

2016: A year of dramatic changes in South Asia

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Harsh V Pant reflects on how developments in 2016 highlight that the Modi government is gradually altering the foundations of Indian foreign policy. He notes that India's non-committal attitude to the 17th non-alignment summit, combative Pakistan policy, and efforts to woo the US and key neighbours all indicate the South Asian strategic milieu is in flux and old rules no longer apply.



The year 2016 will be long remembered in India for the dramatic decision by Prime Minister Narendra Modi to nullify all 500 and 1,000 rupee banknotes, the most common currency denominations in the country, and then eventually replace them with newly designed, more secure 500 and 2,000 rupee notes. This demonetisation scheme is perhaps one of the most far-reaching policy decisions taken by any Indian government in recent times. The nation is still struggling to come to terms with it and it will have significant long-term implications for India's economic growth trajectory.

However, in many ways 2016 was the year when Modi, the economic reformer, got his groove back. His government managed to pass the landmark Goods and Services Tax bill through the parliament. By levying one indirect tax for the whole nation, it will make *India* one unified common market. It is the biggest reform in India's indirect tax structure since the economy started opening up 25 years ago and is likely to be implemented in 2017.

India remained one of the few fast growing major economies in the world in 2016, thereby managing to make its presence felt on the international platform. And Modi remained one of the most dynamic leaders on the foreign policy front, putting his imprimatur on global politics. He also remained rather unpredictable and unconventional in his outreach to the world. In more ways than one, the Modi government is gradually altering the foundations of Indian foreign policy.

In a move of great symbolism, Modi did not attend the 17th non-alignment summit despite host Venezuela's repeated attempts to woo him. Instead, he dispatched Vice-President Hamid Ansari. Following Charan Singh in 1979, Modi is only the second prime minister to miss the summit since India co-founded the movement in 1961.

Modi's shift away from India's first Prime Minister Jawaharlal Nehru's legacy is a significant departure from the traditional foreign policy approach of New Delhi. Indian policymakers' fixation with non-alignment has remained a central component of Indian identity in global politics. Although India has had to accept help of the two global powers throughout the Cold War – notably from the United States in 1962 against China and from the Soviet Union in 1971 against Pakistan – the country has preserved a façade of non-alignment, at least in rhetoric. The dominance of the Congress Party in Indian polity and intellectual life meant that as late as 2012 Indian strategic thinkers struggled to move beyond this approach with the release of *Non-alignment 2.0*, a policy report that pulled the post-Cold War threads of strategic autonomy into a full revival of Nehru's non-alignment for modern times.

But New Delhi faces a new set of challenges, in particular the rise of China. Indian policymakers confront a conundrum in calculating the benefits and risks of an increasingly assertive neighbour and a network of alliances with likeminded countries. Modi, with his centre-right political inclinations, does not share ideological attachment to Nehru's ideas. He has gradually but decisively shifted Indian foreign policy in directions which few would have dared try before. While sections of the Indian intellectual establishment still retain reflexive anti-Americanism, Modi has used his decisive mandate to carve a new partnership with the United States to harness its capital and technology for his domestic development agenda. He is not ambivalent about positioning India as a challenger to China's growing regional might and assertiveness. With this in mind, he signed the bilateral Logistics Exchange Memorandum of Agreement with the United States in 2016 for facilitating logistical support, supplies and services between the US and Indian militaries on a reimbursable basis and providing a framework to govern such exchanges. Modi is also busy pursuing strong partnerships with US allies in the region including Japan, Australia

and Vietnam. He has taken a strong position on the South China Sea dispute in favour of states such as Vietnam and the Philippines as well as expanded the US-India bilateral naval exercises to include Japan.

The astute politician also recognises the domestic challenges as he pivots India closer to the United States. So he continues to invest in non-Western platforms such as the BRICS grouping – Brazil, Russia, India, China and South Africa. Economically the grouping is less attractive, given economic troubles in Russia, Brazil and South Africa. Still, India hosted the eighth annual BRICS summit in Goa in October with great fanfare, if only to assuage domestic critics that New Delhi does not intend to put all its eggs in one US basket.

The other dramatic change in South Asia came when the Indian Army's special forces took out several suspected terror camps across the volatile Line of Control in Kashmir in response to an attack on an Indian army post in Kashmir by Pakistan-based terrorists that killed 20 soldiers on 18. The Indian response came almost 11 days after the initial attack and reflected an attempt by the Modi government to pressurise Pakistan on multiple fronts, thereby gaining leverage over an adversary that had long used terrorism and proxies to challenge India.

Even as it deliberated on its options after the initial terror attack, India launched a diplomatic blitzkrieg against Pakistan. While Prime Minister Narendra Modi himself reached out directly to the people of Pakistan asking if they could find solutions to developmental issues faster than India could and to introspect as to “why does India export software and your country export terrorists?” his External Affairs Minister Sushma Swaraj used her speech to the United Nations General Assembly to deliver a stinging rebuttal to Pakistani President Nawaz Sharif, who had paid tribute to Burhan Wani, the separatist militant whose killing had triggered the violence in Kashmir.

At the regional level, moreover, the Modi government succeeded in ensuring the postponement of the South Asian Association for Regional Cooperation (SAARC) summit after several member states took India's lead and decided to boycott the Islamabad meeting in November. This was one of the rare occasions when regional states spoke in one voice against Pakistan's use of terror as an instrument of state policy.

Even as Pakistan was reeling from these pressures, the Modi government decided to use the instrumentality of military power — a tool which New Delhi had avoided for so long. What was new was not that cross-border raids took place, but that India decided to publicise them to the extent it did. The Modi government's Pakistan policy has not been predictable and keeping Pakistan on tenterhooks is part of the larger strategy. New Delhi is also keen to raise the costs for Pakistan's adventurism and to ensure that Islamabad pays a price for trying to bleed India with “a thousand cuts” using terrorist organisations like Lashkar-e-Taiba and Jaish-e-Mohammed. Equally significant was the Modi government's decision to call the world's attention to the plight of Balochi people who have resisted the Punjabi-dominated military establishment of Pakistan. New Delhi warned that if Pakistan continued to meddle in Kashmir, inciting violence and terror, India would expose the atrocities committed in restive Balochistan. Pakistan annexed the region in 1948 and has since crushed numerous uprisings.

While New Delhi sought to isolate Pakistan in 2016, it pro-actively reached out to other neighbours. India's ties with Bangladesh and Afghanistan, in particular, deepened with New Delhi deciding to step up military cooperation with Kabul and resolve the boundary dispute with Dhaka.

But Pakistan continues to be strongly backed by China. Sino-Pak relationship is blossoming with China poised to deploy its naval ships along with Pakistan navy to safeguard the strategic Gwadar port and trade routes under the \$46 billion China-Pakistan Economic Corridor (CPEC). If this move goes ahead as planned, it will be the logical culmination of a long drawn Chinese involvement in Pakistan, giving the Chinese Navy a foothold in the first overseas location – the Indian Ocean and the Arabia Sea. This should not be surprising given China's growing interest in the region and Pakistan's eagerness to counterbalance India's naval might.

Other equations in South Asia are also changing with the US getting more impatient with Pakistan and Russia moving closer to Pakistan, changing its decades-old policy of being consistently pro-India. The South Asian strategic milieu is in flux and old rules no longer apply. The year 2016 has been a year of dramatic changes which are only

likely to gain further momentum in the coming years.

Cover image: Indian police and security forces in Kashmir. Credit: [Austin Yoder](#) CC BY-NC 2.0

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