In a related and significant development, the agreement on the Regulation of Passenger, Personal and Cargo Vehicular Traffic between Bangladesh, Bhutan, India and Nepal (BBIN MVA) was concluded in 2015.<sup>87</sup> An important objective of the evolving Bangladesh, Bhutan, India and Nepal (BBIN) cooperation is to deepen regional integration for peace, stability, and prosperity.<sup>88</sup> The BBIN framework seeks to achieve this by promoting cooperation in trade, finance, energy, infrastructure and time-bound project implementation.<sup>89</sup> As part of the BBIN MVA pilot run, the first cargo truck was flagged off from Kolkata, which travelled approximately 640 km to Agartala through Dhaka in November 2015.<sup>90</sup> The first BBIN Friendship Motor Rally 2015 was also held from November 14 to December 1, 2015 covering a distance of 4,500 km. in 19 days, with around 20 participating vehicles.<sup>91</sup> Following this, a cargo truck with a consignment from Dhaka reached Delhi on September 5, 2016 under another trial run of the BBIN MVA.<sup>92</sup> Inspired by the draft SAARC Regional Rail Agreement template, the BBIN group have agreed to conduct discussions on the possibility of a BBIN Rail Agreement.<sup>93</sup> Furthermore, the Coastal Shipping Agreement between India and Bangladesh has the potential to provide impetus to the BBIN cooperative framework as it is likely to boost bilateral trade (through ports) between the two countries.

Over time, the BBIN MVA may contribute to the strengthening of the BIMSTEC framework. The emergence of the BIMSTEC and BBIN frameworks suggests that the locus of regional cooperation has witnessed an eastward shift. More importantly, frameworks such as BIMSTEC suggest the strengthening of regional cooperation with a maritime locus.

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<sup>87</sup> "India, Nepal, Bhutan and Bangladesh Sign a landmark Motor Vehicles Agreement for seamless movement of road traffic among Four SAARC Countries in Thimphu", *Press Information Bureau, Ministry of Road Transport & Highways, Government of India*, available at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=122516>

<sup>88</sup> "Meeting of the Ministers of Transport of Bangladesh, Bhutan, India, and Nepal on the Motor Vehicles Agreement for the Regulation of Passenger, Personal and Cargo Vehicular Traffic between Bangladesh, Bhutan, India, and Nepal," *Ministry of External Affairs, Government of India*, available at <http://www.indianembassythimphu.bt/pages.php?id=283>

<sup>89</sup> Ibid.

<sup>90</sup> Abhishek Law, "BBIN motor vehicles agreement implemented", *The Hindu Business Line*, November 1, 2015, available at <http://www.thehindubusinessline.com/economy/logistics/bbin-motor-vehicles-agreement-implemented/article7829675.ece>

<sup>91</sup> Syed Sajjad Ali, "Four-nation connect in friendship car rally", *The Hindu*, November 28, 2015, available at <http://www.thehindu.com/news/national/other-states/fournation-connect-in-friendship-car-rally/article7924610.ece>

<sup>92</sup> "First cargo truck under BBIN pact reaches Delhi", *The Indian Express*, September 5, 2016, available at <http://indianexpress.com/article/india/india-news-india/first-cargo-truck-under-bbin-pact-reaches-delhi-3015225/>

<sup>93</sup> "Bangladesh, Bhutan, India, Nepal agree to discuss BBIN Rail Agreement", *The Economic Times*, Jan 21, 2016, available at <http://economictimes.indiatimes.com/industry/transportation/railways/bangladesh-bhutan-india-nepal-agree-to-discuss-bbin-rail-agreement/articleshow/50670456.cms>

## Asia Africa Growth Corridor (AAGC)

An important new initiative with a maritime regional development and connectivity focus is the recent Asia Africa Growth Corridor (AAGC). The India-Japan Joint Statement in 2016 stressed the importance of “improving connectivity between Asia and Africa.”<sup>94</sup> Subsequently, in May 2017, Prime Minister Narendra Modi, speaking at the 52<sup>nd</sup> Annual General Meeting of the African Development Bank Group, called for operationalisation of the Asia Africa Growth Corridor.<sup>95</sup> More recently, the Joint Statement issued after the summit meeting of Indian and Japanese Prime Ministers on September 14, 2017, reiterated the resolve of the two countries to “develop industrial corridors and industrial networks for the growth of Asia and Africa.”<sup>96</sup>

The articulation of the AAGC is based on the recognition that the locus of global economic activities is increasingly shifting towards the Indo-Pacific region. India and Japan as two democracies and robust economies are working together to shape the economic, political and security architecture of the Indo-Pacific region. The AAGC is a natural outcome of the evolving strategic partnership between India and Japan.

The AAGC Vision Document has been developed in collaboration between the Research and Information System for Developing Countries (RIS) in India, The Economic Research Institute for ASEAN and East Asia (ERIA) and the Institute of Developing Economies and Japan External Trade Organization (IDE-JETRO). The vision document notes that the AAGC would be based on four pillars: enhancing capacity and skills; quality infrastructure and institutional connectivity; development and cooperation projects; and people-to-people partnership.<sup>97</sup> These principles, such as quality infrastructure and people-to-people partnership, should be understood in a larger political context.

Two centuries ago, the emergence of Europe as an economic power-house resulted in the colonial exploitation of Africa. China, one of the new rising powers today, has followed in these footsteps and has not adopted a radically new approach to Africa. On the other hand, the AAGC in its conceptualisation sees Africa as a collaborator as well as an equal

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<sup>94</sup> "India-Japan Joint Statement during the visit of Prime Minister to Japan," *Ministry of External Affairs*, November 11, 2016, available at [http://www.mea.gov.in/bilateral-documents.htm?dtl/27599/IndiaJapan\\_Joint\\_Statement\\_during\\_the\\_visit\\_of\\_Prime\\_Minister\\_to\\_Japan](http://www.mea.gov.in/bilateral-documents.htm?dtl/27599/IndiaJapan_Joint_Statement_during_the_visit_of_Prime_Minister_to_Japan)

<sup>95</sup> "PM Narendra Modi Pitches for Asia-Africa Growth Corridor," *The Indian Express*, May 23, 2017, available at <http://indianexpress.com/article/india/pm-narendra-modi-pitches-for-asia-africa-growth-corridor-4669933/>

<sup>96</sup> "Toward a Free, Open and Prosperous Indo-Pacific: India-Japan Joint Statement during visit of Prime Minister of Japan to India (September 14, 2017)," *Ministry of External Affairs*, September 14, 2017, available at <http://www.mea.gov.in/bilateral-documents.htm?dtl/28946/IndiaJapan+Joint+Statement+during+visit+of+Prime+Minister+of+Japan+to+India+September+14+2017>

<sup>97</sup> "ASIA AFRICA GROWTH CORRIDOR: Partnership for Sustainable and Innovative Development - A Vision Document", *Economic Research Institute for ASEAN and East Asia (ERIA)*, May 22-26, 2017 available at <http://www.eria.org/Asia-Africa-Growth-Corridor-Documents.pdf>

partner. This is evident from the fact that the Vision Document of the AAGC notes that the conceptualisation of the AAGC will be conducted by constituting “a joint study team with other think tanks and organisations in Asia and Africa.”<sup>98</sup> In addition, the vision document also states that “contribution to the local society and economy” will be an important aspect that is going to define the operationalisation of the economic corridor. A similar emphasis could also be seen in Prime Minister Shinzo Abe’s speech in Kenya last year, wherein he emphasised the importance of quality, resilience and stability in Japan’s engagement in Africa.<sup>99</sup>

India is the most important pillar in the proposed corridor because of historical connections, maritime contiguity, and the large presence of an Indian diaspora. It has a long history of supporting anti-colonial movements in Africa and enjoys robust government-to-government relations as well. As Prime Minister Narendra Modi noted,<sup>100</sup> India has been awarding thousands of scholarships to African nations under the ITEC programme and has promised to invest \$10 billion in Africa in the near future.

Numerous current and former leaders in Africa, including military chiefs, have attended educational and training institutions in India, which gives India considerable social capital that can be leveraged. Many of the Indian Ocean littoral African states host an Indian diaspora in large numbers. The AAGC can build on the business networks of this Indian diaspora as well.

OVERSEAS INDIAN POPULATION			
Sl. No.	COUNTRY	NON-RESIDENT INDIANS (NRIs)	PERSONS OF INDIAN ORIGIN (PIOs)
1	Kenya	20,000	60,000
2	Madagascar	2,500	15,000
3	Maldives	25,000	108
4	Mauritius	10,500	884,000
5	Mozambique	1,500	20,000
6	Seychelles	4,000	6,000
7	South Africa	60,000	1,500,000
8	Tanzania	10,000	50,000

**Source:** Ministry of External Affairs, Government of India  
[http://mea.gov.in/images/attach/NRIs-and-PIOs\\_1.pdf](http://mea.gov.in/images/attach/NRIs-and-PIOs_1.pdf)

*\*Data as on December, 2016*

<sup>98</sup> Ibid.

<sup>99</sup> "Address by Prime Minister Shinzo Abe at the Opening Session of the Sixth Tokyo International Conference on African Development (TICAD VI)", *Ministry of Foreign Affairs of Japan*, August 27, 2016 available at [http://www.mofa.go.jp/af2/af2/page4e\\_000496.html](http://www.mofa.go.jp/af2/af2/page4e_000496.html)

<sup>100</sup> Speech delivered by Narendra Modi, Prime Minister of India, at the Official Opening Ceremony of the African Development Bank Group Annual Meetings in Ahmedabad, India, May 23, 2017 available at [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Speech\\_delivered\\_by\\_Narendra\\_Modi\\_\\_Prime\\_Minister\\_of\\_India\\_\\_at\\_the\\_Official\\_Opening\\_Ceremony\\_of\\_the\\_African\\_Development\\_Bank\\_Group\\_Annual\\_Meetings\\_in\\_Ahmedabad\\_\\_India\\_\\_May\\_23\\_\\_2017.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Speech_delivered_by_Narendra_Modi__Prime_Minister_of_India__at_the_Official_Opening_Ceremony_of_the_African_Development_Bank_Group_Annual_Meetings_in_Ahmedabad__India__May_23__2017.pdf)

The AAGC will seek to synergise two different sets of competencies of India and Japan. Japan can deploy substantial financial and technological resources and India can bring its government-to-government relations and business networks of its Diaspora to the table. The AAGC will not be a state funded enterprise. On the contrary, it seeks to evolve based on healthy financial practices with the private sector playing a predominant role.<sup>101</sup> There are many reasons for the emergence of the AAGC:

- India and Japan cooperation, in addition to a bilateral component, has now acquired a broader third country and regional dimension, and the AAGC is a manifestation of such a dynamic.
- Both countries are keen on developing economic architectures that are based on the principles of equity and transparency. Africa, which has the potential to emerge as an economic power-house, is a natural candidate to partner in building this new economic architecture.
- The AAGC may not have been conceptualised as a direct response to China's Belt and Road Initiative (BRI). Nonetheless, the AAGC and BRI represent distinctly divergent methodologies towards promoting connectivity, infrastructure and local capacity, and are thus likely to impact regional geopolitics.

China's Belt and Road Initiative (BRI), in spite of a strong maritime component, is largely a continental framework. The probability of Gwadar, Hambantota and Kyakphyu ports in the Indian Ocean Region evolving into vibrant and diversified economic hubs seems to be limited at the moment. Therefore, speedy operationalisation and consequent success of the AAGC will result in two spheres of connectivity, viz. China's BRI connectivity, which would traverse continental Asia to reach Europe and the AAGC, which will be predominantly maritime.

While the AAGC is an economic framework, India has a significant security presence close to the East African littoral. India has been a de-facto security guarantor to island states such as Maldives, Sri Lanka, Mauritius and Seychelles, and conducts regular naval exercises involving these countries.<sup>102</sup> India has been working with these countries to build their capacities through military training as well as provision of necessary military equipment. Further, India has strengthened its maritime domain awareness activities in the Indian Ocean region. For instance, India is planning to operationalise eight Coastal Surveillance Radar Stations (CSRS) in Seychelles and another ten in the Maldives, which is in addition to eight earlier CSRSs in the

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<sup>101</sup> Wade Shepard, "India And Japan Join Forces To Counter China And Build Their Own New Silk Road", *Forbes*, July 31, 2017 available at <https://www.forbes.com/sites/wadeshepard/2017/07/31/india-and-japan-join-forces-to-counter-china-and-build-their-own-new-silk-road/2/#12e0b4e32dce>

<sup>102</sup> David Brewster, "India's own string of pearls: Sri Lanka, Mauritius, Seychelles and Maldives", *The Interpreter*, *Lowy Institute*, March 13, 2014 available at <https://www.lowyinstitute.org/the-interpreter/indias-own-string-pearls-sri-lanka-mauritius-seychelles-and-maldives>

Maldives and six in Sri Lanka.<sup>103</sup> India's security cooperation in the Indian Ocean has coalesced into a larger framework called SAGAR: Security and Growth for All in the Region. During his visit to Mauritius in March, 2015 Prime Minister Modi outlined the following five principles of the SAGAR framework: (1) defending national interests in mainland and islands; (2) economic cooperation; (3) collective action through regional mechanisms for maritime cooperation; (4) responding to climate change and leveraging ocean economy; and (5) assuming "primary responsibility for peace, stability and prosperity in the Indian Ocean".<sup>104</sup>

In addition to economic and security engagement, India is also seeking to systematically reinvigorate its cultural links with East Africa and other countries in the Indian Ocean region under the rubric of Project Mausam. The Project Mausam seeks to revive the lost linkages with nations, re-connecting heritage sites, redefining 'cultural landscapes' and promoting research on historical maritime routes extending from East Africa, the Arabian peninsula and the Indian subcontinent to Southeast Asia.<sup>105</sup>

#### IV. Conclusion

The success of India's connectivity frameworks, to a large extent, will be dependent on expeditious implementation of various projects. It is critically important that a specialised agency should be created under the Ministry of External Affairs to oversee and coordinate implementation of overseas connectivity projects, which can draw upon the expertise of various other agencies and departments of the Government of India. In addition to these institutional reforms, India and Japan will have to regularly exchange notes on their respective projects in the Indian Ocean littoral, Africa, South Asia and Southeast Asia. For eastward connectivity, the Japan-India Act East Forum has already been announced and will be launched shortly. Another Japan-India Coordination Forum to cover future AAGC initiatives should also be considered. Further, India and Japan will need to develop similar mechanisms with regional countries to design and develop connectivity projects. If development partners in western democracies wish to deploy their overseas development assistance in consonance with the connectivity projects being jointly pursued by India and Japan, they should be welcomed. These coordinated efforts of India, Japan and other like minded countries in building transparent regional networks for economic cooperation and connectivity will

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<sup>103</sup> Sudhi Ranjan Sen, "PM Modi to Ramp Up Surveillance in Indian Ocean Region With Eye on China's Growing Interest", *NDTV*, March 10, 2015 available at <http://www.ndtv.com/india-news/pm-modi-to-ramp-up-surveillance-in-indian-ocean-region-with-eye-on-chinas-growing-interest-745534>

<sup>104</sup> "For the Record: 'To me, the blue chakra or wheel in India's flag represents the potential of the blue revolution, or the ocean economy'", *The Indian Express*, March 13, 2015 available at <http://indianexpress.com/article/opinion/columns/for-the-record-to-me-the-blue-chakra-or-wheel-in-indias-flag-represents-the-potential-of-the-blue-revolution-or-the-ocean-economy/>

<sup>105</sup> Objectives and Goals, Project 'Mausam'- Mausam/ Mawsim: Maritime Routes and Cultural Landscapes, *Indira Gandhi National Centre for the Arts (IGNCA)* available at [http://ignca.nic.in/mausam\\_objectives.htm](http://ignca.nic.in/mausam_objectives.htm)

contribute towards development as well as the creation of a more balanced and multipolar Indo-Pacific.



## Annexure 1: SASEC Projects in India and Neighbourhood

### SASEC Projects in India and its neighbourhood region since 2014, financed mainly by the ADB

Nepal	Nepal: SASEC Reform and Modernization for Trade Facilitation Program	Trade Facilitation	2017	Loan	\$21 million [Asian Development Fund]
Nepal	SASEC Power System Expansion Project-Additional Financing	Energy	2016	Grant	\$45 million [\$24.5 million (Government of Nepal) \$20 million (ADB Strategic Climate Fund)]
Nepal	SASEC Roads Improvement Project	Transport/ Road	2016	Loan	\$257 million [\$187 million (Asian Development Bank) \$70 million (Government of Nepal)]
Bangladesh	Bangladesh: SASEC Chittagong–Cox’s Bazar Railway Project, Phase 1	Transport/ Rail	2016	Loan/ Technical Assistance	\$701 million [\$301 million (Asian Development Bank) \$400 million (Government of Bangladesh)]
India	India: Visakhapatnam-Chennai Industrial Corridor Development Program: Project 1	Economic Corridors	2016	Loan/Grant	\$358 million [\$245 million (Asian Development Bank) \$5 million (Urban Climate Change Resilience Trust Fund) \$108 million (Government of India)]
India	India: Visakhapatnam–Chennai Industrial Corridor Development Program	Economic Corridors	2016	Loan/ Technical Assistance	\$126 million [\$125 million (Asian Development Bank) \$1 million (Technical Assistance)]
Bhutan	Bhutan: SASEC Transport, Trade Facilitation, and Logistics Project	Transport/ Road	2016	Loan / Grant	\$23 million [\$19.61 million (Asian Development Bank) \$3.46 million (Government of Bhutan)]
Bhutan	Bhutan: Air Transport Connectivity Enhancement Project-Additional Financing	Transport/ Air	2016	Grant \$4 million (Asian Development Bank) \$420,000 (Government of Bhutan)	\$4 million [\$4 million (Asian Development Bank) \$420,000 (Government of Bhutan)]

India	India: Bihar New Ganga Bridge Project	Transport/Road	2016	Loan	\$715 million [\$215 million (Government of India) \$500 million (Asian Development Bank)]
India	India: Bihar New Ganga Bridge Project	Transport/Road	2016	Technical Assistance	\$900,000 [Asian Development Bank, through the Technical Assistance Special Funds]
Bangladesh	Bangladesh: Railway Sector Investment Program - Tranche 4	Transport/Rail	2016	Loan	\$189 million [\$50 million (Asian Development Bank, financed through Ordinary Capital Resources) \$22 million (Export-Import Bank of Korea) \$116.72 million (Japan International Cooperation Agency)]
Bhutan	Bhutan: SASEC Green Power Investment Program	Energy	2015	Technical Assistance	\$1.5 million [\$1.5 million (Japan Fund for Poverty Reduction)]
Regional	Regional: Promoting South Asian Regional Economic Cooperation II	Multi sector	2015	Technical Assistance	\$750,000 [(Asian Development Bank, financed through the Technical Assistance Special Fund)]
Bangladesh	Second SASEC Bangladesh-India Electrical Grid Interconnection Project	Energy	2015	Loan	\$183 million [\$120 million (Asian Development Bank) \$63 million (Government of Bangladesh)]
Bangladesh	Bangladesh: Subregional Transport Project Preparatory Facility - Additional Financing	Transport	2015	Loan	\$36 million [\$30 million (Asian Development Bank) \$6 million (Government of Bangladesh)]
India	India: Comprehensive Integrated Master Plan for the Vizag-Chennai Industrial Corridor	Transport	2015	Technical Assistance	\$2,030,000 [\$30,000 (Government of India) \$2 million (Asian Development Bank, financed through the Japan Fund for Poverty Reduction)]
Bangladesh	SASEC Bangladesh-India Electrical Grid Interconnection Project II	Energy	2014	Technical Assistance	\$200,000 [\$200,000 (Asian Development Bank, financed through the Technical Assistance Special Fund)]

Bhutan	Bhutan: Second Green Power Development Project	Energy	2014	Loan/Grant	\$139 million [\$50.5 million (Asian Development Fund grant and loan of \$25.25 million each) \$70 million (Asian Development Bank) \$18.86 million (Druk Green Power Corporation)]
Bangladesh	Bangladesh: SASEC Railway Connectivity Akhaura-Laksam Double Track Project	Transport/ Rail	2014	Technical Assistance	\$1,000,000 [\$600,000 (Asian Development Bank, financed through the Technical Assistance Special Fund) \$400,000 (Nordic Development Fund)]
Bangladesh	Bangladesh: SASEC Railway Connectivity: Akhaura-Laksam Double Track Project	Transport/ Rail	2014	Loan	\$630 million [\$400 million (Asian Development Bank) \$105 million (Asian Development Fund) \$125 million (Government of Bangladesh)]
Regional	Regional: Trade Facilitation in South Asia	Trade Facilitation	2014	Technical Assistance	\$2,025,000 [\$525,000 (Asian Development Bank, financed through the Technical Assistance Special Fund) \$1.5 million (Japan Fund for Poverty Reduction)]
Bhutan	Bhutan: SASEC Transport, Trade Facilitation and Logistics Project	Transport/ Road	2014	Technical Assistance	\$1 million [(Asian Development Bank, financed through the Technical Assistance Special Fund)]
Bhutan	Bhutan: South Asia Subregional Economic Cooperation Road Connectivity Project	Transport/ Road	2014	Loan/Grant	\$69 million [\$50.35 million (Asian Development Fund) \$18.65 million (Government of Bhutan)]
Nepal	SASEC Power System Expansion Project	Energy	2014	Technical Assistance	\$500,000 [(Asian Development Bank, financed through the Technical Assistance Special Fund)]
Nepal	SASEC Power System Expansion Project	Energy	2014	Loan	\$320 million [\$180 million (Asian Development Fund) \$11.2 million (ADB Strategic Climate Fund) \$68.8 million (Government of Nepal) \$60 million (Government of Norway)]

India	India: SASEC Road Connectivity Investment Program	Transport/ Road	2014	Loan	\$425 million [\$300 million (Asian Development Bank) \$125 million (Government of India)]
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**Source:** South Asia Subregional Economic Cooperation (SASEC),  
<http://sasec.asia/index.php?page=projects>

# India and Connectivity Frameworks

## About the Authors and Contributors



**Ambassador Hemant Krishan Singh** served in the Indian Foreign Service from 1974-2010 and is a distinguished former career diplomat with extensive experience of geo-strategic and geo-economic issues as well as multilateral institutions, which underpin international law and commerce.

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Ambassador Singh has contributed to the forging of the India-Japan strategic and global partnership, the intensification of India's relations with Indonesia and ASEAN, the evolution of India's revitalised Look East Policy and the shaping of India's policy towards key neighbours and strategic partners.

From 2011-2016, Ambassador Singh was Professor for Strategic Studies at ICRIER, a leading think tank in New Delhi, and has been associated with several public policy initiatives and Track II / Track 1.5 strategic dialogues involving major Think Tanks of India, Japan, Asia and the US. He has written and worked extensively on the ongoing transformation of India's relations with the United States and Japan and their growing convergences in shaping Asia's emerging economic and security architecture.

In June 2016, Ambassador Singh assumed responsibilities as Director General, Delhi Policy Group, which is among India's oldest independent think tanks focused on strategic issues of critical national interest.

An alumnus of St. Stephen's College, Delhi, where he studied (1967-72) and later taught (1972-74), Ambassador Singh holds an M.A. degree from the University of Delhi. His varied interests include civilisation and culture, the natural environment and sports.



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