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PART I: DOMESTIC POLITICS

CURRENT POLITICAL TRENDS IN INDIA

The introductory article sketches the current political equations a few months before major state elections and less than a year before the next general elections in India.

Dr. Klaus Voll

The political equations are rapidly changing in India. All parties are slowly gearing up for the general elections, which are due in May 2014. Yet, there are also indicators for an early election, perhaps in November/December 2013.

The ruling *United Progressive Alliance* (UPA), led by the Congress under Prime Minister Dr. Manmohan Singh, does not enjoy a majority in the *Lok Sabha* (Lower House) any longer. It survives on the basis of outside support of two major regional parties from the populous state of Uttar Pradesh.

All opinion polls are predicting a substantial loss for the Congress and the UPA, if elections were to happen now. Opinion polls do not however necessarily reflect actual scenarios in India. The Congress wants to change its current image of a corrupt and inefficient government that is heaving under the weight of innumerable scandals.

Nevertheless the Congress did win recent state elections in the Himalayan states of Himachal Pradesh and Uttarakhand, as well as in Karnataka. It wrested power from the principal opposition party (at the Centre in Delhi), the Hindu-nationalist *Bharatiya Janata Party* (BJP), in Karnataka State Assembly elections held in May this year.

The BJP seems to be well poised to form the next central government. At its *National Executive Committee* (NEC) meeting that took place in early June 2013, the BJP chose Narendra Modi, the controversial Chief Minister of Gujarat, as its chairman for the election campaign committee for the 2014 General elections. It prompted the chief architect of the rise of the BJP to power in the late 1980's and the 1990's, L. K. Advani, to openly revolt against this decision.

The 86-years-old Advani, a former Deputy Prime Minister and Home Minister, still sees himself as a future Prime Minister. His reaction to the Modi elevation was resignation from his posts as Chairman of the BJP Parliamentary Party in the Lok Sabha, Election Committee- and NEC-member. Interestingly enough he did not wish to give up the post of the Chairman of the *National Democratic Alliance* (NDA). Pressure exerted by the powerful organization *Rashtriya Swayamsevak Sangh* (RSS) and its chief Mohan Bhagwat, forced L. K. Advani to change his mind and take back his resignation. The RSS, which counts millions as its 'sevaks' (workers) wields great influence in the BJP and is known for its right-wing leaning tendencies.

Advani's treatment by his own parent party and the imminent rise of Narendra Modi as the undisputed leader in the BJP and its potential Prime Ministerial candidate for 2014, lead to a rethink in the NDA alliance member - the Janata Dal United (JD/U). The JD (U) led a coalition with the BJP as its junior-partner, to form the government in Bihar since 2005. The JD(U) did not want to align itself with a politician (read Modi) whose secular credentials were questionable. The JD (U) accused Modi of not being inclusive enough vis-à-vis the Muslims (16.5 % of Bihar's population) and other religious minorities. Thus it broke the 17 years old partnership with the BJP and quit the NDA.

Nitish Kumar, Chief Minister of Bihar and a former socialist, saw Narendra Modi as a discreditable leader who presided over the violent Hindu-Muslim riots that occurred in Gujarat in 2002. Kumar had made no secret about his antipathy towards Modi. Nitish Kumar took the politically risky decision of severing ties with the BJP because of ideological reasons and in recognition of the sensitivities of his party's Muslim vote-bank.

Indian politics have entered a phase of fluidity. Increasingly, powerful regional parties are calling the shots. In the 2009 elections, the two national parties - the Congress and the BJP - together gained less than 50% of the total votes. There is now talk of a "Third" or even "Federal Front" with a Prime Minister that belongs neither to the Congress or the BJP.

The question is whether such a Front would obtain the required numbers without the (outside) support of either the Congress or the BJP. Most probably this will not be the case.

The upcoming elections would be influenced by the charismatic but divisive Modi factor. It will perhaps write a new chapter in the multi-dimensional Indian politics. The outcome of these elections will have potentially wide ramifications internally but also within South Asia and internationally.

NATURAL CALAMITY IN UTTARAKHAND*: A MAN-MADE DISASTER?

Heavy rains devastated large areas of the North Indian state of Uttarakhand with its important pilgrim centres. In the midst of heavy casualties and huge infrastructure losses, not only environmentalists alleged the destruction of the Himalayas.

Dr. Klaus Voll

Three days of continuous rains in the middle of June led to “a Himalayan Tsunami” in the northern state of Uttarakhand in India. The area most affected were parts of Garhwal. The result of the ‘Tsunami’ is catastrophic conditions and a high amount of human casualties, possibly more than a thousand people dead.

To get an idea of the extent of the disaster, here is a look at several districts: Kedarnath, with a one-thousand-years-old history, is one of the most important pilgrimage centres for the Hindus. The water floods levelled the little township completely with the sole exception of the temple. Large-scale family tragedies occurred with many old people, women and children, losing their lives. *“It is no disaster, it is a deluge.”*

The Indian army, Indian Air Force (IAF) and the Indo-Tibetan Border Police (ITBP) rescued more than one hundred thousand people, who had been stranded for days on end. There are no clear figures about casualties. Officially about one thousand have been declared dead, but finally it could be between five to even ten thousand people, who lost their lives.

The rescue operations have been difficult because 75 bridges and more than 500 kilometres of roads were washed away. The IAF pressed into service around 80 helicopters, amongst them were the Russian MI 26, and also numerous parachutists. It was the biggest rescue operation in its history. Drones have also been used in order to locate people. Unfortunately one of the rescue helicopters crashed due to bad weather conditions, killing 20 people.

The exemplary performance of the armed forces, which received high praises from all sections of Indian society, continued to “*race against time*”, especially in view of expected heavy rains towards the end of June and heavy rains expected between the 4th and 7th of July.

The opposition Bharatiya Janata Party (BJP) demanded the government to declare the events a “*national catastrophe*” which was rejected by Delhi. Narendra Modi was the first Chief Minister to

visit Uttarakhand's capital Dehra Dun, but was not allowed to proceed to Kedarnath. Modi, most probably is the BJP's candidate for the office of Prime Minister for the next general elections, offered the reconstruction of the destroyed temple buildings.

According to the BJP-spokesperson Meenakshi Lekhi, stranded people had to eat grass. They had to survive under most extreme and existential conditions. According to the Hindi-press people were robbed of their jewellery. Television stations mentioned "*law and order*" problems at several places.

"Man-made disaster?"

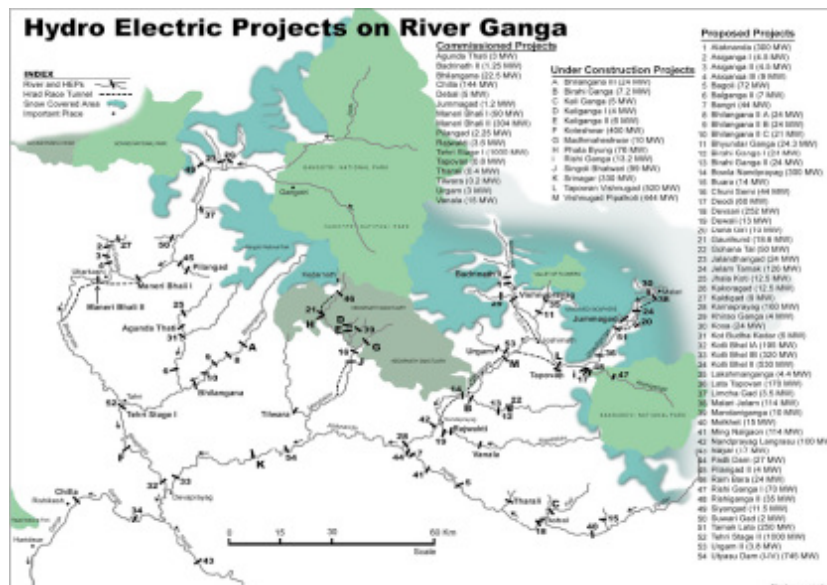
This question has been posed in numerous TV-discussions. Some experts spoke of the "*plunderers of the Himalayas*", i.e. an unholy nexus between politicians, bureaucrats and businessmen. According to these observers, there are mining, land, builder and timber-mafias, who are circumventing the law and raking in huge profits to the tune of thousands of cores. (A crore is currently the equivalent to about 130 thousand Euros.)

Allegedly the atmosphere of fear created by the mafia even makes high-ranking politicians only clandestinely refer to the prevailing conditions in the state, according to the TV-station *Times Now*. Arnab Goswamy, a well-known TV-anchor of this channel, identified common interests between the current ruling Congress state government and the BJP, which had ruled Uttarakhand before.

Dr. Jairam Ramesh, the former Minister for Environment and Forests, as well as his successor, Jayanthi Natarajan, had proposed to declare parts of the current crisis region as an "*eco-sensitive zone*". They had wished to impose strict environmental rules and regulations. First the then ruling BJP government rejected the proposal, and then the subsequent Chief Minister Vijay Bahuguna of the Congress party, requested the central government, "*to put this proposal on hold.*"

Sunita Narain, internationally well-known environmental activist and head of the *Center for Science and Environment* (CSE) in Delhi, opined, that various Indian governments and political parties "*never considered the Himalayas as a fragile eco-system. – The rape of the Himalayas takes place in the name of development. The future of the Himalayas is at stake.*" She demanded "*a much strengthened Ministry of Environment. Can we allow to put the eco-sensitive zone proposal any longer on hold?*"

Medha Patkar, renowned on account of her campaigns against the Narmada-Dam project, said that the numerous hydropower dams, allegedly altogether 70 in Uttarakhand, destroyed the ecology. According to her, altogether 300 dams exist or are planned in the Indian Himalayas - the highest density of dams worldwide.



During these discussions the *National Disaster Management Agency (NDMA)* came under heavy fire. *“Is India’s disaster management a disaster?”* was the mooted question. Even home minister Sushil Kumar Shinde complained about *“a poor coordination of various agencies.”*

The newly appointed coordinator for all the relief operations, Duggal, a former Home Secretary, brought together all the relief agencies on the 24th of June in Uttarakhand's capital Dehra Dun. According to the World Bank, India loses annually two percent of its gross domestic product due to natural catastrophes.

The deluge in Uttarakhand should hopefully serve as a wake-up call for the entire political class, which is being increasingly questioned about its interests and performances. The world's soon going-to-be most populous country must find a balance between development and environment. In the immediate future, the rehabilitation of the affected local population and the rebuilding of the destroyed houses and infrastructure, also with support by the World Bank and Asian Development Bank will have priority.

*More information is available in the *Outlook traveller Uttarakhand, State guide* with good maps and descriptions. (Rest. 295)

ELECTIONS IN KARNATAKA AND THE NATIONAL IMPACT

The Congress defeated the BJP thoroughly in the recent Karnataka Assembly elections. This detailed analysis lists the various factors for this clear victory and discusses the potential impact at the national level.

Dr. Klaus Voll

The Congress triumphed convincingly in the Karnataka State Assembly Elections. Critics have understood the elections more in terms of the *Congress* being a beneficiary of a negative vote towards the corruption tainted right-wing *Bharatiya Janata Party (BJP)*. The regional *Janata Dal Secular JD (S)* party too superseded very narrowly the BJP in the overall tally at the Assembly elections and the percentage of votes.

The BJP suffered a resounding defeat in their only bastion in the south of India. The *Karnataka Janata Paksha (KJP)*, formed by the *BJP* ex-Chief Minister renegade BS Yeddyurappa, dented his former party's vote share by 9.8%, but won a mere 6 seats. The rivalry between BJP core members and former partymen proved to be extremely advantageous for the Congress in the elections.

On 10th May 2013 Congress leaders and the "*High Command*" in Delhi unanimously declared K. Siddaramaiah as the new Chief Minister. (see his profile at the end).

Karnataka-Election Results 2013 (2008 in brackets)

Rank	Party	Seats	Percent
1	Congress	121 (80)	36.6 (34.76)
2	JD (S)	40 (28)	20.1 (18.96)
3	BJP	40 (110)	20.0 (33.86)
4	KJP	6	9.8 -
5	Andere	16	13.5 -

Total no. of seats: 224 (- 1) Majority = 113



Source – www.mapsofindia.com

Performances of political parties in the regions of Karnataka

Caste, ethnic and religious identities continue to play an important role in elections in Karnataka. There are around 23% Dalit voters, 15% Lingayat, 17% Vokkaliga and 12.2% of the people are Muslims. Lingayat voters have a higher concentration in North Karnataka and Vokkaligas in South Karnataka. This equation is considered by political parties in selecting candidates and designing their campaigns. Although numerically less than one fourth of the state's population, the Lingayat and Vokkaliga community accounted for more than half the legislators in the Assembly in the past.

The Congress posted victories not only in the influential rural areas but also in the cities such as Bangalore, where corruption was a major election issue. In addition, the party was successful in northern and central Karnataka, where the BJP lost heavily both in urban and rural constituencies.

The Congress won 58 seats in the Lingayat heartland. It is believed that 40% of the Linguists voted for the Congress. Yeddyurappa was held chiefly responsible for extensively eating into BJP's Lingayat vote bank. Interestingly the KJP came out as the second strongest political force in 36 constituencies in northern Karnataka, of which 22 were won by the BJP in 2008. The Lingayat voters punished the BJP because the party allegedly did not adequately protect the interests of the community.

In the Vokkaliga dominated Old Mysore, votes were split between the Congress and the JDS. The Congress raised its tally of seats from 20 to 26. In the nine-dominated Vokkaligas districts in the area of Old Mysore the JD-S improved its tally from 18 to 28 seats. It has also made unexpected inroads even in north Karnataka where it won 12 seats. The BJP suffered massive losses in the mining belt (including Bellary).

The defeat in the coastal regions of Karnataka is probably the most important aspect of the BJP election performance. Ironically it is the region within Karnataka which provided the BJP with its ideological oxygen in the past. Out of the 13 constituencies, BJP won in just two, as against 8 that it had won in 2008. The percentage of votes for the BJP declined from 41% to 31%, while the Congress climbed to a 41% vote share. The BJP noted considerable loss of votes among women particularly.

In Bangalore, BJP's seats declined from 17 to 12 seats. The BJP was swept away in its strongholds Udupi, Mangalore, Karwar, Shimoga, Hubli-Dharwad, Belgaum, Haveri, Davanagere, Tumkur, Mysore and parts of Bangalore.

In over 50 constituencies in the Hyderabad and Bombay Karnataka regions, votes polled by the BJP and KJP together were higher than the votes of the victorious Congress candidates. This clearly indicated that the Congress benefited from the BJP infighting.

In contrast to previous elections the Muslim community voted for the Congress *en masse*. The possibility of the Congress making a Kuruba (from the shepherd community) leader, Siddaramaiah, Leader of the Opposition in the previous Legislative Assembly, the Chief Minister seemed to have prompted the Kurubas (nearly eight per cent of the population) to rally behind the Congress.

Impact at the national level

The election result undoubtedly does have an impact at the national level. The constant stream of corruption and other scandals about the central government (the latest being about the former Law Minister Ashwini Kumar and his cabinet colleague Railways Minister Pawan Kumar Bansal) do not help the Congress. Nevertheless, the victory in Karnataka strengthened the ailing confidence of the Congress workers. Election results of Himachal Pradesh, Uttarakhand and the current ouster in Karnataka have now pushed the BJP on the defensive.

It is significant to note that in Karnataka the Congress successfully appealed to OBC's, Dalits and religious minorities (Muslims and Christians) alike. The AHINDA (an acronym in the local language Kannada for Backward Classes, Dalits and minorities) movement of Karnataka was comprised also of some Congress leaders. But the Congress could also appeal to some other castes. The complex urban landscape also does not appear to be more inclined towards the BJP, as is often assumed by observers.

Nevertheless it did not prevent Indian newspapers like *The Hindustan Times* to draw negative conclusions on the Congress leadership, dated 9th May 2013, "*Without a grand strategy to nail the ruling party, without a high-decibel campaign, without offering a clear alternative, the Congress won a clear Majority*".

The resounding defeat is a severe blow to the national "*Mission 2014*" of the BJP. These elections were the first test of Narendra Modi's leadership outside of Karnataka which ended in failure. Mani Shankar Aiyar thus confidently remarked, "*The BJP's ideology has been rejected and it means the end*

of the road for the BJP and Modi" (Headlines Today, 8th May 2013). The other critical question is whether the BJP possesses nowadays only *"an electorally weak fighting machine"*.

Narendra Modi is now set to play a greater role in the BJP headquarters in Delhi after being made the head of BJP's election campaign committee for 2014. The Congress wishes to lure Narendra Modi out of the defensive on account of the Gujarat riots of 2002. The Congress hopes to project him as a polarising candidate and thus gain the votes of Muslims by propagating themselves as being the more inclusive political party, without initiating a possible Hindu consolidation.

There is still no clear evidence that the result in Karnataka will prove to be the *"centre-stage for early Lok Sabha elections"*. Obviously, there is still substantial disagreement on this issue within the Congress ranks.

Profile: K. Siddaramaiah, Chief Minister of Karnataka*

The Congress leader who was sworn in as Karnataka's Chief Minister on 13th May 2013, Siddaramaiah, had once contemplated quitting politics.

Born in independent India, Siddaramaiah has been politically active mostly in the south Indian state of Karnataka. He hailed from a humble background of farmers and did not receive formal education in early childhood. Nevertheless he persevered and went on to do his B. Sc. and Law degree from Mysore University.

His political innings started in 1978, when a lawyer singled him out to contest elections after seeing him in action at the district court. Siddaramaiah successfully won the elections from Mysore Taluka. His surprise victory earned him name and fame in the Old Mysore region.

He then aligned himself with the Janata Party in the tradition of the social reformer Ram Manohar Lohia. His first Ministerial outing was as the Minister for Animal Husbandry and Veterinary Services in 1985. Later under Chief Minister Ramakrishna Hegde he was in charge of various portfolios such as Sericulture, Animal Husbandry and Transport.

While in 1989 he suffered a defeat at the hands of a Congress leader, he bounced back in the 1994 State Elections by securing a comfortable victory. He became the Minister of Finance in the government formed by the Janata Dal leader Deve Gowda. He rose to the position of Deputy Chief Minister when J. H. Patel became Chief Minister in 1996. Siddaramaiah sided with Gowda during the years of internal turmoil in the Janata Dal, as the second-line leadership drifted towards the Janata Dal (United) in 1999. He emerged as the virtual no. 2 in the JD (Secular) for he held the post of President of the party state unit. However the advent of dynastic rule in the party echelons and the stalling of his administrative decisions in the government frustrated him.

In the new millennia, when the Indian National Congress and JDS formed a coalition government with Dharam Singh as Chief Minister, he was reappointed as Deputy Chief Minister. It was during this stint in 2005 that he felt claustrophobic and having no space for independent manoeuvring in the government as well as in his party. The disillusioned leader had then thought of giving up politics for good and returning to the tranquillity of his village, Siddaramanahundi, about 23 km from Mysore.

His fortunes changed when the former Minister, A.H. Vishwanath, now Mysore MP, convinced him to not quit politics. Vishwanath, also a Kuruba, began drawing him into the Congress fold. It was then when Siddaramaiah began identifying himself with the AHINDA (an acronym for Backward Classes, Dalits and minorities) movement which comprised some Congress leaders. The July 2005 AHINDA rally in Hubli was the last straw for the JD(S) as it replaced him with M.P. Prakash as its Legislature Party leader and eased him out of the Deputy Chief Minister post. Although Siddaramaiah found himself in political wilderness he grew in stature within the Congress. With his formidable reputation and able leadership qualities he was able to gain large-scale support among Congress party men.

He is often now considered to be a leader of the Kuruba (shepherd) community in Karnataka. His aspirations to be Chief Minister were well known. The post eluded him twice earlier — in 1996 when the undivided Janata Dal rallied behind J.H. Patel and then eight years later in 2004 when Dharam Singh was chosen to head the Congress-JD(S) coalition — Siddaramaiah took it all in his stride. His patience and hard work has finally born fruit for he is the newly crowned Chief Minister of Karnataka.

*(Kamakshi Nanda wrote this profile)

MAOISM IN INDIA: CHALLENGE FOR STATE AND SOCIETY

Who would expect armed Maoism on a fairly large scale in India? It seems to be a fundamental challenge, which will last for many years to come. A brutal attack in the state of Chhattisgarh led to a public outrage and controversial debates, how to tackle this phenomenon.

Dr. Klaus Voll

Maoist violence continues to challenge the authority of the Indian state. Twenty- eight persons, amongst them prominent Congress politicians, were killed and thirty-two were injured after their convoy was attacked by armed Maoists in the Bastar district in the state of Chhattisgarh on the 25th May 2013. The Congress men were on their way back from a rally, *Pariavartan Yatra – March for change*, 400 km south of the state capital Raipur. The attack wiped out almost the whole Congress state leadership in Chhattisgarh. The victims included state Congress President Nand Kumar Patel and Mahendra Karma, a powerful “tribal leader” and founder of the disputed *Salva Judum*, a militant organization of armed Adivasi youth nurtured to counter the Maoists. Adivasis, “*original inhabitants*” or so-called “*tribals*”, are altogether about 100 million people in India and live primarily in forested and mineral-rich states.

Congress-Vice-President Rahul Gandhi reached Jagdalpur early next day, to meet the survivors. He said: *“It is not an attack on Congress. It is an attack on democracy. But, we’ll not fear from such an attack and continue to move forward with enthusiasm.”* Prime Minister Dr. Manmohan Singh and Congress President Sonia Gandhi reached Raipur on Sunday as well.

Experts lament that no lessons have been learnt from such attacks. Questions are being raised about the ability of the Indian state to not lose the battle against the Maoists.

Political Wrangling in the aftermath of the attack.

The blame game among political parties started immediately. In spite of the tragedy and appeal for cooperation between democratic parties, a visible aggressiveness marked the exchanges between the Congress and India’s main opposition party, the Bharatiya Janata Party (BJP).

The Congress boycotted an all-party meeting arranged by Chief Minister Dr. Raman Singh. They instead demanded for his resignation. B. R. Hariprasad, who is currently in charge for the Congress in Chhattisgarh, said, *“The government is only visible at the highway, but nowhere in Bastar. The MLA’s cannot go by road.”*

The Congress alleged that the BJP-led Chhattisgarh government did not act on the basis of specific intelligence inputs. The Congress-Spokesman Rajesh Bissa lashed out at the BJP-state government: *"If the state government would have taken care of security during Pariavartan Yatra, then this incident would not have happened. We all are in shock."* Ajit Jogi, a former Chief Minister of Chhattisgarh, observed, *"I asked the local police about the security as there was virtually nothing. While huge security forces are deployed for a BJP rally, there is virtually no security cover for us."*

The BJP is refuting these allegations. Arun Jaitley, BJP-opposition leader in the *Rajya Sabha*, accused instead the Congress: *"A section of the Congress supports the Maoists and uses them during elections. History is witness that they (the Congress) have used their (Maoists) help in Chhattisgarh, Jharkhand and Andhra Pradesh. Maoism will not be defeated by statements from the Central government. If anyone was warning the country about Maoists, it was the BJP. It was only (Chhattisgarh CM) Raman Singh who took on Maoists."*

Colin Gonsalves, a senior lawyer at the Supreme Court and head of the *Human Rights Legal Network*, which does human rights work all over India, said, *"About a week ago central security forces killed for the third time within a relative short period innocent villagers in Bastar. There is growing anger amongst the population. This is hundred percent the reason for this attack. There are about 40 to 50 such incidents by the security forces per year, apart from the direct encounters."*

The attack has rattled the Indian nation, the political class and especially the Congress. Experts claimed that Maoists are better equipped than the police. Allegedly the Pakistani secret service ISI and other agencies are lending support to the Maoists. Chinese hand-grenades have been found to be used in the attack. There are some reports suggesting that corruption in the police has resulted in weapons being leaked to secessionists and Maoists (TV News X, 26. 5. 2013). Given that 180 districts are affected by Maoists, questions were posed whether the Maoists could destabilize the whole country and if the time had come to initiate talks with them.

Military responses of the State

The Home Ministry is planning additional 27 battalions to the already 82 deployed ones in Maoist affected areas. Thus a total force of nearly 110 000 thousand para-military forces would be operating there. The escalation of military presence seems to yield results. As a result of anti-Maoist operations by *COBRA* und *Greyhound* commandos, Maoists are fleeing, for instance to West Bengal. Recovered Maoist documents state, *"that they find it difficult to keep their flock together."*

Immediately after the attack, the Central Government in Delhi dispatched additional 600 members of the Central Reserve Police Force (CRPF), including so-called COBRA-commandos, specially trained to fight Maoists, to tackle the growing Maoist activities in Chhattisgarh.

R. P. N. Singh, Minister of State in the Home-Ministry, pointed out that 30 battalions (30 000 personal) are stationed in Chhattisgarh. He called the attack a *“security lapse”* and maintained: *“We have pushed back the Naxals. They are wiped out from their roots. This is an act of desperation. We are not going to retaliate and escalate. We will rethink our policy on Naxalism. Thousands of crores are not utilized by various state governments. A time-bound strategy for infrastructure projects is necessary.”*

Bhupinder Singh, a former *Director General of Police*, argued: *“On the ground, there is no rid of the state. Development cannot take place.”* With regard to the capabilities of the Central Reserve Police Force (CRPF), E. N. Rammohan, a former Director-General of the *Border Security Force (BSF)*, said, *“Andhra Pradesh is very different. The CRPF is no match to the Greyhounds.”*

The former Army Chief General Malik advised to first control the violence on the ground and then start with other measures. Dr. Ajay Sahni, a prominent security expert, did not see the relations between the central and state governments as being responsible for the malaise in the Maoist controlled areas, but instead pointed fingers at the politicians and their electoral strategies, *“People within the central government are sympathetic to the Maoists”*.

In response to the idea of whether the army should be permitted to operate against its own people in Maoist controlled or affected areas and whether there was a danger of it becoming *“over-stretched”*, Professor Nalapat, editor of the weekly *The Sunday Guardian*, argued that the army was already operating in Jammu & Kashmir, Assam and other parts of the North-East. Apparently the Maoists want to establish a corridor from India’s border with Nepal to the famous temple town of Tirupathi in South India, in order to separate Eastern India.

Government and Congress find themselves obviously in a dilemma as to how to tackle the Maoists. There is no clear military strategy, more so, since the massively inducted para-military forces are not adequately equipped for their tasks. (E. N. Rammohan) Besides there is a lack of coordination between the Maoist affected states.

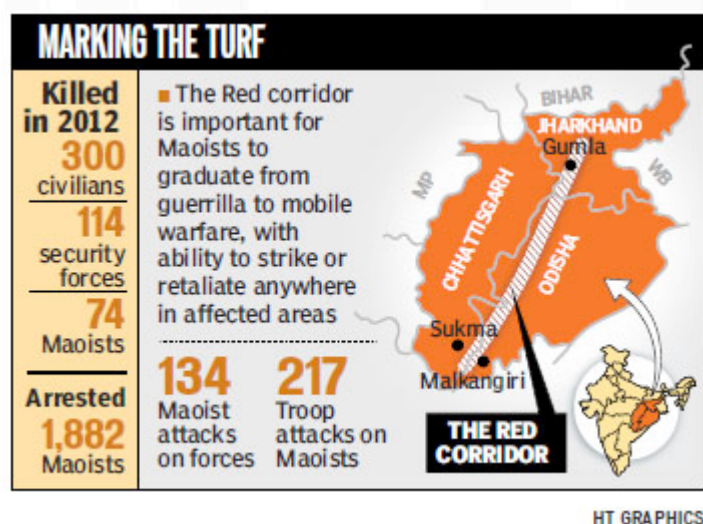
Dr. Ajay Sahni acknowledges: *“The Maoists have harvested certain grievances. The truth is, that there is no movement fighting for the tribals. They kill 500 to 700 people annually, 30 to 40% of the victims are tribals.”*

According to Sahni, with regard to the challenge of Maoism, there is *“pure confusion within the political leadership. We have an incompetent state and there is no intelligence. The policy makers have let down the forces.”*

Ajoy Bose, an important journalist and a former Naxalite, opines, *“The Maoists themselves are part of the violence in society. The local support is out of fear. The hard-core Maoists would welcome extreme interventions by the state. We need a clever regional strategy. On the other side, large sections of left-wing people participate in elections.”*

Ajay Sahni favours an action whereby the Maoists would be defeated first, followed by dialogue on peace agreements. *“You cannot develop where you have no control. It is a police issue and problem, which left a vacuum. The centre has no capacity. The Maoists are thriving on an administrative and political vacuum.”* In this context Sahni referred to the *“brutal suppression in Mizoram,”* which finally led to the integration of the secessionists into the democratic system.

Praveen Mehendru, a former Special Intelligence Officer of the Intelligence Bureau (IB), referred to the *“three magic weapons: The Party, the Army and the United Front,”* as advocated by Maoist propaganda. According to Mehendru, the state needs the capacity to develop the approximately 40 000 square kilometres currently under the sway of the Maoists and to induct there adequate police and para-military forces. *“Train and equip the police. You cannot parachute central forces”.*



Source: The Hindustan Times, 15. 4.. 2013

Normal Seetharaman, BJP-spokesperson, does not envisage short-term solutions in Maoist-affected areas. *“During the last years the BJP lost in Chhattisgarh alone 150 party-workers. But the party counts for 10 out of 11 Members of the Legislative Assembly (MLA’s) in Bastar on the basis of an electoral participation between 45 to 45% in this Maoist dominated district.”* Seetharaman

mentioned as a positive tendency the reduction of human losses amongst Maoists, security forces and civilians in Chhattisgarh.

Interestingly the social reformer Swamy Agnivesh and also Kavita Srivasta , General Secretary of the *People's Union for Civil Liberties* (PUCL), seconded a militarist approach to solving the Maoist problem though with caveats. Agnivesh grouse was, *"Sonia and Rahul Gandhi... [should] say the same about innocent tribal victims as they did about the victims of the recent assault."* Srivasta too warmed up to the idea of a *"relentless war, provided we are reaching out to the tribals. But there are no confidence building measures. There should be a moratorium on mining licences."*

CONTROVERSIAL VIEWS WITHIN THE GOVERNMENT?

Dr. Jairam Ramesh, Minister for Rural Development, described the attack as *"a cold-blooded carnage. It is a blow to the Congress, the Indian state and democracy. But it is also a signal to the political parties to keep away from the liberated zone with 10 000 square kilometres in the heartland of India, where the Indian state is practically not present and where an atmosphere of fear prevails and no developmental programs are possible. On the other side it shows, that the Maoists are on the defensive."*

Ramesh criticized the treatment of Adivasis, *"Large numbers of tribals are on flimsy cases in jails. I have written about this to various Chief Ministers, but there have been no results."* Ramesh demanded the implementation of the so-called *"5th Schedule"* of the Indian Constitution, which gives the Adivasis far more rights. *"The Maoists are no longer ideologically driven. But they are raising real issues. It is an extortion based Maoism. They are terrorists. We cannot romanticize them. The tribals are caught in the middle. The Indian state has not delivered to the tribals. Displacements have taken place for mines. We have to address these issues. We look too much from the perspective of mining to the tribal areas. I called for a moratorium on mining with a calibrated approach."* Ramesh pledged to correct injustices towards the Adivasis, like for instance the forcible acquirement of their ancestral land.

Ramesh argued, *"It is a false choice to assume only a law and order problem. We have to engage politically and with development projects. There have to be bigger security covers for local politicians. Maoists thrive on infrastructure deficits"*. He demanded basic security operations in certain areas, so that development projects could take off.

According to Ramesh the problem of the Maoists is, *"that they don't believe in democracy and the Indian constitution. Why can't they participate in elections like Arvind Kejriwal and his Aam Aadmi Party? The former Home Minister P. Chidambaram told the Maoists, don't give up arms, don't give up*

your militia, but come for talks.” Jairam Ramesh did not only ask rhetorically: “To whom do you talk to and about what? Maximalist demands and the attempt to gain time in order to regroup could be motives behind the Maoist posturing. But the doors of the Government of India are always open”.

The Minister argued that the police in the Maoist affected states would be in a better position to gather local intelligence. *“A pro-active local police is required”,* Ramesh assessed pointing to the excellent work of the *“Greyhounds”* in Andhra Pradesh. He also complained of the lack of political will in several states. *“How many leaders have actually gone to these areas? Don’t shift the responsibility to the central government,”* he bemoaned. He denied that his government is losing the battle against the Maoist. *“We are not losing the war. Naturally there will be setbacks, but there is no sense of helplessness. There is no Operation Green-Hunt. This is a propaganda by the Maoists. But there are 70 000 CRPF personnel in Maoist infected areas,”* he claimed. Surprisingly, he also criticized the ban of the *Salva Judum* by the Supreme Court of India.

Ramesh denied controversial positions with regard to the approach to the Maoists within the government and the Congress party: *“This is all invented by the media. There is no tough or soft line”.*

Kishore Chandra Deo, Minister for Tribal Welfare, criticised the conditions in the Adivasi-areas and speaks of *“exploitation, deprivation, neglect and illegal mining.”* Deo demands to understand the roots of the problem and to empower the local population. *„The Salva Judum caused a lot of unrest and fears.”* He described the activities of the *Salva Judum* as a *“sinful strategy,”* which affected primarily innocent Adivasis.

“Deo warned that the nation would witness “worse consequences” if the Naxalite issue was treated as a mere law and order problem just days after Union Rural Development Minister Jairam Ramesh termed the Maoists as “terrorists” after the May 25 bloodbath. “- Deo: “Air power and military are meant to fight the enemy and not your own citizens.... How do you differentiate a Maoist? ...It will create a civil war-like situation,” (Kishore Chandra Deo cautions against deploying Army to tackle Maoist problem. THE HINDU, 31. 5. 2013) Deo’s positions don’t differ only in nuances from Dr. Jairam Ramesh, who advocates now a harder and more military line as a prelude to development measures.

Nevertheless, in the past the Indian state has succeeded in co-opting secessionists for example those who were active in the North-eastern state of Mizoram. Laldenga, who fought an armed struggle for many years against the Indian state, eventually became a democratically elected Chief Minister of Mizoram. A *Jharkhand Mukti Morcha* (JMM)-MP from Palamu was previously a *“zone commander”* of the Naxalites, according to Dr. Jairam Ramesh.

Viewpoints in public discussions

Writer Arundhati Roy lamented about *“the terrible structural violence, the genocidal situation in these areas. Adivasis are on the brink of survival”*. Swami Agnivesh seconded Arundhati Roy. He remarked that she painted a true picture with regard to the Adivasis. *“I accuse the Republic of India trampling on its own constitution”*.

A former interlocutor for the Maoists, G. Haragopal, asked: *“What has gone wrong? The entire tribal belt is burning.”* Kavita Srivasta described the Indian state *“to be completely unlawful and to pursue the interests of Tata Steel. 350 000 tribals have been driven out of their homes. The Salva Judum is financed by Tata.”*

Swapan Dasgupta, a leading journalist with sympathies for the BJP, warned about the *“over-ground voices of the under-ground. The primary issue is the assault on the sovereignty of the state”*.

E. N. Rammohan described *“Maoists as the enemy of the state. But the Adivasis have a right to self-administration through the Governor. The Indian state acts illegal.”* Rammohan demanded the application of the 5th Schedule of the Indian Constitution.

The journalist Rahul Pandita, author of the book *Hello Bastar*, answered to the question, if there is still sufficient space between the security forces and the Maoists and that critical voices with unpleasant truths are branded fast as Maoists sympathizers: *“There is no romanticising the Maoists, who have moved away from tribal welfare.”*

Professor Nalini Sundar, a well-known expert on Adivasis, suggested the setting up of a *“Truth and Reconciliation Commission”* for the Indian *“tribal belt”* as it was done in Guatemala.

Ajay Sahni: *“There is a hidden support from within the state apparatus, also by politicians who take the help of Naxalites, but also from the universities.”*

Concluding remarks

For a long time, the Maoist challenge received insufficient attention in India. It was almost as if the press had exercised a sort of self-censorship. The Indian state, amidst the euphoria of the high growth-rates of its economy, appeared to want to keep this sensitive topic out of public discussions.

The Maoist situation has seen little change. The brutal attack has led to introspection and put things in perspective. The focus of the government and Indian intelligentsia seems to be to mull over the

causes of Maoism in India and ways and means to tackle the phenomenon. However facts point to the contrary, apart from the sense of helplessness with regard to concepts.

The Congress Party in Chhattisgarh lost already the last two elections. Opinion polls predict that in the upcoming state elections in November/December 2013, the Congress will suffer another defeat. Thus the end of its top state leadership blew whatever chances that existed of securing a victory in the Legislative Assembly elections.

CNN-IBN TV journalist Rajdeep Sardesai asked: *“Are we all living in denial? How did the Maoists come to this strength?”* This question has to be analysed and answered in the future by the political class, the security establishment and the Indian civil society, in order to find a political and social solution to the challenges of Indian Maoism.

Bharka Dutt, NDTV-moderator, maintained, *“The Indian elite has to spend more time on Maoism and Adivasis. We need to prioritize their problems.”*

The battle against the Maoist challenge will be a long-drawn one for the Indian state and society in the years and perhaps even decades to come.

Part II: Foreign Policy issues

INDIA AND CHINA: LI KEQIANG IN DELHI AND MUMBAI

A border incursion by Chinese troops inside the strategically important Ladakh region of India for 3 weeks overshadowed the visit by Chinese Premier Li Keqiang to India. China focused on economic relations in the historic first foreign visit of its Premier. India in return negotiated for equal trade and more transparency with regard to cross-border rivers. The main questions that arise: Can India withstand China's economic power and political overtures or is it open to a subtle containment strategy

Dr. Klaus Voll, with inputs by Kamakshi Nanda

Prelude in Ladakh

A month before Li Keqiang, the career bureaucrat and present Premier of the State Council of the People's Republic of China, was to embark on his first foreign visit his country's troops came marching into Indian territory. On 15th April 2013 around 40 Chinese army men entered 19 kilometres in Ladakh. The initial Indian reaction was to play down the intrusion. The Indian Prime Minister Manmohan Singh labelled it as a 'localised' issue. Diplomatic channels were pressed into service in both the Asian capitals and innumerable flag meetings between the two armies complimented the diplomatic efforts to diffuse the potentially inflammable situation. The matter did come to a head in the last week of April as the Chinese refused to budge and the Foreign Minister Salman Khurshid mulled over his willingness to visit China in view of their inflexibility and lack of progress on the issue. The Chinese did withdraw from Ladakh just three days prior to the visit of Khurshid to China. When in Beijing Khurshid did lay the foundation for Keqiang's jaunt to Delhi and Mumbai.

The sudden withdrawal of the Chinese army from Ladakh did fox the Indian analysts and officials. It was loosely understood as an attempt by China to bring the border concerns back into sharp focus.

Han Hue, a leading South Asia scholar at Peking University and director of its *Center for Arms Control and Disarmament*, explained to the *Global Times* that the Chinese are concerned about the on-going border tensions with several of its neighbours, from Japan to the Philippines. Policy-makers might have warned higher officials of ensuring that matters with India did not spiral out of control. She argued, *"The new leadership adjusted its policies and now seeks a stabilised relationship with*

India...As emerging powers...the two countries both face pressures from the West, and have the will to cooperate on a wide range of global issues. They both want stability and prioritise economic development, so they don't want to clash with each other." Nevertheless, Pei Yuanying, a former Chinese ambassador to India, felt that the resolution of the Indo-China border dispute would require *"time and patience."*

Interestingly the Chinese media gave little attention to the incursion in Ladakh. *The Hindu* reported that the journalists at the two State-run media outlets were instructed to play down the incident, particularly as the Chinese side *"did not want the tensions to derail"* the expected travel of Premier Li Keqiang to India. The fact that the Chinese government was apparently keen to ensure that Li's visit went ahead smoothly, made the Chinese troop's decision to not only cross the border but also set up tents in Depsang all the more perplexing.

Chinese views before the visit

On the eve of Li Keqiang's arrival in India the Chinese news agency Xinhua commented, *"The China-India relationship is more about the future than about the past. It is with such a forward-looking mind that China's new leadership has decided to take new initiatives to further deepen bilateral ties and mutual trust. Li's upcoming trip will be a crucial step in that direction."*

Wei Wei, China's ambassador to India, wrote in the Chinese government mouthpiece *The People's Daily* on the 18th of May 2013, *"The visit will open a new chapter in Sino-Indian relations."* He questioned the widespread assumption in India, that China has a *"strategic intent to contain India. There are no such things as 'string of pearls' that China is planning to build against India in the Indian Ocean."* Wei Wei did however underline that *"China has legitimate interest in the Indian Ocean, and India also has legitimate interest in the Pacific. These are not in contradiction with each other."*

With regard to the border conflict Wei Wei opined, *"Both countries need to have enough confidence in peaceful and friendly consultations through existing bilateral mechanisms, and to promote proper settlement of related issues as soon as possible. - To achieve this goal, both sides have to be rational, they should properly control their differences, refrain from upgrading the issue, and not let the problems affect the overall situation of Sino-Indian relations."*

The Chinese attached a lot of importance to the fact that Li's first foreign jaunt led him to India. The Chinese Vice-Foreign Minister Song Tao remarked that *"the fact Premier Li has chosen India as one of*

the countries on his first overseas trip shows the importance the new Chinese government attaches to China-India relations”.

Premier Li himself had first expressed his desire to come to India on the sidelines of the BRICS summit in Durban. He kept up the antic by reminding the Indian establishment of the importance he assigns to India. Li met the Indian Youth delegation in Beijing with the idiom that India and China *“must shake hands ... so that together we can raise the standing of Asia in the world.”*

He revealed to the visiting 100 member Indian delegation that a trip he made to India some 27 years ago as a *Communist Youth League* (CYL) leader left such a *“lasting impact”* that it had influenced his decision to make New Delhi the destination of his first overseas visit. *“I made this decision not just because India is an important neighbour, and one of the most populous countries in the world, but also because of the seeds of friendship sown during my own youth.”* His special affinity stems from the time he spent in India when he was 30 years old. At that time, he was the Secretary of the *Communist Youth League*. *“China and India are friendly neighbours,”* he said. *“We are also natural partners. Both of our countries stand for amicable and peaceful relations between countries and a multipolar world. The peaceful and friendly relations between our two countries are a blessing not just to Asia, but to also the whole world.”*

Indian concerns

India’s politicians and entrepreneurs are conscious about the huge trade gap between China and India. Public memory of the traumatic defeat in the border conflict in 1962 has not yet faded. General perception is that of deep distrust vis-à-vis Beijing’s true intentions, perhaps not to the extent of former Defence Minister George Fernandes’ statement in 1998, *“China is our enemy/adversary No.1.”* Conditions now are different because of the massive trade flow between the two countries. India and China also frequently cooperate in global forums in the UN on climate change and BRICS.

The Ladakh incident however reactivated the sub-conscious public apprehensions towards China. Indrani Bagchi, diplomatic editor of *The Times of India*, remarked, *“The Ladakh incident has been a rude jolt to the Indian system, particularly the part that believes in taking a softer approach to the Chinese in view of either their growing power or leadership changes or taking a tolerant view of their aggressiveness on their borders.”*

Former *Foreign Secretary* Kanwal Sibal wondered whether India would be able to pursue a “*harder line*” vis-à-vis China. Or will it have to bow down before the Chinese dragon. Foreign Minister Salman Khurshid adopted a more positive opinion that “*India is ready to write a new chapter of India-China relations*”.

Setting the tone of the discussions on the first day in Delhi

The new Chinese Prime Minister Li Keqiang led a delegation of 41 executives of companies from the 19th to 21st of May 2013 to India.

Dr. Manmohan Singh warned on Sunday the 19th of May 2013, “*If peace is disturbed, it impacts all other areas of the relationship.*” He emphasized that the incursion episode had violated the long-standing commitment of both countries to maintain peace and tranquility at the border at all costs. Singh openly stated that good bilateral relations were dependent on a peaceful border. Incidents like the three-week-long encampment at Depsang would dampen the progress made in bilateral ties. Allegedly Li Keqiang agreed in principle with Singh.

Li Keqiang, in turn, expressed his concerns over India-based Tibetan exiles whipping up sentiments against China in Tibet. He named their leader, the Dalai Lama, as one of the key persons fuelling the unrest in Tibet. The Indian government recognizes the Dalai Lama as a religious and spiritual leader. India does not believe that the Dalai Lama or his followers carry out anti-Chinese activities from Indian Territory.

Imbalanced Trade

For the Chinese commerce was the centre- piece of the visit. For India among the many gripes it has with China, trade is a significant one. It is heavily skewed in China's favour which rose to a record \$ 29 billion last year in China's favour.

For his part, Premier Li urged the two Asian Giants to do more trade. “*The linkage of our two vast markets,*” Li Keqiang said, “*will bring tangible benefits to people in both countries. Our two countries,*” he continued, “*have a proud historical tradition of cultural interflows and now the conditions are even better for us to learn from each other culturally.*” Premier Li published an article titled, ‘*A Handshake across the Himalayas*’ in the leading Indian English daily, *The Hindu* (20th of May

2013), in which he assured that his *“country will never embark on the doomed path of seeking hegemony”*. India and China were *“destined to be together”*.

Li lobbied hard for greater economic cooperation and said Chinese companies could assist India in its attempts to modernize its creaking infrastructure. *“Our industrial structures are highly complementary, India has a competitive edge in IT, software and bio-medicine, while China is seeing rapid expansion of its machinery, textiles and emerging industries,”* Li said, and offered talks on a free trade agreement.

Li also propounded for the two rapidly growing economies to free up bilateral trade in order to do more business together than relying on others for development. *“With a long border and extensive common interests, China and India should not seek cooperation from afar while neglecting the partner close by,”* he said in a speech to businessmen and diplomats in Mumbai.

Almost taking the cue from his Premier, the Chinese Vice-Commerce Minister Jiang Yaoping indicated that boosting trade ties with India was an important agenda issue. *“With such a momentum, the trade target set by leaders of two countries of \$ 100 billion by 2015 is expected to be realised on schedule,”* he argued.

The same rhetoric was used in 2010 when Premier Wen Jiabao came to India, however India's bilateral trade deficit continues to balloon. Bilateral trade between India and China has gone up from \$2.09 billion in 2001-02 to a high of \$75.59 billion in 2011-12, when China became India's largest trading partner, but tapered to \$ 66 billion last year on account of the global downturn.

Manmohan Singh welcomed Chinese investments in India but demanded for reciprocity from Beijing to address the acute imbalance in trade. India is hoping to gain more access for its companies to the Chinese market, especially its three exporting mainstays of IT, pharmaceuticals and food products. China disclosed its willingness to address India's complaints by concluding purchase arrangements with Indian companies, agreements to increase their imprint in China in certain sectors, and signed a series of memoranda of understanding (MoUs) on pharmaceuticals, buffalo meat and fisheries to decrease the growing trade deficit. The export of buffalo meat from India was on the prohibited list in China and was a long-pending issue between the two countries.

The visit marked the first meeting between the China-India CEOs forum and a China-India business cooperation summit. The Chinese have suggested that they take the problem of the widening trade deficit *“very seriously”*. Thus China proposed to send an investment promotion mission along with a delegation to India. This would be a follow up on three earlier missions that were sent in 2008, 2010 and 2012.

As of March 2013 Chinese companies have completed projects worth \$ 35.1 billion in India. India is fast emerging as one of the biggest destinations for project contracts for China. Indo-Chinese economic exchange includes signed purchase contracts worth \$ 1.65 billion, financing agreements worth \$ 11.64 billion, as well as engineering and construction products worth \$ 3.5 billion.

China is en route to import a total of \$ 10 trillion globally and invest \$ 500 billion overseas in the coming years. *“We hope India can take a proportionate share in China’s imports and outward investment,”* the Chinese Vice-Commerce Minister offered. He clarified, *“I want to emphasise that the Chinese government never has the intention of seeking or pursuing a trade surplus, and we have never set restrictions or barriers on bilateral trade”*.

Both sides also discussed a long-term project of an economic corridor between Bangladesh, China, India und Myanmar, which could be also in India’s interest within the framework of its *Look East Policy*.

“China will make your dream come true,” Li told a banquet hall filled with Chinese and Indian business executives in the financial capital of Mumbai as he wound up his visit. The only company visited by Li Keqiang in Mumbai was the *Tata Consultative Services*. This global operating company has a China-specific business model for the Chinese market, which is not always easily accessible.

In spite of the fan-fare, the large commercial delegation, the meet could write home only one major business pact. A \$ 1 billion debt-for-fuel deal between China and Essar Energy PLC Lt, part of India's Essar group. Smaller pacts added a total \$500 million in contracts.

Border issue

The Chinese are said to have proposed 16 agreements, out of which the border defence cooperation agreement was a significant one. India and China signed two agreements in 1990s to maintain peace and tranquility, and in 2005 an understanding was reached on the political framework and guiding principles on the boundary dispute.



Singh expressed the need to strengthen the mechanisms in place to diffuse border conflicts. *“We also took stock of lessons learnt from the recent incident in the Depsang sector, when the existing mechanism proved its worth,”* explained the Indian Prime Minister in a media statement. Li concurred and said both sides *“believe we need to improve the border mechanisms that have been put into place and make them more efficient...and the two sides should continue to advance the negotiations on the boundary question and jointly maintain peace and tranquility in the border area.”*

Chinese Vice-Foreign Minister Song Tao said, *“China has settled boundary disputes with many of its neighbours. We are committed to resolving the boundary question with India through friendly consultations, and we will work with the Indian side to make full use of available mechanisms together to find a fair, reasonable solution acceptable to both sides. Of course, pending final settlement of the boundary question, it is also important to ensure peace and tranquility on border regions”.*

Li and Singh entrusted the task of ensuring incidents like Depsang do not reoccur to the two Special Representatives (SRs). As a result the SRs are starting the 16th round of border talks in Beijing on 28th of June 2013.

Common Rivers

The Indian side emphasized that the cross-border rivers must function as means of uniting and not dividing the two countries. Concerns raised by India on common rivers however made little progress. Worries about the construction activities for dams on the Chinese portion of the *Tsangpo* (Brahmaputra) and its eventual consequences for Northeast India and Bangladesh remain in Delhi. Delhi had proposed an expanded dialogue on water with cooperation entailing the exchange of hydrological data as well as water use and construction activity. Singh suggested greater transparency and a *“separate mechanism.”* The Chinese though did not yield ground. The two sides just signed a pact (among the other eight agreements inked) to increase the frequency of exchange of hydrological data.

New Areas of Cooperation

The two leaders set new milestones as they enlisted new areas of cooperation. These included civil nuclear energy and seamless connectivity between Bangladesh, China, India and Myanmar. The



Indian government had decided with the previous Chinese leadership of Hu Jintao and Wen Jiabao on cooperating on maritime security, ocean-bed research and tackling non-traditional security threats. These were also reiterated as areas for synergy.

Perspectives

Indian assessments

The Indian Press and several experts viewed Li Keqiang to be an *“outgoing, warm and friendly person and remarkably good in his interactions.”* Although the Premier was perceived with a certain degree of warmth, actual outcomes of the meet was not diagnosed in the same light. Security, border conflict and trade were the main parameters through which Indian analysts reviewed Li’s jaunt in India.

K. C. Singh, a former Secretary in the *Ministry of External Affairs* who was in charge of counter-terrorism, focused on the security aspects. He warned that diplomatic niceties were part and parcel of political visits. It is the import of statements, which required greater attention. He lamented China’s blatant sweet-talking was numbing Indians into thinking that China also had stakes in its relationship with India. He understood reality in terms of India ill-affording to ignore China, a powerful neighbour that needed to be engaged with. He opined that the controversial questions of delineating the border had been left to *Special Representatives*. Thus *“India is getting lulled into complacency.”* He pointed to the fourth Plutonium-reactor delivered by China to Pakistan, which might serve to produce weapons directed towards India and to undermine India’s security. He pleaded India to not get too euphoric and have a *“subtle containment strategy by India in cooperation with the US and Japan.”*

Srikanth Kondapalli, chairman of the Centre for East Asian Studies and Associate Professor in Chinese Studies at the Jawaharlal Nehru University, is a China-expert. In an interview he claimed that India would not easily lap up the proposals being meted out by China. He emphasized *“the still existing huge differences of opinion between India and China”*. Kondapalli judged the joint declaration at the end of the visit as being advantageous for China. Lalit Mansingh, a former *Foreign Secretary*, however saw it as an *“elegant truce”* and also as *“a diplomatic victory”* for India. Lalit Mansingh detected a new openness between the leaders of the two countries, and a willingness to tackle thorny issues. But he felt that the frontier confrontation had severely tested India's patience. *“They don't want us to get closer to the Americans. But ironically, that is exactly what they are doing*

by being extremely provocative at the border," he said, adding that China had also irked other neighbours with maritime disputes like Japan and Philippines. *"By picking up a fight with every single neighbour after a period of friendship with all neighbours, the Chinese are, in fact, getting people together in a line up against them,"* he remarked.

India's leading foreign policy expert C. Raja Mohan argued that the Indian government would be more realistic in its interactions with China and be more open towards Chinese investments. But he also stated, *"India cannot any longer fudge issues at the border."*

K. S. Bajpai, a former Ambassador to China, felt that the most important aim of this visit was *"an improvement of the bilateral and unequal relations, which still have to find a balance."* He did not express confidence in an early solution to the border problem.

Official Chinese Assessments

On the conclusion of Li Keqiang's stint in India, the official Chinese line took on a positive tone. The Foreign Ministry in Beijing, when reviewing the Premier's first trip overseas, concluded that it had helped *"build up our strategic mutual trust"* and it also *"offered us a fresh strategic perspective to look at China-India relations,"* spokesperson Hong Lei said. He added, *"During his visit to India...Premier Li did not avoid the differences between the two sides on some issues. On the contrary, he had candid discussions with his Indian counterpart and made clear his strategic intentions on issues that the Indian side is concerned with, like the boundary question, cross-border river resources and the trade imbalance".*

The Communist Party's mouthpiece the *People's Daily* newspaper ran a commentary about the three lessons learned by Li's visit for the region *"to realise the Asian Century"*. A scholarly opinion from the Foreign Ministry affiliated China Institute for International Studies, Gu Xiaodong spoke of *"development needs [needing] a peaceful stable, cooperative environment"* and that a *"beggar- thy-neighbour policy is intolerable"*. Xiaodong even assessed the *"successful settlement of the 'tent confrontation'"* in Ladakh as a positive example in managing differences.

Conclusions

China and India appear to be maintaining a front of readiness to settle *"historical issues"* such as the boundary question. The air of consensus and recognition that India and China have more overlapping interests than areas of competition was painstakingly projected at the visit. Nevertheless behind the

rhetoric and sweet talk, the Asian Giants seem to be testing each other. While Chinese media wrote eulogies of the freshness of the historic meet and progress made in bilateral ties, on scratching the surface, distrust and suspicion remains.

India although cautious of growing Chinese footprints in the South Asian subcontinent was shaken up by the border spat in Ladakh with China. Indian hawks probably closely watched Li's trip to Pakistan to collectively assess the boundary infiltration and Li's time in India.

Previously India had separated the border dispute from wider relations. The difference this time was that Li came weeks after Chinese troops set up camp 19 km inside territory India claims as its own. The episode did overshadow Li's trip and may explain the lack of significant bilateral agreements signed.

In a bid to push the relations in an upward trajectory, joint military manoeuvres between India and China are planned for September/October 2013. Defence Minister A. K. Antony and Commerce Minister An and Sharma will visit China too later this year. An overdue visit of Prime Minister Manmohan Singh is also under preparation for 2013.

PUSHPA KAMAL DAHAL 'PRACHANDA' IN DELHI

India played an important role in Nepal's transition towards democracy and also influenced the insurgent Maoists. Their charismatic leader Prachanda described recently his vision for bilateral relations and a common role for India and China in Nepal.

Dr. Klaus Voll

The Maoist leader and former Nepalese Prime Minister Pushpa Kamal Dahal ('Prachanda') spoke on "*India-Nepal Relations: Vision for the next Decade*" on the 29th of April 2013 at the *Indian Council for World Affairs* in Delhi. Shyam Saran, current Chairman of the *National Security Advisory Board* (NSAB), a former *Foreign Secretary* and Indian Ambassador to Nepal, chaired the meeting.

Prachanda, who had a few days earlier visited China, described the India-Nepal relations that have flourished for centuries as cordial and close. He maintained that Indians and Nepalese shared the same aspirations and therefore a common vision. Thus a realistic view about the bilateral relations

would be required. The perceptions of the populations, especially in the case of Nepal, could not be ignored. *“India has inspired in the past numerous struggles [in Nepal]”*, said Prachanda.

He emphasized, that Nepal is undergoing a fundamental economic and political transition.¹ This transition had led to the formation of a *Truth and Reconciliation Commission*. The forthcoming elections would bring political stability.

Nepal’s close neighbours China and India are forging ahead economically and globally. Nepal cannot afford to fall back and should follow suit. India and China would be able to support the modernization process in the Himalayan country. Nepal’s economic development would contribute to political stability in the country and the region. *“Nepal is acknowledging India’s security concerns. An economically strong Nepal is in the interest of China and India. India is Nepal’s biggest development partner and is increasingly gaining importance. Under no circumstances would be its role undermined or replaced. Instead, the bilateral relations could be a role model for others,”* he said. Prachanda also demanded more Indian investments in hydro-projects, infrastructure, information technology and tourism in his country.

Prachanda added, *“In the interest of democracy, his party gave up its government mandate, in order to participate in the elections for the second Constituent Assembly, planned in November 2013. Our party is advocating two regions for Madeshi and the Terai.”* He claimed an understanding between his party and the Madeshi parties to campaign as an alliance in the forthcoming elections.

“These changes are the result of a deep introspection within our party, which is ready to learn lessons from the past. We are trying to understand the global changes and also within the international Communist movement. After seven years of reflections we took the risk at the recent Party Congress, to transform the party. The new dynamics within the ranks of our party are the catalyst for a stronger and closer cooperation with India. The Maoist dissidents cannot derail these processes. I and my party are dedicated to a peaceful democracy,” he explained.

Prachanda enthusiastically propagated for a trilateral cooperation between India, Nepal and China. *“China and also India reacted positively to this proposal of joint ventures,”* he assured. He referred explicitly to the huge hydropower stations, especially to the Lumini development project. He

¹ These developments should be seen in the wider context of the great transformations during the last 20 years in Nepal.

projected Nepal as a kind of link for economic trade between India and China. According to him as already witnessed in the past Nepal had functioned as a bridge between India and China. *“The era of Asia is coming,”* he exalted.

During his visit to Beijing, the Chinese leaders had focused on three points, chiefly economic development, a peaceful democracy and good relations to India. The Chinese expressed concern about the planned federalism and wanted to know more details. *“But the Chinese leadership is not principally against federalism,”* he claimed.

Shyam Saran emphasized that Nepal could potentially reach the highest per-capita income in South Asia due to its hydropower potential. He stressed the importance of the future structure of Nepal, be it more centralized or federal. According to Saran, Nepal has even a greater demographic dividend than India. He referred to the on-going social changes in Nepal and emphasized that India is a reliable partner. *“The transit-routes through Nepal are very important for India. We can also recognize in India’s approach towards Nepal an evolution. India also entered into a risk in contributing on its part, that the Maoists entered the mainstream of Nepali politics.”*

MANMOHAN SINGH’S VISIT TO JAPAN IN MAY 2013*

India and Japan held their bilateral summit in the last week of May 2013. Significant discussions on a civil nuclear agreement, defence cooperation, commerce, and re-emergence of the term ‘Indo-Pacific’ took place in Tokyo. The meeting was widely understood in the light of India’s Look East Policy and the need to balance the rise of China in Asia. The following article attempts to deconstruct the rhetorical motives assigned to the summit and looks at the outcome of the interactions between the leaders of Japan and India.

By Kamakshi Nanda, Historian and political analyst

Indian Prime Minister Manmohan Singh travelled to the land of the rising sun to hold parleys with his “good friend” Shinzo Abe. The Indo-Japan bilateral summit covering a wide range of subjects was held from the 27th to the 29th of May 2013. Two primary optics that were hastily but willingly adopted by observers to analyse the meeting was India’s *Look East Policy* and the ‘urgency’ of China’s neighbour to seek out each other on account of China’s border altercations. This article delves into the two embraced prisms to provide an alternative outlook on the Indo-Japanese engagement.

Look East Policy

The brainchild of the then Finance Minister Manmohan Singh and propagated by the former Prime Minister Narasimha Rao – the *Look East Policy* – ran parallel to the Indian economic liberalisation process of 1991. The end of the Cold War balance of payment crisis in India forced Indian policy makers to reflect on the phenomenal successes of the ‘Asian miracles’ like Thailand, other South East and East Asian nations. Asia’s dynamism, especially in the field of commerce, caught the imagination of Indians as the domestic markets gradually opened the doors to the global industry. In the past two decades a flurry of economic, cultural and diplomatic exchange between India and Asia, has seen a healthy growth in trade and political dialogue. Japan’s imprint in India grew considerably post-1991.

- a) **Trade:** The economic factor in the *Look East Policy* is an important one as it was born out of India’s financial crisis. In pre-departure comments to the media Singh too made reference to the said policy. He desired to *“add depth and new meaning to ...‘Look East’ policy and contribute to peace, prosperity and stability in the Asia-Pacific”*. He wanted to *“explore ways to harness the full potential of our Comprehensive Economic Cooperation Partnership by intensifying and balancing our two-way trade and investment linkages”*. Bilateral trade stands at \$ 18.42 billion, much below the scale of the two large economies. With Indian exports to Japan at \$ 6 billion, the trade balance is heavily in favour of Japan.

Accordingly thus the Indian delegation made obvious overtures to the Japanese businessmen to invest in India. The Delhi-Mumbai Corridor, the shining jewel, not only of India’s transformation in the 21st century, but also of Indo-Japanese cooperation, was discussed. The \$90 billion mega infrastructure project will receive financial and technical aid from Japan. It will cover a length of 1,483 km passing through six federal States. India at the same time puts pressure on Tokyo to provide more market access to Indian companies so as to address the huge trade deficit.

At the Keidanren – Japanese Premier Chamber of Commerce and Industry – Singh was warmly received. He wooed his audience by talking of India’s target of (approx.) \$ 1 trillion investments in infrastructure over the 12th plan period, with the expectation of 50 per cent contribution by the private sector and public-private partnership. *“I hope Japanese business will pick up a large share of the investment opportunities that India offers,”* he said with anticipation. While lamenting about the lack of good infrastructure in India, Singh, tried to

placate his host's concerns about different tax regimes in India. He proposed further easing of Priority Sector Lending (PSL) rules to expand financial services and acceptance of foreign bank branches in metropolitan cities in India. He assured that the long-awaited Goods and Services Tax (GST) of an "appropriate type" would come into place by 2014. With regards to financial services Singh talked of adopting transitional methods to provide a hospitable climate for the Japanese industry to increase their footprint in India.

The outcome of the Indian lobbying was the opening of Tokyo's pockets. The Exchange of Notes for a yen loan totalling a staggering \$424 billion was signed. Out of which the Mumbai Metro Line-III project is allocated \$71 billion while for the fiscal year of 2012 a yen loan of over \$350 billion is included for eight other development projects.²

The existing propeller for greater flow of trade and investment is not just India's *Look East Policy* alone. Japan too is at a critical juncture economically. It has embarked on an ambitious plan to revive its economy that has been crippled by years of stagflation. Loans, infrastructure projects, naval training and reinforcing partnerships with Asian countries have been actively sought by Shinzo Abe's government. However Japan's hard-line response to China over the disputed islands of Senkaku in Japan and Diaoyu in China stoked the existing anti-Japan sentiments in China. Given the violence and attacks on Japanese business establishments and no likelihood of change of people's perceptions in China, Japanese businessmen have been forced to look for opportunities beyond the vast expanse of its neighbour. The vibrancy of India's markets (in spite of the current downturn), improvement in infrastructure and tax laws in the future, coupled with a friendly outlook of locals towards Japanese, appears alluring to the long-term Japanese investors.

- b) ***N- Deal:*** Finalising the bilateral agreement on civil nuclear cooperation that were stalled in the wake of the Fukushima nuclear disaster in March 2011, was high on the agenda of Singh. The Non-proliferation lobby had effectively prevented consecutive Japanese governments from progressing on the nuclear exchange with India in spite of Japan supporting the Indo-US nuclear deal and the exemptions from sanctions extended to India in light of its non-proliferation record by the international community. India's obstinate stance against signing the Nuclear Non-Proliferation Treaty and the Comprehensive Test Ban Treaty on the ground

² As reported by Press Trust of India. 'Manmohan hopeful of early Indo-Japanese n-deal'. *The Hindu*, Friday, 31st of May 2013.

that they are discriminatory did not help the cause of reaching an agreement. Although India has a moratorium on further nuclear testing, Japan is hesitant for the fear of India carrying out more tests.

Acknowledging the sensitivities of Japan, Singh met a whole spectrum of Japanese political and economic leaders to convince them of the Indian perspective that the Indo-Japanese civilian nuclear energy cooperation will move in the direction that Japan wishes to tread, i.e. strengthening the non-proliferation regime globally. The joint statement of the two Prime Ministers highlighted the importance accorded to both civil nuclear cooperation and nuclear safety. *"In this context, they directed their officials to accelerate the negotiations of an Agreement for Cooperation in the Peaceful Uses of Nuclear Energy towards an early conclusion,"* the statement read.

Even though the talks did not go India's way and Singh returned with a mere promise of acceleration of negotiations, it revealed Abe's inclination in spite of internal public pressure in Tokyo. India's energy needs are expanding at a rapid pace. Going nuclear is one of the many ways through which the Indian government hopes of meeting its energy demand. The commercial scope of the burgeoning Indian nuclear market is huge. Japanese component vendors like Toshiba, Mitsubishi and Hitachi, who are already hard pressed since Japan's decision to reduce its nuclear dependency, cannot turn a blind eye to India.

The drivers of economic exchange between India and Japan are not just due to the Indian initiative – the *Look East Policy*. Japan has actively been, in the words of Singh, a *"major player"* in the modernisation of Indian industry in the period after economic reforms. Japan sought out and etched a commanding commercial presence in India. Proof is the Maruti-Suzuki partnership, a household name in India, continues to enjoy greater market share in the automobile industry.

'Strategic concerns'

A gamut of security and defence related issues discussed at the summit were collectively analysed at being evidence of the 'urgency' in Asia's largest two democracies to align themselves closer together in the face of the bellowing Dragon. On 15th of April 2013, around 40 Chinese army men entered 19 kilometres into Daulat Beg Oldi in Ladakh in the northern region of India. In a first in the history of innumerable boundary infiltration by both the armies, the Chinese pitched tents and squatted in the

area. Precious three days before the arrival of India's Minister of External Affairs in Beijing (9th May 2013) and two weeks before Chinese Premier Li Keqiang descended in Delhi (19th May 2013), the *People's Liberation Army* withdrew from Ladakh. Beginning of this year in January there was a fresh spat on the Senkaku/ Diaolus islands with Japan accusing China of deploying maritime and aerial patrols to bring the islands under Beijing control. The hyperbole of China muscle flexing and making uncompromising territorial claims did the rounds of major newspapers and strategic hawks across the world. Not surprisingly the Indian officials emphasized the bilateral nature of the visit. An official crisply remarked, *"We are not in the business of containment or encirclement. It does not make sense to hold relations with a country a hostage to another"*.

- a) **Indo-Pacific concept**: The obtuse reading of the events in Tokyo misjudged the re-emergence and usage of the term 'Indo-Pacific'. India and Japan openly declared themselves as major actors in the India-Pacific region where they have the responsibility *"to foster a climate of peace, stability and cooperation and to lay an enduring foundation for security and prosperity"*. 'Indo-Pacific' was last used by Singh at the India-ASEAN meet in Delhi in December 2012.

"India's relations with Japan are important not only for our economic development, but also because we see Japan as a natural and indispensable partner in our quest for stability and peace in the vast region in Asia that is washed by the Pacific and Indian Oceans," Singh stressed. He propagated a three-pronged approach for greater cooperation in order to give teeth to the concept of the Indo-Pacific strategic confluence. Firstly to *"develop habits of consultation"* and *"evolve commonly accepted principles for managing differences"*, Singh called for greater regional interaction. For the purpose of a *"more balanced regional architecture"* he urged for more economic integration and connectivity. Lastly he espoused principles of *"freedom of navigation and unimpeded lawful commerce in accordance with international law and resolve maritime issues peacefully"*, while addressing common challenges like piracy, to ensure peace and security in the open waters.

The reactions from China took aggressive overtones, which fuelled the faulty speculation about Japan and India trying to 'counter' China. The Communist Party of China mouthpiece *People's Daily*, in a biting editorial, advised the Indians to engage with China independent of *"internal and international provocateurs."* It labelled Japanese politicians as *"petty burglars"* over China-Japan related issues. It also stated that the Chinese border incursion in Ladakh

and differences of view between India and China were exaggerated by international media to make it appear as though the bilateral ties suffered a sudden downturn.

- b) Defence and security matters:** Military exercises and defence technology collaboration between the two countries is set to grow. In 2012 the Indian Navy and the JMSDF had conducted their first bilateral exercise off the coast of Japan. These naval exercises will now be a regular affair. Both parties have decided on consulting and coordinating more closely at global and regional forums, and will hold an annual maritime dialogue as well.

The setting up of a joint working group to discuss modalities for the sale of the US-2 amphibian aircraft, presently used by the Japan Maritime Self-Defence Force to India, was agreed upon. This development is noteworthy in the light of Japan's post-World War II self-imposed ban on sales of defence equipment to other countries. Notably in a first for India, the two parties formalised an annual "2 plus 2" dialogue, entailing the meeting of foreign and defence ministries. These defence and maritime exchanges were cast solely in the narrow parameters of 'contain China' slant.

Deconstructing the '*contain China*' and '*urgency*' element of the Singh-Abe meet

The annual bilateral summit of May 2013 was to occur last year in November. It was postponed on account of elections in Japan. The two countries were scheduled to convene irrespective of the Ladakh episode in India. To ascribe an 'urgency' factor for China's neighbours to reach out to each other would be a misinterpretation of a routine bilateral meet.

- a) The non-new factor:** A sizeable element of the discussions, which created hullabaloo among warmongers and invoked an antagonistic response from China, was the dynamism attributed to the notion of Pacific and Indian Ocean. Shinzo Abe has been a vociferous proponent of greater political and security ties with India ever since his first term as Prime Minister in 2007. In his address to the Indian Parliament, when on a visit to Delhi in 2007, Abe had first expounded the concept of Indo-Pacific region that extended from Australia to India. He spoke of the 'Broader Asia' approach giving a strategic dimension to Indo-Japan relations as a junction between the Pacific and Indian Ocean. To justify the pairing of the two vast oceans, he argued, "*as seas of freedom and of prosperity. A 'Broader Asia' that broke away*

geographical boundaries is now beginning to take on a distinct form. Our two countries have the ability – and the responsibility – to ensure that it broaden yet further and to nurture and enrich these seas to become the seas of clearest transparency”.

Six years ago in 2007 India had reservations about engaging in what it perceived to be sensitive military exercises, as it probably did not want to provoke China. Singh’s reiteration of the idea of ‘Indo-Pacific’ in Japan, discloses India readiness to explore Japan’s initial idea. With the main advocate of the concept, Abe, at the helm of affairs in Japan, India appears to be all the more keen to connect with Japan politically and militarily in the framework of Indo-Pacific unity. Singh’s visit marked the gradual maturing and concretizing of an old idea. China was neither mentioned nor hinted at.

- b) **Actual driver for Maritime cooperation:** India and Japan also entered into a maritime security agreement and committed to annual bilateral naval exercises. This too was perceived as a measure to check China’s growing naval footprint. The need for cooperation in naval affairs was felt by both sides as far back as in 1999 when a Japanese merchant ship hijacked by pirates was rescued by the Indian Coast Guard. Although relations then were strained over India’s nuclear tests, Japan did recognise India’s pivotal maritime location along the shipping lanes in the open waters. A significant amount of Japan’s trade and energy supplies passes through the Indian Ocean. The true impetus behind the greater synergy is the need for “economic security”. It is imperative for Japan and India to maintain open sea-lanes so that their economic lifelines are unaffected and safe.

The much-touted sale of amphibious US-2 aircrafts that are capable of landing in sea has raised many eyebrows. The aircraft though would possibly be sold in its civilian form given Japan’s ban on selling defence equipment to others. The deal, if it sees the light of day, will not come cheap. India would have to shell out \$108 million for one aircraft. It is nothing more than a business contract.

Conclusion

There are internal compulsions in both Asian countries, which binds them together. India and Japan have a long history and tradition of links, prior and post economic liberalization of India. The *Look*

East Policy was successful vis-à-vis Japan because it was complemented by proactive Japanese efforts to connect with India.

Essentially the ties are of a seasoned vintage. They are independent of a third aspect like China. This is not to say that hiccups and lull in the relations have not taken place. The two countries have rallied together time and again to chart out an upward trajectory of Indo-Japanese linkages. The exigencies of current times such as a common threat – piracy or an aggressor – or boosting commerce to realise its full potential, give a renewed lease of life and reasons to further enhance a solid bilateral relation.

INDIA-EU FTA – THE BENEVOLENT EU?*

The crisis ridden EU is pursuing a Bilateral Investment and Trade Agreement (BITA) with India. The EU is bargaining for slashing of Indian import barriers in auto, wines and dairy products, a higher FDI cap in the insurance sector and a stringent intellectual property regime. India, on the other hand, is demanding a liberalised visa regime to facilitate an easy entry for its professionals and a greater market access to its services and pharmaceuticals sector. Experts across the board in the manufacturing, auto industry and health social activists are calling on the Indian government to refuse to sign the agreement. This paper will look at the potential fallout of the pact on India.

By Kamakshi Nanda, Historian and political analyst

The Government of India is currently engaged in an advanced stage of negotiations with the European Union (EU) to conclude a *Bilateral Investment and Trade Agreement* (BITA), commonly known as *EU-India Free Trade Agreement* (FTA). If the FTA, in its present form was to see the light of day, it will acutely affect and restructure society of the Asian partner. Its' impact would be felt by millions of poor Indians and relatively better off Europeans. India's high economic growth and large market seems like an El Dorado to the crisis hit depressed European economies. The treaty is symptomatic of the relentless pursuit for profits by transnational corporations. The EU-India FTA negotiations have seen widespread protests across the world including India, Nepal, Cambodia, Malaysia, Indonesia, Europe and some African countries. Many political parties in India have questioned the reasoning behind agreeing to unfavourable terms and conditions.

Worryingly more than 95% of the agricultural and industrial goods under consideration in the FTA are meant for full import duty elimination. In addition the agreement entails services, intellectual property, investment, government procurement and competition policy etc. Its presumptuous scope

not only surpasses the subjects under World Trade Organization (WTO) but also contains WTO plus liberalisation in the fields touched upon. Reservation about FTAs between developed and developing countries (North-South FTAs) have been voiced by trade and development experts in the past. The Trade and Development Report (TDR) 2007 stated that *“it is likely that they will considerably reduce or fully remove policy options and instruments available to a developing country to pursue its development objectives”*. The potential loss of policy space should be a matter of grave concern for India.

In addition the process of negotiations is not transparent and non - democratic in India. With no government document in public domain, the parliament, state assemblies and people are completely unaware of the contents, issues and disadvantages of the FTA. Available information suggests that the future of India’s economic development could be severely hampered by the FTA.

After six years and almost 20 meetings between the two sides, there are many stumbling blocks. The following is a look at what the negotiators call ‘irritants’ but in reality are grave concerns for Indians.

“Killing” the already depressed Indian Manufacturing Industry?

Indian manufacturing industry’s share in GDP is roughly 15% and in employment is 11%. Since the global financial crisis of 2009 India’s performance in the manufacturing sector has been lagging behind. The proposed reduction of tariffs would rob the manufacturing sector of an important policy tool for industrial development. Preliminary studies reveal that saturated sectors like gems and jewellery, leather and textiles would reap profits from the FTA but not the key high technology industries.

Government procurements have so far favoured the national manufacturing enterprises. The FTA wants to change that so as to allow EU companies to compete in an open liberal market alongside their Indian counterparts. Although the Indian government reassures that the policy of MSME preference will remain, in the absence of an explicit reservation for Indian manufacturers there can be no guarantee that it would not include EU MSMEs.

The investment chapter will be an essential part of the proposed EU-India FTA. It visualises higher market access to EU companies and doing away with the stringent performance requirements that India imposes on FDI such as compulsory technology transfer. The health of the Indian manufacturing

companies is precious and has witnessed sustained negative growth for the past two quarters. Increased competition from superior manufacturers would definitely not yield positive results.

Health

Health is a prickly issue for thousands of HIV positive, cancer patients and other diseased people internationally. Pleas to the government of India to outright reject the EU's demands vis-à-vis the health sector is being made by public health activists, social workers and ailing people across the globe.

EU's demands	What it means for India
<ul style="list-style-type: none"> • EU is vociferously calling for protection of intellectual property. • EU is pushing India to go beyond the WTO guidelines of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). These so-called TRIPS-plus provisions entail "enforcement" provisions that would permit Multinational Corporations (MNCs) to lodge legal cases at Indian courts demanding for the freezing of bank accounts and seizure of property of generic producers. Third parties like treatment providers could also be drawn into protracted patent disputes. Indian government pro-health policies like strict patent criteria, medicine price control and tobacco control laws and policies would also come under the legal scanner through these controversial investment provisions. It would provide MNCs with the legal basis to also drag the government to court. 	<ul style="list-style-type: none"> • This would make access to medicines across the developing world more difficult because of rise in prices. This fact is also corroborated by Nobel Laureate Joseph Stiglitz. • The Indian Courts have gained the adulation of health activists but the wrath of multi-billion dollar pharmaceutical companies and on account of its judgments on patent rights in favour of public interests. The independence and discretionary powers of the courts would be severely damaged by the wide-ranging provisions whose primary aim seems to be to restrain the court.

Opinions from across the civil society - lawyers, doctors and social workers in India and abroad, international groups such as Doctors without Borders, Oxfam, Health Action International, Stop AIDS Campaign UK – have spoken in chorus against the clauses addressing intellectual property rights and health. UN agencies like UNAIDS and UNDP have expressed their reservations over these negotiations. Nobel laureate Joseph Stiglitz alleges the TRIPs to have been designed to increase the price of medicines.

“The inclusion of these enforcement provisions will undermine the Indian judicial system and deprive people of access to justice. Such provisions which impede fundamental rights such as the right to health and access to medicines threaten to subvert the fundamental tenets of the Constitution of India,” said Anand Grover, senior counsel and director of the Lawyers Collective

“The legal and financial muscle of big pharma is already on display in India as they hire the country's top lawyers and sue the Indian government and patients groups in patent cases around the country. With the Indian Courts holding the Constitution paramount this is a despicable attempt by the Europeans to bypass the Indian Constitution and Indian Courts and move the litigation into secret tribunals overseas on the pretext of investment protection,” commented Loon Gangte of the Delhi Network of Positive People.

“The Supreme Court has kept Section 3(d) alive and intact in a case that has captured global attention and sparked off global debates on the need for developing countries to protect only genuine innovations in medicines.... Having failed to get their way at the Supreme Court in the Novartis case, we can expect the EU to push its industry's demands for changes in the Indian law to curb the Indian judiciary,” said YK Sapru of the Cancer Patients Aid Association.

Majority of the medicines prescribed to HIV affected people in poor countries, particularly in Africa and Asia, are sourced from India. Thus any change in India's ability to manufacture generic medicines will have an immediate adverse impact on lives and health in other countries besides India.

Retail sector

UPA-II government's attempt to introduce 100% FDI in retail was put on the backburner thanks to the nation-wide uproar and protest in the country. Interestingly EU is lobbying hard for retail in the FTA talks.

EU's demands	What it means for India
<ul style="list-style-type: none"> Liberalisation of the Indian retail sector is being called for to facilitate the entry of European agro-processing and retail giants like Carrefour and Tesco. 	<p>Livelihoods of smaller retailers and street vendors would disappear if such a measure were undertaken. In addition big retailers, who would try to seek monopolies in the food chain cycle from procurement to distribution, will have farmers at their mercy since they shall have the power to decide the prices. Small landholdings and their owners would lose out because MNCs would not be interested in buying small quantities.</p>

Interestingly FDI in retail remains a heavily debated issue within India. The Indian government argues that retail would create rather than eliminate jobs. It would reduce the multiple layers of middlemen who have been buying products from the farmers at lower prices. This would mean that farmers would be able to procure better prices for their wares. They are also convinced that FDI will not harm the local trading practices and kiosks across India. The main opposition party, *Bharatiya Janata Party*, the other parties such as *Communist Party of India (Marxist)* and civil society groups oppose the move in no uncertain terms. However the *Congress* establishment in Delhi is determined in pushing it through and has even given assurances to the business community about its stand being irreversible.

Thus the EU's nudging of India into further liberalisation is, consequently, being frowned upon by major sections of the Indian population that is anti-FDI in retail sector.

Grievances of the Indian Dairy Sector

The India-EU talks have also sounded alarm bells in the dairy sector. The Indian government had encouraged a co-operative model for the dairy business with active policy protection which resulted in bringing millions of Indians out of poverty. The FTA will open up the successful pro-poor venture of the Indian government to unfair competition from subsidised European exports. In addition the EU does not permit import of milk products from India in the name of SPS (Sanitary and Phyto Sanitary) measures saying that Indian milk-giving animals are not maintained as per EU standard. Hence deeming the Indian items unfit for consumption in the EU.

<p>India's largest dairy co-operative, Amul, wrote to Anand Sharma, the Indian Minister of Commerce, decrying the extension of advantages in import duty to European dairy products. EU's demands</p>	<p>The unfair nature of those demands for India</p>
<ul style="list-style-type: none"> • The EU wants India to cut its import duties on dairy items. It should also be noted that the EU provides massive subsidies to its agribusiness and milk farmers thus making their products cheaper than the actual costs involved. • The EU has pointed to GI (Geographical Indication) protection of Cheeses like Gouda, Feta, to call for banning Indian cheese makers from giving similar names to their wares. • The EU riddled with an overproduction problem in the dairy sector and is looking for easy markets to dump its surplus. 	<ul style="list-style-type: none"> • In the name of 'free trade' EU wants to export its subsidized dairy products in a large and growing market, without in turn giving India access to its own market. It would naturally mean a loss for India. Yudhvir Singh of the Bhartiya Kisan Union (BKU) poignantly remarked that while free trade is conducted between equals, such an FTA is on a completely unequal footing. • At the same time, EU sells Indian ethnic products like Paneer and Lassi in their own markets without GI protection considerations. Additionally EU has no qualms of refusing to take measures to stop bio-piracy in rich Indian traditional fields of Ayurvedic medicine and genetic resources like <i>neem</i>. • India that will receive the cheaper dumped products would suffer a depression of producer prices and incomes, whereas the EU would rake in huge profits.

The self-sufficient Indian dairy business employs a whopping 90 million people, majority of them are women (75 million). The sector is a lifeline for small and marginal farmers, landless poor and the only source of income for thousands of families. According to R.S Sodhi, managing director of the

country's largest milk cooperative, Gujarat Co-operative Milk Marketing Federation, the FTA will rob the vibrant domestic industry and the farmers a rightful access to a growing market within India. The FTA would deprive many lower socio-economic groups in India from improving their condition.

Automobile Industry

“European car companies such as BMW, Mercedes-Benz, Audi and Porsche want the road to India smoothed out so that they can drive in their uber-luxury cars with minimal hurdles. And Dr. Singh appears keen to please them,” crisply wrote the *The Hindu's* senior journalist, Raghuvir Srinivasan.

EU's demands	What it means for India
<ul style="list-style-type: none"> Slashing of import duties on fully built cars or completely built units (CBU) is being propounded by the EU. For example 30% instead of the present 60% on CBUs. The country that has a large presence of luxury car companies, Germany, is exerting maximum pressure. The EU proposal is trying to push CBU rates to fall to that of CKD (completely knocked down) assembled cars. The EU wants “non-new goods” to be treated on at par with new goods. A 10% quota for large cars that have a 1,500cc is being planned. 	<ul style="list-style-type: none"> If such a measure was to come into effect there will be no incentive for the European car companies to have a manufacturing facility in India because by paying just 30% duty they would be able to source the cars from their European plants. Thus resulting in loss of jobs and FDI in India. Mercedes, BMW and Audi have a limited assembly operation in India where CKD (completely knocked down) and SKD (semi-knocked down) cars are assembled for sale in the domestic market. This would further discourage even limited assembly operations in India. This dangerous request could mean India being flooded with used cars abandoned by European customers. Emphasis should not be given to large and diesel engine vehicles given the environmental damages and subsidized diesel abuse in India.

The EU internal auto market is in deep recession and is not likely to recover anytime in the near future. For the European auto industry the solution to their malady lies in targeting promising markets with long-term high growth rates. Thus with this FTA the EU wants to put in place a roadmap for zero tariff regimes for all cars long-term secure a permanent opening up of the trade route leading to the growing middle class in India.

In comparison to the semi-luxury segment, the luxury car market in India is nearly five times bigger. A fact seconded by Audi's India head, Michael Perschke, who claims that by 2020, Audi would have more buyers in India than in developed countries like Japan, France, Spain or Italy. It is only natural to find the Germans and the EU lobbying hard to change the rules of business. However this change cannot be affected without hitting those companies that already have manufacturing facilities in India such as Maruti Suzuki, Tata Motors, Hyundai, Honda, Toyota and Ford. Millions of jobs created through these investments will be at risk. Moreover lowering the duty benchmark would result in higher imports for India. In spite of the steep 60% import duty, between 2009-10 and 2010-11, CBU imports from Europe have been growing. They ran a hefty bill of \$3.4 billion, thus, denting India's precious foreign exchange.

The auto industry in India has raised its voice collectively against the duty cut. *"This kind of FTA is going to remove that level playing field...Europe (automobile market) is not growing. It is only de-growing. It is very easy for some of them to sell the same cars here...It is not just car manufacturers, but also others, such as suppliers of spare parts, who will be affected by the (proposed) FTA,"* reasoned the Honda Cars India Ltd (Marketing and Sales) Senior Vice-President Jnaneswar Sen.

Even the Society of Indian Automobile Manufacturers (SIAM) decried the FTA in no uncertain terms. SIAM's 'White Paper' on the FTA held that should India sign the agreement, it would be a reversal of government's own policy of high tariffs to force investment, local manufacturing, local value addition and local employment. *"This will jeopardise the entire Automotive Mission Plan 2006-16 targets since already some manufacturers have started withholding investment because there is no clarity with respect to tariff reduction in this sector,"* it stated. SIAM endorsed the widely held view among the carmakers that the FTA would ring in gains only for the EU and not for India.

Conclusion

Indian Minister of Commerce, Industry and Textiles, Anand Sharma, assured, *“Government consults stakeholders including state governments, relevant ministries, industries, export promotion councils etc in order to develop India's negotiating strategy on a continuous basis as and when required.”* Anand Sharma, led a high-level Indian delegation to Brussels on 15th April 2013 for a ministerial dialogue with EU Trade Commissioner Karel De Gucht. He conveyed to Brussels that India could not go beyond the parameters of the TRIPS (Trade-Related Intellectual Property Rights) Agreement and its laws for Intellectual Property Regime (IPR). Sharma also sought substantial market access for Indian agricultural products, pharmaceuticals and textiles.

Indian public memory about the present establishment's controversial attempt to push through 100% FDI in retail is still alive. Coupled with government's unilateral action to get in FDI in insurance created a huge uproar in India. The ruling Congress government is keen to shore up economic growth and end their second term in power in a more positive light. Unemployment rates, GDP growth, manufacture outputs, Indian stock market graph are all in the negative. Sceptics fear that the Indian government might be keen to ink the FTA quickly in the vain hope of writing home big-ticket deals struck during their reign.

India's trade deficit vis-à-vis the EU in 2011-12 was about \$35billion. Reduction of tariffs would mean a surge of imports from EU whereas no substantial gain of India's exports to the EU would take place on account of 65 per cent of the Indian agricultural goods and 67 per cent of the industrial goods already enjoying duty free entry into the EU market. A case in point is the FTA between the EU and South Korea where EU exports to South Korea grew by 37% as against a mere 1 per cent export of South Korean goods into the EU. Evidences from other FTAs signed by India give little hope for optimism. India had a healthy trade surplus with Singapore which became a deficit after an FTA with Singapore was inked.

India had previously pursued trade and investments separately. It shifted its stand and signed comprehensive economic cooperation agreements with South Korea, Japan, Singapore and Malaysia with investment provisions. At present India has agreed upon more than 82 Bilateral Investment Protection Agreements (BIPA). These treaties substantially contract the policy space for the monitoring of the foreign investor to maintain their activities in line with the objectives of national development. BIPA has also led to India being dragged to courts by wily investors. Now having to face more than six international arbitrations cases or threats of arbitrations, the Indian government is reconsidering the BIPA provisions.

The current macroeconomic condition of the country is not favourable to committing to more competition and exposure. According to the latest Economic Survey 2012-13, *“the widening of the trade deficit to more than 10 per cent of GDP and the CAD crossing 4 per cent of GDP in 2011-12 and the first half of 2012-13 have been matters of concern...the room to increase exports in the short run is limited, as they are dependent upon the recovery and growth of partner countries, especially in industrial economies. This may take time”*. India needs to curb imports if it wishes to reduce its trade deficit.

There is nothing to suggest that the EU would not continue with its strategic use of subsidies and non-tariff barriers to thwart the entry of Indian exports in its markets. India must exercise more caution in assenting to a comprehensive trade agreement. It should not allow India's interest to be curtailed.

The reality though is that India and majority of Indians are simply too poor for this FTA.

