CHAPTER - 2
GEO-STRATEGIC AND SOCIO-ECONOMIC ENVIRONMENT OF NORTH EAST INDIA:
HISTORICAL BACKGROUND
CHAPTER - 2
GEO-STRATEGIC AND SOCIO-ECONOMIC ENVIRONMENT OF NORTH EAST INDIA: HISTORICAL BACKGROUND

Introduction-

The north eastern region of India shares borders with Bhutan, Nepal and China on its north, Myanmar on its east and Bangladesh on its south and west that constitutes approximately 60% of India’s land borders. It is the only region in south Asia to be surrounded by five countries. The jungles of south East Asia sweep down from Bhutan and Arunachal Pradesh across seven other nations – Bangladesh, Myanmar, Thailand, Laos, Indonesia, Malaysia and Vietnam- spanning political boundaries regardless of physical frontiers. The region provides access for China to the Bay of Bengal and the Indian Ocean. Lhasa is 1200 Km from Kolkata port and Kunming is 550 Km from Sittwe port in Myanmar. Nepal is dependent on Kolkata port for all its trade. Similarly Bhutan’s economy is linked to India through Assam and West Bengal. Myanmar is a gateway for India to South East Asia through this region and Bangladesh is a prominent wedge between Indian mainland and its north eastern states. Each one of these countries is in a state of influx and economic turmoil, constrained by legitimacy issues. There are political, economic and boundary grievances as a fallout of ‘small- big power’ syndrome. They are providing sanctuaries to the Indian insurgent groups from the North eastern region. Fake Indian currency notes (FICN) in large quantity is finding their way into the north east from the neighboring countries.

The region has an area of 2.6 lakh sq.km (8.06% of India’s land area)\(^1\) while its population is 39 million plus (3.73 % of India’s population).\(^2\) It has estimated 483 ethnic tribes with a comparable number of languages and dialects.\(^3\) The region has immense geo – strategic importance and the ongoing insurgencies and the implementation of the Look East policy is a matter of grave concern to the government and the strategic planners of the country.

Ethnic coalitions, oral traditions and lifestyles based on respect for nature

---

have mattered more in these regions than frontiers. Here men and women, with common origins but different nationalities, share a racial, historic, anthropological and linguistic kinship with each other that is more vital than their links with the mainstream political centers, especially at Delhi, Dhaka and Yangon.

**Geo- Strategic Environment of the North Eastern Region - Bangladesh -**

Bangladesh is bounded with India almost entirely on three sides with Assam (263 km), Meghalaya (443 km), Mizoram (318 km) and Tripura (856 km) except for a small but significant border in the southeast with Myanmar. There are hardly any natural obstacles as the area consists of jungles, hills, plains and riverine stretches. It is thickly populated and cultivation is carried out right up to the border. The Indo-Bangladesh border is a porous border with illegal immigration and anti-national activities from Bangladesh. To curtail the above, the Government of India had sanctioned the construction of border roads and fencing in two phases. The total length of Indo-Bangladesh border sanctioned to be fenced is 3,436.59 km.\(^4\)

---

\(^4\) *Ministry of Home Affairs, Annual Report - 2010-11.*
This border is contiguous with Myanmar state of Rakhine (old Arakan), thus gains importance. Its geo-strategic location is of significant value to the two strategic rivals, China and India, because in the north, Bangladesh is separated from the Himalayan Kingdom’s of Nepal and Bhutan by a strip of India’s territory, which is known as the Siliguri corridor. The Siliguri corridor (narrowest is 21 km) is regarded as a very sensitive strategic land for India. If this land connection is blocked in future by any internal or external elements, India would find itself cut off from its strategic part of the north east states, so in that situation the only alternative way for India to reach its important part of land is a strategic corridor through Bangladesh.

China enjoys access to the Bay of Bengal through Myanmar. Bangladesh’s proposal to connect it with Kunming by a road through Myanmar could be an alternative route for China. India’s geo-strategic location is also important for Bangladesh because its energy security strategy relies on the import of hydro-based electricity from Bhutan or Nepal, so Bangladesh also needs a route for access through India.

Successive governments in Bangladesh except Awami League were reluctant to help north east India get access to the Bay of Bengal through Chittagong port as well as by allowing transit. However, after Sheikh Hasina came to power Bangladesh has also agreed to use their territory for transportation of goods on specific purposes. Bangladesh foreign minister Dipu Moni also indicated that Dhaka would welcome Indian support for Chittagong port development where China is also bidding. With a growing Islamist agenda, the erstwhile East Pakistan (now Bangladesh) had emerged as the primary staging ground for the Inter Service Intelligence (ISI) of Pakistan and Directorate General of Forces Intelligence (DGFI) of Bangladesh operations in the north east. The erstwhile East Pakistan was aiding the Mizo and the Naga separatists before 1971. The DGFI, as is well known, is a smaller prototype of the ISI and was created in 1978 by General Zia-ur-Rahman, and presently it is this organisation that has taken the initiative to launch forward intelligence capabilities in India’s north east.

After the assassination of Sheikh Mujibir Rehman in 1975, there had been

---

5 Sakhawat Hussein, “Geo – Strategic Importance of Bangladesh”, at http://www.fairbd.net/Files/Geo.doc
a transparent shift of the foreign policy of Bangladesh towards China. Bangladesh has been acquiring their defence and development needs from China. In 2002, both the countries had signed an agreement on defence cooperation which covers military training and defence production. The Bangladesh armed forces are equipped with tanks, frigates, missile boats and fighter jets from China.

Migration from the erstwhile East Bengal/ East Pakistan and the present day Bangladesh to eastern and north eastern parts of India has been an ongoing phenomenon. Only after the partition of India in 1947, following which the political boundaries changed has this age-old tradition become “illegal”. This cross-border movement of people is due to a number of interrelated factors: economic, environmental, religious and political. Bangladesh is one of the most populous and poorest countries in the world thus it is a major source of labour, but mainly of low skilled and unskilled workers. Assam was the main focus of this immigration in the north east because of tea, oil and coal industries and the demand for labour. However, from Assam the immigrants are now going to other states of the region to include Nagaland, along with Mizoram, Tripura, Arunachal Pradesh and Manipur. Mizoram is the worst affected as it has migration from Bangladesh and Myanmar which has resulted in becoming a serious issue. Demographic transformation has been the result of the influx from across the border leading to tribal insurgency in the states.

With the Sheikh Hasina government in power in Bangladesh, India’s relations with that country seem set to improve. Bangladesh lies contiguous to India’s sensitive North east, which has been the focus of destabilization through anti-Indian insurgencies supported by China, Myanmar and also Bangladesh, singly and jointly with Pakistan. However, the security related issues need to be addressed. The issues include the safe havens provided to the Indian insurgent groups like the United Liberation Front of Assam (ULFA), activities of the Islamic Groups such as the Muslim Liberation Tigers of Assam (MULTA) and the People United Liberation Front (PULF), passage of arms and ammunition through and from Bangladesh.

The visit of the Bangladesh Prime Minister from 10-13 January 2010

---

promised to launch a new phase in the ties between the two countries. Three agreements were signed to fight against international terrorism, organized crime and illegal drug trafficking, mutual legal assistance in criminal matters and mutual transfer of convicted prisoners. If despite internal resistance from anti – Indian elements and the bureaucracy, India – Bangladesh relations can be steadily transformed, it will considerably improve the political and economic dynamics of the region. Bangladesh can play a positive part in linking the eastern region of south Asia to Myanmar, Thailand and beyond. A solution however has to be found, to the problem of illegal Bangladesh migration into India. The Prime Minister of India was on a two day visit to Bangladesh from 06-07 September 2011, during which many agreements less the Teesta River were signed. The boundary issues to include the 111 Indian Enclaves (17,158 acres) and 51 Bangladesh Enclaves (7,110 acres) were agreed upon.

Water has been a major issue in India-Bangladesh relations. There are 54 shared rivers between India and Bangladesh. The two have till date signed only the Ganges water treaty in 1997. While the treaty has helped the two countries to arrive at a mutually acceptable solution on the sharing of the water of the Ganges; Bangladesh remains apprehensive about India’s intentions on several other water-related issues such as the sharing of the Teesta and India’s proposal on the interlinking of the rivers.

**Myanmar** -

Myanmar has a land border with India (1645 km) and Bangladesh. Four Indian states (Arunachal Pradesh, Manipur, Mizoram and Nagaland) border Myanmar (Kachin & Chin states and Sagaing Division). Myanmar is often perceived to be a buffer state between the two Asian giants of India and China and also a connecting nation for India and other Southeast Asian nations. Myanmar is geographically, dominating the Bay of Bengal and the Andaman Sea and this is where the spheres of influence of India and China overlap. Its strategic location

---

7 B Raman, “India and Bangladesh- Security related issues”, Paper No 3652, 06 Feb 2010, at www.southasiaanalysis.org/%5Cpapers37%5Cpaper3652.html
8 Dipanjan Roy Chaudhary, “India, Bangladesh Settle Boundary Dispute, September 7, 2011, at indiatoday.intoday.in/story/india-bangladesh-settle.../150380.html
9 Sayantanee Choudhary, “Teesta: Nourishing Neighbourhood” Look East, Volume 1, Issue 6, September 2010, Kolkata.
provides Myanmar with an opportunity to play a significant role in both the geopolitics and geo-economics of South and Southeast Asia. It can serve as a land bridge between India and prospering economies in the east and Southeast Asia. In addition, the availability of natural gas, oil, coal, zinc, precious stones, timber and some deposits of uranium in Myanmar gives an economic dimension to its strategic significance. With the interplay of market forces across the borders, Myanmar could be both a favoured destination and a crossroad for other Southeast Asian countries and for India, but in reality it has failed to attain either of these primarily because of its internal political problems. Unlike China, the grim realities of military dictatorship, isolation from rest of the world and several economic sanctions from west have restricted the nation to achieve economic success over time. The Chinese have made full use of this situation and have been stripping Myanmar of its natural resources.

The central Irrawaddy river valley is the hub around which Myanmar is organized. The valley has the hill areas where the population is of primarily the

10 www.nationsonline.org
Kachin, Chin, Shan, Karenni and Karen people. These people are self-organized and have their own armies and regular forces and they have been fighting the national army since a long period. However, these hill regions which are populated by the minority are ethnically divided from within. They have migrated from China, Bangladesh, Thailand, Cambodia and India. Due to this reason, the western Myanmar which has the chin population is not similar to the Karen in the eastern Myanmar in any manner. Similarly there is no common factor in terms of language and culture between the Shans and the ethnic Barman’s except for the Buddhist religion. In the case of the Arakans, their feeling is that they are not connected with the rest of Myanmar.

The Indo-Myanmar border has no border fencing except the construction of the 10 Km border fencing along the Moreh sector of the Indo-Myanmar border which is underway and would be completed by 2014. The border is not clearly demarcated, which allows people to freely cross with neither any security outpost dotted along or within even a few kilometers of the boundary. Indian Border Roads Task Force had constructed the Indo-Myanmar friendship road - the 160 km Tamu - Kyigone - Kalewa road inside Myanmar. Communication infrastructure on both sides is poor particularly on the Myanmar side it is abysmal. The area is poorly developed and ineffectively administered.

**Historical Background**

It was in the 13th century that the China’s Yuan dynasty invaded Myanmar and it has been since then under the shadow of the greater China. However, it is interesting to mention that at around the same time, Myanmar became the home of an Indian business community which became a great support to the British in holding Myanmar as a part of greater British India. In 1948, it became a union of Burma, which made it a sovereign independent country. During the period 1958 - 60, there was serious politico-ethnic turmoil. In March 1962, General Ne Win, led a coup after which he suspended the constitution of Burma and ruled the country with a military council and also supported one party system known as the Burma Socialist Programme Party (BSPP). This resulted in a spate of insurgency movements by the ethnic groups like the Kachin Independent Army (KIA), the Shan State Army (SSA), the Arakanese Revolutionary Army (ARA), the Chin National Army (CAN) and the National Party of Arakan (NUPA) against the Rangoon military junta. It was in 1989, when the name of the country was
changed from Burma to Myanmar.

There were serious repercussions of the insurgency and the separatist movements in the Sagaing division, Chin Hills and the Arakan region of Myanmar. It had a major affect on the politico-strategic environment of the eastern areas of India and Bangladesh. The Indian states Manipur, Mizoram and Nagaland were directly affected by the drug trafficking, narco-terrorism from the golden triangle and the political brinkmanship between the Burmese military government and the pro democracy movement led by Dow Aung Suu Kyi, daughter of General Aung San, who had been assassinated in July 1947. Myanmar government's writ does not extend over the entire country particularly along the border regions.

Myanmar is a part of the ‘Golden Triangle’ including Laos and Thailand. It is the second largest producer of illicit opium accounting for nearly 80% of world’s drug supply. It is a major narco-trafficking nation and money laundering continues to hinder the overall anti-drug efforts in the country. North eastern region is affected through illegal trade of narcotics, stones and arms from that country into the hinterland of India. Thus there is a need of military co-operation between Myanmar and India to control the drug trafficking, weapon smuggling and support to the insurgents.\(^\text{11}\)

India has taken initiative to improve its economic relationship with Myanmar by keeping possible doors open for bilateral engagement like investment, infrastructure, trade and other co-operation. Trade with and through Myanmar would revive India’s north east and make both the nations prosperous. Also, Myanmar being India’s gateway to Association of South East Asian Nations (ASEAN), it is the only country of this group, which has a land and maritime boundary with India. Thus with India becoming a summit level partner of ASEAN and a member of the East Asia Summit, improved relations with Myanmar can be beneficial in many respects. Besides, Myanmar and India are members of other sub regional groupings such as the Bay of Bengal Initiative for Multi - Sectoral Technical and Economic Cooperation (BIMST-EC) and the Mekong - Ganga Cooperation (MGC).

In 1992, following the breakup of the Soviet Union, the Indian government launched its ‘Look East policy’, which in the words of the then prime minister was ‘a strategic shift in India’s vision of the world and India’s place in the evolving global economy’. Since that time, a number of initiatives have been pursued to increase ties, largely in trade relations, between India, members of the ASEAN and other Asian states. As India’s gateway to East Asia, the Burmese military regime has found itself in a key geo-strategic position, giving it a strong hand in negotiations with India.

Though the Indo – Myanmar Friendship Road was completed in 2001, India has not been able to exploit its potential by reaching the markets of Southeast Asia. Indian companies have been involved in negotiations with Myanmar in the fields of onshore and offshore explorations of oil and gas and hydropower projects. The recent planned infrastructure development of road, rail and waterways from Indian side are all steps in the direction of establishing economic and business connections with Myanmar.

**Kaladan Multi – Modal Transport Project**

The construction of the Kaladan multi – modal transport project commenced in 2010 and is likely to be completed by 2015. This would facilitate India’s north eastern region to be linked to the Bay of Bengal through Myanmar using the road and waterway of the Kaladan River through the Arakan state.
ports on the route at Kalewa, Paletwa and Sittwe will be constructed by the Indian government, while the highway linking Paletwa and Myeikwaon on the Indian side will be constructed by the Myanmar ministry of construction. The distance between Sittwe Port and Haldia is approximately 12 hours sail and with Vishakhapatnam it is 36 hours sail.

The cargo vessels will travel along the Kaladan River in Sittwe's eastern bank to berth at Sitpyitpyin in Paletwa, where a port will be built. From the port, a highway will be constructed to the border area of Myeikwa to facilitate the flow of commodities to Mizoram, which is located about 160 km from the port. Kalewa in Myanmar will be linked with Moreh in Manipur covering a distance of 160 Km and there will also be an up gradation of the Roads Rhi-Tidim and Rhi-Falam, as part of the project. With this project the entire north east will have direct access to the South East Asia for direct trading. This will facilitate the north east region, an access to the sea route.  

Moreh on the National Highway 39 and the Indo- Myanmar border is an important post where border trade is carried out. The Chinese have benefitted from the trade as their cheap electronics, silk goods and a wide range of goods have

---

been smuggled to the Indian market through this area. This is something which should become a cause of worry for India.

Due to the location of the Sittwe port not very far from Kyakpiu port of Myanmar and Chittagong port of Bangladesh it gains a serious geo-strategic importance with India’s presence. China is providing support to Myanmar in developing the Kyakpiu port and constructing a road and oil-gas pipeline connecting Kunming. China has also proposed to develop Chittagong port and Sonadia deep sea port located seven kilometers off the Cox Bazaar. The construction of Sittwe incidentally comes close on the heels of Myanmar’s elections and release of Aung Sun Swu Kyi. India, in spite of the international pressure has remained engaged with Burmese military junta since 1993 keeping in mind its strategic importance.

**Visit of Than Shwe** –

During the visit of Senior General Than Shwe to India in July 2010, the two nations resolved to increase trade by up to $1 billion per annum. The general expressed his satisfaction on the construction, maintenance and repair work of the road Tamu- Kalaywa- Kalemyo connecting Moreh in Manipur to Myanmar by the border roads organisation of India and thereafter handing over most of the segments to the government of Myanmar. The Myanmar government will commence construction and revamping of the road Rhi –Tiddim with financial grants from India. In addition, India has also agreed to give a grant of $ 10 Million for agricultural machinery and technical assistance to manufacture the same in Myanmar. The Tamanthi and Shwezaye power projects on the Chindwin river basin will be assisted by India in Myanmar. There will be a third border trading point made functional at Avankhug- Somra (Nagaland). To patrol rivers and deltas, India will provide fast inshore and offshore boats and interceptors. To boost mutual legal assistance in criminal matters to combat transnational organized crime like terrorism, drug trafficking, money laundering and smuggling of arms and explosives, a treaty was signed. The senior general also reiterated Myanmar’s support for India’s bid for permanent membership of the United Nations Security Council (UNSC) and also India’s candidature for a non-permanent seat in the

---

13 Democracy and Discontent: The 2010 Elections in Myanmar, AIIA Policy Commentary, at www.southasiaanalysis.org/%5Cpapers40%5Cpaper3954.html
UNSC for the term 2011-2012. An agreement, on the strategy of increased security cooperation and a strengthened collective effort to fight the insurgents and combat terrorism along the border of the two countries, was also signed by the two countries.

**Insurgency and Drug Smuggling**

There is close social and cultural affinity between the tribal population on both sides of the Indo-Myanmar border particularly in Nagaland, Manipur and Mizoram. The area on the Myanmar side is infested with insurgent groups’ camps and due to logistics and hostile terrain, the Myanmar government has not been able to exercise sovereignty and is a constraint for anti-terrorism operations.

For many years, India has faced an insurgency in the remote north east of the country, with insurgent groups frequently operating from bases inside Myanmar. Myanmar’s military co-operation with the Indian government in dealing with these groups has been reportedly linked with an Indian government’s offer to supply a variety of military hardware such as tanks, aircraft, artillery guns, radar, small arms and advanced light helicopters. However, there are worries that the Myanmar military may use the weapons and other military equipment, such as helicopters, sold or donated by India for the crackdown on insurgents or against ethnic civilians. In April 2007, it was reported that Indian and Myanmar security forces were “conducting joint military operations along the 1,643 kms Indo-Myanmar border to neutralise insurgent groups.”\(^1\) In the month of January 2010, an agreement was also signed between India and Myanmar to conduct joint military operations in north east and Myanmar against the Indian insurgents hiding in the dense jungles of Myanmar. The aim was to ensure that no insurgent can escape to the other side when facing the heat on one side. The security forces were also to be more vigilant on the border against smuggling of drugs, arms and other goods.\(^2\)

India’s concern over the transit, permanent and training camps and other support by Myanmar on their soil to the Indian Insurgent Groups including United Liberation Front of Assam (ULFA) has made an affect. There are rebel militias in the Shan state and apart from that some of the insurgent groups have been active

---

\(^1\) [www.arakanrivers.net/?page_id=147 - 45k](www.arakanrivers.net/?page_id=147 - 45k)

\(^2\) [articles.timesofindia.indiatimes.com › Collections](articles.timesofindia.indiatimes.com › Collections)
against Yangon for over four decades. This was the reason why the Naga and the Assamese groups have been finding refuge on the Myanmar side. Besides ULFA, NSCN (Khaplang -K), PLA and ULFA from Manipur too have their camps within Myanmar territory. Some of these camps are in the Kachin province bordering China; the other outfits have been operating from areas bordering India. Cross border smuggling of small arms from South East Asia and China’s Yunnan also exists.\(^\text{16}\)

While China has long maintained a friendly relationship with Myanmar, India appears to have changed its position on the regime over the last decade. India’s past calls for the release of Aung San Suu Kyi as well as for a national political reconciliation process seem to have been replaced by a policy of “engagement rather than sanctions as a means to exert influence over the military administration,” and a new “pragmatic stance” which allows it to take advantage of new investment opportunities wherever they appear.

Even USA has now shifted its focus to Asia – Pacific where most countries were getting concerned about the rise of China and it assertiveness. The change in trend in Myanmar of liberalization and to have good relations with the countries of the world will have a major impact in Asia. By taking initiatives to open talks with the USA and other neighbouring countries it will be able to develop into an energy and natural resources base in the sub-continent, China and the South East Asia. United States secretary of state Hillary Clinton’s three day visit from 30 November- 02 December, the first of its kind after the 1950’s to Myanmar has been a welcome step as compared to imposing sanctions on the military junta rule.\(^\text{17}\) This step is primarily to shift the focus of Myanmar from China which was gaining an excessive grip over the country.

**Nepal**

Nepal shares a close geographic proximity with India and China, the two acknowledged nuclear weapons states and major powers in Asia. Nepal is closer to Tibet and is home for 12,000 Tibetans refugees. India and Nepal had signed a Treaty of Peace and Friendship in 1950 which guarantees the open border. Nepal’s

\(^{16}\) Based on personal interviews.

\(^{17}\) Gautam Sen, Ethnic Tension and Political Drift in Myanmar, May 27, 2013, [www.idsa.in › Publications › PAPERS & BRIEFS › IDSA Comment](http://www.idsa.in/Publications/PAPERS_BRIEFS/IDSA_Comments/Gautam_Sen_Ethnic_Tension_and_Political_Drift_in_Myanmar.html)
open frontier with the heartland states of Uttar Pradesh, Bihar and West Bengal makes India extremely vulnerable. Nepal’s geo-strategic location is beneficial for both China and India. Nepal is most unlikely to face direct foreign military invasion because of its geopolitical location but its potential to become a safe haven to hostile groups is possible. Nepal has energy resources; due to which it also gains importance.\(^\text{18}\)

![Nepal Map](www.mapsofIndia.com)

**Maoist Insurgency**

Nepal has undergone major crisis since the commencement of the Maoist insurgency which has resulted in the country being taken hostage by some state and non state actors. The effect of this has been that the agricultural production is declining, the unemployment rate has soared up to 60 per cent, most of the industries are closing and there have been regular bandhs and strikes. The law and order situation has deteriorated and the common man feels unsafe, more so in the eastern hill regions of the country.

The politico-economic state of Nepal has worsened. In November 2006, a comprehensive peace agreement between the Communist Party of Nepal –Maoists (later called UCPN- Maoists) was signed, resulting in constitution assembly election in 2008. It has affected the balance of trade, Indian currency is not...
available, banking and financial institutions have failed, poor supply of electricity and supply of petroleum products is undependable. The government has not been able to find a solution for integrating and rehabilitating the 19000 odd Maoist insurgents. The Unified CPN- Maoists have finally joined the Government. The United Nations Mission (UNMIN) ended its term in January 2011 which played an important role in ensuring the ceasefire agreement with the Maoists and also supported in the conduct of the elections in 2008.

China is becoming more assertive in demanding equal treatment with India in terms of the latter’s respective treaties with Nepal. With the Maoists now becoming a strong political force in Nepal, and given their ideological compulsion to be seen as drawing Nepal closer to China, coupled with their periodic ranting calculated to inflame public opinion against India, the political terrain has become more favourable for China. Chinese Premier had visited Nepal on 14 January 2012 which was not made public and had announced a “one time special grant” of $20 Million as well as an assistance of 200 Million RMB ($31.75 Million) under a 750 million RMB grant spread over three years. The premier also committed to give economic and technical support to strengthen Nepal’s police force. In August 2011, Baburam Bhattarai became the Prime Minister and since then has been working towards changing the stance between India and China and has reiterated that Nepal is not a buffer state between India and China, but is a bridge between the two. On the economic front, India has been accounting for 44 per cent of the foreign direct investment in Nepal for the Year 2010-2011 and for 60 per cent of Nepal’s external trade.

Water is a sensitive issue in the relationship between India and Nepal. The two countries have a long history of water cooperation and have signed several water sharing treaties like Kosi (1954), Gandak (1959), and Mahakali (1997). The Mahakali Treaty (1997), however, remains merely a document. The breach of the Kosi embankment and the devastating floods it caused in India in 2008 has only highlighted the importance of water in India-Nepal relations.

19 The Tribune, Chandigarh, 06 August 2011.
20 The Tribune, Chandigarh 12 March 2012
Bhutan –

Bhutan, a land locked country, has a critical geo-strategic significance in India’s strategic calculus. The Chumbi Valley and the Jaldhaka gorge in continuation are like a dagger pointing at India’s Siliguri Corridor. With Nepal on its side, China can be tempted to create political turbulence for Bhutan through those Bhutan Nepalese presently residing in Nepal besides Chinese military intrusions. China weighs down heavily on Bhutan’s northern borders along Chinese occupied Tibet. Bhutan, would therefore, require sizeable infusions of Indian financial and military aid to enhance Bhutan’s capacity-building in terms of defensive capabilities to deal with China’s external and internal security threats to Bhutan.

The British withdrew from Bhutan in 1947. The treaty of 1949 between India and Bhutan brought in cordial relations between the two countries. This treaty was based on the treaty which the British had imposed on Bhutan in the early 20th century. However, since then, there have been changes in the articles of the treaty to include that Bhutan can have an independent say in the foreign policy otherwise they had to be guided by the advice of the government of India for their external affairs. They can also procure arms and ammunition without the approval of India, but by doing so the intentions should be friendly and no danger to India.

Bhutan of today has changed in all respects, including its economy and
international stature since 1949. The relationship has, thus, been one of dynamism and change. The Chinese occupied Tibet in 1950, after which Bhutan became suspicious of independent India's intentions. The prime minister of India Jawaharlal Nehru stated in the parliament that any attack on Bhutan would be considered an attack on India. Bhutan entered into the international environment after becoming member of the Colombo Plan in 1963, which was sponsored by India. Thereafter, it received technical assistance from other countries, became a member of the United Nations, South Asian Association of Regional Cooperation (SAARC) and Economic and Social Council for Asia and Pacific (ESCAP). In 1998, the transfer of power from monarchy to an elected cabinet took place. In 2008, Jigmi Y Thinley of the Druk Phuensum Tshegpa (DPT) became the first elected Prime Minister of Bhutan.

India has been helping Bhutan in terms of completely financing the first two five-year plans, and in many projects to include hydropower plants, cement plants, roads, etc. The 336 MW Chukha Hydel project ensures power supply to parts of West Bengal and Assam which has given Bhutan 40 per cent of the external revenue. There is a free trade regime between India and Bhutan with no customs and about 13 transit routes. Bhutan is very keen on sub-regional cooperation through the growth quadrangle which encompasses Bangladesh, Nepal and the north eastern parts of India. Due to the ongoing process of normalizing relations between India and China, Bhutan has been able to commence bilateral talks with China on the boundary issue. For India, a stable Bhutan is very important as a buffer state.

India and Bhutan had concluded an extradition agreement in 1996. The disturbed situation in the north east India is a serious concern with Bhutan as it involves the presence of the Indian insurgent groups in that country. Bhutan is not in any way assisting these insurgents, but its police forces are limited to meet such contingencies. Due to the bilateral talks between the two countries, this issue has been addressed and is a cause of concern.

**Operation All Clear** –

On 15th December 2003, Bhutanese monarch, Jigme Singye Wangchuck, unleashed his small military machine, comprising the Royal Bhutan Army (RBA)
and the Royal Body Guards (RBG), to expel an excess of 3,000 heavily armed Indian separatists belonging to three different groups, the United Liberation Front of Assam (ULFA), National Democratic Front of Bodoland (NDFB) and the Kamatpur Liberation Organisation (KLO). These insurgents were operating from 30 camps inside the kingdom (ULFA had 13 camps, NDFB 12 and the KLO 5). Buddhist Bhutan had last gone to a war against any foreign force 138 years back.  

On the Indo-Bhutan border, Sashastra Seema Bal (SSB) has been deployed as the border guarding force. An India-Bhutan group on border management and security has been regularly meeting as part of a bilateral mechanism. This mechanism has proved to be very useful in assessing threat perception of the two countries from groups attempting to take advantage of this open border and in discussing way of improving the security environment in border areas.

**China**

The Chinese are convinced that sustained economic development has to be accorded the highest priority. In the Chinese concept of the comprehensive national power, both soft and hard powers are equally relevant. To enhance its global power, it requires strategic space, enlarged area of influence and to ensure this, it has formulated an Asia policy which involves making inroads into south and south East Asia.

China, with its increased political, economic and military weight, is stepping up its presence in countries around India. The core of China’s policy is to enhance its economic interests by keeping a peaceful and stable environment particularly along its strategic periphery. The so called ‘String of Pearls’ strategy, with commercial goals in view in the short term and military goals in the long term, includes construction of new port facilities in select countries. To promote these objectives China is bound to ante its engagement with these countries, especially with its increasing material means at its disposal, posing further challenges to India’s interests in its neighbourhood.

---


The Sino-Pakistan relationship has now entered into a strategic interest in the nuclear co-operation between them in Pakistan occupied Kashmir (PoK). This nuclear nexus between the two has become a cause for concern not only to India but also the international community. China has been surreptitiously transferring strategic technologies to Pakistan and urged it to adhere to its global non-proliferation obligations. It is also involved in major road and power projects in PoK and in the Gwadar port.

Apart from this, it has a bonding in Bangladesh and values it for the immense natural gas reserves, accessibility and geographic proximity to Myanmar. These friendly ties between China and Bangladesh are being seen by Sheikh Hasina’s government the benefits, which can accrue to include giving an incentive to India to woo Bangladesh more. Sri Lankan government is under an obligation from the Chinese as they had supplied arms to fight the LTTE.

China depends on Sri Lanka, Myanmar, Maldives and Bangladesh for its naval ambitions of protecting its vital lines of communications in the Indian Ocean. The Chinese are making use of the Ramree Island which is off the Myanmar’s north western coast of Arakan to construct pipelines which will take the oil and natural gas from Africa, Bay of Bengal and the Persian Gulf through Myanmar to Kunming. This will result in China’s dependence on the Straits of Malacca. The friendship highway from Lhasa to Kathmandu has also enabled China to gain strategic access into South Asia.
Sino - Indian Border Dispute –

The Sino - Indian border dispute is distant from any settlement. There is no commonly delineated Line of Actual Control (LAC) between the two countries. There have been differences in the perception of the LAC which have resulted in untoward situations. These could have been avoided if there were common perceptions. China has been making claims over Arunachal Pradesh, which has forced India to improve its infrastructure and raising of additional two infantry divisions in the north eastern region. The Siliguri corridor gains importance due to the Chinese plan of a trade route from the Kolkata port through the corridor, Chumbi valley and on to Yardong in Tibet. The Chinese had occupied Tibet in 1950. There is an indirect recognition of Tibet being part of China by India and Sikkim as part of India by China. Agreement to open trade route through Nathula has the above effect/meaning. The situation of the Siliguri corridor has further been extended into Nepal and connected all along India’s eastern coast up to Andhra Pradesh by the dangerous Red Corridor.

China and India have now widened their scope of their engagement to include climate change, energy security, food security and restructuring institutions of global governance. However, contradictions on issues of high politics, especially regarding China’s sub-Himalayan strategic involvement, remain unaltered, enabling analysts to effortlessly paint an adversarial image. India’s security interests are in its periphery, while China is linked to its threat perceptions over Tibet and its overland strategic infrastructure (road and rail links, port development) part of a policy of periphery consolidation and to secure and exploit potential geo-economic opportunities in the long-term as Beijing seeks to develop southern and western China.

Due to India’s own vulnerable status in the global nuclear system, it had become difficult for it to critique China’s proliferation record. In the coming years the fundamental dichotomy of Sino-Indian relations, discord at the regional level and collaboration at the global level is unlikely to disappear. China has been reframing its terms of relationship with the west. Similarly, India too has persevered to reshape its own equation with the major powers. There is a need for India to revise its own posture: from a grieving to a confident aspiring regional
power. The strategic community has a growing myth that China is on the cusp of acquiring a permanent presence in the Indian Ocean region, whereas the reality is that China is constrained in East Asia, surrounded by the most formidable naval armada. China’s eastern seaboard is regularly patrolled by the American submarines and aircraft carriers in close proximity to making the notion of China as an Indian Ocean power a distant aspiration. Therefore, China remains essentially a continental power.

**Support to the Insurgency in the North east**

The Indian Government has confirmed that China was meddling in the affairs of the restive North eastern states. There were strong inputs that suggested that some rebel leaders of these states had visited China several times to seek its help in procuring arms. The Chinese have been supporting the Indian insurgent groups which involved the insurgents visiting China and in turn being supplied with machine guns and AK-47 rifles. The revelation of this came about when a Chinese firm encashed a crossed cheque of half a million dollars for purchasing arms for NSCN (IM). Minister of State for Home Mullapally Ramachandran, in a written response to a question in Rajya Sabha on 09 March 2011, said that there have been inputs suggesting the visit of some of leaders of insurgent groups in the north eastern region to China with the objective of establishing a rapport with Chinese authorities to facilitate procurement of arms and ammunition from arms agents in that country. Acquisition of arms by the insurgents groups is facilitated by easy availability of weapons in Sino- Myanmar borders towns like Tenchong, Ruili and Yingjiang in Yunnan Province. This serious issue has also been voiced by the Government of India with the Governments of Myanmar and Bangladesh.²⁴

There were reports that a Chinese woman spy Wang Qing had visited Nagaland in January 2011, which happened to be her second visit after August 2010. There were conflicting reports of the police and the Kolkata based national daily about her visit to the NSCN (IM) headquarters at Hebron near Dimapur and also being briefed there. However, she was deported by the Government of India after her arrest and in all probability it was primarily that the centre didn’t want to make an issue of it, for the sake of friendly relations with China and the ongoing

---

²⁴ *The Tribune*, Chandigarh, 10 March 2011.
talks with the Naga Leaders.\textsuperscript{25}

The Himalayas are called the “water tower” of South Asia. Most of the water in India’s northern rivers originates in Tibet. China annexed Tibet in 1950 and thereby gained control over the Himalayan glaciers of the region from which some of the world’s largest rivers originate and flow to South Asia and South East Asia. China has strengthened its political and economic control on Tibet. India and China have a complex, unresolved boundary dispute in Tibet. Thus, water has assumed higher priority in Sino-Indian relations in the recent years. There are widespread fears in India that China is planning to divert the waters of the Brahmaputra River to meet the demand in the arid north. The Chinese anti-drought project envisages the diversion of the Brahmaputra to the arid Xinjiang and adjoining region where close to ten million people face water shortage. They are planning to construct a dam on the Yarlung Tsangpo River, high up in the Tibetan plateau. Any blocking of the river either by way of building any kind of dams or by simply diverting it will have irreparable and devastating impact on the ecosystems and the peoples way of life in Tibet, Arunachal Pradesh, Assam and also in the lower reaches of Bangladesh.\textsuperscript{26}

**India’s Look East Policy**

India’s Look East policy was developed and enacted during the government of Prime Minister P.V. Narasimha Rao in 1992 and rigorously pursued by the successive governments of Atal Bihari Vajpayee and Manmohan Singh. It marked a strategic shift in India’s perspective of the world. It is imperative that from the Look East policy objective, India should integrate itself with the South and South East Asian countries and the rest of the world to further its future strategic and economic interests. There are ample common factors to include racial, cultural and linguistic between north east India and South East Asia. The policy will result in the economic development of the backward north eastern region of India taking advantage of huge market of Association of South East Asian Nations (ASEAN) as well as of the energy resources available in some of the member countries of ASEAN like Myanmar. Phase one of the policy was

\textsuperscript{25} *The Statesman*, Kolkata, 6 February 2011.

aimed on trade and investment linkages, while phase two is focused on security cooperation, construction of transport corridors and erecting pillars of linkages and connectivity.

In 1997, a sub-regional grouping, called BIST-EC, comprising Bangladesh, India, Sri Lanka and Thailand was established. In 2004, with the addition of Myanmar, Bhutan and Nepal it became BIMSTEC. Mekong Ganga Cooperation (MCG) project was launched on November 10, 2000, at Vientiane, capital of Laos and was known as the Vientiane Declaration. The signatories to the treaty were India and five other South East Asian Nations i.e Myanmar, Thailand, Laos, Cambodia and Vietnam. The primary thrust of the project is aimed at the development in three main areas of tourism and culture, infrastructure and Information Technology.27

The Look East policy envisages the north east region not as the periphery of India, but as the centre of a thriving and integrated economic space linking two dynamic regions with a network of highways, railways, pipelines, transmission lines crisscrossing the region. With this as the objective and to enhance the connectivity between the north east and Southeast Asia, India has concluded a number of bilateral and multilateral projects. India has also constructed the 165 km long Indo-Myanmar friendship road connecting Tamu and Kalaymyo-Kalewa. Some of the other projects which are underway and have been planned are India-Myanmar-Thailand Trilateral Highway, Trans Asian Highway, India-Myanmar rail linkages, Kaladan Multimodal project, the Stilwell road, Myanmar-India-Bangladesh gas and oil pipeline, Tamanthi Hydroelectricity project and optical fiber network between North east India and Southeast Asia.28

The Kaladan multi-modal transit transport facility will provide an alternate route for transport of goods to north east India. The second India-Myanmar border trade point at Rhi - Zowkhathar in Mizoram to be made functional by upgradation of the Rhi - Tidim and Rhi - Falam road segments in Myanmar. There are plans for a rail link from Jiribam in Assam to Hanoi in Vietnam passing through

Myanmar. However, to achieve the above there are geographical, technical, political and security challenges that limit the process of infrastructure development.

India has signed a ‘Long Term Cooperative Partnership for Peace and Prosperity’ with ASEAN and is using the comprehensive economic cooperation agreement as a template for Free Trade Agreements (FTAs). The end result of this has been that India is negotiating bilateral FTAs with East Asian economic powers to include Thailand and Singapore and free-trade area with Brunei, Indonesia and Malaysia.\textsuperscript{29} India’s trade with countries bordering the north east has seen the most dramatic expansion, with the share going up more than five times since 1992-93. However, this trade expansion with India’s eastern neighbors has had little or no impact on the north east as most of it has taken place through the seaports. It would not be incorrect to argue that the north east has once again been marginalized. India is looking east, but not through its contagious north eastern borders. There is a need that the north eastern region should develop industrially. The ‘North East Industrial Policy 2007’ has practically made the whole region a special economic zone. The states of north east India in the Look East Policy except as a site for events such as the ASEAN-India car rally in 2004 and 2012 have played no major role. The Chinese have on the other hand pursued a closer relationship with its neighbours in the South and South East Asia through its province of Yunnan. India has been concentrating on the insurgency problem in the north east, thus the Look East Policy concessions and aid has been primarily to seek the support of the neighbouring countries to expel the insurgent groups seeking shelter in their countries and to dismantle their camps. Some of the countries have cooperated and flushed out insurgent groups from their areas.

The Indian Government is possibly hesitant to showcase its Look East policy through the north eastern region due to the following:

(a) The insurgency and ethnic conflicts though under control, but have a cascading effect in the states which have a border with the neighbouring countries.

(b) The geo-strategic and the security concerns have been given more

\textsuperscript{29} Manipur Online, December 25, 2010. at manipuronline.com › Look-East Policy
consideration.

(c) The Chinese have made inroads into the markets of the region selling cheap stuff.

(d) The Government is looking for passage through Bangladesh and Myanmar to the sea ports and not at the various highways which have been planned as per the Look East policy to connect the South East Asian countries. The sea routes are cheaper than the land routes.