Chapter IV

Energy Politics between India and its Neighbours

Nepal, Bhutan and Sri Lanka

4.1 Introduction

India, Nepal, Bhutan and Sri Lanka are important neighboring countries of South Asia. India is the largest economy in the South Asian region and also the largest trading partner of Nepal, Bhutan, as well as Sri Lanka. Their close economic ties provide a better opportunity to energy co-operation. We have already seen that energy is not only matter of supply and demand but it has political rapture, strategically issue as well as power balancing concern also. Nepal is totally depend on India for its petroleum and petroleum products need to import from abroad, but bilateral political rapses is checking to consume domestic hydro-power resource. Bhutan is also depending on India for petroleum export but harmonious bilateral political relation has provided a better foundation to consume domestic water resources. In contrast to Bhutan and Nepal, Sri Lanka is not depending on Indian petroleum import because it has own sea coast and its location is near the main energy route. Indo- Nepal and Indo- Bhutan energy politics can understand on political and strategic view but Indo- Sri Lanka energy politics has strategic importance rather than political.

India-China competition, obviously can analyze in energy politics among these nations. China wants to better ties to Sri Lanka for securing Strait of Malacca for energy route through West Asia and Africa. For securing energy routes, China already is developing Gwadar port (Pakistan),
Hambantota port (Sri Lanka), and now announce a military base in Seychelles (December 2011). China openly use its ‘cheque book policy’ to favour the strategic importance countries especially India’s neighbour. China not only involve in Nepal and Sri Lankan infrastructure but energy sector also for priority. India is also trying to secure energy route by developing Chhabahar port (Iran), strategic partnership agreement with Afghanistan and strengthening its relation with Vietnam.

4.2 India-Nepal Political Nexus

Ignoring its energy security, Nepal seems to play ‘China Card’ and use water as weapon like Pakistan and political instability in Nepal also provides undesired bargaining. Sri Lanka’s strategic importance also provides option to bargain with India or China. So, we can not understand energy politics without at glance of political relation because political engagement is the hallmark and impetus for any bilateral relation. At first, we take Indo- Nepal relation and their energy politics.

India and Nepal have a long and traditional relation of cultural, historical, religious as well as political. Both countries enjoy a especial ties since British colonial era. Due to its landlocked nature and as a buffer state between two Asian giant- India and China, has created fraught difficulties for Nepal, inclined towards India or China for political bargaining to fulfill its national interest. This hesitation of Nepal, has promoted the feelings of equal distance’ from China and India, time to time.

After the acquisition of Tibet by China, Nepal has bordered with China and India both and both has security concern towards Nepal. For China, Nepal is vital strategic importance to secure bordering Tibet and as
well as Xinjiang Uyghur region. Although Nepal is supporting ‘one China’ policy but China has worried about future of these fragile part because external influence may provoke anti China feeling in Nepal and Nepal may be a asylum of radical groups which excited the demand of separation. India also has worried towards Nepal about internal security in North East region (which has faced many separatist demand for a long time) and external security towards China, because China has already joint Kathmandu to is Tibet region Lhasa which may dangerous strategic threat in time of Indo-China conflict. So, India wants to close ties of political, economic and strategic partnership with Nepal.

Increasing closeness of China with Nepal, in infrastructure, economic and political sector seems to preventive steps of China to check India influence in Nepal. Since, monarchy has totally rooted out from Nepal. So, India has no option to appease monarchy or democracy which has been a option for a long time to fulfill of Indian interest. Hence, we have to understand Indo-Nepal relation with awareness at China factor, because China has always taken the advantage of Indo-Nepal bilateral tension.

After the independence of India, well established Indo-Nepal relation since British era, speed up with Treaty of Peace and Friendship, 1950, on 31 July 1950. It is perpetual treaty (until it is terminated by any side) with 10 articles, which provides especial ties in bilateral relation.

The main provision of the treaty are-¹

1. The relation of both countries will base on ‘respect the complete sovereignty, territorial integrity and independence of each other.’ In
sake of good relation, both inform to each other’ any serious friction or misunderstanding with neighbouring country.

2. Nepal has allowed to import arms, ammunition and war like material as well as equipment for the need for security to India or beyond with consult to India.

3. Both countries will treat the same with their citizens in context of residence, ownership of property, trade and commerce, movement of people.

In brief, we can say, this treaty provided opportunity for the citizen of both side for treating on par in matter like business, ownership of property, job etc. In this treaty, one side Nepal has accepted to depend upon India for security and military equipments and other side also agreed on Indian consent to import arms and ammunition from other country.

We can see clearly the sign of Indian domination in this treaty due to Indian security concern but it checks the ambition of Nepal for international exposure. So, finally it emerged as bone of contention in mid 1970s, when Nepal tried to assert its independent stance on both foreign policy and security concern. Later on, Maoist flogged India for all major problems of Nepal with claim of ‘breach of Nepalese sovereignty’.

Treaty of trade and commerce was signed in 1951, by both governments which provided the opportunity not only unrestricted entry of Nepalese goods and products to all Indian states but provided trading routes also to landlocked Nepal through Indian Territory.
In such especial ties, India had to become a party in any political changes in Nepal for a long time, India tried for balance relation with monarchy and democracy flow in Nepal. One side India promoted democracy (due to commitment of democratic values) but other hand tried to preserve especial authority of kingship (due to its national interest).

India took a mediator role in 1951 in New Delhi which was held especially for reconcile among King, Ranas and Nepali Congress Party, which ended with conclusion of formation of democratic system with constitutional monarchy system in Nepal. But this accord could not follow for a long time and monarchy continued in some what way until parliamentary democracy succeed in 1990.

In 1960s, Indo- Nepal relation jerked by anti-India stance of King Mahendra due to closeness with China. King Mahendra did not like the Indian support to democratic movement which was directly against his monarchy and he hoped to India not for asylum to democratic or radical leader of Nepal. China took advantage of political instability in Nepal and favoured kingship in Nepal to balance Indian influence.

At this time, a ten year treaty, ‘Treaty of Peace and Friendship’ between People Republic of China and Kingdom of Nepal was signed on April 28, 1960. In this treaty both government committed for -to respect sovereignty and territorial integrity, peaceful and friendly relations, peaceful settlement of disputes, no interference in domestic affairs and strengthen the economic and cultural ties. China provided economic aid so that Nepal’s economic dependency on India might reduce. China also provided some concession in favour of Nepal in China- Nepal Border Agreement and got
the right to construct Kathmandu-Kodari road. On the basis of economic aid China tried to provoke anti-India emotion with help of kingship of Nepal. India reiterated its view to finish misperception of Nepal that India had neither intention to interfere in domestic issue or any claim on Nepal’s territory.

In spite of Indian warning, Nepal singed the agreement with China for Kathmandu-Lhasa highway construction. Nepal followed the policy of equi-distance in India-China war of 1962. In fact, Nepal wanted to behave as sovereign state to ignore especial ties with India.

However, India-China war of 1962, proved a thrust in Indo-Nepal relation. Nepal become more important for India in strategic context and forced to more friendly relation with Nepal.

Nepal also suspected towards China’s aggressive approach to solve the bilateral disputes. In this time, Nepal not only committed for ‘no one allow to attack on India from its territory’ but supported also the Indian view on Kashmir. For better relation India also poured its invest in developing infrastructure of Nepal like-highways, airport irrigation project and hydroelectric sector.

But end of 1960s, anti-Indian movement speed up in Nepal which was challenging the core base of Indo-Nepal relation and propagated it as ‘protest of Indian imperialism’. Nepal demanded for not only withdrawal of Indian personnel from north check post but Indian liaison group also withdrawal from Kathmandu. It was seems that China, Pakistan as well as Nepal monarchy axis were behind the curtain. In this time, Nepal also demanded for substantial review and amendment in Indo-Nepal Treaty of
Peace and Friendship 1950. Nepal had main objection on its article 2, 6 and 7. Article 2 of this treaty is related to inform about serious friction or misunderstand to other neighbouring country, Article 6 and 7 are related to privileges of citizen of both sides in economic activity, residence, property ownership etc. Nepal was protesting article 2 on the basis of sovereign state theory and article 6 and 7 was opposing on the basis of economic resource transfer in Indian hand. India could not follow any serious steps due to understand China and Pakistan role in Nepal because any aggressive step worst the situation.

However, Nepal turned its position in early 1970s when Nepal felt the reality of Indian oppose which was against Nepal itself. Nepal’s policy towards Bangladesh crises cleared the Nepal’s positive approach towards India. Nepal expressed its concern on migrated refugee to India from East Pakistan and also demanded for peaceful settlement. Nepal not only recognized Bangladesh as a sovereign state but also supported Indian view in UNO.

But political flurry reiterated Indo-Nepal relation on the issue of Sikkim. India united Sikkim as its union state after the peoples’ revolt against Chogyal (Sikkim’s ruler). Nepal monarchy feared the hope of democratic thrust in Nepal by nearer neighbour. Anti-India movement promoted in Nepal with Claim of ‘interfere in internal affairs of Sikkim. India refused to the claim by saying bilateral issue between India and Sikkim and no one country should interfere in its domestic issue. India had to force to interfere in Sikkim for the sake of people and democracy.
At the same time, Nepal requested to major power as well as neighbours to declare it as ‘Zone of Peace’ for maintaining Nepal’s neutrality and security, which was reiterated officially in 1980s. It was said that China and Pakistan were responsible behind the curtain. It was very challenging situation before India, how support the Nepal’s peace zone proposal due to security concern and hostile relation with China.

However, perpetuality of Indo-Nepal relation was maintained, in spite of some what difference India continued in developing infrastructure, telecommunication, horticulture, education, economic aid and support in important hydroelectric project- Kosi, Gandak, Trishuli, Pokhara, Karnali, Devighat etc.

Multi Party parliamentary government and constitutional monarchy came in force in Nepal in 1990, which provided the opportunity of sound and smooth relation but Maoist-movement in Nepal soured the relation. It is said that China promoted Maoist movement with the help of arms supply and finance in Nepal because democracy in Nepal may harm its interest. Maoist movement promoted violent campaign against government and monarchy, which led to Nepal towards political instability and Nepalese coalition government was seems to helpless to prevent violent situation. Seeing struggle, between Maoist and democratic power, King Gyanendra dissolved the parliament in 2005 and tried to crush Maoist and democratic power and tried for maintaining authoritarian monarchy. In this situation, playing a crucial role, China turned its coat and provided military assistance to king to fight Maoist insurgency. 

For sake of national interest, China totally ignored the ideological similarity with Maoist. Since, the US, UK and also India suspended the weapons export to Nepal due to use against democratic movement, China took it as an opportunity to step up deeply in Nepal.

It was seems that king keened for restore monarchy with Chinese assistance. King’s decision for dissolving parliament excited the public opinion against palace in Nepal and violent movement started in Nepal. Finally, democracy was maintained with multiparty, republic and secular state in 2006. India played an important role in restoring democracy and reconciliation among many party to agree with democracy.

After the general election in Nepal in 2008, no party attained majority for government operating and Nepali Communist Party (Mao) emerged as largest party in Nepal which is well known anti India and pro China attitude. So, it was natural Nepal’s incline towards China. Becoming P.M. of Nepal, party chief Pushpa Kamal Dahal (Prachand) expressed his intension to first visit to China in May 2009. It was the sign China, not India was priority to him.

During his visit, Prachand wanted to a new ‘Comprehensive Treaty’ with China to replace the Peace and Friendship Treaty of 1960. Prachand accepted this fact in an interview with Times of India, after resigning as PM of Nepal. Prachand said. “Yes, we want a pact on the like of 1950 India – Nepal Treaty of Peace and Friendship. We could have prepared the ground for this. We want to formalize it only after taking other political parties into confidence. This treaty would have no negative impart on our friendship with India. We want to just strengthen our ties with China according to the
changed situation in Nepal. We are now a republic". If were, done so, it would detriment to Indian interests and security concern.

India has expressed its worry about competitive approach of China with India in context of the Nepal. Indian foreign Minister S.M. Krishna during his visit to Beijing in April 2010, told- “India and China must remember that two countries are each part of the other’s immediate periphery…………… both seek a secure and peaceful environment that allows them to focus on domestic growth prospect (and that we must) encourage progress in our neighbourhood (so) we will be more secure and stable.” India seems to worry about Chinese troops in Tibet at Nepal’s border and Tibet railway arrival near Nepal border till 2013 which provide better strategic access to China on India.

Although, Prachand has lost his chair but has succeed to demand of ‘unanimous government, militaries of his party troops as Nepal army and totally abolition of monarchy. Prachand has claimed India ‘openly interfere’ in Nepal’s political instability which is the matter of breach sovereignty.

Some border disputes also haunted the Indo- Nepal relation time to time- Mechi river sector, Laxmanpur dam area, Tanakpur Barrage area Kalapani- Limpiyadhura area etc. Most haunting border dispute is chunk of encroachment of Kalapani Limpiyadhura area which was encroached by India just after India-China war of 1962. India wants to present here because it is a strategic point like Siachen in Kashmir to watch Chinese activity and security of Lipulekh pass which may used for attack on India by China. Open border and especial ties with Nepal also, is creating some tension like-cross border terrorism, crime, drugs trafficking etc, in bilateral relation.
Although, India has maintained the largest trading partner of Nepal in term of import and export both but Chinese influence in Nepal economy is constantly increasing which seems to alarm for Indian economic hegemony in Nepal in future. Now, China has become fifth largest exporter and second largest importing country to Nepal.  

Thus, review of the political relation of India and Nepal, it seems to that Nepal wants to more and more economical benefit but want to relation as sovereign level, ignoring its location, area, population, size of economy etc in context of India. Nepal has fear of ‘big brother syndrome’ toward India. Nepal wants to only share in profit not share in loss. This attitude of Nepal is main hurdle in energy politics. Nepal welcomes the huge investment in energy sector but does not welcome at the time of profit sharing.

4.3 Energy Resources Engagement between India and Nepal

Energy politics between India and Nepal is not as important for Nepal as for India, because Nepal is very small country in term of size of economy and industrialization. In 2007, energy mix up of Nepal was on the level of fuel wood 68%, agriculture waste 15%, dung 8 %, petroleum 7%, coal 1 % and hydroelectricity 1%. Except of some lignite coal deposit, Nepal has no known oil or gas reserves. Due to landlocked country, Nepal is forced to import total need of petroleum either from India or from international market routed through India. Indian refineries (Mathura, Barauni, Haldia Bougaiyon) supply petroleum and petroleum products which is needed of Nepal. All the petroleum product consumes in Nepal are procured and imported from Government of India undertaking national oil company, i.e. -
IOC, under five year contract agreement signed on 31 March 2007. To counter increasing demand of petroleum in Nepal’s economy, a MoU between IOC and NOC for constructing a cross boarder’s petroleum product pipe line from IOC’s depot (Raxauli) to NOC’s depot (Amlekhyunj) has been signed.

In such condition, when India import 70% oil and gas its need and Nepal import 100% of its need, water has become an important natural resource of energy demand. India and Nepal have been trying to co-operate in hydroelectric sector for five decades. However, there is a very little progress has achieved due to political nexus, selling price, profit sharing etc, in which some are genuine while others are born out of skepticism. It is a very considerable point that politics of water resources is different, compare to Pakistan and Bangladesh because Nepal is upper riparian state, which provides the opportunity to Nepal to control the water flow to India.

Nepal has huge potential for hydro-power generation. Approximately Nepal has 83000 MW total hydro-power capacities in which 42000 MW economically feasible. Only 600 MW potential has developed which is less than 2% out of 42000 MW economically feasible potential that means 98% potential is remain. Fast moving, deep and perennial nature of Nepali rivers and also Nepal’s topography provide the ideal situation for some largest hydro-power plant of the world in Nepal territory.

However, one side Nepal is rich in hydro power resources but other side only 40% Nepal’s people has access to electricity and electricity is responsible for 1% in total energy mix up of Nepal. Energy mix of Nepal is dominated by fuel wood which has critical environment issue. It is well
know that mostly Nepal’s power plant are run of river type that means Nepal has not proper capacity for storage of water. Due to lack of huge amount of water storage, supply pattern of electricity is depended on ‘water availability’ during monsoon season it has excess and in dry season it turn to short. During lean season, Nepal has forced to import electricity to India for its need.

So, it is a fair bargain for Nepal to cooperate with India for developing its capacity and also for revenue to export electricity. Neighbouring India (six largest energy consuming country of the world) is facing a great challenge of deficit of energy supply due to its growth aspiration and bear peak load shortage of 7 – 12% per year in electric supply \(^{15}\). In such case, Nepal provides a cheap and permanent supply option to India. India has technology, finance as well as skill for management to build mega hydro power project. These hydro-power projects are beneficial for both in term of energy security, environment and economic rationality. Nepal’s importance is not only for Nepalese river but trans-boundary rivers also, because without Nepal’s consent, India neither check flood nor store the water for electricity.

India and Nepal share almost 226 rivers but four major (Mahakali, Karnali, Gandak and Kosi) and five minor rivers (Babai, West Rapti, Bagmati, Kamala and Kankai) are more important which are responsible for 47 percent of overall flow in the Ganges Basin\(^{16}\).

Through its hydro-power politics, India has tried to build multi purpose project in border area (like Kosi and Gandak Project), provide aid to Nepal for its hydroelectric project (like Trishul Devighat, Fewatal Small
Hydroelectric Project) and also has tried for joint Mega power plant (more than 1000 MW like Chisapani (Karnali), Pancheshwar, Kosi High Dam Multipurpose Project. India is also trying for developing public and private partnership (PPP) model in hydro-power generation (like West Seti Hydroelectric Project on Upper Karnali Hydroelectric Project).

But the nature of transboundary rivers which continue change their route and cause of flood in lower region of Nepal and India, provoke the political rapture in both countries. Nepal has always claimed that India has constructed barrages along the border without any consult. This unilateral approach of India, Nepal has to loss its fertile land due to submersion in Tarai region. Nepal wants to give and take policy that means Nepal can not bear loss without sharing profit. Without proper dialogue and political consent, havoc of flood haunts the hydro-power politics between India and Nepal which is flavoured many politicians by blaming other side.

Kosi project was the first step in hydro-power politics between India and Nepal. Kosi Agreement was signed on 25th April 1954 mainly for flood control and irrigation in Bihar (India) and Trai region (Nepal), power generation was minor provision of this agreement. According to agreement, a barrage has built on Kosi in Nepal. Nepal has allow to water from Kosi and its tributaries for irrigation and other use and India has allowed to regulate to water balance for irrigation and hydro power through its eastern main canal17. In context of power generation, the agreement says that “up to 50 percent of total hydroelectric power generated by any powerhouse situated 10 miles radius from the barrage site and constructed by India will be available for use of Nepal”18. 6800 KW hydroelectric power plant had set
in Kataiya (India) for electric generation but, due to heavy siltation and technical problem, it became inoperative soon. India was accused for flood and submersion of border Tarai region and this issue politicized in Nepal to oppose India. For seeing protest, India first time exported electricity to Nepal from its Kataiya power house. Finally, India and Nepal was agreed to amend in this treaty in 1966. But dispute over Kosi dam could not solve, time to time it flamed the relation. Dispute over repair to Kosi dam had become a core issue during the flood, destruction in Bihar in 2008.

The Gandak Agreement was signed on 4\textsuperscript{th} December 1959 which was related to construct of a barrage in Nepal on Gandak (which is known as Narayani in Nepal) for irrigation and power generation by both government. According to the agreement, India has allowed for 920000 hectares irrigation area and Nepal for 37000 hectares from Eastern main canal and from western canal 93000 hectares to India and 20000 hectare to Nepal. Both countries agreed on 15000 KW hydro-powers on main western canal in Nepal and transmission line was connected between Nepal and Bihar grid. It was the first provision to export hydro-power by Nepal to India on the basis of actual cost of production and terms and condition by mutual agree. This agreement also turned in matter of disputes at selling rate of electric.

Kosi and Gandak Agreement are mainly for flood control and irrigation which is no doubt that these are more beneficial for India but it cannot ignore, mostly infrastructure and financial support in these projects provide by India and India also lower riparian states. If Nepal wants to equal benefit, Nepal should equal partnership in infrastructure, finance and technology.
Mahakali Treaty proved a milestone in hydro-power politics between Nepal and India. Mahakali Treaty was signed on 12th February 1996, which includes the Sarda Barrage, Tanakpur Barrage and Pancheshwar Hydropower Project. The main provision of the Treaty is 20-

(i) Equal partnership in regard to waters of Mahakali River and its utilization

(ii) Nepal will attain 28.35 m³/s of water in wet season and 8.50 m³/s in dry season from Sarda Barrage for exchange of submerge area of Tanakpur Barrage. 70 million Kilowatt hour (kWh) electricity on continue basis will be available to Nepal free of cost, from the date of entry into force of the Treaty and further storage provide the half water and energy from Tanakpur Barrage.

(iii) Equal capacity of power plant on both banks of the river at Pancheshwar and total energy generated shall be shared equally. If India buys the Nepal’s share of energy then price will be fixed by mutual agreement. The cost of project shall be dividing in proportion of benefit.

(iv) For power, irrigation and flood control, Pancheshwar project to be designed to produce the maximum total net benefit.

(v) There will be a Mahakali River Commission for recommendation and coordination of different aspect of Treaty.

As thus, Mahakali Treaty has proved the first treaty in favour of Nepal which “tries to develop a principle of sharing cost and benefits and
recognizes (for first time) Nepal’s prior water right.” However, Mahakali Treaty has been always in circle of dispute due to mistrust, internal politics of Nepal, selling price and interpretation of treaty, are some issue which sours the intention of agreement. Obviously Mahakali treaty is based on cost and profit sharing but Nepal allowed past mistrust which overshadow even easy matters. Nepal’s political instability seems to main reason behind this. Many Nepalese leaders do not like the Indian troops on disputed territory over Kalapani, which is the origin of Mahakali river and having a capacity of control over Kosi and Gandak Barrages. It is always a easy task to agree with stable government but instable government make delay in decision, which is clearly seen in delay of Pancheshwar Project (6000MW).

For a better analysis of energy politics between India and Nepal, Tanakpur Barrage and Mahakali Treaty should be discussed in historical perspective. Tanakpur Barrage (in Uttarakhand, India) had been disputed in initial stage due to submerge of 2.9 hectares, agricultural land of Nepal. It was very queer situation that Tanakpur Barrage situated in Indian territory and profit also consume by India but it was cause of flood and submersion in Tarai region of Nepal. This barrage was completed in 1988 but dispute over submersion always attached with it till Mahakali treaty provide compensation for it. Nepal always flamed it with highlighting the emotion of ‘breach sovereignty’.

As for as Mahakali, Nepal started construction of Mahakali Irrigation Project with help of Word Bank which completed in 1975 to utilize its water share which was provided to Nepal by Sarda Agreement 1920. India opposed the project due to flood. Finally India and Nepal agreed
with joint adventure in 1977. In the mean time, dispute arose in 1983, with construction of Tanakpur Barrage on the land which was provided to India by Sarda Agreement (in British era 1920). Nepal opposes Tanakpur Barrage due to its fear of damage of irrigation project of Mahakali and submersion of Tarai region. In short term, India and Nepal agreed on Tanakpur Barrage and on submerse area on the basis of understanding and parliamentary ratification’ in 1991 But it could not so, due to oppose in Nepal. Finally, India had to force tempted Nepal with free water for irrigation and electricity by Mahakali Treaty which proved a fair deal to Nepal.

India has also tried to develop hydro-power project in Nepal on grant aid basis (like-Trishuli, Fewa Dam, Devighat etc). So that, Nepal can fulfills its need and export excess electricity to India. India is also trying for different power transmission link to exchange the power. Both countries has signed a power trade agreement in 1996.\textsuperscript{22} Mega project seems to very lucrative in hydro-power context for need of both country. So, both countries have already set joint expert groups for studies mega project like-Chisapani Multipurpose Project (Karnali) and Pancheshwar High dam multipurpose project. But, in spite of several meetings and commitment progress of these projects are very slow due to political nexus. Pancheshwar Project (6480 MW) agreed to prepare within six month of Mahakali Treaty but it could not yet operative and its operative possibility turn by 2013. Chisapani (Karnali) Project (1080 MW) agreed to prepare 1984 with financial support of Word Bank, also awaited to its proper end.

It can not say that there is no provision for management and preventive institution to settle dispute but politically biased approach fades

In conclusion of Indo-Nepal energy politics, it can be said that both countries are co-operative to import energy from abroad but co-operation on domestic level (hydro-power option) is far from smooth, which can easily provide option for economic growth to both. Nepal seems to bargain with India that water is as strategic resources as its territory and water is like ‘Nepal’s oil’ which can not because without pay and support to Nepal.

4.4 India-Bhutan Harmonious Political Milieu

Now, we take another part of the chapter, Indo- Bhutan energy politics. Since, political relation of both countries are very smooth and sound, we can clearly observed its impact on bilateral energy politics on domestic and external level both. At first, we discuss political relation and then conceptualize energy politics.

Bhutan is probably only country in South Asia, with which India’s relation has remained generally smooth and devoid of any notable controversies. Both countries have responded positively to mutual interest and concerned which yielded high dividend to both. Strategic location between India and China, bordering with India, enormous possibility of
hydro-power in its rivers, and due to landlocked country; Bhutan’s relation with India is notable not only context of strategic and economic but energy context also.

Bhutan is only a neighbouring country of India, which is far from Chinese counter Indian influence till now. After the review of Indo- Bhutan Treaty (which was most controversial issue in bilateral relation) and advent of new type of government and changing security and economic scenario; Indo- Bhutan relation has become more important than past.

Indo- Bhutan relation is especially based on ‘Treaty of Friendship and Co-operation, 1949 which was signed on 8 August 1949 (this treaty replaced the Punarva Treaty 1910 of British era). In this treaty, which had 10 articles, both countries agreed on-  

(i) The relation will be based on ‘perpetual peace and friendship and India promised to Bhutan ‘no interference in internal administration’ and Bhutan agreed on ‘to be guide by the advice of the Government of India in regard to its external relation’.

(ii) Both country agreed on free trade and commerce, residence and treat the citizen as same in their territory.

(iii) India promised to Bhutan ‘every facility for carriage, by land and water of its produce’ through Indian territory which will based on mutual agreement from time to time.

(iv) Giving their consent on strategically close ties, India agreed on “The Government of Bhutan shall be free to import with
the assistance and approval of the Government of India; from or through India into Bhutan, whatever may be required or desired for strength and welfare of Bhutan, and this arrangement shall hold good for all time as long the Government of India is satisfied that the intentions of the Government of Bhutan are friendly and that there no danger to India from such importation.”

(v) It was also a provision of this treaty that it would continue in force in perpetuity unless terminated or modified by mutual consent.

We can see a havoc controversy in this treaty, Article 2 is emphasized one side Bhutan to seek India guide in external affairs while other side India has committed for no interfere in Bhutan’s domestic affairs. In fact, behind this controversy, geopolitics and security challenges of both countries were responsible. This was the time of Chinese proclamation to take over Tibet and also claim on Bhutan’s territory. So, it was urgent need for Bhutan to close with India for security and growth. India had also security concern because Bhutan was bordered with unrest North-East India region and unstable neighbour might cause of instability in India. Bhutan’s strategic importance has become more important to India after 1962 war with China.

If we ignore some minor issues, Indo- Bhutan relation is always as friendship and co-operative. Bhutan was hesitated at the time of merger of Sikkim in India in 1974. At this time Bhutan openly criticized the 1949 treaty in term that Bhutan was not forced to adopt the guidance of India in its external affairs due to sovereign state. But India as well as Bhutan did not
given deep importance to wrangle on this issue and bilateral relation generally unchange. Since absence of haunting bilateral dispute, third party involvement also is inactive in Indo- Bhutan relation.

Bhutan, mostly has been a reliable supporter of India view at international level-membership of non-alignment movement, recognize Bangladesh, support the proposal of nuclear free zone in South Asia, acceptance towards Pokharan explosion as Indian security concern, support of permanent membership of India in UN Security Council, support India in WTO and other multilateral task; are some example of harmonious relation. Bhutan has proved its reliability in 2003, when Bhutan’s Royal Army campaigned to root out anti India radical groups (like ULFA, Bodoland National Democratic Front etc) in its territory.

As the result, we can see, India has been continue main donor of external aid to Bhutan and open hearted support to Bhutan in education, military training, health and other infrastructures like-road, airport, dam etc. Proximately 80% Bhutan trade only with India. Although, India has been accused (by some critics) of playing game of ‘one-upmanship’ with Bhutan and directly interfere in its internal matter, but realities lie in misunderstanding of complementary interest of both side.

Indo- Bhutan relation has adjusted with the advent of democracy in Bhutan and their relation now has become more democratic today. Since, transformation of Government in Bhutan turned with peaceful, so perpetual relation has remained unchanged. India Bhutan Friendship Treaty of 1949 has replaced by another Indo-Bhutan Friendship Treaty of 2007. Mostly provisions of this treaty are same as treaty of 1949; largest change has put in
Article 2. In treaty of 1949, Article-2 forced to Bhutan ‘to be guided by India in its external affairs’ which haunt the sovereign state, but Article 2 of India Bhutan Friendship Treaty of 2007, says-26 close friendship and cooperation in their national interest’ which provide the opportunity to Bhutan to adopt its foreign policy according to its national interest.

But recent strategic scenario, China seems to an inherent major challenge in Indo-Bhutan relation which has the potential to undermine Indo-Bhutan partnership in near future. It is well known the unsettled boundary between Bhutan and China may haunt not only Bhutan but India also. Increasing illegal infiltration of Chinese troops in Bhutan territory is creating fear in the minds of Bhutan’s that they paid the cost of closeness with India and Bhutan has turned as buffer state like Nepal. China claims over 764 square kilometers area-269 square kilometers of north-west part of Bhutan and 495 square kilometers at central part of Bhutan.27 China wants to blackmail Bhutan through its package deal which is based on exchanging 495 km² of territory in central Bhutan with 249 km² of territory in north-western Bhutan which is closed to the Chumbi valley.28

Chumbi valley region is a vital tri-junction among Bhutan, India and China, which is strategically importance to India. Chumbi valley is only 500 km far from chicken neck corridor of India (Siliguri corridor, only 24 km wide) which joins to north-east part of India to main territory and all communication and transportation of north-east India depend on this corridor, that means total security of north-east India is depend on this. Besides, Chumbi valley joins India with Nepal and also bordering with Tibet.29 China seems to play with Bhutan, hard-ball on boundary issue by
incursion and soft ball on economic aid and cultural influence. China clearly refused the Indian role in China- Bhutan talks on boundary issue. China only talks with Bhutan on bilateral basis.

As thus, emerging China, in South Asia, Indo- Bhutan relation seems to face the dilemma in traditional friendship. Bhutan does not follow Nepal’s failure policy China card’ against India but can not ignore powerful neighbour China to diversity its foreign policy.\(^{30}\)

### 4.5 Energy Co-operation between India and Bhutan

If we talk on energy politics between India and Bhutan, as like Nepal, it is more important to India rather than Bhutan. Lack of heavy industrialization, rural population and small economy, Bhutan’s energy demand is not as intensive as India. Majority people of Bhutan depend on fuel wood for their energy requirement. In 2007, energy mix-up of Bhutan was\(^{31}\) fuel wood-57.7%, electricity-15.9%, diesel-11.5%, coal-6.8%, kerosene-2.8%, petrol-2.8%, LPG 1.3% and other-1.3%.

As like Nepal, Bhutan has no known reserves of fossil fuel (except of some amount of coal) and Bhutan also depends on India for its demand for petroleum and petroleum produce. So, India and Bhutan has forced to joint venture not only abroad for petroleum import but domestic level also. It is fortune of both countries they share fast moving, deep, and perennial nature of Himalayan rivers which has enormous capacity of hydro-power. Hydro-power is a lucrative option for both economies which can support to counter energy demand of India and provide revenue and electricity to Bhutan. Any energy politics discussion between India and Bhutan, can not perfect without water politics.
Hydroelectric politics is a important pillar in Indo- Bhutan relation which has been most smooth and sound compare to Nepal. Bhutan is a poor country which has neither finance nor technology to utilize its water resources, which suit for India which has political will, finance and technology to provide hydro power to its hungry energy market. Bhutan’s rivers are also seasonal, like Nepal, so hydro-power generation capacity is depend on the water availability. During the lean season it downs to one six of its total capacity which force to Bhutan to electric import to India\textsuperscript{32}. Bhutan has potential of 30000 MW hydro-power in which 24000 MW is economically feasible, in which only 5 % is utilizing (1450 MW). India import more than 1300 MW hydro electricity form Bhutan.\textsuperscript{33} Tala, Chukha and Kurichhu are main projects for India to export hydro-power.

Many Trans-boundary rivers (like-Kaljani, Manas, Dharla, Amo etc.) have shared between Bhutan and India but these rivers are neither cause for havoc flood, nor do political raptures play role in hydro energy politics between India and Bhutan. We can obviously conclude that economic and political influence makes the smooth bridge for hydro-power co-operation in Indo- Bhutan relation.

In spite of late beginning, there is a lot of progress. It began in 1967, with Bhutan’s import electricity from Indian Jaldhaka Hydro-power plant (in West Bengal) and till 1990s it turned in export to India.\textsuperscript{34} Since 1989 to 2007, three hydro-power plants have completed-Chukha, Kurichhu and Tala.

Chukha Hydroelectric Power Project (CHEP) is situated on Wangchu River in Chukh district of Bhutan. This 336 MW power project was built by India in 1989 and its 75% electric is exported to India which is precious
earning of revenue to Bhutan. Kurichhu Hydro Electric Project (1995) was built by Indian aid (60% grant and 40% loan). 60 MW Kurichhu hydro electric plants, is a run of river type, and is situated on Kurichhu River in Monger district of Bhutan. This project also export remain power to India, Tala Hydro Electric Project (1996), 1020 MW run of river project is built on Wangchu river by Indian fund as 60% grant and 40% loan. India imports its surplus power.

These projects has completed in time because political will and political consensus dominated to emerging disputes like- selling price, submersion, profit sharing etc. India has already committed in December 2009, to purchase at least 10000 MW hydro-power by the year 2020. For this purpose, India and Bhutan has signed agreements for ten hydroelectric projects— Punatsangchhu I (1200 MW), Punatsangchhu II (1000MW), Mangedechu (720MW), Kuri Gongri (1800 MW), Bunakha (180 MW), Sankosh (4060 MW), Wangchu (900 MW), Chamkarchh I (670 MW), Amochhu (620MW) and Kholongchu (650MW). Mostly of these projects are determined on 70% loan and 30% grant. India and Bhutan also have allowed to private sector for hydro-power generation on commercial basis.

Hence, Indo- Bhutan energy Politics can be described as ‘ideal form’ in South Asia in term of domestic and external adventure. 45% total export of Bhutan to India only comes from Hydro power export. It is the example for mutual co-operation to maintain energy security with low risk and complication.
4.6 India – Sri Lanka political and energy linkage

Eventually, we come to Indo-Sri Lanka energy politics. It is different task compare to Indo- Nepal or Indo-Bhutan, because both have only political and economic factor and directly related to co-operation. Indo-Sri Lanka energy politics is not directly related because both countries has no trans boundary river or any country depend on another for import or export of energy supply. Indo-Sri Lankan energy politics has more strategic importance rather than political or economic. Since, Sri Lanka is situated near main energy supply route toward Asia, so its ties has become important to any country. 65% Indian and 80% China’s petroleum import pass near Sri Lanka, so India and China both want to ally with Sri Lanka which turns in political bargaining of Sri Lanka with India and China. Why Indo-Sri Lanka energy politics has turn in strategic form, we have to analyze the political raptures in bilateral relation between India and Sri Lanka, which is used by third country and thus, Indian Ocean turned in strategic competition.

Indo-Sri Lanka political relation has faced several ups and down. Ethnic conflict has been a cause of irritation in bilateral relation since along period. Today, when ethnic problem come to its military end, due to external power involvement (especially China) has soured the bilateral relation. Kin relation of Tamils with Sri Lanka and geostrategic position of Sri Lanka for Indian security concern, are two main critical components in their bilateral relation.

Both countries have undersized of colonial rules of British and got freedom at the same time (1947-1948). Sri Lanka also followed the policy of co-existence, non-align movement, Republic Government and full faith in
UNO. In spite of all these affinity, ethnic tension has been irritating the bilateral relation since independence.

Ethnic conflict originated by the feelings of Sinhalese nationalism. In colonial era, Britisher followed the policy of divide and rule’ in Sri Lanka and promoted Tamils against Sinhalese. As thus, root of ethnic problem can be search in colonial rule, but later on, without proper handling, it turned into violent. Majority of the Tamils, who went to Sri Lanka, related to Madras province of British India. Britishers sent to Tamils in Sri Lanka especially for plantation work and other many Tamils went there in search of livelihood.

After the independence, Sri Lankan government differentiated in Tamils as Ceylon Tamils and Indian Tamils. Ceylon Tamils whose ancestor went to Sri Lanka in past (before 19th century), recognized as ‘citizen and other who went to Sri Lanka in 19th century or later, did not provide citizenship. Majority of Sinhalese tyranny and political bonafide action of Sri Lanka leadership promoted the feelings of National homeland as a ‘Republic of Elam’ in majority area of Tamil in north province of Jaffana in Sri Lanka. Citizenship related Act of 1948 and 1949 depraved a millions of Tamil from political right and citizenship. Sri Lankan government continued discrimination in 1956, Sri Lanka Government eliminated two language formulas and Sinhalese was declared as official language through Official Language Act 1956. It was staunchly opposed by Tamils and ethnic violence put in force. Slowly and slowly government biased in representation, public services, army, police, education etc. Sri Lankan Government also promoted
Sinhalese to rehabilitate in the majority area of Tamil for controlling Tamil’s unity.

We can say that Sri Lanka’s ethnic problem was basically problem of national building with minority section. Sri Lankan leaders could not address properly the minority problem. Any tyranny on Tamils provoked the Indian feeling especially in Tamilnadu (Madras) due to blood relation. So, India had to talk with Sri Lanka for peaceful settlement of ethnic problem. India always supported the peaceful settlement of ethnic conflict within sovereignty and territorial integrity of Sri Lanka. In Indian view, ethnic problem was basically problem of autonomy and federalism. If Sri Lanka forced it actual position it might easily solved. It was an important question why ethnic problem turned in violence?

In starting, Tamil leader S.J.V. Chelvanayakam, started peaceful movement in 1950s against melafise intension of government under the flag of Federal Party. Sinhalese as well as Sri Lankan government put a full hand to crush the peaceful movement so radical activity was increased and Chelvanayakam successor Amritlingam also promoted violence. Amritlingam did not believe in peaceful and non-violence means. So, he started staunchly oppose to government with violence activity. He tried to unite Tamil under the umbrella of Tamil United Liberation Front (TULF). Many Tamil youngster also, who did not deeply believe in non violence measures, united them self as ‘Liberation Tigers’ whose aim established a free Elam or homeland for Tamils. After this many radical groups emerged and tried for Tamil homeland.
As thus, a deep trench of unfaith fear and political rival had drawn between Tamil and Sinhalese in First decade of independence. Any oppressive activity of Sri Lankan Government led the flood of migration of refugees in India from Sri Lanka and due to domestic politics India had to talk with Sri Lanka on Tamil issue. India always tried for suitable agreement to check situation.

Nehru-Kotelwala Agreement (1953) was the first important agreement by India and Sri Lanka to handle the ethnic problem. In this agreement, Sri Lankan Government agreed on registration to all Indian origin people who wanted to live permanently in Sri Lanka. Sri Lankan government would provide a separate electoral register to Indian origins for representation in legislature. Indian government agreed on step up effective provision to check illegal migration to Sri Lanka and gave its consent to set back the peoples who were not willing for Sri Lankan Citizenship.

Sri Lankan Government did not follow the provision honestly, and many Tamils thrust into the status of ‘stateless’ person which remain flamed the ethnic tension. Shastri- Srimavo Agreement (24 October 1964) tried to solve the problem of these stateless persons.

A territorial dispute over the Kacchativu arose in bilateral relation in 1960s. 1 square km small, uninhabited island, is situated at Palk Strait, near the Jaffana coast. It was only place of pilgrims who were moved for St. Anthony Ceremony (four days Roman Catholic ceremony). In 1968, it became the bone of contention due to posting of Sri Lankan police in Kacchativu. Both governments tried to maintain peace and status quo through taking precaution of eliminate the presence of navel force, police or
other exciting steps in the region. Finally, in June 1974, India accepted the Sri Lankan sovereignty over Kacchativu, after the contract of Demarcation of Maritime Boundary.

In 1971, India first intervenes in Sri Lankan domestic affairs on the request of Sri Lankan government for crush the violence of leftist movement in Sri Lanka. India assured to Sri Lanka that Indian officers would not involve in anti leftist movement, only technical and military equipments provided to Sri Lanka. It is said that India not only provided helicopters but Indian navy also patrolled near the Sri Lanka coast for preventing external help to rebellious.

In spite of staunchly support of India, Sri Lanka did not support Indian view of Bangladesh crisis. Sri Lankan Government could not support separate nation because its country was also facing the challenge of separatist movement of Tamils. Sri Lanka criticized the Indo- Soviet Treaty as ‘India turn away non-alignment policy’.

Indian intervention in Bangladesh created the suspicion in Sri Lanka minds as the misperception of ‘Indian dictatorship syndrome’. At this time, Sri Lanka put the proposal of ‘Indian ocean as a peace zone’ not before only India but before UNO also. It was a very critical situation for India because one side India was trying for developing atomic weapon for security towards China and Pakistan and other side it was called for support peace zone of the region. In this hesitation, India supported middle path that India was in favour of Indian Ocean as peace zone but it should be limited only sea level. Since , this proposal was against the interest of not only the USA but Soviet Union also. The USA was already present in Diego Garcia with its military
base and Soviet Union was also keen for influence in India Ocean through India. As thus, this proposal was opposed in UNO by both regimes and it turned in cold. It was told that Pakistan and China provoked to Sri Lanka for demand of peace zone.

Deep rooted ethnic conflict in Sri Lanka emerged as ‘ethnic explosion’ in 1983. Tamil Tigers took openly support of violence for separate nation as ‘Elam’. Sinhalese harsh reaction and slack approach of Sri Lanka n government, it turned as ‘Sri Lankan carriage’. It started in July 1983 with 13 Sri Lankan soldier’s assassination by Tamil Tigers, as the result Sri Lankan Army blindly started tyranny and assault on Tamils. In such critical situation, anti- Sri Lanka movement in India turned to colour domestic politics of India. President Jayabardhanne accused India to help and provide asylum to Tamil Tigers.

This accusation was not totally wrong because in such critical situation one side India could not ignore the feelings of Tamils and other side it forced to India to interfere in Sri Lanka because Sri Lanka developed close relation with the USA, Pakistan and Israel which was not only dangerous for Tamil Tigers but also dangerous for Indo- Soviet relation. To counter Soviet Union in Afghanistan the USA tried for strategic supremacy in Indian Ocean, Pakistan and Sri Lanka were vital for blocked Indian Ocean. Hence, Indian interference was only the tool of pressurized Sri Lanka Government to take the Tamil emotion with sympathetically 38. Both Governments tried to handle the ethnic conflict but no solution could found.

In fact, Sri Lankan Government one hand continued to prepare for a long term and aggressive military campaign against Tamils and other hand
fraud for negotiate settlement, which was clearly seen in Thimpu, Colombo, Bangalore and New Delhi talks during May 1985 and December 1986. Military blockade of Jaffana province in December 1986 proved it. Now, it was cleared that any contract or negotiation with Sri Lankan Government and Tamils, could not success without Indian guarantee. At last, Rajiv-Jayawardhane Agreement was signed on 29 July 1987 during two day visit of Indian Prime Minister to Sri Lanka. Some main provision of this agreement were following:

(i) Accepting Sri Lankan multi-ethnic and multi-lingual plural society, northern and eastern province permitted for autonomy with one administrative unit, one elected provincial council, one governor, one chief minister and one board of minister. Above all provision will set by election (within three months of treaty) and after a referendum (before 31 December 1988). The election will be observed by Indian observe and referendum will be monitored by a committee headed by the Chief Justice of Sri Lanka.

(ii) Sri Lankan Government will withdrawal the emergency (till 15 August 1987), allow the meetings and other propaganda within the law of country. The Government of Sri Lanka will grant a general amnesty to political and other prisoners who were arrested under the Prevention of Terrorism Act and other emergency law and Sri Lankan Government also will try to rehabilitate militant youth to back in mainstream. Sinhale, Tamil and English will be official language in Sri Lanka and
Government of Sri Lanka shall ensure free, full and fair participation of voters from all communities in the northern and eastern provinces in electoral process envisaged in this agreement.

(iii) Tamil Militant was required to surrender their arms and Sri Lankan Army back to their camp.

(iv) Indian Government was committed, to ensure that its territory was not used against Sri Lanka, to check Tamil militant Indian navy would co-operate with Sri Lankan navy.

(v) Most important provision of this accord was that Indian Government took guarantee for impalement of this proposal and accepted the Sri Lankan request to afford military assistance to implement this proposal and later on Indian Peace Keeping Force was sent to Sri Lanka for this purpose.

This agreement was effort of arbitration which proved later on as a great political blunder in Indo-Sri Lanka relation, especially Indian context. It was the basic question before IPKF, peace between or among whom? Sri Lankan ethnic problem was not only two sided, between government and one group of Tamilian. At that time Tamilians had more than half a dozen groups (in which two were important-LTTE and EPRLF). The purpose of Indian Peace Keeping Force was also very ambiguous, was it for surrendering Tamilians’ before Sri Lankan Government or it was for surrendering government before Tamilians? Indian view of this time seems to promote EPRLF (moderate radical group) against LTTE.
Indian Army was not habitual of ground position of Sri Lanka and Sri Lankan Government cunningly posted to Indian force in its civil war. It was very queer situation that Indian were killing to Indian origins which created a strong exciting reaction in India, not only civil society but political leadership also called for back Indian forces from Sri Lanka. Indian force was not liked by only Sinhalese (due to external influence) but Sri Lankan Tamils also. Successor Sri Lankan Government clearly opposed to Indian forces. Sympathy towards Indian soldiers was full flagged, over the India and accused the leadership with comment of ‘Indian soldiers not fight for their country but for whims of politicians who manage to secure their chair’. At last, Indian Peace Keeping Force returns to home after the thirty months.

The above criticism of Indo- Sri Lanka agreement is mostly based on time after valuation. This agreement could success if Sri Lankan Government implemented it as actual provision with political will and successor of Sri Lankan Government were taken it as practical view for resolving the complicated issue and relinquished the dogmatic view towards Indian Peace Keeping Force. Sri Lankan Government, Government did not implement the provision of 1987 accord so, ethnic problem continue maintain in Sri Lanka. India banned the LTTE in 1992 because of its involvement in assassination of Indian Prime Minister Rajiv Gandhi and India reiterated its policy peaceful settlement of ethnic problem with unity and integrity of Sri Lanka.

In 1990s, “India adopted a new policy of non intervention with active interest in the ethnic conflict of Sri Lanka, the focus being on economic co-operation. India’s new Sri Lanka policy vis-à-vis the ethnic
conflict combined its old stand with the new reality.” End of cold war, emergence of unipolarity in world scenario, economic reform in India, trade and commerce, energy security and security of Indian Ocean compelled to India to change the foreign policy perception. Emerging China as a global power which seems to competitor of the USA and counter tendency of Indian hegemony in South Asia, forced to strategic linkage between India and USA and thus, Sri Lanka turned as matter of strategic supremacy in Indian Ocean. Sri Lanka started to take advantage of external power for its support and tried to isolate India from ethnic problem.

Sri Lanka expressed its worry for acquisition of atomic weapon to India and Pakistan in 1998, which was officially put in 10th SAARC summit of Colombo in July 1998. But later on Sri Lankan view seems to change and accepted it as particular threat for Indian security.

India welcomed The Cease Fire Agreement and a MoU in February 2002, between Sri Lankan PM Ranil Wickremesinghe and LTTE chief Velupillai Prabhakaran but India did not take any active part in peace process talks for ethnic reconciliation during 2002-2005, due to bitter experiences of Indian Peace Keeping Force. India played a role of only advisor to Sri Lankan Government and four Co-chairs- Norway, Japan, the USA and the European Union.

The Cease Fire Agreement was fainted due to anti LTTE view of Mahindra Rajapakse government came in power in January 2006 and Sri Lankan Government opened a military operation to root out LTTE. Three decades of ethnic conflict in Sri Lanka came to its end with the death of LTTE Chief Prabakaran in May 2009. In spite of domestic pressure (due to
Tamil Nadu Legislative Assembly resolution and pressure of DMK, a coalition partner of Government) could not pressurize to Indian Government that talk with Sri Lanka to ceasefire. It was well known by Indian Government that China, Pakistan, Iran, Israel, Russia and also the USA support the military campaign in Sri Lanka. China was giving its full support with military aid and India clearly refused to arms supply. In such situation Indian interfere worst the situation and also challenged its strategic security in Indian Ocean.

Indian adopted a defensive approach during this period, one side India helped the Sri Lanka navy through its intelligence which provided off shore patrolling vessels of blockade against LTTE vessels route and other side India concentrated on relief, rehabilitation and resettlement in Tamil majority northern and eastern Sri Lanka especially in Jaffana. It was not neither offensive nor lethal for its strategic view.

As like relation of neighbour country with India, China seems to major challenge in Indo- Sri Lanka relation. China has involved in Sri Lanka in infrastructure and arms supply. More than 50 percent of total foreign aid for construction and development projects in Sri Lanka since President Mahindra Rajapakse come to power, only has provided by China. China is constructing Hambantota port, Manththala international air port, at Hambantota, a terminal container in Colombo, Colombo- Kutunayake Expressway and supported for modernization of railways. Behind Hambantota China wants to ensure its energy supply routes from West Asia to Africa. For China, Sri Lanka is a important component in its string pearl’s policy’.
The year of 2007 was proved a milestone year for Sino- Sri Lanka relation. In this year China not only provided arms to Sri Lanka against ethnic conflict but also supported politically against human right violation. Mr. Brahma Chellany (Centre of policy Research New Delhi) argued, “China’s arms sales (were) the decisive factor in ending of the military statement (in Sri Lankan Civil war).”

India tried to counter China in Sri Lanka, with various bilateral agreement of economic, cultural, infrastructure, science and technology etc. India has provided a emergency supply of medicines temporary housing and other economic help for displaced Tamils in Jaffana province. India has extended the line of credit amount to $592 million to Sri Lanka for modernizing the Matara rail link, rail lines in northern Sri Lanka. During Indian Prime Minister Manmohan Singh’s visit to Sri Lanka in November 2011, both side agreed for joint working Group on Fisheries which would discuss the problem for ensuring to get advantage of waters between two countries.

India voted against Sri Lanka in Human Right Council (UNHRC) at Geneva on 22 March 2012 on the issue of human right violation. Why India supported the US led resolution even though India generally does not vote against particular country or absent in time of voting? India voted against Sri Lanka due to domestic pressure but, did not ignore strategic and national interest. This resolution was mostly based on the implementation of Lessons Learnt and Reconciliation Commission’s report, which was established by Sri Lankan Government in 2010 for investigation of Armageddon (war against LTTE).
In this resolution, it is requested to Sri Lanka "Taking note of the report of Lessons Learnt and Reconciliation Commission of Sri Lanka and its finding and recommendations, and acknowledging its possible constitution to the process of national reconciliation in Sri Lanka". In this resolution also has provision of state agency of Sri Lanka itself investigate and implement the recommendation, no external agency is use in this purpose. It is said to Sri Lanka, "investigate widespread allegations of extra-judicial killing and enforced disappearances, demilitarize the north of Sri Lanka, implement impartial land dispute resolution mechanism, reevaluate detention policies, strengthen formerly independent civil institutions, reach a political settlement on the devolution of power to the provinces, promote and protect the right of freedom of expression for all and enact rule of law reforms". Any unbearable economic restriction also not proposed in this resolution.

If we analyze the aim of resolution, it was nothing but only a means of political pressure on Sri Lankan Government. Human right violation in Sri Lanka is not seems too dangerous to India or the USA, the real danger seems to China's involvement in Sri Lankan ethnic conflict. India as well as the United States is worried about the increasing close tie of China with Sri Lanka, which is dangerous for trade and energy routes through Indian Ocean. Indian Prime Minister Manmohan Singh said about vote against Sri Lanka "One has to weigh the pros and cons. What we did, was in line with our stand on Sri Lanka. We did not want to infringe on the sovereignty of Sri Lanka, but concerns should be expressed so that Tamil people can get justice and lead of life of dignity". Sri Lankan Government already had gauged
the domestic pressure of Indian Government, so this issue did not take seriously and expressed its commitment for close relation in future.

In post LTTE era, Sri Lanka seems to closer with Pakistan, China, Russia, Iran and Israel because these countries has given a full support of political and military, during the last phase of Sri Lankan ethnic conflict. China took the advantage of India for no supplying military equipment to Sri Lanka (due to domestic pressure and its use against LTTE). This opportunity has provided to China to attain a secure strategic space and credibility in Sri Lanka. It was the main reason, India as well as the USA has to not only support for peace process of ethnic conflict of Sri Lanka but bear also the dogmatic view of Mahindra Rajapakse to use military option for ethnic conflict.

The political dimensions leveraged the energy politics between India and Sri Lanka. Strategic location and involvement of external powers (especially China and the USA) are making complexity in bilateral relation. Sri Lanka is situated in Indian Ocean, near the shipping lanes of mostly Asian trade and energy route, which is matter of strategic importance for any country. Due to strategic position, some suspense and incredibility naturally put in force in Indo- Sri Lanka relation.

Since, both countries are mostly depending on energy import, so they have to face same political and strategic pressure. Any crisis in import area is affecting both countries, for example Iran- US confrontation is forced to both for cooperation to import oil from Iran. Both feel same political pressure of the U.S. to reduce Iranian supply. If Iran would closed to Strait of Hormuz (as Iranian government announced after second level economic restriction by west) would heavily impact on oil import from not only Iran
but from Saudi Arabia also. It would also the same challenge for both to import oil from West Asia.

Neighboring country, Myanmar is a lucrative option for both countries for energy supply but Chinese involvement in Myanmar seems to flashed out the effort of both countries. We can see both countries are facing the same problem for their energy security towards abroad. Both are trying for some steps of co-operation in energy sector through their domestic resources. Both countries have agreed on energy grid for high capacity power transmission which is likely to be complete by 2013 and a recent proposal for exploiting the possibility of oil and gas near marine time boundary. This matter was discussed during the visit of President Mahindra Rajapakse to India in June 2011. Joint statement says, "Sri Lanka proposed discussion on establishing a joint information mechanism on the possibility of oil and gas field straddling in India- Sri Lanka maritime boundary. The mater will be discussed between two sides." Some thermal power plants also are constructing by Indian company NTPC in Sri Lankan. China also involved in Sri Lankan energy sector especially refinery which has silence threat to India.

4.7 Conclusion

In a nutshell, we can say that Sri Lanka seems to take advantage of its strategic location, with bargaining China and India which is creating a new twist not only in political relation but in energy cooperation also. Both have opportunity for energy cartel but their misperception (due to involvement of external powers) roots out their joint adventure.

Over all analysis of the chapter we can say, without contradiction of fear that these countries have to cooperate in energy supply sector due to
lacks of reserves, but their efforts have been heavily influenced by geopolitics, historical experiences, big-small country syndrome, failure in understanding mutual sensitivities and political perception and misperception. As the result, these neighboring countries are not as cooperative as it should be. But there is not totally dark picture in energy cooperation, because we have example of Indo-Bhutan energy cooperation which is using their potential by mutual understanding. If understanding increases, energy cartel may be possible among these countries. India has planned to join its electric grid with Nepal and Bhutan in its 12th five year plan for not only better use for domestic resources but for better convenience also to import or export electricity among these neighbours. In July 2012, failure of three electric grid of India (out of total five), has cleared the necessary of exchange the electricity. This mutual exchange not only encourages the energy security in South Asia but discourage the dependency on petroleum or coal.

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